PUBLIC INVESTMENTS IN CHILDREN

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MONITORING PUBLIC INVESTMENTS IN CHILDREN IN BULGARIA:

A Tool for Child-Focused Public Expenditure Measurement

Institute for Market Economics
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METHODOLOGY FOR CHILD-FOCUSED PUBLIC EXPENDITURE MEASUREMENT

Introduction

Government decisions on funding education, healthcare, and social policies and services are crucial for children's development and well-being. If budget allocations are insufficient, if they are well targeted and if they are used inefficiently, all children, and especially the most vulnerable, will be at risk of losing their access to essential support and services.

Article 4 of the UN Convention on the Rights of the Child (CRC) obligates the state parties to invest in children's rights 'to the maximum extent of their available resources'. It emphasizes the critical link between public finances and the implementation of children's rights. Sufficient, fair, and effective investments in children are decisive for fully implementing their civil, political, economic, social and cultural rights. Investments in children are not only a statutory obligation under the CRC but also an economic strategy for long-term sustainable development.

Child-focused Public Expenditure Measurement

Child-focused Public Expenditure Measurement (C-PEM) is a methodological framework to identify direct and indirect allocations and spending on child-policy objectives across all budget sectors over time. It can provide information on the size, composition, and trends in government resources for children, specifically:



The amount allocated and spent on child-specific and child-relevant objectives and changes over time;

The distribution of allocations and expenditures across child rights themes, agencies, outcome areas, the life cycle, geographical areas, and national/subnational budgets, where data are available.

A C-PEM can expose discrepancies between stated policy priorities and their importance in the budget, fragmentation, duplication in priority programmes, and issues of cross-sectoral coordination. Its objectives are to:

01 Improve visibility and transparency regarding investments in children.

02 Analyse if policies and budgets for children are well aligned.

03 Inform decision-making and resource allocation to increase the priority afforded to child-focused services.

04 Monitor the government's overall financial commitment to supporting children, systematize transparency, and report on spending on child rights according to Article 4 of the Convention on the Rights of the Child (CRC).

Source: The UNICEF Public Finance Toolkit, 2021[1]

[1] *https://www.unicef.org/documents/public-finance-toolkit*

Methodology for Child-focused Public Expenditure Measurement (CPEM): Key Definitions and Information Sources

Data about public investments in children is not typically readily available or accessible. Information is scattered among numerous institutions and departments, and special efforts are needed to collect data on child-focused public expenditure across all budget sectors at the national and local levels. The purpose of the CPEM methodology is to provide a tool for tracking and monitoring allocations and spending on children and to generate data and evidence that will inform decision-making and lay the foundation for improving the effectiveness of budgets in achieving child-specific objectives.

The methodology is based on the available information about the public investment in children, including expenditure for education, healthcare, and social protection, as well as certain costs for transport, sports activities, and justice. It includes the expenditure of the State and municipalities and does not consider the private spending of households. The centralized approach to funding critical public services in Bulgaria makes it necessary to track the financial flows from the central government through local governments to service users, including, in some instances, the funding from social security institutions, which provide resources directly to users.

This analysis uses the Child Protection Act's definition from Article 2: "A child is any natural person under 18". It considers all expenditures, including:

01 *Direct services to or spending received by the child, such as education*

02 *Spending related to the child – whether received by the family or the child, like family benefits*

Additional expenditures for pregnant women, payments for raising children, and reproductive support are also included.

The team has adopted a comprehensive definition of 'investment' for the tool's requirements, encompassing

all direct and indirect expenditures through budgets (including European Union funds) aimed at children and families.

Consequently, all spending under programme budgets and child-related measures is counted towards the total investment in children.

In addition to spending details, evaluating investments in children involves assumptions about the proportion of funds allocated to specific activities or programmes for them. Based on the programme's focus, this proportion ranges from 0 to 100 per cent. For instance, 45.2 per cent of spending on '\' benefits children. In contrast, the Ministry of Education and Science spends 100 per cent secondary education for children. These assumptions draw on conservative expert assessments, institutional feedback, and international studies.

The proposed methodology quantifies the average funding per child for child-related policies – assessing children's spending as a proportion of total government expenditures and relative to GDP.

Information Sources

01 Data from Government Agencies and Ministries

The tool for calculating and tracking public expenditures on children provides:

- Breakdown of spending across four key areas: education, healthcare, social protection, and other sectors
- Details on budget programmes from ministries and municipal expenditures for state-delegated activities
- Overview of additional local financing
- Spending by the National Health Insurance Fund and National Social Security Institute
- Specific child-focused programmes from the Ministries of Transport and Youth and Sports

The analysis covers the

Ministry of Education and Science	**MES**
Ministry of Labour and Social Policy	**MLSP**
Ministry of Health	**MH**

whose programme budgets and reports are available on their websites. A significant issue is the absence of consolidated sector-wide data in these documents – except for the MES, which includes comprehensive 'Education' sector data in its budget but not its report. This data fragmentation hinders clear assessment of child-related expenditures – prompting the inclusion of municipalities that transfer significant share of funding for children.

Programme budgets are relatively stable over time and many do not change. It's rare for a new programme to be developed; when this happens, funds are always ensured for its implementation. This is why programme budgets have been selected as a starting point for the development of the tool – they include both the national expenditures and the funds under EU projects managed by the respective department.

Additional information was requested from the Ministry of Labour and Social Policy and from the Ministry of Health to accurately describe the programmes in the programme budget under which funds are provided for children and their share in the overall expenditure. Such information was provided only by the Ministry of Health. Therefore, an additional expert assessment was made regarding the share of expenditure on children in the overall spending for certain programmes.

Several programmes have been added as an additional expenditure category for children:

'Youth in Action'	**MYS**
'Sports in Leisure Time'	
'Organisation and Management of Transport'	**MTC**

Activities related to child justice, implemented by municipalities through:

- Local Commissions for Combating Anti-Social Behaviour of Minors
- Child Pedagogical Rooms

The following data was also utilized: Ministry of Finance forecasts on GDP, public expenditures, and child tax reliefs. Data from the National Statistical Institute (NSI) and Eurostat on population numbers of children by age, and GDP values.

02 Municipalities Information

Consolidated data for municipal expenditures by individual activities have not been published. Therefore, calculations are based on the Council of Ministers' decisions for the respective year, which classify activities as state-delegated or local – including their benchmarks and standard sizes.

03 Information from the National Social Security Institute and the National Health Insurance Fund

The NSSI allocates funds for children – covering short-term compensation for pregnancy, birth and raising a child, and caring for a sick child. Abundant statistics on short-term compensation are available on the NSSI website. Unfortunately, the State Public Social Security (SPSS) budget lacks disaggregated data on short-term compensation received by men and women.

The NHIF is the primary source of information about health services expenditures. Still, the limitations are related to the fact that the expenses in the budget and the NHIF report are grouped by types of benefits (e.g., initial, specialised, hospital, etc.). The NHIF does not publish information about the expenditures by age group. This is why additional sources of information have been used, and assumptions and expert assessments have been made about the share of these expenditures.

04 Information Provided According to the Access to Public Information Act

To evaluate spending on children's services, data on budget programmes related to these services were requested from the Ministry of Health, Ministry of Labour and Social Policy, NHIF (for health insurance payments by medical activity type), NSSI (for short-term sick family member care compensation), and the municipalities of Varna, Veliko Tarnovo, Novi Pazar, and Shumen (for social services).

Budget Programmes

01 Education



Many of the Ministry of Education and Science (MES) programmes and budgets are aimed at children – excluding those for higher education, science, and lifelong learning.

The following budget programmes provide services for children:

- **1700.01.01** Budget Programme 'Assurance of Quality in the System of Pre-School and School Education'
- **1700.01.02** Budget Programme 'Facilitating Access to Education. Inclusive Education'
- **1700.01.03** Budget Programme 'School Education'
- **1700.01.04** Budget Programme 'Development of the Skills of Children and Students'
- **1700.01.05** Budget Programme 'Education of Bulgarians Abroad'

The budget for education also includes the national programmes for the development of education, which are planned under the central budget and managed by MES.

Municipalities also make expenditures on education under the following state-delegated activities:

- Kindergartens
- Non-specialised schools
- Vocational secondary schools and classes
- Special schools
- Other forms of training
- Personal development support centres
- Activities of targeted support for children and students with special educational needs
- Regional centre to support the process of inclusive education
- Standard to support nutrition grades 1 through 4
- Additional standards for facilities
- Additional standards for a combined form of education
- The standard for the provision of full-day form of education grades 1 through 7
- Scholarships
- Other activities related to education include transportation of children and students.

Educational activities are also offered by institutions beyond the MES, including:

- Specialised arts and culture schools
- Sports schools

Details are provided on municipalities' capital spending on education, additional funding for local activities, and expenditures under the Ordinance on Financing Institutions in Pre-School and School Education, including funds under regional ratios, protected schools, private kindergartens and schools, and initiatives for vulnerable groups.

02 Healthcare

Only some MoH programmes specifically target children, including:

- **1600.01.0** Budget Programme 'Promotion and Prevention of Non-Infectious Diseases'
- **1600.01.03** Budget Programme 'Prophylaxis and Control of Infectious Diseases'
- **1600.01.04** Budget Programme 'Reducing the Demand for Narcotic Substances'
- **1600.02.02** Budget Programme 'Providing Medical Care to Specific Population Groups'
- **1600.02.03** Budget Programme 'Emergency Medical Care'
- **1600.02.04** Budget Programme 'Psychiatric Care'
- **1600.02.06** Budget Programme 'Medico-social Care for Disadvantaged Children, Maternal and Child Healthcare'

The National Health Insurance Fund does not establish a programme budget, so the analysed data primarily covers the following health insurance payment categories:

- Primary outpatient medical care
- Specialised outpatient medical care, including complex clinical (hospital) monitoring
- Dental care
- Medical and diagnostic activities
- Medical products, items, and diet food
- Medical items for inpatient care
- Inpatient medical care
- Other health insurance payments

The document includes details on maternal healthcare, NHIF spending for uninsured women's pregnancy monitoring and birth, and treatment costs for individuals under 18 – as outlined in Article 82, paragraphs 1a, 3, and 6 of the Health Act.

Municipalities also have the following delegated activities for children:

- Nurseries, specialised children's kitchens and nursery groups at kindergartens
- Medical cabinets in kindergartens and schools
- Other activities related to healthcare, including for Roma health mediators.

03 Social Protection



The programmes of the MLSP budget that include services for children are:

- **1500.04.01** Budget Programme 'Integration of People with Disabilities'
- **1500.05.01** Budget Programme 'Protection of Children through Transition from Institutionalized Care to Alternative Care in a Family Environment'
- **1500.05.02** Budget Programme 'Support for Families with Children'

The State Agency for Child Protection (SACP) budget is allocated under Programme 1500.05.01 as a secondary budgetary unit within the Ministry of Labour and Social Policy (MLSP).

Municipalities offer a range of social services for children, including:

- Daycare for children and adults with disabilities
- Weekly daycare for children with disabilities
- Social integration and rehabilitation centres
- Community support centres
- 'Mother and Baby' units
- Centres for working with street children
- Family-type placement centres for children/youth with or without disabilities
- Transitional home
- Crisis centres
- Monthly school support for students receiving social services

The State Social Insurance (SSI) budget provides the following child-related benefits:

- Short-term compensation for pregnancy and childbirth
- Short-term compensation for raising a young child
- Adoption compensation for children aged two to five
- Compensation for caring for a sick family member

04 Other

This category covers budget programmes and activities, such as:

- Ministry of Youth and Sports' 'Young People in Action'
- 'Sports in Leisure Time' by the Ministry of Youth and Sports
- Ministry of Transport and Communications' 'Organisation, Management of Transport, Ensuring Safety, Security and Environmental Friendliness', with its sub-programme 'Generally Accessible Transport'
- 'Local Commissions for Combating the Anti-Social Behaviour of Minors and Underage Persons' and 'Pedagogical Rooms for Children' under municipal budgets.

ASSUMPTIONS

1. For the Ministry of Labour and Social Policy's 'Integration of People with Disabilities' Budget Programme – percentage of children versus adults with disabilities from the Agency for Social Assistance's 2017 Annual Report
2. For compensation for caring for a sick family member – expert assessment
3. For the Ministry of Youth and Sports and the Ministry of Transport and Communications programmes – analysis based on age distribution data from the respective programme's 2022 budget
4. For the 'Personal Assistant' Programme – ratio of children to adults with personal assistants per the 2017 Annual Report of the Social Assistance Agency
5. For the Ministry of Health's 'Psychiatric Care' Programme – comparison of hospitalised children and adults with mental and psychiatric disorders from 2017 NSI/National Centre for Public Health and Analyses data
6. NHIF budget's child expenditure share was calculated using NHIF ratios for child versus total medical spending in 2020.

Public Expenditure on Children in 2022

The overall public expenditure on children reached BGN 8.0 billion[2] in 2022. This marked a growth in comparison to the 2021 reporting value of 17.8 per cent. Each of the categories included contributed to the increase with the expenditure on education going up by 16.3 per cent, and the expenditure on healthcare and social protection by 23.3 per cent and 16.2 per cent, respectively.

