National Strategy on Social Inclusion and Poverty Reduction

2015-2020

Romania
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<th>Description</th>
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<tr>
<td>AIDS</td>
<td>Acquired immune deficiency syndrome</td>
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<tr>
<td>ALMP</td>
<td>Active Labor Market Programs</td>
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<tr>
<td>ANPIS</td>
<td>National Agency for Payments and Social Inspection</td>
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<tr>
<td>AROP</td>
<td>At risk of Relative Poverty After Receiving Social Transfers</td>
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<td>AROPE</td>
<td>People at Risk of Poverty and Social Exclusion</td>
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<tr>
<td>CDD</td>
<td>Community Driven Development</td>
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<tr>
<td>CHNs</td>
<td>Community Health Nurses</td>
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<tr>
<td>DGASPC</td>
<td>County Directorates of Social Assistance and Child Protection</td>
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<tr>
<td>ECEC</td>
<td>Early childhood education and care</td>
</tr>
<tr>
<td>ESF</td>
<td>European Social Fund</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>EU-SILC</td>
<td>European Union Statistics on Income and Living Conditions</td>
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<td>FSA</td>
<td>Family Support Allowance</td>
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<tr>
<td>GD</td>
<td>Government Decision</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GEO</td>
<td>Government Emergency Ordinance</td>
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<tr>
<td>GMI</td>
<td>Guaranteed Minimum Income</td>
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<tr>
<td>GP</td>
<td>General Practitioner</td>
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<tr>
<td>HB</td>
<td>Heating Benefit</td>
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<tr>
<td>HBS</td>
<td>Household Budget Survey</td>
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<tr>
<td>HIV</td>
<td>Human immunodeficiency virus infection</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>IVET</td>
<td>Initial Vocational Education and Training</td>
</tr>
<tr>
<td>LAG</td>
<td>Local Action Groups</td>
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<tr>
<td>LEADER</td>
<td>Links Between the Rural Economy and Development Actions</td>
</tr>
<tr>
<td>LLL</td>
<td>Lifelong learning</td>
</tr>
<tr>
<td>LWI</td>
<td>Low work intensity</td>
</tr>
<tr>
<td>MDR-TB</td>
<td>Multidrug resistant cases of tuberculosis</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>MIS</td>
<td>Management information systems</td>
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<tr>
<td>MoH</td>
<td>Ministry of Health</td>
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<td>MLFSPE</td>
<td>Ministry of Labor, Family, Social Protection and Elderly</td>
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<tr>
<td>MNE</td>
<td>Ministry of Education and Scientific Research</td>
</tr>
<tr>
<td>MDRAP</td>
<td>Ministry of Regional Development and Public Administration</td>
</tr>
<tr>
<td>MSII</td>
<td>Minimum Social Insertion Income program</td>
</tr>
<tr>
<td>MPF</td>
<td>Ministry of Public Finance</td>
</tr>
<tr>
<td>MTR</td>
<td>Marginal Tax Rate</td>
</tr>
<tr>
<td>M/XDR-TB</td>
<td>Multi-drug and extensive drug-resistant tuberculosis</td>
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<tr>
<td>NEA</td>
<td>National Employment Agency</td>
</tr>
<tr>
<td>NEET</td>
<td>Not in employment, education or training</td>
</tr>
<tr>
<td>NEETD</td>
<td>Not in employment, education, training, or disabled</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>NRDP</td>
<td>National Rural Development Program</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-Operation and Development</td>
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<tr>
<td>POCU</td>
<td>Operational Program Human Capital Development 2014-2020</td>
</tr>
<tr>
<td>PPS</td>
<td>Purchasing Power Standard</td>
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<tr>
<td>PROST</td>
<td>Pension Reform Options Simulations Toolkit (WB)</td>
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<tr>
<td>RHM</td>
<td>Roma Health Mediator</td>
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<tr>
<td>ROP</td>
<td>Regional Operational Program</td>
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<tr>
<td>SEN</td>
<td>Special education needs</td>
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<tr>
<td>SPAS</td>
<td>Public Social Assistance Services</td>
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<tr>
<td>STS</td>
<td>Special Telecommunications Service</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<td>WHO</td>
<td>World Health Organization</td>
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INTRODUCTION
The objective of the Government of Romania is that all citizens to be provided with an equal opportunity to participate in society, to feel valued and appreciated, to live in dignity and that their basic needs to be met and their differences respected.

In this context, the main results envisaged by the Strategy are the social inclusion of vulnerable groups and lifting 580,000 people out of poverty or social exclusion by 2020 compared with 2008, as committed by Romania in order to reach the goals of the Europe 2020 Strategy.

Romania aims to become a country where:

- **All citizens have equal opportunities.** Everyone deserves the opportunity to participate fully in the economic, social, political, and cultural life of their society and to enjoy the benefits of doing so. Equal opportunities mean that individual circumstances beyond their control do not determine people’s quality of life.

- **Differences between individuals are respected.** Each individual is unique. Individual differences can be along the lines of race, gender, ethnicity, socioeconomic status, age, sexual orientation, and beliefs (religious and otherwise) as well as physical, cognitive, or social abilities. The concept of diversity goes beyond tolerance; it encompasses acceptance and respect. Valuing diversity in a positive and nurturing way increases the chance that everyone will reach their potential and that communities will pro-actively use this potential.

- **The basic needs of every citizen are met.** Along with respect for and protection of fundamental human rights, one of the main preconditions for a decent quality of life is meeting citizens’ basic needs for housing, food, sanitation, and security as well as for basic community services such as education, healthcare, and social services. These key elements enable people to live in dignity, to have control over their lives, and to actively participate in the life of their communities. The responsibility for developing their own social integration capacities and for being actively involved in handling difficult situations rests with every individual as well as with his or her family, and public authorities should take action to ensure equal opportunities for all or, in their absence, provide adequate social benefits and services.

- **All people feel valued and can live in dignity.** All human beings are born free and equal in dignity and rights (Article 1 of the UN Declaration of Human Rights). When a person feels valued and lives in dignity, they are more likely to be in control of their lives and to participate in and become an active member of society.
Strategic Actions at the National Level for Reducing Poverty and Promoting Social Inclusion

This document builds on the series of strategic actions undertaken in this area for the past 20 years. Among the most important phases achieved so far are as follows:

- Setting up in 1998 of a Commission for Prevention and Fight against Poverty under the patronage of the Romanian presidency. The Commission drafted and passed a “Strategy for the Prevention of and Fight against Poverty”, which, although it was not adopted by the government, represented the first strategic document to lay down the principles of social policies.

- Setting up of an Anti-Poverty and Promotion of Social Inclusion Commission (CASPIS), which operated between 2001 and 2006. This institution together with the County Commissions under its coordination (which were responsible for developing and implementing social policies at the county level) anticipated Romania’s participation to the EU’s Open Method of Coordination. In the period of CASPIS operation, several key research have been conducted to strengthen the fight against poverty: the setting up of a methodology for computing absolute poverty; the building of a set of national and county indicators to be monitored; and the development of the first poverty map at the local level. In addition, the Commission drafted the National Anti-Poverty and Social Inclusion Promotion Program and county plans that explained and adapted the national objectives to the local needs.

- Signing in 2005 of a Joint Social Inclusion Memorandum by the Government and the European Commission as a first phase of a European social policy to be implemented jointly. The document, coordinated by the Ministry of Labor and drafted jointly by a significant number of relevant actors, aimed to identify the key challenges faced by Romania in promoting social inclusion as well as the needed policy responses.

- Passing of the Government Decision no. 1217/2006 that contained a national mechanism for promoting social inclusion. The same piece of legislation also set up a National Social Inclusion Committee within the Interministerial Council for Social Affairs, Health, and Consumer Protection. The National Commission includes a representative at the level of secretary of state or president from the ministries, authorities, agencies, and other governmental institutions with responsibilities in the field of social inclusion. It has a consultation role and is managed by the Ministry of Labor, Family, Social Protection, and Elderly People. This Strategy represents an opportunity to activation of this national mechanism.

- Approval of the Social Assistance Reform Strategy in 2011. A series of key objectives that have acted as guiding principles for the government in the past few years are also relevant for this Strategy: targeting social benefits to low-income people; reducing the costs of access for the recipients of social benefits; reducing system error and fraud; reducing the number of working age people who are dependent on social assistance; consolidating social assistance benefits; and increasing capacity for forecasting, strategic planning, and monitoring and evaluation.

- Passing of Law no. 292/2011 on social assistance, defining homelessness and actual measures to be taken by local public authorities, establishing the complementarity between social benefits and social services, and strengthening the principles of social solidarity and collaboration between local public authorities in the social assistance sector.

This draft Social Inclusion and Poverty Reduction Strategy sets out a plan to enable Romania to make substantial progress in reducing poverty and in promoting social inclusion for vulnerable individuals, families, and groups over the next seven years. This draft Strategy outlines as well a structured set of policy measures for achieving the Europe 2020 targets for Romania. The Strategy aims to coordinate and update the set of strategic actions for poverty reduction that have been implemented in Romania so far (Box 1). Moreover, to ensure complementarity and coordination with other endeavors in this area, the Strategy incorporates elements from various sectoral strategies and from particular domains of the government’s social inclusion policy, such as tackling child poverty, reducing discrimination against Roma, and integrating marginalized communities. This draft Strategy is also in line with the recommendations of the European Commission, and at the same time in accordance with the National Reform Program and Convergence Program for 2012-2016 (see Box 2). The draft Strategy is based on a large number of new data collection exercises, analyses and research (see Box 3).

**BOX 2**

**Comparative Overview between Council Recommendation on Romania’s 2014 National Reform Programme and Delivering a Council Opinion on Romania’s 2014 Convergence Programme (CSR) and the draft Social Inclusion Strategy (Vol I and II) and Action Plan**

<table>
<thead>
<tr>
<th>Country Specific Recommendations</th>
<th>(Sub) Section in the Social Inclusion Strategy</th>
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<tbody>
<tr>
<td>Pursue the National Health Strategy 2014-2020 to address poor accessibility, low funding and resource scarcity issues.</td>
<td>2.5.1. Improving Health Equity and Financial Protection</td>
</tr>
<tr>
<td>Strengthen active labor market measures, in particular for unregistered young people and the long-term unemployed. Ensure that the National Employment Agency is adequately staffed. Develop, in consultation with social partners, clear guidelines for setting the minimum wage. Strengthen undeclared work verification and control systems and take steps forward in equalizing retirement ages for women and men.</td>
<td>2.1.4. Increasing the Institutional Capacity and Resources of the Public Employment Service</td>
</tr>
<tr>
<td>Increase the quality of early childhood education and care, in particular for Roma children. Adopt the National Strategy for Reducing Early School Leaving.</td>
<td>2.4.1. Improving the Early Childhood Education and Care System</td>
</tr>
<tr>
<td>Introduce the minimum social insertion income.</td>
<td>2.4.2. Increasing Participation and Improving Outcomes in Primary and Secondary Education for All Children</td>
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<td></td>
<td>2.4.5. Increasing Access to Quality Education for Children from Vulnerable Groups</td>
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<td></td>
<td>2.1.5. Increasing Employment Rates for Vulnerable Groups/Roma</td>
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<td></td>
<td>2.2.1. Improving the Performance of the Social Benefits System</td>
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<td></td>
<td>4. Strengthening Institutional Capacity to Reduce Poverty Reduction and Promote Social Inclusion</td>
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1 The poverty reduction target at the EU-28 level is to reduce the number of people at risk of poverty or social exclusion by 20 million between 2008 and 2020. The Government of Romania has committed itself to contributing to this target by reducing the population at risk of relative poverty after social transfers by 580,000 people, from 4.99 million in 2008 to 4.41 million by 2020.
Combating poverty and social exclusion requires taking a lifecycle approach to individual needs. For children (those between the ages of 0 and 17 years old), the goal of the Strategy is to ensure that all children have the opportunity to develop their full potential regardless of their social background by ensuring the conditions necessary to develop the skills, knowledge acquisition, and experience needed to achieve their full potential as successful students, confident individuals, responsible citizens, and effective contributors to society’s development.

For working age adults, the goal is to ensure that everyone has the opportunity to fully participate in the economic, social, and cultural life of Romania. The goal for those beyond working age is to ensure that the elderly are valued and respected, that they remain independent and can participate in all aspects of life as active citizens, and that they enjoy a high quality of life in a safe community.

Because children who grow up in poor households face a higher risk of poverty in the future, breaking the intergenerational cycle of poverty makes it essential for the government to adopt programs that can tackle both child and adult poverty in the same household simultaneously. Particularly in the case of the persistent poor and the Roma population, the various dimensions of exclusion tend to be mutually reinforcing and perpetuated from generation to generation. The intergenerational cycle of exclusion is perpetuated when low educational achievement and poor health severely limit the labor market opportunities that are accessible to the next generation of children. Breaking the intergenerational cycle of poverty and exclusion will require targeted interventions designed to address the multiple drivers of inequality.

A coordinated approach is needed to the provision of policies, programs, and interventions that are targeted to poor and vulnerable people and poor and marginalized areas. There is already a large spectrum of sector policies, programs, and interventions in existence in Romania aimed at reducing poverty and social exclusion, and the instruments and the experience needed to identify poor people and poor areas have improved in recent years. The key missing ingredient is the coordination between these policies, programs, and interventions. Given the strong correlation between poverty and social exclusion, making progress on both fronts will require more and better social interventions that will connect people with jobs, cash...
support, and services. It will also be essential to increase capacity for accurately assessing need at all levels and to coordinate social services, employment services, and healthcare services in order to bring the non-working but work-capable beneficiaries of social protection into employment. Thus, this approach to tackling poverty and social exclusion is built on the concept of providing integrated services and on ensuring that different programs and interventions are harmonized, aligned and provided by empowered, well-trained social workers at the level of both the individual and the community.

In delivering interventions, it is important to address both supply-side and demand-side challenges. In poor and marginalized communities, in both rural and urban areas, and among both Roma and non-Roma, merely providing new infrastructure or services will not necessarily mean that they will be used. Demand-side bottlenecks, such as those related to user awareness, financial means, capacity constraints, opportunity costs, social norms, and risks (to safety, dignity, and reputation of the users, for example), all need to be assessed and addressed. Even if a service is provided, people will not use it if they are not aware of its benefits or if it is too costly. Moreover, even when a service is provided free of charge, people may decide not to access it if they consider the transaction or opportunity costs involved to be too high (for example, transportation or other costs related to administrative access to services).

The structure of the Strategy is built on (see Scheme 1): (i) the actors who will implement the recommended policies; (ii) the targeting of the policies themselves (either people-based/social policies or area-based interventions); and (iii) the main sectoral policies.

The strategy of the Strategy gives due consideration to the issues related to sustainable development and the infrastructure needed for social service development. Furthermore, it will be implemented with the lowest possible negative impact on the environment.

Identifying the specific needs of poor and vulnerable groups represents a key element for implementing efficient social inclusion policies. Because vulnerable groups face particular problems for which generic policies may not provide real solutions, the Government intends to implement tailored and integrated services in order to increase their social and economic participation (especially through provision of public services of social assistance and community workers).

Given the economic and social sectors from which individuals might be excluded, the geographical patterns of exclusion, and the severity of the social problems that many people experience, the Strategy broadly divides the various types of intervention into people-based and area-based policies. In this document, people-based policies cover policies aimed directly at reducing poverty and increasing social inclusion in several key domains: incomes (social benefits and social insurance rights), employment, education, health, housing, social participation, and social services.

Because poverty has a starkly geographical aspect in Romania, one major objective of the Strategy is to ensure that the allocation of resources is accurately correlated with the distribution of needs within the country (by developing area-based policies). In Romania, nearly one-half of the population is based in rural areas, and many are heavily disadvantaged in terms both of their monetary incomes and of basic infrastructure and services. There is also a large variation among urban areas as well, with small towns (particularly those whose status changed from rural to urban over the last 15 years) being the most disadvantaged. The government aims to reduce the gaps between rural and urban areas and between poor/undeveloped urban areas and more developed urban areas. In addition, the area-based policies and programs included in the draft Strategy represent a coordinated effort to substantially reduce poverty and social exclusion in marginalized communities, which are the most disadvantaged communities in Romania (both Roma and non-Roma and in both rural and urban areas).

For each area covered within the Strategy, we spelled out specific objectives together with challenges and directions of action to tackle each of these problems. Table 1 proposes a selection of interventions that could become, among others, national priorities for each of these areas in the 2015-2020 period. Nine of them are further proposed to be developed by the WB team in the implementation plans, which will include the measures to be taken in the 2015-2017 period, the required resources, along with information concerning the responsible institutions, the implementation deadlines and the ‘monitoring and evaluation’ mechanisms.

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4 The social inclusion process is a set of multidimensional measures and actions in the fields of social protection, employment, housing, education, health, information, communication, mobility, security, justice, and culture, intended to combat social exclusion and to ensure the active participation of people in all economic, social, cultural and political aspects of society. (Art. 6, Law 292/2011).
SCHEME 1: Policy Response To Reduce Poverty And Promote Social Inclusion

Social Policies & Area-based interventions for
- Poor regions
- Rural areas
- Small cities
- Marginalized areas (urban/rural, Roma)

SPAS & Community workers
- Social work
- Health
- Education

Social services & Social benefits

POLICY TYPES

POLICY IMPLEMENTATION

POLICY DOMAINS
- Incomes
- Employment
- Education
- Health
- Housing
- Social participation
### TABLE 1: Proposed Key Interventions for Poverty Reduction and Social Inclusion

<table>
<thead>
<tr>
<th>Key Interventions</th>
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<tr>
<td><strong>Employment</strong></td>
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<tr>
<td>Increase funding for employment policies and provide tailored employment services to the unemployed and inactive people.</td>
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<td>Target vulnerable youth, including through EU-wide programs such as the Youth Guarantee.</td>
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<tr>
<td>Use EU funds to strengthen the implementation, monitoring and evaluation of these active labor-market policies, to learn what works and how to improve the supply of existing programs.</td>
</tr>
<tr>
<td>Improve training for small- and medium-sized farm holdings by: (i) strengthening, professionalizing and upgrading existing advisory and support institutions for small-holder farmers and family-based subsistence agriculture, and (ii) strengthening coverage of agricultural vocational schools and technical colleges to improve the skills base of (future) farmers.</td>
</tr>
<tr>
<td>Promote re-training and lifelong learning (LLL) for better employability on a constantly changing labor market, as well as training programs meant to increase digital literacy, especially for people from vulnerable groups and rural areas.</td>
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<tr>
<td><strong>Social Transfers</strong></td>
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<tr>
<td>Introduce a pro-work benefit formula in the new consolidated means-tested benefit (see the Social Transfers line), that exempts part of the earnings of the households from the definition of the family means. (Proposed Flagship Initiative)</td>
</tr>
<tr>
<td>Address demand-side bottlenecks related to access to social assistance benefits and social services, such as those related to user awareness, financial means, opportunity costs, social norms, and risks (safety, dignity, stigma)</td>
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<tr>
<td>Simplify the access of persons with disabilities to the social protection system by harmonizing medical criteria for invalidity pensions and disability allowances and unify the institutional framework for assessing the complex situation and the needs of the persons, in order to access disability allowances and invalidity pensions.</td>
</tr>
<tr>
<td>Develop reform options in order to provide affordable old-age income provisions for the rural population currently without insurance-based pension coverage.</td>
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<tr>
<td><strong>Social services</strong></td>
</tr>
<tr>
<td>Ensure that public funds are available for the development of the social services sector in parallel with funding from the European Union.</td>
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<tr>
<td>Strengthen and enhance social assistance at the community level by:</td>
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<td>(i) developing a minimum intervention package as a mandatory responsibility for each local authority,</td>
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<tr>
<td>(ii) financing a national program to ensure that in each locality at least a full-time employee does social work and has consistent outreach tasks in the job description and s/he works one-to-one with people in vulnerable situations and their families,</td>
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<tr>
<td>(iii) financing a national program to train the employees with social assistance duties and draft methodologies, guidelines and tools for strengthening the implementation of case management at the level of SPAS, especially in rural and small urban areas,</td>
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<tr>
<td>(iv) develop a strong monitoring and evaluation system of the social assistance services at community level;</td>
</tr>
<tr>
<td>(v) providing ROP 2014-2020 funds for investments in the infrastructure needed for social service delivery and development of social services (day-care centers, social canteens, home-based care facilities, etc.)</td>
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</tbody>
</table>
Develop integrated intervention community teams to provide social services (in education, employment, healthcare, social protection and other public services) and social intermediation and facilitation programs at local level, especially in the poor and marginalized areas, rural and urban, Roma and non-Roma, by:

(i) developing clear methodologies, protocols, and work procedures for community-based workers, and

(ii) developing, in the larger marginalized areas, multi-functional community centers to provide integrated services to (primarily though not exclusively) families in extreme poverty. *(Proposed Flagship Initiative)*

Strengthen social services for child protection by:

(i) developing and strengthening the capacity of community-based prevention and support services;

(ii) reconsidering the ways and means (including cash benefits) of providing family support in order to prevent child-family separations; and

(iii) revising the existing child protection services to enhance the quality of care provided while reducing the duration of stays to the minimum necessary. *(Proposed Flagship Initiative);*

(iv) de-institutionalization and transition to community-based care;

(v) providing ROP 2014-2020 funds for the social infrastructure needed in order to deliver social services to children (day-care centers, group homes, etc.).

Develop social services for vulnerable groups by:

(i) increasing the financing of social services and improving the procedures for contracting out social services to non-government and private providers,

(ii) strengthening the role played by the DGASPC in strategic planning, methodological coordination and supporting SPAS at community level, as well as in monitoring and evaluating service providers within the county.

Strengthen social services for people with disabilities by:

(i) developing and strengthening support services and prevention capacities at community level;

(ii) de-institutionalization and transition to community-based care;

(iii) providing ROP 2014-2020 funds for the social infrastructure needed in order to deliver social services to people with disabilities (day-care centers, sheltered facilities, etc.).

**Education**

Extend the network of kinder-gardens and crèches in order to provide access for all the children.

Design and implement a national program focused on children at risk of dropping out or out of primary and secondary education by:

(i) designing a coherent referral to education system with entry points in all the systems dealing with children from vulnerable families;

(ii) implementing a monitoring system for the children with the highest risk of dropping out of school or skipping enrollment;

(iii) tightening monitoring mechanisms of the schools in order to ensure follow up of these cases,

(iv) designing a program rendering assistance, parental education, support and monitoring for the households of out of school children of compulsory school age.
Increase the availability of second chance programs in the rural area and beyond the lower
secondary school, and invest resources for the support of disadvantaged groups attending second
chance as a compensation for educational costs and other indirect costs.

Improve the access of children with Special Education Needs (SEN) and/or disabilities to quality
education by:

(i) revising the institutional, financing and legal arrangements for the education of children with SEN/
disabilities;

(ii) including the topic of tolerance of disabled people and diversity in the educational curriculum in
order to reduce the stigma and rejection associated with disability and SEN;

(iii) investing in the County Resources and Educational Assistance Centers (CJRAE) to enable them
to become real resource centers for inclusive education;

(iv) improving the knowledge-base on children with disabilities and SEN and on their access to
education.

Ensure that all children have access to equal opportunities by:

(i) reviewing the school financing methodology to improve the allocation of resources to the children
in need, and

(ii) ensuring that the money is used to deliver effective interventions that will increase access to and
improve the quality of education for vulnerable groups. (Proposed Flagship Initiative)

Re-design the system of welfare program in education in order to incentivize participation and
quality of education of the poor and vulnerable pupils.

Health

Increase the coverage of basic healthcare service providers (family doctors, community nurses, and
Roma mediators) at the local level countrywide.

Screening programs for the main pathologies (e.g. cardiovascular diseases, cancer, diabetes, COBP,
chronic kidney disease, chronic hepatitis, tuberculosis, HIV/AIDS, etc.).

Design health promotion interventions, and implement, monitor and evaluate these programs.
Among others: reduce harmful alcohol consumption, especially in rural areas, with a focus on those
who are less well-educated, and focus more on outreach interventions in specific communities
identified as the most vulnerable, reduce drug use in urban areas.

Redesign the National M/XDR-TB-control Program (NTP) to include social support and targeted
interventions, with a dedicated budget, that address the poor and extremely vulnerable populations
(such as IDUs, street children, homeless, prisoners, Roma and others).

Housing

Design and finance a social housing program for vulnerable groups that cannot afford to pay rent or
utilities, such as: homeless, post-institutionalized youth, ex-prisoners, victims of domestic violence,
persons evicted from restituted houses, people with drug dependencies.

Introduce a housing component in the new consolidated means-tested benefit (see the Social
Transfers line), for families living in social housing in addition to the heating subsidy targeted to low-
income families living in their own dwellings. This housing benefit for beneficiaries living in social
housing will cover the cost of their rent and a part of their heating-related costs, in order to prevent
homelessness by reducing evictions.

