

## SOCIAL ASSISTANCE IN ROMANIA IN THE CONTEXT OF EUROPEAN INTEGRATION AND GLOBALIZATION

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**Abstract:** *Given the changes that have occurred within the demographic structure of the population and the framework of the labour market, there is a both a global and national concern towards the continuous reconceptualization of the field of assistance. Although during the last decades our country's political and economic maps have innately influenced social practices, the social assistance system in Romania is still in transition. The aim of the present study is to progressively undertake a critical review of the circumstances that have led to the development of the national social assistance system so that the specific advantages and disadvantages of current practices and characteristics be identified. Such aspects are to serve as basis for the apposite forecast of the opportunities and challenges that the Romanian social assistance system is to face, with a direct and subsequent impact upon the choice of tools for an optimal social intervention that is to generate social welfare.*

*Thus, while Romania's concern for social issues has seen no intermission, as it continuously sought the satisfaction of the more and more diverse social needs and expectations, its accession to the European Union and the later requirements imposed by the need to align to the standards imposed by European superstructures have lead the way to new accumulations in terms of social policy, with a resolute impact upon its major objectives and expected aims. In this context, the transition from passive to active social practices seeks to ensure the overall transformation of the system, a basis for a sound investment in human capital.*

**Key words:** Social policy, Social assistance, Social welfare, Poverty, Social assistance benefits, Social services.

**JEL Classification Codes:** I3, I30, I31, I32, I38.

### 1. INTRODUCTION

Similar to other Central and Eastern European countries, Romania's social assistance system is still in the midst of transition. Following European intergration, new standards have been aquired in terms of social policy, namely more pro-active social interventions, which eventually marked the gradual, but fundamental, shift from „*the quantitative approach of consequence minimization towards the more qualitative viewpoint, that of human investement*” (The National Council For the Elderly, 2013, p. 11), which is founded on five main objectives:

- improvement of equity in terms of access to social security benefits;
- improved administrative efficiency (through the reduction of administrative costs);

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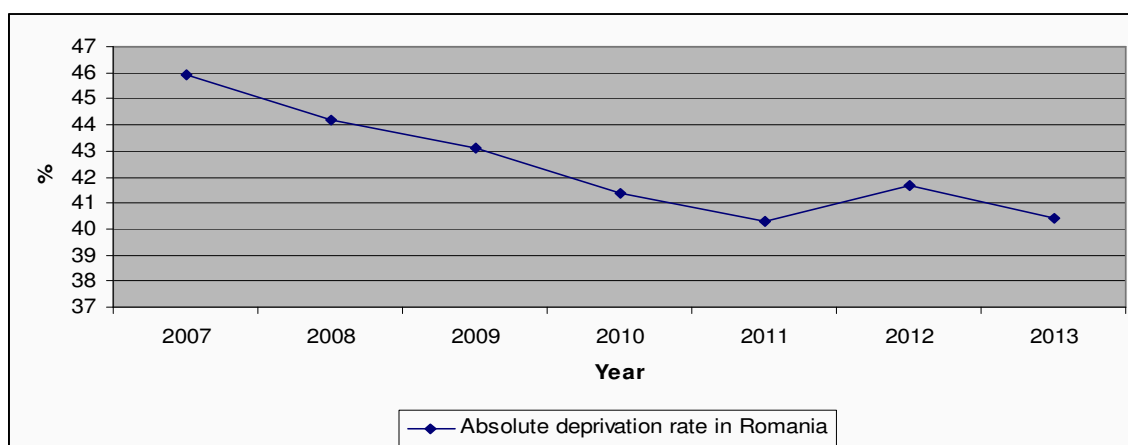
- depletion of human and systemic errors in relation to the granting of social benefits, while combating fraudulent practices (overlapping of benefits);
- the development of performance monitoring and evaluation practices, for both the social assistance system as a whole and the individual benefits;
- improvement of service quality, level of training and availability of social care staff.

Part of the national social protection system, social assistance consists of services and benefits that are granted in order to assist human develop and encourage individual abilities, to ensure a minimal level of welfare as the foundation for a higher quality of life and subsequently a higher degree of social inclusion. As stated earlier, the shift from the passive towards the active social approach seeks to ensure the overall transformation of the system through measures which are aimed directly at families, as a basis of its security and stability, the turning point of solid human investment.