In 2022, children's expenditure accounted for 4.8 per cent of GDP and 12.1 per cent of total public spending. This included 2.9 per cent for child education, 0.7 per cent for healthcare, and 1.2 per cent for social protection for children. The continuous drop in child populations directly reduced their use of public services, yet specific policies mitigated this impact on total spending. Examples include raising teacher salaries, boosting healthcare funding, establishing new social services, and increasing compensations and benefits for children and students.

Table 1. Total public spending on children for 2021 and 2022:

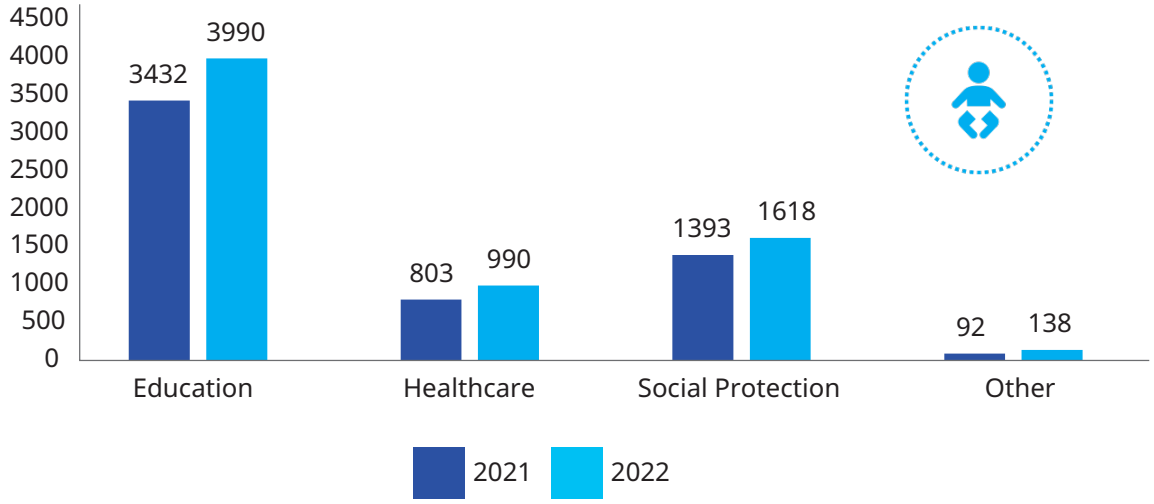
	2021	2022
1. Overall expenditure on children for the year (BGN '000)	6,796,975	8,007,336
Expenditure on education	4,078,281	4,743,161
Expenditure on healthcare	954,314	1,176,678
Social expenditure	1,655,617	1,923,535
Other expenditure	108,763	163,962
2. Nominal expenditure per child (BGN)	5,720	6,736
3. Share of expenditure on children as a % of GDP	4.89%	4.84%
4. Share of expenditure on children in overall public spending	12.08%	12.11%
5. Distribution of expenditure on children in three sectors (healthcare, education, social sector)		
Expenditure on education	60.0%	59.2%
Expenditure on healthcare	14.0%	14.7%
Social expenditure	24.4%	24.0%
Other expenditure	1.6%	2.0%
6. Expenditure on investment per child by sector (BGN)	**5,720**	**6,736**
a. Expenditure on education per child	3,432	3,990
b. Expenditure on healthcare per child	803	990
c. Expenditure on social protection per child	1,393	1,618
d. Expenditure on other services and activities per child	92	138

Source: Child-focused Public Expenditure Measurement Tool

[2] The Bulgarian lev is pegged to the Euro at a rate of EUR/BGN 1.95583.

The nominal expenditure per child reached BGN 6,736 – an increase of BGN 1,000 from the previous year. Over two-thirds of this amount (BGN 3,990) was spent on education.

Chart 1. Expenditure per child (BGN):



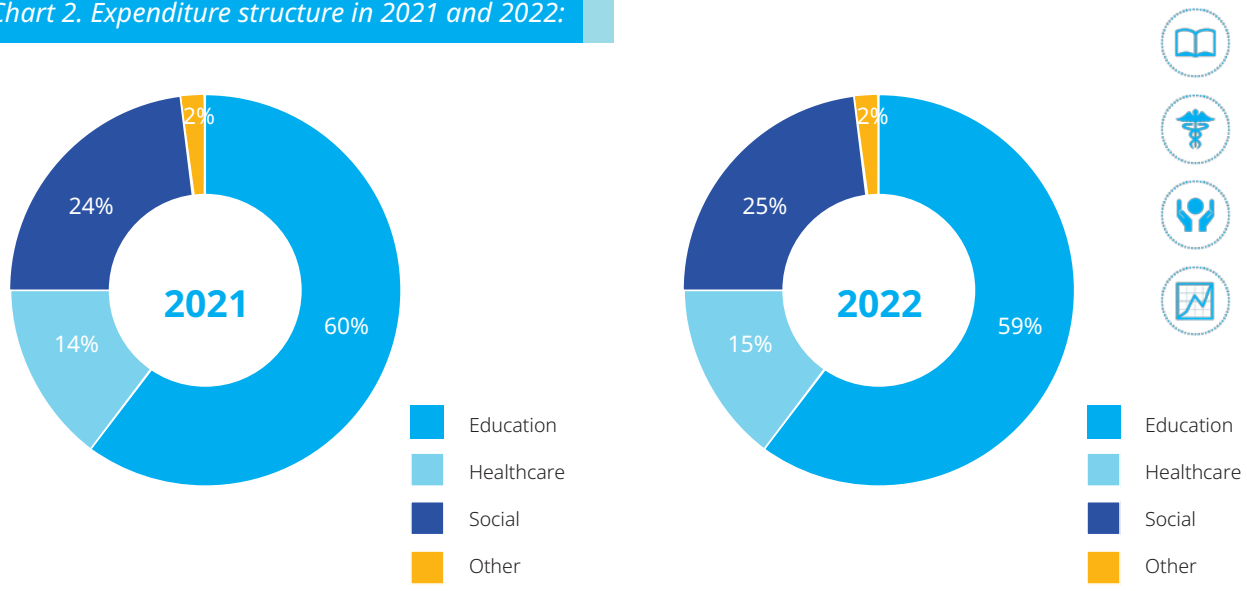
Note: The Reported Data

Source: Children-focused Public Expenditure Measurement Tool

The overall expenditure structure confirms this – education dominates at 59 per cent, followed by social payments and services for children at 24 per cent. Healthcare accounted for 15 per cent of children's expenditure in Bulgaria.

Unlike the other three categories, the share of expenditure on education slightly decreased compared to the previous year – especially to social protection expenditure. The 'Other' category was minimal in nominal terms and overall share and included several small ministry programmes and some municipal expenditures.

Chart 2. Expenditure structure in 2021 and 2022:



Source: Child-focused Public Expenditure Measurement Tool.

Expenditure on Education

In 2022, spending on children's education reached BGN 4.7 billion. Eurostat data from 2021 shows Bulgaria's expenditure on preschool and school education was 3.1 per cent of GDP – below the EU-27 average of 3.5 per cent. Significant structural growth has occurred over the past five years – in 2016, it was 2.4 per cent, compared to the EU average of 3.4 per cent.

In 2022, it increased by 16.3 per cent compared to the previous year. The growth in expenditures was premised almost entirely on the increase in municipal budget spending. This is unsurprising since education in Bulgaria is primarily funded through state-delegated activities based on uniform expenditure standards.

This mechanism entails transferring funds from the central budget to the budgets of municipalities, which then organise and pay for the provision of education services at the local level. The funds for the delegated activities are tied mostly to the number of students. As of 1 April, the State took over the full cost for children in kindergartens and nurseries. The financial effect of removing the fees for kindergartens and nurseries was an additional cost of BGN 98.1 million.

The 2023 budget envisages an overall spending increase for preschool and school education by approximately BGN 1.1 billion or 22 per cent. The more significant part of the increase is related to the planned implementation of budget programmes managed by the MES and mainly financed with EU funds . The transfers to municipalities have grown by approximately 10 per cent, and the increase is premised almost entirely on continuing the policy of advance increases in the salaries of pedagogical staff. Another part of the increase is a basis effect of taking over the complete maintenance of kindergartens after the removal of fees because, in 2022, this funding covered only the nine months from 1 April to 31 December 2022.

[3] The planned budget expenditure more than doubled due mainly to delays and unimplemented projects from previous years – a trend that may continue into 2023, potentially causing further underspending.

Table 2. Expenditure on education, 2021–2022:

		2021		2022	
		budget	report	budget	report
TOTAL		**4,314,477**	**4,078,281**	**5,215,897**	**4,743,161**
MES	1700.01.00 Policy in the area of inclusive, accessible and quality pre-school abd school education	1,236,995	959,379	1,736,855	962,158
	1700.01.01 Budget Programme Assurance of Quality in the System of Pre- School and School Education	276,638	313,689	606,578	213,319
	1700.01.02 Budget Programme Facilitating Access to Education. Inclusive Education	308,527	130,464	287,400	203,339
	1700.01.03 Budget Programme School Education	583,833	449,927	767,725	476,364
	1700.01.04 Budget Programme Development of the Skills of Children and Students	51,191	47,646	58,031	49,658
	1700.01.05 Budget Programme Education of Bulgarians Abroad	16,807	17,653	17,121	19,477
MUNICIPAUTIES		3,077,482	3,118,903	3,479,042	3,781,003
	Kindergartens	763,240	763,240	816,866	816,866
	Non-specialised schools	1,525,233	1,525,233	1,618,651	1,618,651
	Specialised schools	65,527	65,527	72,413	72,413
	Vocational secondary schools and classes	158,389	158,389	213,945	213,945
	Special schools	0	0	0	0
	Other forms of training	25,875	25,875	23,479	23,479
	Personal development support centres	20,797	20,797	20,059	20,059
	Activities of targeted support for children and students with special educational needs	54,069	54,069	72,063	72,063
	Standard to support nutrition grades 1 through 4	32,666	32,666	48,501	48,501
	Additional standard of facilities	14,658	14,658	16,672	16,672
	Additional standard of combined form of training	992	992	1,307	1,307
	Standard to provide for full-day form of training grades 1 through 7	242,665	242,665	267,003	267,003
	Scholarships	16,305	16,305	18,206	18,206
	Other activities related to education-for transportation of children and students	3,253	3,253	4,188	4,188
	Additional standard per student in day and dual forms of training, secondary school, stages 1 and 2	12,214	12,214	13,794	13,794
	Funds for activities based on hobbies	21,368	21,368	22,736	22,736
	Student at a Special Educational Support Centre	38	38	38	38
	Additional standard per student with expanded training in musicin the basic level	1,476	1,476	852	852
	Standard to support the payment of fees under Article 283, paragraph 9 of the Pre-School and School Education Act			5,363	5,363
	Standard for maintenance of a child in a municipal kindergarten or municipal school, including compensation of the removal of the respective fees under the Local Taxes and Fees Act			110,175	110,175
	National programmes for the development of secondary education, municipalities				201,961
	Funds under regional ratios, protected schools, private kindergartens and schools, work with vulnerable groups, etc.				100,000
	Budgets of municipalities - capital expenditure	118,718	160,139	132,732	132,732

Source: Child-focused Public Expenditure Measurement Tool

In 2022, policies with significant impact educational expenditure growth included:

- Salary Increases: Pedagogical specialists received a 12.3 per cent raise in remuneration on 1 April, followed by an additional 5 per cent on 1 September, totalling a 17.3 per cent increase. Salaries surpassed the national average by 24.7 per cent, benefiting over 92,000 teachers in public schools for the 2022/2023 academic year. Similar raises were extended to other educational roles, such as resource teachers, department heads of "Information and Communication Technologies" speech therapists, psychologists, pedagogical counsellors, rehearsal pianists, choreographers, hearing therapists and coaches in different sports at educational institutions.

- Construction and renovation of nurseries, kindergartens, and schools, along with repairs to sports facilities and playgrounds.

- Work with children and students from vulnerable groups in kindergartens and schools and additional financing for maintenance of classes to acquire qualifications in protected specialties.

- Acquisition of textbooks, educational kits, and electronic resources for students in grades 1–7.

- Purchase of school buses

- Rollout of national programmes aimed at educational development

- EU Projects: Implementation of key projects under the 'Science and Education for Smart Growth' Operational Programme 2014–2020, such as 'Support for Success' and 'Education for Tomorrow'.

The MES's preschool and school education budget programmes are primarily funded by EU funds, which significantly influence the annual fluctuation in spending. For instance, EU funding for these programmes decreased from BGN 306 million in 2021 to BGN 211 million in 2022.

The composition of municipal education spending highlights that approximately 51 per cent of all expenditures on children are directed towards schools (general and vocational) – representing a significant portion of the municipal budget. Kindergartens receive 22 per cent of the funds, while full-day education from grades 1 to 4 accounts for 7 per cent. Scholarships and capital expenditures make up a smaller fraction at 3 per cent. Additional services cover expenses for resource support, transportation, and various hobby-based activities.