Gradually move, in the area of alleviation of homelessness, from emergency services toward long-
term integration programs.
<table>
<thead>
<tr>
<th>Social participation</th>
<th>Ensure open and responsive grievance and complaints mechanisms are built in the institutional set up of social services.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Promote evidence-based awareness-raising and advocacy campaigns about diversity (including various categories of marginalized or discriminated groups) as a complement to other actions, in addressing stigma and discrimination.</td>
</tr>
<tr>
<td></td>
<td>Foster civic engagement and volunteering by further improving the law on volunteering and by mobilizing mass media and civic society to raise awareness on best practices and the value of participation.</td>
</tr>
<tr>
<td>Area-based policies</td>
<td>Boost territorial development of rural, sub-urban and peri-urban areas around urban growth engines, especially large dynamic cities and growth poles by:</td>
</tr>
<tr>
<td></td>
<td>(i) defining cities, especially the most dynamic ones, as functional urban areas,</td>
</tr>
<tr>
<td></td>
<td>(ii) implementing adequate institutional arrangements for the management of functional urban areas to enable dynamic cities/growth poles to enlarge,</td>
</tr>
<tr>
<td></td>
<td>(iii) expanding metropolitan public transport systems to areas with high population densities and with strong commuter flows, and</td>
</tr>
<tr>
<td></td>
<td>(iv) investing in the infrastructure of villages incorporated within cities.</td>
</tr>
<tr>
<td></td>
<td>Continue to invest in the expansion and modernization of the physical infrastructure in rural areas – roads and basic utilities (mainly water, sewerage and natural gas).</td>
</tr>
<tr>
<td></td>
<td>Provide training and facilitation to the local authorities and other stakeholders for the LEADER program and the use of the LAG (local action group) framework to make the best use of European Structural and Investment Funds in alleviating poverty and social exclusion in rural areas.</td>
</tr>
<tr>
<td></td>
<td>Develop new tools or validate the existing ones to identify poor localities, villages and marginalized communities. <em>(Proposed Flagship Initiative)</em></td>
</tr>
<tr>
<td></td>
<td>Reduce concentrated and persistent poverty in marginalized communities by implementing ‘packages’ of integrated social services (integrated intervention community teams and multi-functional community centres): coordinated access to education, health, employment and housing.</td>
</tr>
<tr>
<td>Strengthening Capacity to Promote Poverty Reduction and Social Inclusion</td>
<td>Establish functional inter-sector (MLFSPE, MDRAP, MNE, MoH) coordination policies and enhance cooperation between central and local authorities, for fostering the integrated approach on anti-poverty and promoting social inclusion policies.</td>
</tr>
<tr>
<td></td>
<td>Strengthen the capacity to monitor and evaluate the measures under the Strategy by: (i) improving mechanisms for collecting both administrative and survey data on a regular basis, (ii) build the capacity of staff at different levels to analyze quantitative and qualitative data in the areas of poverty and social exclusion, and (iii) developing a national social inclusion monitoring and evaluation system. <em>(Proposed Flagship Initiative)</em></td>
</tr>
<tr>
<td></td>
<td>Expand the coverage and functionality of the social assistance management information systems by (i) developing the local customer relationship management (CRM) solutions to enable the local authorities to maximize the automation of all local social assistance processes so that they can link all local databases with the social assistance MIS, and (ii) developing a new social assistance MIS to automate processing and carry out validations (both ex-ante and ex-post). <em>(Proposed Flagship Initiative)</em></td>
</tr>
</tbody>
</table>
Develop a modern payment system that will use modern technologies and service delivery methods to: (i) centralize the payment processing function; (ii) automate the computation of requirement of funds; (iii) rationalize budgetary requests from the Treasury; (iv) use modern payment transfer technologies; (v) provide clients with a range of secure and convenient payments channels; (vi) cease making direct payments to third parties; and (vii) incorporate best practice audit and reconciliation functions. (Proposed Flagship Initiative)

The Strategy is organized as follows. The first section starts with an analysis of the trends in poverty and social exclusion over the past few years and with a poverty forecast for the next five years (2015 to 2020). The section concludes with a discussion of the main vulnerable groups considered in this Strategy. The second part of the Strategy presents the sectoral policies (both people-based and area-based) that must be implemented as a solution to the problems identified in the first section. The first subsection of the second section covers the subset of policies that have a direct impact on the earnings of the poor and vulnerable, namely employment and social protection transfer policies (social assistance and social insurance benefits). It continues by presenting the main issues related to poverty and social inclusion in the other relevant sectors – social services, education, health, housing, and social participation. Special attention is paid to taking an integrated, coordinated, and cross-sectoral approach to the provision of social services in order to respond to the complex challenges of poverty and social exclusion in a more effective way. The last part of the chapter turns its focus to area-based policies and discusses regional disparities, urban-rural differences and specific problems in small towns and villages, rural and urban marginalized areas, and Roma communities. The Strategy continues with a discussion of the actions needed to strengthen the capacity of the public system to reduce poverty and increase social inclusion. The document concludes with a presentation of a set of flagship interventions (for which detailed implementation plans will be developed in the forthcoming period) that are likely to have the greatest impact in terms of reducing poverty and promoting social inclusion. The Strategy tackles sustainable development as a cross-cutting issue.
1. POOR AND VULNERABLE GROUPS
1.1. People at Risk of Poverty or Social Exclusion

1.1.1. Definition and Measurement of Poverty

Generally, two elements are needed to determine poverty levels using a one-dimensional approach:\(^5\) (i) an indicator that reflects household welfare or resources and that allows for comparisons between the living standards of households and (ii) a poverty line (a standard level of the household welfare indicator against which the wealth level of each household can be compared with those with a level lower than the line being considered poor).

In Romania, several poverty measurement methodologies have been tested over time, with different variants of these two elements. Two of them are considered the most relevant in the context of this Strategy: (a) a national-level method for calculating absolute poverty and (b) a Europe-level method for computing relative poverty.

a. The national-level method for measuring absolute poverty was developed jointly by experts from the World Bank, the National Anti-Poverty and Social Inclusion Commission, and the National Institute of Statistics and was approved by the government in 2005 (Government Decision no. 488/2005). This method aims to identify those households that are unable to meet their basic needs for food, services, and non-food goods based on estimating the household’s minimum costing needs per adult equivalent.\(^6\) Moreover, the method uses consumption expenditures, which are better than income for estimating household wealth in the case of Romania (taking into consideration the significant share of non-monetary revenue from informal activities in the total household budget). Nevertheless, this method has several limitations: (i) the structure of the basket of food and non-food items used to compute the poverty threshold has changed significantly since 2002, which means that indexing it to inflation (in current prices) is not an accurate way to identify the people who are in financial difficulties; (ii) the formula for computing the number of equivalent adults is probably outdated and inadequate for measuring both children’s needs and scale economies within a household; and (iii) the sampling design used for the survey for estimating poverty needs to be readjusted to take account of the results of the last Population Census. In order to ensure that the government has accurate information on the size and profile of the people living in poverty, adequate financial and human resources will need to be allocated to revise the methodology for updating absolute poverty data (including the support of key actors such as the National Institute of Statistics, research institutes, and academics with expertise in this field will also be needed. It will also be important to analyze the accuracy of the new normative method of measuring poverty that is being piloted by the EU with the explicit goal of improving the targeting of support for people in need.

b. According to the relative poverty measurement used by Eurostat, the poverty level (below which a household is considered to be poor) is set at 60 percent of the national annual median disposable income for an adult equivalent.\(^7\) Because the threshold is computed based on individual income at a specific moment, this method is rather a society’s inequality measurement, without showing whether the poor/non-poor people are able to meet their basic financial needs (for instance, if the revenues from a society would double or half for all individuals in a year, then the number of relative poor persons would remain constant). One way to overcome the problem of the relative threshold and consequently of the lack of comparability between years can be solved by comparing between years of a line anchored in time (using a line from previous years inflated in current prices). Nevertheless, the methodology of relative poverty is used for monitoring achievement of the national poverty target assumed by Romania and therefore this will be the main method used to identify poor people in this Strategy.

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\(^5\) The one-dimensional approach is that in which poverty is defined by only one welfare indicator (usually the income or consumption).

\(^6\) In order to take into consideration the scale economy (the supplementary costs with each person are lower than for the first person of the household) and the different costs of children compared to adults, the number of adult equivalents is computed in a household as the number of people aged 14 and over plus half the actual number of people under 14 years old, raised to the power 0.9.

\(^7\) Adult equivalence is worked out as the sum of 1, which is the value assigned to the first adult, the number of the other adults * 0.5 and the number of children * 0.3. The median value is given by the income of a household where half of the members earn higher revenues and the other half gain a smaller income.
In acknowledgment of the complex nature of poverty and social exclusion, the Government of Romania uses a large set of indicators to measure this phenomenon.  

**SCHEME 2: People at Risk of Poverty and Social Exclusion**

The broadest indicator (AROPE), which is also used to measure whether the European Union’s social inclusion target is being met, tracks people at risk of poverty or social exclusion who are in at least one of the following three situations:

- They are at risk of relative poverty after receiving social transfers (AROP indicator). These are people whose annual income (including social protection transfers) is lower than 60 percent of the median income as expressed per adult equivalent. Disposable income is the sum of all revenues (including those from social protection) minus the amount of taxes (income or property-based) and social insurance paid.

- They live in households with very low work intensity, meaning households where the members aged 18 to 59 years old have worked in a paid activity for less than 20 percent of their work potential in a given reference year.

- They are exposed to severe material deprivation, meaning people from households that are in at least four of the following nine situations: (1) they cannot afford to pay their rent, mortgage, or utility bills; (2) they cannot afford to keep their home adequately warm; (3) they cannot meet unexpected expenses; (4) they cannot afford to eat meat or proteins every second day; (5) they cannot afford to go on a one-week annual holiday; (6) they don’t have a television set; (7) they don’t have a washing machine; (8) they don’t have a car; and (9) they do not have a telephone.

### 1.1.2. People at Risk of Poverty

The relative poverty rate (AROP) in Romania has not significantly changed since 2008. Although the poverty rate decreased by 2.3 percentage points between 2008 and 2010, it showed an upward trend between 2010 and 2013 (Table 2). As a result, the decline in poverty between 2008 and 2013 was 0.9 percentage points (representing only 211,000 people rising out of poverty compared with the national target of 580,000). Anchored poverty, which measures the dynamics of poverty against a poverty line with constant purchasing power in time, indicates a reduction in absolute poverty during 2008-2010, followed by a slight increase during 2011-2013.

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8 The indicators are computed according to a national methodology (Decision no. 488/2005 on the national system of social inclusion indicators) and to Eurostat methodology.

9 The indicator distinguishes between individuals who cannot afford a certain item or service and those who do not have this item or service for another reason, for example, because they do not want or need it.

10 Relative poverty is the indicator that is used by Romania to monitor whether the poverty reduction target is met.
TABLE 2: Relative and Anchored Poverty Rate, 2008-2013

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative poverty rate</td>
<td>23.4</td>
<td>22.4</td>
<td>21.1</td>
<td>22.2</td>
<td>22.6</td>
<td>22.4</td>
</tr>
<tr>
<td>Anchored poverty rate*</td>
<td>23.4</td>
<td>18.2</td>
<td>16.2</td>
<td>17.9</td>
<td>19.9</td>
<td>20.4</td>
</tr>
</tbody>
</table>

Note: * Anchored at the 2008 poverty line.

Persistent Poverty

Most of the people living in relative poverty in Romania live in persistent poverty. Among the population living in relative poverty in 2012, 81 percent were in persistent poverty (a person is living in persistent poverty if he/she has an income below the at-risk-of-poverty threshold in the reference year and in at least two of the preceding three years).11 Almost one-third of children live in persistent poverty, and their risk of being in such state poverty is much higher than that for any other age group. Moreover, children’s risk of being in persistent poverty increased by almost 3 percent between 2008 and 2012, while the risk for all the other age groups increased by less than 1 percent or even decreased.

Regional Disparities

Poverty is three times more prevalent in rural areas than in urban areas. In 2012, while only 11 percent of people living in urban areas were at risk of poverty, 38 percent of those living in rural areas faced such a risk. Much of the difference in poverty can be easily explained by the structural characteristics of a typical rural locality in present-day Romania, characterized by an aged population that has only a few sources of monetary income.

There are large regional disparities in terms of the poverty rate. The lowest proportion of people at risk of poverty has been recorded in the Bucharest-Ilfov region, where only 3 percent of people are at risk of relative poverty. Lower proportions than the national percentage are also recorded in the Northwest (16 percent) and Center (19 percent) regions. The regions with the highest percentages of people at risk of poverty are the Northeast (34 percent) and Southeast (30 percent) regions.

Children and Youths in Poverty

One-third of children live in poverty and the percentage has not decreased over time. From 2008 to 2012, the rate of relative poverty among children was constantly higher than the national rate for the whole population by about 10 percentage points (Table 3). Moreover, while the poverty rate decreased for the total population (although only slightly) over these five years, the poverty rate among children increased by approximately 1 percentage point.

One in two children in rural areas lives in relative poverty. In 2012, more than 50 percent of children in rural areas were living in poverty, compared to only 17 percent of the children from urban localities. This large discrepancy coupled with an approximately even distribution of children between urban and rural areas mean that over 74 percent of all poor children live in rural areas.

11 In Romania, the persistent at-risk-of-poverty rate is almost double the EU-28 rate – 18.2 percent compared with only 10.2 percent.
### TABLE 3: Poverty Rate by Age, 2008-2012

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-17</td>
<td>32.8</td>
<td>32.3</td>
<td>31.6</td>
<td>32.6</td>
<td>34.0</td>
</tr>
<tr>
<td>18-24</td>
<td>24.4</td>
<td>25.6</td>
<td>25.6</td>
<td>28.5</td>
<td>31.4</td>
</tr>
<tr>
<td>25-49</td>
<td>20.5</td>
<td>20.6</td>
<td>20.1</td>
<td>22.0</td>
<td>21.8</td>
</tr>
<tr>
<td>50-64</td>
<td>17.4</td>
<td>16.2</td>
<td>14.8</td>
<td>16.1</td>
<td>16.4</td>
</tr>
<tr>
<td>65+</td>
<td>25.4</td>
<td>20.6</td>
<td>16.4</td>
<td>13.9</td>
<td>14.9</td>
</tr>
</tbody>
</table>


Starting in 2009, young people have had the second highest poverty rate, being the main group affected by the economic crisis. In 2012, youths between 18 and 24 years old had an extremely high poverty rate, very close to the high risk of poverty experienced by children. What is worrying is that in the case of youths, the poverty rate increased significantly over time (by 7 percentage points during the 2008 to 2012 period). This increase may have been due to the growing vulnerability and risk of youths on the labor market during those years.

### The Elderly in Poverty

The elderly experienced a major reduction in poverty between 2008 and 2012. In 2008, the elderly had the second highest poverty rate after children (a quarter of people aged 65 years old and over were in relative poverty). Due to a large increase in the contributory and social pension levels, by 2012 the elderly poverty rate had declined to below the level of any other age group (Table 3). Even though the relative welfare of the elderly as a group improved over the years, there is a larger gender gap within that group than in any other age group. The difference in poverty between men and women aged 65 and over is 10 percentage points (19.3 percent for women as against 9.2 percent for men), and the difference is even larger for people aged 80 and over.

The lone elderly have a much higher risk of being poor than other people. Approximately 1.2 million people aged 65 and over are living alone (three-quarters of whom are women). While 25.8 percent of lone elderly live in poverty, only 5.8 percent of elderly couples are in this situation. The poverty rate closest to that experienced by the lone elderly is that of households with no elderly members (22.7 percent). As mentioned above, there is a large gap between lone women and lone men – 30.2 percent compared with only 13.8 percent.

### Individuals with Low Levels of Education and Those who are Out of the Labor Market or Self-employed in Poverty

Education and occupational status both have a strong relationship with relative income poverty (AROP). More than one-third of the people who managed to complete only lower secondary education are at risk of relative poverty. The percentage drops significantly to only 15 percent among those who managed to complete high school and/or some post-secondary school and drops even further to only 6 percent among those who have obtained a college degree. By occupational status, among working age people (those between 15 and 64 years old) the groups with the lowest poverty rates are employees and retirees (5.6 percent and 8.4 percent respectively). The occupations with the highest poverty rates are the self-employed in agriculture (60.6 percent being at risk of poverty), followed by the unemployed (with 52.1 of them living in poverty).

### Roma in Poverty

Roma have a much higher risk of being in poverty, irrespective of their age, education, or area of residence. Based on the national absolute poverty threshold measured using the consumption level from 2013, Roma citizens

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12 According to Government Decision no. 488/2005, a person is considered poor according to the absolute poverty definition if he/she can afford even less food and fewer non-food goods and services than at the poverty threshold. In 2013 figures, a poor household has expenditures of less than 307 lei per month per adult equivalent.
have a ten times higher risk of being poor than the rest of the population (the rate for the Roma population was 33 percent compared with only 3.4 percent for the whole population). What is worrying is that the poverty risk is extremely large for Roma children - their poverty rate is 37.7, while the national poverty rate is only 4.3 percent.

In-work Poverty

In-work poverty affects one in two adults in Romania. A profile of the working poor (based on data from the 2011 EU-SILC) indicates that 92 percent of them are located in rural areas, 95 percent of them have at most secondary education, with a large share having only primary or lower secondary education (50 percent of the total), and most of them live in sparsely populated areas. The typical family of in-work poor has two adults with two or more children (57 percent), which is larger than the average household in Romania (4.4 people compared with 2.8). Another quarter of them are families with no children. Slightly over half of all in-work poor families have only one earner, but another 43 percent have two earners striving to make a living but remaining poor nonetheless. The large majority of in-work poor combine earnings with social protection transfers (80 percent of the total), the child allowances being the most common form of support. Two-thirds of the in-work poor individuals are male.

Low Work Intensity

The second component of the AROPE aggregated indicator is a measure of work intensity, indicating the proportion of the population that lives in households with very low work intensity (LWI). The importance of this indicator lies in the fact that being out of work is a source of both poverty (through lost income) and social exclusion (less money means fewer opportunities to socialize with friends and/or family, while being out of work can mean losing some social connections).

Romania has a rather low proportion of people living in households with very low work intensity. Only 7.4 percent of the Romanian population under the age of 60 belonged to this category in 2012 (the average for the EU was 10.4 percent). Romania’s oversized agricultural sector combined with the absence of those who migrated for work reduces the pressure on the labor market, which is already unable to offer jobs to everyone, and automatically leads to a low score on the LWI indicator.

Severe Material Deprivation

Between 2008 and 2012, the rate of severe material deprivation\(^\text{13}\) decreased slightly from 32.9 percent to 29.9 percent. Although the overall indicator decreased in value, the decrease was not uniform for all of its components. In fact, for three key indicators (affording a meal with meat or equivalent vegetarian menu every second day, paying for unexpected expenses from own resources, and affording to keep the dwelling adequately warm), the situation has worsened.

People from rural areas, people with lower levels of education, and children face higher risks of being severely materially deprived. Romania is characterized by large disparities associated with levels of urbanization: while in urban areas 24.8 percent of individuals are materially deprived, the percentage is 36.9 in rural areas. Children are affected by severe material deprivation to a higher extent than the rest of the population (38.1 percent); in all other age categories, the percentage of severely materially deprived people is around 28 percent of the population. Deprivation can have various dimensions related to income insufficiency, such as not being able to afford to buy goods and services but it also relates to housing.

At present, the EU is in the process of updating and refining the instrument used for measuring the risk of poverty or social exclusion on the basis of the additional indicators used in the 2013 EU-SILC survey. It is suggested that the Government of Romania should develop strategies for improving the country’s ranking on these new indicators.

People at Risk of Poverty or Social Exclusion (AROPE)

The three indicators discussed above were used to construct a single, aggregated indicator that indicates the number of people at risk of poverty or social exclusion (AROPE). The data for 2013 show that, of the total population, 40.4 percent of Romanians were at risk of poverty or social exclusion. During the 2008 to 2013 period, the AROPE slightly decreased by 4 percentage points. Material deprivation is the main reason associated
with being at risk of poverty and social exclusion, followed by AROP and finally, making only a minor contribution, LWI.

People at risk of poverty and social exclusion are mainly people who are severely materially deprived (32.9 percent of the whole population), people at risk of relative monetary poverty (22.4 percent of the total population) and, to a lesser extent, people living in households where working-age members have a low work intensity (6.4 percent).

### TABLE 4: Percentage of Population at Risk of Poverty or Social Exclusion, 2008–2013

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>People at risk of poverty or social exclusion (AROPE)</td>
<td>44.2</td>
<td>43.1</td>
<td>41.4</td>
<td>40.3</td>
<td>41.7</td>
<td>40.4</td>
</tr>
<tr>
<td>People at risk of relative poverty after social transfers (AROP)</td>
<td>23.4</td>
<td>22.4</td>
<td>21.1</td>
<td>22.2</td>
<td>22.6</td>
<td>22.4</td>
</tr>
<tr>
<td>People severely materially deprived</td>
<td>32.9</td>
<td>32.2</td>
<td>31</td>
<td>29.4</td>
<td>29.9</td>
<td>28.5</td>
</tr>
<tr>
<td>People living in households with very low work intensity (population aged 0 to 59 years)</td>
<td>8.3</td>
<td>7.7</td>
<td>6.9</td>
<td>6.7</td>
<td>7.4</td>
<td>6.4</td>
</tr>
</tbody>
</table>

Source: Eurostat.

### Relative Poverty Forecast (AROP)

The Strategy used a micro simulation model to predict the evolution of relative income poverty (AROP) and anchored poverty between 2014 and 2020 using data from EU-SILC 2012. Three economic growth and employment growth scenarios were simulated corresponding to low, base, and high variants. The model was calibrated to fit the demographic changes expected during this period – a reduction in the total population of about 1 percent, the result of a fall in the working-age population (those aged 20 to 64 years old) by 5 percent and of an increase in the elderly population (those aged 65 years old and over) by 13 percent. A description of the model’s assumptions is included in Annex 2: Assumptions of the Poverty Forecasting Model. According to the model, the expected economic and employment growth between 2014 and 2020 will not be enough to achieve the poverty target except under the optimistic but unlikely high growth scenario. Consequently, the Government of Romania has begun to and will continue to adopt policies that will increase employment and labor income for the poorest 20 percent of the population.

The rate of absolute poverty with an anchored threshold declines in all three economic growth scenarios (Table 5). The simulation model also uses a poverty line equal to the 2012 relative income poverty line fixed in real terms (indexed to the inflation rate). Anchored poverty will decline by 6.6 percentage points between 2012 and 2020 if the low growth scenario prevails. Under the high case (and most unlikely) scenario, Romania will reduce poverty between 2008 and 2020 by 709,000 people, which would exceed the target by 129,000 people.
### 1.2. Main Vulnerable Groups

A number of groups face various forms of social exclusion or are at high risk of exclusion in ways that are sometimes but not always associated with poverty. Because vulnerable groups face particular problems for which generic policies may not work, they often need tailored and integrated services in order to increase their social and economic participation. Identifying and appropriately responding to the particular needs of vulnerable groups is essential for designing and implementing effective social inclusion policies. All vulnerable groups, irrespective of their size, should be offered similar opportunities to reach their potential and become an active part of society. The main vulnerable groups in Romania are:

1. Poor people
2. Children and youth deprived of parental care and support
3. Lone or dependent elderly
4. Roma
5. Persons with disabilities
6. Other vulnerable groups,
7. People living in marginalized communities

A detailed list can be found in Annex 1: Main Vulnerable Groups in Romania. Some are extremely large, while others are much smaller in number (not exceeding a few hundred people nationwide). For example, in 2012-2013, the group of vulnerable people included an estimated 1.85 million Roma, about 1.4 million poor children (aged between 0 and 17), over 725,000 people aged over 80 years old, 687,000 children and adults with disabilities living in households and another 16,800 living in institutions, more than 62,000 children in special protection (either in placement centers or in family-type care), and approximately 1,500 children abandoned in medical units.

This document does not analyze each group separately but focuses on defining area-based and people-based (sectoral) interventions to meet their needs, discussing the specificities of each vulnerable group whenever needed. For

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**Table 5: Projected Relative and Anchored Poverty Rates, 2012-2020**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Relative poverty rate (%)</td>
<td>Low Growth</td>
<td>23.3</td>
<td>22.5</td>
<td>23.1</td>
<td>22.9</td>
<td>22.9</td>
<td>22.7</td>
<td>22.9</td>
<td>22.9</td>
<td>23</td>
<td>23.1</td>
</tr>
<tr>
<td></td>
<td>Moderate Growth</td>
<td>23.3</td>
<td>22.5</td>
<td>23.1</td>
<td>22.8</td>
<td>22.4</td>
<td>22.3</td>
<td>22.5</td>
<td>22.5</td>
<td>22.7</td>
<td>22.7</td>
</tr>
<tr>
<td></td>
<td>High Growth</td>
<td>23.3</td>
<td>22.5</td>
<td>22.8</td>
<td>22.3</td>
<td>22.5</td>
<td>22.3</td>
<td>22.2</td>
<td>22.1</td>
<td>22.2</td>
<td>21.6</td>
</tr>
<tr>
<td>Number of poor (000s)</td>
<td>Low Growth</td>
<td>5013</td>
<td>4805</td>
<td>4625</td>
<td>4577</td>
<td>4572</td>
<td>4525</td>
<td>4558</td>
<td>4551</td>
<td>4564</td>
<td>4576</td>
</tr>
<tr>
<td></td>
<td>Moderate Growth</td>
<td>5013</td>
<td>4805</td>
<td>4625</td>
<td>4557</td>
<td>4472</td>
<td>4446</td>
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<td>4497</td>
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<tr>
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<td>Anchored poverty rate (%)</td>
<td>Low Growth</td>
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<td>21</td>
<td>20.3</td>
<td>19.4</td>
<td>18.8</td>
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<td></td>
<td>Moderate Growth</td>
<td>22.5</td>
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<td>19.9</td>
<td>18.7</td>
<td>18.1</td>
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<td>15.5</td>
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<td>13.4</td>
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<tr>
<td></td>
<td>High Growth</td>
<td>22.5</td>
<td>21</td>
<td>19.6</td>
<td>18.7</td>
<td>17.6</td>
<td>16.3</td>
<td>14.5</td>
<td>13</td>
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Population (‘000s):

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<tbody>
<tr>
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<td>19987</td>
<td>19964</td>
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<td>19904</td>
<td>19873</td>
<td>19842</td>
<td>19810</td>
</tr>
</tbody>
</table>

Source: World Bank estimations based on EU-SILC Data and three main scenarios.

Note: *Poverty line anchored in 2012 indexed to the inflation rate projected for 2013-2020.

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16 Given the likelihood that many Roma respondents do not report their ethnicity on the national census, an alternative set of expert estimates is commonly used. According to the Strategy of the Government of Romania for the Inclusion of Romanian Citizens Belonging to Roma Minority 2012–2020, estimates range from 535,140 (2002 Census), to 730,000–970,000 (Sando, 2005), to 619,000 (the 2011 Census), and to 1.85 million (European Commission, 2011).

17 An analysis of these groups was included in the socioeconomic analysis for programming the European funds for 2014-2020, which was carried out in November 2012 by Romania’s Technical Working Group on Social Affairs and Social Inclusion, coordinated by the MLFSPE.
example, in the education chapter, in addition to the general social inclusion aspects of the sector, special attention is paid to poor children (who do not have the means to attend school), Roma (mainly because of their segregation/discrimination problems), and children with disabilities (because of the lack of educational services adapted for them). Table 6 offers a birds’ eye view of the chapters in which the specific problems of each of the vulnerable problems are tackled.

The main social inclusion and poverty reduction issues identified based on a summary of the aspects presented in this chapter of the Strategy:

- The high share of people whose income is low and insufficient for a decent living compared with the average of the other EU Member States, including a large number of working poor;

- Major gaps between rural and urban residents in terms of access to social services, employment, health care, education, and proper housing;

- Difficulties in achieving full social integration for certain social groups, due to their ethnicity, health, age, social or family background.

Solutions proposed for managing and addressing social inclusion and poverty reduction issues:

- Policies intended to stimulate training, formal employment, labor productivity and workers’ income;

- Measures taken to improve the operation of the social transfer system, to increase the coverage and quality of integrated social services, according to the needs identified at national level;

- Additional measures implemented to increase school attendance rates, to improve education results, and to facilitate population’s access to lifelong learning and training programs;

- Policies intended to improve the quality and equity of and access to health care for the main vulnerable groups;

- Measures contributing to better quality and more accessible housing, including social dwellings, particularly for the vulnerable and the homeless.

The aforementioned solutions will be implemented through the policies and measures further detailed in Chapter 2 – People-based Policies, Chapter 3 – Area-based Policies, and Chapter 4 – Strengthening Institutional Capacity to Reduce Poverty and Promote Social Inclusion.

TABLE 6: Specific Analyses in Each Chapter of Each Vulnerable Group

<table>
<thead>
<tr>
<th>Poor people</th>
<th>Children and youths deprived of parental care and support</th>
<th>Lone or dependent elderly</th>
<th>Roma</th>
<th>Persons with disabilities</th>
<th>Other vulnerable groups</th>
<th>People living in rural and urban marginalized communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
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<td>Social protection</td>
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<td>Social services</td>
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<td>Education</td>
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<td>Health</td>
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<td>Housing</td>
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<tr>
<td>Social participation</td>
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<tr>
<td>Integrated services</td>
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<tr>
<td>Area-based policies</td>
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</tbody>
</table>
2. PEOPLE-BASED POLICIES
2.1. Employment

Despite relatively low unemployment, Romania has a very high rate of poverty for in-work people and widespread informal employment. There is a pronounced and persistent employment gap between the poor work-able population and the other adults. Many marginalized groups in Romania, especially Roma, persons with disabilities, and the long-term unemployed, have markedly lower employment rates than the rest of the population. Although unemployment has barely increased after the 2009 economic crisis, youth unemployment and the proportion of young people not in education, employment or training have both increased.

