

Rapid Assessment of the  
social and poverty impacts  
of the economic crisis in  
**ROMANIA**

**FINAL REPORT**  
ROUND 3 (July 2010)

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*The findings and interpretation expressed in this paper are those of the authors, and do not necessarily represent the views of UNICEF.*

## INTRODUCTION

This final report includes the outputs of the third round of the Rapid Assessment of the social and poverty impacts of the economic crisis in Romania. The report is structured in four parts:

- Section 1 presents the executive summary
- Section 2 includes the summary fieldwork report, specifying number and composition of focus groups and interviews.
- Section 3 covers the main findings of the research
- The Annex contains the guides for focus group discussions and interviews.

The Rapid Assessment of the impacts of the economic downturn in Romania is supported by UNICEF. This exercise relies on qualitative research techniques to gather information that can be of use to those engaging in crisis response work.

For gathering qualitative data that can illustrate the diversity of crisis impacts within households and communities, a team of junior researchers from CERME (Romanian Centre for Economic Modelling), coordinated by a lead researcher and a researcher, carried out an extensive fieldwork research during 25 April – 30 May, which has covered:

- ⇒ 24 FGDs with population out of which:
  - 22 FGDs carried out also in the first two rounds of research and
  - 2 new groups
- ⇒ 137 participants to the FGDs, from various social strata and life cycles, out of which 106 participants from the panel established in the second round and 31 persons newly recruited
- ⇒ 37 interviews with business and community representatives
- ⇒ about 41 hours of discussions overall recorded
- ⇒ 13 communities, 9 cities and 4 communes, located in 9 Romanian counties.

Verbatim transcripts of the focus groups and interviews have been delivered as a separate report on June, 7, 2010.

The objective of this report, according to the TOR prepared by the World Bank in cooperation with UNICEF in 2009, has been to provide insights into the following questions:

- Who is being affected and through which channels? How are impacts different for different groups and individuals? How are impacts distributed within the household, as well as between households? Are there particular impacts on women or children?
- How are people responding to the labour market shocks? Which formal and informal institutions are they turning to for help?
- How useful, functional and how well-targeted are these sources of assistance and where are the gaps?
- Are coping strategies that are being adopted by those affected likely to cause further harm in the longer term and how might this be prevented?

Similar to the first (June 2009) and the second rounds (November 2009), the third round (May 2010) of the rapid assessment has been focused on the following channels<sup>1</sup> through which the impacts of the crisis are more likely to be transmitted:

- (1) The contraction in demand for labour in both formal and informal sectors of the economy.
- (2) A cessation, reduction or growing unpredictability in the flow of remittances from family members working overseas (largely in Spain and Italy).
- (3) The particular impact of the crisis on children and their school participation.

Compared with the second round, in May 2010 two new focus groups were included, both with informal workers who live in ghetto-like neighbourhoods, in Alba Iulia.

The objective of this panel study has been to gather qualitative information that supplement the available quantitative data on the impacts of the crisis. Thus, in 2009, the rapid assessment complemented data provided by two studies financed by the Agency for Governmental Strategies (AGS), namely the panel survey *The Impact of the Economic Crisis in Romania 2009* (carried out by TNT CSOP in June and October 2009 respectively) and the survey *The Impact of the Economic Crisis on the Private Businesses* (carried out by Metro Media Transilvania in August 2009). The questionnaire of the panel survey *Impact of the Economic Crisis in Romania 2009* followed the same methodology (and items) as the one presented above. Such kind of data is no longer available for the year 2010.

Nonetheless, for completing the picture this report draws on various quantitative data available: official statistics, the Research Institute for the Quality of Life *Diagnosis of the Quality of Life in Romania* (carried out in July 2010); the World Bank survey *Financial Literacy in Romania* (conducted by the Institute for World Economy in May 2010); and *The access of local authorities to European funds*, Stănculescu M. Ș. (coord.), (carried out by a consortium made up of the Romanian Centre for Economic Modelling, National Centre for Training in Statistics and the Research Institute for the Quality of Life in November-December 2009), financed by the Soros Foundation Romania.

The analysis presented below is based on the panel qualitative data gathered by CERME in April - May 2010. The analysis follows the frame presented above with respect to the research questions and the transmission channels of the impacts of the crisis.

<sup>1</sup> In some instances, certain households and communities may be experiencing the effects of more than one transmission channel.

# 1 EXECUTIVE SUMMARY

This final report includes the outputs of the third round of the Rapid Assessment of the social and poverty impacts of the economic crisis in Romania, fieldwork carried out during 25 April – 30 May.

Compared to 2009, when the first two rounds of research were carried out, the situation seems to be worsened in 2010, with a significant decrease in the general standard of living. This finding is also confirmed by national representative surveys recently conducted.

The labour force supply seeking work has grown and, consequently, both in the formal and in the informal sectors of the economy, the competition has increased. Non-agricultural private sector has contracted, whereas in the public sector the wages have been diminished and the recruiting activities have been blocked. In the agriculture sector, floods have seriously affected the crops.

Similar to the first two rounds of research, in 2010, the unskilled workers and the workers in the informal sector are highly vulnerable and face the highest risk of job loss.

During the crisis a large number of companies narrowed down their activity or even closed down due to the crisis. Consequently, many companies laid off personnel and/or reduced wages and bonuses. An effective survival strategy of the small businesses in response to the crisis but also to the annual minimum tax has been to lay off employees and to shift the legal status into self-employed or family association. At least for a part of them laid off workers only 'on paper', in fact keeping them as informal workers. On the other side, the 'success' strategy of the retail firms includes 'no debts, no rent for space, no employee but work with family' and expand selling on credit.

The registered unemployment rate grew from 3.9% in September 2008 to 8.4% in March 2010. Although it started to decrease in May 2010, the number of employees had not improved. Due to the unemployment regulations introduced in 2009, the proportion of the registered unemployed who receive benefits increased significantly reaching a peak of 80% in November 2009. Afterwards it has declined as the first waves of the crisis related unemployed lost their eligibility for benefits; in May 2010 it reached 56%.

Regarding remittances from abroad, the trends identified in the end of 2009 have continued in the first months of 2010. Thus (1) the frequency, (2) the amounts of money and (3) the number of packages have decreased further on. In the same time, (4) the number of visits in the country has continuously diminished since Christmas 2008.

In May 2010, like in 2009, nearly all participants to the rapid assessment, both population and community representatives, emphasized that 'children always, under any circumstances, come first'. Nevertheless, at least three types of impacts of the crisis on the children have been identified during the three rounds of research: (1) children who have to work for getting along, (2) school dropouts, early school leavers and other effects on children's education and (3) effects of the reduction of the household income/consumption.

In 2009 all researched municipalities declared that the local budget covered the increasingly need for social assistance, whereas in 2010 a part of them had operated cutbacks in social assistance and social services provided to the community due to insufficient local budget.

Mitigation of the negative social impacts of the crisis is the 'state responsibility' believes the large majority of the participants to the rapid assessment. Public institutions are expected to protect and to provide support to the vulnerable groups of population. However, the central institutions are seen rather part of the problem than part of the solution. Dissatisfaction with the performances of the central institutions was expressed also by few local authorities and by the NGO representatives.

## 2 SUMMARY FIELDWORK REPORT

### 2.1 FOCUS GROUPS BY TRANSMISSION CHANNELS

In order to capture a diversity of circumstances and impacts, the research on the transmission channels of the impacts of the crisis in Romania was carried out with the following groups:

Transmission channels	Focus Groups	Group profile	
<b>(1) Labour market</b> (20 FGDs)	<b>Formal sector</b> (6 FGDs)	Employees in industries heavily dependent on export - Women - Men	
		Unskilled workers - Women	
		Employees in the public sector - Women and men	
	<b>Informal sector</b> (8 FGDs)	Constructions - Men	
		Services to households - Women	
		Constructions and services - Roma men and women	
	<b>Unemployment</b> (6 FGDs)	Unemployed - Young 15-29 years - Men and women 30 + years	
	<b>(2) Remittances</b> (4 FGDs)	<b>Remittances</b> (4FGDs)	Persons who returned from abroad as effect of the crisis or representatives of households receiving remittances. - Men and women

All focus group discussions have begun with a discussion about the nature and intensity of changes over the past five months (January-May 2010). This was followed with more tailored questions depending on the particular situation of the participants. All groups have included questions about the impacts on child health and wellbeing. The guides for focus groups are provided in the Annex.

The research team carried out 24 focus groups, which represent over 30 hours of recorded discussions. Out of these, 11 groups comprise only women, 4 groups only men, 2 groups comprise only young people (15-29 years) and 2 groups comprise only Roma people. In 22 groups, at least one participant has children (0-18 years).

With respect to the participants to the focus group discussions:

- 31 persons were newly recruited for this third research round
- 137 persons were interviewed, 92 women and 45 men
- 29 young people (15-29 years) participated in focus groups
- 79 interviewed persons have had children below the age of 18
- 26 Roma people, 19 women and 7 men, took part in focus groups.

**Table 1 Comparison between the first, second and the third rounds of the rapid assessment**

Transmission channels	Focus Groups	Group profile	Number of FGDs			Number of participants		
			Round 1	Round 2	Round 3	Round 1	Round 2	Round 3
			June09	Nov09	May10	June09	Nov09	May10
Labour market (20 FGDs)	Formal sector	Employees in industries heavily dependent on export	3	3	3	18	20	18
		Unskilled workers	1	1	1	8	7	6
		Employees in the public sector	0	2	2	0	13	12
	Informal sector	Constructions	2	2	2	12	12	9
		Services to households	2	2	2	11	13	12
		Constructions and services, Roma	2	2	4	17	16	26
	Agriculture	Daily workers	1	0	0	5	0	0
		Business oriented farmers	3	0	0	18	0	0
	Unemployment	Unemployed	6	6	6	44	36	33
	Remittances (4FGDs)	Remittances	Persons who returned from abroad as effect of the crisis or representatives of households receiving remittances.	4	4	4	21	22
<b>Total</b>			<b>24</b>	<b>22</b>	<b>24</b>	<b>154</b>	<b>139</b>	<b>137</b>

## 2.2 INTERVIEWS WITH COMMUNITY STAKEHOLDERS

In addition to focus groups discussions, interviews with stakeholders that were able to provide an overview analysis, that were able to locate the findings in a bigger picture and to describe community level changes, were conducted.

In total 37 interviews, which cover about 19 hours of recorded discussions, have been conducted, out of which:

- 8 interviews with representatives of the local business
- 4 interviews with representatives of the local municipality
- 8 interviews with social workers
- 4 interviews with representatives of employment offices
- 6 interviews with teachers
- 4 interviews with representatives of community based organizations.
- 3 interviews with school inspectors

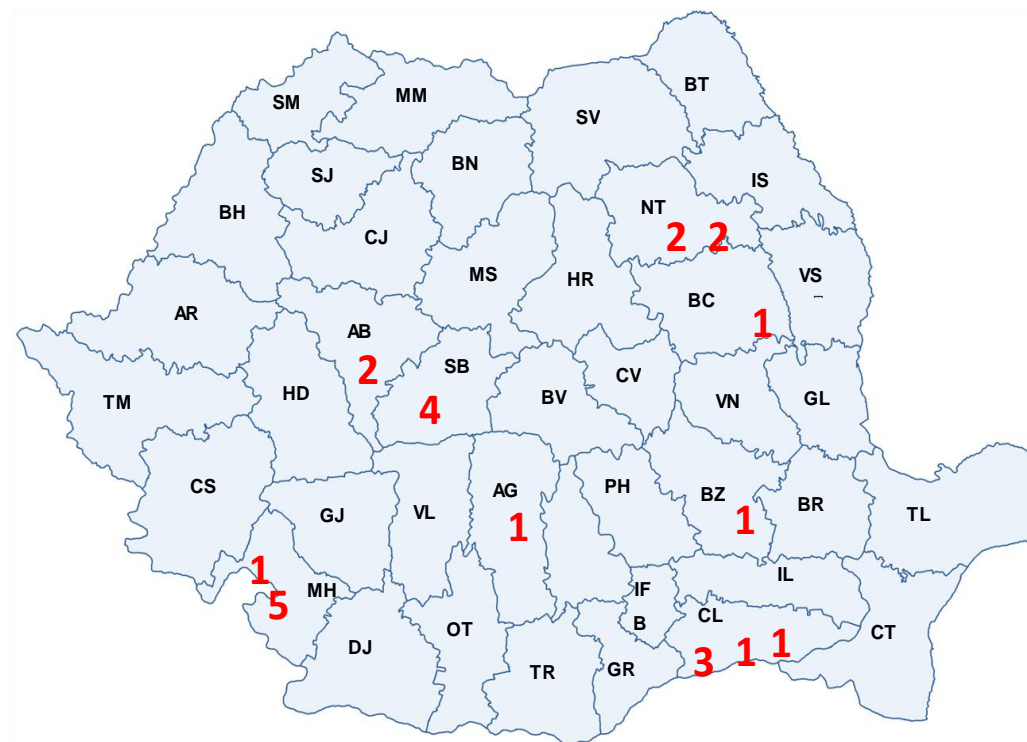
The guide for interviews with community stakeholders is provided in the Annex.



