



Protecting Children. Providing Solutions.

Ending Institutionalisation

An analysis of the financing of the deinstitutionalisation process in Bulgaria



Purpose of this document

The deinstitutionalisation process is complex. Managing the finances of reform, in particular, can be a major challenge and evidence from countries around the world that have embarked on a process of change suggests that governments do not always understand the fundamental point that child care and protection systems based on institutions are the least cost-effective option. The evidence is clear: as well as being harmful to children's health and development, institutions are expensive to run. However, governments embarking on a reform process are often concerned, mistakenly, that a reformed system of community-based services will be more expensive. As a consequence, they lack confidence in the future sustainability of services established to replace institutions.

The process of change is also costly, as it involves the establishment of services in the community as well as the finances required to manage the process of reform. Governments undertaking reform of this kind are often concerned that expenditure on such a change programme might not represent value for money. The evidence, again, is clear. This up-front expenditure – for which there is often assistance in the form of financial support from bodies such as the European Commission - enables governments to build the foundations of new systems which will be affordable and sustainable.



The financing of the reform is in itself complex, as it involves budgets from a variety of government ministries and local authorities, as well as funding from external donors, such as the European Commission and NGOs. It can therefore be challenging to 'follow the money' to ascertain whether the process represents an efficient use of finances and is sustainable for the future.

This document attempts to present such an analysis, using available financial data. It is hoped this will be of use to:

- The Bulgarian Government in assessing progress of the reform and planning future initiatives
- The European Commission in assessing how far the reform represents a good return on investment and is in line with the applicable ex-ante conditionalities¹ and their associated code of conduct
- Other actors involved in the reform process in Bulgaria.

Limitations of the research

This document focuses primarily on the use of finances. It does not provide an analysis of the quality of the process of reform.² Neither does it present a comprehensive analysis of outcomes for children, although such an analysis is necessary in order to be able to demonstrate true value for money and return on investment. A number of cases are presented at the end of the document as examples.

Due to time constraints it has not been possible to verify – with the government and the European Commission – the calculations presented in the document. Calculations were made by the authors on the basis of information provided by the governmental authorities.

Sources of information

All calculations used in this document are made on the basis of information provided by a range of Bulgarian Government departments including the Agency for Social Assistance, the State Agency for Child Protection, the Ministry of Finance and the Ministry of Health.

The only exception to this is the calculation of costs associated with a Lumos-funded family support programme. Lumos Bulgaria provided the information for this section of the report.

Case studies on outcomes for children were provided by the organisation For Our Children Foundation and by Lumos Bulgaria.

1. The European Commission insists that its European Structural and Investment Funds are used for a transition from institutional to community based services and are not spent on institutions.

2. For such an analysis, please see: Rogers, J. (2014). *Deinstitutionalisation of children in Bulgaria – how far and where to? Independent review of progress and challenges*. UNICEF.

Acknowledgements

The author and researchers are grateful to the governmental authorities – the Ministry of Labour and Social Policy, in particular the Agency for Social Assistance, the State Agency for Child Protection, the Ministry of Finance and the Ministry of Health – for their support in accessing relevant data. Thanks are also due to For Our Children Foundation for information provided on outcomes for children. Nadia Shabani and Dr Haralan Alexandrov provided invaluable support in planning the analysis. Special thanks are due to Prof. Ninel Kiosseva, PhD, Department of Business Administration, New Bulgarian University, for assistance with accessing data and the financial analysis.

Author and researchers

This document was written by Georgette Mulheir, CEO of Lumos.

The research was carried out by: Trendafil Meretev, Bisser Spirov, Mara Cavanagh, Lina Gyllensten and Irina Papancheva.



Contents

Executive summary	<u>5</u>
1. Introduction	<u>8</u>
2. Progress in reform (2010 – 2014)	<u>12</u>
3. Financial analysis of the reform to date	<u>15</u>
4. Outcomes of the reform process	<u>29</u>
Conclusions	<u>32</u>
Recommendations	<u>33</u>



Executive summary

Progress in Bulgaria so far

Bulgaria has made commendable progress in reforming its care services for vulnerable children, responding initially to international concerns about high mortality rates in institutions for children with disabilities and, between 2009 and 2014, removing nearly 3,500 children from large institutions.

Bulgaria's ambitious reform programme is likely to improve the lives of many more children. Across the political spectrum, there is considerable consensus and will to reform.

Deinstitutionalisation is always a challenge

The process of deinstitutionalisation is complex and challenging, wherever it is introduced in the world. Ensuring that reform is balanced and comprehensive – with all the elements necessary for truly community-based child services put in place, at the right pace and in the right combination – is a common challenge.

European Union regulations now stipulate that European Structural and Investment Funds (ESIF) must be used to fund deinstitutionalisation projects, rather than build or renovate institutions. Deinstitutionalisation is therefore an EU priority and countries across Europe which receive ESIF must now address these complex questions of governance. Managing finances during the reform process – deciding how and when ministries and regional tiers of government spend money to care for children, and how they can work most effectively together - is closely linked to the pace and balance of reform.

Bulgaria is on the right track but more needs to be done

It is encouraging that the financial figures, supplemented in this report with an analysis carried out by Lumos, demonstrate that the Government of Bulgaria can afford to complete the journey towards a system in which the vast majority of children are supported to live in their families in their communities.

Its own evidence also demonstrates that it makes sound economic sense for Bulgaria to continue with the reform it started in 2010. The figures show that institutional care is by far the most expensive, and least efficient, model. Good-quality foster care is considerably cheaper, while offering far better outcomes. Support for children in families in the community – shown by research to produce the best outcomes for children – is the least expensive.

This paper, however, raises some fundamental questions for the Bulgarian Government to consider as it plans its reform programme over the next five years.

The 'balance' of reform

Bulgaria has significantly increased its use of foster care and small group homes (SGHs). Both have a key, and necessary, role in a deinstitutionalised system. However, both also involve to some extent the separation of children from their families. As the graph on page 20 shows, the total of children in some

form of care (institutions, SGHs and foster care) fell from 2009 to 2013 but has begun to rise in the last two years. The overall number of children and adults in care has also risen since 2013.

This appears to reflect the lack of sufficient investment in preventative services in the community. It points to a component of reform that was perhaps not prioritised sufficiently in the period 2010 – 2015: the development of support services in the community that enable children to stay with their families.

The Bulgarian Government may wish to consider some key questions:

- **Why have the numbers of children and adults in care risen since 2013?**
- **Why is the rate of deaths in baby institutions rising?**
- **Could many of the 5,556 children in care of different kinds in 2014 – and around 880 adults - live with families in the community, with some support?**
- **Could some of the children in foster care in fact be supported in their birth families?**

The finances of reform

Supporting families in communities requires a multi-disciplinary commitment to develop a range of effective services. One ministry or discipline cannot succeed alone. A method to allow a range of actors to work together requires a framework ensuring that finance does not become a barrier to essential reform.

Lumos can share the experience of work in Moldova. Even in a country which is the poorest in Europe, and significantly poorer than Bulgaria, financial management of reform was possible when the money saved from reducing and closing institutions was 'ring-fenced' for reinvestment in community services. Bulgaria has already committed itself to ring-fencing and this paper invites it to renew that commitment.

The paper demonstrates how cost effective family support is; the analysis provides evidence that, as Bulgaria has taken children out of large institutions but has not correspondingly reduced spending on staff and buildings, the costs of care per child remaining in institutions have risen.

Not only does this make institutional care even more expensive but, as this paper shows, there is no evidence of any improvement in children's welfare.

The community services that Bulgaria can afford

The table on page 27 shows that the reform already achieved by Bulgaria is saving around 13.3m BGN (€6.8m) annually. Ring-fencing such savings would allow funding of, amongst other things:

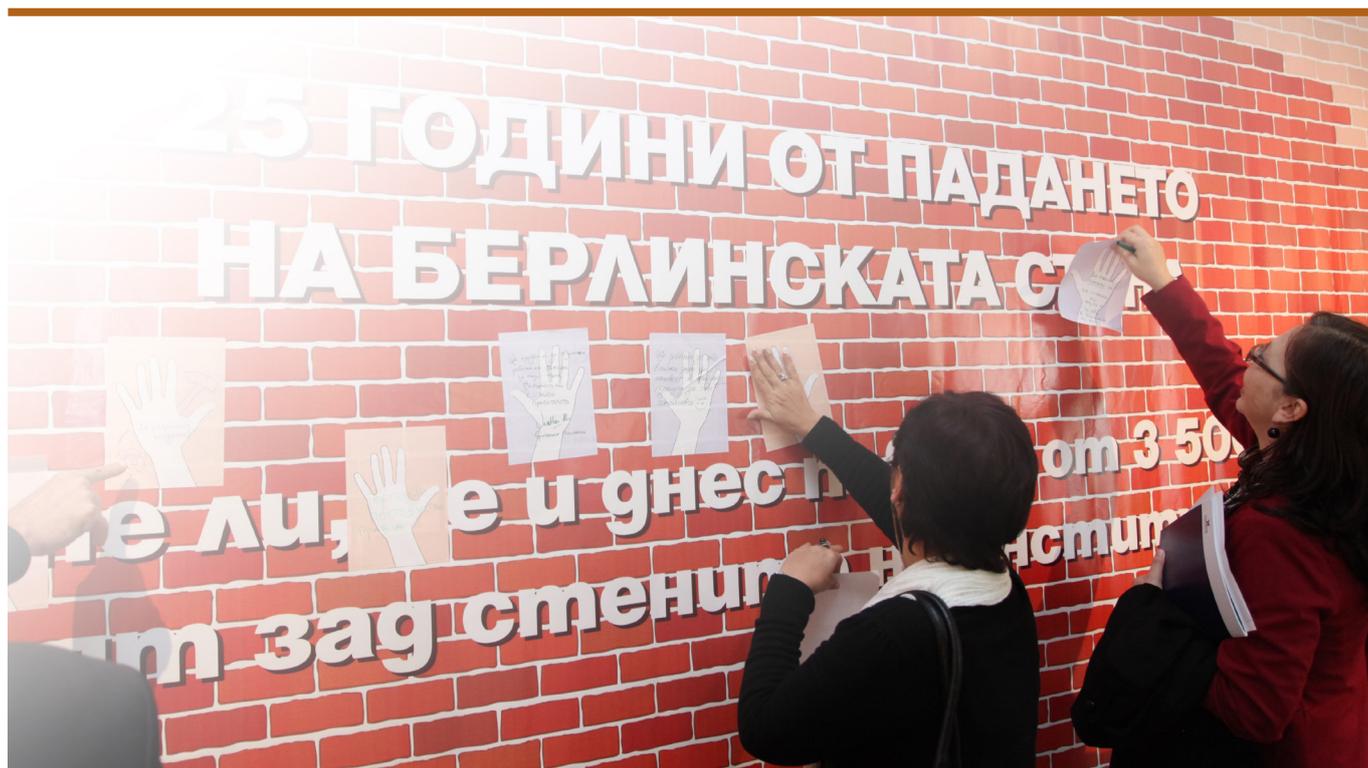
- A two-thirds increase in expenditure on staff in small group homes
- More than 300 extra social workers to support nearly 20,000 children in families
- More than 460 support workers for 1850 families with children with disabilities.
- Life-saving enhanced care in baby institutions.

