

# **BULGARIA:**

## **SOCIO-ECONOMIC DISLOCATION**

23 June 1997

*appeal no. 18/96-02/97*

*situation report no. 2*

*period covered: 19 March - 31 May 1997*

---

*The serious socio-economic crisis in Bulgaria continues and is expected to worsen over the next six months as winter approaches. Serious bread and flour shortages are likely to be exacerbated by a drought-reduced harvest, which will hit a population already reeling from newly introduced austerity measures. The election of a new government in April has led to increased support from the International Monetary Fund and the creation of a Currency Board, but plans for major economic readjustment will cause great hardship for large groups of the population over the years to come. The number of unemployed currently exceeds 580,000 with a further 200,000 expected to lose their jobs in the wake of proposed restructuring of state-run enterprises.*

---

### ***The context***

To reflect the socio-economic deterioration over the winter months, the International Federation issued a second Appeal for Bulgaria in February 1997, seeking CHF 2,202,000 in cash, kind and services to assist an increased number of beneficiaries — 41,900 people over 11 months. Through the extension of a number of Bulgarian Red Cross social and humanitarian assistance programmes, an increased number of vulnerable could be targeted, and the response capacity of the National Society developed. In response to growing needs the second Appeal sought to increase the distribution of family parcels to 6,000 needy families, to provide daily meals for 2,000 people through soup kitchens, and free lunches for 3,000 school children. In addition a new programme for the provision of baby food was introduced, targeting the poorest student families (parents in full-time education, aged between 19 and 25, living on low or non-existent grants), and a programme of hygiene distribution covering the needs of 2,500 vulnerable beneficiaries.

## ***Latest events***

Following the election of the United Democratic Forces Government in April 1997, a number of austerity measures were introduced in an attempt to regulate the economy, including the establishment of a Currency Board. These measures are expected to further increase unemployment and aggravate the already severe socio-economic dislocation in the country. According to new government budgetary projections, inflation will hit an average of 600% by the end of the year, compared to 400% in 1996. Consumer prices have witnessed parallel increases since 1 May, and although average wages increased from a low of USD 9 last January to USD 53 in April, the cost of living is a minimum of USD 40, with pensions at USD 20 per month.

An increasing number of medical/health institutions are being privatised resulting in greater numbers of people unable to afford medical care. The personal circumstances of the country's 2,409,000 pensioners and families with two or more children continue to deteriorate. The National Statistics Institute of Bulgaria established that during the first two months of 1997 89% of the population had fallen below the poverty line, with 70% of their earnings spent on food. Living standards have fallen to the extent that only one in ten families is able to cover daily living expenses. As a consequence Bulgarian Red Cross Society (BRCS) expects a dramatic increase in the number of vulnerable cases turning to it for assistance.

Agricultural production will be well down on recent years, with an anticipated 25 % reduction in the annual harvest due to drought, lack of fertiliser and fuel shortages. Recent heavy hailstorms have further exacerbated the problem.

In the present Appeal, beneficiaries of family parcels and the soup kitchens are mainly the elderly. A large part of the forthcoming Revised Appeal will target this group, with food aid to be distributed each month.

## ***Red Cross/Red Crescent action***

Thanks to the good response to the International Federation Appeals launched in October 1996 and February 1997, BRCS has been able to implement its main programmes of assistance to support over 40,000 beneficiaries. The five member Commission, established by the National Society to oversee all technical, financial and operational issues, continues to meet on a weekly basis. Regular contact is also maintained with regional Red Cross branches, government ministries and NGOs, to ensure the effective co-ordination of all humanitarian assistance and to identify the most vulnerable groups.

### **Soup Kitchens •**

By mid-March 1997 the Bulgarian Red Cross had opened 34 soup kitchens throughout the country, providing food for 1,500 beneficiaries. At the beginning of April a further 32 kitchens were opened, and by the end of May a total of 66 soup kitchens were operating in major regional centres covering 3,450 beneficiaries.

### **Food Coupons •**

Between March and May 4,500 children received food coupons for free school lunches.

### **Family Parcels •**

Following the distribution of 15,000 family parcels during the first three months of the year, a further 5,000 parcels were distributed in April containing the remaining food products which were purchased in bulk at the beginning of the year.

**Baby Food •**

As part of a new programme envisaged in the Revised Appeal, 1,400 babies from vulnerable student families were targeted to receive assistance. These families were unable to cover the babies' monthly food needs due to low income sources. Following a selection procedure, the total amount of baby food required for the 11 month period was purchased. Each month babies from 0-12 months will receive one 900g box of Humana I or II milk and babies from 6-12 months will receive 10 jars of pureed baby food. A donation of baby food was distributed to regions with particularly large numbers of vulnerable groups.

**Hygiene Materials •**

Following discussions and needs' evaluations with representatives from relevant ministries, universities and student unions, a programme of hygiene support was included in the second Appeal. An 11 month supply of items was purchased at a reduced price and is being distributed in the form of 2,500 hygiene parcels. Beneficiaries include 1,400 vulnerable student families with babies living in hostel accommodation, 900 needy families with more than two children and 200 beneficiaries from soup kitchens.

***Outstanding needs***

As the number of beneficiaries has increased, and will rise further, BRCS has had to hire additional personnel to cope with operational administration. National Society resources have been further stretched due to state regulated salary increases at the beginning of the year. These amounted to rises of 100% in February, 60% in March, 70% in April and 38% in May.

To increase operational efficiency and co-ordination in line with programme expansion, new equipment was purchased for the headquarters (three computers and a fax machine). Further computers and copying machines are urgently required if levels of assistance are to be maintained or increased. With co-ordination and support from the International Federation, three new four wheel drive vehicles were purchased to ensure the timely distribution of relief goods to the most inaccessible areas. However, with much of the response to the Appeal being received as in kind donations, the National Society is running short of funds to meet rising distribution costs.

Additional needs have been identified during implementation of the current programmes. To ensure a quick response capacity, the central BRCS warehouse needs new technical equipment, a telephone switchboard, fax machines and a new stock and distribution control system.

***External relations - Government/UN/NGOs/Media***

BRCS continues to act as the main channel for humanitarian aid and donations entering the country. The NS Commission, set up to oversee Appeal implementation, maintains regular communication with relevant state institutions and NGOs active in Bulgaria, disseminating and collecting information. Vulnerability identification criteria were discussed with the Ministries of Health, Labour and Social Welfare and Education and other aid organisations. Press conferences were organised on a regular basis to keep the media informed of operations. In May representatives of nine PNS, the International Federation and the BRCS met in Sofia to assess the current socio-economic situation and to plan further action.

## ***Contributions***

See Annex 1 for details.

## ***Conclusion***

The excellent response to the second Appeal has allowed BRCS to increase the number of beneficiaries. However, the introduction of austerity measures and other economic pointers indicate that these numbers will rise over the next six months and will continue for at least a couple of years. In response, the International Federation plans to launch a Revised Appeal, which will lead to a doubling in the number of beneficiaries by October, in preparation for a particularly difficult winter. New programmes to be launched will include medical assistance to hospitals and health centres, which face a major shortage of essential medicine, particularly in the tuberculosis-hit region of Targovishte. With a restructuring of the state health system under way and an accompanying drop in the level of support from government and other agencies, the Bulgarian Red Cross will have to help to fill the vacuum and expand its traditional health education activities. This will necessitate further financial and human resource investment in the National Society.

Contact Leopoldo Principe, Desk Officer at ++ 4122 7304319 for more information.

Ann Naef  
Acting Head  
Appeals & Reports Service

Renny Nancholas  
Director  
Europe Department