## 2. THE IMPACT OF EUROPEAN INTEGRATION ON SOCIAL ASSISTANCE IN ROMANIA

Social assistance benefits in Romania, whether „based on means testing of the person living alone or the family, universal, non-means tested or categorical - granted to certain categories of beneficiaries, with or without a prior testing” (The Ministry of Labor, Family, Social Protection and the Elderly, 2013) are granted in the monetary form for: family support, family policies, incentives for persons living with disability. These main types of benefits which are seen as „financial redistribution measures” ([www.prestatiisociale.ro](http://www.prestatiisociale.ro)) are individually tailored and only afterwards provided to individuals or families who meet the eligibility criteria settled by law; in other words the benefit is strictly correlated to the personal situation of the beneficiary and the social category to which he belongs, ultimately resulting in an extremely extensive range of benefits.

In this context, the significant number of social benefits and their profuse characteristics highlight Romania’s orientation towards the welfare of its citizens, a course of action that is also found throughout the rest of the European Union. None the less, according to the latest data published by Eurostat, the absolute material deprivation rate still holds high values with „an average of 24,5% of the total population of the European Union living in a state of material deprivation in 2013, while the most notable values were seen in Bulgaria (48%), Romania (40,4%) and Greece (35,7%)” (Eurostat Statistics Explained, [www.ec.europa.eu](http://www.ec.europa.eu)).



**Graph no. 1 Absolute material deprivation rate in Romania between 2007-2013 (%)**

Source: working of the authors based on the data provided by Eurostat

[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_peps01&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps01&lang=en), accessed on 21.06.2015

Despite these values and the disadvantageous place which Romania continues to hold among Member States, significant improvement has been seen, with material deprivation dropping from „45,9% in 2007 to 40,4% in 2013” (Eurostat [www.ec.europa.eu](http://www.ec.europa.eu)), as can be seen in Graph no. 1.

With an average growth rate of -2,07% the current level of absolute material deprivation rate in Romania reveals unremitting endeavors so that welfare of the population be achieved. This positive trend which has been noted especially during the last four years of the period under review, has been driven by the need to ensure a minimum level of welfare for underprivileged social categories, which took the form of an increase in coverage within the social assistance system, as depicted in Table no. 1.

**Table no. 1 The average number of beneficiaries of the Romania social assistance system between 2012-2015 (average no. of persons)**