## 2.3 FIELDWORK MAP

The third round of fieldwork research was carried out in 13 sites, 9 cities and 4 communes, from 9 counties.

JUD	Residency	Locality	FGDs population	Interviews local business	Interviews community stakeholders
AB	Urban	Alba Iulia	2 (new)		
CL	Urban	Oltenița	3	1	5
	Rural	Ulmeni	1		2
	Rural	Mânăstirea	1		3
NT	Urban	Piatra Neamț	2	2	4
	Urban	Roman	1		
MH	Urban	Drobeta Turnu Severin	5	2	4
	Rural	Eselnița	2		3
AG	Urban	Câmpulung Muscel	1	1	2
BZ	Urban	Buzău	1		1
BC	Rural	Răchitoasa	1		1
SB	Urban	Sibiu	4	2	3
OT	Urban	Slatina	0		1
		<b>TOTAL</b>	<b>24 (2 new)</b>	<b>8</b>	<b>29</b>



Map of the fieldwork 2010 (3<sup>rd</sup> round of research)

Distributions of focus groups and interviews by type (transmission channel/group) and location are shown in the Annex.

### 3 MAIN FINDINGS OF THE RESEARCH

‘It’s a lack of knowledge and a lack of will. Mass media makes a lot of good but also a lot of bad by channelling public attention on all sort of irrelevant things. Our society needs to be changed and should be said loud and clear: brothers, 20 years have already gone, let’s start changing and focusing on child is the best way to build a new and better society.’ (NGO representative, Sibiu)

#### 3.1 THE ‘REAL CRISIS’

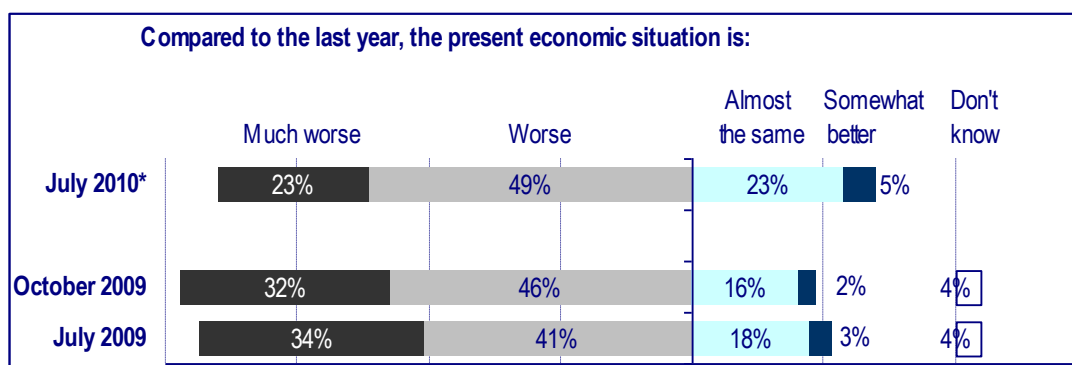
In June 2009 nearly all participants to the rapid assessment believed that ‘in Romania the crisis is only on TV’ or that ‘after 1989 we have had a continuous crisis’. Until November 2009 the perceptions of the crisis had changed, the crisis became ‘real’. In May 2010, the crisis was seen as ‘part of our daily lives’ being the main cause of both declining incomes and rising costs of living.

‘This crisis kneeled us.’ (FG Unemployed Mănăstirea)

‘Now we are just crawling. [...] The money is very few. Salary taken today tomorrow is already gone. Prices are very high. [...] Utilities kill us. Food is also. The rest is hardly enough to provide for the children.’ (FG Women employed in garments industry, Oltenița)

Similar to the second round of research, interviewed people, both from rural and urban communities, assessed their general standard of living as decreasing from May 2009 from May 2010. Various national surveys found similar results. Romania’s population considers that the financial crisis drastically deteriorated both the general economic situation of the country and the households’ living conditions.

**Figure 1 Perceptions of the economic impact of the global crisis in Romania**



Data: 2009 - Agency for Governmental Strategies, panel research *The Impact of the Economic Crisis in Romania 2009*, carried out by TNT CSOP in July and October 2009. Panel, weighted data, N=999 persons (question refers to the general economic situation of the country); \* 2010 – Research Institute for the Quality of Life, *Diagnosis of the Quality of Life in Romania*, carried out in July 2010, N=1162 persons (question refers to the household’s living conditions).

Many interviewed business and community representatives emphasized that the political crisis and poor governance aggravated the economic crisis because the successive Governments have been able to provide effective support neither to population nor to institutions. Consequently, the ‘crisis’ is associated with ‘sadness’, ‘confusion’ and ‘chaos’.

'The crisis [...] what can we say? The laws are totally inadequate and contradictory so that more and more citizens fall into poverty and more and more firms close door or ask for insolvency. Yes, the new regulations are aberrant and unpredictable. Everybody is confused. [...] In our institution we receive daily some new regulations, new situations that will be never centralized. We work long hours and don't think anymore. [...] It is clear that we, as a nation, do not have the intelligence to govern rationally and correctly. What happens in Romania is not normal.' (FG Public sector, Drobeta Turnu Severin)

'Losing job after 25 years of work makes you feel useless. How long can you keep trying to do something when you see that all doors are closed? Your hands are tied, no ray of hope, it is very depressing.' (FG Unemployed, Roman)

'Poverty and unemployment have always been problems here but now they become critical. Many firms closed down and consequently the number of jobless people has severely increased. The number of applications for various social benefits has also increased proportionally.' (County Employment Agency, Piatra Neamt)

In 2009, more than 70% of the overall population declared that the economic crisis has had 'rather negative' consequences over their households. In 2010 the situation seems to have been worsened as more than half of the population expects their standard of living to keep falling in 2011. <sup>2</sup>

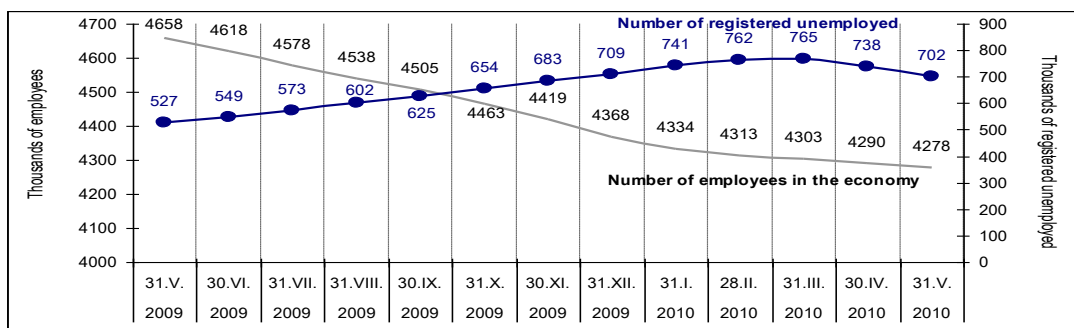
'Usually people pray to the Lord for health, aid in life, a good job and so on. Now they are so troubled that come to church and pray for their pension or salary not to be cut. I have never heard about this in my entire professional life as a priest. It is a tragedy ...' (Priest, Oltenița)

### 3.2 WHO IS BEING AFFECTED AND THROUGH WHICH CHANNELS?

#### 3.2.1 IMPACT OF THE ECONOMIC CRISIS ON THE EMPLOYED POPULATION

Since the economic crisis started, the formal economy has continuously contracted. According to the official statistics (figure 2), the number of employees in the Romanian economy continuously declined from 4.83 million at 31 August 2008 to 4.41 million persons at 31 October 2009 and 4.28 million in May 2010 respectively. By contrast, the registered unemployment increased reaching a peak in March 2010 (765 thousands persons) since when it has decreased (to 702 thousands persons in May 2010).

**Figure 2 Number of employees and number of registered unemployed (thousands persons)**



Source: National Institute of Statistics, *Monthly Statistical Bulletin No.5/2010*.

<sup>2</sup> Research Institute for the Quality of Life, *Diagnosis of the Quality of Life in Romania*, carried out in July 2010.

According to the AGS national survey from 2009, 21% of population in July and 18% in October declared that one or more employed members of their households suffered a reduction of wage/fringe benefits (and less frequent, job loss) due to the economic crisis. This proportion has most probably increased in 2010 as a result of the measures aiming to reduce the budget deficit issued by the Romanian Government as agreed with the European Commission and the IMF in September 2009 and subsequently in May-June 2010.<sup>3</sup>

In 2009<sup>4</sup> the groups of employed people mostly affected by the crisis are represented, in a significantly higher proportion, by men with professional/vocational education, from households with children, especially from rural communities, but also from small and medium cities. Regarding 2010, data representative at the national level are not available.

During the crisis the **availability of work** has considerably diminished. The non-agricultural private sector has contracted due to the decreased demand. Accordingly, more than half (56%) of the private companies have planned no recruiting activities and another 35% have postponed them 'until the crisis ends'.<sup>5</sup> Agriculture was affected by floods. The public sector was characterized by diminished wage budgets and blockade of posts. Thus, the labour force supply seeking work has grown and, consequently, both in the formal and in the informal sectors of the economy, the competition has increased.

'It is such a competition for work that it feels such an evil in air, everybody minds their own business, no cooperation, no more friendships.' (FG Women employed in the informal sector, Piatra Neamţ)

'In our school since the redundancies a sort of competition has started that led to coldness and put an end to collegiality and open discussions.' (FG Public sector, Sibiu)

'It is very difficult to find some work. Before the crisis, employers fought for us, skilled workers. We chose the job and we were well paid. Now work is so few that employers pay us as unskilled workers. If we don't agree, we are told very clearly that other 100 people are waiting at the door.' (FG Formal, Men employed in constructions, Sibiu)

'Here is no paid work. Lately, even in Bucharest, the work opportunities in security services or in constructions have become very scarce due to the crisis. So commuting is no longer a solution. Those who do not own some land cannot do anything. Some help their parents in exchange for an onion, a carrot, food for everyday living. But otherwise, have no cash income because most have completed the period of unemployment benefits ...' (Teacher, commune Mânăstirea)

**Predictability and security of employment** has also diminished. In 2010 most work opportunities are still casual or temporary (3-4 weeks). There is widespread concern about job loss, particularly for people employed in the public sector and for those employed in the private sector that have already experienced reduction of their working hours. Only in the garment industry the problem appears to be resistance to the pressure given by high work load and long working hours.

'Job is not at all secure. Compared to the 2009 winter, now (May 2010) situation is definitely worse. Demand for constructions is very low. Today I work tomorrow nobody

<sup>3</sup> These measures refer to redundancies and cutting with 25% of wages in the public sector, as well as the reduction of various social benefits.

<sup>4</sup> Agency for Governmental Strategies, panel research *The Impact of the Economic Crisis in Romania 2009*, carried out by TNT CSOP in July and October 2009.