Table 3. Expenditure on education of MES and municipalities, 2021–2022:

BGN million	2021	2022
Ministry of Education and Science (MES)	959,379	962,158
Municipalities	3,118,903	3,781,003
Kindergartens	763,240	816,866
Schools	1,775,023	1,928,488
Full-day education	242,665	267,003
Capital expenditure	160,139	132,732
Other	177,835	635,913

Source: Child-focused Public Expenditure Measurement Tool

Expenditure on Healthcare

The expenditure on healthcare for children exceeded BGN 1.2 billion in 2022; its increase was due to an increase in National Health Insurance Fund (NHIF) spending. The increase concerned all health insurance activities financed by the NHIF. The expenditure on healthcare in municipal budgets was also on the rise; however, municipalities play a minimal role in financing health activities for children – they are involved in funding the activities related to nurseries, children's kitchens, medical cabinets in schools and health mediators.

Data shows that specific policies for child healthcare were not envisaged in the sector in 2022. No Ministry of Health budget programme – included in the CPEM tool – envisaged introducing new activities or measures related to children. The spending on children was impacted by the overall increase in spending for medical activities under the NHIF budget due to the COVID-19 crisis and the increase in the remuneration of medical staff.

Table 4. Expenditure on healthcare, 2021–2022:

BGN'000	2021	2022	Change
Healthcare	954,314	1,176,678	23.3%
MoH	268,241	282,879	5.5%
NHIF	481,661	653,464	35.7%
Municipalities	204,412	240,335	17.6%

Source: Child-focused Public Expenditure Measurement Tool

The Ministry of Health sets the sector's policy and directly funds activities aimed at children. The programmes funded by the MoH relevant to children include:

- Promotion and Prevention of Non-Infectious Diseases
- Prophylaxis and Control of Infectious Diseases
- Reducing the Demand for Narcotic Substances
- Providing Medical Care to Specific Population Groups
- Emergency Medical Care
- Psychiatric Care
- Medical- Social Care for Disadvantaged Children, Maternal and Child Healthcare

The 2023 budget envisages an average increase in expenditure on NHIF health insurance payments of approximately 14.9 per cent, while spending on programmes managed by the MoH and aimed (at least partially) at children declines by approximately 47 per cent – mainly due to the multiple decreases of the funding under the 'Prophylaxis and Control of Infectious Diseases' Programme.

The largest of these programmes is 'Prophylaxis and Control of Infectious Diseases', which includes mandatory vaccinations for children, followed by 'Emergency Medical Help', funded entirely from the MoH budget.

The National Health Insurance Fund is the primary financing institution for healthcare expenditures in Bulgaria, including spending on children. As seen from the data in the NHIF Report, the NHIF incurs the most significant costs for hospital help – approximately 49 per cent of the overall expenditure is targeted at inpatient treatment.

Expenditure on primary outpatient medical care for children (POPC) is 1 per cent, while specialized outpatient medical care (SOPC) is 14 per cent. The NHIF allocates about 10% for dental care), with medication spending at 9% of the total. Redirecting funds from inpatient treatment to enhance prevention and outpatient services could likely improve health outcomes.

Table 5. Structure of NHIF expenditure on children, 2021–2022:

Healthcare Service Category (in BGN million)	2021	2022
Primary Outpatient Medical Care	45,599	77,425
Specialised Outpatient Medical Care	49,348	85,560
Dental Care	22,285	64,893
Medical and Diagnostic Activities	13,806	18,491
Medication for Home Treatment	50,537	55,014
Medical Items in Inpatient Help	1,285	1,507
Hospital Care	281,506	305,714
Other	17,295	44,861

Source: 2022 NHIF Budget Report (own calculations)

Municipalities have more of a supplementing and limited role in financing expenditure on healthcare. They allocate funds under three activities:

- Nurseries, children's kitchens and nursery groups at kindergartens
- Medical offices in kindergartens and schools
- Other activities related to healthcare, including health mediators.

Municipalities allocate around BGN 240 million to child healthcare, with 67 per cent directed towards nurseries and kindergarten kitchens. Significant funds also support medical facilities in schools and kindergartens, while spending in the ‚Other' category remains relatively low.

Table 6. Structure of municipal expenditure on healthcare for children in 2022:

BGN million	2021	2022
Nurseries, children's kitchens and nursery groups at kindergartens	132,130	160,408
Medical offices in kindergartens and schools	68,857	75,957
Other activities related to healthcare, including health mediators	3,425	3,970

Source: Council of Ministers Decision on state-delegated activities (own calculations)

Expenditure on Social Protection

In 2022, spending on social assistance, social security compensation, and child-focused social services increased by over 16.2% compared to 2021 – totalling BGN 1,923 million as measured by the Child-focused Public Expenditure Measurement Tool. For international comparisons, Eurostat data on public expenditure for the Family and Children sub-function is the sole reference .

In 2021, Bulgaria's spending in this category reached 1.8 per cent of GDP – just below the EU-27 average of 1.9 per cent. From 2016 to 2021 – while the EU average remained steady – Bulgaria's expenditure fluctuated slightly between 1.8 per cent and 1.9 per cent.

In 2022, the budget programmes of the Ministry of Labour and Social Policy did not envisage any new policies targeted at children. The same applied to the more significant amount paid for compensations from the NSSI budget.

Table 7. Expenditure on social activities and services, 2021–2022:

BGN'000	2021	2022	Change
Social Protection	1,655,617	1,923,535	16.2%
MLSP	607,176	600,697	-0.1%
NSSI	767,145	906,733	18.2%
Municipalities	137,896	186,105	35.0%
Tax relief	143,400	230,000	60.4%

Source: Child-focused Public Expenditure Measurement Tool

The payments from the MLSP budget marked a minimal decline of 1 per cent – mainly related to the benefits for birth and raising children. To a large extent, this was due to the removal of the monthly targeted support for families with children aged up to 14 in case of an emergency situation, which was financed with BGN 67.9 million in 2021 and was related to the COVID-19 pandemic ('Others' in Table 8).

Parameters were changed in some of the leading programmes – resulting in increased expenditure within the year. As of 1 April 2022, the income criterion for monthly benefits for raising children was increased from BGN 410 to BGN 510 per month for the total benefit amount and from BGN 510 to BGN 610 for the reduced benefit of 80 per cent.

Concurrently, benefits increased from BGN 40, 90, 135, and 145 for children 1, 2, 3, and 4, respectively, to BGN 50, 110, 165, and 175. Despite a change in the income criterion threshold, the families receiving benefits fell from an average of 322,000 per month in 2021 to 313,000 in 2022, with the number of children declining from 509,000 to 456,000. So, regardless of the increase in the individual benefit amounts, the overall expenditure under the programme registered a modest growth of 7 per cent.

[4] Eurostat, General government expenditure by function (COFOG), „Family and children".

In 2022, the benefits for children enrolled in the first and eighth grades continued to be provided without an income criterion and in the same size. In 2021, the benefit was granted to 51,300 first-graders and 48,700 eighth-graders at the start of the school year; in 2022, the numbers were 49,500 and 48,000, respectively.

2021 51,300 first-graders and 48,700 eighth-graders

2022 49,500 first-graders and 48,000 eighth-graders

Tax relief for children also changed, with taxable income deductions increasing from BGN 4,500, 9,000, and 13,500 for 1, 2, and 3 children in 2021, to BGN 6,000, 12,000, and 18,000 in 2022.

The most significant expense – nearly 56% of the Ministry's total child-related spending – was the monthly benefits for raising children to secondary school graduation, including support for children up to one year old based on income criteria.

Monthly benefits for children with permanent disabilities comprised 32% of total expenditures. Lump-sum payments for pregnancy and birth accounted for 4% as well as and the benefits for students in 1st and 8th grades.

Table 8. Structure of the expenditure on children under the MLSP budget in 2021 and 2022, Social Inclusion Policy, Support for Families with Children Programme:

BGN million	2021	2022
Lump-sum benefits, including for pregnancy and birth	28,677	28,059
Monthly benefits for raising children	289,815	310,419
Monthly benefits for raising children with disabilities	176,532	177,363
Lump-sum benefit for children in 1st and 8th grades	21,705	29,845
Financial support for preventing abandonment	88	7,664
Other	67,970	5,744

Source: Child-focused Public Expenditure Measurement Tool

The National Social Security Institute provides short-term benefits to insured citizens – for childbirth, child-rearing, caregiving, and adoption. Its most considerable child-related expense is maternity benefits, comprising over 61 per cent or nearly BGN 550 million of related spending. Additionally, for children aged 1-2 ("second-year maternity leave"), the NSSI allocated 32 per cent or BGN 293 million in 2022.

As of 1 August 2022, a new benefit allows up to two months of paid leave for fathers and adopters of children up to 8 years old. Following an update to the 2021 State Budget in October, cash compensation for the second year of maternity leave rose from BGN 380 to BGN 650 to BGN 710 on 1 April 2022. This hike led to a BGN 119.2 million increase in social security system expenses in 2022.

[4] Since 2021, first and eighth graders have been receiving benefits without an income criterion.

Table 9. Expenditure on children in the NSSI budget, 2021–2022:

BGN million	2021	2022
Benefits for pregnancy and birth	513,827	549,872
Benefits for raising a young child	191,112	293,644
Benefits for adopting a child aged 2 to 5	3,279	2,957
Benefits for providing care for a sick child	58,928	60,261

Source: Child-focused Public Expenditure Measurement Tool

Municipalities fund social services for children via daycare and family centres, offering various services and activities. The most substantial portion goes to family-type placement centres for children and youth – with or without disabilities – followed by daycare centres for children with disabilities and community support centres.

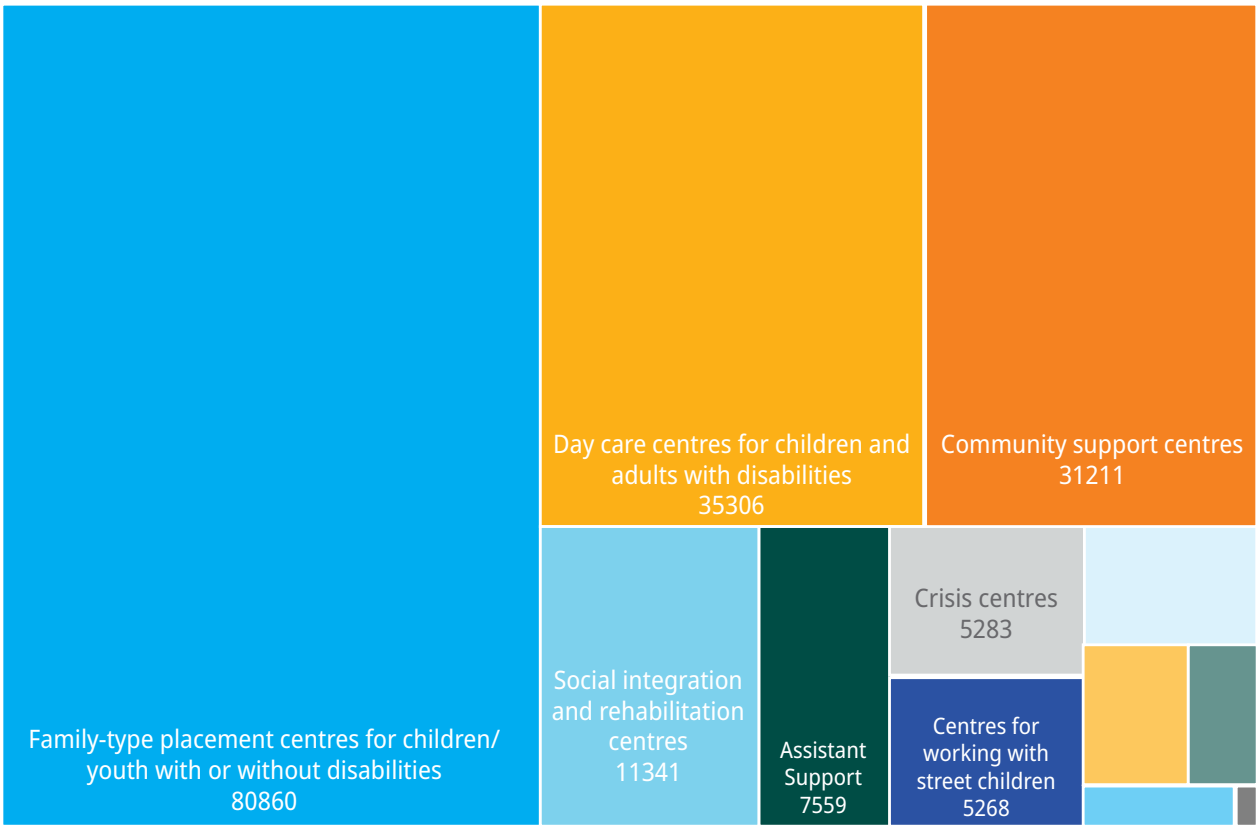
In addition to the social services provided in the community, the municipalities finance through transfers from the central budget the assistant support and the monthly benefits for children placed in a centre.

In 2022, municipal spending on children rose due to the fact that the C-PEM tool included the funding for assistant support for children and enhanced standards for state-delegated activities, primarily in centres for children with disabilities, community support centres, and family-type placement centres.