The next stage of reform

Bulgaria has made clear progress in helping its disadvantaged and vulnerable children, with the sustained support of the European Commission. This paper recognises the Bulgarian Government's commitment to a deinstitutionalised system, and encourages it to continue on the journey started in 2010, with a carefully planned 'rebalancing' of its new services in the coming years to create truly community-based, and sustainable, services which support families to stay together.

Its challenge now is to manage its finances – including a significant amount of EU funds – to achieve full deinstitutionalisation.

More analysis is needed of the outcomes for children who have left institutions in Bulgaria. But this paper equips the Bulgarian Government with a core analysis of the financial evidence that is required to understand that deinstitutionalisation is achievable and affordable – and will not only improve the lives of children but is overwhelmingly the most cost-effective and efficient option.



1. Introduction

1.1 The harm caused by institutionalisation

An estimated eight million children³ worldwide live in residential institutions and so-called orphanages that deny them their human rights and that cannot meet their needs.⁴ More than 80% of these children are not orphans and have at least one living parent.⁵ Around the world, children are placed in institutionalised care because their parents face extreme poverty; because the children have physical and intellectual disabilities; or because they are from socially excluded groups.⁶ Over 80 years of research from across the world has demonstrated the significant harm caused to children in institutions, who are deprived of loving parental care and who suffer life-long physical and psychological harm as a consequence.⁷ Babies in particular fail to develop as they should without one-to-one parental interaction, and research demonstrates the severe impact of institutionalisation on early brain development. According to numerous studies,⁸ children who remain in institutions after the age of six months often face severe developmental impairment, including mental and physical delays. They are likely to suffer from poor health, physical under-development and a deterioration in brain growth.⁹

For children with disabilities the situation is even worse. They require close, sustained adult engagement to help them to develop – including such skills as learning to eat properly. One study of children under three years of age who were discharged from institutions found that 28% of disabled children were in fact ‘discharged’ because they had died.¹⁰ This mortality rate was 100 times higher than for children without disabilities. For those who do survive, future life chances are extremely poor. Statistics in Russia showed outcomes for young adults leaving the institutional care system: 1 in 5 committed crimes; 1 in 7 became a prostitute, 1 in 10 committed suicide.¹¹

3. The number of residential institutions and the number of children living in them is unknown. Estimates range from ‘more than 2 million’ (UNICEF, Progress for Children: A Report Card on Child Protection Number 8, 2009) to 8 million (Cited in: Pinheiro, P., World Report on Violence against Children, UNICEF, New York, 2006). These figures are often reported as underestimates, due to lack of data from many countries and the large proportion of unregistered institutions.

4. ‘Institutional care’ is understood to be any residential care where institutional culture prevails. The size of the institution matters, but is not the only defining feature. Children are isolated from the broader community and/or compelled to live together. These children do not have sufficient control over their lives and over decisions which affect them. The requirements of the organisation itself tend to take precedence over the children’s individual needs. This usually includes large residential units (more than 10 children) but also smaller units with strict regimes, units for children who have committed minor offences, residential health facilities, and residential special schools. Mulheir G, ‘Deinstitutionalisation: A Human Rights Priority for Children with Disabilities’, Equal Rights Review, Volume Nine, 2012.

5. Csáky, C. (2009) *Keeping Children Out of Harmful Institutions: Why we should be investing in family-based care* London, UK: Save the Children. p7. Better Care Network. (2009). Global facts about orphanages.

6. Faith to Action Initiative. (2014). *Children, Orphanages, and Families: A summary of research to help guide faith-based action*. pp6-7.

5. Berens, A. & Nelson, C. (2015) The science of early adversity: is there a role for large institutions in the care of vulnerable children? *The Lancet*. 2015. [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(14\)61131-4/abstract](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(14)61131-4/abstract)

8. Michael Rutter (1998), Development catch-up, and Deficit, Following Adoption after Severe Global Early Privation, *Journal of Child Psychology and Psychiatry*, 39 (4). <http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=10487&fileId=S0021963098002236>

9. Marshall, P.J. & Fox, N J. (2004), A Comparison of the Electroencephalogram between Institutionalized and Community Children in Romania, *Journal of Cognitive Neuroscience*.

10. Browne, Kevin, C. E. & Hamilton-Giachritsis, R. (2005), *Mapping the number and characteristics of children under three in institutions across Europe at risk of harm*. Birmingham: Birmingham University Press (in collaboration with EU/WHO), p22.

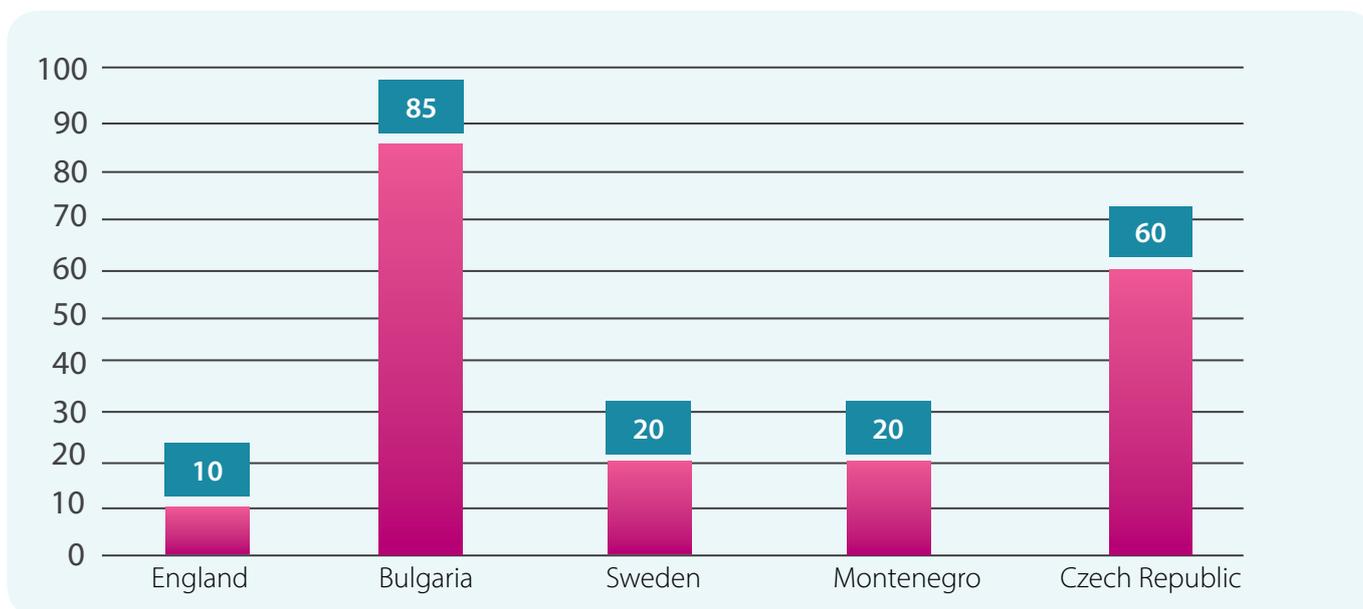
11. Pashkina, N. (2001). Sotsial’noe obespechenie, 11: 42-45. As cited in: Fedulova, A.B. & Firsov, M.V. (2003). Orphans in Russia. Norwegian Institute for Urban and Regional Research, p83. <http://www.nibr.no/filer/2003-1.pdf> [accessed 25 August 2015].

The European Union has also recognised the harm caused by institutionalisation. With the introduction of an ex-ante conditionality on social inclusion (9: 9.1.) in the Regulation 1303/2013, one of whose investment priorities includes "... the transition from institutional to community-based services", it effectively prohibits the use of European Structural and Investment Funds (ESIF) for the maintenance or renovation of existing, and the construction of new, large residential institutional settings. This also encourages Member States to prioritise programmes that support the transition to community-based services.

1.2 The situation of institutionalised children in Bulgaria

At the beginning of 2010 in Bulgaria, there were **6,730 children** living in institutions.¹² Compared with other countries in Europe, this represented an extremely high rate of institutionalisation, as demonstrated by the following graph.

Rates of children in institutions per 10,000 of the child population in 2010.



Annual rates of admission were also high. **In 2009, more than 3,000 children were admitted to institutions.**

Conditions in the institutions were poor and, in the disability institutions in particular, mortality rates were high.

12. State Agency for Child Protection. (2013). *Number of children in specialized institutions on 31.12.2013 in comparison to 2001-2013*. [Data file in Bulgarian]. <http://sacp.government.bg/programi-dokladi/statistika/>

A report by the Bulgarian Helsinki Committee¹³ on inspections of disability institutions in September 2010 found a high number of largely preventable child deaths. 238 children died between 2000 and 2010. The report suggests that at least three quarters of all of these deaths were preventable, as follows:

- 31 due to hunger/systematic malnutrition
- 84 due to neglect
- 13 due to infections
- 6 due to accidents including freezing, drowning, suffocation
- 36 due to pneumonia
- 2 due to violence
- 15 due to reasons unidentified.

Clearly the government had good reason to prioritise a programme to end institutionalisation, with a specific focus on the most vulnerable children – those in disability institutions and baby institutions.

1.3 The Bulgarian programme of reform

Bulgaria has been a pioneer in using EU funding for launching reform of services for children. In 2010, the Bulgaria Government, with significant support from the European Commission, embarked on an ambitious programme¹⁴ with the aim to significantly reduce the numbers of children living in institutions that were harming their health and development and seriously reducing their future life chances.

Like many countries in the region, Bulgaria had inherited the challenge of a system of care for children that relied heavily on residential institutions with little focus on community-based alternatives. Although efforts over the years had already led to some reduction in the numbers of children in institutions, there were considerable challenges when the programme began in 2010, including:

- Difficulties in developing the foster care system. Bulgaria had found it particularly difficult to increase the numbers of foster parents.
- The extremely poor conditions in the institutions. In the disability institutions, in particular, there were unusually high levels of mortality among the children.
- A general belief that reform was too expensive and that the country could not afford to run a system of community-based services. There was an erroneous belief in ‘economies of scale’ – that gathering children together in large groups in institutions must be the most financially efficient way to care for them.

13. Kukova, S. (2011). *Fundamental Rights situation of persons with mental health problems and persons with intellectual disabilities: desk report Bulgaria*. Commissioned by the European Union Agency for Fundamental Rights. Bulgarian Helsinki Committee. http://www.bghelsinki.org/media/uploads/special/bg_fra_mh.pdf.

14. Government of Bulgaria. (2010). *National Strategy: Vision for deinstitutionalization of children in Bulgaria* [document in Bulgarian]. [http://sacp.government.bg/detstvo-za-vsichki/viziya-za-deinstitucionalizaciya/Government of Bulgaria. \(2010\). Action Plan for the National Strategy: Vision for deinstitutionalization of children in Bulgaria](http://sacp.government.bg/detstvo-za-vsichki/viziya-za-deinstitucionalizaciya/Government%20of%20Bulgaria.%20(2010).Action%20Plan%20for%20the%20National%20Strategy%20-%20Vision%20for%20deinstitutionalization%20of%20children%20in%20Bulgaria) [document in Bulgarian]. http://sacp.government.bg/_images/uploads/plan.doc
Ministry of Labour and Social Policy. (3 October 2007) Operational Programme “Human Resources Development” 2007-2013. http://ophrd.government.bg/view_doc.php/2948

The reform focused on a number of key areas:

- Transferring all children with disabilities out of institutions to community-based services
- Introducing a pilot reform programme in eight baby institutions
- A foster care development programme
- Strengthening social services
- Introducing regional planning.