To tackle poverty and social exclusion in the labor market, the Government aims to create employment opportunities and promote equality of opportunity by: (i) increasing the skills, education, and labor market experience of people who are income-poor and of those from other vulnerable groups; (ii) increasing the employment rate of this segment of population; and (iii) putting in place measures that could increase the wage rate of the target group (such as measures aimed at reducing discrimination).

The main priority in this area should be increasing the employment of the poor and vulnerable by expanding active labor market programs. However, these measures will only be partially effective if they are not accompanied by economic policies on the demand side that create well-paid and sustainable jobs.

Romania’s changing demographics between 2014 and 2020 will dramatically alter the labor market. By 2020, the number of individuals of working age is predicted to decline by 4.5 percent, while the elderly are likely to increase by 13 percent. Romania will have to mobilize all of its potential workers and to invest in their education and skills to make them more productive. This makes it vital to mobilize all of the working-age adults in the poorest quintile who are currently not working although they are capable of doing so. This group represents 26 percent of the total number of adults in the quintile (approximately 730,000 people). One-third of these adults who are not in employment, education, training, or disabled (NEETD) or in early retirement could resume working relatively quickly, whereas another third would need the assistance of active labor market programs (ALMPs) and social services to access the labor market, while the last third is very unlikely to become employed. International studies estimate that about 10 to 23 percent of this group of non-working adults in the poorest quintile could join the labor market by 2020 if they were to receive assistance from ALMPs and social services and if they were allowed to combine their labor earnings with social assistance benefits.

2.1.1. Activating People in Poverty not in Education, Employment or Training

A lack of employment opportunities and low labor earnings are strongly associated with living in poverty. There is a pronounced and persistent employment gap between the work-able population in the poorest quintile and those in the top three quintiles (Figure 1). Among prime-age men (aged 35 to 44 years old), the employment rate is 16 percent lower among those in the lowest quintile than among those in the top three. This gap is even larger for women - about 30 percentage points. Among the 2.8 million working age adults in the poorest quintile (Figure 2), 50 percent are

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18 This group consists of people who are not in employment, education, or training (NEET) and who are not disabled or in early retirement.
20 The definition of quintiles used in these estimations is slightly different than the ones used with data from the EU-SILC. However, the results are very similar regardless of these definitions.
employed (mostly self-employed or in agriculture), about 20 percent are in education, disabled, or in early retirement, and another 26 percent are either inactive or unemployed. About 70 percent of those who are unemployed or inactive rely on social assistance to supplement their income. Among those who work, three-quarters are self-employed, many holding seasonal jobs in agriculture or construction, which reduces their annual earnings.

To see to what extent the increase in ALMPs would reduce poverty, we simulated the effects of such a program on the beneficiaries of Romania’s new consolidated means-tested program, the Minimum Social Insertion Income program (MSII), which is described in the next section. International evidence suggests that the work incentives offered by a new benefit formula for MSII beneficiaries supplemented by tailored job intermediation services and ALMPs could help between 10 and 23 percent of those who currently do not work to work while receiving social assistance benefits. About two-thirds of this effect can be attributed to the new benefit formula of the MSII and the remaining one-third to the provision of tailored job intermediation and ALMPs. In the optimistic scenario in which 23 percent of MSII beneficiaries who are not in employment, education, and training (NEET) find work, relative poverty would decrease by 3 percentage points in 2016, while in the pessimistic scenario (assuming that only 10 percent of the NEETD

![FIGURE 1: Employment and Gender Gap by Income Level, 2011-2012](image)

Source: World Bank calculations based on data from the 2012-2013 HBS.

![FIGURE 2: Working Age Individuals from the Poorest Quintile by Occupation, 2011-2012 (total = 2.8 million)](image)

Source: World Bank calculations based on data from the 2012-2013 HBS.
find work), relative poverty would decrease by 1.4 percent. Employment in return for decent wages is the surest path out of poverty and vulnerability. This draft Strategy sets out a number of policies aimed at increasing the labor market participation of the poor, reducing the seasonality of their employment, and augmenting their income either by increasing their earnings or by allowing the working poor to combine their relatively low earnings with cash assistance.

However, ALMPs can only grease the wheels of the labor market, making social protection more effective, for example, by improving the chances of some vulnerable individuals entering the labor market at the expense of others. They cannot be the principal engine behind job creation, and they cannot combat a lack of labor demand when the economy is weak.\(^{21}\) In order to be effective, ALMPs need to be accompanied by economic policies influencing the demand side, in other words, that create jobs.\(^{22}\)

### 2.1.2. Reducing Informal Employment and Increasing the Productivity of Small and Medium-sized Farms

Unemployment in Romania is relatively low, but informal employment is widespread. In mid-2014, the unemployment level was 6.7 percent and had barely increased since the 2008/09 economic crisis (the unemployment rate was 5.8 percent in 2008 and 6.9 percent in 2009). The employment rate of people aged 20-64 years of 63.9 percent in 2013 masks a widespread informal and low-productivity employment trend. In line with the National Employment Strategy, two key measures will be needed to reduce informal employment: (i) reducing the fiscal and administrative pressures on the workforce (for example, reducing the tax burden and the number of declarations and forms related to employment) and (ii) offering fiscal incentives to attract the unemployed and people from other vulnerable groups (who are more likely to be forced to work in the informal sector).

Self-employed farmers face an even higher poverty risk than the unemployed due to low productivity, low enterprise density, the absence of local markets, limited income support, and an absence of local social services. However, this is also due to the fact that many of these farmers do not contribute to the health insurance system or to the social insurance system to secure a pension.

In order to reduce the imbalance between urban and rural areas, between 2014 and 2020 the government should aim to: (i) improve training for owners of small and medium-sized farm holdings by reestablishing modern versions of agricultural outreach and farmer training schools and by professionalizing farm operations; (ii) provide investment facilities (such as access to credit) for value-added activities of food production or other agriculture-related economic activity; and (iii) promote the consolidation of subsistence farm holdings in the interests of increasing their productivity and sustainability.

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\(^{21}\) OECD (2013: 40).

\(^{22}\) Such policies can range from macroeconomic and fiscal policies, to policies affecting the investment climate, sectoral policies, labor mobility and migration policies, and business development policies (International Labour Office and the Council of Europe, 2007).
2.1.3. Reducing the High In-work People Poverty Rate

Despite relatively low unemployment, Romania has a very high rate of poverty for in-work people, with 18 percent of employed workers being in 2013 below the relative poverty threshold. This is double the EU-27 rate (9 percent). In-work poverty is a direct result of low productivity, the scarcity of formal employment, and weak overall labor demand in the economy. In-work poverty is concentrated in rural areas, mainly in the agriculture sector.23

To reduce the intensity of this problem, the government will aim to: (i) change the methodology of the means-tested benefits to increase incentives to take up formal work and extend coverage of these benefits to low-work-intensity households; (ii) invest continuously in the productivity of low-income workers, either through on-the-job training or through lifelong-learning; and (iii) create labor market regulations and social dialogue to support the ability of workers to negotiate for wages commensurate with their productivity. The introduction of a 50% earning disregards in the MSII benefit formula (described in the next chapter) will make claiming social assistance support while working on low wages possible, effectively extending the coverage of this program to the in-work poor and raising their total income, compared to the current design of the means-tested programs. Over time, the MSII beneficiaries could qualify and obtain tailored ALMPs that will help increase their skills and wages.

2.1.4. Developing the Institutional Capacity and Resources of the Public Employment Service

The National Employment Agency (NEA) (including its professional training institutions) have insufficient staff to be able to serve all job seekers, the unemployed, people who have not found a job after finishing school, those who have a job but would like to change it, refugees or people who are protected by international agreements and are looking for jobs, and people who cannot find a job after being repatriated or released from prison. Furthermore, there are still few institutional links between labor market services, economic development promotion, and education institutions.

The administrative capacity of the NEA should be strengthened for an efficient and effective implementation of active measures, also in marginalized communities and rural areas, with a special focus on the population working in subsistence and semi-subsistence agriculture. In order to better target the people from marginalized communities with employment measures, as well as other measures included in the NEA Strategy and the Operational Programme Human Capital Development 2014-2020 (POCU), the NEA will outsource specific services and create local partnerships. Given the limited resources allocated from the state budget and unemployment insurance budget, all these interventions will be supported by the European Social Fund (ESF) through POCU 2014-2020, priority axis 3, intervention priority 8.ii.

To engage working-age adults who are out of the labor market and make them capable of and available for work, the government will consider several types of activities. For increased employment of persons living in urban marginalized areas and activation of vulnerable groups, it is necessary to develop local employment services (LES) located close to or in these disadvantaged communities. To carry out this activity, the NEA will have increased management and financial resources.

In rural areas, especially in marginalized communities with a high share of non-working adults, the Public Social Assistance Services (SPAS) will be required to offer information about jobs and referrals to ALMPs, and this increase in their workload will require an increase in staff who will need to receive adequate additional training.

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23 To partially address this issue, the Government has gradually increased the minimum wage. The gross wage was increased from RON 800 on July 1st 2013 to RON 850 on January 1st, 2014, then to RON 900 on July 1st 2014 and RON 975 on January 1st 2015. As the minimum wage increased, a larger share of employees received the minimum wage: from an estimated 12% in July 2013 to 27% in January 2015. A proposed increase of the minimum wage to RON 1050 in July 2015 will increase further the share of employees on minimum wage to one third of the total. At this level, additional increases in the minimum wage could reduce employment in the private sector for those jobs with a lower marginal productivity of labor than the (increased) minimum wage. The poverty reduction impact of such measure could be offset by the employment loss among low-productivity, low-wage workers.
These measures will require increasing funding from the state budget and unemployment insurance budget, making better use of resources from the European Structural and Investment Funds (by increasing the absorption rate while using them more strategically), broadening access and service channels to the NEA, and developing assistive devices and technologies for work-related situations, particularly for people with disabilities. It will also be necessary to increase the NEA’s administrative, managerial, and informational capacity to offer quality services for employers and design, deliver, and monitor labor market programs for jobseekers and vulnerable groups.

2.1.5. Increasing Employment Rates for Vulnerable Groups

Many marginalized groups in Romania, especially Roma, persons with disabilities, and the long-term unemployed, have markedly lower employment rates than the rest of the population. This is also the case for women, with the gender employment gap in Romania being 3.7 percent higher than in the EU-28.

The Roma are a young population, and an increasing share of new labor market entrants come from Roma families. Moreover, among those Roma who are employed, their jobs for the most part are unstable and informal.

In Romania, a very low percentage of persons with disabilities are active in the labor market (7.25 percent of people with disabilities between the ages of 18 and 64). However, people with disabilities have the right to work according to their abilities, as do all other citizens, and should be offered additional support in order to prepare for, find, access, retain, or regain employment.

Although unemployment stood at 7.0 percent in 2012 and had barely increased after the 2009 economic crisis, youth unemployment (22.7 percent in 2012) and the proportion of young people not in education, employment, or training (NEET) (16.8 percent in 2012) had both increased since 2009 as a result of the economic crisis. Both figures have recently started to decline, but the NEET rate is still well above the EU average (13.2 percent in 2012). The Youth Guarantee Program is a European program for tackling youth unemployment by providing tailored access to jobs, apprenticeships, traineeships, or continued education.

During the preparation of this Strategy, a set of simulations was used to estimate the impact of introducing this program on young high school and university graduates who are NEET. The simulations showed that fully implementing the Youth Guarantee Program would reduce the overall poverty rate by 0.4 percentage points by 2016. The impact was quite significant when the analysis focused on the target group of the Youth Guarantee Program as poverty among youths aged between 18 and 25 would decrease by 1.7 percentage points, with the decrease being much greater for men than for women.

In order to ensure that vulnerable groups are able to access the labor market, the government should aim to: (i) organize public opinion awareness campaigns in order to reduce discrimination against vulnerable groups, especially Roma, persons with disabilities, and female jobseekers; (ii) design and provide training and re-training courses for various occupations, and ensure building and workplace accessibility to facilitate the employment of vulnerable groups, especially Roma and persons with disabilities; (iii) rehabilitate, modernize and develop existing housing stock, as well as set up and expand the routes and means of transport for the labor market inclusion of the unemployed, especially of those from rural areas; (iv) develop fiscal facilities for entrepreneurs starting businesses in rural areas and creating jobs for disadvantaged groups; (v) guarantee schemes for disadvantaged people from rural areas as well as for youths; and (vi) supporting entrepreneurship activities, particularly for young people.

24 Children and youths aged between 0 and 14 years old – the new generation of labor market entrants – make up almost 40 percent of the total Roma population compared to 15 percent of the general population.

25 In this simulation, the assumption is that all school graduates (high school and university) are offered continuous education, training, or jobs. The focus of the simulations is on those individuals who have finished school in the previous year (the cohort aged 18 to 25 years old) who are unemployed or are out of the labor force. For those with a high school education, we assumed that two-thirds would move into continuous education and one-third into jobs (the individuals most likely to find jobs were estimated expected wages). For those who finished university, the assumption was that 20 percent would go on to training and 80 percent would move into jobs (the same methodology was used to estimate their wages).

26 These recommended policy measures are in line with the Employment Strategy (GD 1071/2013) and the Governmental Strategy for the Development of Small and Medium-sized Enterprises and the Business Environment in Romania – 2020 Horizon (GD 859/2014).
2.1.6. Developing the Social Economy to Increase Employment Opportunities for Vulnerable Groups

Despite the significant amount of EU and Budget funds for funding social inclusion projects, out of which the biggest share is allocated for development of social economy, the efficiency of these interventions remains questionable. Between 2007 and 2013, the government allocated over €600 million to the social inclusion. In addition, providers of social economy initiatives tend to concentrate their activities in the most developed areas of Romania, meaning that the poorest localities have fewer projects.

In order to increase the role played by the social economy sector, between 2014 and 2020 the government aims to: (i) facilitate access to European funds available to support the social economy sector; (ii) develop the necessary legislation required for the sustainable development of the social economy; and (iii) encourage NGOs to get more involved in these activities, by offering financial support through PA4 from POCU 2014-2020 for the following actions:

- Financial support for the implementation of active aging measures, such as social enterprise jobs for the elderly;
- New and strengthened partnerships with relevant labor market stakeholders from the education/health care/social assistance sector or from local/central government with a view to increasing involvement in the delivery of services to vulnerable groups;
- Support and cooperation networks and partnerships created for sharing good practices and information, capacity building activities and know-how transfer with other communities and relevant stakeholders from Romania or other Member States;
- Counseling and accompaniment for vulnerable people and increasing the accessibility of workplaces within social enterprises;
- Tools developed for a better understanding of the sector and improved visibility of social economy – including initiatives intended to promote the social brand and raise awareness of social economy-specific forms of action.

27 By identifying the relevant areas of financing interventions for all types of social economy entities and by providing technical assistance to NGOs and other social economy entities to prepare and submit their financing proposals for European Funds.
2.2. Social Transfers

Existing means-tested programs have low coverage, and their budget has shrunk disproportionately more than the budget for non-targeted, categorical projects since 2011. Means-tested programs are small and fragmented, and insufficiently connected to social services to increase the chances of beneficiaries to be socially included. Romania is faced with unprecedented demographic aging of its population, which puts significant pressure on the pension, health and elderly care systems. The electricity and gas tariffs have been increasing; this evolution increases the energy burden on consumers, especially poorer households. In this context, a policy has to be designed and implemented, under the MSII program, to prevent and combat energy poverty, caused by the lack of financial means to cover the cost of electricity, gas and other raw materials needed to ensure proper living conditions for poor or vulnerable people and families.

The goal of social protection is to ensure the incomes of those in vulnerable situations and/or who cannot work (such as the elderly, persons with disabilities, or children deprived of parental care), to guarantee a minimum income floor for the poor population, and to provide cash benefits to the poor in return for them meeting their co-responsibilities. The main co-responsibility for adults able to work is to find a job on their own or with the help of active labour market programs. The key policy initiatives recommended in the area of social protection are: (i) the introduction of a single program for the poor, the Minimum Social Insertion Income program (MSII), and (ii) an increase in the overall social assistance budget allocated for the poor.

2.2.1. Improving the Performance of the Social Transfers System

The social assistance system in Romania has strong foundations and has undergone a series of gradual improvements over the last four years during the implementation of the government’s Social Assistance System Modernization Strategy. The main objectives of the strategy, which have largely been achieved, have focused on: (i) improving equity in the social assistance system; (ii) increasing administrative efficiency by reducing the administrative costs of the system and the private costs for applicants; (iii) reducing error and fraud; (iv) developing a performance monitoring system; and (v) improving the training of and quality of services offered by the staff employed in the social assistance system. It is very important to build on the results achieved so far and to continue the activities that are achieving these objectives.

2.2.2. Increasing the Importance of Programs Targeting Vulnerable Groups

By 2011, the budget for means-tested programs had shrunk disproportionately more than the budget for non-targeted, categorical programs and has not recovered since (Figure 3). In 2014, means-tested programs accounted for only 17 percent of the total budget allocated for social assistance. To increase the poverty reduction of the social assistance budget, the government has analyzed the potential for increasing the budget of means-tested programs as well as their share of the overall social assistance budget. This process started in 2014, with increases in the budgets and benefit levels of the Guaranteed Minimum Income (GMI) and the Family Support Allowance (FSA) programs (among other reasons, to mitigate the impact of increased energy tariffs on the poor) and with a doubling of the FSA benefit.
level in October 2014. After the introduction of the MSII program, the budget for means-tested programs will be further increased from RON 1.2 billion in 2014 to RON 2.2 billion in 2016 and then to RON 2.5 billion in 2017 and will be maintained at this level in real terms thereafter.

2.2.3. Increasing the Efficiency of Social Transfers and their Role in Activating Vulnerable Groups by Introducing the Minimum Social Insertion Income Program

Romania has three means-tested programs that support the income of the poorest people – the Guaranteed Minimum Income (GMI), the Family Support Allowance (FSA), and the Heating Benefit (HB). The GMI is targeted to the poorest 5 percent of the population, the FSA to families with children in the poorest three deciles, and the HB to families in the poorest 60 percent of the income distribution. Although these programs are targeted to the population with low incomes and means, the eligibility criteria vary from program to program.²⁸

The current means-tested programs cover only between one-quarter and one-third of the poor; in combination, they cover 46 percent of the population from the first quintile during April to November and 62 percent during the cold season during November to March (Table 7). The reasons for the low coverage are: (i) the high private costs of applying for such benefits relative to their value; (ii) some of the asset tests introduced to keep high-asset households out of the program, which still exclude a large number of genuinely poor households; and (iii) a lack of awareness on the part of potentially eligible people about the availability of such benefits.

²⁸ Before November 2013, each of the three programs used a different means-test procedure. However, since November 2013, all three programs use a single methodology to test the means of the households (formal income, imputed informal agricultural income, and asset filters). However, other differences in eligibility criteria remain in terms of the assistance unit (household or family), whether or not an equivalence scale is used; the recertification period (three months for the GMI and the FSA and the cold season for the HB); and the payment method (directly to the beneficiary or transferred to the service provider in the case of district heating users).
TABLE 7: Share of the Population in the Poorest Quintile Benefitting from Means-tested Programs

<table>
<thead>
<tr>
<th>Coverage of the poorest quintile</th>
<th>Cold season</th>
<th>Rest of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed Minimum Income</td>
<td>24.7</td>
<td>24.7</td>
</tr>
<tr>
<td>Family Support Allowance</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Heating Benefit</td>
<td>39.2</td>
<td>n.a.</td>
</tr>
<tr>
<td>Total</td>
<td>61.9</td>
<td>46.3</td>
</tr>
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</table>

Note: Coverage statistics have been corrected for under-reporting.

In response to this low coverage, the government has simplified access to these programs and increased their benefit levels. The new measures have included unifying means-testing criteria and streamlining asset filters to reduce inclusion errors in November 2013, increasing the generosity and expanding the coverage of means-tested programs to mitigate energy shocks in June 2014, and in December 2014 doubling the FSA benefit for poor families with children and increasing support for children deprived of parental care. However, these measures have only partially overcome the existing impediments.

To increase the poverty reduction impact of the means-tested programs, the Government of Romania is preparing a legislative and regulatory framework to consolidate the three current means-tested programs (the GMI, the FSA, and the HB) into a single program – the Minimum Social Insertion Income (MSII) program. The new consolidated program will became the key anti-poverty program in Romania. Its main features will be: (i) an increase the budget of the MSII compared to the combined budgets of the current programs to ensure that social assistance funds cover most of the poor and (ii) the introduction of a benefit formula that gives recipients an incentive to find work (by making it a co-responsibility or condition of receiving the benefits). The program is expected to become operational at the beginning of 2016. The program will be crucial for achieving the poverty reduction target assumed by Romania under the Europe 2020 strategy.

The implementation of the MSII program is expected to yield many benefits for applicants and for public administration institutions, compared to the current situation:

- By increasing the budget allocated for this program over and above the combined budgets of the current programs, MSII program will cover more of the poor and will provide more generous assistance to its beneficiaries. This will restore the balance of social assistance spending between targeted means-tested programs on the one hand and categorical programs on the other. Increasing both the absolute and relative budget devoted to a single means-tested program will have a stronger poverty reduction impact than the three current means-tested programs have had. The MSII program will be able to cover a larger share of those in the lowest quintile (roughly, the poorest 20 to 22 percent of the population). The current means-tested programs cover only about 10 percent of the population. Through legal endorsement of this new means-tested program (which will exempt a share of the current labor incomes of members of beneficiary families), the MSII will cover a larger fraction of in-work poor than the GMI, FSA and HB and will also give work-able adults who are currently not working and are living on social assistance an incentive to look for work by allowing them to keep receiving social assistance while they work. Technically, the new formula will replace the provisions of the Guaranteed Minimum Income program, which puts a 100 percent marginal tax rate (MTR) on earnings, with a benefit formula that will have an MTR of around 50 percent. According to the relevant literature, between 7 percent and 17 percent of work-able adults who are NEET, could go from receiving assistance to being employed or could get a job while still receiving a lower level of assistance under this benefit formula.

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29 Gerard (2013) and Bachas (2013).
The adoption of a benefit formula that exempts part of labor earnings will open the program to a larger number of in-work poor, given that the households with adult members who work will have higher eligibility thresholds than household whose adult members do not work.

By strengthening the conditionality elements of the current programs to encourage active job searches and keeping children in school, the MSII program is likely to increase the school attendance and improve the school outcomes of the children of the beneficiary families as well as increasing the employment rate of work-able adults.

Consolidating three rather small means-tested programs into a single program will reduce the information needed to process applications. This, in turn, will reduce the administrative costs of the system, the private costs incurred by beneficiaries, and the scope for error and fraud.

The introduction of a performance management system for the MSII program will make it possible to track the following: whether the program achieves its desired positive outcomes (in other words, reduces the income poverty of the beneficiaries, increases the school attendance of beneficiary children, and increases the employment and earnings of work-able beneficiaries); whether the delivery costs are reasonable (by tracking administrative and private costs); whether the program identifies correctly the poor; and whether the program maintains low rates of error and fraud.

EU structural funds can be used to stimulate employment among low-income households by reducing the MTR on earnings, introducing bonuses for occupational and geographical mobility, and developing other ALMPs and remedial services that will reduce the barriers to employment for the poorest in Romania.

From an operational perspective, the MSII will provide the government with a tool to identify the poor (using the EU definition of relative income poverty - the AROP), including the poor and extreme poor in marginalized areas. With this unique, efficient, and effective tool, the government will be able to target other sectoral policies to this target group. Such a policy will be the one on e-inclusion, aimed at the digital social inclusion of disadvantaged groups via Public Information Access Points (PIAPs) set up to ensure the digital literacy of beneficiaries (training and skills development for the use of information technologies and the online environment) and their effective access to the IT infrastructure. This would increase labor market access for the poor thanks to the newly acquired skills and easier and faster job identification.

Gradually, the MSII program will expand its menu of interventions to provide not only cash with co-responsibilities, but also services. The current delivery systems for cash benefits and services operate in parallel, missing important synergies and diminishing the impact that these interventions could achieve on their beneficiaries. The design of the MSII envisages complementarities between the cash component and social services (such as employment, education, health and housing services). The identification mechanism of MSII program will be used to increase the access to and the take up of services among the poor people (see Table 8). International evidence suggests that the coordination of cash assistance with the provision of social services for the poor improves the living standards of the beneficiaries and helps them graduate faster out of poverty.
**TABLE 8: MSII Program, a paradigm shift in the provision of cash assistance and social services: from parallel to complementary provision**

<table>
<thead>
<tr>
<th>Link with:</th>
<th>Mechanisms for the provision of services</th>
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<tr>
<td>Employment services</td>
<td>The MSII program envisages a strong activation component based on the following elements: (i) increased coverage of the in-work poor by exempting a share of the current labor incomes of members of the beneficiary families, both from agricultural and non-agricultural activities; (ii) allowing the local authorities to replace community work with training and life-long learning courses for increasing employability of the beneficiaries; (iii) capping the total benefit per family to a ceiling linked to the minimum wage (e.g. 75% or 80%), to maintain work incentives and reduce the stigma attached to the current GMI.</td>
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<tr>
<td>Education and children’s health</td>
<td>The MSII program will include a benefit for children from beneficiary families, conditioned, according to the child age, by: (i) participation in the national program of compulsory vaccination, for children aged 0-1 years; (ii) participation in kindergarten with an attendance rate of 100%, with only official certificates from the family physician being accepted for absences, for children 3-5 years; (iii) participation in school, with an attendance rate of 95%, with only official certificates from the family physician being accepted for absences, for children 6-16 years. During the months when the conditionality is not fulfilled, the allocation is suspended. The benefit, however, will be awarded on an individual basis, i.e. will not be suspended for a child in cases where siblings are not attending doctor, kindergarten or school, thus diverging from the design of the current Family Support Allowance (FSA).</td>
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<tr>
<td>Housing services</td>
<td>The MSII program will include a housing component for families living in social housing, besides the heating subsidy targeting low-income families living in their own dwellings. This housing benefit for beneficiaries living in social housing will cover the cost of rent and a part of the heating-related costs. In this way, the MSII program will address the excessively high housing cost overburden rate and prevention of homelessness, especially through evictions.</td>
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<tr>
<td>Social services for vulnerable groups</td>
<td>The MSII program will cover a larger proportion of poor population, but also to address better the problems of vulnerable groups. The MSII will not take into account in the administrative definition of household means some social benefits linked to specific risks and vulnerabilities, e.g. the allowance for persons with disabilities or the allowance for children in foster care.</td>
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</table>

The implementation of the MSII program, and its performance management system, will represent an opportunity to better coordinate and to reduce the administrative costs of the existing social programs. For example, all children from a MSII beneficiary family may be accepted to the national program of school supplies (financed from the Fund for European Aid to the Most Deprived - Fead) based on a simple paper issued by the Public Social Assistance Services (SPAS) instead on the standard file, which often is too complex and costly for poor and low-educated parents. In this way, the access and participation of poor children to national programs will no longer depend only on the parents’ knowledge and interest.