<sup>5</sup> Agency for Governmental Strategies, research *The Impact of the Economic Crisis on Employers from the Private Sector*, conducted by Metro Media Transilvania in August 2009, weighted data, N=934.

knows. Work in constructions is really scarce. Yes, I am afraid. I am accepting any available work.' (FG Formal, Men employed in constructions, Sibiu)

**Wages and fringe benefits** have been reduced or have not been raised as in 2008. In the public sector, wage and bonuses have been reduced during October – December 2009 and new cuts were expected for July 2010. In the private sector, 56% of the companies declare that they have not planned any wage increase until the crisis ends.<sup>6</sup> The rapid assessment shows that:

- in rural areas and in small cities wages have severely diminished

'In our town? Few work, low wages. Private companies pay very low wages or do not pay at all. In the garment factories work many women but they are paid with the minimum wage and sometimes few meal vouchers ... At best, those who work overtime take 8-10 millions lei. Managers take 15-20 millions.' (Economic Director, Câmpulung Muscel)

- in some private companies the wages decreased due to the reduction of working hours

'Due to low demand we work one week and the following week we stay at home. Therefore, the salary and all benefits were 50% reduced.' (FG Formal, men employed in the shipyard, Oltenița)

- in other private companies the wages have not been raised although the work load increased

'She [the manager] sees how many factories are closing door so she has started to accept low-paid orders. For example, between an order of 1000 shirts of 6 euro/piece and other of 500 shirts of 5 euro/piece she imposes on us a contract of over 1000 shirts of 3 euro/piece. Therefore we work a lot for low wages. [...] It's the same in other firms. My husband takes 6 millions for 12 with 24 working hours. If he would ask for more, he is told that many others are waiting for a wage of 5 millions. So he keeps his mouth shut.' (FG Formal, women employed in garment industry, Oltenița)

- in the construction sector wages and bonuses diminished significantly due to the low demand

'It's worse and worse. Wages diminished considerably. Meal vouchers are out of question. Overtime and transportation are no longer paid. [...] Now we earn about 1,000 lei per month. We find work only two weeks in a month. Before the crisis it was much better. We got more money, and had job security, and other benefits such as meal vouchers, transportation to and from the paid service, no work Saturday.' (FG Formal, Men employed in constructions, Sibiu)

- there is a widespread belief that many companies use the crisis as an excuse for not increasing their employees' wages.

'Everyone uses the crisis to rob each other. In Romania like elsewhere people are desperate to find a job. So they [the employers] say: it is crisis we can pay only six millions, even if they are prosperous.' (FG Formal, men employed in the shipyard, Oltenița)

'Many firms take advantage on the workers under the excuse of the crisis. Say that is crisis and do not pay proper wages for the work done.' (FG Formal, women employed in garment industry, Oltenița)

**The working conditions** have worsened during 2009 and 2010. As a result of an increased labour supply, some of the workers have been confronted with greater workload, which has not been accompanied by corresponding payments. The public

<sup>6</sup> Agency for Governmental Strategies, research *The Impact of the Economic Crisis on Employers from the Private Sector*, conducted by Metro Media Transilvania in August 2009, weighted data, N=934.

sector faced similar problems in terms of workload, as due to the budgetary deficit, the number of employees has been reduced. Other business strategies developed by employers included delay of payments and cancellation of various bonuses or other benefits, such as transportation subsidies for workers. In the context of the 'weak state' some firms increased the use of undeclared workers and reduced the costs by cancelling the minimal work protection measures.

'They say that due to the crisis the orders are paid very low. Thus, since the 1st of May new work targets were introduced. Nearly all workers fall under these targets as if we would have been handicapped. The truth is that we either work until 6 pm or we earn only 4 millions lei per month. It is simply a way of not paying overtime. [...] We work under enormous stress. They calculate every second but this is tailoring and not pyrotechnic. [...] Just for their profit, in two-three years we will end up to the loony.' (FG Formal, women employed in garment industry, Roman)

Similar to the first two rounds of research, in 2010, the **unskilled workers** and the **workers in the informal sector** are highly vulnerable and face the highest risk of job loss. For this group of workers, the self-assessment is low for predictability, security of employment, working conditions as well as earnings. When talking about finding new work, they are rather pessimistic.

The only viable option for securing daily living, mentioned repeatedly by many informal workers as well as by the formal unskilled workers, particularly in underdeveloped communities, has been applying to the guaranteed minimum income scheme or to other social benefits. However, taking into consideration that in many communities the guaranteed minimum income was discontinued delayed or reduced these two categories (including their families and children) face severe risk of falling into poverty.

### 3.2.2 BUSINESS STRATEGIES IN RESPONSE TO THE ECONOMIC CRISIS

Representatives of the business sector in Romania <sup>7</sup> consider that the financial crisis has adversely affected the Romanian economy (83%), their own firms (65%), clients, suppliers, competitors and, more generally, the markets 'to a large and very large extent'. Consequently, in 2009, 44% of the Romanian entrepreneurs expected their turnover to fall (in average, with 32%), while only 15% of the business owners expected their turnover to grow (in average, with 21%).<sup>8</sup> However, they estimate that in Romania the crisis will last for about three years and eight months, which means the second half of the years 2012.<sup>9</sup>

In the context of the economic crisis, a large number of companies narrowed down their activity or even closed down due to the crisis.

'It is much worse than in the winter of 2009. Many firms went bankrupt and quite a lot closed down. The situation is so bad that the mayorality has to retrieve more than 30 billions from various insolvent firms. We know neither if we will ever retrieve them, nor how to proceed.' (Economic Director, Câmpulung Muscel)

'The budget of the Chamber of Commerce has diminished during the crisis. More and more firms have stopped paying their membership fee so that in this spring [in 2010] fairs were not organized, revenues from rents were ceased, and promotional materials were eliminated.' (Representative Chamber of Commerce, Sibiu)

<sup>7</sup> Agency for Governmental Strategies, research *The Impact of the Economic Crisis on Employers from the Private Sector*, conducted by Metro Media Transilvania in August 2009, weighted data, N=934.

<sup>8</sup> 35% expected their turnover to remain constant and 7% did not answer.

<sup>9</sup> On average, they expect that in the world the crisis will end in two years and one month (beginning of 2011).

Most companies were forced to cut costs in order to survive. According to our data, the most common strategy was to reduce (1) investments and (2) work related costs. The large majority laid off personnel in the absence of a redundancy plan and/or reduced wages and bonuses of their employees.

An effective survival strategy of the SMEs, particularly in retail trade, in response to the crisis but also to the annual minimum tax<sup>10</sup> has been to lay off employees and to shift the legal status into self-employed or family association. One of the strategies used by a part of the SMEs was to lay off workers 'on paper', meaning that the informal employees still gain a wage together with unemployment benefit. This has further resulted in an increase of the informal economy, accompanied by a deterioration of the economic environment.

In the sectors of **constructions and retail trade** have been registered the largest fall in demand due to the crisis. In May 2010 as against May 2009, the official statistics indicate a fall of more than 20% in constructions, and more than 7% in retail trade respectively.<sup>11</sup>

In the construction sector work opportunities vary a lot between communities. In rural areas, both formal and informal workers usually commute to urban construction sites. In urban areas during spring 2010 a slight increase was recorded: 'there are some firms that hire, but most of these just resume their activity and take back a part of their former employees' (representative of a County Employment Agency). Similar to November 2009, work opportunities in the construction sector in urban areas have been highly dependent on the local authorities' will and on the budget they made available for the *Rehabilitation of Dwellings* governmental program. From the private firms' point of view, the arrears of the public institutions put them at risk of insolvency/bankruptcy.

'There are two main problems with the state beneficiaries: serious delay in payments for the completed works and lack of matching funds for beginning the works funded from European projects [...] We have to retrieve more than 7 billions but the indebted municipalities have not received funds from the state budget. They are not 'orange'. It is all linked to the politics. [...] This crisis brings up all dirt from the system.' (Owner of construction firm, Drobeta Turnu Severin)

The retail trade activities have been significantly hit by crisis particularly in rural areas and in smaller cities (e.g. Oltenița, Roman): lower incomes of the population have resulted in fewer clients who buy less and cheaper products. In response, shop owners 'reduced prices at minimum', 'rethought the stock of products' (by focusing on basic and cheaper products) and revived the selling on credit ('selling on notebook').<sup>12</sup> The 'success strategy of the retail firms includes 'no debts, no rent for space, no employee but work with family' and expand selling on credit. Accordingly, owners of the small shops which are still open fired their employees and have started to work as sellers since 2009, particularly if s/he is 45 years or above and had no other formal employment.

Many shops are helped to survive by suppliers, which credit them with products for longer periods. Some larger suppliers developed strategies for decreasing the deposit and the VAT related costs, which involve profitable arrangements also for

<sup>10</sup> The level of the annual minimum tax for small and medium enterprises varies between 2,200 lei (500 EURO, for inactive and zero profit) and 43,000 lei (10,000 EURO, for SMEs with annual incomes larger than 129 million lei), according to the annual incomes of the firm. The Government introduced this tax in April 2009 and announced the intention to eliminate it in 2010.

<sup>11</sup> National Institute of Statistics, *Monthly Statistical Bulletin No. 5/2010*.

<sup>12</sup> People buy food and beverages for daily consumption and pay at the end of the month, when wages, pensions, or other social benefits are received.

the shop owners: the goods are stored in shop for 90 days and afterwards the sold goods are paid and the remaining goods are either returned or changed.

'The situation is difficult. Many people were sacked so the number of clients diminished. Last year I supplied the shop with products at every 2-3 days. Now at 1-2 weeks is enough. [...] Many shops were closed. Those with 2-3 shops narrowed down their activity to only one. We can no longer talk of competition among us. We all sell the same cheap products. *Do you sell on notebook?* Well, of course, the notebook is basic. Without it you are dead. *Do you feel threatened?* No way. Our receipt is no debts, no rent for the space, and no employee but work with the family. We have only a small profit but we resist fine.' (Owner of a small shop, Piatra Neamț)

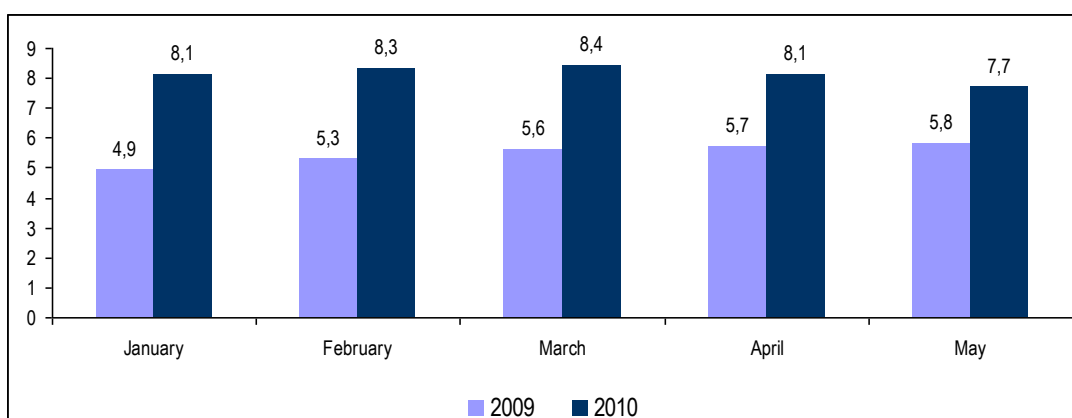
'The regress [of the hotel] has begun in October-November 2008, when the occupancy rate decreased to 60-70% of the rooms. In December last year (2008), it reached 40-50%. Afterwards it has continuously declined to 20-30% in the winter of 2009 and mere 10-15% now [in May 2010]. The (pizza) restaurant followed a similar trend although we organized all sorts of promotions. We have reduced the prices both for accommodation and for meals. We fired our personnel. Yet, we are just floating.' (Owner of a hotel with restaurant, Câmpulung Muscel)

### 3.2.3 IMPACT OF THE ECONOMIC CRISIS ON THE UNEMPLOYED

'I do not care that I do not have [a job] now. Uncertainty bothers me, nobody says anything concrete, everywhere you go, with everyone you talk, nobody knows anything, what will to happen, how one can earn an income. This bothers and saddens me, anyone I speak says: please do not tell me that you are looking for a job, do not ask me for work ...' (FG Unemployed, Roman)

According to the official statistics (National Institute for Statistics, *Monthly Statistical Bulletin*, No. 10/2009 and No. 5/2010), during 2009 the registered unemployment has doubled compared to the end of the year 2008. In 2010, it continued to grow until March, when it started declining. Thus, during the economic crisis the number of unemployed registered to the Employment Agency grew from 350 (in September 2008) to over 765 thousands persons (in March 2010). The registered unemployment rate grew accordingly from 3.9% (in September 2008) to 8.4% (in March 2010) (figure 3).

**Figure 3 Trend of the rate of the registered unemployed in Romania**



Data: National Agency for Employment.



In 2008, at the beginning of the crisis, the share of registered unemployed receiving benefits was only 36%. Due to the unemployment regulations introduced in 2009,<sup>13</sup> the proportion of the registered unemployed who receive benefits increased significantly reaching a peak of 80% in November 2009. Afterwards it has declined as the first waves of the crisis related unemployed lost their eligibility for benefits (after 12 months); in May 2010 it reached 56%.