1.4 What is deinstitutionalisation?

The process of reducing reliance on large institutions and shifting a system towards the delivery of community-based services is often known as deinstitutionalisation. It is a complex process that involves:

- Developing community-based services and approaches that prevent admissions of children to institutions
- Transferring all children currently resident in institutions to families or family-type placements that respect their rights and meet their needs. No child should be left behind
- Ring-fencing and protecting the resources (financial, human and material) in institutions and transferring them to cover the costs of the community-based services that replace institutions. Deinstitutionalisation should not be a cost-cutting exercise. It should involve the reinvestment of resources in services that result in better outcomes for children
- Developing and deploying sufficient professional capacity and expertise to manage this complex process of change
- Changing attitudes, policies and practices
- Empowering children and families to take a lead role in the process of change.¹⁵

The following analysis demonstrates the progress that has been made toward deinstitutionalisation in Bulgaria and the costs involved. It also highlights some limitations to that progress and areas of concern that should be addressed in the next stage of the reform.

A set of recommendations is provided. It is hoped these recommendations will be of use to the Bulgarian Government and the European Commission in planning the next stages of ending institutionalisation in Bulgaria.

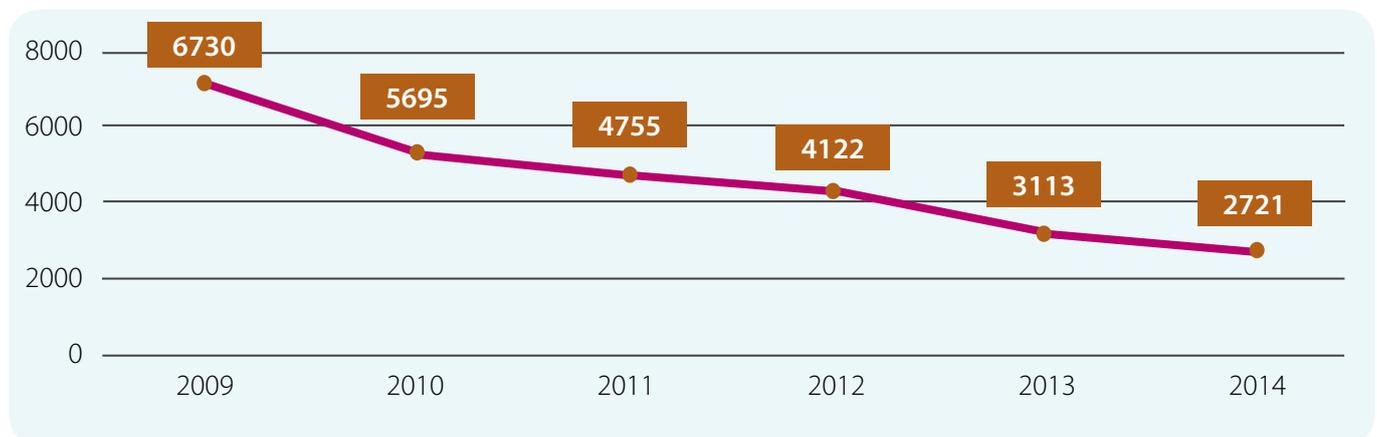
15. For more information see: Mulheir, G. & Browne, K. (2007). *De-Institutionalising and Transforming Children's Services: A Guide to Good Practice*. Birmingham, UK: University of Birmingham. https://www.crin.org/docs/Deinstitutionalisation_Manual_-_Daphne_Prog_et_al.pdf

2. Progress of reform (2010 – 2014)

The reform process from 2010 – 2014 has been undertaken with significant support from the European Commission, as well as with Bulgaria's own resources. According to the information provided by governmental authorities, the costs to reform the system have been as follows. The Bulgarian Government has made considerable progress in reforming its system of care. Numbers of children in institutions have decreased by 59%.

Service or programme	Cost (BGN)	Cost (EURO)
147 Family Type Children's Homes ¹⁶	71,974,875	36,797,699
17 Protected Homes	3,329,450	1,702,232
Childhood for all ¹⁷	4,960,400	2,536,042
Baby institution programme	1,071,159	547,646
Foster care programme	14,989,455	7,663,472
Social work strengthening programme	9,480,908	4,848,412
Regional planning programme	5,226,546	2,672,151
Support project	2,545,540	1,301,756
Management of change through experience and knowledge	919,698	470,322
Grand total	114,498,031	58,552,795

Numbers of children in institutions in Bulgaria (59% reduction)¹⁸



Babies and children with disabilities are the most vulnerable in institutions. It is therefore particularly gratifying to see the reduction in the number of these children.

16. The information in the first two rows of this graph were provided by the ASA: Personal communication with Pravda Ignatova, Director for International Cooperation, Agency for Social Assistance. (2 June 2015). On file with Lumos.

17. For the information in the following seven rows, please see: State Agency for Child Protection. (2014). Fourth Monitoring Report on Implementation of the Action Plan for Implementation of the National Strategy "Vision for Deinstitutionalization of Children in Bulgaria" [report in Bulgarian]. http://sacp.government.bg/media/cms_page_media/439/4-TI%20MONITORINGOV%20DOCLAD_last.doc

18. For the 2009-2013 numbers please see: State Agency for Child Protection. (2013). Number of children in specialized institutions on 31.12.2013 in comparison to 2001-2013. [Data file in Bulgarian]. <http://sacp.government.bg/programi-dokladi/statistika/>

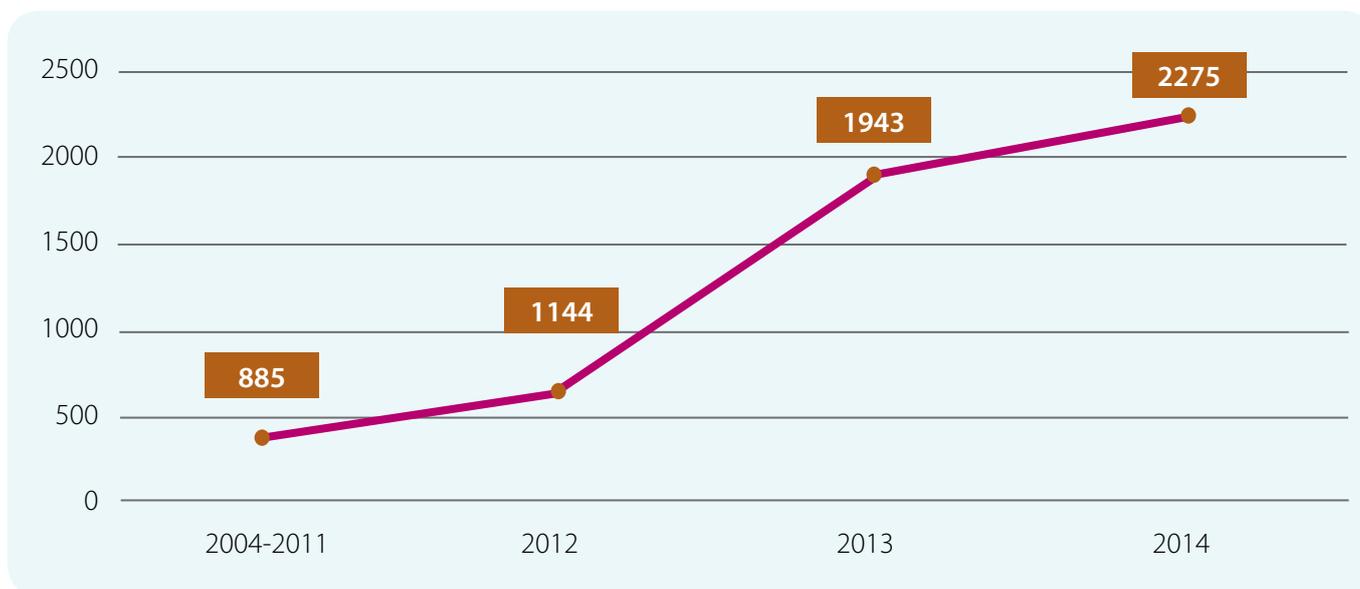
The 2014 number is a Lumos calculation based on two sources:

Personal communication with the State Agency for Child Protection. (2014). On file with Lumos.

National Statistical Institute. (3 April 2015). Homes for Medico-Social Care for Children in 2014 [webpage]. <http://www.nsi.bg/en/content/5606/homes-medico-social-care-children>

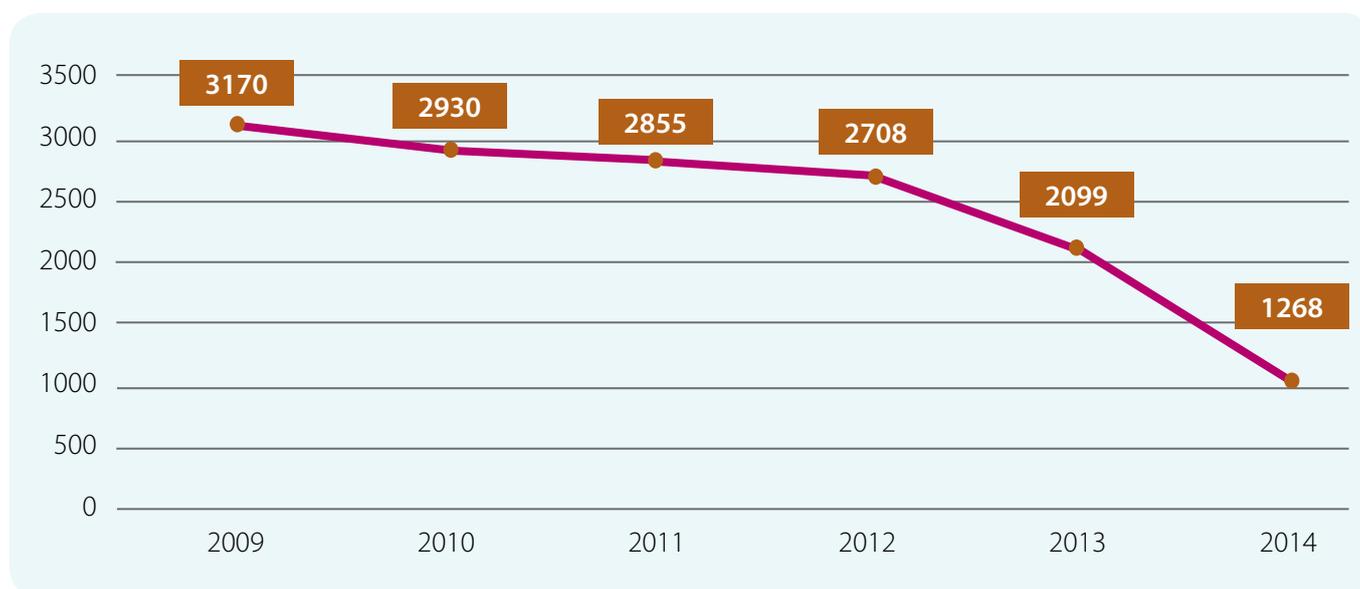
There has also been a significant increase in the numbers of children in foster care¹⁹

Number of children in foster care in Bulgaria (257% increase)



And a corresponding significant reduction of the number of children admitted to institutions annually.²⁰

Admissions to institutions for children in Bulgaria (60% decrease)



This represents considerable progress in a short space of time.