Given the interrelated components of the MSII program, implementation of the program will require strong inter-ministerial coordination between the Ministry of Labor, Family, Social Protection and Elderly, Ministry of National Education (through school inspectorates), Ministry of Health, Ministry of Regional Development and Public Administration and Ministry of European Funds.

The proposed increase in the MSII budget targeted to the poor is likely to have a significant impact in terms of poverty reduction and will significantly increase the chances that Romania will meet its national poverty target before 2020. This policy initiative, which has been already announced by the government, will increase both the number of beneficiaries of means-tested programs and the benefit levels that they receive. Moreover, given the increase in funds, the coverage of households in the poorest quintile can be expected to increase from the current level of 60 percent (based on HBS data from the National Institute of Statistics as well as administrative data) to about 80 percent, with progressive coverage and larger benefit levels for the poorest. Simulations have shown that this increase
in the budget will have a major impact on poverty in all economic scenarios (Table 9, row A). Assuming a moderate economic growth projection, relative poverty will decrease by about 4.8 percent from 22.8 percent in 2014 to 18.1 percent in 2016. The simulations show the program having a similar impact on absolute poverty (with the poverty line anchored in 2012 indexed to the inflation rate).

**TABLE 9: Likely Evolution of Relative Poverty after the Implementation of the MSII Program**

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<tr>
<td>Status quo</td>
<td>22.6</td>
<td>23.1</td>
<td>22.8</td>
<td>22.5</td>
<td>22.4</td>
<td>22.6</td>
<td>22.5</td>
<td>22.8</td>
<td>22.8</td>
</tr>
<tr>
<td>A. Increase in budget</td>
<td>18.1</td>
<td>17.8</td>
<td>17.9</td>
<td>18.7</td>
<td>18.7</td>
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<tr>
<td>A+B1. Income exemption in MSII causing 7 percent of the NEETD to move into jobs</td>
<td>17.0</td>
<td>16.6</td>
<td>17.1</td>
<td>17.8</td>
<td>17.9</td>
<td></td>
<td></td>
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<tr>
<td>A+B2. Income exemption in MSII causing 17 percent of the NEETD to move into jobs</td>
<td>15.7</td>
<td>15.3</td>
<td>16.1</td>
<td>16.4</td>
<td>16.6</td>
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Source: World Bank estimations using data from the 2012 EU SILC. Note: NEETD = Not in employment, education, training, or disabled.

The MSII will have a benefit formula that will exempt 50 percent of wages and other labor earnings and 25 percent of presumed agricultural profit. This means that, for families who receive a formal income, the more they work, the higher the effective eligibility threshold and benefit will be. Therefore, we assumed in our simulations that the beneficiaries who enter employment will earn only minimum wage and will get an increment to their income of half of the national minimum wage per month. We also assumed that most of the people who will enter employment will come from the poorest quintile (70 percent) while the others will come from the other quintiles. For this measure, we simulated an upper bound (17 percent of the NEETD who benefit from the MSII enter employment) and a lower bound (7 percent of the NEETD who benefit from the MSII enter employment) (Table 9, rows A+B1, A+B2). The individuals from the lowest quintile were selected based on propensity score matching (those with the highest chances of being employed get employed), while those from the second to fifth quintiles were selected randomly. This measure estimated that poverty would be reduced even further by 1.1 to 2.4 percentage points in 2016.

### 2.2.4. Providing Adequate Financial Support for the Persons with Disabilities at Risk of Poverty or Social Exclusion

Romania has a complex system to support people with disabilities with three main sources of support. First, individuals who lost their ability to work while they were in formal employment benefit from a disability pension (a cash transfer) and rehabilitation services. These services are financed by social security contributions and are provided by the Pension House, which supports about 700,000 people (at an annual cost of about 1 percent of GDP. Second, all individuals with severe, mild, or moderate disabilities receive allowances (a cash transfer), free or subsidized provision of equipment to ensure their social inclusion, and rehabilitation services (including caregivers). The provision of these services is decentralized to the local authorities, and they benefit about 680,000 people. The cash transfer payments only amount to 0.4 percent of GDP. These services are financed by both national and local government revenues. Third, there is a system of institutionalized care, which supports about 17,000 people. This system is also financed by both state and local budgets.

The first priority for the government in this area is to unify the institutional framework for beneficiaries of invalidity pensions and disability allowances, which often are the same individuals. The operation of two separate sources
of support for the non-institutionalized disabled poses a number of challenges. The two systems cater to the same beneficiary group, but they treat beneficiaries differently (different medical and functional criteria apply to pensioners than to beneficiaries of allowances), have different points of entry into the system, and separate staff. The level of duplication is high and increasing. As of 2012, about 30 percent of the disability allowance beneficiaries were also receiving disability pensions, and at the household level, the level of duplication was even greater. More than half of the disability allowance recipients also receive some type of pension.

Overall, the operation of two separate systems to certify an applicant’s disability is inefficient for both beneficiaries and taxpayers. Because of different eligibility criteria, applicants face inequitable access to rehabilitation services, and if they need to apply for both kinds of benefit, then they incur double the private costs to do so. From the perspective of the taxpayers, having two systems results in inefficient use of scarce administrative resources, higher administrative costs, poor information management (which translates into poor policymaking). In addition, it does not provide all disabled people with the same set of rehabilitation services.

The process of correcting these institutional issues is already in progress, in order to simplify access to the disability support system, and to make the most efficient use of scarce administrative capacity. In this context, the aims are to: (i) harmonize the medical criteria in the disability assessments for the invalidity pension and the disability allowance and (ii) unify the institutional framework to create a single delivery channel to serve all people with disabilities. The new system will improve the lives of people with disabilities in a number of other ways as well. It will include individual assessments of both types of beneficiaries (pensioners or recipients of allowances) to find ways to improve how they function in their social environments. It will also improve the system for referring patients to rehabilitation services. It will be more equitable and accurate, so that only the most deserving individuals will be included, and it will increase the overall efficiency and effectiveness of the system.

The government’s second priority is to maintain the purchasing power of the cash allowances for persons with disabilities. The majority of people with disabilities live in families that are faced with significant economic and social difficulties. Moreover, in the families of severely disabled people, the usual practice is that one of the parents leaves his or her job and becomes a personal caregiver for the disabled child. A 2010 study related to the quality of life of children and youths with physical disabilities showed that 89 percent of the personal caregivers for these people are family members. Among these families, only 20 percent of the respondents said that their level of revenue is sufficient for a decent quality of life. The mono-parental families are numerous, and their risk of poverty is often high, particularly when the families have two or more disabled children. The lack of indexation of the cash benefits for people with disabilities over the last four years has compounded their hardship. To address these issues, the government has passed a law increasing the quantum of disability allowances (by 16 percent).

The government’s third priority is to improve the disability assessment and (re)habilitation and support services. The government will work to improve the existing disability assessment system to ensure that they take account of the real needs of people with disabilities. This will mean designing a holistic system that simultaneously takes into account both personal and environmental factors and the individual’s life habits and choices.

2.2.5. Protecting Elderly People at Risk of Poverty or Social Exclusion

Romania is faced with unprecedented demographic aging of its population brought about by steady increases in life expectancy and declining fertility rates. These two demographic trends are rapidly changing the age structure of Romanian society. This process is being further accelerated by strong net emigration, particularly among the younger population.

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30 ASCHF-R (2010).
31 This topic is discussed extensively in the social services chapter.
32 According to Eurostat’s population projections, Romania’s working-age population is projected to decline by 40 percent by the year 2060. Its old-age dependency ratio, in other words, the ratio between the number of older people (aged 65 and over) and the number of working-age people (aged between 15 and 64) is projected to double over the next four decades.
This demographic change will impose increased fiscal pressures on the public pension system, on healthcare services, and on long-term care at the same time as labor tax revenues will be increasing. The number of elderly people is projected to increase both in absolute numbers and as a proportion of the total population, resulting in increased demand for health and long-term care services, raising difficult questions about how to meet the growing needs of the elderly. At the same time, the projected decline in the proportion of the population contributing to economic output could result in lower growth in per capita income and could dampen overall economic growth.

To mitigate the risks triggered by this aging of the population, we recommend that the government implement policies to:

- **Ensure longer, healthy life-spans and careers for the vulnerable working-age population.** Fiscal pressures are likely to lead to a low internal rate of return on pension contributions in the future, requiring even longer contribution periods and higher contribution levels in order to achieve adequate pensions. This may put a significant proportion of future pensioners at risk of poverty. Women are especially vulnerable because they usually spend fewer years in paid employment and earn lower wages (thus accumulating smaller pension entitlements). Also, they often outlive their partners and end up living alone and face higher living costs as a result and thus are at a higher risk of poverty and social exclusion. In order to address this problem, the aim is to ensure that an adequate level of pension income is provided to those elderly people with short formal careers and low wage incomes as well as for elderly people living alone. In addition, it is vital to find ways to increase the length of working careers in the formal sector and to increase the employment or earning capacity of vulnerable groups.

- **Review social pension policy.** Low coverage by the pension system of the working-age population, especially in rural areas, will eventually lead to a large segment of elderly people who are not eligible for contributory pensions and thus at risk of poverty. This will, in turn, put strong pressure on social assistance programs. Therefore, there is a need to expand pension system coverage and to ensure an adequate level of income for elderly people with no rights to a contributory pension.

- **Review legislation regarding anticipated pensions and the future pension age.** The problems involved in reducing the number of anticipated retirees and raising the pension age are being further explored and properly documented at the national level. The preconditions for these measures need to be carefully put in place and programs need to be developed and adapted to prepare for this transition.

### 2.2.6. Protecting Poor and Vulnerable Consumers against Energy Shocks

Vulnerable consumers are those living in income poverty as well as select groups (such as single people and the elderly) from the lower-middle-income part of the distribution. In the last years, the electricity and gas tariffs have gradually increased in order to be aligned with the EU tariffs. This is increasing the energy burden on consumers, especially poorer households.

Poor and lower-middle-income consumers will continue to receive social assistance benefits that will compensate them for a proportion of their heating costs during the cold season. The current mitigation measures to protect the poor against increases in their heating costs during the cold season include top-ups in means-tested programs (the Guaranteed Minimum Income and Family Benefit programs) plus seasonal support via the Heating Benefit program. The latter program was recently reformed to cover consumers whose only option is to heat their houses with electricity in addition to the existing coverage of users of wood, gas, and district heating. This program will be continued under the auspices of the forthcoming MSII program to combat energy poverty and ensure decent living conditions for the poor and the vulnerable.
2.3. Social Services

Over a third of the rural localities and ten percent of the small cities do not have public social assistance services. Integrated services, involving social protection, employment, education, healthcare, and other public services (needed to provide support to families and children in extreme poverty) are sparse. There is a strong fragmentation and lack of coordination in the specialized services sector, especially in rural areas and services for adults. Needs assessments and management information systems in the social services sector are still deficient and are rarely used to inform local decision-making policy and practice.

“Government’s goal is to ensure the development of a national network of social services of good quality, adequately distributed in the territory and accessible to all potential beneficiaries at national level.”


Social services, according to Law 292/2011 on social assistance (Article 27/1), represent the activity or group of activities carried out in response to social needs as well as to special, individual, family, or group needs aimed at overcoming difficult situations, preventing and fighting social exclusion, enhancing social inclusion, and raising the quality of life. In this section, the focus is on social services within the social assistance system, given that the other types of services (such as employment, education, health, justice, and housing) are discussed in other chapters.

The development of social services has been a strategic goal of the Government of Romania since 2006 and will continue to remain as such until 2020. Since 1990, the state, local authorities, NGOs, and commercial businesses have developed a wide spectrum of personal social services for all vulnerable groups throughout Romania, but both primary and specialized personal social services need to be strengthened and enhanced.

At present, the national social assistance system is a structured system that completed the following key phases:

- Adoption of legislation providing for a diverse set of funding instruments including public funds through a direct but also competing (directed to the private organizations) financing;
- A shift in 1998 in the kind of programs funded by the MLFSPE from those setting-up or re-organizing day care and residential services to those supporting their running costs (in parallel with the setting up of new services), especially salaries and the training of specialists;
- Adoption of a regulation setting up a quality assurance mechanism for social services;
- Adoption of regulation governing specific professions in the field (such as social workers and psychologists in 2004);
- Ratification of the European Social Charter (1998), which stipulates the individual’s right to social services provided by qualified social workers;
- Adoption of legislation governing the social work system (in 2001, 2006, and 2011), which provides strategic planning of social assistance measures as a

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33 This definition of social services is compatible with the most widely used approach in the EU, that of personal social services (Munday, 2007: 10). In Romania, social services are general services organized in a various forms/structures, according to the activities carried out and to the particular needs of each category of beneficiaries (Law 292/2011, Art. 27/2).
34 Government of Romania: Social Services Strategy 2006-2013, GD 1826/2005
35 Including a separate budgetary section for social services (1996) and child protection services (1998) in the local budgets; the first Local Budgets Law (after 1989); the setting up of social services as local public interest services (1996, 2001, through the Local Public Administration Law); the setting up of child protection services at the county council level as an optional (GD 1159/1996) and mandatory (GD 205/1997) responsibility. Recognition of social service providers as local public interest providers (2001). Increased accountability of local public authorities for setting up, organizing, and financing social services (2003).
rapid response to economic, demographic, and social changes.

An extensive, coordinated, and integrated network of services is needed to address most of the most persistent social problems in Romania, such as children’s precarious nutritional status, the neglect and abuse of children, early school leaving, and weak early childhood educational programs. These problems also include youth unemployment, insufficient primary and preventive health services, underdeveloped social housing, and a lack of support services for a wide range of needs (such as disabilities, drug addiction and alcoholism, domestic violence, homelessness, and ex-prisoners). Monetary poverty further deepens the various vulnerabilities, but cash transfers alone cannot solve existing social problems. Social benefits (both cash and in-kind) must provide recipients with a secure income, and therefore any reforms of the system will need to consolidate and optimize these kinds of support. While income support (cash transfers) are crucial given the high level of poverty and material deprivation in Romania and the fact that families with young people and children are most at risk, many vulnerable groups also require social services that cover their specific needs. Therefore, support packages for most vulnerable groups should be developed that integrate cash benefits with social services with the aim of promoting their full inclusion into society.

The development of social services is needed as much as there is a high potential for growth of demand, given the main demographic evolutions. Eurostat data based on the 2011 Census show that Romania is among the top five European states experiencing demographic decline caused both by negative natural population growth and migration. Although almost half of the population lives in rural areas, only 24 percent of the social services are located in rural areas, and only 6 percent of the subsidies from the state budget for associations and foundations (Law no. 34/1998) goes to services in rural localities. The ageing of the population in rural areas together with the optional pension insurance for farmers (2010) as well as youth and adult migration for labor abroad, are expected to result into an increase in demand for social services from elderly people and children left at home. In Romania, the tradition of families being responsible for providing care is still strong, although the large numbers of working-age persons migrating overseas for work has left an increasing number of children and older people without family support. Over the next few years, outmigration (particularly of women) is likely to have an even greater impact on the need for and supply of social care service.

The development of social services must be framed within a coherent policy based on an inclusive approach designed to support individuals within families and communities, especially in the context of regionalization and financial and administrative decentralization. To this end, the Strategy identifies six main objectives: (1) increasing the social responsibility in social services; (2) improving needs assessment and information management systems and ensuring their alignment with local decision-making policies and practices; (3) improving financing for social services; (4) strengthening and enhancing social assistance at the community level; (5) developing integrated intervention community teams, particularly in poor and marginalized communities; and (6) developing services for vulnerable groups, including children and people with disabilities, elderly people, and other vulnerable groups. These objectives are treated in the next sections.

38 According to the new NUTS classification (common classification of territorial units for statistics), Romania has two counties that are predominantly urban (with rural populations of less than 20 percent), 15 intermediary counties (with rural populations of between 20 percent and 50 percent), and 25 counties that are predominantly rural (with rural populations of more than 50 percent). http://ec.europa.eu/eurostat/statistics-explained/index.php/Urban-rural_typology_update
39 Social services are set up in a decentralized system (2003) and, therefore are not subject to decentralization process (2006). Thus an amendment to the Law no. 195/2006 on decentralization is needed.
2.3.1. Fostering the Mechanisms to Increase Social Responsibility in Social Services

The participatory involvement of beneficiaries is critical to the success and sustainability of social services provided within a community. It is also necessary to ensure that social assistance interventions have a positive impact. Romania does not yet have any clear guidelines for involving beneficiaries in the decision-making process for social services. Therefore, the government should develop specific measures in line with other forms of consumer rights protection to ensure that beneficiaries can have a say in decisions related to the planning, development, management, and evaluation of all types of social services. Social responsibility also involves the responsibilities and liabilities of social service providers towards their beneficiaries as well as the need to implement mechanisms for handling and addressing complaints and petitions.

The role played by private providers and NGOs in delivering and developing of social services needs to be increased at both the national and local levels. The existing public-private partnerships have evolved positively over the years in terms of both the number and size of their activities. The government aims to provide greater support to NGOs that are delivering social services as well as to develop adequate contracting procedures with the objective of increasing the number and improving the quality of social services available to communities as well as to a significant number of vulnerable and excluded people.

Moreover, in drawing up the secondary legislation for Law no. 292/2011, the MLFSPE is: (i) Drafting the special regulations under which for-profit providers are entitled to deliver social services (differentiating among them by type of contract rather than by type of enterprise; (ii) Ensuring its compliance with the Directive on services in the internal market (2006) and the obligation to have a unique contact point (GEO 49/2009); (iii) Taking into account analysis on different types of public-private partnerships in the field of social services in line with the Directive on public procurement and the law on public-private partnerships (for instance, analysis of how the Romanian Social Development Fund chooses which groups from poor rural communities can initiate income-generating activities or small infrastructure projects); (iv) Simplifying accreditation procedures for social service providers (online registration with subsequent confirmation); organizing the registry by region so that the future regional authorities could take it over when they will undertake the responsibilities from the central government; (v) Improving the Nomenclature of Social Services (specified at NACE level 4, including a short description of responsibilities, specifying the type of economic provider that is allowed to provide the services in question); (vi) Including the obligation of recording the funding contract in the land registration with the procedure applied for investments in daycare and residential centers, to ensure the sustainability of the investments; (vii) Abolishing the need for foreign non-profit entities to obtain prior consent from the government to operate in Romania and formally recognizing the public utility of private social services providers (supplied by local and county councils or through intercommunity/regional partnerships).
2.3.2. Improving Needs Assessments and Information Management Systems, as well as Ensuring Their Alignment with Local Decision-Making Policies and Practices

Needs assessments and information management systems in the social services sector are still deficient and are rarely used to inform local decision-making policy and practice.\(^{40}\) One of the main obstacles to the development and monitoring of social services is the dearth of data on local social problems, particularly on the needs of specific groups, on what services are available, and on referral patterns. The existing services are not regularly evaluated or adjusted according to the findings of the evaluation. There is no local, county or regional plan to guide social services providers and there is no national methodology for carrying out community needs assessments and local strategic planning of social services involving all key stakeholders, and local authorities do not have enough knowledge or capacity for these tasks, especially in rural and small urban areas. As a consequence, over the past decade, social services (including prevention services) have mostly been managed by the county authorities (through the County Directorates of Social Assistance and Child Protection or DGASPC) instead of by the local communities themselves. Consequently, the monitoring and evaluation (M&E) of social services needs to be improved in order to make the social service system more accountable, relevant, and efficient. The current database (national register) of service providers is limited and is not yet fully operational for a range of functions that would support data collection and the documentation of public policies. It will be essential to invest in a complex e-social assistance system to ensure the effective planning and M&E of social protection benefits and services. This aspect will be discussed in the final chapter of the Strategy.

2.3.3. Improving the Financing of Social Services

Romania’s social protection efforts are still the weakest in the European Union, even though more funds are increasingly becoming available for these efforts. The analysis of the data available in the European system of integrated social protection statistics (ESSPROS)\(^{41}\) showed that social protection spending\(^{42}\) as a percentage of GDP is considerably lower in Romania than in developed European countries on both cash and in-kind benefits (goods and services) (Figure 4). Expenditure on cash benefits in Romania increased during the global financial crisis as in the rest of Europe, but in-kind services in Romania have continued to receive a steady 4 to 5 percent of GDP compared with an EU-15 average of 8 to 10 percent (or an EU-15 average of more than 10 percent with an increasing trend after 2008).\(^{43}\)

Despite the government’s efforts to finance social protection at satisfactory levels, the crowding-out effect of the cash transfers budget has resulted in the severe curtailment and neglect of services, further exacerbated by the global crisis. At the moment, the local authorities, the DGASPC, and not-for-profit providers do not receive sufficient funds from the state budget to develop social services.

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\(^{40}\) Law no 292/2011 sets out the responsibilities of local public authorities to plan the contracting out of social services based on community needs, to conduct an inventory of existing social services and of their efficiency, to collaborate with public and private service providers in developing the criteria for identifying the types of social services to be contracted out, to include the contracting program in their annual action plans on social services, and to include the necessary funding in the local budgets.

\(^{41}\) ESSPROS aggregates data on countries’ expenditures on social protection from national administrative data sources based on a methodology that allows for comparisons between European countries. These data were extracted on August 29, 2014.

\(^{42}\) Social protection encompasses all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved. The set of eight risks (or needs) include: (1) sickness, medical care; (2) disability; (3) old age; (4) loss of a family member; (5) children and families; (6) unemployment; (7) housing; and (8) social exclusion not classified in other categories, such as rehabilitation of substance addicts. Cash benefits are cash payments to protected people and the reimbursement of expenditures made by protected people. In-kind benefits consist of goods and services directly provided to protected people (Eurostat manual, ESSPROS 2011: 9).

\(^{43}\) In-kind services are increasingly a favored tool of governments across the OECD. Over the past 20 years, total spending on social services has been steadily increasing, whereas spending on cash transfers has been stable. In the OECD countries, spending on social services is likely to continue to grow in the context of the ongoing global recession, (Richardson and Patana, 2012:3).
The total budget allocation for social services has always been low. In absolute terms, the total budget allocation for social services (in-kind benefits) increased from about 300 PPS per inhabitant to 573 PPS per inhabitant between 2003 and 2011. Even so, this allotment is starkly low compared with the EU-28 average of almost 2,500 PPS per inhabitant or over 2,800 PPS per inhabitant in the EU-15 countries. Over 85 percent of the total expenditure in Romania on in-kind benefits relates to medical care (goods and services used in prevention, cure, or rehabilitation).45 Thus, in 2011, only about 0.6 percent of GDP was actually spent on social services other than medical care, including services intended to protect the population against risks or needs related to old age, children and families, housing, the loss of a family member, disability, unemployment, or social exclusion (for example, the rehabilitation of alcohol and drug abusers) in addition to needs related to old age, children and families, and housing. In Romania, social services other than medical care receive a total allocation, from all financing sources, of around 84 PPS per inhabitant (compared with an EU-28 average of 664 PPS per inhabitant and an EU-15 average of over 764 PPS per inhabitant in 2011).

The highest spending item on social services (other than medical care) is oriented towards protecting the population against risks or needs of children and families and of persons with disabilities. However, the financing of disability-related services (and goods) has dropped in recent years, both as a proportion of GDP and in PPS per inhabitant, especially assistance with carrying out daily tasks (home help).46 This trend is particularly worrying considering the national goal of deinstitutionalization and transition to family-type care of persons with disabilities. Furthermore, personal social services for all other risks have been severely and constantly underfinanced. Considering the major demographic trends that Romania will face in the coming years, more attention should be paid and higher budgets allocated to risks and needs associated with old age. In addition, social housing services receive disproportionately small budgets in Romania by comparison with other European countries.47

The financing framework also needs to be improved to ensure the sustainability of financing for social services. The financing framework should ensure that care is properly directed according to need and should provide incentives

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44 Purchasing power standard.
45 For comparison, the equivalent average percentage for the EU-28 was 73 percent in 2011.
46 Between 2003 and 2011, the allocation for disability-related home help declined from 0.2 percent to 0.1 percent of GDP and from 15.3 to less than 7 PPS per inhabitant. In contrast, spending on residential care for people with disabilities slightly increased from 5.8 to 6.6 PPS per inhabitant.
47 In 2011, social housing services were allocated 2.66 PPS per inhabitant in Romania compared with an EU-28 average of over 145 PPS per inhabitant.
so that the providers supply quality services efficiently. In order to improve the financing framework, developments in the following areas are still needed:

- **Funding mechanisms and procedures need to be fully developed and revised**, especially in the context of decentralization. The main objective is to redirect more resources to community-based services by directing financing towards support for families at risk and family-type care alternatives. At the same time, procedures for the collection and use of donations and sponsorship by public institutions should be simplified.

- **Coordination and harmonization between financing mechanisms for services in different sectors such as healthcare, education, housing, and employment need to be improved** in order to encourage and support the development of integrated services.

- **Increased transparency and dissemination of the procedures for contracting out social services** to non-government and private providers are needed. The best model would be an output-oriented contracting model with staged payments made conditional on the contractor’s fulfillment of a series of agreed performance indicators. Contracting out social services should be linked to the demands identified through local needs assessment and prioritization of social services.

- **Improvement of the costing methodology and procedures for social services** is also needed. Social service providers (especially NGOs, but not only) consider that the current standard costs are not accurate and realistic because they are determined as average costs that are highly influenced by the costs of large residential centers, with no direct reference to care standards. For this reason, the development of a methodology and improved procedures for determining standard costs for social services is still very much needed, especially for adults and the elderly.

To ensure the full development of the sector, it will be vital to secure adequate government funding in parallel with the funding received from various European bodies.

### 2.3.4. Strengthening and Enhancing Social Assistance at the Community Level

Law 292/2011 on social assistance required every local government to establish public social assistance services (SPAS), but the implementation of this law has been delayed, especially in smaller rural municipalities. Although some progress has been made in recent years, the World Bank’s census of SPAS carried out for this Strategy in May 2014 showed that over one-third (34 percent) of local governments in rural areas and 8 percent in very small cities (those with fewer than 10,000 inhabitants) had not set up the relevant services but has instead added to the responsibilities of existing staff. This proportion varies widely from 47 percent of small communes (those with fewer than 2,000 inhabitants) to 18 percent of the large ones (those with 5,000 inhabitants or more). The development of primary social services has been hindered by a lack of financial resources at the local level, by the hiring freeze and wages limits in the public sector (as part of the austerity policies implemented in the 2008 to 2010 period), by a failure to use flexible forms of employment (part-time staff), and by a lack of effective training of staff.

Public social assistance services are severely understaffed in rural and small urban areas. Figure 5 shows that in most rural communities there are just one or two staff members with social assistance duties (and very few professional social workers) to meet the needs of a population usually spread over between 2 and 40 villages, often located many kilometers apart. In small urban areas (those with fewer than 20,000 inhabitants), SPAS usually consist of one professional social worker and an additional two to three people with social assistance duties. Another major issue concerns low wages. Social workers’ salaries are so low

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48 Bucharest was not included. Due to partial non-responses, the (40) cities with 50,000 or more inhabitants were also excluded from the analysis. Thus, the analysis presented in this section covers 279 cities with fewer than 50,000 inhabitants and 2,861 communes, a total of 3,140 local authorities.