The 2023 budget plans a roughly 13 per cent increase in spending on social support under the MLSP programme compared to 2022. It introduces new lump-sum benefits for second through fifth graders without an income requirement[5], with an anticipated budget impact of about BGN 25 million. Monthly child-raising benefits and income thresholds remain unchanged.

[5] Since 2021, first and eighth graders have been receiving benefits without an income criterion.

Chart 8. Structure of the social expenditure of municipalities for 2022 (BGN'000):



Source: Child-focused Public Expenditure Measurement Tool

The NSSI's child-related benefits are set to increase by about 16.5 per cent – driven by a rise in the average insurance income, which determines monthly pregnancy and birth compensation. Additionally, the benefits of raising children up to 2 years old will rise from BGN 710 to BGN 780 monthly. This increase also reflects extended compensation for fathers' paid leave – up to 2 months annually for children under 8, which has been paid for just five months in the latter part of 2022.

The 'Other' category of the CPEM Tool includes two state-delegated activities, financed from municipal budgets, which are related to child justice: the Local Commissions for Combating the Anti-Social Behaviour of Minors and Underage Persons and Pedagogical Rooms for Children, which amount to approximately BGN 19 million.

For the second year, tax relief for children was provided – sometimes doubling the monthly benefits for child-rearing until completion of secondary education.

Box 1. Public Expenditure on Children in 2023 and updated report data for 2022

The overall public expenditure on children reached BGN 9.4 billion in 2023. This marked a growth of 13.4% in comparison to the 2022 reporting value. The largest increase was again observed in education expenditures, which grew by 19 per cent. Social protection expenditures increased by 6.4 per cent, while healthcare expenditures saw a minimal increase of 1.5 per cent.

In 2023, children's expenditure accounted for 5.13 per cent of GDP and 13 per cent of total public spending.

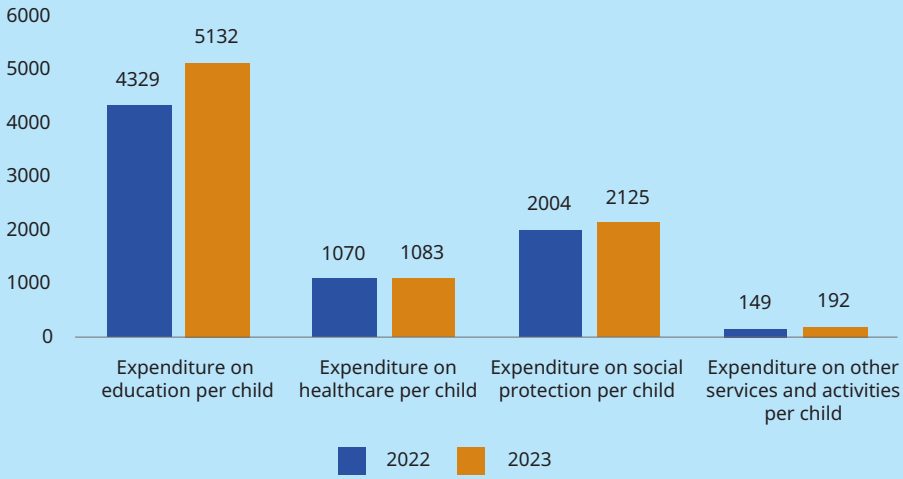
Table 10. Total public spending on children for 2021, 2022 and 2023:

	2021	2022	2023
1. Overall expenditure on children for the year (BGN '000)	6,796,975	8,007,336	9,420,673
Expenditure on education	4,078,281	4,743,161	5,667,085
Expenditure on healthcare	954,314	1,176,678	1,195,450
Social expenditure	1,655,617	1,923,535	2,346,490
Other expenditure	108,763	163,962	211,649
2. Nominal expenditure per child (BGN)	5,720	6,736	**8,532**
3. Share of expenditure on children as a % of GDP	4.89%	4.84%	5.13%
4. Share of expenditure on children in overall public spending	12.08%	12.11%	12.97%
5. Distribution of expenditure on children in three sectors (healthcare, education, social sector)			
Expenditure on education	60.0%	59.2%	60.2%
Expenditure on healthcare	14.0%	14.7%	12.7%
Social expenditure	24.4%	24.0%	24.9%
Other expenditure	1.6%	2.0%	2.2%
6. Expenditure on investment per child by sector (BGN)	**5,720**	**6,736**	**8,532**
a. Expenditure on education per child	3,432	3,990	5,132
b. Expenditure on healthcare per child	803	990	1,083
c. Expenditure on social protection per child	1,393	1,618	2,125
d. Expenditure on other services and activities per child	92	138	192

Source: Child-focused Public Expenditure Measurement Tool

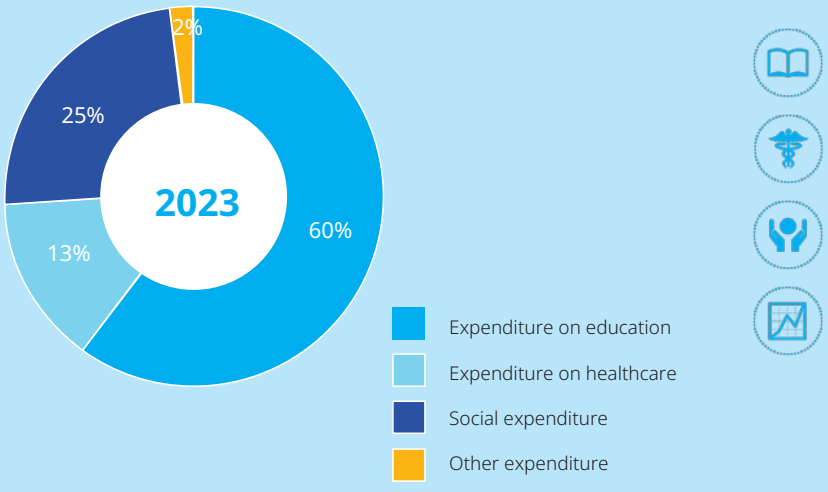
The nominal expenditure per child reached BGN 8,532 – an increase of BGN 980 from the previous year. Over two-thirds of this amount was spent on education - BGN 5,132.

Chart 9. Expenditure per child (BGN) in 2022 and 2023:



The overall expenditure structure is dominated by education at 60.2 per cent, followed by social protection for children at 24.9 per cent, and healthcare at 12.7 per cent of the overall children's expenditure. The ‚Other' category remained minimal both in nominal terms and overall share.

Chart 10. Expenditure structure in 2023



Source: Child-focused Public Expenditure Measurement Tool

Municipal Spending on Children: Three Case Studies

Financial decentralization in Bulgaria operates on the principle that the central government selects and funds essential services for national development – ensuring they are consistently provided nationwide with equal quality, such as secondary education. To ensure this, the State determines the price of each such service in a unified financial standard and transfers funds to the municipalities based on the quantities of services provided. This type of activity is considered 'delegated by the State to the municipalities', and local governments are responsible for organising these services following the respective national regulations.

Local governments in Bulgaria can choose which supplementary activities and services to offer residents beyond those mandated by the state – such as organizing school canteens and student camps. These services may have mixed financing, funded by municipal revenue from taxes and fees; for instance, the state might pay personnel expenses while the municipality handles maintenance costs.



This section examines the 2022 budget reports for three Bulgarian municipalities (Sofia, Kazanlak, and Kotel), focusing on their spending on children. It details State-delegated and local expenditures in Education, Healthcare, and Social Activities. The aim is to evaluate children's services across various municipalities by reviewing their costs, structures, and funding sources – as detailed in their financial statements on municipal websites. This includes occasional analyses of EU funding for certain services, though not comprehensively.

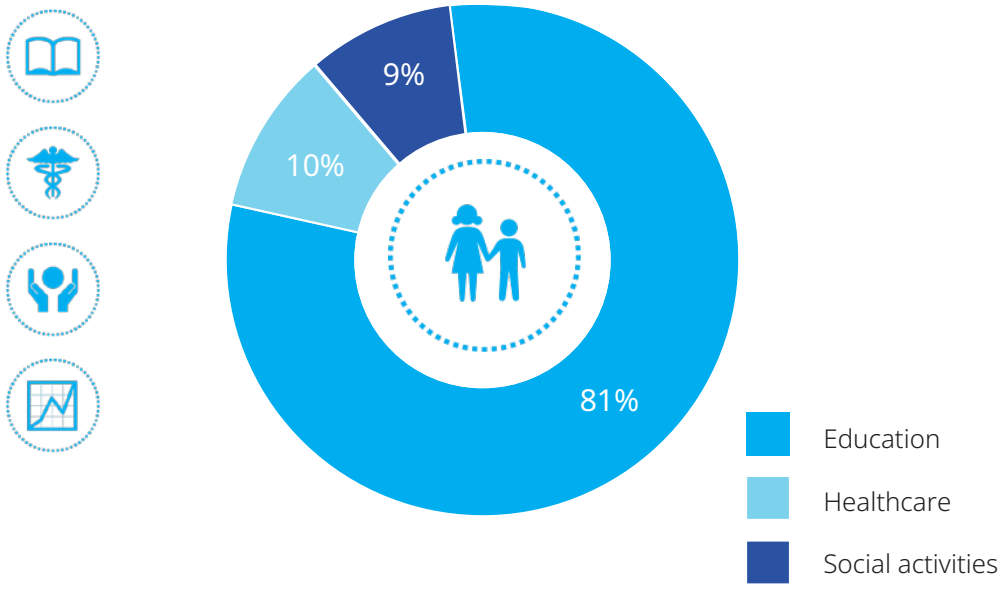
Sofia

The Capital City of Sofia Municipality – the largest in the country – is home to a significant population of 1.2 million, with over 217,000 children[7]. This city features a wide array of services for children, ensuring that every child's needs are met. The municipal budget report – encompasses all city activities as per the budget classification and associated costs.

In 2022, Sofia allocated most of its budget (79 per cent) to education – the primary responsibility of municipalities in Bulgaria and a significant budget item. The remaining funds for children were distributed between healthcare and social services, each receiving 10 to 11 per cent of total expenditures.

[6] According to 2021 census data.

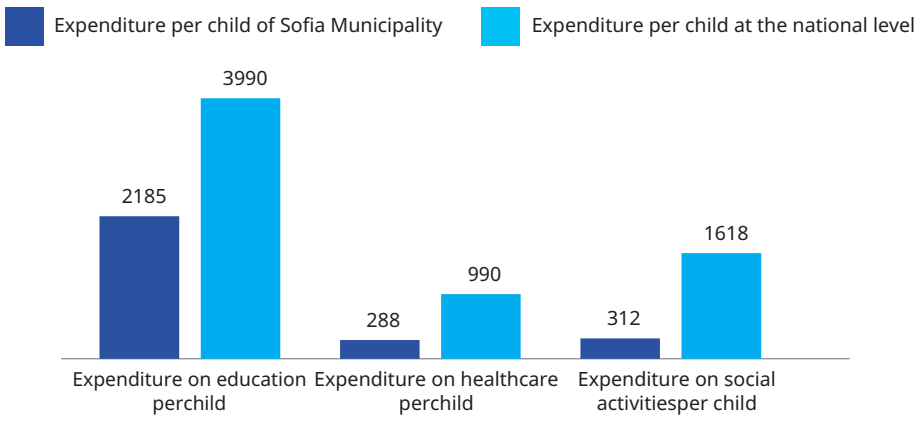
Chart 11. Structure of the expenditure on children by main categories, 2022:



Source: 2022 Budget Report of Sofia Municipality (own calculations)

Among the three expenditure categories (education, healthcare, and social services), education accounts for over 50 per cent of municipal spending per child. This percentage differs based on funding sources for child services and costs – either through the municipal budget or central institutions like NHIF, NSSI, or a specific ministry. Healthcare expenses are typically managed by the NHIF budget, with municipalities providing additional support activities.

Chart 12. 2022 Expenditure in BGN on education, healthcare, and social activities per child in Sofia



Note: The data about the number of children in the municipality is from the 2021 census.

Source: 2022 Budget Report of Sofia Municipality, C-PEM Tool (own calculations)

Education

Sofia Municipality provides the following educational services[8]:

- 311 Kindergartens
- 312 Special Groups at Kindergartens: For children with special educational needs
- 318 Preparatory Groups at Schools
- 322 Non-Specialised schools: Excludes vocational secondary schools
- 324 Sports Schools
- 326 Vocational Secondary Schools and Classes: Includes vocational training
- 332 Dormitories
- 337 Personal Development Support Centre
- 338 Resource Support
- 388 International Programmes and Agreements: Involves donations and support from abroad
- 389 Other Activities Related to Education

The municipality offers a wide range of educational services – nearly all-encompassing. Sofia boasts 285 independent kindergartens and 239 schools, per NSI data. It's worth mentioning that alongside municipal schools, several state-run schools – overseen by (among others) the Ministry of Education and Science, Ministry of Culture, Ministry of Youth and Sports – also operate within the municipality, though their budgets are separate.