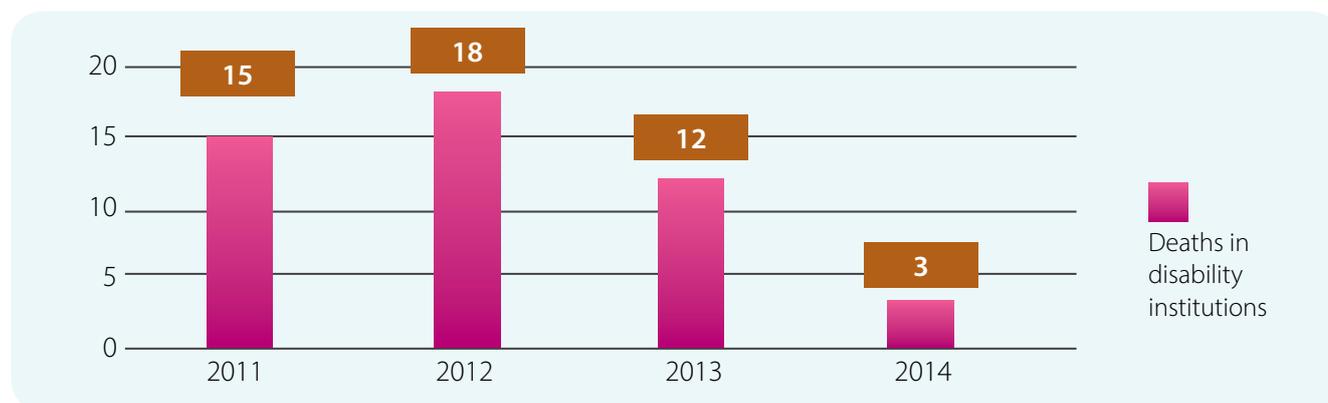
19. Agency for Social Assistance. (5 June 2015). Official letter to Lumos, no. 62-122. On file with Lumos.

20. The 2014 figure was provided by the SACP: Personal communication with the State Agency for Child Protection. (28 July 2014). On file with Lumos. For the 2012-2013 figures, please see: Rogers, J. (2014) *Deinstitutionalisation of children In Bulgaria – How far and where to?* Sofia, Bulgaria: UNICEF, p33. http://www.unicef.bg/assets/PDFs/De_I_Review_Report_EN_small_size.pdf
For the 2009-2011 figures, please see the first and second monitoring reports, available on the SACP website: State Agency for Child Protection. (2011-2012). [First/ Second] Monitoring Report on Implementation of the Action Plan For Implementation of the National Strategy "Vision for Deinstitutionalization of Children in Bulgaria" [report in Bulgarian]. <http://sacp.government.bg/deinstitutionalizaciya/>.

During this period there has been a reduction in deaths in institutions. Lumos was asked by the government to help intervene in two disability institutions with high mortality rates. Our work in Krushari and Rudnik reduced the mortality rates dramatically. Since our intervention began at the end of 2010, only two children have died in Krushari (which previously had the highest mortality rate) and none in Rudnik.

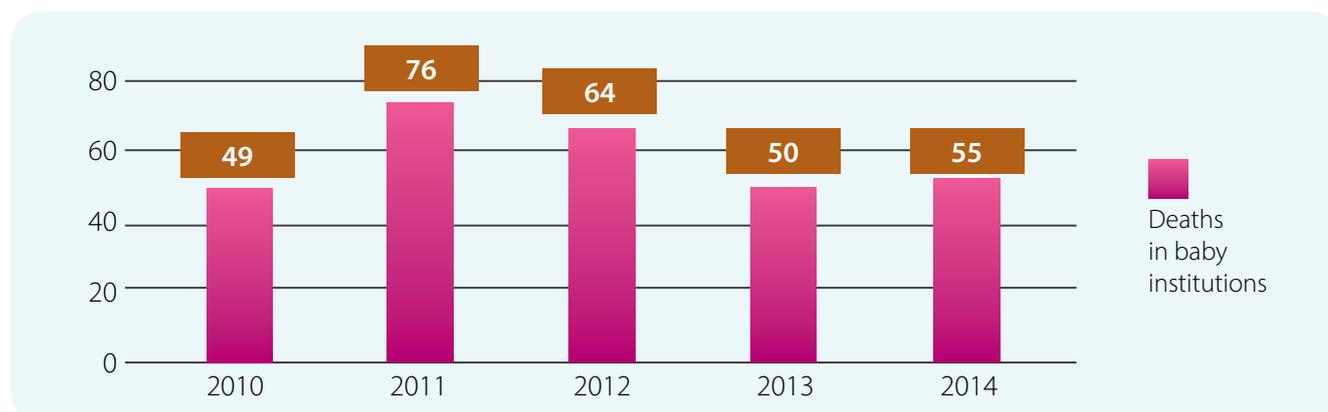
Nationally, the picture is not as good, but there has still been a significant reduction in deaths in the disability institutions, as the following graph attests.²¹

Deaths in disability institutions



The overall mortality rate in institutions has dropped from 3 to 1 deaths per 1,000 children since 2011²² which is important progress. However, the human rights organisation Bulgarian Helsinki Committee²³ has recently raised concerns about mortality in the baby institutions. The number of deaths in baby institutions has gone up slightly since 2010. However, the rate has doubled in that time - from 10 babies per 1,000 children in institutions in 2010 to 20 in 2014.²⁴ This is of some concern considering the reduction in the overall number of children in institutions.

Deaths in baby institutions



21. Personal communication with the State Agency for Child Protection. (8-12 June 2015) On file with Lumos.

22. Calculation on file with Lumos

23. Figures obtained by the Bulgarian Helsinki Committee through the Access to Public Information Act. Cited in: Bulgarian Helsinki Committee. (21 May 2015). 292 Deaths in Bulgarian Childcare Institutions Between 2010 and 2014. *European Liberties Platform*. <http://www.liberties.eu/en/news/292-child-deaths-in-bulgarian-institutions>

24. Calculations on file with Lumos

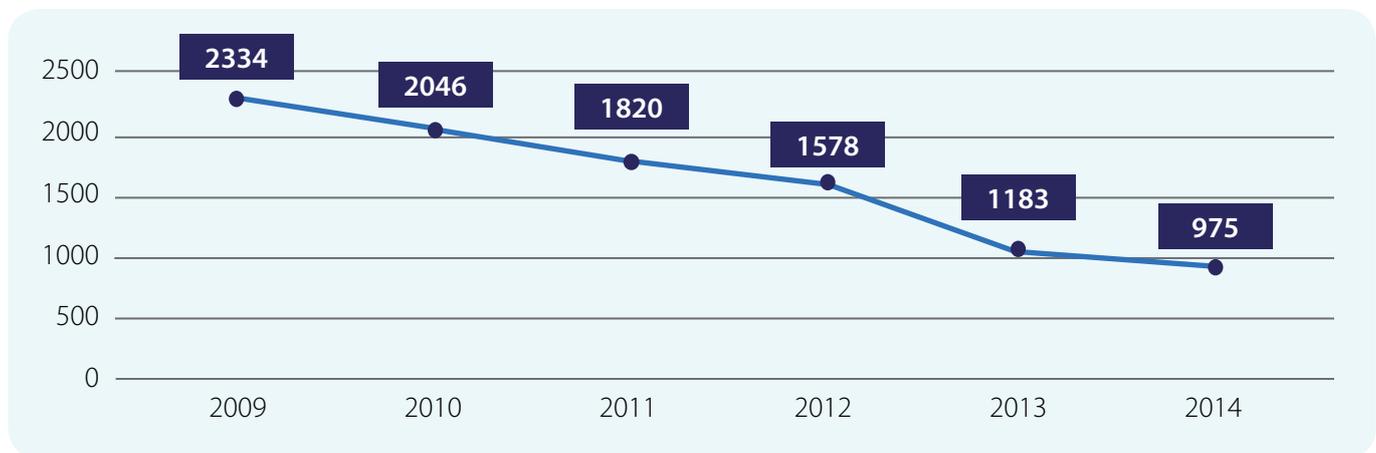
3. Financial analysis of the reform to date

The following analysis looks in some detail at the financing of the deinstitutionalisation programme over the past five years.

3.1 Baby institutions

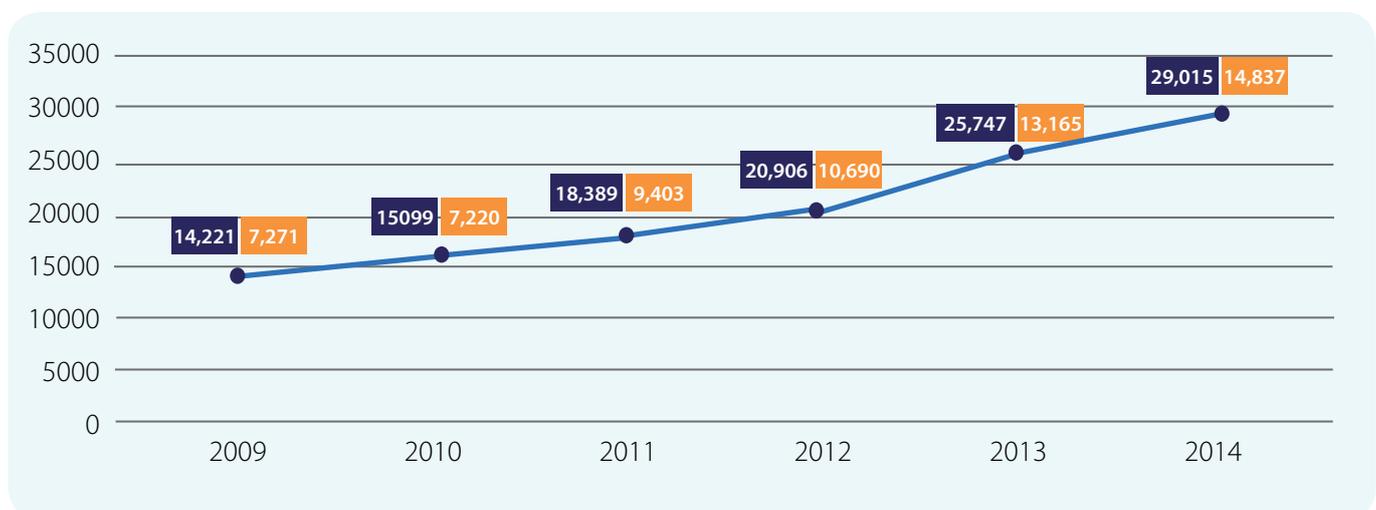
Babies in institutions are the most vulnerable in any care system. When the reform started, Bulgaria had one of the highest rates of institutionalisation of babies of any country in the European Region. It is therefore gratifying to see that the reform process has resulted in a considerable reduction of the number of babies in institutions from 2,334 in 2009 to 975 in 2014 and the rate per 10,000 child population has fallen from 17 in 2009 to 8 in 2014 per 10,000.²⁵

Number of children in baby institutions



The number of children in baby institutions has reduced by 58%, which is an excellent result. However the cost to keep a child in a baby institution for a year has increased by more than 100%.