The category of registered unemployed, made up of people made redundant and young graduates of high school who have not entered the formal labour market, has been critically affected by the crisis through the contraction of demand for labour. A large part of people registered as unemployed are those who receive minimum guaranteed income and who are not active job seekers.

**The main problem of the unemployed is work scarcity.** The private sector reduced significantly, particularly in the rural communities and in small cities. The public sector is also closed. Work opportunities in the informal economy were rather limited in the spring of 2010 due to the large contraction in constructions, retail trade, hotels and catering and agriculture.

**Young (including faculty graduates) and over 45 years** appear to have the most serious difficulty in entering labour market. Particularly in rural areas and smaller cities the work opportunities available for these two age categories are very scant. In many cases the only work available is in the informal sector. As solution young leave (or plan to leave) abroad and people over 45 years old turn to subsistence agriculture (if available).

*'I feel frustrated to see these young faculty graduates forced to work as sales representatives. In this town there is no alternative for them.'* (County Employment Agency, Piatra Neamț)

*'For young is nothing in here. Those who succeeded to find work have been security agents poorly paid and without a work contract. [...] So they live to Italy, Spain, or ... Bucharest.'* (Priest and Social assistant, Ulmeni commune)

*'Do you think the young people have opportunities in Sibiu? If they would graduate a faculty now, would they have chances? Kind of difficult to make a future here. [...] Each year a quite fair number of students graduate, and the jobs are frozen by the state; the private companies also hire only few people, and they also demand expertise... Well, then what other alternatives do they have? Migrate. Is this their only chance to build a future? Think so, most of them does it. Very many work in Bucharest. My colleagues who have children and who have studied in Bucharest remained there. Those who have studied in Austria remained in Austria... I think now they seek to study in a town where they can get a job thereafter.'* (FG Public sector, Sibiu)

*'If you have connections the age is of no concern, but if you don't, age matters. I wanted to get hired as shop assistant. Everywhere they demand experience or a training course. I found something in the paper, they didn't ask for experience. I phone them, a lady responded, she said, yes, of course, if you think you are smart and you can manage it then yes. Finally, the eternal question: How old are you? Lady I'm sorry. The girl I have is 26 and I don't know how you will get along with her. As if in the factory I didn't have colleagues of different ages. I wouldn't have taken her home; I wouldn't have married her...'* (FG Unemployed due to the crisis, Câmpulung Muscel)

*'Worst thing is that people over 50 years would need 10 more years for a full state pension. Yet, there is no work for them. Employers hire people in their 30s or sometimes in their 40s. Never people over 50. So they are getting increasingly desperate.'* (Priest, Oltenița)

<sup>13</sup> The period for unemployment benefits was extended from 9 to 12 months for the year of 2009.

The current legislation includes active measures of employment policies, such as subsidies paid to employers for hiring young (fresh graduates) or unemployed 45 years or over. However, due to the budget deficit, these measures have not benefited from funding in 2009; in the best situations, the funds have been granted for a few months only. The interviews conducted in 2010, with the representatives of County Employment Agencies, showed that the labour market active measures were financed this year.

The same interviews presented a similar situation to the second round of research: low number of job opportunities with an uneven distribution in the county, especially between county residency and the rest and with a high discrepancy in urban and rural areas.

Regarding **gender**, the situation continues to be ambiguous. In some communities, the available work opportunities are mainly for women while in other communities, most are for men.

(Re) training courses are provided free of charge by the County Employment Agencies. The participation to these courses is however very low, especially among the most vulnerable groups: the low skilled, particularly those who graduated gymnasium at most, are excluded from training courses. At the same time, the unemployed consider attending (re)training courses irrelevant for entering labour market. According to a new regulation, the unemployment benefit is discontinued for the registered employed who refuse to attend a (re)training course.

Counselling services for unemployed are rather formal. 'I tried counselling at the employment office but it is only a man who puts a visa. I asked him about courses. He sent me to the list of courses displayed on a wall. And that's all counselling I got.' (FG Unemployed, Drobeta Turnu Severin)

Regarding the job seeking strategies, the unemployed participants to the rapid assessment reinforce in spring 2010 the same patterns as in 2009. Thus, although nearly all of them emphasized their active strategies 'looked anywhere', asked all friends and acquaintances', 'would have taken anything at all':

- They tend to refuse jobs paid with the minimum wage while they are receiving the unemployment benefit. The unemployment benefit is, on average, 400-500 lei, whereas the minimum wage is about 650 lei, out of which transportation and daily snack should be covered. 'So work for the minimum wage is simply too expensive'.
- They tend to declare unwilling to work in the informal sector (without contract). The unemployed who receive benefit declared afraid of losing it. Those who faced long term unemployment declared that the security of the informal jobs has significantly fallen in the last months and that the working conditions have become worse. The representatives of the employment offices mentioned, nonetheless, that the number of registered unemployed who work in the informal sector have increased because an increasing number of businesses lay off workers for reducing the labour costs but only 'on paper'.
- in rural areas, but also in smaller cities, unemployed people work in agriculture.

For the first months of 2010, corruption was mentioned as a major obstacle for finding a job as in 2009. Corruption is more associated with the public sector at least in people perceptions. 'Connections' provide recommendations, provide publically undisclosed information about available jobs and know the right people that should be 'convinced' or paid in order to be hired.

'For example someone told me about the exam for postmen. I went there but the positions were given based on phone calls from the party, from someone influential and so on ... I am fed with this. I took part in four exams and I have never had a real chance.' (FG Unemployed due to the crisis, Mănăstirea)

The only way to make a living either is located in big cities (such as Bucharest, Iași, Cluj, Timișoara etc.) or abroad is a shared belief. Nonetheless, the interviewed unemployed are not inclined to go for work in a big city to which they cannot commute daily. On the other side, the crisis has tempered the propensity to migrate abroad in the absence of a formal work contract. The discourse about leaving Romania 'at any costs' because 'migrants abroad are making 'fortune' is counterbalanced by more and more stories about migrants difficulties to keep a job, to find new work or simply to survive in the new economic context. The opportunities to work abroad based on formal contract have increased in 2010 compared to 2009 as the economies of the developed European countries are recovering from the crisis.

### 3.2.4 HOUSEHOLDS WITH REMITTANCES FROM MEMBERS WORKING ABROAD

In the first round of research (carried out in June 2009), a significant part of people who have relatives working abroad mentioned that they were not affected by the crisis. In contrast, in the second and the third rounds of research (November 2009 and May 2010), the majority declared that their relatives have suffered job loss, reduced working hours, diminished predictability and security of employment and/or decline of earnings due to the crisis.

Regarding remittances from abroad, the trends identified in the end of 2009 have continued in the first months of 2010. Thus (1) the frequency, (2) the amounts of money and (3) the number of packages have decreased further on. Migrants more likely to send regularly 50-100 euro per month are those with children in Romania or with parents having 'big troubles' (serious illness, action at law or large debts).

*'Children who left abroad help you? I guess... I say, did these boys sent me something more than what I am spending with the school for the boy? And when I counted, 50 euro. He is studying at a private school. They will take him there, just finish the fourth grade and they decided to buy there. [...] Do you receive packages? Packages, no. When they come home they bring us washing powder, to wash the clothes for the boy, ... Even now, didn't bring too many. Just this, washing powder and balsam, as for the rest... this time not much. They pay a lot for the car. [...]*

*What about you? When he came home on Christmas, did he bring presents for the family? Some, a box of candies, chocolate, nothing else. Some, a pair of trousers for the boy, stuff like this, not much else. This spring, did he manage to send home something for Easter? No way. Didn't send anything since last year. I am very sick now and now he said he will help me when he gets the money.'* (FG, Remittances, Piatra Neamț)

In the same time, (4) the number of visits in the country has continuously diminished since Christmas 2008. This is the result of the fall of earnings (it is difficult to save money for transportation and other trip expenses when the number of working days significantly decreased) but also of the increasing employment insecurity, especially for those working without contract (there is a high risk that another person take your job while you are away).

*'My daughter didn't come home on Christmas, didn't come home on Easter... didn't have the money. We speak on the phone for 10 minutes then she says the money is finished, can't talk any more. It is very hard.*

*Mrs Maria, who else of your kin is abroad? [...] The others are also doing hard, in Italy. Now they are saving to come home, get married ... a small wedding, in the family, get married at the town hall. The elder didn't have much to work, worked in the house ... there are three girls there, working in a bar, one week each. The boy is in the school, rent, the staples for the children, they manage it. How can they help me, when they don't have enough for themselves? Have they been home on Easter? No.'* (FG, Remittances, Piatra Neamt)

Although the job availability and security have declined the destination country, the number of migrants returning to Romania (at least in the researched communities) is quite low. Persons who have migrated abroad before the crisis started have already learned to 'survive' there: they found work with contract (and legalized their stay) or they developed the necessary skills and social networks to find casual/temporary work. Furthermore, they prefer to stay abroad, in particular migrants from underdeveloped communities, even if they do not find a secure job, because work for few days per week/ month provides a better life than they would have at home.

*'As far as we know, a lot of people from your commune were working abroad, at least last year. Are they now coming back, not to go abroad again? No, they are going back, they are returning... They are abroad, didn't come back. They come, spend a month, two months, and then they go back again. They earn money there and when they come home ... they earn some 500 euro, about 20 million, spend them on something... buy bricks, stone, something... it is worthy here. Well, who gives us 20 millions? Build houses, from the little they saved...*

*It is better there than here, even if they don't send any money, even if they are not doing much.'* (FG, Remittances, Răchitoasa)

*'Yes, it is not easy there either; they can also feel the crisis. My folks have a stable job, they came home on the winter holidays, they came on Easter and they will also come for the summer holiday, but it is not like it was 2 years ago, for instance. They also say, sadly, that the wages remained the same, the utilities are more expensive there too, but their purchasing power is no match for ours'* (FG, Remittances, Drobeta Turnu Severin)

In May 2010 compared to 2009, more people receiving remittances mentioned child related issues during focus groups. The main issues refer to: (1) difficulties of (grand)parents to provide basic necessities for their (grand)children, (2) difficulties of parents employed abroad to find working arrangements that would allow them to care for their children and (3) plans for the children's summer visits either in Romania to relatives or abroad to parents.

Teachers, social assistants and local authorities bring into discussion the problematic issues regarding children with parents working abroad, particularly school related problems (low school attendance frequency, declining school performances) and, less frequent, emotional and behavioural disorders.

*Yes, because, for instance, there are children from families with huge economic difficulties, they get separated, the parents went working in other towns, some abroad, and the children are no longer surveyed. Honestly, they were left with the grandmother, with an uncle or aunt who cannot stand up against them and whom they don't obey. Indeed, in two or three families, they noticed them and summoned the tutor in charge of them, to come to school and bring the child along every day, because they don't come to school any more. There are children, not in my school, but I know a case, a family friend who left for Germany some one year ago. Since Easter, his child refused to go to school, because he is in a deep depression because his father is away, [...]. It's a period of sadness, despair, his mother doesn't know what else to do, and his father, despite his efforts, made no money, because he went just when there was the crisis in Germany, when his job wasn't paid so well, he couldn't save, because they had bank loans and now he has to return home. He*

will probably come back in a few weeks, because his child might be forced to repeat that grade.' (FG, Public sector, Sibiu)

'They didn't abandon the children, left with the grandparents and went abroad, and we have a problem here because the old people have no authority on the young ones and they take wrong ways, neglect the school, don't do their homework, go to school in disorder, undisciplined, and so on.' (Priest, Ulmeni commune)

### 3.3 ALLOCATION OF LABOUR WITHIN THE HOUSEHOLD

Allocation of labour within households follows few stable patterns, which depend on the household structure. Consequently these patterns have not changed between June 2009 and May 2010.

People from one or two-earners nuclear families with children (0-18 years) predominate among the participants to the rapid assessment. The dominant pattern of allocation of labour within these households is the following: men and women share the paid work, whereas women are the main responsible for the unpaid work. Even households in which men lost their jobs or suffered a significant decrease of their working hours and women worked full-time still respect this pattern. Cooking, washing, ironing and caring for children are simply 'woman's job' irrespective how is allocated paid work.