49 Theoretically all local authorities in cities with more than 10,000 inhabitants have developed SPAS.

50 Actually, due to vacancies, the proportion of local authorities with no structure of social assistance services increases to 38 percent in rural areas (varying, according to commune sizes, between 52 percent of small ones and 21 percent of large ones) and to 9 percent in very small cities.

51 The 2,861 communes include over 13,000 villages. Most communes comprise two to eight villages.
For example, out of 149 social canteens reported by the MLFSPE in December 2013, 137 belong to urban SPAS, nearly all in medium or large cities (those with over 20,000 inhabitants).

In May 2014, the total number of SPAS staff dealing with social assistance in these localities was around 4,800.

that it is difficult for local authorities to retain and recruit a specialized workforce. In large cities with over 50,000 inhabitants, the average number of employees per SPAS increases to 25. In fact, in all large cities, SPAS also include a spectrum of social services, such as social canteens, daycare centers, shelters for homeless people, and social housing. Consequently, in rural and small urban areas, the lack of human resources together with a limited local budget to finance social assistance activities means that there is very little capacity for assessing and developing social services.

The World Bank’s census of SPAS indicates a deficit of human resources in rural and small urban localities (those with fewer than 50,000 inhabitants) estimated to be between 2,300 and 3,600 people. The highest deficit of human resources is in rural communities, especially in small communes, because few professional workers are prepared to accept a low-paid job in a remote, poor community. In addition, the insufficient professional training of social assistance staff at the local level constitutes another major problem, with only one in every four being a professional social worker. Thus, developing a program of ongoing training and supervision programs for SPAS personnel is absolutely necessary for enhancing the effectiveness of primary services at the community level.

Case management in social assistance is poorly applied, particularly in rural and small urban areas. Local prevention, information, and counseling services have very little effect, mostly due to the shortage of social workers and the inadequate professional training of those who are currently employed. There are no methodologies for evaluating or monitoring the circumstances of different vulnerable groups at the local level, nor are there any methodologies for the early detection of people at social risk. Social assistance is not provided based on clear plans and objectives but only when cases turn up. Home visits and outreach activities are only rarely implemented since the social workers are busy.

Notes: k = thousand inhabitants.

FIGURE 5: Insufficient Staff Dedicated to Social Assistance at the SPAS Level

with in paperwork related to the provision of social benefits. Referral systems for most vulnerable groups are poorly developed or completely missing.

In line with the current legislation and taking into consideration these deficiencies, this Strategy recommends the development of a minimum intervention package to be mandatorily delivered in every rural and urban community. This minimum intervention package is aligned with the minimum package of social services set out in Law no. 292/2011 on social assistance and with the minimum package of public services delivered by local public administrations (GD 1/2013 and Strategy on strengthening public administration 2014-2020, 2014). This minimum intervention package should consist of:

(i) outreach activities, which are crucial for identifying potential beneficiaries and for early intervention services; (ii) needs assessments for communities, households, and vulnerable people or those at social risk as well as the planning of needed services based on a family- and person-centered approach; (iii) information and counseling services targeted to vulnerable groups or those at social risk, individuals who have experienced domestic violence or neglect, problematic drug users/ex-prisoner members, and single-parent low-income families as well as youth at risk (such as young offenders, school dropouts, and children in low-income households); (iv) administrative support (such as helping clients to fill in forms to apply for all kinds of benefits), as well as medical and legal assistance; (v) referrals to specialized services; and (vi) monitoring of and home visits to all people in vulnerable situations within the community. Various other services (such as the provision of social canteens and daycare centers) will preferably be added to this minimum intervention package depending on specific community needs and resources. For the effective implementation of this minimum insertion income package, it would be useful if professionals (especially universities, service providers and the National College of Social Workers in Romania) would develop family- and person-centered tools and methodologies regarding the intake, assessment, planning, design, implementation, and M&E of services. These tools and methodologies should be taught in continuous training programs for the personnel with social assistance responsibilities at the local level.

The development and strengthening of capacity at the local level to provide social assistance services is essential for the entire social welfare system and would cover a wide range of needs. Given the serious budgetary and human resource constraints faced by local public authorities in rural and small urban areas, the Strategy recommends a national program aimed at strengthening social assistance services at the community level at least for the period of 2015-2020, including the following actions:

- State policymakers should earmark a budget from the state budget for social assistance services at the community level and develop mechanisms for monitoring the efficient use of this budget. This budget would support the salary of a full-time employee in the field of social assistance (preferably a trained professional) in each eligible/ selected locality, as well as the costs related to the national monitoring system. Thus, communities with a low level of development would benefit from a specialized (or trained) professional capable of and financially motivated to implement and develop social services at the local level.

- Local authorities should include in their organizational charts at least one full-time social assistance employee and publicly advertise for this position in order to recruit social workers, especially trained professionals.

- The job descriptions of full-time social assistance employees within the program (preferably professional social workers) should include regular outreach tasks and one-to-one interactions with people in vulnerable situations and their families according to a clear schedule. Cash benefits (and the corresponding files) should be administered by employees holding also other duties (such as financial or accountancy staff or librarians), thus leaving social workers free to perform their duties within the program (mainly outreach activities).

- Professional training for social assistance staff (including new hires), and development of methodologies, guidelines, and tools to strengthen the implementation of case management at the level of the SPAS, especially in rural and small urban areas. This is the case not only for social workers but also for all types of community workers including community nurses, Roma healthcare mediators, school mediators, and Roma mediators.

\[54\] Since 2011 UNICEF has developed and piloted such a package as part of its First Priority: No Invisible Children project.
Investing in social assistance services at the community level will enable Romania to make longer-term savings in other policy areas such as health and education, and to achieve the Europe 2020 objectives on the sectors of social inclusion, education, and employment.

### 2.3.5. Developing Community Teams to Provide Integrated Social Services

In order to tackle extreme poverty and social exclusion effectively, the government needs to take an integrated approach to social service delivery, on the supply side, and adopt social intermediation or facilitation programs, on the demand side. A variety of social services in education, employment, healthcare, social protection, and other public services should be provided in combination with cash benefits to help poor families to manage their lives more effectively and to provide adequate care for their children. However, families in extreme poverty currently face many obstacles when trying to access these services. In the first place, they often do not know that such services exist, but even when they do, they often are unable to use the available welfare services because of discrimination or because the available services are insufficient, complicated, or expensive. Therefore, on the institutional side, integrated service delivery involving social protection, employment, education, healthcare, and other public services - with real horizontal and vertical coordination between agencies. At the same time, social mediation or facilitation programs are needed to help extremely poor families, especially those in marginalized areas, to access welfare services, in both rural and urban areas.

The full integration of services would mean abandoning the “silo” approach in which each agency works solely within its own specified area of responsibility and adopting in favor of multi-agency teams at the national, regional, and local levels. These multi-agency teams would work within an integrated management structure with shared budgets, programs, and objectives, and each client would have a single key worker (or case manager) who would be responsible for coordinating support from the different agencies and professionals involved for that client. Given the current regulatory framework in Romania as well as the deficit of human and financial resources in the social sectors, the full integration of services may have to be only a long-term objective. Romania can progress up the “institutional integration ladder” by forming multi-disciplinary teams of professionals at the community level and working towards planned and sustained service cooperation and coordination among the agencies in different sectors. Therefore, for the foreseeable future, the government’s objective is to integrate social work at the community level while simultaneously beginning the process of setting up the framework for the full integration of social services. This integration of interventions at the community level should go hand in hand with the introduction of the Minimum Social Insertion Income (MSII) in order to ensure that the program is able to meet the specific needs of vulnerable groups.

### Strengthening the Capacity of the Local Public Social Assistance Services

Integrated community intervention teams will be staffed by local social workers, including professionals with full-time activities in social assistance, community nurses, community health mediators, Roma health mediators, school mediators, school counselors, and Roma experts. Depending on the community’s needs and resources, the team might also include a health assistant (nurse), a family doctor, school teachers, or the local policeman. If the community has few resources of its own, especially in case of very small communes, then local authorities could build integrated community intervention teams to cover several neighboring communes or towns as part of intercommunity development associations or local action groups (LAGs).

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55 [Extremely poor families face multiple constraints in addition to monetary poverty, including long-term adult unemployment or joblessness, poor child nutrition, a high risk of child neglect and/or abuse (associated with parental alcohol abuse), poor parenting practices, young or single parenthood, unstable marriages, poor health or disability, low school attendance or dropout, poor quality or no housing, domestic violence, petty crime, and discrimination. Families in extreme poverty represent a particular challenge, not just in terms of skills and physical capital but also in terms of psychological issues (low aspirations, low self-esteem, and acquired helplessness).]

56 [NGOs and some pro-active local authorities have piloted the integrated services approach in various localities in Romania. On a larger scale, UNICEF has developed and piloted the integration of social and medical services at the community level in several poor communes in the North-East region (in its Helping the Invisible Children project). In the future, the World Bank’s Social Inclusion and Integrated Basic Services Project will be implemented in select marginalized communities in urban and rural areas across Romania between 2016 and 2020 under the auspices of the Ministry of Labor, Family, Social Protection, and the Elderly with the involvement of the Ministries of Health, Education, and Regional Development and the Romania Social Development Fund (RSDF).]
Each local Public Social Assistance Service (SPAS) will be the main promoter of integrated services by carrying out outreach activities (especially in marginalized areas) for persons and families in extreme poverty, as well as social intermediation/facilitation for them and existing services. Therefore, the national program for strengthening social assistance services at the community level will be essential for the development of the integrated community intervention teams (see 2.3.2).

Increasing Horizontal and Vertical Coordination and Moving towards the Integration of the Social Services

Planned and sustained service cooperation and coordination among the agencies in different social sectors will require a new regulatory framework and harmonized financing mechanisms. In Romania, decentralized primary and secondary education, primary healthcare, and social assistance services and benefits are available in each locality, generally with a wide degree of coverage. However, these services tend to be run in organizational silos, which has hampered the development of integrated services such as socio-medical services, complex rehabilitation services, and vocational and apprenticeship centers. The rigid and fragmented regulation of services in different sectors, especially related to funding, costing of services, staff allocation, internal procedures or practice norms, and functioning standards, is preventing the creation of multi-disciplinary (mobile) teams.

Thus, increasing horizontal coordination within and between ministries and the vertical coordination of social service delivery between the central, county, and local levels is a must for promoting the effective development of any type of integrated services.

Estimating Accurate Costing Needs and Allocating an Adequate Budget

It will be essential to estimate the accurate costs of setting up and running the integrated community intervention teams and then to allocate an adequate budget to cover these costs. The government needs to develop a comprehensive financial strategy for integrating social work (including a minimum budget), including all relevant budget lines from other sectors as well as resources from European funds and any other types of external funding. There are three kinds of costs that are likely to be incurred in the integration process: (i) the costs of staff and support systems; (ii) the ongoing costs of delivering services, and (iii) start-up costs. For the time being, there are no solid estimations of the real direct and indirect costs of establishing such services, including the costs of the human, financial, and IT resources that will be needed.

Developing Clear Methodologies, Protocols, and Work Procedures

The main role of social workers and other community workers working together as a multi-disciplinary team will be to mobilize demand and to help extremely poor families and those in marginalized areas to access available welfare services, in both rural and urban areas. In other words, they will ensure the delivery of the minimum insertion income package of key basic services as described in Section 2.3.2 and in doing so will be focused on the client rather than on the structural integration of the agencies that will actually deliver the various services.

The following actions are recommended in the Strategy to develop clear methodologies, protocols, and work procedures for community-based workers: (i) provide appropriate training in the use of case management to all community workers; (ii) clearly define the target groups and eligibility criteria underpinned by laws or instructions from appropriate government bodies; (iii) develop methodologies and tools for conducting a comprehensive needs assessment to offer constant guidance and support to community workers, especially as many community workers will not be qualified in case management at the outset; (iv) develop protocols to guiding teams of community workers in various sectors, including clear outlines of responsibilities and rules for reporting, transferring information, and documenting activities; (v) establish functional relationships between teams of community workers and higher levels of management to ensure professional coordination, supervision, and training/
retraining; (vi) define functional relationships between teams of community workers and other service providers (such as GPs, GPs’ nurses, and NGOs); (vii) define protocols for joint case planning with other service providers based the equality of all participants; (viii) develop procedures for referrals and protocols for interagency cooperation; and (ix) in the larger marginalized areas, develop multi-functional community centers to provide integrated primary (preventive) services to (primarily though not exclusively) families in extreme poverty, including Roma.

2.3.6. Developing Services for Vulnerable Groups

Specialized social services aim to help individuals and families to maintain, restore, or develop their capacity to function in society. The DGASPC, financed by the county councils, are not only the main provider but also the main purchaser of social services. In 2011, the Romanian Parliament passed a comprehensive law on social assistance (292/2011), but secondary legislation has not yet been developed. Combined with an insufficient budget allocation (at both the national and local levels), this has led to fragmentation and lack of coordination in the specialized services sector, especially in rural areas and in the area of services for adults.

To achieve the objectives of this Strategy, it will be necessary to strengthen the role played by the DGASPC in strategic planning, methodological coordination, and supporting SPAS at the community level, as well as in monitoring and evaluating service providers within the county. At the same time, its role as the main provider of social services should gradually come to an end, through contracting of social services by NGOs and other providers. Consequently, the DGASPC in most areas will need to be fundamentally reorganized and strengthened through the separation of service centers and an increase in the number of experts in strategic planning, monitoring and evaluation, or case management. At present, only 60 percent of the Directorates have drawn up any strategies, plans, procedures, or methodologies. Only 53 percent use the case management method or have developed case management procedures, while only 61 percent have case managers who, on average, oversee 74 cases each. Only 61 percent of the Directorates have set up a social marginalization prevention department, only 65 percent have set up a social service quality management department, and only 29 percent have set up a department for coordinating with and providing support to the SPAS within the county.

The DGASPC are going to need adequate sustainable financial and human resources in order to develop a national network of social services. The DGASPC are large employers of specialized staff, but they face serious difficulties in acquiring adequate staffing and skills to deliver their services. At the same time, the existing staff of DGASPC specialized services have to bear excessive caseloads because of the shortage of professionals, especially since the budget cuts of 2009. Cuts were aimed at both placement center staff (down from 16,534 in 2008 to 12,513 in 2013) as well as foster carers (down from 15,023 in 2008 to 12,201 in 2013) and). At the end of 2012, research indicated that there was a deficit of 11,000 social workers in the whole system of both primary (SPAS) and specialized (DGASPC) services.

The government needs to develop an initial and a continuous training system for professionals working in social services, including professionals dealing with the social services regulatory system. There is still no dedicated mechanism for evaluating social services or for training evaluators of social services. The inspectors who currently evaluate social services are also in charge of controls and sanctions in the sector, which often creates confusion and conflicts of interest. The capacity of Social Inspection to evaluate and control social services also needs to be strengthened.

Deinstitutionalization and the development of family-type alternatives will continue to be among the government’s main objectives for both the child protection system and for services for adults with disabilities. Worldwide experience indicates that institutionalized care is more expensive and less beneficial per client than approaches designed to support individuals within their families. The following are the main development objectives and actions related to specialized social services organized by vulnerable groups:

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60 However, NGOs account for 49 percent of the social service providers in Romania and for 49.5 percent of accredited services provided at the national level.
61 HHC Romania (2011), MLFSPE and SERA Romania (2012), and FONPC (2012).
62 As of December 31st, 2013, DGASPC staff consisted of over 32,000 people, of whom 77 percent were working either in placement centers or as foster carers and 9 percent were employed in other services according to the National Agency for Protection of Children’s Rights and Adoption (NAPCRA).
Developing and funding services for children deprived of parental care in order to: (i) reducing the rate of child abandonment in medical units, mainly by developing and strengthening the key preventive mechanisms at the community level; (ii) reducing the number of children within the special protection system, particularly by reconsidering the ways and means (including cash benefits) of providing family support in order to prevent child-family separation and by revising the existing child protection services to enhance the quality of care provided while reducing the length of stays to the minimum necessary; (iii) reducing (and eventually eliminating) child homelessness, mainly by assessing and mapping the real situation of street children at the national level and by developing preventive and specialized services according to identified needs; (iv) identifying the categories of children with parents working abroad who are at social risk and developing support services for them and for the adults caring for them.

Developing and financing services for persons with disabilities, which according to the National Strategy for Persons with Disabilities 2015-2020 should focus on: (i) establishing a functional and coherent set of evaluation methodologies related to disability and invalidity; (ii) expanding the spectrum of services for the disabled and making them more numerous, better and more affordable to low-income people; (iii) providing funding for and ensuring the continuous development of support services for youths with disabilities living within communities; (iv) speeding up and increasing the effectiveness of the transition from residential care to community-based services for adults with disabilities; (v) drastically reforming long-term care and rehabilitation services for people with mental health problems, and (vi) continuing the national plan to increase access to public spaces and the environment.

Developing and financing a spectrum of tailored services to meet the specific needs of the elderly with complex needs, with a special focus on in-home care services in accordance with the National Strategy on Elderly People and Active Aging.

Regulating, developing, and financing tailored social services for other vulnerable groups, including teenage mothers; adults deprived of liberty or on probation; drug, alcohol, or substance addicts; victims of human trafficking; and victims of violence. These services should be developed jointly by the MDRAP (which will prepare a draft National Housing Strategy), the National Prisons Administration (responsible for the National Strategy for the Social Integration of People Deprived of Liberty 2014-2018); the National Anti-Drug Agency (responsible for the National Anti-Drug Strategy 2013-2020, GD 784/2013), the National Agency against Domestic Violence (responsible for the National Strategy for the Prevention of and Fight Against Domestic Violence 2013-2017, GD 1156/2012), and the National Agency Against Trafficking in Human Beings (responsible for the National Strategy Against Trafficking in Human Beings 2012-2016, GD 1142/2012).

According to the National Strategy for Protecting and Promoting Children’s Rights 2014-2020 (GD 1113/2014), younger children are a priority group for the next phase of the reform of the child protection system.

We recommend that the reform should be agreed and developed jointly by the MLFSPE and the Ministry of Health.
2.4. Education

Government’s goal is ensuring equality of opportunity to quality education for all children. Special attention should be paid to the quality of education and training and to their relevance to the needs of both the labor market and of individuals.

2.4.1. Improving the Early Childhood Education and Care System

After a steep positive trend in participation rates in early childhood education up to 2008 in Romania, these rates have now started to decline. Discrepancies between rural and urban areas have continued. Moreover, access to early childhood education and care (ECEC) is hindered by the fees that full-day and weekly preschool facilities have to charge parents in order to function.

The social and economic inequalities that prevent vulnerable children from accessing quality early childhood education have a significant negative impact on their chances of succeeding in school later on. The priority for education policymakers is to ensure equal opportunity for all children also by improving the quality of the ECEC system and developing at the level of education system of an equality-focused approach to achieving universal participation, as required by relevant national standards. Specifically, this can be achieved by: (i) introducing means-tested vouchers for disadvantaged families; (ii) accurately assessing the attendance rate in kindergartens and increasing the number of days/hours that children spend there; (iii) training and stimulating teachers and care providers for providing ECEC to children from poor and vulnerable families; and (iv) extending the operation of school minibuses (or the value of the transport allowance) to cover the transportation of preschool children to kindergartens.

2.4.2. Increasing Participation Rate and Improving Outcomes for All Children enrolled in Primary and Secondary Education

The rates of participation in primary and lower secondary education have remained low in Romania compared with the European average despite the improvements achieved in recent years. Among children aged between 7 and 14 years old who are living with families, those with disabilities, Roma children, and poor children face a disproportionately high risk of being out of school. Furthermore, the nationwide proportion of teenagers aged 15 to 18 years not enrolled in either school or training reached 11 percent for the period 2009 to 2012, with rates in urban areas being a lot lower than in rural areas. Also, participation in initial vocational education and training (IVET) is still very low, although increasing.

Considering all these, measures are needed to: (i) improve the school infrastructure in rural areas and, in particular, in disadvantaged areas so that the quality of education provided in these settings is up to relevant national standards; (ii) promote effective inclusion programs preceded by a detailed analysis of the resources needed; (iii) reduce the influence of background socioeconomic factors on school outcomes for students affected by this influence, in order to reduce the social, economic and educational inequalities found; and (iii) improve IVET programs by increasing their attractiveness, supply, and relevance.

65 These improvements were restrained and even reversed by the economic crisis.
66 The categories of children most at risk of not participating in or not completing compulsory education are: (i) children with at least one severe disability and those with at least one significant disability; (ii) children with mothers with at most primary education completed; (iii) Roma children; (iv) children with numerous siblings; and (v) children deprived of parental care. In addition to this, data from 2011 Census show that there is a sharp decline in school participation between the end of lower secondary school and the beginning of upper secondary school (in other words, between grades 8 and 9), especially for those in the poorest decile.
67 Besides area of residence, factors such as income and the mother’s education have a significant influence on the rate of early school leaving.
2.4.3. Promoting Broader Access to Tertiary (Non-university) Education by Under-represented Groups

Students from poorer households, particularly those from rural areas, continue to lag substantially behind their more well-off peers in terms of tertiary attainment, although the situation improved somewhat between 2002 and 2009. The main challenges that policymakers face consist of enhancing access and support for tertiary education for under-represented groups, while improving the quality and increasing its relevance to the labor market and individual needs. Some priority actions include: (i) clear progression routes from vocational and other secondary education streams into tertiary education; (ii) replacing the current set of scholarships with a more limited set of need-based grants; (iii) launching a student loan program for students; (iv) taking measures to reach out to students from under-represented groups; and (v) increasing the transparency of information on educational opportunities.

2.4.4. Increasing Access to Lifelong Learning and Training for Disadvantaged Youths and the Working-age Population

The participation of disadvantaged groups in lifelong learning (LLL) is particularly low. Between 2007 and 2013, Romania did not make any significant progress towards achieving the Europe 2020 target of increasing the participation rate of adults (those aged between 25 and 64) in LLL to 10 percent by 2020. The government's

2.4.5. Increasing Access to Quality Education for Children from Vulnerable Groups

Increasing both quality and equality of opportunities in education requires improved funding. The current funding per capita is not adequate for effectively serving the needs of students and schools in disadvantaged communities, especially those in rural areas.

Above all, for covering the actual needs of schools located in or serving disadvantaged communities with a large number of children from vulnerable groups, the current additional funding needs to be reconsidered in terms of methodology and must be effectively applied to all the mainstream schools integrating children with learning difficulties.

Increasing Access for Children with Special Educational Needs

The various programs aimed at increasing the participation of disabled persons in education and the labor market have produced very few improvements in their situation. This has been because a lack of support from teachers, parents, and employers, as well as a lack of enthusiasm for decisive action on the part of local and state authorities.

Consequently, there are several areas where actions are needed: (i) developing a standardized methodology for annual statistics and a dedicated permanent and reliable
mechanism to monitor the participation of children with special educational needs and/or disabilities; (ii) improving the methodologies and the professional and educational orientation of children with special educational need used by the evaluation commissions within the DGASPC to conduct annual evaluations; (iii) continuing and expanding actions to increase the participation of children with disabilities and of children with SEN in education and their integration into mainstream schools. 

Increasing Access for Roma Children

The participation rates for Roma children in all levels of education are significantly lower than for non-Roma children, with this inequality increasing sharply in upper secondary education. Across all education levels, two key types of actions need to be undertaken: (i) enhancing the capacity of teaching staff to effective deliver inclusive education to Roma children and (ii) abolishing the segregation of, discrimination against, and negative stereotyping of Roma children in schools.

Increasing Access for Children from Marginalized Areas

Rural schools are at a disadvantage compared to urban ones in terms of available funding, human resources, infrastructure, and accessibility. This holds true at all levels of education but especially in vocational and technical education and training. Nevertheless, disadvantaged schools also exist in urban marginalized areas. Accordingly, policymakers should consider investing in the transport infrastructure and related projects to ensure access to quality education for children in remote and poorly connected rural communities. Greater investment is also needed in disadvantaged schools in marginalized urban areas in sanitary and heating facilities as well as in educational materials and modern equipment.

2.4.6. Enhancing the Effectiveness of Welfare Programs in Education

There is a plethora of cash and in-kind schemes to help poor and vulnerable families to overcome the financial barriers to educating their children. However, individually and collectively, the schemes have not been successful in reversing the sharp decline in participation in upper secondary schooling in Romania. Several recommendations arise from these observations that could gradually be implemented. The first phase might include some minor technical changes such as: (i) merging the School Supplies and Money for High School programs into a single cash grant for all pupils; (ii) increasing eligibility thresholds for the cash schemes; (iii) limiting the Professional Scholarship program grant to students from poorer backgrounds; and/or (iv) reducing the application requirements for some or all programs. However, a more substantial recommendation is to harmonize the application requirements and eligibility thresholds for all programs, resulting in a one-stop application process. In line with the integrated social services approach, the maximum impact could be achieved by categorizing all of these programs as social assistance programs to be merged with social benefits programs.

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70 These actions include: (i) developing an inclusive culture in schools and communities; (ii) increasing the number and spectrum of vocational training and lifelong programs for people with disabilities; (iii) increasing the transition of children with special educational needs (SEN) and/or disabilities from special schools into mainstream schools; (iv) investing in the County Resources and Educational Assistance Centers; (v) implementing a program of investment in essential infrastructure (including transport system and usage of ICT); (vi) extensive and continuing training of teachers in this sector, in both mainstream and special schools; and (vii) allocating an adequate budget for the promotion and development of inclusive education.

71 The actions needed to increase the participation of Roma children in all levels of compulsory education are: (i) developing an early warning system to identify students at risk of dropping out; (ii) expanding and enhancing mentoring and tutoring activities; (iii) making schools more inclusive, relevant, and welcoming to Roma children; (iv) facilitating parental involvement in education; and (v) investing in the transportation of Roma children who live far away from schools. To increase secondary school completion rate, the necessary interventions are: (i) scaling up and increasing the effectiveness of the Roma school mediator program; (ii) significant increase of availability for Second chance programs and traineeships; and (iii) creating traineeships, internships, and placement programs especially for young Roma women.

72 They cater for a large proportion of children from vulnerable groups, including children with special educational needs, children with disabilities, Roma children, and children from low-income or extremely poor families.
2.5. Health

Government’s goal is to increase the access of poor or vulnerable groups to good quality health care services.

“We want to see better health and wellbeing for all as an equal human right. Money does not buy better health. Good policies that promote equity have a better chance. We must tackle the root causes (of ill health and inequalities) through a social determinants approach that engages the whole of government and the whole of society.” Margaret Chan (WHO Director-General).

Health and poverty are strongly interrelated. Poverty is a direct contributor to ill health, while poor health, in turn, can be a major contributor to poverty, reducing a person’s ability to work and leading to high costs in treatment and care. Poor and vulnerable people become ill sooner and die earlier than the general population. Poverty creates ill health through various social determinants such as poor nutrition, unhealthy diet, and inadequate living conditions (a lack of decent housing, clean water, and/or adequate sanitation).