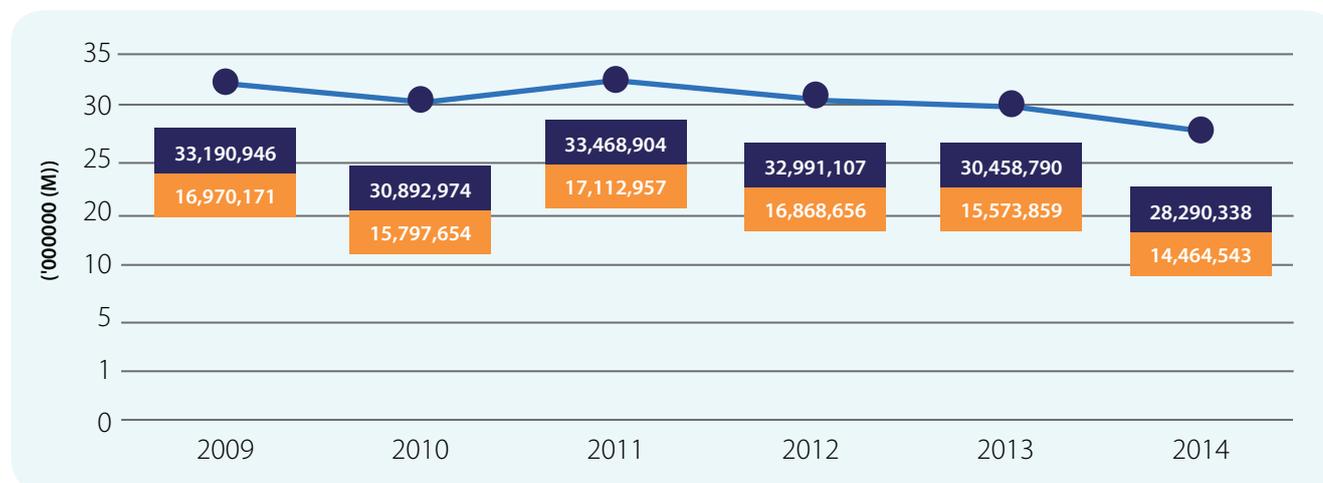
Cost/child/year (in BGN and Euro)



25. For the 2009-2013 figures please see: State Agency for Child Protection. (2013). *Number of children in specialized institutions on 31.12.2013 in comparison to 2001-2013*. [Data file in Bulgarian]. <http://sacp.government.bg/programi-dokladi/statistika/>
For the 2014 figure, please see: National Statistical Institute. (3 April 2015). *Homes for Medico-Social Care for Children in 2014* [webpage]. <http://www.nsi.bg/en/content/5606/homes-medico-social-care-children> Calculation of rates on file with Lumos

This is because the annual budget to run the baby institutions has remained fairly stable.²⁶ It has only reduced by 15%.

Annual budget baby institutions (BGN and EURO)



It is likely that the increase in the cost per child is due to the fact that most institution buildings are still open (only 3 have closed out of 32) despite the falling numbers of residents.

Number of baby institutions



The costs to maintain the building and staff remain fairly static in spite of the reduction in the number of children. Therefore, even when the money spent per child increases, the care of children does not necessarily improve significantly. The provision of that care becomes extremely cost-ineffective.

This means that for the next stage in the deinstitutionalisation process, a significant effort will be required specifically to close these demonstrably inefficient and cost-ineffective baby institutions. This would involve:

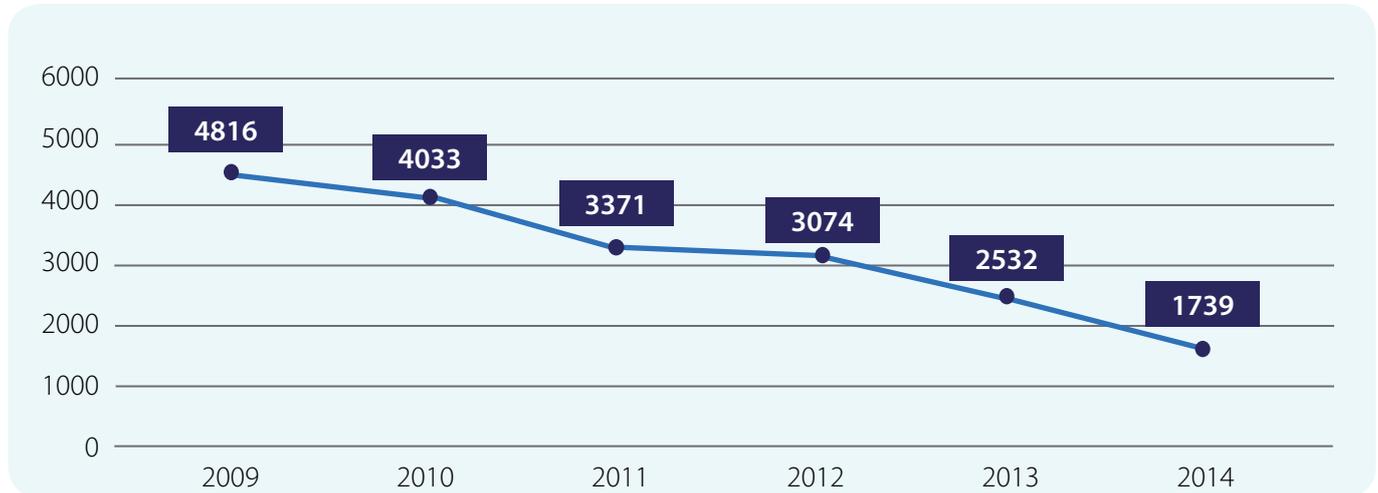
- Moving babies to much higher-quality of care in families, which is likely to have much better outcomes for children
- Considerably reducing expenditure on buildings that are not necessary in the provision of a modern system of child-care and protection, in the process releasing valuable resources for a reformed system.

26. Personal communication with Mariya Belomorova, Director of Financial-Economic Activities and Property Management, Ministry of Health. (9 June 2015). On file with Lumos.

3.2 Disability institutions and mainstream children's institutions

We see a similar pattern of rising costs per child because the institutions do not close at the same rate as the numbers of children reduce, as the following graphs demonstrate.

Total children and adults in disability/mainstream institutions



There is a 64% reduction in the number of children and adults living in the disability institutions and mainstream children's institutions. This is a considerable success.

However, the cost per person per year in these institutions began to rise considerably in 2013. By the end of 2014, we had seen a 41% increase²⁷ in the cost per person. From 10300 BGN (€5,266) to 14567 BGN (€7,449).

Cost/child/year (in BGN and Euro)



27. This is a nominal cost without considering deflation/inflation.

Yet again, this is because the decrease in the overall annual budget does not correspond with the decrease in the numbers of children and adults resident.

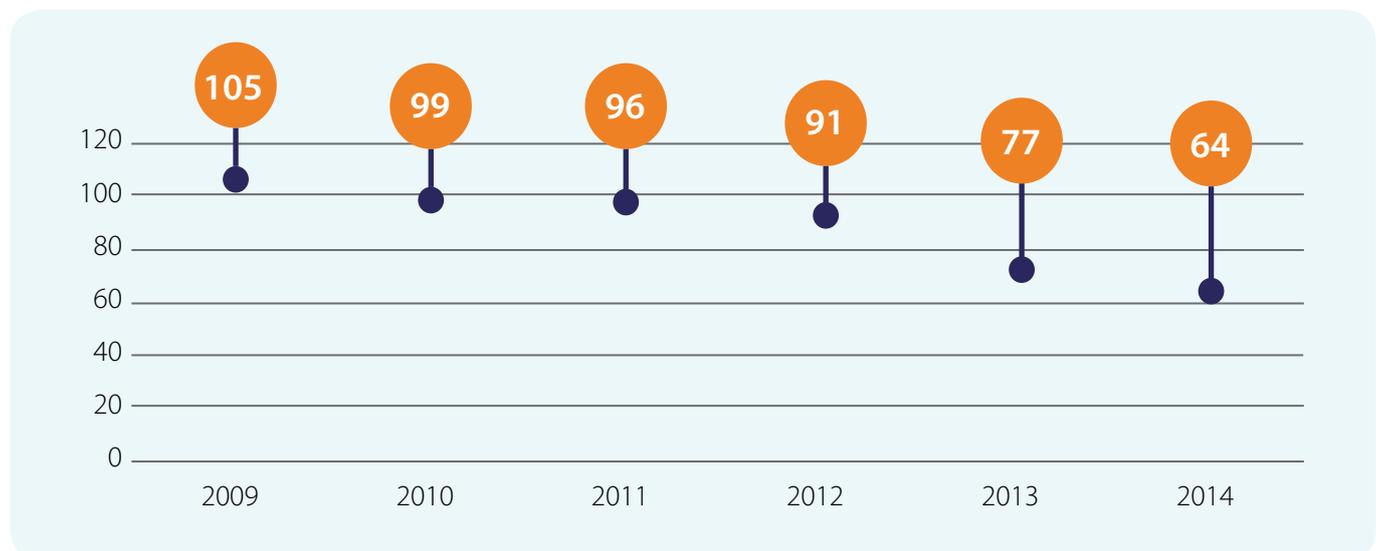
Annual budget: disability institutions and mainstream ● BGN ● EURO



And again, this would appear to correspond with the fact that institutions are not closing at the same rate as the numbers of children are reducing.

There has only been a 39% decrease in the number of institutions still in operation:

Number of disability and mainstream institutions



3.3 Foster care

The EU-funded programme included a concerted effort to develop foster care in Bulgaria. This was a much-needed programme as it had been difficult to recruit sufficient numbers of foster carers. This has been a considerable success, as the following graph demonstrates.

Number of children in foster care in Bulgaria (257% increase)



According to data provided by the Agency for Social Assistance (ASA), the total cost of providing foster care over three years (May 2012 – May 2015) is **19,999,038 BGN (€10,222,338)**.

Therefore the average cost per child per year to stay in foster care is **3,730 BGN (€1,907)**.

It should be noted that outcomes for children in foster care are usually considerably better than for those in institutional care,²⁸ yet the cost is significantly lower.

3.4 Small group homes

When replacing institutions with community-based services, Small Group Homes (SGHs) are one of the potential placements for children. However, SGHs do not provide children with all the benefits of a family and concerns have been raised that small group homes tend to share some characteristics of institutions, such as a restrictive environment and separation from the community. SGHs should, therefore, not be used systematically, but only in specific cases where family-based options are not possible and a SGH placement is in the best interests of the child.²⁹ For some children, SGHs are the right option in cases of complex needs or extremely challenging behaviours.