*'How is labour allocated in your household?*

In my household I work the most... *And your husband, since he is unemployed, does he help with the household work?* Well, it is also me who washed the dishes when I get home in the evening, each time I find them in the sink. No, he spends a lot of time at the TV. He changed, spends a lot of time with the TV, he sleeps, wakes up, eats, smokes, then back to the TV. And the cost of electricity is higher, higher consumption. One at one TV, the other in the other room at the TV. My husband, well, he has unemployment aid of 5 million three hundreds, but my son has no income, and a package of cigarettes is 100 thousands. And he finishes it in 2 days and he wants more, and he also wants money for the phone card, two-three hundred thousands, and then I yell that he doesn't need any more blue jeans and shoes, that he wears what he has, and that he goes to get a job. And he says: where to go? I don't know, just go. (FG, Remittances, Piatra Neamt)

[Grandparents that take care of their nephew with parents left abroad] *Does your wife take care of everything or do you help her?* Well she is taking care in the morning, washes, wakes up the little one, gets his schoolbag ready, takes him to school, comes home, goes to the market, then comes back, and it is one o'clock. She goes to take the child from the school. Bring him back from the school, unclothe him, feed him, do the homework with him, do this, do that, until I come. She is working with the boy for Romanian; I am working with him for mathematics. When I come, he says, grandpa let's work at mathematics.' (FG, Remittances, Piatra Neamt)

Persons from multigenerational households, including grandparents, are also well-represented in our panel. Usually in this type of households, the grandparents are in charge with the domestic work and the care for children, while parents do some paid work. Roma have also large multigenerational households with a large number of children, in which men do the paid work and women do the unpaid work.

Fewer participants to the rapid assessment belong either to one-person households (particularly the young) or to couples with no children (most of which are in their 50s, with one retired member). Childless couples seem to be the most 'democratic', the two members sharing both paid and unpaid work.

### 3.4 DISTRIBUTION OF THE CRISIS IMPACTS WITHIN AND BETWEEN HOUSEHOLDS

Similar to the first two rounds of research, in May 2010, most people considered that the impacts of the crisis have been shared by all household members: (1) the main breadwinner, usually man, has to face psychological pressure (caused mainly by the insecurity of income) since s/he feels responsible to provide for the entire family and (2) the person in charge with shopping, housekeeping and carrying for children, usually woman, has to manage lowering incomes under conditions of raising prices. Overall, women and men, young and elderly are all affected in various ways by the economic crisis.

However, in May 2010, an increasing number of women self-declared 'the most affected' due to their position of 'manager of the household'.

*Who feels the crisis most in your family?*

'The woman is doing the hardest chores in the house. No matter how little you have, you have to feed him properly, the sport shoes are broken, buy him another pair, the pressure is on you ... at least that's how I feel [woman], I have to make decisions. [...] Me [woman] as a mother, I can't look after myself and leave the child aside.' (FG Formal, Women employed in garment industry, Roman)

'Me [woman], because I bring the money. I must spend them carefully. I feel that my husband is not doing his best, but I have to raise money, save, put here, put there ... everywhere, there are so many, the electricity, when I get the pay, put aside for everything, fast, so we don't have debts. I don't lie to have the maintenance and utilities fees unpaid, particularly since it is so difficult when you have one month delay in payment. [...] *Mrs Iancu who is the most affected?* Me [woman]. It's all the same, this crisis, which is worse now, burdens on me, I give up, because we don't have enough money, I give up buying some things, well ... stuff.' (FG, Women employed in the informal sector, Piatra Neamt)

#### 3.4.1 IMPACT OF THE ECONOMIC CRISIS ON THE CHILDREN

In May 2010, like in 2009, nearly all participants to the rapid assessment, both population and community representatives, emphasized that 'children always, under any circumstances, come first'. Nevertheless, at least three types of impacts of the crisis on the children have been identified during the three rounds of the rapid assessment:

- (1) children who have to work for getting along
- (2) school dropouts, early school leavers and other effects on children's education
- (3) effects of the reduction of the household income/consumption.

In some instances, certain children may experience effects of more than one type. Children from poor households (including Roma children) appear to be exposed to this risk the most.

#### **Children who work**

The large majority of interviewees declared that their children (0-18 years) do not work for money. However, three groups of children who work could be identified: teenagers (16 years or more) from families with modest means who work mainly for pocket money, children from rural areas who help their parents during agricultural seasons and children from poor families (Roma ethnics or not) forced by their parents to earn money from begging or other similar activities. Only the last

situation represents exploiting underage children and is usually correlated with low school attendance, poor school performances or even school dropout. Community representatives from three of the researched communities mentioned local mechanisms developed for monitoring and assisting children in this situation.

*'Do parents send children to work?'* 'Mmmmm, there are situations like this. They don't necessarily send them working in another place; they return from school and take them to work, field work. [...] In very poor families the parents work by day and the children also go, don't have money to eat...no income...you can imagine they are all living on the child allowance...and there are 6-7 mouths to feed, you can realize it is not simple at all...and the poor fellows are working by the day, hired hand for agricultural work. They help here, help there, maybe they can get out of this tough spot.' (Mayor, Răchitoasa commune)

*'Are there children who work during school period?'* An increasing number of children want to become independent and have their own income which to spend as they will. When I say that there are children working I am thinking of the young below 18 years, and I know families on medium incomes whose children work occasionally.' (Owner of construction firm, Sibiu)

*'Are there families whose children are kept from going to school and are sent to work?'* No. This is one of our purposes, because we had some information that here, in the commune, a company was supposedly working with minors and then the children protection sent us to check it. As far as we know, they were not sent by the family, they are boys aged 16-17, working 3-4 hours to cut trees, clean up the land, dig the land, but not because the parents send them, they are working for a neighbour or so, for a soda.' (Social assistant, Ulmeni commune)

### **Impacts of the crisis on the children's education**

Regarding the crisis' effects on the education of children at the general population level, the AGS panel survey provided rather worrying figures for 2009. Thus, almost 13% of pupils and students in July and 15% in October suffered one or more negative impacts<sup>14</sup> on their education.<sup>15</sup> This kind of data is not available for 2010.

In our rapid assessment, nearly all children 0-14 years attend school on a daily basis and most children 15 years or over attend vocational school or high school.

In May 2010 compared to 2009, however, an increasing number of interviewees expressed serious concerns regarding education of their children. Parents explained their difficulties to provide means for their children to continue/complete vocational school, high school or university. In the same time, many parents assessed as 'poor' or 'very poor' the quality of 'education provided in our schools'.

*'- Yes, I was thinking to send him to the high school, but I can't afford it, because he would have to live in Piatra [Neamț]. He is gifted for drawing and many teachers told him to try, too bad to miss. An unexploited gift will be lost. But this means he will have to go to another town. He is 15 and he would have to stay with rent or something else, this costs money. I feel sorry for him because I can't, he hasn't the courage, I don't have the financial ability, particularly since it is for a long period, not just one or two, three months, it is for 4*

<sup>14</sup> Increase number of school absence, school dropout/ early school leaving, diminished school performances, insufficient food, clothes or school supplies etc.

<sup>15</sup> These children and young belong to about 8% of all households with pupils/students, which account for 2.6% of all households in Romania in July, and 3.7% in October respectively. Households including these children tend to be large, with many children and jobless adults (unemployed, job seekers, and housewives), with very small incomes (less than 500 lei per household per month), and concentrated in the North-East and South-East regions. The majority belongs to Romanian ethnics but the Roma households are statistically over-represented among them.

years. And to abandon, it is a loss of money. We analysed the situation, only at Piatra or la Bacău. I'll see what we can do, what he likes to do we cannot find here in the town.

- *Where does your daughter want to go to high school, because you mentioned she is in the 8<sup>th</sup> grade?* Here in the town. There is no way she can go somewhere else. No possibilities available [...]

- He kept thinking, first he wanted to go to the Military Academy and now he told me he changed his mind, he will go to the army, but as a sportsman, because it doesn't involve and expenditure from us. He will take military drills, and he is paid, has lodging and food, all he wants and company clothes, because this drives him crazy. [...]

- I would have been much more satisfied if the boy would have attended the day courses. You know what they say, our parents, we were born in the countryside, they are helping us, but how will we be able to help them? I often wonder. I would like to help him more, but I don't have the means. That's it.' (FG Women employed in garments industry, Roman, Neamț county)

On the other side, the community representatives worried that school dropouts and early school leavers might continue to increase in the fall of 2010 and were rather critical with respect to the current reforms of the educational system.

'In the hospital and in the schools, there were some reshuffles. The people are increasingly poor and will no longer have the means to send the children to school. All the children enrol, and then drop out because they can't go on due to the lack of money, or the parents go abroad to work and the children get abandoned. At the local vocational school, most children come from poor families and after the ninth or tenth grade they drop out [...] We have two cases, for instance, now [May 2010] they are starting to go abroad and they return in autumn when the school begins. We also have situations when they go and never return because they have no place to go back to. They are going away with the parents, or most of them remain with the grandparents. Therefore, from 59 classes two years ago, now we just have 23 this year and also 23 for the school year 2010/2011.' (FG Public sector, Drobeta Turnu Severin)

*Have the school dropout increased due to the crisis (compared to the school year 2008/2009)?*

'Yes. At least at my school, since our last discussion there have been many cases. Even these days I was asking for a boy in the eleventh form, he just has two months before the end of this year, and just one more year. He has been expelled because of too many absences. It seems he was working at a carwash station and he knew about this situation, but he said he is coming no more because he is working. He may need some money. I told him that he can work at the carwash and come to school too, but the times overlapped because he was working day-long. Then he preferred to drop out of school and keep working.' (Teacher, Drobeta Turnu Severin)

'Not so much this year [2009/2010] but we are expecting at the beginning of the next school year [2010/2011] a significant reduction of the number of children from the rural areas coming to high school. There are two reasons: material shortages, particularly now during the crisis period, and the parents consider that their children will not be up to the training level demanded at the high school and they prefer to have the children helping them with the household.' (County School Inspectorate, Slatina)

Decline of the population's financial resources due to the crisis is considered the main cause of early school leaving/ school dropouts. Accordingly, social protection programs such as the *Croissant and Milk, School After School* and *Money for High School* where mentioned as effective incentives for school attendance.

But school attendance is not only a matter of money. For instance, in June 2009 the main problem was that the subsidies for transportation for high school pupils from rural areas were delayed. In November 2009 this subsidy was available. Until May



2010 the subsidy had delayed again but finally it was paid. Even so, some parents did not want to pay half of the monthly ticket for transportation, 'people from socio-economically disadvantaged categories but also people you wouldn't expect to consider that the first measure to save on the family budget is to keep your child home, rather than sending him/her to school.' (Social worker, Piatra Neamț). Therefore, school attendance is also a matter of mind set. 'We had at the school from the commune centre two cases of school dropout [...] One was in the fifth grade, but we had no more places here and we helped him to go to a "second chance" school in Oltenița with free transportation. So there were no transportation problems. From the allocation they could buy him clothes, shoes, but the parents... The educational level of the parents is so low, that it was no way to convince them to send the child to school, although he wanted it. They said they had no money for clothing, footwear, no money for food..., although we supported them. We wanted to make a file for social aid, but they didn't want, saying he wouldn't go to the employment office... Therefore, it is a problem of mentality.' (Social assistant, Ulmeni commune)

Lack of parental support due to the migration abroad is the third cause of the school dropouts, which was mentioned by many community representatives.

'The same, leaving abroad, the parents have no more money to keep them there [abroad] and the children find it very difficult to come to school after returning from abroad. No family quality check can solve this problem. Part of the children actually abandon because of the lack of parent education. With the parents away, the children start feeling uprooted, they suffer, and some go to psychological counselling insisting on these facts. Some counsellors even attend classes with the children. Many are afraid to admit they have family problems.' (FG Public sector, Drobeta Turnu Severin)

Children from poor families and Roma children, especially those with parents left abroad, have the highest risk to school dropout. In their case school dropout combines with child work, teenage motherhood and other phenomenon that lead to poverty and social exclusion.