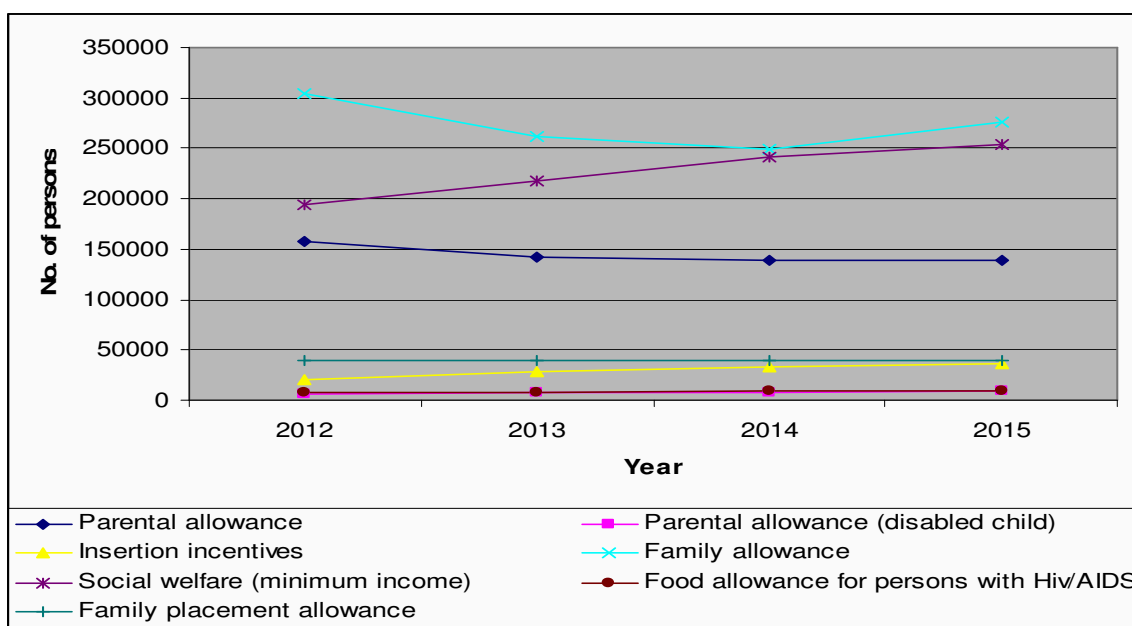
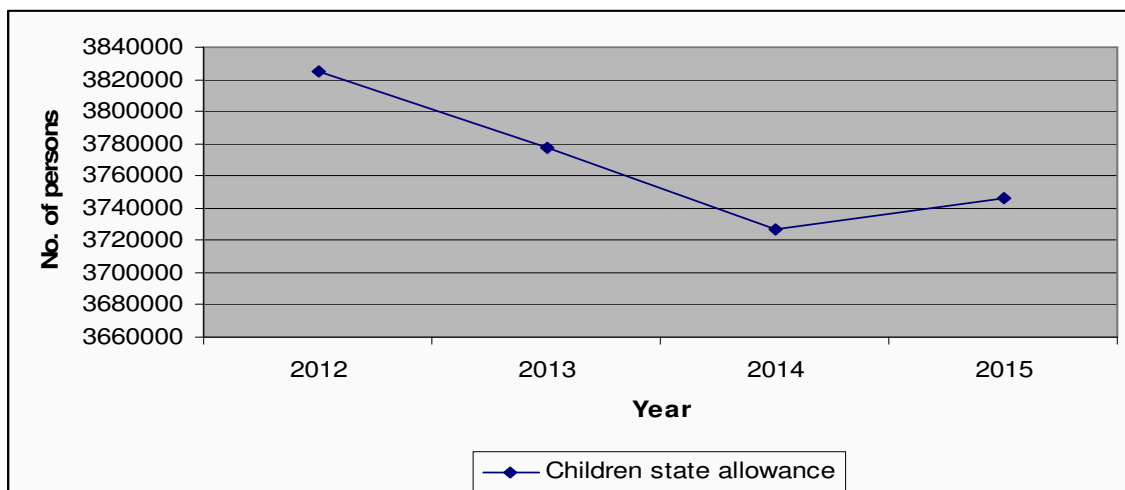
Source: working of the authors based on the data provided by Eurostat

[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_peps01&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps01&lang=en), accessed on 21.06.2015

Year	2012	2013	2014	2015 (estimates)
<b>Explanation</b>				
Children state allowance	3825126	3777481	3727019	3745886
Parental allowance	157680	141630	139460	139190
Parental allowance (disabled child)	7080	7980	8630	8680
Insertion incentives	20180	28940	33230	35970
Family allowance	304620	261560	248430	276230
Social welfare (minimum income)	193520	217110	240650	254520
Food allowance for persons with HIV/AIDS	7590	8200	8840	9180
Family placement allowance	39210	39880	38930	39670

As it has been shown in Table no. 1, for 5 of the 8 main categories of beneficiaries, the degree of coverage by the of social assistance system increased between 2012 and 2015 with a maximum of 16,62% in the case of for the insertion incentives recipients and a minimum of 0,3 % in the case of family placement allowance beneficiaries. The evolution of the overall average number of beneficiaries of the social assistance system in Romania cand be seen in Graph no. 2.

According to the Graph no. 2, the total number of beneficiaries increased between 2012 and 2015 with an average of 3,6%, although for 3 of the 8 categories of beneficiaries abatements were recorded. In this respect, directly dependent of „negative natural population growth” (Mihart, B. & Matei, Gh., 2012, p. 152), the number of people who benefited from the child state allowance, parental allowance and family allowance experienced a downward trend, with an average of decrease of 1,83% between 2012 and 2015.



**Graph no. 2 The evolution of the average number of beneficiaries of the Romanian social assistance system between 2012-2015 (average no. of persons)**

Source: working of the authors based on the data in Table no. 1

Still, the growing number of beneficiaries entailed the overall increase of budgetary funds required for granting social benefits, as presented in Table no. 2, which lead to a positive impact in terms of exposure to absolute material deprivation rate at national level.

According to Table no. 2 budgetary allowance increased for most types of benefits, while the most important growths were recorded in the case of benefits that are aimed at encouraging individual abilities of the person with an immediate impact on the productive capacity of the individual, namely in the case of minimum income and insertion incentives.