As expected, the most significant spending was on non-specialised schools – more than 84.6 per cent of the overall expenditure in this activity – followed by the expenditure on resource support (3.8 per cent of the overall one). The remaining categories accounted for less than 3 per cent of the overall municipal spending on education.

Table 11. Report on the expenditure on education of Sofia Municipality, 2022:

	2022 report, BGN			
Type of Expenditure	State activities	Local activities	Supplemental funding	**Total**
Personnel Costs	369,577,525	801,086	287,183	**370,665,794**
Maintenance	72,021,153	1,527,245	329,690	**73,878,088**
Taxes Paid	82,559	22,366	0	**104,925**
Subsidies	6,034,428	0	0	**6,034,428**
Capital Expenditure	8,554,494	309,879	9,258,576	**18,122,949**
Other Expenditure	6,972,199	2,640	0	**6,974,839**
Total	**463,242,358**	**2,663,216**	**9,875,449**	**475,781,023**

Note: The 'Other Expenditure' category includes scholarship spending, membership fees, and ongoing household transfers.

Source: 2022 Budget Report of Sofia Municipality (own calculations)

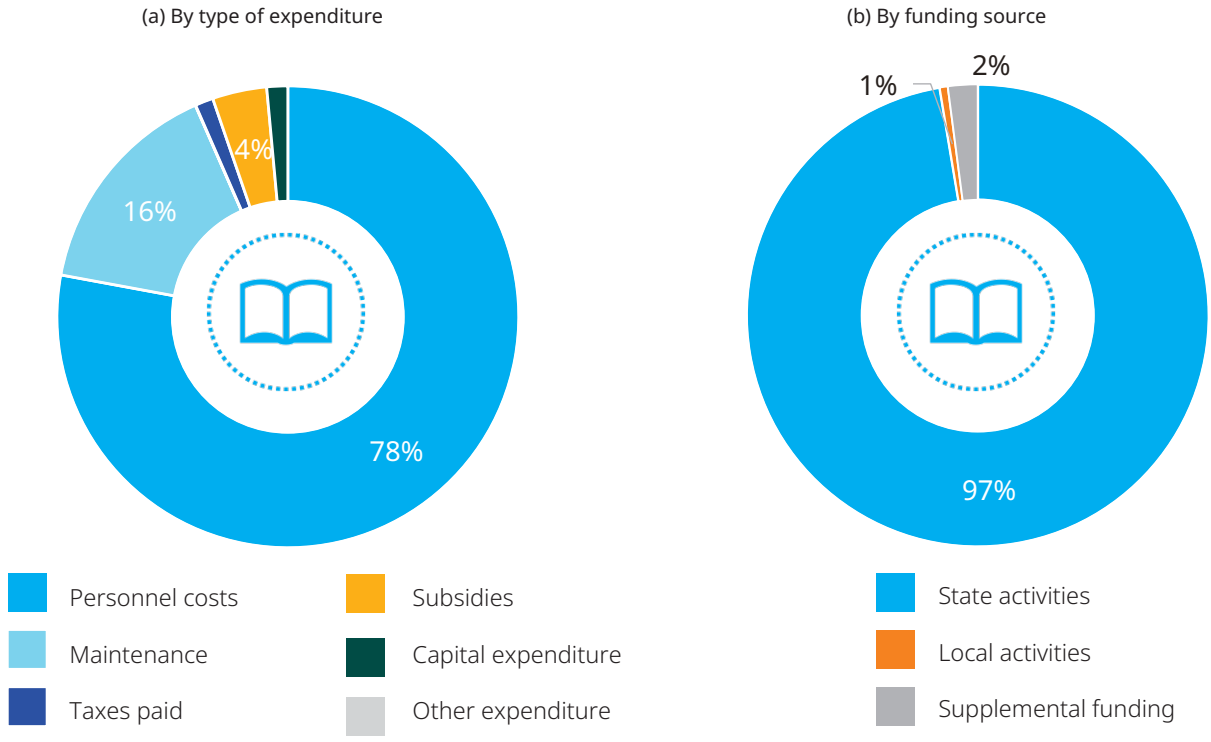
[7] The service codes are part of the 2022 uniform budget classification.

Sofia Municipality spent over BGN 475 million on education, with 78 per cent allocated for staff salaries and social security. Maintenance costs accounted for 16 per cent and capital expenditures for 4 per cent. Remuneration and maintenance costs were evenly distributed across all educational activities, while capital expenditure was concentrated in Non-Specialised Schools – BGN 17.3 million out of BGN 18.1 million. Unlike current expenses, reported capital expenditure was just 68 per cent of planned expenses.

Sofia Municipality's education spending is primarily state-funded, with 97 per cent of costs covered by central budget based on cost standards. The most significant additional funding was allocated to capital expenses for general schools and current expenditures for support and personal development centres.

The minimal share of supplemental funding can be attributed to two factors: firstly, preschool and school education likely receive adequate central budget funding, making additional support unnecessary; secondly, Sofia Municipality has the resources to efficiently manage its schools and kindergartens, ensuring optimal class sizes.

Chart 13. Structure of the expenditure on education:



Source: 2022 Budget Report of Sofia Municipality (own calculations)

Healthcare

Municipal health activities in Bulgaria are quite restricted. In Sofia Municipality, they comprise:

- 431 nurseries, children's kitchens, and nursery groups in kindergartens
- 437 medical cabinets in kindergartens and schools

These activities fall under kindergarten and school healthcare – distinct from traditional NHIF-funded medical prevention and treatment. The strong centralisation of healthcare funding is also evident in municipal healthcare spending per child. Sofia municipality does not allocate funds for Health Mediator activities.

In 2022, municipal healthcare spending totalled BGN 62.6 million, with BGN 46 million going to personnel. The remainder funded capital and maintenance costs – primarily financed by local revenues. This blend of expenses reflects the state's role in funding staff salaries at medical facilities while municipalities manage operational costs. Additionally, the city's budget supplemented capital expenditures.

Table 12. Report on the expenditure on healthcare of Sofia Municipality, 2022:

	2022 Report, BGN			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	45,279,942	0	1,050,241	**46,330,183**
Maintenance	2,417,824	3,602,449	65	**6,020,338**
Paid Taxes	2,436	1,628	0	**4,064**
Capital Expenditure	1,118,340	82,584	9,037,790	**10,238,714**
Other Expenditure	3,340	0	0	**3,340**
Total	**48,821,882**	**3,686,661**	**10,088,096**	**62,596,639**

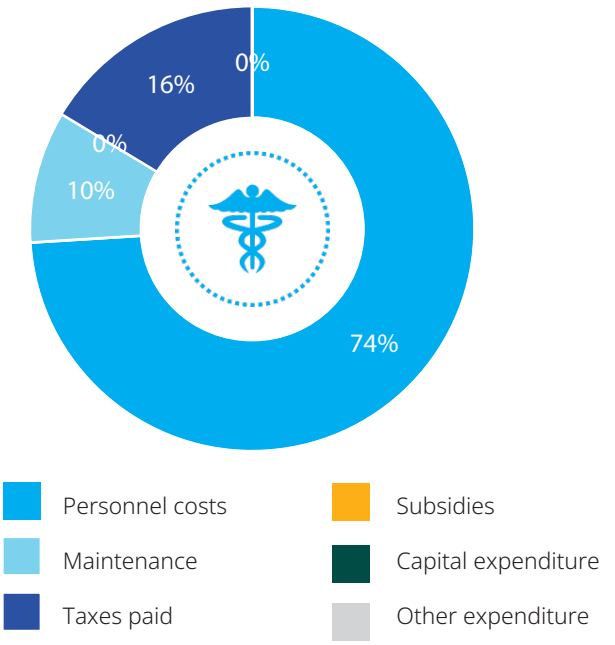
Note: The 'Other Expenditure' category includes scholarship expenditure, membership fees, and ongoing transfers to households.

Source: 2022 Budget Report of Sofia Municipality (own calculations)

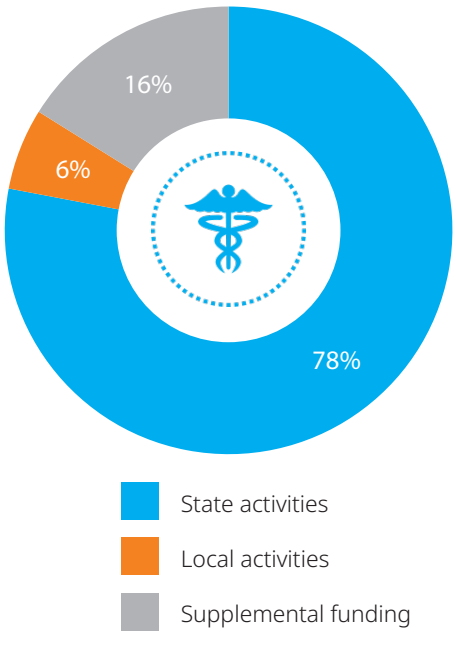
Municipal spending on healthcare differs from educational spending: 74 per cent went to remuneration, 16 per cent to capital expenditures, and 10 per cent to maintenance. Funding sources also varied: state activities contributed 78 per cent, with supplemental funding significantly larger, compared to education. A detailed analysis showed that the municipality primarily allocated supplemental funds for fixed assets in nurseries (BGN 9 million).

Chart 14. Structure of the expenditure on healthcare of Sofia Municipality, 2022:

(a) By type of expenditure



(b) By funding source



Source: 2022 Budget Report of Sofia Municipality (own calculations)

Social Services

Local social services[9] are diverse and offered either as delegated or local activities. Sofia Municipality's 2022 social services expenditure for children was BGN 67 million – similar to healthcare spending but differently structured. Local activities dominated spending, with minimal supplemental funding.

Sofia Municipality provides the following types of social services:

- 526 community support centres
- 527 Mother and Baby Units
- 528 centres for working with street children
- 529 crisis centres
- 530 family-type placement centres
- 538 child protection programmes
- 551 daycare centres for people with disabilities
- 561 assistant support services
- 562 personal assistant support services
- 589 other services and activities related to social security, assistance, and employment.

In almost all activities, the municipality has more than one supplier. Assistant support and personal assistance costs are included with the respective share in the calculations (ratio of 0.1).

Approximately BGN 46 million of the expenditure was allocated to Activity 589, ‚Other services and activities related to social security, assistance, and employment,' with about BGN 33 million directed to Section 42–19, Other current transfers to households.'

Table 13. Report on the expenditure on social activities and services of Sofia Municipality, 2022:

	2022 Report, BGN			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	10,214,935	8,727,286	396,766	**19,338,987**
Maintenance	10,703,978	1,860,344	220,749	**12,785,071**
Paid Taxes	0	6,837	0	**6,837**
Subsidies	3,375	0	0	**3,375**
Capital Expenditure	1,037,308	1,450,619	2,078	**2,490,005**
Other Expenditure	33,281,127	0	0	**33,281,127**
Total	**55,240,724**	**12,045,086**	**619,593**	**67,905,402**

Note: The 'Other Expenditure' category includes scholarship expenditures, membership fees, and ongoing household transfers.

Source: 2022 Budget Report of Sofia Municipality (own calculations)

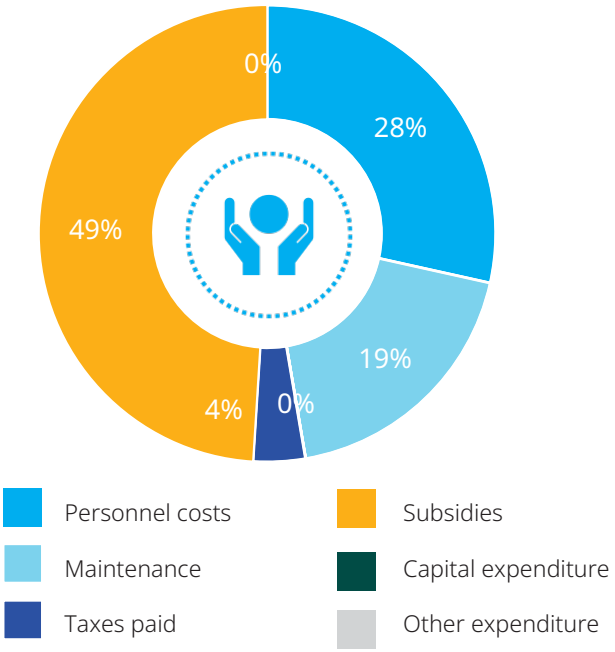
[8] A description of the social services for children and their availability by regions is available here [in Bulgarian]: https://asp.government.bg/bg/deynosti/sotsialni-uslugi/sotsialni-uslugi-za-detsa/registar-na-vidovete-sotsialni-uslugi-finansirani-ot-darzhavniya-byudzhet-za-deca/

The breakdown of social services spending reveals distinct characteristics: personnel costs represented only 28 per cent of total expenditures, while the most significant portion (49 per cent) went to household transfers within the ‚Other' category – likely covering direct payments for personal assistance and assistant support. Maintenance expenses also accounted for a significant 19 per cent, with capital expenditures making up 4 per cent.