'I wanted to say that we are focusing on the children whose family receives the minimal guaranteed income and that we want very much that the children go to school. We observed that about 25% of the children coming from the families on social aid abandon school. It is a lack of interest, the parents say that they would survive; the future nowadays is to be smart, not to go to school. After they graduate 3-4 grades they think it's enough. At least among the Roma, this is a tragedy, only two children from 10 families manage to finish the medium school. They drop out in time, girls particularly; they say that learning 3 grades is enough.' (Social assistant, Piatra Neamț)

'There is a school, no. 4, which seems will soon close down because most children at Roma, about 90%, and because their parents are in Spain and Italy to work, they are in the care of nobody and then they are absent a lot from school ... there have been very many problems ... it is true that they are also fewer, this is another reason to close down the school ... no more children.' (Teacher, Oltenița)

### **Impacts on children of the reduction of the household income/consumption**

'The crisis changed us. Before, we were wasting, now we are more balanced, and we gave up our needs so that the child doesn't feel what is happening. We don't want him to be affected, no matter what we have to bear.' (FG Public sector, Drobeta Turnu Severin)

Most parents described their efforts to save their children against the income loss. Nonetheless, nearly all of them had to cut off extracurricular activities (private lessons, trips, camps etc.) and/or particular goods such as sweets and beverages.

'We managed to do things so that he doesn't feel, but he feels nonetheless. You can imagine that I can't afford a trip, a camp, within the range of possibilities. I don't deprive him of food, at school, I can't afford to send him without food; he needs clothes, shoes. They are not like those of the children with much money, but he has what he needs.' (FG Women workers in garments industry, Roman)

'We gave up extracurricular activities, swimming; only remained with the English from the kindergarten, which he has to do because it is the class the other children attend. If I couldn't afford to let him attend that class, what would he be doing that time? Just stay alone? Not really. [...] There were not many trips because there are very many children in this situation and we decided not to make trips this year. Rather than taking just 8-9 children from 22 on a trip, we said no trips this year.' (FG Remittances, Sibiu)

### 3.4.2 IMPACT ON THE FAMILY AND COMMUNITY RELATIONS

The economic crisis combined with the political crisis and numerous public scandals in mass media resulted in a sharp deterioration of the general spirit. People are 'sad', 'confused', 'angry' and less and less optimistic. More than half (53%)<sup>16</sup> of the population expect to live 'worse' or 'much worse' in 2011. During the entire period after 1990 the population's optimism has never been so low.

'Everyone is scared of tomorrow: who will be the next laid off? How much will they cut my income? Everyone is sad, confused, lives in continuous stress, particularly those with debts or bank [loans].' (Owner of construction firm, Drobeta Turnu Severin)

'All I can say is that people are dismayed; these emergency orders have messed all human plans. Most people have banks loans, have children in college and automatically cut of income resulted in family matters. Everyone is affected, be it employed or not. Discontinue or reduction of social support would be a disaster. Eşelnița have many socially assisted people especially Roma. Social help is their only source of income. If they would stop welfare and family allowances then theft and violence will occur because people live so badly and there is no work and they have to survive somehow.' (Teacher, Eşelnița commune)

The public controversy regarding the austerity measures eroded the social cohesion by opposing public sector with private sector, pensioners with non-pensioners, self-employed with employees, beneficiaries of social assistance and non-beneficiaries and so on. In the general context perceived as corrupted and unjust the low social cohesion have translated in a feeling of intense competition for resources. Thus, most people consider that in 2010 the community relations have drastically changed in 'coldness', 'lack of collegiality', 'everyone minds only his/her business'. Even more, the support provided by relatives and friends is seen as highly shrank.

'You meet a friend, this is all they ask, are you in the same situation [jobless], that's all. Go out in town, pay visits, no, not this. I have friends I haven't seen in two years, didn't go out, didn't meet at home either, because the people are sad, reserved; no place to go, whom to contact, what to say, things burdening you, it makes no sense. You would better know them for yourself.' (FG, Unemployed, Roman)

Regarding the impact of the crisis on the family relations neutral opinions – the crisis have had only a marginal impact – predominate by far.

<sup>16</sup> Research Institute for the Quality of Life, *Diagnosis of the Quality of Life in Romania*, carried out in July 2010.

### 3.5 COPING STRATEGIES IN RESPONSE TO THE CRISIS

A recent World Bank study <sup>17</sup> shows that, in May 2010, in Romania, the general population's capability to make ends meet is rather low, whereas the capability of planning ahead is extremely low.

Most population struggle to keep up with their financial commitments. Almost 65% of population struggle to manage day-to-day needs and commitments with an average household income per capita lower than 150 euro.<sup>18</sup> Over half (61%) of population live salary to salary. During the last year, 39% of population had to borrow to pay back other debts, either regularly or from time to time.

In the crisis context, less than half of the population saves spare money and households' savings are rather small (less than two monthly income).

'Before the crisis we used to save money for rainy days or for holidays. Now, we have stopped. Money we earn is no longer enough. We cannot save anymore even 100 or 200 lei. Usually money finishes one week before payday.' (FG Public sector, Sibiu)

The majority of people who save, plan for the unexpected and less save for the long-term. Provision for retirement (additional to the state pensions) is very rare. <sup>19</sup> Unexpected financial setbacks are quite common (in the last three years, 35% of population experienced a large unexpected drop in income) mainly caused by redundancies and wage cuts related to the current financial crisis. Only 15% of those who experienced unexpected income drop use financial products to manage this situation and other 15% rely on previous savings.

Instead, three main strategies for dealing with unexpected income drop are used (figure 4):

- (1) cut down expenditures
- (2) borrow money (with no interest) from relatives and friends
- (3) buy informally on credit ('on the notebook') from shops.

Noticeable, the strategies envisaged in the hypothesis of an unexpected income drop (with one quarter for a period of three months or more) are strikingly similar with those already used by people who experienced an unexpected drop in income in the last three years (figure 4). In addition, provisioning for financial setbacks is very low. When asked how long they expect to be able to make ends meet if faced with an unexpected drop in income, 67% say they would manage less than three months. Only 7% would manage for 12 months or over.

'Yes [we cut down], in absolutely everything. At food too, no more bacon or salami of I don't know what brand. We just buy the cheapest and, usually, discounted. The wife is buying second hand clothes, particularly for the children. We don't buy any more clothes for us, at all. We change the shoes only they broke down.' (FG Informal sector, Men employed in constructions, Sibiu)

'We don't go out for a pizza anymore. We don't go out for vacations. We monitor the water and heating consumption in the flat. If before we left the boiler run the night through, now we chit it down at eleven, or midnight, when we go to sleep. I mean in

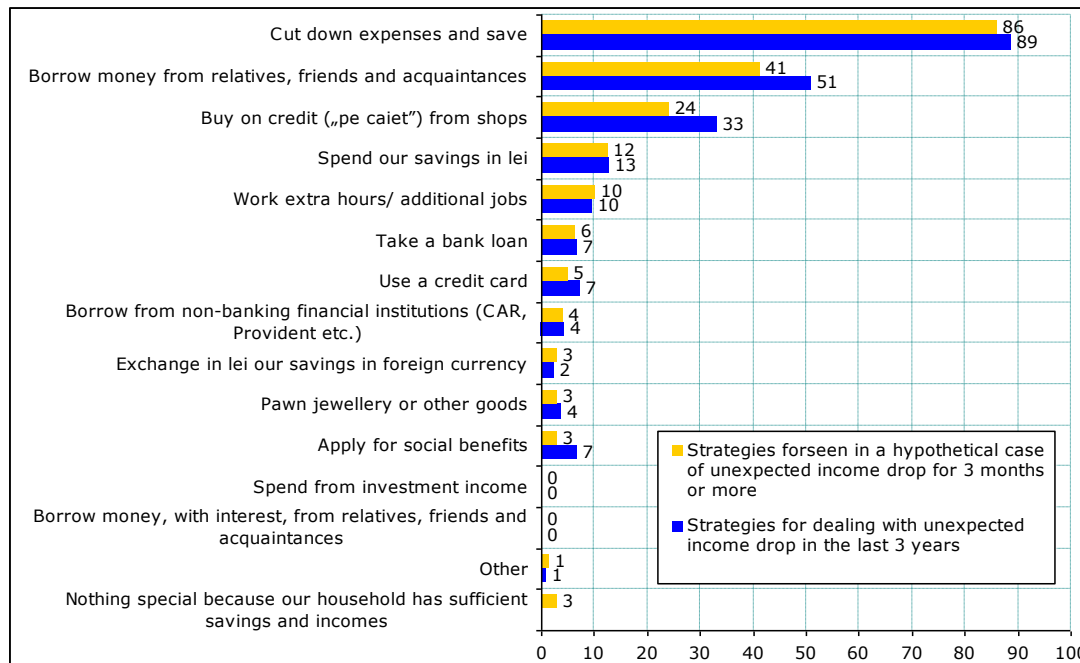
<sup>17</sup> Stănculescu, M. S. and Aprahamian, A. (2010) *Financial Literacy in Romania*, World Bank Report, July 2010.

<sup>18</sup> A quarter of the population (with an average household income per capita of 90 euro) has difficulties in covering bare necessities. Another 40% (average income per capita of 140 euro) succeed only to cover basic needs; 25% (average income per capita of 200 euro) can afford food and keep up with bills but have difficulties in purchasing durable goods. Only 5% (average income per capita 250 euro) can afford also durable goods and mere 2% (average income per capita of 320 euro) have enough money for anything.

<sup>19</sup> Only about 6% of all pre-retired make some provision for retirement.

January and February, because now we shut it for good, during day time too.’ (FG Formal, men employed in the shipyard, Oltenița)

**Figure 4 Strategies used for dealing with an unexpected drop of income (% of each group)**



Data: World Bank, *Financial Literacy Survey in Romania* (May 2010). Data collected by the Institute for World Economy (Romanian Academy).

In response to the crisis, people have started to cut down their expenditures in 2009. In this respect they developed or reactivated a variety of coping strategies which have continued to be operational in 2010. Consequently, regarding coping strategies, the results of the rapid assessment round from May 2010 are similar with the one from November 2009. The widespread crisis strategies include buy cheaper food, buy less food, cut off durable goods, buy cheaper or second-hand non-food items.

Under conditions of raising prices and very limited opportunities for increasing incomes, people have reduced all categories of consumption - food, non-food, and services.

Increase of the prices of utilities (gas, water, telephone, heating etc.) represents a major source of concern and dissatisfaction. That is why the reduction of the utilities related costs represents the main pillar of the dominant coping strategy in households without children, followed by a drastic decrease of expenses for non-food goods and services, and a partial cutback of food expenditure (by buying less and cheaper food).

‘We gave up the cooking gas. We are using less the stove, a lot of money, we also have to pay the energy, the phone and the cable TV ... all the money goes. Gave up. We were heating two hours in the morning and two hours in the evening. It was warm, not too warm; what can you do, we turn on the light and then turn it off, turn on the TV, not all day long like other years, less, that’s it. [...] We didn’t give up food, but we look in the newspapers, and when there are discounted items we buy, put them in the freezer. But not with the fruits; when the fruits are expensive we don’t buy, when they are cheap, we buy,

some apples.’ (FG Informal sector, Women employed in services to households, Piatra Neamt)

‘Our incomes decreased, compared to the times before the crisis; it’s only normal that we cut down everything we could. Less with the food, because we have to live. For the rest, not many clothes or things for the house. We even turned off an invitation at a wedding because we didn’t have the money or the clothes to wear.’ (FG Informal sector, Men employed in constructions, Sibiu)

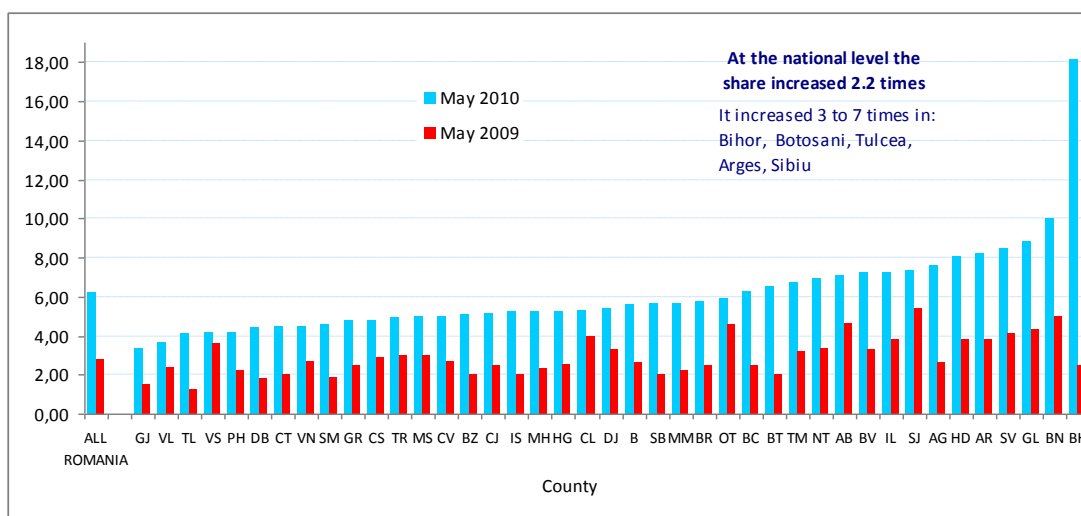
Reduction of utilities related expenditures has rarely been mentioned in households with children (particularly with smaller ones). In their case non-food goods and services are reduced at minimum, if they are not child related. Food consumption is diminished only for adults and, as long as possible, is kept constant for children.