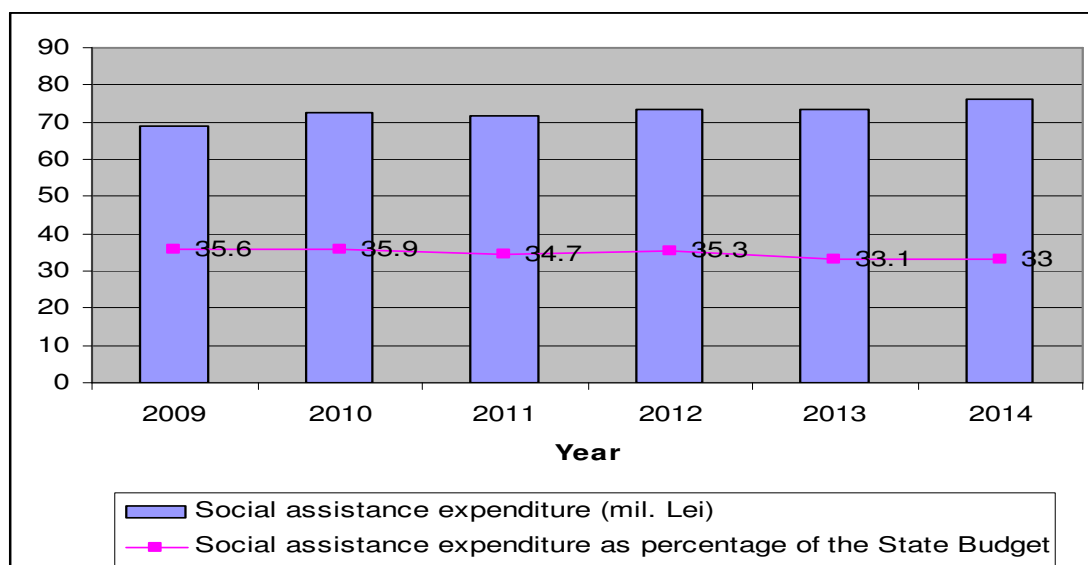
While expenditure for the minimum income scheme increased by 200% in 2014 compared to 2012, expenditure for insertion incentives grew by 160%.

**Table no. 2 Total expenditure with social assistance benefits in Romania between 2012-2014**  
(mil. lei)

Source: working of the authors based on the data provided by the Ministry of Labour, Family, Social Protection and the Elderly, <http://www.mmuncii.ro/j33/index.php/ro/>, accessed on 10.02.2015

Explanation	2012	2013	2014
Children state allowance	2762,80	2718,50	2684,86
Parental allowance	1760,28	1534,50	1552,50
Parental allowance (disabled child)	31,76	34,90	37,36
Insertion incentives	91,92	189,40	207,88
Family allowance	216,87	215,06	260,70
Social welfare (minimum income)	414,30	533,37	662,90
Food allowance for persons with HIV/AIDS	32,27	38,83	41,82
Family placement allowance	53,00	51,83	71,40

In monetary terms, social assistance expenditure rose from 68,870 million lei in 2009 to 76,213 lei in 2014. If independently taken into analysis, in the absence of a cause-effect correlations, the overall growth of social assistance expenditure could point out an obvious increase of financial pressure on public finances, despite the fact that, in relation to the state budget, the share held by social assistance expenditure marked a slight decrease from 35,6% in 2009 to 33% in 2014 (Graph no. 3).