Cross-sectoral policies that take into account the social determinants of health are the most effective way to improve the health of the poor. According to the European Commission Romania has made some progress in pursuing health sector reforms aimed at increasing efficiency and accessibility and improving quality in accordance with the 2013 country-specific recommendations of the European Council. Nevertheless, reforming the health sector remains one of the European Commission’s eight country-specific recommendations for Romania.

2.5.1. Improving Health Equity and Financial Protection

Above all, improving the quality and equity of health care in Romania will require an increase in overall financing for the sector. Spending on health is not merely a cost but is also an investment with a long-term impact on a country’s socioeconomic development.

Making Funding Responsive to the Specific Needs of Vulnerable Groups

In Romania, the level of total health spending is among the lowest in Europe and is still decreasing. In addition, primary healthcare has always had low budget allocations. Therefore, improving the quality and equity of healthcare in Romania will require an increase in overall financing for the sector as well as in budgetary allocations within the sector. Increasing the availability of primary healthcare is undoubtedly the best way to increase the access of poor and vulnerable groups to quality healthcare, particularly by means of health promotion and education and disease prevention.

Ensuring the Financial Protection of Poor and Vulnerable Groups

A lack of resources at the state level as well as an unequal territorial distribution of resources makes it difficult for the national healthcare system to supply proper treatment and medication in all areas of the country, particularly in rural and small, urban areas. Consequently, ensuring that all social groups can access appropriate healthcare is the key
to reducing health inequities. For the period 2015-2020, in accordance with Country-Specific Recommendations, the government aims to formulate a clear policy on informal payments in the public healthcare system nationwide and allocate a budget to implement and enforce it. The government also needs to find the most efficient ways (such as increasing the coverage of health insurance) to ensure that proper treatment and medication is accessible to the most vulnerable households (especially to increasing the coverage of health insurance).

2.5.2. Improving Healthcare Provision in Specific Areas Relevant to Poor or Vulnerable Groups

Within the sphere of healthcare reform in Romania, certain areas of intervention are particularly relevant to poor and vulnerable groups. These are: (i) reproductive health, (ii) mother and child nutrition; (iii) infectious diseases (such as tuberculosis and sexually transmitted infections) and the specific health needs of vulnerable groups; (iv) chronic diseases, longstanding conditions, and preventable deaths; (v) screening programs for the main pathologies; (vi) skills development support to medical staff; (vii) support for the provision of medical services in disadvantaged communities.

Reproductive Health

The percentage of unwanted pregnancies in Romania is over 50 percent among girls aged 19 or younger, while one in ten live births is registered among teenage mothers (aged between 15 and 19 years old). Current family planning services are ineffective, especially in the case of poor and vulnerable women. This is evident in the still high number of unwanted pregnancies that result in abortion, particularly among girls younger than 19, and in the increasing number of newborns who have been abandoned in maternity units in the last few years. The main priority is to revise and update the Ministry of Health’s National Program on Reproductive Health and Family Planning. Budgetary allocations for preventive services in these sectors should be increased and mechanisms for the implementation, M&E, and efficient control of these kinds of services should be developed.

Mother and Child Nutrition

Although Romania has implemented national programs for immunization and child and women’s health, children from poor and Roma households face significant disadvantages in terms of their health and wellbeing. Infant mortality is still too high, especially in rural areas and among the most vulnerable groups. There are significant challenges related to the immunization rate, child nutritional deficiencies due to limited access to food and/or child diseases. Therefore, the following priority actions are recommended: (i) increase immunization coverage for vulnerable children; (ii) increase the coverage of basic healthcare service providers at the local level countrywide; and (iii) improve the quality of pre-natal and postnatal care and childcare by developing standards of practice, training community healthcare providers, and monitoring and evaluating the quality of care. The current national programs need to be reviewed, and the preventive measures (such as educating parents on healthy lifestyles) must be supplemented, promoted and financially supported.

Infectious Diseases

Infectious diseases, especially tuberculosis (TB) and HIV/AIDS are particularly prevalent among vulnerable groups, including Roma. TB remains a critical problem in Romania, mostly affecting adults in the second half of life. The incidence and prevalence of the disease in Romania has been declining continuously over the past decade, but WHO still lists Romania among the 18 high-priority countries in the WHO European region because of its high number of multidrug resistant cases of TB (MDR-TB). Although TB treatment is free of charge, patients often change jobs or educational status and thus cannot afford the cost of transportation to the medical unit that is providing the treatment (and any complementary non-TB treatment). According to WHO estimates, the average TB patient loses approximately three to four working months to the treatment, thus reducing annual household income by 30 percent. In response, in September 2014 the Ministry of Health passed a draft National TB Control Strategic Plan for the period of 2015-2020.

79 The period of inactivity in view of treatment and full recovery lasts for 6 to 24 months.
Chronic Diseases

Romania has a life expectancy at birth that is considerably lower than the EU average and an age-standardized death rate for males that is almost twice that of the EU countries with the lowest rates. The two main causes of death are cardiovascular disease (Romania having one of the highest rates in the WHO European region) and cancer, with both trends on the increase. A serious challenge is the limited access of the poor to healthcare services for chronic diseases. Romania’s minimum healthcare package that is designed to meet the needs of the uninsured does not cover these services. As a result, there is an urgent need for innovative interventions tailored to the dominant risk factors faced by poor and vulnerable groups to reduce the rate of chronic disease among these populations. These interventions complemented by information, education, and health promotion campaigns need to be designed, implemented, monitored, and evaluated within each national public health program for chronic diseases. The government will also consider developing local, regional, and national plans for reducing the incidence of unhealthy kinds of behavior and for preventing chronic diseases.

2.5.3. Increasing the Access of Vulnerable Groups to Primary Healthcare Services of Good Quality

The primary healthcare and community-based healthcare network in Romania constitutes the best framework for the effective implementation of the recommendations made in the previous sections. Family physicians, GPs, and their nurses together with community nurses, social workers, school mediators, and Roma health mediators are the key stakeholders for ensuring that poor and vulnerable groups and communities have access to health services.

Strengthening and Enhancing the Quality of Primary Healthcare Delivery

At present, the primary healthcare network in Romania is ineffective in providing healthcare to the poor. On the supply side, there are a number of problems - a lack of human resources, geographical inequities in the distribution of health infrastructure, virtually no referral system from primary care doctors to specialists and back, a lack of continuity of care and of appropriate budgets, and a lack of M&E of the quality of primary healthcare services, assessed as rather with low satisfaction by both patients and specialists. Low satisfaction with family physicians and general practitioners’ work stands out as the general perception of all the stakeholders involved in healthcare administration at both central and local levels.

On the demand side, the rate of primary healthcare use in Romania is one of lowest in Europe and therefore needs to be increased through education and health promotion as well as through interventions targeted to the specific needs of poor or vulnerable groups. Therefore, the key fields of action include: (i) developing and piloting new models of primary healthcare delivery such as diversified services, health providers’ networks, and telemedicine; (ii) developing, as a matter of priority, community-based healthcare services in those villages with no permanent family doctor’s practice; and (iii) developing a national plan for healthcare services, followed by efficient investments in infrastructure and human resources.

Developing the Emerging National Network of Community-based Healthcare Workers

Certain parts of the population still find it difficult to access adequate healthcare, especially poor and vulnerable households, residents of rural areas and small towns, and the Roma population. The barriers faced by rural residents, especially those from remote villages, are mainly geographical, but they are also less likely to be covered by health insurance and are usually poorer, less educated, and less well-informed than the urban population. In a similar situation, sometimes worsened by discrimination, are also Roma who suffer worse health than the non-Roma population.

The community-based nursing system represents the most powerful “equalizer” in the health system. In 2002...
the government set up a national network of community health nurses (CHNs) and Roma health mediators (RHMs), which has yielded promising results up to the present time. For the future, we recommend: (i) investing in professional development (and revising job descriptions and providing periodic training for community health workers); (ii) investing in the basic necessary equipment; (iii) enhancing the role played by and increasing the capacity of the County Directorates of Public Health (CDPH); (iv) adopting an integrated approach to delivering social services by setting up integrated community intervention teams; and (v) providing adequate funding and clarifying the provisions governing operational expenses and the ancillary costs related to the delivery of community-based health services.
2.6. Housing

The government should aim for the homeless and other people who cannot afford accommodation. The government’s aim is to ensure access to housing services, particularly for the homeless and other people who cannot afford accommodation.

At the European level, the recent economic crisis has heightened concerns about housing affordability, especially for the worst-off social groups. According to the European Commission (2010), increasing access to housing is key to achieving the Europe 2020 strategy of decreasing the number of people in - or at risk of - poverty and social exclusion. There are many vulnerable groups in extreme poverty, such as the homeless and people living in inadequate dwelling conditions, while are insufficiently covered by housing support programs have an insufficient coverage of the corresponding vulnerable population.

2.6.1. Increasing the Affordability and Improving the Quality of Housing, Especially for the Vulnerable Population

Romania ranks first among EU countries in terms of private ownership of housing stock (97 percent compared with an EU-27 average of 70.4 percent in 2012). This has some drawbacks, among which are the following: (i) house maintenance difficulties for certain home owners; (ii) little accommodation available for those seeking new employment opportunities in a new area, and (iii) a limited supply of affordable housing to rent or buy for the younger generation. The combination of a lack of affordable housing, the scarcity of economic opportunities to afford independent housing, and a Romanian culture that encourages young people to continue to live with their parents has resulted in a high share of young people living with their parents; according to Eurostat, almost two-thirds of young people (aged 16 to 34) and 45 percent of youths in full-time employment still live with their parents. The lack of housing may be among the factors influencing young people to postpone major family decisions such as getting married or giving birth. The difficulties faced by the young in establishing their own households coupled with the economic and/or physical dependency of some of the elderly has led to many large overcrowded households in Romania. More than half of the population lives in overcrowded households, which is the highest percentage among all the European countries and is three times higher than the EU-27 average (16.8 percent).

Mainly as a result of the large percentage of the population living in rural areas, many rural houses are built with poor quality materials and are not connected to utilities (with no hot running water, no indoor baths or showers, and no connection to a sewage system). Therefore, severe housing deprivation affects 23 percent of the Romanian population, four times more than the EU-27 average. The problem is even more prevalent among the poor (49 percent) and children (37 percent). The most severe deprivation is apparent in the area of sanitary facilities: 35 percent of people do not have indoor baths or showers, and 37 percent do not have an indoor flushing toilet for the sole use of that household. On the other hand, the housing stock is obsolete, and only one in four houses complies with the current seismic standards.

In 2012, Romania was among the five countries in Europe with the highest housing cost overburden rate among the population. Utilities costs are higher in some localities, which leads to a high share of indebtedness among the low-income population of those areas.

To address these issues, existing programs that aim to rehabilitate and modernize the housing and utility stock should be redesigned to be targeted to the poor and vulnerable, mostly in rural areas. In addition, programs designed to increase energy efficiency should compensate low-income households for a share of their costs.

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82 Particularly in rural areas, this is aimed at keeping multiple generations of a family within the same house to maximize the household’s agricultural production and to take advantage of intergeneration support for bringing up children and carrying out domestic work.

83 The housing cost overburden rate is the percentage of the population living in households where total housing costs represent more than 40 percent of disposable income. This indicator is considered crucial for keeping track of the risk of homelessness.
2.6.2. Developing Social Housing Services

A European Parliament resolution of 11 June 2013 on social housing in the European Union (2012/2293(INI)) “reminds the Commission, the Member States, and local and regional authorities that spending on social and affordable housing is in keeping with fundamental rights, enables urgent social needs to be met and, as a strategic social investment, helps in a sustainable way to provide local jobs that cannot be off-shored’, stabilize the economy by reducing the risk of property bubbles and household over-indebtedness, promote labor mobility, counter climate change, combat energy poverty and alleviate health problems stemming from overcrowding and poor living conditions; the resolution insists, therefore, that social housing should not be considered a cost to be cut but an investment that pays off in the long term through better health and social well-being, access to the labor market and the empowerment of people, especially the aged, to live independent lives.”

There is a lack of commonly accepted definition of social housing at the European level, and the policies in the field of social housing are very diverse. In Romania, according to art. 2 c) of the Law on Housing No. 114/1996, with all subsequent amendments, social housing is defined as targeting those people or families in “an economic situation that does not allow them to own a house or rent one at market prices.” Since the eligibility criteria include all those up to 9th decile at the national level, this covers almost the entire population, which means that most local authorities grant priority access to social housing to families with a small number of children and with sufficient income to pay the utilities. Consequently, the poorest families and those with a large number of children (especially Roma) are most often excluded from social housing. Local public authorities own and manage housing stock to be rented to the poorest population, but this fund is not “social housing” as it does not comply with the legal requirements. Most often this stock includes nationalized or low-quality houses that have been neglected in the past few years and are located in unattractive, difficult to access, and poorly endowed urban areas, with a low market price. Local authorities have a manifest interest in expanding the existing social housing stock in response to mounting local demand, although the resources available are minimal, both financially and in terms of vacant lands and buildings. The financial management of the social houses is complicated by the high level of accumulated arrears on rent and especially public utilities, leading to collective disconnections when individual consumption meters are not available. Evicting tenants is the final step in the case of unsettled arrears. Some of these areas of social housing are at risk of becoming - or have already turned into - pockets of poverty, with inadequate housing conditions and generalized unemployment. Local authorities typically act simply as the financial managers of the buildings, and existing social housing programs are not designed to include any incentives to encourage or require tenants to participate in the active labor market or in education or to access other social services.

The government should assess the need for social housing for all vulnerable groups (including the homeless, post-institutionalized youths, ex-prisoners, victims of domestic violence, people evicted from restituted houses, people with drug dependencies). It should then establish a clear national strategic framework for housing policy involving inter-sectoral coordination and cooperation between the central and local authorities. The range of social housing instruments should be enhanced, and the government should consider awarding housing allowances to those most in need. To this aim, financing for social housing services should be increased.
2.6.3. Ensuring Efficient Emergency Support for the Homeless while Building Capacity of Early Prevention for the Homeless

No reliable assessment of the scope of homelessness in Romania is available, despite some data being available from the 2011 Census and from previous studies. The vast majority of homeless people (almost 90 percent) are located in municipalities and towns (one-third of the homeless live in Bucharest). More than three-quarters of the homeless are men and active-age adults (three-quarters are aged between 25 and 64 years old). Worryingly, more than one in ten homeless people are children.

Failing to address the problem of homelessness in the future would result in further costs to society. Therefore, several crucial measures need to be taken in the near future:

(i) eradicate child homelessness; (ii) assess the size of the homeless population in all major cities; (iii) increase the number and capacity of shelters; (iv) improve the capacity for emergency interventions in the street by ensuring that the basic need for food, water, and medical assistance of those in need are met as well; (v) adopt regeneration programs to address illegal settlements; (vi) prevent and cease all illegal evictions; and (vii) adopt prevention policies for people at risk of ending up in the streets including people leaving prisons, childcare institutions, residential centers, hospitals, victims of domestic violence, drug addicts, and vulnerable, lonely, and elderly people.

84 Only 1,542 people were counted as homeless in the Census, whereas even the most optimistic previous estimates were at least three times higher (Ministry of Regional Development, 2008 based on the figures reported by local authorities). Some estimates went as far as to suggest that there were as many as 10 times more homeless people living in Romania than the number recording in the Census.

85 Two key measures are: (i) including more active outreach on the street and in community of the child protection services, and (ii) using the local service providers and SPAS social workers as referral entities more systematically.
2.7. Social Participation

Participation in voluntary activities for vulnerable groups is almost non-existent and is not encouraged by the current legislative framework. Trust is low and it has been in a declining trend since 2009. Tolerance towards vulnerable groups has grown significantly in Romania in recent years, but discrimination continues to put these groups at risk of social exclusion. The use of new technologies, ICT, or innovative services are scarce in the social sector.

To guarantee that they are full members of the democratic system, individuals need to be informed and active citizens, to have opportunities to join the ranks of others, and to work together to achieve common goals. Social participation is not only beneficial itself but also has multiplicative effects: it improves the welfare of vulnerable groups as well as local governance and, in general, makes society more cohesive. The government should encourage both volunteering activities through which the general population can help vulnerable groups as well as other types of social participation through which the voices of the deprived and marginalized can be directly and immediately heard.

Social participation includes a wide range of dimensions such as volunteering, voting, and participating in political activities. The Strategy focuses on two key forms of social participation that affect the socially excluded directly: (i) volunteering activities through which the non-vulnerable can help vulnerable groups (social participation for the deprived) and (ii) other types of social participation through which the voices of the deprived and marginalized can be directly and immediately heard.

Participation in different types of voluntary organizations is much lower in Romania than in most other countries in Europe, while participation in voluntary activities for vulnerable groups is almost non-existent. On average, 26 percent of Europeans participate in voluntary and charitable activities (activities outside of their paid work) either regularly or occasionally, whereas only 15 percent of Romanians do voluntary work (only four other European countries have fewer volunteers – Greece, Bulgaria, Portugal, and Poland). Only 3 percent of Romanians declared that they do voluntary work in a human rights, environmental, or charitable organization (this percentage includes those doing such activities only occasionally). The percentage is as low as 1 percent when we look at those involved only in charitable activities.

Many development projects aim to empower and increase the social participation of vulnerable groups. Along with increasing social capital, empowering marginalized groups could be one way in which poverty could be sustainably reduced in deprived communities. Moreover, empowerment is not only a way to reduce monetary poverty but is also a goal in itself, the lack of power being one of the aspects of poverty. From the same theoretical perspective, the empowerment of the poor can lead to increased access to basic services, improved local and national governance, economy-wide reform, pro-poor market development, and greater access by the poor to justice.

The social participation of and for vulnerable groups can be fostered by creating a positive social climate, increasing tolerance and reducing discrimination, and increasing institutional trust. It is equally important to create the institutional mechanisms through which poor or marginalized groups can be empowered to participate more in their communities and through which social innovation can be developed for fostering participation.
2.7.1. Improving the Social Climate and Increasing Trust in State Institutions

The social climate creates the environment in which people act. It can be cohesive and conducive to social participation or it can be fragmented, fostering isolation, marginalization, and even social conflict. People may or may not be satisfied with how things are going, with their own lives, with institutions or with other public stakeholders. Dissatisfaction is most often associated with inhibition of one’s personal development skills and community involvement, as well as with self-isolation and a refusal to take part in social life. The social climate in Romania is much less cohesive than in the other EU member states, and it deteriorated immediately after the crisis against a backdrop of economic recession, austerity measures, and political crisis.91

The social climate can be changed by a sustainable improvement of the economy that has a direct impact on population’s welfare, by a decrease in perceived levels of corruption and public administration inefficiency, and by provision of services and key social protection benefits. In the absence of these elements, all other efforts to directly increase participation are likely to have only a limited impact.

Institutional trust is also a prerequisite for the successful mobilization of social participation. The main reason why people have to have at least some trust in the institutions of state is that most social participation involves interaction with central, regional, or local institutions. If people do not trust these institutions, then they will have no desire to interact with them, and the result is a civil society that is separated from the state and in a relationship of conflict rather than cooperation.92

Trust in institutions is low in Romania and various surveys have shown it to have been in a declining trend since 2009. By 2012, only about 30 percent of people had trust in the government, and only 20 percent had trust in the Parliament and in the Presidency. The fact that, at most, one-third of survey respondents had any trust in these institutions suggests that citizens have no reason to believe that the political system is going to be responsive to their demands or to their social participation.

Public institutions with responsibilities in specific social domains (such as employment, higher education, and child protection) are (or should be) open to everyone. If the public has a negative perception of how these institutions carry out their responsibilities, then they will have little incentive to interact with them. The solution to this problem is twofold. First, state institutions should improve the ways in which they respond to people who interact with them and make demands of them – in other words, their clients. Secondly, examples of “successful” interactions between citizens and institutions need to be widely disseminated to demonstrate how similar problems could be solved and thus encourage social participation in the long term.

2.7.2. Increasing Tolerance and Decreasing Discrimination

Tolerance is one of the main prerequisites for social participation. While social participation can also occur in contexts characterized by intolerance, this type of social participation does not attempt to create bridges from one group to another. Nor does it attempt to understand and accept the “other,” regardless of the definition used. Only in contexts characterized by high levels of tolerance, however, is the “other” accepted as a valid interlocutor and as an acceptable (if not valued or sufficiently trusted) partner.

Tolerance towards vulnerable groups has grown significantly in Romania in recent years, but discrimination continues to put these groups at risk of social exclusion. According to the European Values Survey in 2008, the adult Romanian population had the least tolerance for three groups that could be seen as possible threats: heavy drinkers (63 percent intolerance), drug addicts (61 percent), and people with a criminal record (56 percent).93 What is even more worrying is that high shares of Romanians were

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91 The three dimensions of social climate measured in the Eurobarometer (2008-2012) are: satisfaction with personal situation, satisfaction with aspects of social protection and inclusion, and perception of national economic indicators.

92 Corruption and/or extreme litigiousness are strategies that tend to replace social participation in contexts characterized by low levels of trust (for more details, see Sztompka, 1999).

93 The level of intolerance was measured by the percentage of the total population who had expressed antipathy to having the listed groups as neighbors.
still not tolerant of some of the vulnerable groups such as people with HIV/AIDS or homosexuals. Roma still experience discrimination because of their ethnicity. According to the data provided by the Open Society Foundation, 40 percent of the adult population of Romania would not like to have Roma neighbors, which is double the percentage of people who would reject other different neighbors (such as Muslims, of a different race, immigrants, or Jewish). Over one-quarter of Roma reported having experienced discrimination because of their ethnicity as of 2011. Moreover, sometimes public or private service providers themselves whether in education, healthcare, or the labor market have discriminatory attitudes that prevent Roma from accessing their services.

Advocacy to raise awareness and increase tolerance of diversity (including various categories of marginalized or discriminated groups) is needed to create a social and institutional environment that facilitates the social integration of vulnerable groups. This advocacy should be targeted not only to the general population but also to decision-makers, and employers. Including representatives of vulnerable groups in local decision-making committees and bodies (both formal and informal) would establish their role and position within their communities. Education is also key to increasing acceptance of marginalized groups. Reducing early school leaving in general and increasing the number of people with tertiary degrees has the potential to reduce the level of intolerance in the medium to long term.

2.7.3. Increasing Participation in Volunteering Activities by and for Vulnerable Groups

The current legislative framework governing volunteering does not encourage social participation. The Law on Volunteering (No. 95/2001) was passed in 2001, modified in 2006, and revised again in 2014 (Law no. 78/2014). The current legal framework seems to present some obstacles to the development of social participation for several reasons. The requirement to sign a contract deters short-term and spontaneous volunteering. Also, the provision of health and accident insurance pertaining to any risks involved in the voluntary activity does not appear to be mandatory for voluntary organizations. There are no provisions to induce employers to encourage their employees to volunteer.\textsuperscript{94}

To increase participation, the mass media has a role to play in fostering awareness of best practices and of the value of participation in volunteering activities. However, companies have the most to contribute to promoting volunteering. Until now, few companies have supported volunteering activities and have at most encouraged their employees to volunteer after working hours and on weekends. In future, companies could give their employees of all ages and levels of seniority time off to volunteer. Additionally, employers could be further encouraged to ensure that their pre-retirement programs and counseling include information about volunteering opportunities and benefits.

2.7.4. Empowerment and Increased Involvement in the Decisions Affecting Poor and Marginalized Communities through Active Social Participation

The community driven development (CDD) approach is a popular financing mechanism at the community level that aims to empower and increased role of the poor in the decisions which are affecting them. CDD gives control over planning decisions and investment resources for local development projects to community groups. Its promoters claim that CDD ensures an optimal allocation of resources, increases the efficiency and efficacy of small investments, and makes these investments more sustainable. In addition, they claim that not only are resources used more efficiently but the poverty level decreases and services and facilities are better targeted towards the poor (in a progressive distribution of resources). In addition to the economic effects, development through community is designed to

\textsuperscript{94} World Bank (2014). These changes would not only encourage the employees to participate but might also help young people to build skills and gain work experience while volunteering.
increase the transparency of the decision-making process, to increase the capacity of the authorities, and to make those authorities more accountable.\textsuperscript{95}

Poor and other vulnerable groups should be empowered and actively involved in society by increasing their access to information and their participation in decision-making processes. Three key measures are needed to make sure that this becomes reality: (i) whenever small infrastructure projects are implemented at local level, they should include a participatory approach built in by default with an emphasis on the inclusion of the poor and vulnerable; (ii) the government should provide the relevant local authorities and the target population with technical assistance on the operation and management of such projects; and (iii) local authorities should be trained to understand the relevance of the inclusion of poor and vulnerable groups in the decision-making processes (including in the design and implementation of small investment projects).

2.7.5. Increasing Access to Information and Knowledge through Social Innovation

New technologies, ICT, and innovative services are almost non-existent in the social sector in Romania. Research programs have not so far focused on social priorities or social groups. Legislative inconsistencies, gaps in funding, and a decrease in the number of professionals working in the system have all contributed to a “subsistence” attitude to research.

Investment is needed to increase the access of all vulnerable groups to information and knowledge in a wide range of formats. The government should consider taking the following actions: (i) ensure that all information in the areas related to public policies, services, and goods is freely available to the public and develop communication technologies that can eliminate the physical barriers of communication for all vulnerable groups and (ii) develop accessible information for persons with disabilities in facilities as close as possible to their homes, for example, increasing the number (and the training) of sign language interpreters and providing the blind with access to easy-to-read materials in Braille and more audio materials, as well as access to visual materials for the hearing impaired.

\textsuperscript{95} Klugman (ed., 2002) and Mansuri and Rao (2013).
3. AREA-BASED POLICIES
3. Area-Based Policies

Poverty has a stark territorial dimension in Romania, being more pronounced in the North-East region, rural areas and in the newly declared small cities. About 6 percent of the rural population and 3 percent of the urban population live in marginalized areas that combine low human capital with low formal employment and inadequate housing. With regard to human capital, formal employment, and even to access to utilities (in urban areas), living in a marginalized or non-marginalized urban area makes little or no difference to the situation of Roma households; what matters is the proportion of Roma in the total population of the area. The government aims to focus on reducing regional disparities in Romania and improving the quality of life in rural and small urban areas. In addition, it should eliminate – or at least substantially reduce – pockets of concentrated poverty, low employment, low education, and poor housing conditions in the marginalized communities where approximately 5% of the population lives.

The main priorities in these areas are: (i) developing an instrument to identify poor villages and marginalized communities so that interventions can be accurately targeted to the places that are most in need and (ii) securing public investment and EU funds necessary for the development of these communities.

3.1. Territorial Dimension of Poverty

Poverty has a starkly geographical dimension in Romania. Therefore, one of the government’s main objectives should be to ensure that resources are allocated according to the territorial distribution of needs within the country at the regional, county, and local levels.

3.1.1. Reducing Territorial Inequalities

The poverty maps for Romania produced by the World Bank in 2013 show that the North-East region has the highest rates of poverty, with all its six counties having an elevated risk of poverty. In contrast, the South region is heterogeneous, comprising counties with very high poverty rates such as Călărași and Teleorman but also other counties with relatively low poverty rates such as Prahova. Moreover, these poverty maps indicate that the areas where poverty is high and those that have the largest number of poor people are not necessarily the same. Areas that are very poor may also be sparsely populated, whereas large cities tend to have low poverty rates but large numbers of poor people, in peripheral areas. Knowing which counties have higher poverty rates can help policymakers to target resources for development and poverty reduction more efficiently.