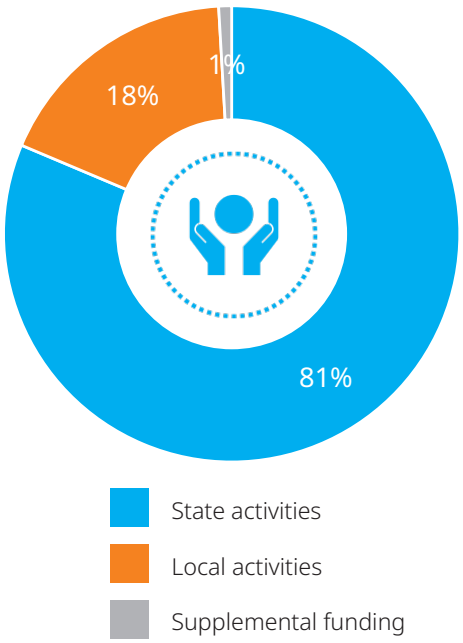
Regarding funding sources, state activities comprised 81 per cent of the total expenditure; the municipality's local expenditures accounted for 18 per cent, and the supplemental funding from the municipal budget was approximately 1 per cent.

Chart 15. Structure of the expenditure on social services, 2022:

(a) By type of expenditure



(b) By funding source



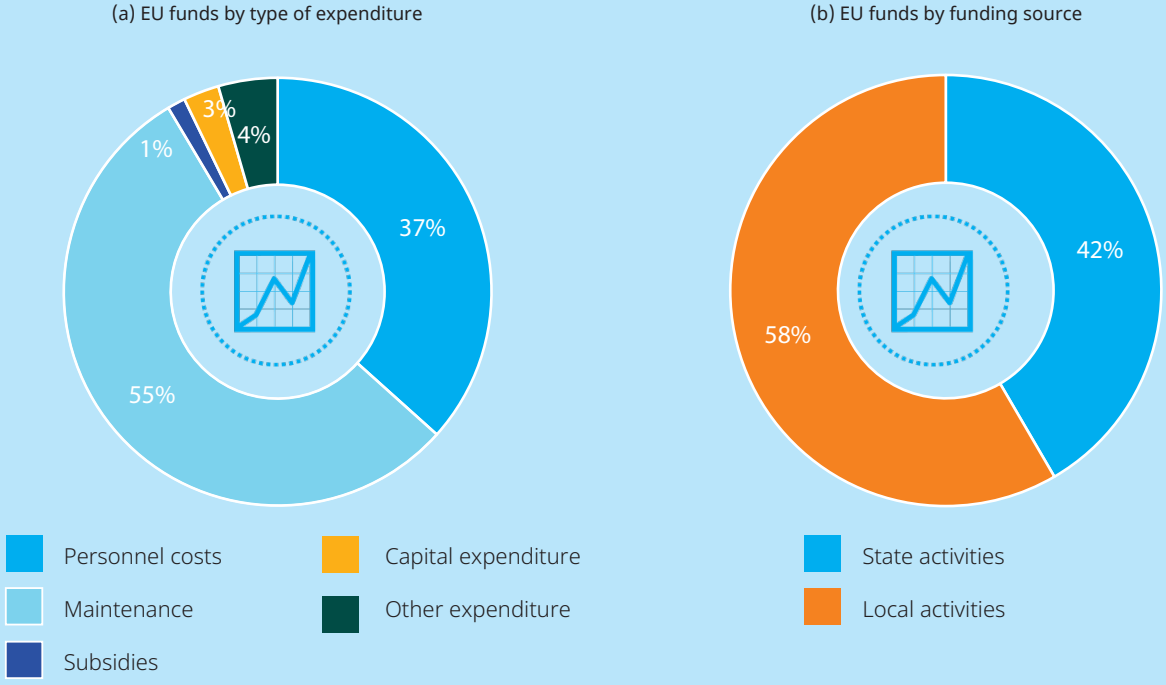
Source: 2022 Budget Report of Sofia Municipality (own calculations)

Box 2. European Union Funds and Projects for Children in Sofia Municipality

Sofia Municipality implements diverse projects related to children, which are financed with funds from the European Union. The municipality's reports show that these projects are mainly in education and, therefore, will be discussed in more detail.

In 2022, the municipality implemented educational projects under the EU Operational Programmes: 'Regions in Growth', 'Science and Education for Smart Growth', and 'Human Resources Development'. Sofia Municipality also received EU funds from the Payment Agency of State Fund 'Agriculture' budget – probably funding for secondary schools at the Ministry of Agriculture and Food. In 2022, the EU allocated most of its funding (BGN 10.4 million) to education – covering kindergartens, schools, etc. Of this, 55 per cent went to maintenance, 37 per cent to personnel, and a small fraction to capital expenses. State-delegated activities received over half of these funds (58 per cent).

Chart 16. Structure of the expenditure on children of Sofia Municipality, financed with EU funds:



Source: 2022 Budget Report of Sofia Municipality (own calculations)

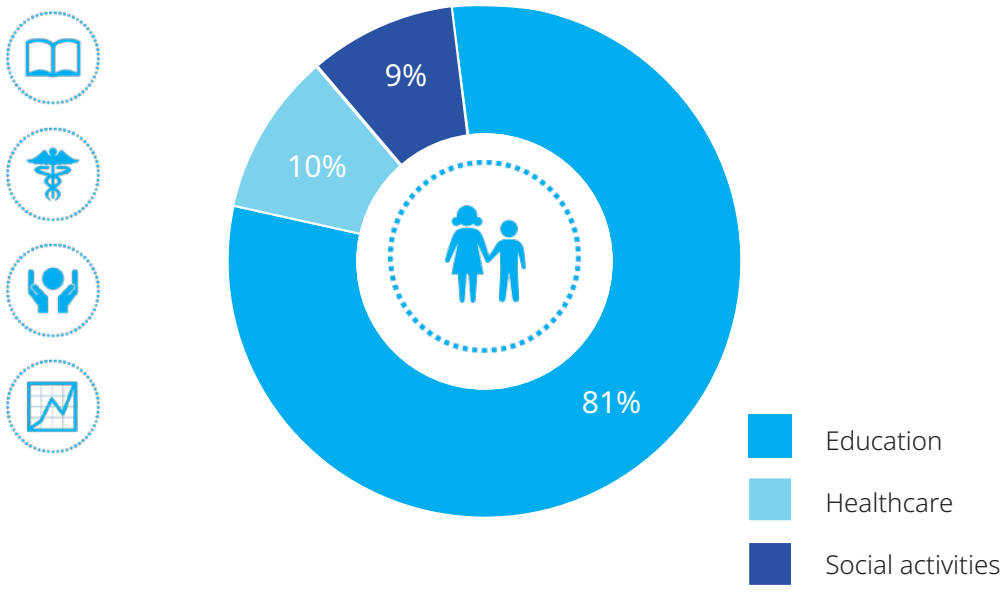
The 2022 municipal capital programme report reveals just one EU-funded project aimed at children: 'Project Building, Major Renovation/Reconstruction of Three Schools in Sofia Municipality', which cost BGN 817,000. In contrast, the municipality's total capital spending on education was about BGN 11 million.

Kazanlak

Kazanlak – a municipality of 65,000 people, including 11,100 children – offers more limited services for children and slightly higher per-child spending compared to larger cities like Sofia. This is typical for educational spending, but the municipality primarily funds State-delegated activities as a fund's allocator. This is evident in the expenditure structure and the municipal spending per child.

The spending pattern on children closely mirrors that of Sofia Municipality – 81 per cent is allocated to education and the remainder nearly split between healthcare and social activities.

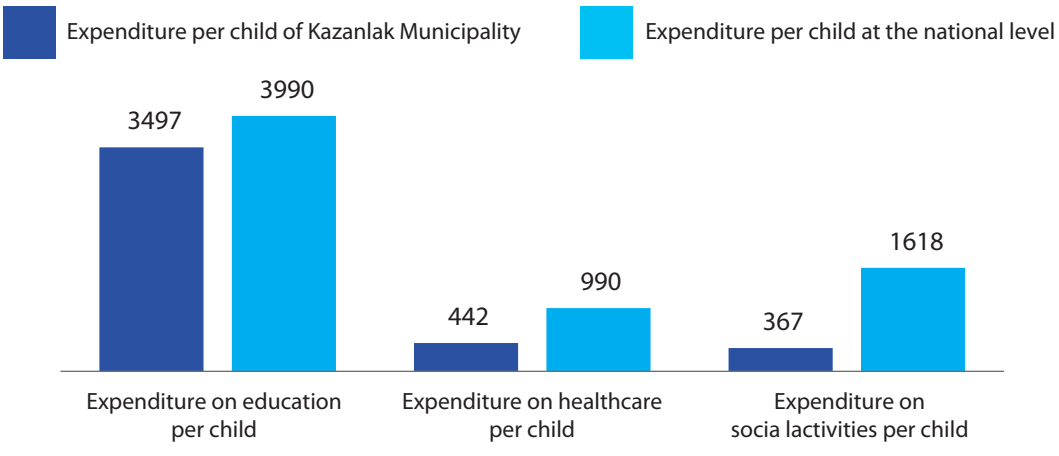
Chart 17. Structure of the expenditure on children by main categories, 2022:



Source: Budget Report of Kazanlak Municipality (own calculations)

Kazanlak Municipality allocates education funds per child close to the national average, yet its spending on social activities is lower – at only one-fifth of the average.

Chart 18. Expenditure on education, healthcare, and social activities per child in Kazanlak Municipality, 2022:



Source: 2022 Municipal Budget Report, CPEM Tool (own calculations)

Education

Kazanlak Municipality offers the following educational services:

- 311 kindergartens
- 322 non-specialised schools, excluding vocational secondary schools
- 333 student recreational camps
- 337 personal development support centres
- 389 other activities related to education

Kazanlak offers fewer educational services than Sofia Municipality, with 14 kindergartens and 22 schools within the city. Kazanlak also hosts a Personal Development Centre that focuses on nurturing children's and students' interests, abilities, and competencies in science, arts, and sports during their free time.

Table 14. Report on the expenditure on education of Kazanlak Municipality, 2022:

	2022 Report			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	30 913 705	3304	0	**30 917 009**
Maintenance	5 834 293	281 665	53 459	**6 169 417**
Paid Taxes	146 046	22 230	124	**168 400**
Capital Expenditure	953 687	277 130	273 789	**1 504 606**
Other Expenditure	154 811	15 090	0	**169 901**
Total	**38 002 542**	**599 419**	**327 372**	**38 929 333**

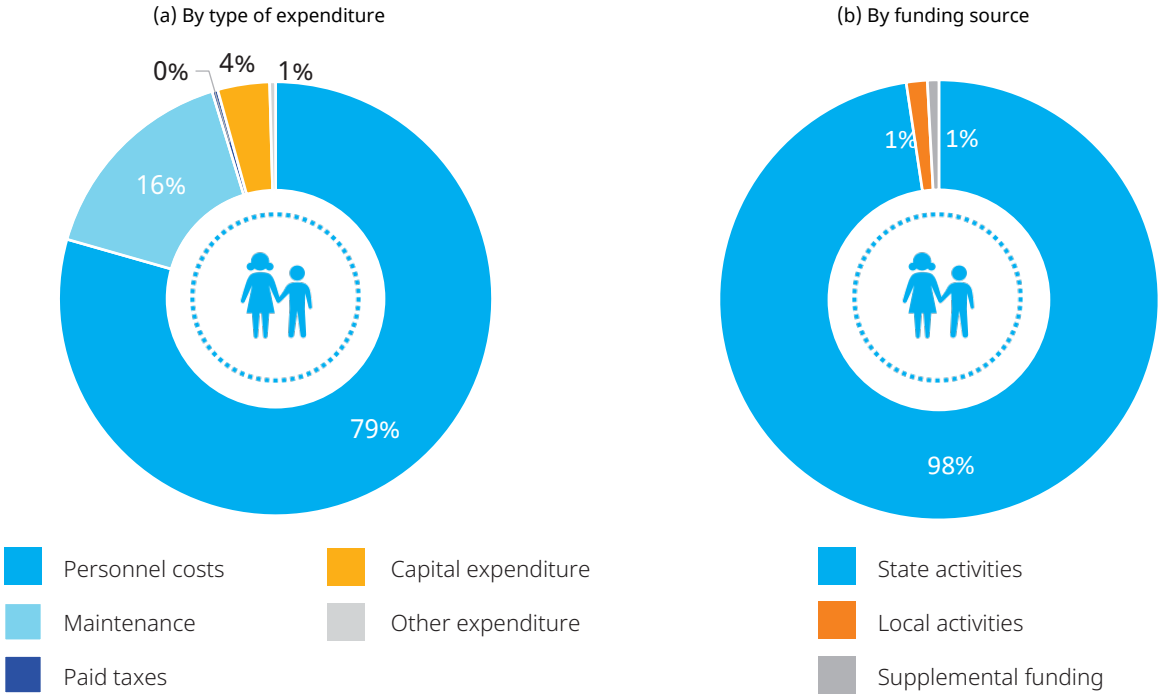
Note: The 'Other Expenditure' category includes scholarship expenditures, membership fees, and ongoing household transfers.