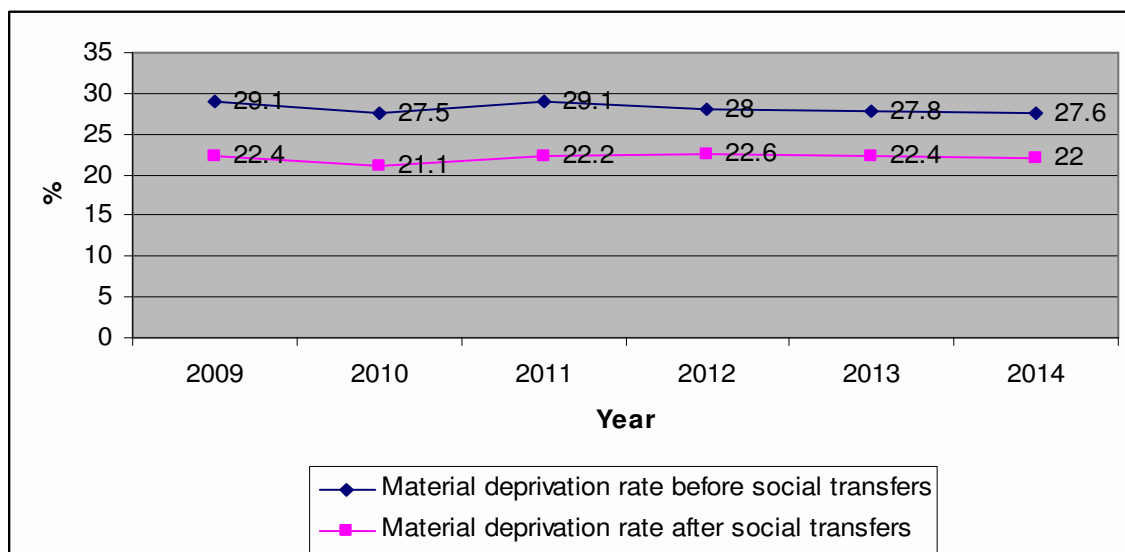


**Graph no. 3 Total social assistance expenditure and its share within the state Budget between 2009-2014** (mil. lei and %)

Source: working of the authors based on the data provided by the Ministry of Labour, Family, Social Protection and the Elderly - Raport privind situația macroeconomică pe anul 2014 și proiecția acesteia pe anii 2015-2017, p. 55,

[http://discutii.mfinante.ro/static/10/Mfp/buget2014/RAPORTBUGET\\_2014.pdf](http://discutii.mfinante.ro/static/10/Mfp/buget2014/RAPORTBUGET_2014.pdf), accessed on 20.06.2015

We however believe that the rising levels of social assistance expenditure are warranted by their immediate social effects. As shown in Graph no. 4, the provision of social assistance benefits has had a positive effect on the welfare of individuals, with social transfers leading the way towards a negative trend of the material deprivation rate.



**Graph no. 4 Material deprivation rate in Romania before and after social transfers between 2009-2014**

Source: working of the authors based on data provided by Eurostat

[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_peps01&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps01&lang=en), accessed on 21.06.2015

With an average deviation of 6,06 percentage points between 2009 and 2014, the two indicators of the material deprivation presented in the Graph no. 4 point out a divergent variation subsequent to social transfers. While, in the absence of social assistance benefits, material deprivation in our country would be expected to affect, between 2009 and 2014, more than 28% of the population, following social transfers the indicator decreased to 22,11% of the total population. Moreover, by conducting a parallel assesment of Graphs no. 2 and no. 3, it becomes clear that material deprivation rate after social transfers shows an inversed trend compared to social assistance expenditure. The only drift of the sequence is found in 2011 in the midst of the global economic downturn.

In this context, we resonate with the objective view of the Ministry of Labour, Family, Social Protection and the Elderly, who states that in recent years „social asistance was complex and that has been taken on was done as to ensure both opportunities and resources for citizens so that they are able to participate in economic and social life and also to offer support for those in need so that tehy overcome challenges and find social reintegration” ().

Although, following European integration and globalization, social assistance in Romania has experienced noticeable progress and continious concern for the welfare of the population, we believe that the issue of ensuring protection for the more vulnerable social groups requires further development and implementation of coherent strategies, which a focus on social and financial efficiency, so that much more be done than merely neutralize crisis and manage risks.

### 3. CONCLUSIONS

Given the ever-growing challenges that populations face both nation and European wide, the progress and improvement of social welfare systems have become priorities. Even though the reduction of material deprivation can sometimes not be done directly, soly by using the tools provided by social assistance schemes, but rather through the concerted usage of all available social mechanisms and strategies, the importance of social assistance is vital.

In its efforts to meet the challenges brought by European integration and globalization, Romania has made and continues to make constant efforts to guarantee and ensure a minimum standard of living for all those whose income is insufficient; support those who lack the physical and mental ability to secure sufficient material means for themselves as a basis for minimum level of welfare; promote individual autonomy and independence. Although during the last years, social assistance experienced significant improvements, the standard of living that it manages to provide to those in need still falls on the lower side in among European Union members. For these reasons, we consider that in the medium and long run social welfare calls for both the diversification and development of new social assistance mechanisms and instruments due to the fact that the problems of the socially vulnerable need not only management, but also anticipative ability.

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