28. Berens, A. E., & Nelson, C. A. (2015). The science of early adversity: is there a role for large institutions in the care of vulnerable children? *The Lancet*. [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(14\)61131-4/abstract](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(14)61131-4/abstract)

29. For more information, please see: European Expert Group on the Transition from Institutional to Community-based Care. (2012). *Common European Guidelines on the Transition from Institutional to Community-based Care*. Brussels, Belgium: Author, p97

The deinstitutionalisation programme in Bulgaria over the past five years has relied heavily on the creation of SGHs. There appears to have been a belief that most of the children and young people from the disability institutions would not be able to be integrated into family care.

It is likely that a significant number of older teenagers from the disability institutions may have required SGH placements, following an assessment of their needs. However, if enough support is provided for birth families and respite services and specialised foster care for children with disabilities are developed, it is likely that the numbers of children requiring any form of residential care, including SGH care, will reduce significantly. In Moldova, the number of SGH established was significantly lower than originally planned due to a focus on family reunification.³⁰

Cost of developing small group homes

According to the data provided by the Bulgarian Government:³¹

The total number of SGHs established as part of its deinstitutionalisation programme is **164**.

This includes:



147 Family Type Placement centres (FTPC) – for children and young adults with disabilities and high dependency.



17 Protected Houses (PH) – for young people over the age of 18 who have relatively good independence skills.

The costs to establish the buildings were as follows:

Capital costs for SGH – buildings, furniture, equipment: 489,625* BGN for FTPC

Capital costs for SGH – buildings, furniture, equipment: 195,850* BGN for PH³²

* 85% from the EU Fund and 15% from national budget.

30. Lumos. (2014). *Ending the institutionalisation of children: A summary of progress in changing systems of care and protection for children in Moldova, the Czech Republic and Bulgaria*. <http://www.wearelumos.org/sites/default/files/Ending%20Institutionalisation%20of%20Children.pdf>

31. Personal communication with Pravda Ignatova, Director for International Cooperation, Agency for Social Assistance. (2 June 2015). On file with Lumos.

32. It is not known if this represents actual or average cost. It is likely that the cost per house is different in different parts of the country.

If these figures are correct, the total costs to establish the SGHs are:

Service	Cost per service (BGN)	Cost per service (EURO)	No. of services	Total (BGN)	Total (EURO)
FTPC	489625	250,337	147	71,974,875	36,799,593
PH	195850	100,129	17	3,329,480	1,702,200
Grand total				75,304,355	38,501,903

Costs to run the SGHs

According to the data provided by the government, the annual costs to run the SGHs is determined according to a standard amount of expenditure per child.

- For children with disabilities, this standard is currently: 9,048.96 BGN (€4,627).
- For children without disabilities, the standard is 8,633.04 BGN (€4,414).

Challenges with this funding model

It should be noted that children with disabilities range from those who are quite independent, to those who require much greater support and attention. Therefore a single standard that covers all children with disabilities in SGHs is unlikely to meet the needs of all children.

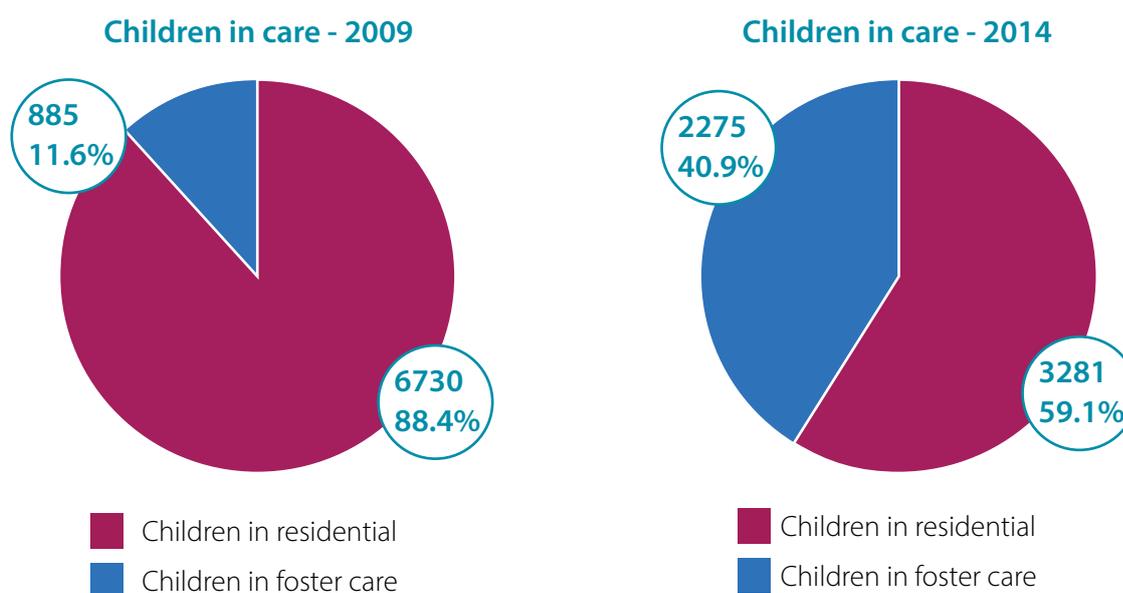
There is a need to review the methodology by which services for children are financed, in order to ensure greater flexibility and to apply more funds where necessary (and less where the money is not needed).

Another challenge with this approach to funding is that, as homes are funded 'per child', there is an incentive for managers to try to fill the homes to full capacity. This can act as a 'pull factor' where children are placed in residential care when a better – and most cost-effective - family-based alternative could have been provided in the community.

3.5 The reformed system of care

To date, the programme to reform the system of care has made considerable progress, significantly reducing the number of children in institutions and simultaneously undertaking a rapid development in the provision of foster care.

The following graphs demonstrate a significant shift in the proportion of children in residential care (institutions and SGHs) compared with the proportion of children in foster care.³³



This is encouraging progress for two reasons:

- Outcomes for children raised in foster care are usually considerably better than for those raised in residential care.³⁴
- Foster care is considerably less expensive than residential care. Shifting the finances from a system based on institutions to one based on family care therefore releases funds that could be reinvested in other parts of the system of care and support for vulnerable children.³⁵

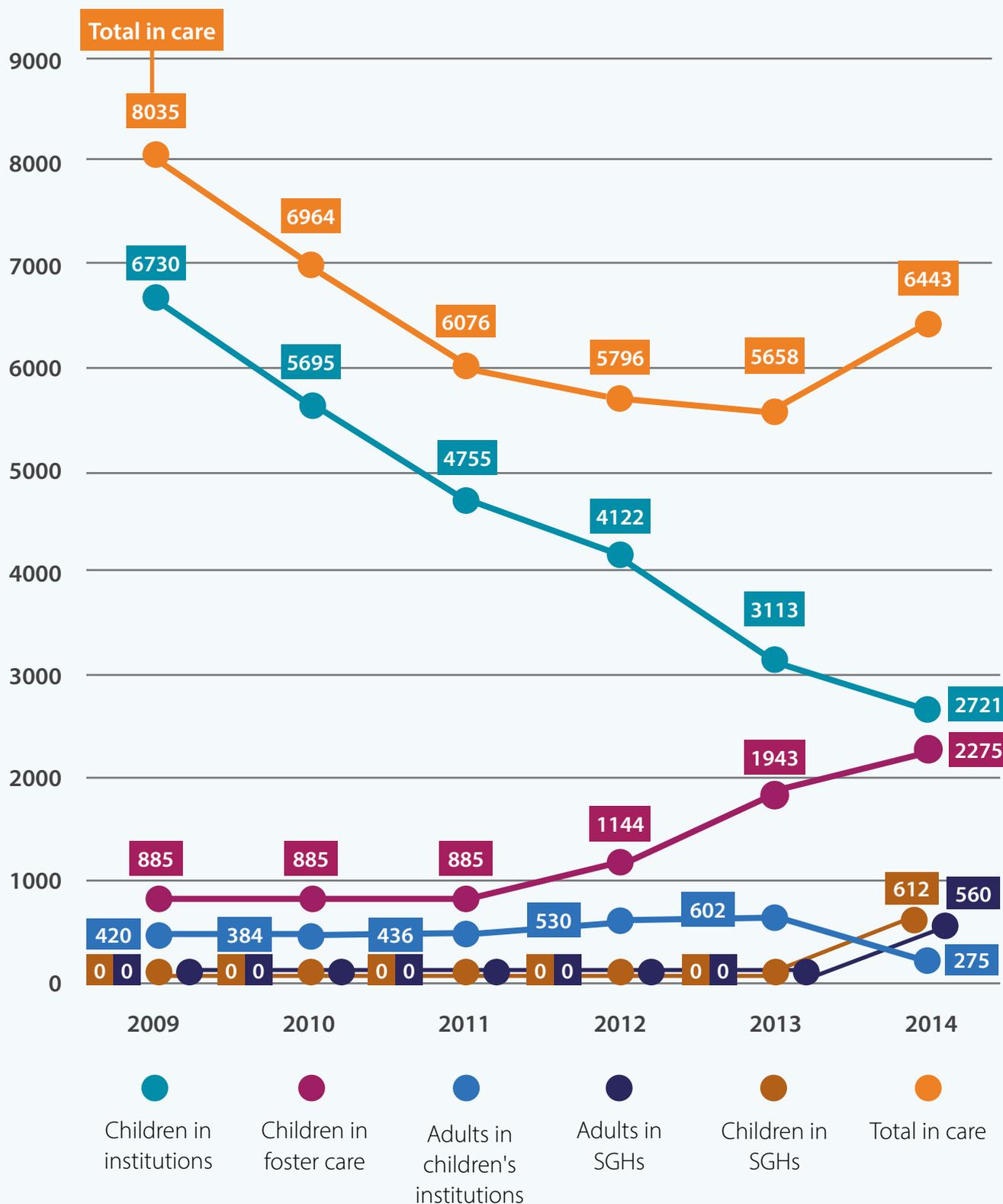
33. Agency for Social Assistance. (2014). Annual Activity Report of ASA for 2014 [report in Bulgarian]. <http://www.asp.government.bg>

34. Berens, A. E., & Nelson, C. A. (2015). The science of early adversity: is there a role for large institutions in the care of vulnerable children? *The Lancet*. [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(14\)61131-4/abstract](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(14)61131-4/abstract)

35. Williamson, J. & Greenberg, A. (2010). Families, Not Orphanages. Better Care Network Working Paper. <http://www.cpcnetwork.org/resource/families-not-orphanages/>

However, an essential component of reform – namely focusing on the prevention of separation of children from their families – appears to have been less of a priority during this programme. This is reinforced by the overall numbers of children (and adults who were formerly in children's institutions) in the care system today, compared with 2009 as demonstrated in the graph below.