‘Yes, [the consumption] we reduced it, but despite all the reductions we made, we still have debts with the utilities. We don’t send anymore the child in the camp sites organised by the kindergarten. Not much money for the kindergarten celebrations either. The wife buys him second hand clothes or he receives from the friends with elder children.’ (FG Informal sector, Men employed in constructions, Sibiu)

‘We cut just about everything. We have clothes from the previous events. We keep just for the bare necessities. We have a girl and we focus on her, she sees at the school, she grows up, the clothes don’t fit any more and we have to buy new ones. Besides clothes we cut just about everything ... we speak less on the phone not to get a large bill, we save the energy. But not with the food, we are trying not to limit the food, particularly since the girl is a child. Everything is less and in no time we will even have to pay for the air we are breathing.’ (FG Unemployed, Drobeta Turnu Severin)

Most people pay the utilities bills firstly, the debts (bank loans, debts to small shops etc.) secondly, and then medicines and food. However, according to the business and community representatives from urban areas, the population indebted to banks and utilities has increased compared to the last year. Furthermore, the statistics (figure 5) published by the National Bank of Romania show that the share of the overdue loans in total loans increased 2.2 times between May 2009 and May 2010. The highest increase of debts was registered for the bank loans in foreign currency.

**Figure 5 Proportion of the overdue loans (in lei and foreign currency) in total loans, May 2009 – May 2010 (%)**



Source: National Bank of Romania.

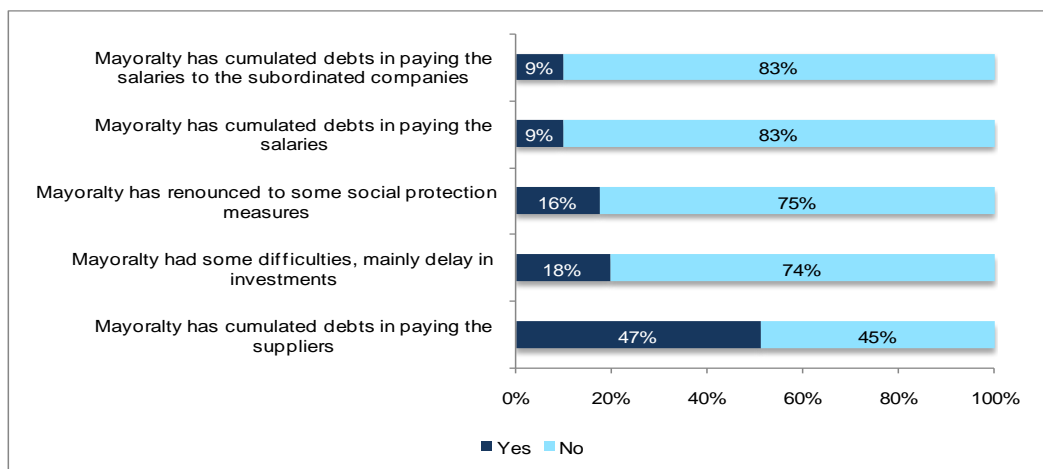
'I was just looking at many neighbours of mine, with large debts for the utilities; so the crisis is obvious, sometimes you can't even cope with it; the money hardly is enough for the food, the people with bank instalments are completely down. Didn't pay for the last 5, 6 months, the bank comes and takes your house, but before they take it, you try to find a job.' (FG Unemployed, Oltenița)

The poorest make a living based mainly on child allowance or other social benefits. Their main coping strategy include steel of electricity, casual work in the informal sector 'whatever and wherever we find' and buy on credit from small shops. In some cases they stop children from going to school as a solution to reduce expenditures. In extreme cases, during winter, they place temporary their children in a hospital 'at least is heated and they get something to eat' (FG Informal sector, Roma, Alba Iulia).

'If they have, they help you, if not, how can they give you? The owner of the shop near us is the only helping us, gives us food on debt, and when we receive the money [social benefit] first we go to him. *Does everybody buy on debt?* Everybody, as long as he gives us... It is good that he sells us on debt, otherwise we would have no means to live.' (FG Informal sector, Roma, Eșelnița)

### 3.6 SUPPORT FROM INSTITUTIONS

**Figure 6 From January to October 2009, which of the following issues were problematic for your municipality/mayor's office?**



Data: Soros Foundation Romania, *The access of local authorities to European funds*, Stănculescu M. S. (coord.), carried out in November-December 2009, (N=3185). Note: The rest, up to 100%, is represented by 8.4% of the municipalities that have not responded: 28 mayors of towns and cities, 2 districts of the capital city, Bucharest, and 238 communes.

An exhaustive research on mayoralties from Romania <sup>20</sup> has clearly shown the financial difficulties faced by the local public authorities in 2009. About 9% of all Romania's municipalities had difficulties in paying salaries of their employees; 16% of them have given up on some social protection measures; 18% had difficulties in

<sup>20</sup> The research was conducted by a consortium made up of the Romanian Centre for Economic Modeling (CERME), National Centre for Training in Statistics (CNPS-INS) and the Research Institute for the Quality of Life (ICCV).

dealing with their investments, and almost half of them have cumulated debts in paying the suppliers. There are no statistical data for 2010, but according to the information provided in mass media (and few interviews) the situation has worsened in 2010.

According to our rapid assessment, in 2009 all researched municipalities declared that the local budget covered the increasingly need for social assistance, whereas in 2010 a part of them had operated cutbacks in social assistance and social services provided to the community due to insufficient local budget. Nonetheless, at the country level, the data from the Ministry of Public Finance <sup>21</sup> show that the social protection expenditure are 13.4% higher than last year, with the highest increase, of 102.4%, for the unemployment benefits. The local budgets have also spent more on social protection than last year, mainly due to an increase in the level of minimum guaranteed income.<sup>22</sup>

Nearly all participants to the rapid assessment declared that in the first part of 2010 the general standard of living has continued to decrease and the number of poor has increased further. Thus, in all researched communities, people perceive a significant increase of the need for support. Unfortunately the intensifying need for support is not counterbalanced on the institutions' side by effective social measures. In fact, the majority is very critical regarding the support provided by institutions.

'- Governmental institutions are not helping us at all in dealing with the crisis. Maybe the state supports us in some way, but I have not heard about it. Probably you need to have money and connections in order to get help from them. Those that have money are well even nowadays, in times of crisis.

- I don't trust governmental institutions. They are not helping anyone. Eventually they take if they can and they increase the taxes.

- Only child allowance. The state does not help ordinary people like us. They are only for themselves. Or else how they can have those fancy cars and villas?

- I only get the child allowance. That's all. I have not heard about the state in support of those people who lost their job, helping them with any kind of measure or financial aid, or exemption from paying the taxes for a month or two.' (FG Informal sector, Men employed in constructions, Sibiu)

The social groups with the highest risk of falling into poverty due to the crisis include: no-earner families with three children or more, households with disabled or very sick persons, Roma people, beneficiaries of the guaranteed minimum income that is provided through the local municipalities, and homeless people (*dromomani*), mentioned in Moldova region. In addition, in 2010, two new groups of crisis related poor were mentioned, namely elderly with small pensions and people of 50 years or over who lost their jobs and have had extremely low chances to re-enter labour market.

The AGS data show that in 2009 relatively small proportions of the overall population asked support in response to the crisis. In July, the predominant safety net was provided by friends, neighbours and relatives from Romania. Very small shares of population were asking support from institutions, be it governmental or nongovernmental. In the second part of the year, relatives, friends and neighbours still offered help with food or services, but the mutual support within community

<sup>21</sup> Press release of the Ministry of Public Finance on the execution of general consolidated budget for the period of 01.01 - 31.05 2010, available at: <http://www.mfinante.ro/acasa.html?method=detalii&id=9236>.

<sup>22</sup> From 1st of July 2009, the financing of this type of social benefits is insured entirely from the state budget and the level of the benefit has increased with 15%.

has diminished as 'people became more concerned, more afraid of losing their incomes'.

The **heating subsidies** were assessed in June 2009 as the most important social program for the population wellbeing. Until November 2009, the program has lost its perceived importance because the eligibility threshold was reduced. In May 2010 this benefit only rarely was mentioned. Instead, people were anxious about the 'disaster' that might happen in the winter of 2010 due to the increase of the heating related costs under conditions of drastic cut of subsidies.

**Health care** has been mentioned as a major concern in all three round of research from 2009 and 2010: 'medicines and medical services are so expensive that sickness would ruin our budget'. In addition, the need for informal payments, the new regulations, various dysfunctions presented in mass media have made people to adopt self-treatment and to consider the health care system one and the same with 'total irresponsibility'. In the researched communities, health insurance was reported by social assistants as the main reason for registering to the guaranteed minimum income.

'We have health problems but we don't even dare to go to the doctor because we have no money and we postpone them, we take a pill.

- For instance I also had health problems and I went to the doctor and I had to continue the visits but I have given up. I had no money.

- Now we have to schedule the visits even to our family doctor. I take medicines for high blood pressure and you are ensured to the family physician for twenty four visits per year. This means twice a month. If you exceed this number, you have to pay, I don't know how much, about ten thousand per visit, even for the family physician. And when we go, we also go for a scheduled visit, as if the sickness can be scheduled. [...] It is awful, and when we see what happens in Bucharest with the hospitals... This is not lack of interest, it is total irresponsibility.' (FG Formal, Women employed in garments industry, Roman)

**Guaranteed minimum income (GMI) and complementary allowance**,<sup>23</sup> although small, are assessed by all beneficiaries as 'very important'. Some unskilled workers and informal workers, particularly those with two or more children, mentioned it as 'the only solution' for winter, when the available work opportunities drastically decrease. As expected, the number of beneficiaries has increased between June and November 2009. The demand for GMI, however, did not diminish during the spring 2010, specifically due to the crisis. The institutional response to this situation was: (1) a public discourse about 'undeserving poor who cheat the system'; (2) administrative controls in various local authorities for reducing the number of beneficiaries; (3) discontinue or reduce the due to insufficient budget. For the second part of 2010 the local public authorities expect the number of applications for these benefits to grow.

'This year, due to the crisis, in our commune the problems in our commune have had also worsen. In the spring season, all the time, life was beginning, as in our area there are many building sites and people could find work in this sector, construction. Now there are fewer investors... the need for building material is not so big anymore and for the terrains to be bought also and therefore the people have no place to work. On the other hand we have a Roma community which beneficiates of social aid and the funds we received this year for the social aid are insufficient and so, the social aid is much smaller in amount, up to 50%.' (Vice mayor, Eşelnița commune)

*'Do you expect, in the following period, for the number of applications for social aid to increase?'*  
Yes, the number of applications is going to increase, as the perspectives look in this way.

<sup>23</sup> Provided to families with incomes less than 150 lei per persons.



An increasing number of people working in the shipyard, the biggest company here, in our area, come with bad news, that there are no orders, that every month 30-40 people are fired. And therefore we think that this is the direction we are heading to... especially with these personnel reductions [from the public sector]. There are going to be worse and worse periods. There is already discontent among our personnel, as the 25% [wage cut] is felt... and added to that, the 3-4 days of [unpaid] leave before winter holiday. People have bank credits and now, with these cuts, it is harder for them to pay the rates. So, the number of applications for social aid will increase.' (Vice mayor, Mânăstirea commune)

*Did the requests for social aid (GMI) increase?* Yes, the requests for the law no. 416, the law on guaranteed minimum income, are almost double. The funds that we receive under this law have diminished, and so did the funds from extra-budgetary sources ... *Can you cover the existing need?* No, we cannot cover for the year of 2010. I was talking to the mayor last week about some budgetary rectifications from the state budget; if they are not made until the end of the year ... *How much do you miss from the local budget?* About 30%. *When you projected the budget for 2010, have you also considered this situation when the requests for social aid will increase as a result of the crisis?* Yes, we had ... we even provisioned a budget reserve but the treasury and county council have cut the sums we requested. This was about 7 billion for social work and they gave us 4.8 billion. *So from those 30% that file a request, how many still receive money?* More than a half. *For what benefits do they usually appeal?* For the guaranteed minimum income, law no. 416, because here they have medical insurance and a few money, a million and a half lei.