Source: 2022 Municipal Budget Report (own calculations)

The expenditure was categorized similarly to Sofia Municipality, with the majority (79 per cent) assigned to personnel costs. Maintenance accounted for 16 per cent, and capital expenditure, mainly for schools, comprised just 4%. Notably, the municipality utilized less than 40 per cent of the planned capital investments.

Educational services are primarily funded through allocations from the central budget, with local spending directed towards maintenance and investments – predominantly for ‚Student Camps'. Additionally, the municipality contributes a small amount of supplementary funding for specific school investments – mainly repairs.

Chart 19. Structure of the expenditure on education, 2022:



Source: 2022 Municipal Budget Report (own calculations)

Healthcare

Kazanlak Municipality offers two critical child-focused health services:

- 431 nurseries, children's kitchens, and nursery groups in kindergartens
- 437 medical cabinets in kindergartens and schools

As in Sofia Municipality, health spending for children focused on healthcare in kindergartens and schools rather than medical activities and services funded by the NHIF.

Table 15. Report on the expenditure on healthcare of Kazanlak Municipality, 2022, BGN:

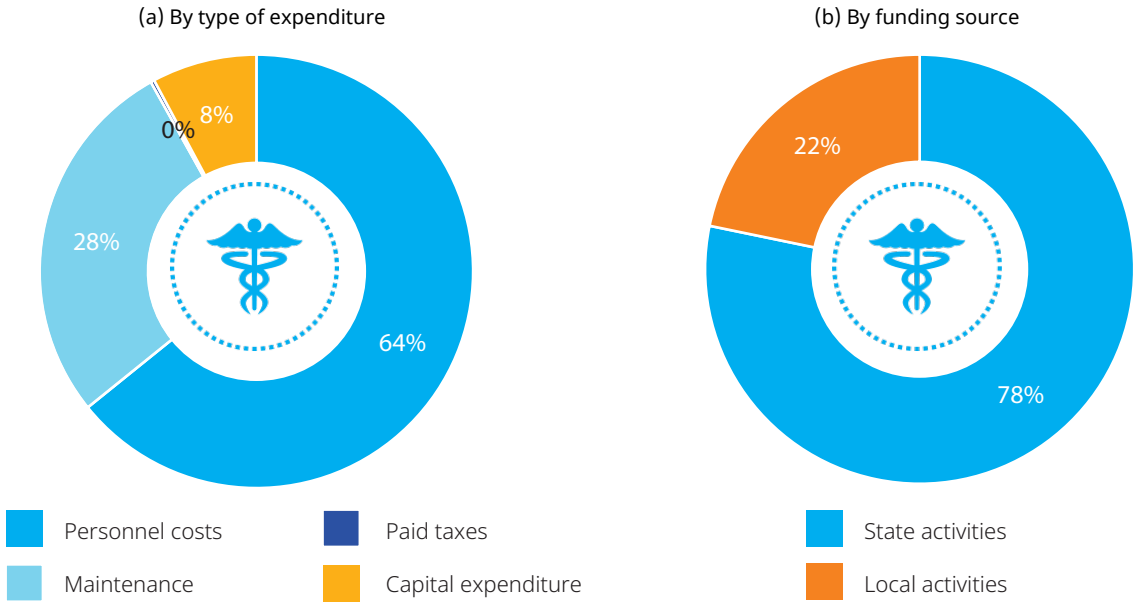
	2022 Report			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	3,092,523	67,928	0	**3,160,451**
Maintenance	374,571	989,563	0	**1,364,134**
Paid Taxes	10	13,699	0	**13,709**
Capital Expenditure	384,967	0	0	**384,967**
Total	**3,852,071**	**1,071,190**	**0**	**4,923,261**

Source: 2022 Municipal Budget Report (own calculations)

The expenditure structure is typical for such services, with Activity 431 mostly state-delegated and local funding for certain children's kitchen costs (primarily maintenance). Activity 437 is entirely state-funded.

Personnel costs accounted for the most significant expenditure (64 per cent), followed by maintenance at 28 per cent and capital expenditure at 8 per cent. No additional funds were allocated for healthcare-related activities.

Chart 20. Structure of the expenditure on healthcare, 2022:



Source: 2022 Municipal Budget Report (own calculations)

Social Services

The social services provided by Kazanlak Municipality include:

- 526 community support centres
- 530 family-type placement centres
- 551 daycare centres for people with disabilities
- 561 assistant support services
- 562 personal assistant support services
- 589 other services and activities related to social security, assistance, and employment

Activities 561, 562, and 589 aren't solely for children. The municipality spent nearly BGN 4.1 million on social services, with the most (BGN 1.4 million) going to Activity 530 for family-type placement centres. Funding for ‚community support centres' and ‚personal assistant support services' comes from the local budget and are not delegated It's also worth mentioning that some services cater to children from nearby municipalities: Maglizh, Pavel Banya, Nikolaevo, and Gurkovo.

Table 16. Report on the expenditure on social services of Kazanlak Municipality, 2022:

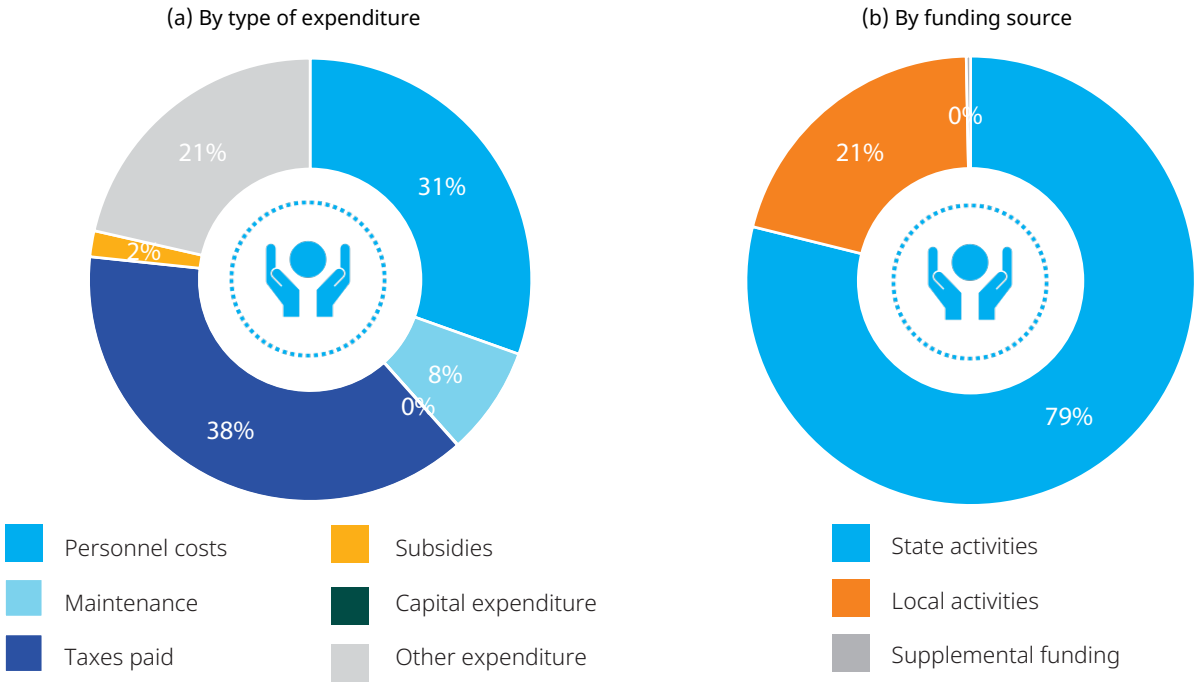
	2022 Report			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	707,532	536,671	0	**1,244,203**
Maintenance	310,460	991	12,673	**324,124**
Paid Taxes	1379	0	0	**1379**
Subsidies	1,516,285	46,609	0	**1,562,894**
Capital Expenditure	0	77,375	0	**77,375**
Other Expenditure	687,119	188,967	0	**876,086**
Total	**3,222,775**	**850,613**	**12,673**	**4,086,061**

Note: The 'Other Expenditure' category includes scholarship expenditures, membership fees, and ongoing household transfers.

Source: 2022 Municipal Budget Report (own calculations)

The expenditure breakdown reveals that subsidies and other ongoing transfers accounted for the most significant portion (38 per cent), followed by personnel costs at 31 per cent. These subsidies primarily supported family-type placement centres. Most of the funding came from the State, with local activities contributing about 21%. A small amount of additional funding covered ongoing renovations at the children's disability daycare centre, totalling BGN 9,700.

Chart 21. Structure of the expenditure on social services:



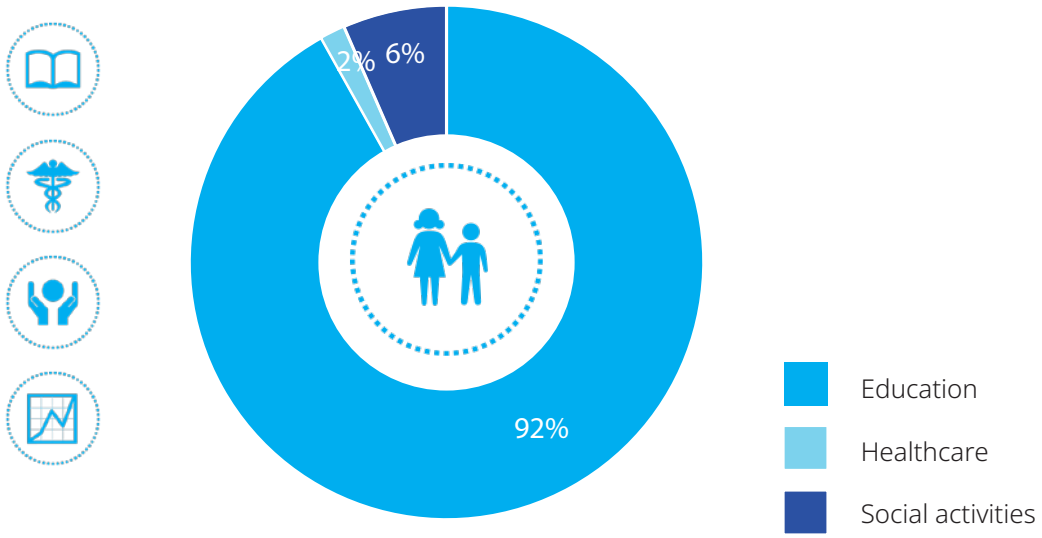
Source: 2022 Municipal Budget Report (own calculations)

Kotel

Kotel is a small municipality with a population of 15,900, including 3,188 children (2021 Census). The smaller population size limits the diversity of services provided by the municipality.

The expenditure on children reveals that over 92 per cent was dedicated to education, primarily for local kindergartens and schools. Healthcare spending was minimal – confined to a single budget item for school medical cabinets.

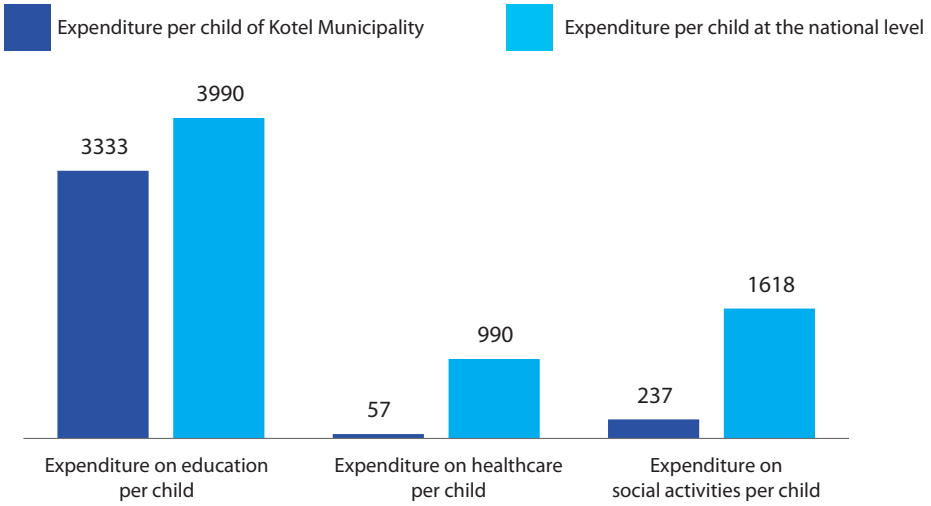
Chart 22. Structure of the expenditure on children by main categories, 2022:



Source: 2022 Municipal Budget Report, C-PEM Tool (own calculations)

The per-child spending on education approached the national average, while healthcare and social services were significantly lower. This suggests that apart from education, funded by central budget transfers – small municipalities depend heavily on state financing for most child-related expenditures.

Chart 23. Expenditure on education, healthcare, and social activities per child in Kotel Municipality, 2022:



Source: 2022 Municipal Budget Report, Children Expenditure Assessment Tool (own calculations)

Education

The municipality funds six independent kindergartens and nine schools – eight primary and one secondary. It supports educational expenditures for the following services:

- 311 kindergartens
- 318 preparatory groups at school
- 322 non-specialised schools, excluding vocational secondary schools
- 326 vocational secondary schools and classes of vocational training
- 337 personal development support centres
- 338 resource support services
- 389 other activities related to education

The municipality primarily funds preschool and school education, with expenditures reaching BGN 10.6 million. Funding for local activities and supplemental support focused on kindergartens and general schools, though it was relatively modest.