Numbers in care



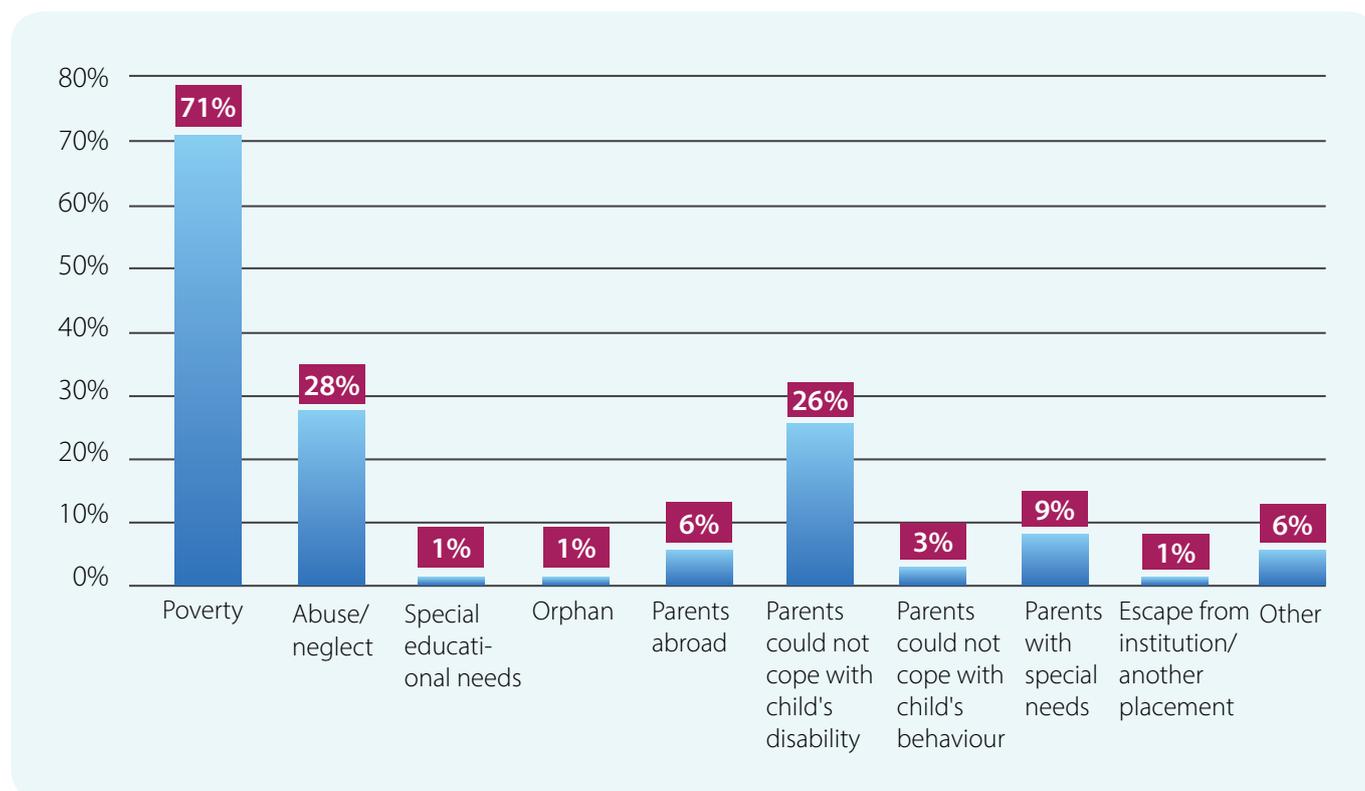
Whilst numbers in institutions have been reducing, numbers in foster care have been rising at a faster rate and in the past year the overall number of children in care started to go up again. This could mean that some external factor has resulted in a significant increase in the numbers of children needing to enter the care system. However, there could be another explanation.

- The social work strengthening programme may mean that more social workers are coming across cases of vulnerability and risk of children in the community.
- Because of the availability of foster care, some social workers may be placing children in foster care whom they might not have previously sent to an institution. They might consider that a good foster family is a better option than to be supported in the birth family, but might not have considered an institutional placement, knowing this might be more harmful to the child.

In any case, this trend appears to point to a component of reform that was perhaps not prioritised sufficiently in the period 2010 – 2015: the development of support services in the community that enable children to stay with their families.

3.6 Supporting children to stay in their families

The data collected by Lumos together with the regional authorities in Varna and Dobrich in 2011 found that the primary reasons for admission to institutions were as follows:³⁶



36. Lumos. (2013). *Strategic Review of the system of caring for vulnerable children in Varna: Draft Report for joint consultation, input and finalisation*. Unpublished: on file with Lumos.

Lumos (2013). *Strategic Review of the system of caring for vulnerable children in Dobrich: Draft Report for joint consultation, input and finalisation*. Unpublished: on file with Lumos.

The provisions of the UN Convention on the Rights of the Child make it clear that poverty should never be a reason to separate children from their families and place them in institutions. It is the primary responsibility of parents to raise their children. It is the responsibility of the State to provide support to parents to enable them to raise their children. Therefore the placement of children in institutions primarily due to social reasons represents a contravention of the UNCRC.

In 2013 and 2014, in cooperation with Varna and Dobrich regional authorities, and in discussion with the State Agency for Child Protection (SACP), Lumos established a family support service. The aim of the service was to strengthen the work of the Child Protection Departments (CPDs), with a focus on targeting vulnerable children and families – to prevent separation of children and to reunite children currently in institutions.

The support from Lumos included:

- Additional five social workers attached to the CPDs
- Professional supervision provided to the social workers by Lumos personnel
- Transportation and other costs for social workers
- Access to a small support budget, so that families could receive specific assistance in time of need.

Budget for the family support service

Expenditure item	2013 costs (BGN)	2013 costs (EURO)	2014 costs (BGN)	2014 costs (EURO)	Total costs (BGN)	Total costs (EURO)
5 CPD social workers' salaries	35,025	17,910	35,712	18,262	70,737	36,176
Lumos supervision costs	3,792	1,939	3,972	2,031	7,764	3,971
Prevention financial support	4,214	2,155	3,760	1,923	7,974	4,076
Reintegration support (transport for parents)	444	227	1,454	744	1,898	970
Other costs	6,521	3,335	6,735	3,444	13,256	6,778
Total	49,996	25,566	51,633	26,406	101,629	51,975

In this programme, over a two-year period, a total of 625 children were supported as follows:

- **578** children were prevented from separation from their families
- **47** children in institutions were reunited with their families.

Therefore the average one-off cost per child to prevent separation from their families and to reunite children with families was: **163 BGN (83 EURO)**.

It should be noted that it is likely the outcomes for children in their families will be better than those of children in institutions.³⁷

37. Berens, A. E., & Nelson, C. A. (2015). The science of early adversity: is there a role for large institutions in the care of vulnerable children? *The Lancet*. [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(14\)61131-4/abstract](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(14)61131-4/abstract)

Clearly there are cases where support to the family is not enough and where children will require some form of placement, including temporary placement during a family crisis or respite care, which are necessary parts of a deinstitutionalised system. However, if more resources were allocated to community-based social work, it is likely that the overall numbers of children entering the care system would reduce considerably.

3.7 Comparative costs of different types of support (in 2014)

The following graph compares the current costs of different forms of care, according to the figures provided by the government authorities. The data from Lumos' work with Varna and Dobrich authorities is also included.³⁸ All costs are in BGN and EURO.

Comparative costs of support services

● BGN ● EURO



38. Please note, the cost for a child in an SGH is based on information provided by the ASA. However, it is possible that this is not the complete cost, as it was difficult to receive clarification on certain figures.

If these costs are correct, the following calculations should show with some accuracy³⁹ the difference between the total costs for running the previous institutional system, compared with the total costs to run the current system. All figures are in BGN and EURO.

Table: Total budget to run the current system of care compared with the previous institutional system

Expenditure item	Explanatory notes	Budget 2009 (BGN)	Budget 2009 (EURO)	Budget 2014 (BGN)	Budget 2014 (EURO)
Baby institutions	Total provided by govt	33,190,946	16,969,334	28,290,338	14,464,481
Disability and mainstream institutions	Total provided by govt	49,605,500	25,362,646	25,332,594	12,952,225
SGHs	9,049 BGN x no of children			10,605,428	5,422,173
Foster care	3,780 BGN x no of children	3,345,300	1,710,331	8,599,500	4,396,812
Grand totals		86,141,746	44,047,515	72,827,860	37,234,259

This represents an annual saving of 13,313,905 BGN (6,807,024 EURO).

3.8 Ring-fencing and transferring resources

One of the key principles of successful deinstitutionalisation is that of ring-fencing - protecting and reserving the resources currently in the system before transferring them across to support the community-based services that are developed to replace institutions. Institutions are expensive to run and the outcomes for children are poor. However, the resources used for institutions provide an opportunity to reform the system.

The aim of a reform programme is not to cut costs, but rather to reinvest funds saved from institutions in better services that can support more children and result in better outcomes.

This principle was enshrined in the National Action Plan for Bulgaria that was agreed in 2010. However, over the past two years, whilst opening the SGHs, two major challenges have emerged:

- Firstly, there has been a desire to 'fill the homes up' to their maximum capacity of 12, as this is seen as more efficient. However, research shows that the larger the number of children in a home, the more difficult it is to provide individualised care. Therefore the aim should be to try to reduce numbers in SGHs.

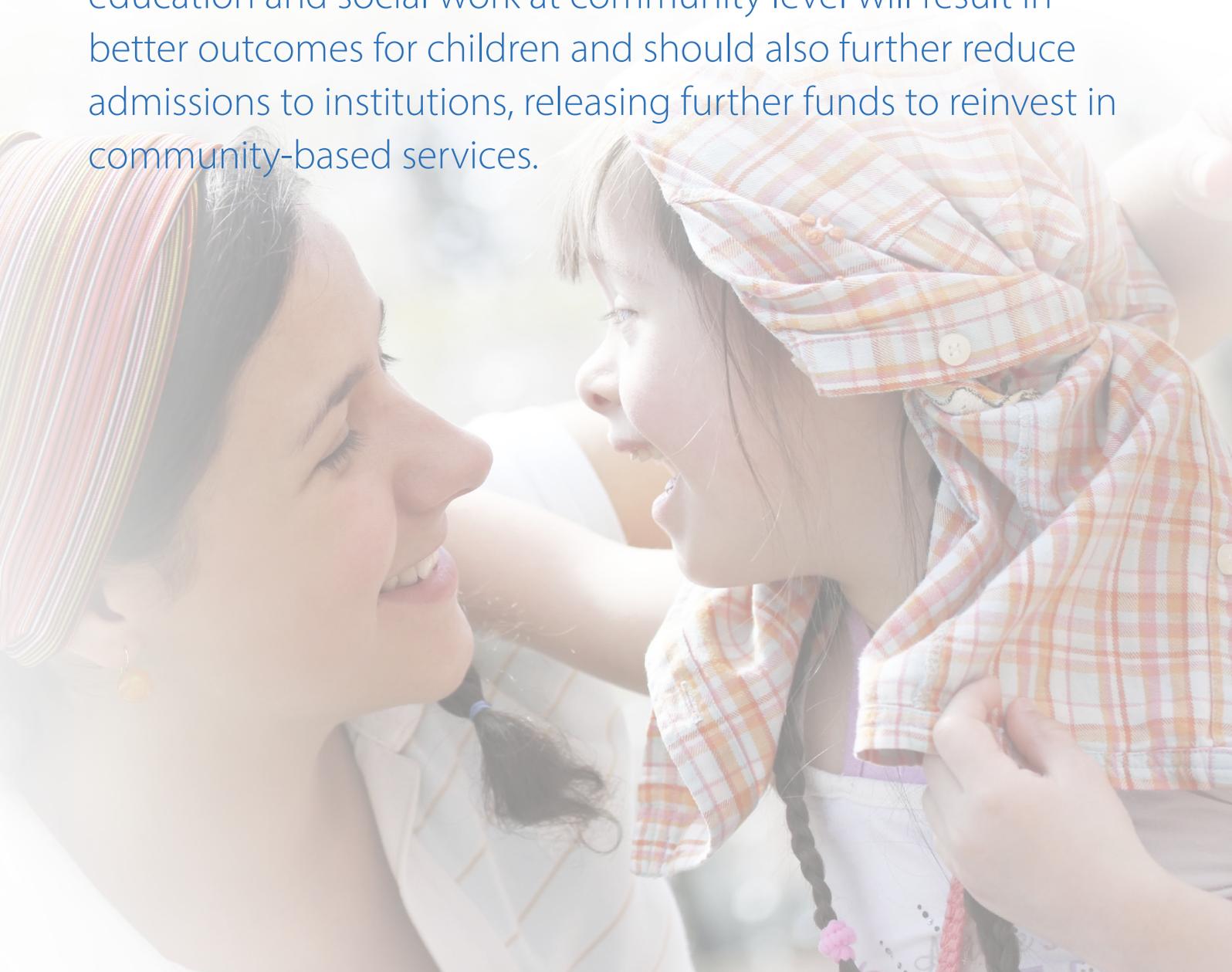
³⁹ Please note that figures for the cost of foster care in 2009 were not available, so the cost in 2014 has been used to make the calculation. There may have been some costs for SGHs in 2009, but the information was not available. However the numbers in SGHs in 2009 were very small and so are unlikely significantly to affect the overall figures.