Although the population of Romania decreased between 1990 and 2010 as did the populations of most large urban centers, some localities have grown in population and, the most pronounced population growth happened in the peri-urban areas of large and dynamic cities (which are still defined as rural areas). In the same context, the analysis of the Local Human Development Index at the locality level showed the importance of cities in triggering development.96

In order to serve as engines of growth, policymakers need to redefine cities, especially the “functional urban areas” by including suburban or peri-urban areas on their outskirts.

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96 See Ionescu-Heroiu et al., 2013.
that at the moment continue to be defined as rural areas. Moreover, policymakers must also identify and implement adequate institutional arrangements for managing functional urban areas to enable dynamic cities (or growth poles) to enlarge their demographic and economic mass. Because these growth poles have already attracted a significant amount of new investment, it will be vital to expand metropolitan public transport systems (ideally to areas with high population densities and with strong commuter flows), to develop new connective infrastructure (mainly roads), and to upgrade and properly maintain existing infrastructure.

### 3.1.2. Improving the Quality of Life in Rural Communities

Nearly half of the population of Romania lives in rural administrative areas (46 percent according to the 2011 Census). Both the aging of the rural population and the migration of many rural dwellers – most notably of young people and women – abroad are deepening the general impoverishment of rural areas.

In Romania, rural and urban areas hold great importance from an economic, social and cultural perspective and therefore their sustainable development is a must. For the sustainable development of rural and urban settlements, it is crucial to improve existing conditions and basic services by developing the infrastructure, yet the current legal framework fails to provide sufficient means of intervention for central and local authorities to support infrastructure improvements. Postponing immediate action would have negative consequences, such as a perpetual lack of resources available to public authorities and deeper adverse effects of the current international crisis on Romania’s economic areas.

There is a pronounced urban-rural divide in Romania in terms of the physical availability of basic infrastructure and services, with rural communities being heavily disadvantaged. The main areas where investments should be made are as follows: (i) the road network (the density of rural roads is less than half of the national average); (ii) basic utilities (water supply, sewerage network, and natural gas); (iii) preschool and school facilities (including agricultural high schools); (iv) healthcare (the number of inhabitants per physician in rural areas is seven times higher than in urban areas); and (v) information and communication technology (digital broadband telecommunication networks). The current rural-urban gap provides policymakers with a strong justification for rapidly increasing the supply of basic services and infrastructures in rural areas. This will require “hard” measures such as area-targeted investment projects funded primarily through the National Rural Development Program (NRDP), the Regional Operational Program (ROP), Competitiveness Operational Program and, to some extent, through the Large Infrastructure Operational Program (LIOP).

Other than the insufficient supply of basic infrastructure and services, people in rural areas also face financial barriers to accessing the few available services as well as the poor quality of the services themselves. These challenges are best overcome by programs targeted to the most vulnerable groups. Along with social programs, the NRDP together with the Competitiveness Operational Program (COP) can also help to boost rural incomes by creating jobs and supporting income diversification in ways that particularly benefit low-income people of working age (such as the rural unemployed or small farmers). The government aims to monitor the quality of basic infrastructure (such as rural roads and utilities) and services (in particular, health, education, and social services).

The Ministry of Regional Development and Public Administration as well as other public authorities are currently running several local infrastructure investment programs with different eligibility, funding, reimbursement, and monitoring features. These investment programs pursue, at a different pace, objectives which lacked funding in the previous years and thus failed to contribute to the balanced development of local infrastructure and the attainment of life quality standards for local communities. Therefore, in order to revitalize communes and the villages incorporated within towns and cities, it is essential to address the issue of local infrastructure development.

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97 In the World Development Report 2009: Reshaping Economic Geography, the World Bank proposed a unified methodology for measuring urbanization (the agglomeration index). According to this methodology, Romania is around 65 percent urban and 35 percent rural when these suburban or peri-urban areas (otherwise known as “functional urban zones”) are defined as urban (World Bank, 2009).
A more efficient use of public funds implies the coordination and uniform implementation of local infrastructure development by integrating the current rural and urban infrastructure development programs.

Thus, GEO no. 28/10 April 2013 approved the National Local Development Program coordinated by the Ministry of Regional Development and Public Administration and comprising the following subprograms: a) "Romanian Village Modernization"; b) “Urban Regeneration of Towns and Cities”; c) “County Infrastructure”. Program beneficiaries are the administrative-territorial units represented by local public administration authorities, namely communes, municipalities, including their administrative-territorial subdivisions, and towns, including their component villages, counties, and administrative-territorial units which are members of intercommunity development associations, established as prescribed by law, for the investments made via intercommunity development associations. Under the program, investment objectives are pursued on lands and/or buildings, whichever applicable, which are publicly or privately owned or managed by the administrative-territorial units, in accordance with applicable laws. To benefit from program funds, investment objectives must fall within at least one of the following specific areas: a) construction/extension/modernization of water supply systems and water treatment plants; b) construction/extension/modernization of sewage systems and wastewater treatment plants; c) construction/extension/modernization/fitting-out of pre-university educational establishments; d) construction/extension/modernization/fitting-out of healthcare facilities; e) construction/modernization/rehabilitation of public roads categorized and classified under the law as county roads, local interest roads, namely communal roads and/or public roads within the localities; f) construction/modernization/rehabilitation of bridges, culverts, or footbridges; g) construction/extension/rehabilitation/modernization of cultural objectives of local interest, namely libraries, museums, multi-purpose cultural centers, theatres; h) construction/extension/modernization of landfill sites; i) construction/extension/rehabilitation/modernization of public or trade markets, fairs, according to the case; j) construction/extension/rehabilitation/modernization of sports facilities; k) construction/extension/rehabilitation/modernization of the office buildings of local public administration authorities and their subordinate institutions; l) construction/extension/rehabilitation of the tourist infrastructure developed by local public authorities as a tool to promote the local tourism potential. The program is financed via state budget transfers, within the limits of the funds annually approved for this purpose in the budget of the Ministry of Regional Development and Public Administration, by funds annually approved for this purpose in the local budget of the beneficiary administrative-territorial units and from other legally established sources.

Rural areas are highly heterogeneous. Small and very small villages are the most disadvantaged, particularly those with an elderly population and/or those that are located in remote areas. Among rural municipalities, small communes with fewer than 2,000 inhabitants are the most disadvantaged in terms of human and social development. At the moment, it is too expensive for most localities to invest in the development of any basic infrastructure or services. Therefore, policymakers need to devise adequate legislation to enable rural communes to merge and create fewer but larger communities that are better connected to urban areas (especially to the growth poles). This will help to reduce the existing inequalities between rural and urban areas as well as within rural communities.

3.1.3. Improving the Quality of Life in Small Urban Communities

Urban areas are substantially more developed than rural areas, but considerable discrepancies exist among different types of urban areas according to their population size. Most urban centers in Romania (225 out of a total of 320) are small towns, categorized as those with fewer than 20,000 inhabitants. However, the 2011 Census data indicate that, of the total urban population of 10,859,000, only 19.3 percent live in these small towns, while 43.1 percent live in medium-sized cities and 37.6 percent in large cities.

The category of small towns is highly heterogeneous, representing a mix of agricultural areas, former single-industry cities, and tourism areas. Out of these 225 small towns, 51 were legally declared to be cities in recent years (as result of pressure to increase the proportion of the
These recently declared cities, although more developed than rural areas of comparable size, are the most disadvantaged urban settlements in many aspects (particularly in terms of local budgets, basic utilities, education, and employment). The 51 recently declared small cities (each of which have fewer than 20,000 inhabitants with the exception of one) and the 61 very small cities (those with fewer than 7,500 inhabitants) must receive more support in order to catch up with other urban areas in terms of development. Investment is needed in the infrastructure of villages incorporated within small towns (road network, basic utilities, educational and healthcare facilities, digital broadband telecommunication networks) in order to improve the quality of life of their inhabitants and to close the gap between disadvantaged small towns and other urban areas.

3.2. Integrating Marginalized Communities

Segregation is again at the top of the European agenda as it affects almost all European cities, prosperous, growing, and shrinking cities alike. Residential segregation refers to how people are separated in terms of where they live, but segregation can also occur in terms of schools, jobs, or public services and can affect people in all social and demographic dimensions, including age, ethnicity, religion, income, or social class.

In Romania, marginalized communities are, by definition, areas that combine low human capital with low formal employment and inadequate housing. This definition is used both for rural and urban areas, but the two identification methodologies are based on different indicators in order to reflect the specificity of each type of residential area.

Integrated, cross-sectoral regeneration projects that balance social inclusion with economic competitiveness are the best way to reduce territorial concentrated poverty in marginalized urban areas, in Roma communities, and in certain remote rural areas. These interventions need to be supported by a broad range of public and private players (public agencies, landlords, residents, and businesses) in order to be effective. “Problematic” areas need high-quality, accessible services – affordable housing, education, employment, childcare, healthcare services, and public transport – in order to achieve levels of integration on a par with other parts of the same city.

For the integration of marginalized communities, funds will be granted under PA 5 of the Operational Program Human Capital (OP HC) 2014-2020 for the following types of action:

- Support for the design of local development strategies.
- Integrated community development activities – comprehensive analyses conducted at community level to highlight local needs, the development potential, including of the business environment, human resources profiles and skills, the labor market demand in the local/neighboring communities, aimed at the social inclusion of vulnerable people/groups/communities; drafting community development strategies and action/community development plans to address problems in the community based on a participatory approach; awareness-raising campaigns and specific actions meant to enhance social responsibility and promote active inclusion (also by capitalizing on successful models from target communities, by combating all forms of discrimination and promoting equal opportunities); information, counseling, professional training/development (including via the exchange of good practices, capacity building activities and know-how transfer with other communities and relevant stakeholders from Romania and other Member States).

99 The methodology for identifying marginalized urban areas was developed for the Atlas of Urban Marginalized Areas (Swinkels et al, 2014), while that for marginalized rural areas was developed as part of this Strategy and will be further developed within an Atlas of Rural Marginalized Areas under the Flagship Initiative on Integrated Services (see Chapter 13 of the Strategy). Both methodologies (for urban and rural areas) are based on 2011 Census data and the analyses were done at the Census sector level using indicators in three broad criteria: (i) human capital; (ii) formal employment, and (iii) housing conditions. By definition, the census sectors identified as “marginalized” were those that combined disadvantages in all three respects.
100 The simulations of the impact of such integrated regeneration programs that also provide employment services to marginalized populations show that they barely change the overall poverty indicator because of the small percentage of the population who live such communities and because of the limited expected impact of these programs on the likelihood of many people finding jobs. However, they do significantly reduce extreme poverty within those communities.
Integrated soft projects will be financed under OP HC (infrastructure projects will be funded under NRDP or ROP) to reduce poverty and combat social exclusion in disadvantaged communities, including:

- Support for increasing access to and participation in quality education and training and for reducing early school leaving through the provision of integrated packages (e.g. travel costs and meals, educational materials, access to medical and social services, prevention measures, accompaniment measures adapted to the needs and specificity of the community, etc.).

- Financial incentives/subsidies granted to the residents of marginalized communities in order to encourage them to enter or remain on the labor market as well as to foster participation in continuing training or apprenticeship programs and internships, paired with accompaniment measures and other types of interventions as needed (e.g.: rewards, vouchers, including for transport, improved living conditions and sanitation, etc.).

- Support for social entrepreneurship in the community and job creation through micro-grants, etc.

- Support for the development of social services and integrated community-based medical and social services (covering running costs, including staff costs incurred by the gradual employment of social workers, community health nurses, and Roma health mediators, staff training costs), also through innovative service delivery solutions (such as a voucher system, employment of local residents). The measures are complementary to those provided under NRDP to finance the rehabilitation/modernization/extension/fitting-out of the non-residential social service infrastructure (e.g. integrated community centers, etc.).

- Projects (also pilot projects) aimed at the integrated delivery of services at community level, which may comprise employment and training measures, social, health, educational measures (like IT literacy for e-inclusion), housing, etc. (single service access points/one-stop shops, multi-purpose centers, multi-purpose offices/mobile teams, development of an integrated case management methodology through the use of ICT such as an online case management platform (access of experts from various areas to the information available on the web platform).

- Integrated projects (training and social activities/delivery of social services/home or public space rehabilitation) aimed at the active/volunteer involvement of community members in finding solutions to their community problems.

3.2.1. Integrating Marginalized Rural Communities

Of the rural population, 6.2 percent are located in marginalized rural areas. These are severely deprived Census sectors inhabited by people who completed only lower secondary education at most, make a living in the informal sector (especially agriculture), and live in housing conditions that are precarious, in overcrowded houses with little or no access to water or electricity. These marginalized areas tend to consist of concentrations of low-income households whose residents have low levels of education and skills relevant to the labor market, a preponderance of single mothers, large numbers of children, and a high rate of petty crime.

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101 Overall, in Romanian communes, 2,244 census sectors (of all 46,498 census sectors in rural areas at 2011 census) meet the criteria for rural marginalized areas, in which live over 564,000 people. The marginalized census sectors are located in 1,605 villages (14 percent of all villages), spread in 35 percent of all the communes.
3.2.2. Integrating Marginalized Urban Communities

Of the urban population of Romania, 3.2 percent are located in marginalized urban areas. Similar to marginalized rural areas, these are severely deprived areas that combine low human capital (little education, poor health, and/or a high number of children) with low formal employment and inadequate housing conditions. There are four broad types of marginalized urban areas that partially overlap with each other: (i) ghetto areas consisting of low-quality blocks of flats or former workers’ colonies (low-quality housing facilities built before 1990 for workers employed by large enterprises during the socialist regime); (ii) slum areas of houses and/or improvised shelters (old neighborhoods on the outskirts of cities with very poor populations that include both Roma and non-Roma); (iii) modernized social housing (developed as part of integrated projects that combined substantial investment in new buildings with a series of social interventions); and (iv) social housing buildings in historical areas in the city center (areas of individual houses - often in an advanced state of dilapidation - that were nationalized during the communist period and, after 1990, used as social housing).

3.2.3. Integrating Roma Communities

As interventions targeting marginalized areas could only partially reach deprived Roma, complementary measures need to be developed based on the "explicit but not exclusive" principle. The methodology for identifying marginalized communities (in rural and urban areas) can be used as a way to identify and target resources to people in need. As a result, policymakers need to develop measures that are specifically targeted to Roma communities that are strongly focused on human capital (education, skills, and healthcare), formal employment, and access to basic utilities (water, sewerage systems, and electricity) and digital broadband telecommunication networks. In addition, there is a need to reflect the specific circumstances of those communities by expanding the role played by Roma mediators, by implementing subprojects aimed at overcoming negative stereotypes and enhancing Roma self-esteem positive, and by developing trust and solidarity within the community.

Overall, 1,139 of the 50,299 census sectors in urban areas in the 2011 census met the criteria for being marginalized areas, in which live nearly 342,000 people.
4. STRENGTHENING INSTITUTIONAL CAPACITY TO REDUCE POVERTY AND PROMOTE SOCIAL INCLUSION
4. Strengthening Institutional Capacity to Reduce Poverty and Promote Social Inclusion

The government should aim to enhance the capacity of the public system at all levels to enable all parties to work together in order to develop and implement policies to combat poverty and social exclusion.

The main priorities should be: (i) upgrading the current IT system to implement a strong e-social assistance system; (ii) strengthening coordination mechanisms and developing an integrated monitoring and evaluation system; and (iii) developing a modern payment system.

4.1. Enhancing Capacity for Policy Formulation and Management at all Levels

Building capacity for policy formulation, planning, and managing services is a prerequisite at all levels and in all relevant sectors for developing anti-poverty and social inclusion policies.

A summary of the changes needed in the current legal provisions is presented in Table 10 below.

### TABLE 10: Changes in the Current Legal Provisions by Sector

| Employment | A new legislative and regulatory framework to consolidate the three current means-tested programs (the GMI, the FSA, and the HB) into a single program – the Minimum Social Insertion Income (MSII) program, soon to become the key anti-poverty program in Romania |
| Social Protection | Create labor market regulations and social dialogue to support the ability of workers to negotiate for wages commensurate with their productivity. |
| | Create the conditions for the required pension contribution periods and basis so as to ensure the sustainability of the pension system, including for future generations |
| | Ensure a minimum pension level, through the social benefit paid to pensioners, allowing those entitled to this right to cover their daily needs |
| | Develop comprehensive regulations for reducing the number of early retirement cases along with economic development and job creation measures |
| | Develop secondary legislation of the Law no. 292/2011 on social assistance |
| | Unify the medical criteria for assessing the degree of disability for persons with disability and create a single delivery channel to serve all these people |
| | Develop comprehensive regulations for occupational therapy (covering funding and evaluation methodologies and the inclusion of newly trained professionals in all public and private services that deal with people with disabilities). |
| **Education** | Ensure effective law enforcement mechanisms for ensuring free compulsory education for all children  |
| | Draft and pass a specific all-inclusive education law (in accordance with the recommendations of the Office of the High Commissioner for Human Rights of the United Nations)  |
| | Design and approve Romania’s Early School Leaving Strategy  |
| | Ensure enforcement mechanisms in accordance with the national legislation, children and young people with disabilities can receive their education in mainstream schools, in special schools, or in special classes integrated into mainstream schools. Develop a coherent framework for a real and constructive partnership between teachers and the parents of their students with special educational needs  |
| | Redesign current IVET programs (setting up apprenticeships, redesign of the curricula, develop national sponsorship programs with large companies, focus on students most at risk of dropping out).  |
| **Health** | Change the paradigm of public health policy, by increased allocations to evidence-based preventive and health promotion services, while building programmatic capacity at all levels  |
| | Review the national health programs, including the national mother-and-child healthcare program. Develop a national plan for healthcare services, followed by prudent investment in infrastructure and human resources.  |
| | Consider developing local, regional, and national plans for reducing the incidence of unhealthy behavior and for preventing chronic diseases  |
| | Consider changing legislative provisions in order to allow local authorities to hire GPs with funds from the National Health Insurance Fund  |
| | Revise, update, and endorse the tasks and job descriptions of community health workers  |
| | Review and diversify the interventions included in the minimum and basic benefits packages delivered by family doctors and increase the share of services that proved to be effective (evidence-based services) delivered to the poor  |
| | Redesign the National Plan to Prevent and Control M/XDR-TB 2012-2015- Multi-drug and extensive drug-resistant tuberculosis (Reinforce, through regulatory measures and county-based mapping of resources, the Direct Observed Treatment Strategy and develop procedures and guidelines for HIV/TB detection and care based on international recommendations and protocols)  |
| | Issue legislation on private health insurance for those who can afford this option.  |
| **Housing** | Elaborate a housing policy and a housing strategy to address the excessively high housing cost rate on the poor and prevention of homelessness, especially due to evictions  |
| | Ensure the pro-poor focus of the large infrastructure programs aimed at rehabilitating and modernizing the social housing stock  |
| | Ensure that improvements to local infrastructure and housing will not lead to increased concentration or further physical isolation and segregation of marginalized groups  |
| | Increase the capacity of shelters, improve the capacity for emergency interventions in the street, adopt regeneration programs to address illegal settlements; cease illegal evictions; and adopt prevention policies for people at risk of ending up in the streets.  |
| **Social Participation** | Change the current legislative framework governing volunteering in order to encourage social participation.  |
In terms of human resources, more and better trained staff is highly needed in all social sectors. Thus, the previous chapters highlighted the following list of main development needs:

- Increase the management and operational staff of the National Employment Agency for the development of specialized Local Employment Services (LES), especially in marginalized communities, along with creation of local partnerships for the implementation of ALPMs and externalization of some of its services.
- Develop a national program to strengthen social assistance services at the community level for the period of 2015-2020, accompanied by investment in community-based services such as daycare and other support services for independent or supported living (such as transportation, personal assistants, assistive devices, and interpreters).
- Increase the number of professionals in strategic planning, monitoring and evaluation, as well as case management within the General Directorates for Social Assistance and Child Protection (DGASPC) to strengthen strategic planning, methodological coordination, and support for the local-level SPAS, as well as in monitoring and evaluating service providers within the county.
- Develop a continuous training system for professionals working in social services, including professionals dealing with the social services regulatory system. There is still no dedicated mechanism for evaluating social services or for training of evaluators of social services.
- Strengthen the capacity of the National Agency for Payments and Social Inspection.
- Invest and increase the number of professionals available with the County Resources and Educational Assistance Centers (CJRAE) to enable them to become real resource centers for inclusive education.
- Systematically training teachers and care providers in providing ECEC to children from poor and vulnerable families.
- Enhancing the capacity of teaching staff is crucial for the effective delivery of inclusive education to Roma children.
- Introduce a national program for youth in agriculture.
- Enhance the role and the capacity of the County Directorates for Public Health to provide professional support and supervision to community health workers (CHNs - community health nurses and RHMs - Roma health mediators).
- Develop an effective health workforce strategy, particularly for attracting and retaining and keeping staff in rural areas.
- Extend and strengthen the community-based nursing system as the most powerful ‘equalizer’ in the health system. Develop community-based healthcare services in villages with no permanent family doctor’s practice.
- Train or retrain community healthcare providers (family doctors, community nurses, and Roma health mediators) in the delivering of quality pre- and postnatal care and childcare.
- Continuous medical education programs for family doctors and their nurses, tailored to the health needs of the most disadvantaged.
- Extend the number of professionals specializing in early diagnostics of services for children with disabilities.
- Create traineeships, internships, and placement programs in administrative positions at the central, regional, and local levels, especially for young Roma women.
- Develop training to community members in areas such as participatory decision-making, accounting, and basic financial literacy.
- Training and facilitation for the LEADER program and the use of the LAG (local action group) framework.

Besides legal changes and human resources, adequate government funding should be secured, for the reduction of poverty and promotion of social inclusion. As shown in the previous chapters, an increased overall financing together with improved financial management is required in all social sectors. The main aspects on funding the social sectors are included in Table 11.
### TABLE 11: Main Aspects on Funding the Social Sectors

| Employment | Increase resource allocation to - and improve the management of - labor-market institutions and activation policies for socially vulnerable groups and the in-work poor and allocate ESF resources to strengthen the institutional capacity of the Public Employment Service for the provision of efficient services |
| Social Protection | Increase the budget of means-tested programs and their share in the overall social assistance budget |
| | Increase the budget of the forthcoming MSII compared to the combined budgets of the current programs to ensure that social assistance funds target the poorest |
| | Earmark a budget from the state budget for social assistance services at the community level and develop mechanisms for monitoring the efficient use of this budget (support the salary of a full-time employee as well as the costs related to the national monitoring system) |
| | Increase the budget allocated to the development of social services for vulnerable groups |
| | Improve the financing framework to ensure the sustainability of financing for social services – development of funding mechanisms and procedures, coordination and harmonization between financing mechanisms in different sectors (such as healthcare, education, housing, and employment), increased transparency and dissemination of the procedures for contracting out social services and improved costing methodology and procedures for social services. |
| Education | Increase overall financing for the education sector |
| | Continue the program of investment in essential infrastructure in order to ensure that students can access all public educational institutions at all levels. This investment could potentially come from the Structural and Cohesion Funds. |
| | Greater investments are needed in disadvantaged schools in marginalized urban and rural areas |
| | The Supplementary Funding, which is currently based on a weighted funding formula for children in vulnerable situations, needs to be reviewed, but should also be properly delivered to all mainstream schools where such children are enrolled |
| | Revamp the whole series of cash programs implemented through school, acknowledge that they are in reality social assistance, and merge the national cash programs into the MLFSPE’s Family Allowance (soon to be the MSII) program, which has low application costs and considerable monitoring and oversight capacity. |
| Health | Increase overall financing for the health sector, especially the budgetary allocations to primary healthcare and ensure an adequate funding for the development of the community-based healthcare services |
| | Review and revise the existing financial and non-financial incentives designed to attract and retain physicians in rural and remote areas |
| | Design, implement, and budget for a clear policy on informal payments in the public healthcare system nationwide |
| | Ensure adequate funding for targeted measures addressing the health of the poor and vulnerable population, social support and interventions targeted to the poor, such as vouchers for transportation to medical facilities and subsidies to MDR-TB patients or adequate budgets for specific interventions for vulnerable groups such as street children, the homeless, prisoners, and Roma |
• Increase the budgetary allocations for preventive services in the field of reproductive health
• Provide adequate funding for redesigning the National Plan to Prevent and Control M/XDR-TB 2012-2015.
• Investing in health infrastructure and technology in a cost-effective way in accordance with the requirements of the national plan of health services and based on documented evidence.

**Housing**
• Increase the budgetary allocations for social housing
• Investment in the infrastructure of villages (villages incorporated within cities) is needed in order to improve the quality of life of the population in small towns.

**Social participation**
• Investment is needed to increase the access of all vulnerable groups to information and knowledge in a wide range of formats.

**Marginalized communities**
• Finance, from national budget, EU Funds or loans, a package of integrated interventions in marginalized communities (in rural development, regional development and human capital) to significantly reduce or eradicate the incidence of deep, concentrated and persistent poverty in Romania by 2020.

Institutional reforms should be carefully planned and assessed, given that they could result in the loss of experienced staff and could negatively affect the service delivery capacity of the institutions.

**4.2. Developing an Integrated Approach in the Field of Social Policy Development**

Adopting an integrated approach in the field of policy development, of service provision, and of the use of local resources can be expected to improve the way in which national and local authorities plan and use existing resources for reducing poverty and social exclusion. Interventions based on an integrated approach would be the product of cross-sectoral cooperation and would take into account all aspects of the wellbeing of the targeted groups.

The government aims to: (i) set up an inter-sectoral Social Inclusion Commission with a technical secretariat to be in charge of the implementation of the Social Inclusion and Poverty Reduction Action Plan and a social inclusion monitoring and evaluation system; (ii) develop specific legislation, quality standards, and a comprehensive regulatory system for vulnerable groups; (iii) train social service workers, education professionals, community mediators, and other relevant professionals in the integrated approach to service provision; and (iv) encourage vulnerable groups to be more active in decision-making at all levels from local service provision to national policymaking; (v) make a proper budget allocation available from local and national sources for all the above activities.

**4.3. Developing Monitoring and Evaluation Systems**

The government needs to develop a national social inclusion monitoring and evaluation (M&E) system and establish specific indicators of poverty and social inclusion to track progress towards the goals set out in the Strategy. The system will ensure that the results of the interventions recommended in the Strategy can be measured and monitored during the 2015 to 2020 period and to ensure that the key elements of poverty reduction, social inclusion and participation, and an integrated approach to social services are reflected in national and local policies.

Developing such a system would also increase accountability and efficiency in the allocation of public resources and thus more effectively meet the real needs of poor and vulnerable people.
In the context of limited resources and numerous needs (which need to be prioritized and dealt with in the most effective way possible), the government should continue to invest in strengthening its M&E capacity by: (i) improving mechanisms for collecting both administrative and survey data on a regular basis; (ii) building the capacity of staff at different levels (central, county, and local) to analyze quantitative and qualitative data in the areas of poverty and social exclusion; (iii) increasing the skills of the line ministries’ staff responsible for implementing the Strategy in carrying out different types of evaluations (such as needs assessments, process and impact evaluations, or cost-benefit analyses); and (iv) strengthening cooperation and coordination between different institutions in carrying out activities in the areas of poverty reduction and social inclusion.