Table 17. Report on the expenditure on education of Kotel Municipality, BGN

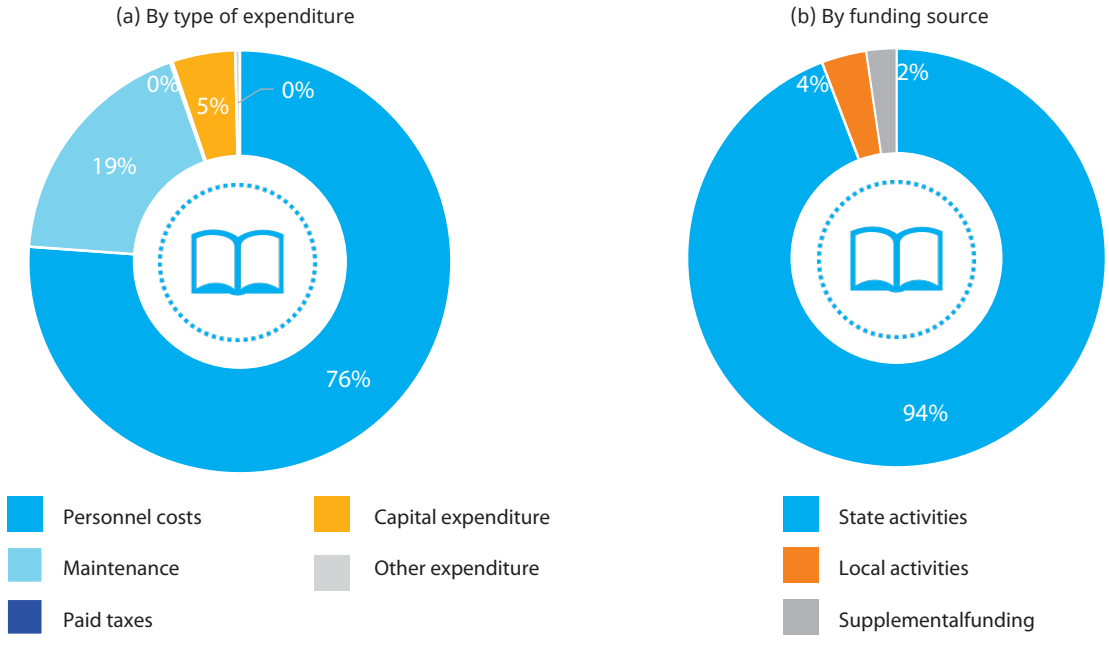
	2022 Report			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	7,796,512	129,991	163,682	**8,090,185**
Maintenance	1,695,507	189,683	80,347	**1,965,537**
Paid Taxes	13,863	3525	1,663	**19,051**
Capital Expenditure	466,387	46,603	0	**512,990**
Other Expenditure	36,785	0	0	**36,785**
Total	**10,009,054**	**369,802**	**245,692**	**10,624,548**

Note: The 'Other Expenditure' category includes scholarship expenditures, membership fees, and ongoing household transfers.

Source: 2022 Municipal Budget Report (own calculations)

Regarding expenditure structure, ‚Personnel Costs' accounted for the most significant portion at 76 per cent, followed by ‚Maintenance' at 19 per cent, and capital expenditure at 5 per cent. Funding sources show state-delegated activities dominating at 94%, with local activities and supplemental funding at 4 per cent and 2 per cent, respectively. The similarity of this educational expenditure structure to other municipalities suggests that state funding is sufficient, and additional local government funding is unnecessary.

Chart 24. Structure of the expenditure on education:



Source: 2022 Municipal Budget Report (own calculations)

Healthcare

Kotel Municipality spent BGN 188,700 on a single healthcare activity 437 funding 'medical cabinets in kindergartens and schools' – a programme fully supported by the State. Of this, 91 per cent covered salaries and social security for medical specialists. Consequently, the municipality's healthcare expenditure per child amounted to just BGN 57 due to the limited scope of these costs.

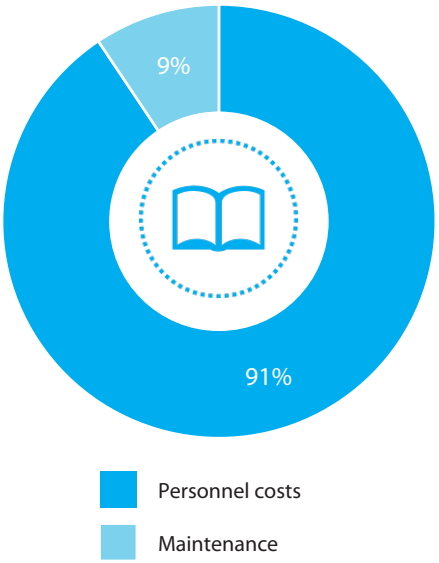
Table 18. Report on the expenditure on healthcare of Kotel Municipality, BGN:

	2022 Report			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	174,712	0	0	**174,712**
Maintenance	6,986	0	0	**6,986**
Total	**181,698**	**0**	**0**	**181,698**

Source: 2022 Municipal Budget Report (own calculations)

Chart 25. Structure of the expenditure on healthcare:

(a) By type of expenditure



Source: 2022 Municipal Budget Report (own calculations)

Social Services

Social services for children provided by the municipality include:

- 528 centres working with street children
- 530 family-type placement centres
- 561 assistant support services
- 562 personal assistant support services
- 589 other services and activities related to social security, assistance, and employment

The 2022 report indicates that the municipality allocated BGN 755,300 to children's social activities and services – mainly covering state-delegated activities with some additional funding. The two centres received 82 per cent of these funds, while a smaller portion supported assistants.

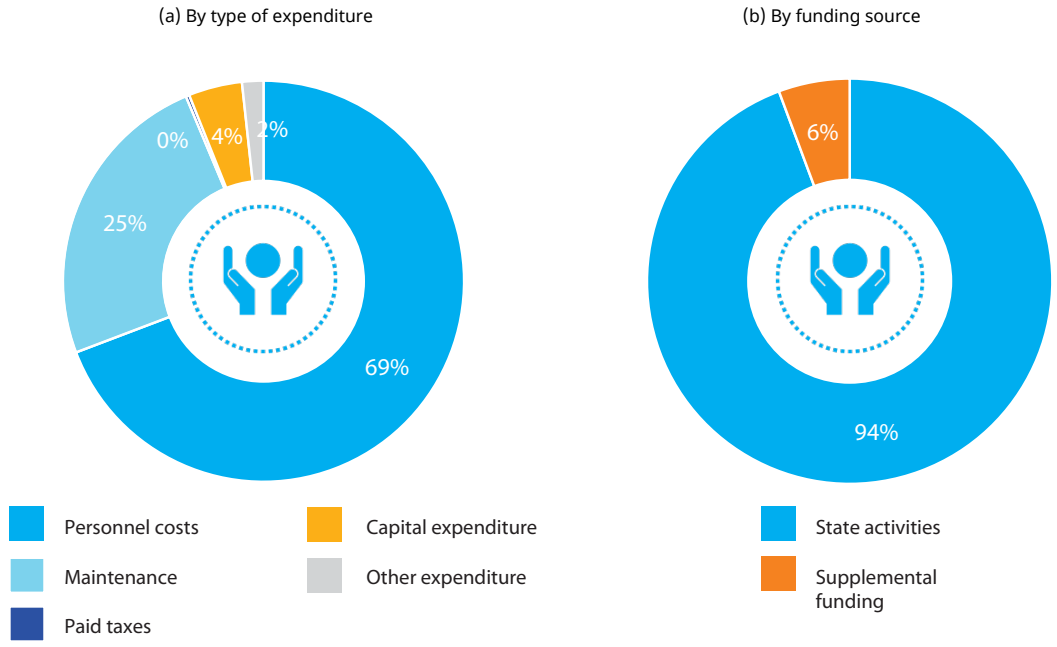
Table 19. Report on the expenditure on social services of Kotel Municipality, 2022:

	2022 Report			
Type of Expenditure	State Activities	Local Activities	Supplemental Funding	**Total**
Personnel Costs	485,421	0	37,479	**522,900**
Maintenance	179,322	0	5,368	**184,690**
Paid Taxes	2,089	0	41	**2,130**
Capital Expenditure	32,669	0	0	**32,669**
Other Expenditure	12,984	0	0	**12,984**
Total	**712,486**	**0**	**42,888**	**755,374**

Source: 2022 Municipal Budget Report (own calculations)

The expenditure breakdown reveals that personnel costs accounted for 69 per cent of the total, maintenance 25 per cent, and capital expenditures just 4 per cent. State activities comprised 94% of all spending, with no local activities. Additionally, BGN 42,900 supplemental funding was allocated for personnel and maintenance at the Centre for Working with Street Children.

Chart 26. Structure of the expenditure on social services:



Source: 2022 Municipal Budget Report (own calculations)

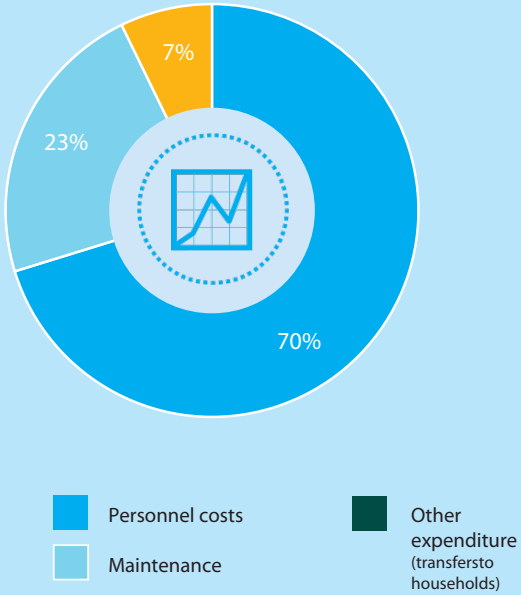
Box 3. EU funds and projects for children of Kotel Municipality

Kotel Municipality reported co-funding for EU-funded projects solely in the 'Education' category. They implement projects under the Operational Programme 'Science and Education for Smart Growth'. Expenditures were incurred in the following budget activities:

- 311 kindergartens
- 318 preparatory groups at school
- 322 non-specialised schools, excluding vocational secondary schools

The largest expenditure was for kindergartens, with 70 per cent spent on personnel and 23 per cent on maintenance. A small portion went to household transfers. One ongoing municipal project is the 'Reconstruction, Repair, Equipment, and Furnishing' of G. S. Rakovski Secondary School, Kotel.

Chart 27. Report of EU funds for children, 2022:



Source: 2022 Municipal Budget Report (own calculations)

Conclusions

The review of the public expenditure on children in 2022 at the national level and at the municipal level shows the following:

- Education expenditures remain the largest, with centralized financing, though municipalities provide most services as state-delegated activities. Municipalities control the number and distribution of schools on their territories and any additional funding they can allocate. But the standards for financing these activities are centrally set and based on the number of students, type of school, and other factors. In smaller municipalities, the expenditure per child is near the national average.

- Regardless of size, municipalities rarely provide supplemental education funding, limiting it to maintenance and capital expenditures. State-delegated education activities are adequately financed through expenditure standards. Local activities often fall under the 'Other Activities' category, which municipalities use to provide various services to residents.

- Child healthcare funding mainly comes from the NHIF and the Ministry of Health budgets. Municipalities have limited authority – covering only nurseries and medical facilities in kindergartens and schools. Consequently, healthcare spending per child is very low.

- Social activities are primarily funded by the Ministry of Labour and Social Policy and the National Social Security Institute for compensation and benefits. But municipalities play a more significant role in providing community-based social services. Although they are delegated by the State, municipalities can choose which services to offer.

- The adoption of the National Map of Social Services is expected to outline local service distribution after 2024. The availability of social services for children varies widely, with larger municipalities offering a greater quantity and variety of services. Smaller municipalities often provide specific services based on past traditions or local needs assessments.

- Nearly all Bulgarian municipalities – including the smallest – utilize EU funds to finance children's education and social services projects. These funds supplement spending on children and, contrary to expectations, are not limited to capital expenditure.

ACRONYMS

ASA
Agency for Social Assistance

C-PEM
Child-focused Public Expenditure Measurement

CRC
Convention on the Rights of the Child

EU
European Union

GDP
Gross Domestic Product

MES
Ministry of Education and Science

MH
Ministry of Health

MLSP
Ministry of Labour and Social Policy

MYS
Ministry of Youth and Sports

MTC
Ministry of Transport and Communications

NCPHA
National Centre for Public Health and Analyses

NHIF
National Health Insurance Fund

NSI
National Statistical Institute

NSSI
National Social Security Institute

POPC
Primary Outpatient Medical Care

SOPC
Specialised Outpatient Medical Care

SPSS
State Public Social Security

SSI
State Social Insurance

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