- Secondly, there was a resistance to improving the financing standards for SGHs, because of a belief that the services would be too expensive to run in the long-term. Yet the analysis in this document, based on the government's own figures, demonstrates that the costs to run the SGHs are cheaper than the institutions.

Therefore it is recommended that the savings made in reforming children's care services away from an institution-based system should be reinvested in two areas:

- Increasing the investment in family support services, health, education and social work at community level will result in better outcomes for children and should also further reduce admissions to institutions, releasing further funds to reinvest in community-based services.
- Improving the financing standards for children and adults in the SGHs, with a particular focus on increasing staffing levels to make sure children receive adequate care.

Increasing the investment in family support services, health, education and social work at community level will result in better outcomes for children and should also further reduce admissions to institutions, releasing further funds to reinvest in community-based services.



4. Outcomes of the reform process

A more efficient use of financial resources matters, because money is a tool for the improvement of services to children and families. However, the most important outcome of the reform process must be the improvements in health, development, quality of life and happiness of the children and young people involved.

To date there has been no significant analysis carried out across the country that demonstrates the difference it makes to children when they are transferred from institutions to family placements, supported by community services. This is clearly needed in order to provide a full picture of the impact of the reform process.

The following are some case examples provided by For Our Children⁴⁰ and Lumos⁴¹ that illustrate the difference it makes.



Changes in the lives of children and young people in small group homes

1

The first case is of a boy aged 17 years, who moved from a disability institution to an SGH in May 2014. The boy has severe disabilities and, when in the institution, was immobile and had very few independence skills.

Outcomes:

- The boy has become more social, recognising people involved in his daily care
- He is able to initiate simple games
- He has learned to hold a bottle and feed himself with it
- He has begun to show interest in his surroundings. He likes to sit in the garden and watch the world
- He has developed skills in feeding himself, he is able to take small chunks of food with his hand and put them in his mouth
- Regular visits to the dentist because of a problem with his gums
- He has learned to walk with orthopaedic shoes, with support from a staff member and holding on to the wall.

40. Foster care cases: Private communication with Elka Nalbantova, Director of For Our Children Foundation (7 June 2015). On file with Lumos.

41. Small group home cases: Lumos (9-12 June 2015), Report of Hristo Genchev, Varna Deinstitutionalization Project Assistant at Lumos [internal document]. Unpublished: on file with Lumos.

- He can sit up in bed without any back support
- He has begun to communicate through hand movements and sounds. The staff team is teaching him gestures to communicate
- He can make choices, when offered different items – for example, if he is offered particular food or drink – by either smiling or turning his head away
- He is still dependent in activities of daily living such as dressing and bathing. But bathing has been turned into a fun activity – he loves the water and laughs out loud
- When he was in the institution, he often had scratches behind his ears caused by self-harming. The self-harming has stopped completely and there are no longer any visible scars.

2

The second is a young man, aged 23 years, who moved out of a disability institution to an SGH in June 2014. His new home is situated close to his family, who were fully involved in preparing him to move to the new home. Since moving, he has regular contact with his family and often spends weekends at home with them.

Outcomes:

- Regular visits to the dentist
- A resource teacher is working with him and he is a client of the local Centre for Social Integration and Rehabilitation
- He has had several visits to a neurologist, because he had frequent epileptic seizures when in the institution. The medication he was taking has been reduced and he no longer has epileptic seizures
- He developed and learned some basic skills – to dress himself and to put on his shoes independently – a skill which even his father doubted he would acquire
- He used to ask repetitive questions and the intensity of this has reduced
- He is now able to brush his teeth independently
- He has become more confident and more relaxed and has much better control of his emotions than when he lived in the institution
- He is engaged in workshops, including drawing, a few times per week.

3

The third case is a six-year-old girl with severe disabilities who moved from an institution to a SGH in November 2014. In less than six months, the following outcomes have been noted.

Outcomes:

- She has been integrated into a mainstream kindergarten, with the support of a Resource Teacher
- She has grown significantly and the staff have had to buy much larger sized clothing for her
- She is developing independence skills for eating. She is able to use a spoon and scoop up the right amount of food. She eats proper solid food, rather than the blended food she ate in the institution.

Changes in the lives of children in foster care

The following two cases are of children moved from institutions to foster care, in a programme supported by For Our Children.

1

The first case is of a child who was placed in a baby institution in 2007, right after birth because of severe congenital disabilities (a severe form of cerebral palsy). He could not control his bodily functions and wore nappies. He had no vision and hearing, only tactile sensation. The child had considerable eating and drinking difficulties. He needed significant support and it took a long time for him to eat his meals. In the institution most of the time he lived in a quarantined area, which meant he had little contact with any other human beings for prolonged periods of time.

Outcomes:

In 2011 he was placed in foster care. Currently the child weighs 22 kg and is 110 cm tall (when placed at the age of four he was 8 kg and 85 cm). He has regular rehabilitation twice a week. Since being placed in foster care, his auditory sense has developed and he now reacts to sounds. He listens to the sound of musical toys. Through this stimulation the child responds with a smile to classical music. To certain sounds like jingling keys the child responds with laughter. He enjoys physical contact – after being cuddled by his foster mother his muscle tone decreases and he relaxes. In September 2014 the child was enrolled in the first grade of a Special School which has a music therapy profile.

2

The second case is of a child who, until the age of six months, was raised in a family environment, and then placed in an institution in 2010. She had been diagnosed with cerebral palsy at birth. The child moved to foster care in 2013 and at that point she had a serious developmental delay. When she moved to foster care, she was not able to walk or speak. She did not react normally and did not communicate with the environment around her.

Outcomes:

After nearly two years in foster care, she has recovered rapidly in all developmental spheres. She has started walking with support, due to regular physiotherapy. She can throw a ball, and already aims it at a particular place. She can hold a spoon and eat independently. The child understands and is able to follow requests from her foster mother or a family friend. She can express emotions quite freely. She is now using about 10 words, and every month learns a new word. She can form simple sentences and ask questions.

Conclusions

This ambitious programme of reform has resulted in considerable success that is likely to improve the lives of thousands of children – today and in the years to come – in a reformed system that is also less costly to run than the previous system.

The desire to move quickly was understandable, given the state of health and level of risk to children in the disability institutions and baby institutions. However, this led to an over-reliance on the development of Small Group Homes (SGHs) and insufficient investment in community-based support to families of vulnerable children.

There appears to be continued resistance to closing institution buildings completely. The buildings that remain open cannot provide appropriate care for children and at the same time represent an inefficient use of financial resources. The cost per child in baby institutions has almost doubled since the reform started, yet the recent report on mortality in institutions would suggest this has not resulted in an overall improvement in the care provided to babies.

The numbers in the care system, which were reducing, have begun to rise again. This appears to reflect the lack of sufficient investment in preventative services in the community.

Bulgaria is in the process of reform and there remain challenges. Concerted effort is needed in planning the final stages, to ensure that resources are used as effectively as possible and that outdated forms of care are abandoned completely.

There is a requirement for monitoring of children who have moved from institutions to community-based services and a need for a thorough evaluation of the impact of the reform on individual children.

It should be noted that this analysis was completed by an NGO and it is possible that the author and researchers were not privy to all relevant information.



Recommendations

In terms of the current reform programme, the Government of Bulgaria should:

- Adhere to its initial commitment to ring-fence resources in institutions and transfer them to community-based services
- With this in mind, savings from the current programme should be reinvested in higher quality support (increased staffing ratios) in SGHs and in the development of community-based services that prevent separation of children from their families and support them to live in their communities
- Develop and implement a monitoring system to follow up all children who have moved from institutions to families and family-type placements
- Revise the mechanism for financing residential care services - moving away from the standard 'cost per child' mechanism, since that acts as an incentive to 'fill up' institutions and SGHs
- Implement urgent assessment and informed intervention in all institutions with high mortality rates
- Support and build the capacity of local government to enable them to engage in their role in this process.

In terms of the next stage of the reform programme, the Government of Bulgaria should:

- Focus on the development of foster care for babies and children with disabilities
- Focus on the development of post-care support services for young people leaving the care system
- Increase the number of social workers and revisit their salary levels. Provide additional training on family support and provide a flexible budget to support families in crisis
- Develop a mechanism for ring-fencing and transferring resources from institutions to community-based services
- Plan to close all the remaining institutions and to dispose appropriately of the buildings. Transfer the cost savings from buildings to the development of community-based services
- Not build any further SGHs. Once the prevention services begin to operate over the next few years, it is likely that a number of the current SGHs will no longer be needed
- Not spend any more money on renovating or adapting institutions. The adapted baby institutions are a costly service to run – there are better ways of supporting children to live in families
- Carry out a detailed cost benefit analysis of the different forms of children's services in the country.

Specifically, if the Bulgarian Government ring-fenced the 13,313,905 BGN (6,807,024 EURO) currently being saved annually, it could afford:

- To increase expenditure (staffing levels) by 2/3rds in the SGHs, plus
- Provide an additional 320 social workers who could support 19,968 children in their families, plus
- Provide 464 family support workers who could support 1,856 children with disabilities in their families.

Alternatively, some of the funding could provide additional support in the baby institutions to prevent mortality.



The cover art was produced by a young man with severe disabilities who moved from Rudnik institution to a Small Group Home in 2014. His case is described on page 29.

For more information visit our website wearelumos.org find us @Lumos on Twitter or email us on info@lumos.org.uk

Lumos Foundation, founded by J.K. Rowling, is a company limited by guarantee registered in England and Wales no. 5611912. Registered charity no. 1112575.

© Lumos 2015. All rights reserved.
(10.15)

The cover art was produced by a young man with severe disabilities who moved from Rudnik institution to a Small Group Home in 2014. His case is described on page 29.