To track the results of the flagship initiatives in reducing poverty, the government aims to strengthen the monitoring capabilities of the EU-SILC survey for Romania by: (i) adding an additional module to the questionnaire to track some of these initiatives; and (ii) expanding the survey’s representative subsamples of beneficiaries of these initiatives. These improvements in the survey’s design would enable the government to track: (i) the level of poverty among the beneficiaries of the MSII program and their labor market attachment; (ii) the use of ALMPs and training activities by the MSII and Youth Guarantee beneficiaries; and (iii) the level of poverty in marginalized communities.

Several evaluations will be needed to inform the policy reforms in the coming period: (i) an impact evaluation of the various elements of the Minimum Social Insertion Income program; (ii) impact evaluations of active labor market programs for the poor and vulnerable (including the Youth Guarantee program), (iii) a process and impact evaluation of the EU-funded social economy projects; (iv) an impact evaluation and cost-benefit analyses of integrated social services at the community level; (v) impact evaluations of means-tested benefits aimed at increasing school attendance and improving the academic performance of disadvantaged children; (vi) process evaluations of social services (prioritizing child protection social services); and (vii) needs assessments of specialized social services at the local, regional, and national levels.

To ensure the quality of the data provided by the local public administration, the funds available in the Operational Program Administrative Capacity 2014 – 2020 can be used under Priority Axis 2: “Accessible and transparent public administration and legal system”, Specific Objective 2.1: “Introducing common systems and standards in the local public administration to optimize beneficiary-oriented processes in accordance with SSPA (the Strategy on Strengthening Public Administration 2014 - 2020)”. The types of actions which can be funded are: “Strategic and financial planning, modern instruments, uniform management systems at local level” and “Development and implementation of relevant data and information presentation standards for public authorities and institutions.”

### 4.4. Improving Service Delivery with Information and Communication Technologies

The use of information and communication technologies (ICT) varies in various ministries and agencies responsible for employment, social protection, health, and education policies. In general, they operate in silos, with few opportunities to share and exchange information about their beneficiaries. Most management information systems (MISs) were developed seven to ten years ago, and both their hardware and software is becoming technically obsolete.

While there is a need to update or upgrade most of the sectoral MISs, the Strategy focuses on expanding the coverage and functionality of the social assistance MIS, which will play – when the MSII program implemented – the important role of a registry and a targeting tool for the programs for the poor. The goal is to develop an MIS that will: (i) enable local social assistance workers to devote more time and resources to social work activities; (ii) enable the tracking, monitoring, and case management of the poor and vulnerable, leading to better policymaking and

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103 The elements of the design of the MSII that should be evaluated are the impact of the size of the labor earnings of the families that are exempt from the income test on the activation of working age poor, and the success or failure of the conditionalities related to school attendance and performance and to health interventions.
improved targeting of resources; (iii) strengthen the referral function of the local social workers to specialized services (such as employment, health, education, disability, child protection, and long-term care); and (iv) use the information obtained through the interoperability with the information systems of the other public and private institutions (such as the Ministry of Public Finance, public authorities, the Ministry of Regional Development and Public Administration, nonprofits).

The present processing system for social assistance benefits encompasses means-tested, categorical, and universal benefits. In most cases the local authority is the institution to which potential beneficiaries must submit their benefit applications. This has the advantage of being close to the applicant, of providing them with locally based assistance in completing the forms, and finding any local information that the applicant needs for the means-test process. However, in some cases the local authority is burdened with handling applications that could instead be submitted directly (via web-portal) by the applicant, and the new MIS will offer this facility.

The current social assistance system is unnecessary complex and inefficient and suffers from significant governance problems related to the ICT system:

- The social assistance processing system relies heavily on paper documents, and various eligibility and processing rules impose a range of private, public and compliance costs, all of which contribute to making the system cumbersome and inefficient. This weakness is exacerbated by the lack of ICT technology support within most local authorities. At the county level – which is where the local authorities send the benefit applications - the County Agencies for Payments and Social Inspection use a central MIS system (SAFIR) to administer the majority of benefits. However, the SAFIR system is outdated and inflexible, has limited functionality, and does not have adequate ex-ante data verification capacity. Overall, SAFIR is not capable of sustaining the future system requirements as recommended in this Strategy.

- The prime responsibility for the governance of the present social assistance system rests with National Agency for Payments and Social Inspection (ANPIS). However, ANPIS has extremely limited internal resources and capacity to manage or develop ICT systems, and at present it relies on another governmental institution (STS) and a private sector contractor to operate and maintain the SAFIR system. This governance gap poses a serious risk to implementation of the recommendations of the Strategy in the field of social assistance, while also negatively affecting the ongoing operation of the SAFIR system.

The government targets simplifying benefit eligibility conditions, streamlining the processing system, rationalizing the number of decision-making centers, strengthening the inspection system, and developing a new social assistance MIS to automate processing and carry out validations (both ex-ante and ex-post). This new MIS should include automated payment processing and auditing as well as case management and prioritization tools to support service staff in local authorities, in the county Agencies for Payments and Social Inspection (AJPIS), and in partner institutions.

The social assistance MIS strategy focus on four main areas: (i) ICT governance; (ii) a business operations model; (iii) MIS development; and (iv) the reform of payment services. This will involve significant institutional strengthening, the centralizing of decision-making, and the reforming of business processes. It will also involve a major ICT development program over a five-year timeframe. At the local authority level, we recommend further development of local customer relationship management (CRM) solutions to enable them to maximize the automation of all local social assistance processes so that they can link all local databases with the social assistance MIS.

The core of the new MIS will be: (i) electronic transfer data related to means-tested programs from local authorities; (ii) government to citizens web interfaces (G2C) for universal and categorical programs; (iii) a centralized data processing center within the national authority for payments (iv) electronic data transfer between the MIS and other governmental organization; (v) a centralized social assistance benefits payments system for all benefit types – means-tested, categorical and universal; (vi) centralized management of social assistance service providers; (vii) government to business web interfaces enabling the social assistance MIS to be accessed by authorized social assistance service providers; (viii) an accounting (general ledger) interface; and (ix) advance reporting and analytics, including risk profiling to prevent and detect possible errors or cases of fraud.

The proposed e-social assistance system will also enable better coordination between the social benefits and social services systems, which will make both systems more effective in meeting the needs of their clients. By providing a clear picture of each recipient and all of the cash benefits
that he or she receives, it will also enable social workers to develop a comprehensive planning system for support services, to make informed referrals to specialized services (when needed), and to observe and evaluate a client’s progress and the impact of all of the different kinds of support provided to him or her.

The social assistance MIS will be implemented in three stages. Between 2015 and 2017, the government will: (i) develop additional ICT support for the new unified MSII benefit; (ii) move the current MIS to the Oracle 12 database version; (iii) deliver ICT support to local authorities; and (iv) reform the governance of the entire social assistance system, especially at the central level. Between 2016 and 2018, it will be necessary to: (i) develop the new social assistance business operations model and (ii) start modernizing the payments system. From 2018 to 2020, the government will: (i) develop and implement the social assistance MIS and (ii) finish modernizing the payments system.

The new MIS will significantly automate social assistance benefits processing. This will free up staff at the grassroots to focus on the most vulnerable clients and, using the case management approach, target interventions and priority actions to those clients. Other key benefits that will flow from the new MIS will include: (i) the reduced costs of the application and qualification process and the payments system; (ii) greater accuracy of decision-making; (iii) less fiscal leakage as a result of reduced levels of error and fraud; and (iv) improved targeting of key interventions and support services. Also, the new IMS will significantly streamline the social benefit system for citizens in terms of application, award and payment. Citizens will be able to fill out the application forms online and will no longer have to previously request income and tax certificates to competent authorities in support of their application.

Besides the modernization of the social assistance IMS, the information systems related to pensions, employment, child rights protection, the protection of persons with disabilities and the civil register must be updated and upgraded. It is crucial that all these systems be integrated and interoperable with the integrated information systems of MPF (in the areas of collection and treasury), the Ministry of Education and Scientific Research, the Ministry of Interior, and other relevant institutions.

### 4.5. Modernizing Payment Systems

The current payment system for social assistance benefits involves a complex set of (mostly manual) procedures and fails to take advantage of modern technologies. Most social assistance benefits are calculated by the SAFIR MIS system. However, all subsequent tasks – from obtaining the funds from the Treasury to making payments to the beneficiaries – are undertaken outside of the SAFIR platform. The existing system by which authorities at different levels request, obtain, and distribute the funds needed to make benefit payments is mostly manual, inefficient, fragmented, and overly complex. The existing payment modalities are outdated, are not secure, and involve moving large amounts of cash to post offices to be distributed to beneficiaries. In addition, the audit and reconciliation functions are inadequate.

To remedy the inefficiencies and weaknesses in the current system, the government will implement a payments modernization program as a result of which payment of benefits will be automated using electronic transfer of funds. The new central funds distribution and payment processing system will be managed at the central level rather than by the 42 County Agencies for Payments and Social Inspection (AJPIS). The information system used for the electronic transfer of funds must be interconnected and interoperable with the information system of MPF and the subsystem of the State Treasury.

The payments modernization program will have two main pillars: (i) reforming the system of requesting and distributing funds to pay social assistance benefits, by replacing the present fragmented and multi-layered system with a single centralized funds transfer and distribution system and (ii) reforming the methods used to pay beneficiaries by strategically moving to an electronic benefit payments platform and using modes of payment that are more secure, less costly, and more easily accessible to beneficiaries.

The overall objectives of the program will be to: (i) rationalize and automate the funds transfer function between ANPIS and the Treasury; (ii) phase out insecure cash-in-hand payments; (iii) ensure that beneficiaries receive their payments conveniently, safely, and securely; (iv) use the most cost-effective, secure, reliable, and sustainable technologies to make benefit payments; and (v) make all benefits payable directly to the beneficiary (including the Heating Benefit and the Disability Benefit).
The strategic advantages to be gained by adopting this new system are: (i) a significant reduction in administration complexity and workload; (ii) the freeing up of scarce resources to be reallocated to other critical support services; (iii) the elimination of costs associated with printing and distributing payment receipts; (iv) reduced scope for fiscal leakage by minimizing cash-only transactions; (v) an increase in the beneficiaries’ options for making purchases and payments; (vi) the automatic audit and reconciliation of payments; (vii) a reduction in security costs associated with transporting large volumes of cash to/from post offices; and (viii) less financial exclusion for vulnerable groups.

The transition to electronic payments should take place in stages over a period of five years and should involve specific groups of beneficiaries at each stage. Many beneficiaries will require support to move from cash-in-hand payments to e-payments, and special measures, such as help with opening bank accounts, will have to be put in place. A comprehensive communications plan will also be required to explain the new system to the public and build their confidence in it.

For implementing the aforementioned reforms, in particular those related to access to information and information management, the current information systems need to be improved by accessing e-inclusion and e-social assistance tools as provided for in the Operational Program Competitiveness 2014 – 2020 and the National Strategy on the Digital Agenda for Romania 2020.
5. FLAGSHIP INITIATIVES PROVISIONED FOR 2015 TO 2017
5. Flagship Initiatives Provisioned for 2015 to 2017

From the set of policies and interventions covered by the draft Strategy, the World Bank recommends a subset of nine flagship interventions that are to be implemented in the period of 2015-2017, which will have the greatest impact in terms of reducing poverty and promoting social inclusion.¹⁰⁴

1. **Increase the employment of the poor and vulnerable by expanding active labor market programs.**
   More than one-quarter of the poor are not in employment, education, or training (NEET), which perpetuates their poverty. Between 2015 and 2020, an envisaged action will be the inclusion of inactive, poor and vulnerable persons in tailored employment services. The Government aims to increase the budget for active labor market programs and development of tailor mediation and employment services for the inactive poor and vulnerable population. Special attention will be given to the labor market integration of young people, including through the application of the Youth Guarantee Implementation Plan 2014-2015. EU funds should be used to strengthen the implementation, monitoring and evaluation of the active employment policies, including the supply of existing programs.

2. **Increase income support for the poor and introduce pro-work incentives for program beneficiaries.**
   The government aims to consolidate the current means-tested programs (the guaranteed minimum income, the family allowances, and the heating benefit) into a flagship anti-poverty program – the Minimum Social Insertion Income (MSII). The three small social assistance programs should be replaced by a single, larger program that will be targeted to the poorest 5 million Romanians for a stronger impact in terms of reducing poverty. The MSII budget should be higher than the combined budget of the three current programs so that the MSII program can cover a larger proportion of the poor with more generous benefits, again with the goal of achieving a greater poverty alleviation impact. The MSII’s eligibility criteria should be simplified (compared with the current programs) and should be aligned with the European methodology for measuring poverty to make the program more effective in meeting the Europe 2020 target. Having only one program and a single eligibility determination process would reduce the costs incurred by applicants, reduce the administrative costs of the system, and reduce the level of irregularities in the program. In addition, a social assistance benefits formula that exempts part of the (labor) earnings of families from the means test should be introduced to give work-capable beneficiaries an incentive to work as well as receiving social assistance. Work-capable MSII beneficiaries should also be provided with job intermediation and activation services tailored to their circumstances. With this measure alone, it should be feasible to enter employment for about 10 to 23 percent of work-capable adults, former beneficiaries of social assistance measures, by 2020. The measure would also increase the income of the in-work poor. To fine-tune the parameters of the MSII for maximum impact and cost-effectiveness, EU funds could be used to carry out a rigorous evaluation in the early years of the program.

3. **Develop integrated social services at the community level.**
   The main role of social workers and other community workers working together as a multi-disciplinary team should be to mobilize demand and help extremely poor families and those in marginalized areas to access welfare services, in both rural and urban areas. In order to enhance the cost-effectiveness and improve the quality of primary services, in the short term, the government aims to: (i) define clear target groups and eligibility criteria for these integrated social services underpinned by laws or instructions from appropriate government bodies; (ii) develop methodologies and tools for carrying out a comprehensive needs assessment to offer constant guidance and support to community workers; (iii) develop protocols to guide the work of these teams of community workers in various sectors, including clear outlines of responsibilities and rules for reporting, transferring information, and documenting activities; (iv) establish functional relationships between teams of community workers and higher levels of management to ensure professional

¹⁰⁴ These initiatives will benefit from operational implementation plans designed for the period 2015 - 2017. Operational plans will contain actual measures, related costs, funding sources, monitoring and evaluation systems for the measures set out in the Strategy, based on indicators and monitoring data collection mechanisms.
coordination, supervision, and training/retraining; (v) define functional relationships between teams of community workers and other service providers (such as GPs, GP nurses, and NGOs); and (vi) define protocols for joint case planning with other service providers based on equality of all participants.

4. **Improve the instruments for identifying disadvantaged schools to ensure that all children have access to equal opportunities.**
The key action for breaking the intergenerational cycle of poverty and exclusion is to dismantle the barriers related to education and skills development. Children from poor families, children with special educational needs or disabilities, Roma children, and children living in rural remote areas have much less chance of being in school and acquiring the skills they will need in life. The per capita based funding of Romanian schools seems to be inadequate to meet the actual needs of schools located in or serving disadvantaged children and communities. Thus, such schools are facing serious financial difficulties that are negatively affecting the quality of the education that they provide. A more equitable financing system that incorporates social criteria in the calculation of per capita funding might allow some of these schools to become sustainable and remain open. In addition, supplementary funding, which is currently based on a weighted funding formula for children in vulnerable situations, needs to be reviewed but should also be delivered to all mainstream schools where such children are enrolled. The government aims to review its financing methodology to improve the allocation of resources to the children in need and to ensure that the money is used to deliver effective interventions that will increase access to and improve the quality of education for vulnerable groups.

5. **Strengthen social services for child protection.**
The government should speed up the process of reducing the number of children within the special protection system by: (i) developing and strengthening the capacity of community-based prevention and support services; (ii) reconsidering the ways and means (including cash benefits) of providing family support in order to prevent child-family separations; and (iii) revising the existing child protection services to enhance the quality of care provided while reducing the duration of stays to the minimum necessary.

6. **Develop an instrument to identify poor villages and marginalized rural communities.**
Marginalized areas are defined as pockets of extreme poverty characterized by low levels of education and skills relevant to the labor market, large numbers of children per household, a high rate of petty crime, poor physical accessibility, high exposure to environmental hazards (such as floods or landslides), and low quality or absent public services. Two conditions need to be met in order to fight segregation of deprived areas. First, they need to be identified as effectively as possible (without inclusion or exclusion errors) and, second, specific, integrated, and community-led social services should be available and accessible to their residents.

While a methodology for identifying marginalized urban areas was developed by the World Bank in 2014), only a preliminary methodology was developed for the marginalized rural areas. In the near future, case studies of these areas will be conducted in order to validate the preliminary methodology, simplify it for use by local authorities, compile a list of the most deprived areas to be targeted by interventions, and identify the typology of the marginalized rural communities to make the interventions as effective as possible. In addition, a community development index at the village level will be drawn up so that policymakers can effectively prioritize the most needed investments at the village level (in, for example, water sewerage, gas, or social services).

7. **Invest in improving the current IT system to implement a strong e-social assistance system.**
The government aims to gradually develop electronic management information systems (MISs) to support the work of social assistance staff and social service providers. The “e-social” system would encompass all social assistance programs and social services, and it will integrate information from a range of different IT systems and databases. The “e-social” system would become the backbone of Romania’s social assistance system. Meanwhile, strong investments would be needed in IT staff, IT management and project management, and IT organization.

8. **Develop a modern payment system.**
The current payment system for social assistance benefits involves a complex set of mostly manual procedures and fails to take advantage of modern technologies. To remedy the inefficiencies and weaknesses in the current system, the government aims to implement a payments modernization program for social assistance benefits. The program will use modern technologies and service delivery methods to: (i) centralize the payment processing function; (ii) automate the computation of requirement of funds; (iii)
rationalize budgetary requests from the Treasury; (iv) use modern payment transfer technologies; (v) provide clients with a range of secure and convenient payments channels; (vi) cease making direct payments to third parties; and (vii) incorporate best practice audit and reconciliation functions. This will reduce the cost of administration, increase the security of payments, and provide clients with flexibility in how their benefits are paid.

9. **Strengthen coordination mechanisms and develop a monitoring and evaluation system.**
To ensure that the objectives of the Social Inclusion and Poverty Reduction Strategy are met. This will include strengthening the monitoring aspects of the Quality of Life Survey (EU-SILC) and the Household Budget Surveys (HBS), improving the collection and use of administrative data, and accessing EU funds to carry out program evaluations (including impact evaluations) of a number of flagship initiatives. The government will collect data on developing a national social inclusion monitoring system with a twofold aim: (i) to ensure that the results of the interventions recommended in the Strategy can be measured and monitored during the 2015 to 2020 period and (ii) to ensure that the key elements of poverty reduction, social inclusion and participation, and an integrated approach to social services are reflected in national and local policies.

The implementation of flagship initiatives proposed for the period 2015-2017 and presented in this chapter, along with the measures set out in the Strategy will contribute to achieving its main results: **the social inclusion of vulnerable groups and lifting 580,000 people out of poverty or social exclusion by 2020 compared with 2008**, as committed by Romania in order to reach the goals of the Europe 2020 Strategy.
ANNEXES
Annex 1: Main Vulnerable Groups in Romania

**ANNEX TABLE 1: Main Vulnerable Groups in Romania**

<table>
<thead>
<tr>
<th>Main groups&lt;sup&gt;a&lt;/sup&gt;</th>
<th>(Sub)groups</th>
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<tbody>
<tr>
<td>1. Poor people</td>
<td>Poor children, especially those living in families with many children or in single-parent families. In-work poor, especially under-skilled (mainly rural) workers; the self-employed in both agriculture and other fields. Young unemployed and NEETs&lt;sup&gt;b&lt;/sup&gt; (not in education, employment or training). People aged 50-64 years out of work and excluded from social assistance benefits schemes. Poor elderly, especially those living with dependent household members, and lone elderly.</td>
</tr>
<tr>
<td>3. Lone or dependent elderly</td>
<td>Elderly living alone and/or are dependent and/or are with complex dependency needs.</td>
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<tr>
<td>4. Roma</td>
<td>Roma children and adults at risk of exclusion from households without a sustainable income.</td>
</tr>
<tr>
<td>5. Persons with disabilities</td>
<td>Children and adults with disabilities, including invalids, and with a focus on those with complex dependency needs.</td>
</tr>
<tr>
<td>6. Other vulnerable groups</td>
<td>Persons suffering from addiction to alcohol, drugs, and other toxic substances. Persons deprived of liberty or on probation. Persons under the supervision of probation services, with non-custodial measures or sentences (persons granted postponement of punishment, suspension of sentence under supervision, release on parole – if the remaining sentence time is of minimum two years, and persons imposed the enforcement of a fine sentence by performing community service). Minors under the supervision of probation services (sentenced to a non-custodial educational measure, granted the replacement of the custodial educational measure, or release from detention). Homeless people. Victims of domestic violence. Victims of human trafficking. Refugees and immigrants.</td>
</tr>
</tbody>
</table>

Note: a/ Some of the groups may overlap. For example, a child living in a single-parent family may experience poverty and/or multiple deprivations as well. b/ NEET stands for ‘Not in Education, Employment or Training’.
Annex 2: Assumptions of the Poverty Forecasting Model

The Strategy relies on a macro-demographic-labor force-micro model to quantify the likely reduction in relative income poverty from 2014 to 2020. The model is used to assess under what conditions Romania will achieve the poverty target, and what combination of economic growth, employment and wage growth, and policies aimed to increase the earnings and transfer income of the poor would secure the achievement of the target. The model uses 2012 SILC data to simulate the 2014-2020 at-risk-of-poverty (AROP) and anchored poverty indicators.

The poverty forecasting model relies on a set of macroeconomic, labor force and demographic assumptions:

a) Three possible economic growth scenarios are modeled, which consider a low, a base and a high economic growth scenario (Annex Table 2, middle panel). The forecasts correspond to the forecasts of the IMF, World Bank and EU as of September 2014. Under the low economic growth scenario, Romania’s GDP per capita is expected to growth at 2.5-2.2 percent per annum over the forecasting period. Under the high economic growth scenario, per capita GDP increases gradually from 3 percent in 2014 to 5 percent over 2018-2020.

b) Corresponding to each economic growth scenario, there are three employment growth scenarios (Annex Table 2, first panel). Under the low scenario, the share of employed persons in the cohort of 20-64 years old grows from 63.8 percent in 2012 to 64.9 percent by 2020, or by one percentage point over the period. This forecast is consistent to the weak employment growth achieved during the previous decade. Under the base scenario, employment grows by 3.6 percentage points. Under the high (rather optimistic) growth scenario, employment rate increases gradually to reach 70 percent by 2020, which is the Romania’s U 2020 employment target (an increase of 6.2 percentage points over 8 years).

c) Labor productivity is assumed to same path in all cases, while education trends are derived assuming that Romania will meet the EU 2020 national targets on education by 2020.

<table>
<thead>
<tr>
<th>ANNEX TABLE 2: Growth Scenarios for Romania</th>
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<tr>
<td>Employment rate (20-64)</td>
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<tr>
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<td>Low</td>
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<td>2020</td>
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Source: World Bank estimations based on multiple sources. The economic growth forecasts are based on IMF, World Bank, and EU projections as of September 2014. The low case scenario is based on the forecast of the EU Active Aging Working Group and the Ministry of Finance, Romania. Employment growth for the base and high scenarios, for productivity, and for educational attainment are World Bank projections.
The assumed changes in economic growth, employment, labor productivity and education achievement from Annex Table 2 are then incorporated into a microeconomic model based on the Romania’s 2012 EU-SILC survey, the same survey which is used to track progress toward the relative income poverty target (AROP) and the anchored poverty rate.\footnote{For each of the forecast year, the income of the households in the survey sample is changed using the assumed changes in education distribution, employment, labor productivity, and expected GDP growth. The model adjusts education distribution in such a way that the resultant educational distribution mimics the supposed education distribution in that particular year; this adjustment affects only individuals in the 20–34 age group. Employment is also adjusted to meet the employment rates of the 20–64 age group in the respective year. The unemployed/inactive individuals with the highest probability of being employment are “switched” to employed status, until the total number of employed reaches the assumed employment level of that year. These individuals who are predicted to move from inactivity to employment are imputed earnings based on their level of education, sector of activity, work experience and other variables known from the survey. All individuals employed (or predicted to move from inactivity to employment) receive a flat increase in their earnings equal with the assumed increase in labor productivity. The social protection transfers to households are assumed to remain at the same level in real terms (they increased only with the expected inflation). The incomes of the households are changed according to these assumptions, and the model generates a new, simulated income distribution for each year of the forecast period.}

The model is also calibrated with the predicted change in demographics and labor market participation.\footnote{The demographic forecast is taken from the National Institute for Statistics. Other demographic changes, such as change in formal employment, informal employment, and the change in the number of pensioners and the real value of their pension, was simulated with the World Bank PROST model.} Over 2012-2020, Romania will experience a significant change in the level and structure of the population (see Annex Table 3).

\begin{table}[h]
\centering
\caption{Main Demographic Changes, 2014–2020 (in thousand people)}
\begin{tabular}{lcccccccc}
\hline
Age-groups & \multicolumn{7}{c}{Year} & \multicolumn{1}{c}{Change 2014-2020} \\
\hline
15-19 & 1,093 & 1,088 & 1,092 & 1,090 & 1,081 & 1,071 & 1,061 & -32 \\
20-64 & 12,464 & 12,368 & 12,270 & 12,174 & 12,083 & 12,002 & 11,907 & -557 \\
Total & 19,987 & 19,964 & 19,935 & 19,904 & 19,873 & 19,842 & 19,810 & -177 \\
\hline
\end{tabular}
\caption*{Source: WB PROST model for Romania.}
\end{table}

In the micro model, the employed population is derived from the predicted working-age population (Annex Table 3) and the low, base and high employment rates (Annex Table 2). Further assumptions on the rate of unemployment are used to estimate the number of unemployed over the forecasting period. The sum of employed and unemployed represents the total active population of each year.

The total population is expected to fall by 177,000 people. This change is distributed differently across age groups. While the old-age cohort (people 65 years old and older) is expected to increase by 436,000 people, the working age population (age 20 to 64 inclusive) will shrink by 557,000 people, and the number of children (up to 20 years old) by 56,000. Over time, the working age population will fall while the elderly population will increase, putting further strains on government revenues derived from income taxes and increasing demand for pensions, healthcare, and elderly care.

Finally, the model incorporates the predicted changes in the coverage (assumed stable) and the real value of old-age pension, as forecasted by the PROST model.\footnote{Nonetheless, the ratio of the average pension to the average wage is estimated to drop by nearly 10% between 2014 and 2020 as a result of the Swiss indexation formula used in the first pillar of the Romanian pension system.} This change is incorporated in the model.

Changes in the size of different population groups, of those employed and unemployed, are introduced in the micro model by altering the weights of the respective categories.
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