*Do you have enough personnel to cover the request for social work?* No, no. We have two vacant positions, the first one left, the second one wanted the job but now that we have this interdiction, we could not hire him any more...' (Economic Director, Câmpulung Muscel)

In addition to the minimum income, the urban municipalities also provide **social canteen**, particularly for children. The demand for social canteen has also increased until May 2010.

*'So practically you have the same number of beneficiaries [for the social canteen], only that you rotate them.* The requests are many, but the places are the same and in order to include as many as possible, then some who ate a month, have a break and enter others that requested and for which we couldn't provide any help. Of course there are also beneficiaries of guaranteed minimum income who pay 30% from their monthly income, according to the law and we also have this type of requests, because it's their advantage and they cannot ensure their food for the same amount of money ... also the food allowance has not been increased, it is of 6 lei since 3 years. It is insufficient, but other than nothing, at least the bread as they say and it is a daily support'. (Social worker, Piatra Neamț)

The **Croissant and Milk** program was not mentioned in June 2009, while in November it was repeatedly mentioned and assessed as 'very important', particularly for children from poorer families. In May 2010 it was mentioned less frequent.

**Scholarships** are decided at the beginning of the school year. Consequently, the number of scholarships remained the same between November 2009 and May 2010. The number of scholarships is, however, calculated as percentage from the number of the children in the school and not in relation to the children's need for support. Therefore, the number of scholarships is not significantly related to the number of children who should receive it.

**Child allowance** is seen as a child right. For the household budget, it is 'vital' only for the poor, whereas for the large majority it provides rather 'pocket money' for the child.

An integrated strategy for **inclusion of the Roma ethnics** was mentioned only in Câmpulung Muscel, but other municipalities (i.e. Sibiu, Piatra Neamț) developed

also measures in this sense. At the country level, 13% of all municipalities (rural and urban) developed specific measures for the Roma inclusion as part of their local development strategies.<sup>24</sup>

**Other central or local social assistance programs** were also mentioned. Some are provided in all communities, namely allowances for disabled persons and personal assistants for disabled persons, aid in staples and emergency aids (especially money for very sick children and aid for funerals). Others are provided only in some communities: care centres for elderly, day care centres for children, *Money for High School* (which include transportation subsidies for rural children) and *School After School* program (particularly those with meal), temporary accommodation for homeless persons, centres for the victims of domestic violence, presents for Christmas and/or Eastern for families with low incomes,<sup>25</sup> aid in construction materials, medical and financial support for persons with mental disorders, subsidies for agriculture etc.

*'Have the children given up the after-school program? They have not given up but there were problems with delays in ensuring the funds for scholarships. They postpone from one month to another. Before, we could do more activities in the afternoon, now we have to reduce them. We cannot have the courses because the children have not enrolled. We wanted to have a group for the swimming course for the warm time and we did not succeed to enrol the minimum level of 15. At the end of school year, by May, we organize a trip, and not all children go in this trip, this did not happen previously. And the prices are very high. For the Peleş castle from Sinaia, for one day, it costs 50 lei, plus entrance in the castle. It is quite high, there are also children that now do not take part and used to go before. We even had two trips per year: in autumn and in June. Now we had some short trips nearby, but not on longer distances.'* (FG Public sector, Sibiu)

The large majority of the participants to the rapid assessment share the belief that public institutions (mainly the central ones) should provide support to the vulnerable groups of population. The anti-crisis measures taken by the Romanian authorities, however, have neither improved the living conditions, nor made people to feel secure. Accordingly, the central institutions are seen rather part of the problem than part of the solution. Dissatisfaction with the performances of the central institutions was expressed also by few local authorities and by the NGO representatives. Local authorities talked about budgetary constraints and lack of human resources. The NGO representatives were very critical with respect to the delay of payments from the central budget and the 'aberrant new regulations in the field of social assistance'.

*'By this law each of our 52 children, I refer here to those with disabilities, should receive 175 lei, this sum should be received, and for the others, the children at risk of school drop, we should receive 120 lei per child from the Ministry of Work. Ministry of Work has deliberated and gave us 21 lei per child with disability per month, out of the total 175 lei stated in the law, saying that we have no money, and for those at risk of school drop, who are from families without a dwelling, jobs, living in adobe or cardboard houses, they gave us 32 lei per month per child, out of the 120 lei for which they were entitled to receive, and this because this year is the world year for the fight against poverty. I have challenged the decision, I have submitted a complaint to the Commission for evaluation that they have no money, and that I have no idea about this situation, that I only sit and complain and that they have 139 NGOs asking for subsidies in a total value of 40 million RON and they only have 20 million lei and they split it the best they could ... And even further on, saying that*

<sup>24</sup> Soros Foundation Romania, *The access of local authorities to European funds*, Stănculescu M. S. (coord.), carried out in November-December 2009.

<sup>25</sup> For example, in Piatra Neamț, the municipality provides food of 50 lei to the elderly with pensions less than 500 lei as well as to the unemployed and jobless people.

if NGOs have assumed provision of social services, they have to pay for them [...] I am not at all interested if they have money or not, I am not interested in which situation is the Romanian state. [...]

In January 2010 a Governmental Decision has been issued, stating that for every child with disabilities using state services, the state budget receives 100 million lei per year, compared to 612 lei what we receive yearly, so they receive 100 million lei no matter the services a child receives, the state receives, not the child! [...]. I have submitted an official complaint to the Prime-Minister, stating that the rights of children with disabilities are broken. As long as the child for which the state has responsibility comes here, and receives 21 lei monthly and there receives 790 lei monthly. I want to say how they can ethically choose for which child they give the sum, because they are children with disabilities. Second question, how can they give for a centre with kineto-therapy the same amount of money, even if the child receives 6 different types of services, which is the logic behind this? How can you know that the child goes there [to a state centre]? You finance [the state budget] for a capacity of 30 children but there only 20 people go, because the other 10 come to me. How can you ethically decide which sum to give? Wouldn't be a better solution if the child would have a voucher with him, to see where the money goes? He comes to me, receives this money, and if he goes to the state, he receives those money. Moreover, in this way you force the state to carry on quality activities, you compete with them, although the competition in social services should not exist, but this is a moment when request and offer should also work in social services. The Prime Minister Office thanks me for the complaint and answers me that it has been assigned to the Ministry of Work, to which I have initially addressed my letter. And I receive the following answer from the National Authority for the Protection of People with Disabilities - that children are not in their institution's responsibility and this I knew it, this is why I have not addressed to them, and from the National Authority for Child Protection I received a letter saying that they issue laws only for financing the public sector, they are not interested in the private services, that I should address by this law, law no. 34, with 175 lei. From the same lady from which I received my first answer, I have also received another answer stating the same thing: that there is the law no. 34 or that there is the Local Public Authority that can support the funding for the children that we have. So nothing and we are still in a circle.' (NGO representative, Sibiu)

## 4 ANNEX

### 4.1 GUIDES FOR FOCUS GROUP DISCUSSIONS

The guides presented below cover all issues listed in the TOR, both those common to all focus groups (changes in the last six months and access to assistance and support) and those more specific applied depending on the composition of the focus groups, namely issues related to remittances from abroad and unemployment.

#### COMMON ISSUES (ALL FGDs)

##### Focus group discussion (FGD) coordinates:

Locality, residency, county

FGD type (transmission channel/ group) and code

Place where the FGD took place

FGD duration (date, starting time, ending time)

FGD is 'new' (with persons recruited in the current round of research) or 'old' (with persons selected previously)

FGD is paid (participants receive payment) or unpaid

Information about participants: total number, out of which: women/ men, young (15-29 years)/ adults (30 years and over), with children (0-18 years)/ without children.

#### Changes in the last 5 months (January – May 2010)

##### 1. Can you find work? Changes in the availability of work (i.e. hours or days worked)

<p>Consensus 50%-50%, pattern .....</p> <p>Disagreement</p> <p>Number of working hours / paid work opportunities</p> <ul style="list-style-type: none"> <li>- Increased</li> <li>- Remained the same</li> <li>- Decreased</li> </ul> <p>The number of hours they usually worked</p> <p>How important are the social relations for finding work during the crisis?</p> <p>Observations</p>
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##### 2. Changes in the predictability and security of employment. Are they afraid of losing their job/ of reduction of their number of working hours due to decreased demand or to increased competition?

<p>Consensus 50%-50%, pattern .....</p> <p>Disagreement</p> <p>Predictability and security of employment</p> <ul style="list-style-type: none"> <li>- Increased</li> <li>- Remained the same</li> <li>- Decreased</li> <li>- Unpredictably fluctuated</li> </ul> <p>Observations</p>
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**3. Changes in working conditions** (including in the benefits received in addition to the wage).

<p>Consensus                      50%-50%, pattern .....                      Disagreement</p> <p>Working conditions</p> <ul style="list-style-type: none"> <li>- Better</li> <li>- Remained the same</li> <li>- Worst</li> <li>- Unpredictably fluctuated</li> </ul> <p>Which is the main method to look for a job used by the informal workers: the importance of relatives, friends and acquaintances? Is it easier to find a job for people with more extended social networks?</p> <p>Observations</p>
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**4. Changes in wage rates / payment per hour or per working day**

<p>Consensus                      50%-50%, pattern .....                      Disagreement</p> <p>Monthly wage rates/ payment per working day</p> <ul style="list-style-type: none"> <li>- Increased</li> <li>- Remained the same</li> <li>- Decreased</li> </ul> <p>Monthly wage/ payment per working day usually received</p> <p>Observations</p>
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**5a. Changes in the allocation of paid labour within the household** (whether some hh members are working less and others working more, asking specifically whether)

<p>Consensus                      50%-50%, pattern .....                      Disagreement</p> <p>The dominant pattern of allocation of paid work within the household</p> <ul style="list-style-type: none"> <li>- mainly, the husband</li> <li>- mainly, the wife</li> <li>- husband and wife</li> <li>- one or more of the kids</li> <li>- nobody in the household</li> <li>- somebody else in the household</li> </ul> <p>Are children involved in paid work? What kind of work? If so, are they still attending school?</p> <p>Observations</p>
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**5b. Changes in the allocation of unpaid labour within the household**

<p>Consensus                      50%-50%, pattern .....                      Disagreement</p> <p>The dominant pattern of allocation of unpaid work within the household</p> <ul style="list-style-type: none"> <li>- mainly, the husband</li> <li>- mainly, the wife</li> <li>- husband and wife</li> <li>- one or more of the kids</li> <li>- nobody in the household</li> <li>- somebody else in the household</li> </ul> <p>Are children involved in unpaid work? If yes, what exactly are they doing? If yes, how does this affect their school results?</p> <p>Observations</p>
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**6. Changes in the allocation of labour within the household**

<p>Consensus 50%-50%, pattern .....</p> <p>Disagreement</p> <p>How has changed the allocation of labour within the household?</p> <p>Is there any change in children working for money?</p>
Observations

**7. Changes in total monthly earnings of the household**

<p>Consensus 50%-50%, pattern .....</p> <p>Disagreement</p> <p>Total monthly earnings of the household</p> <ul style="list-style-type: none"> <li>- Increased</li> <li>- Remained the same</li> <li>- Decreased</li> </ul> <p>Average household monthly earnings (RON)</p>
Observations

**8. Changes in the household savings**

<p>Consensus 50%-50%, pattern .....</p> <p>Disagreement</p> <p>Does the household have savings that can be used during temporary hardship?</p> <p>Household's savings in the last 6 months</p> <ul style="list-style-type: none"> <li>- Increased</li> <li>- Remained the same</li> <li>- Decreased</li> </ul> <p>The savings can secure their survival for a period of about ...</p>
Observations

**9. As a consequence, has household consumption been reduced?**

<p>Consensus 50%-50%, pattern .....</p> <p>Disagreement</p> <p>What type of consumption has been reduced</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">LIST</th> <th style="text-align: center;">HIERARCHY</th> </tr> </thead> <tbody> <tr> <td>- buying cheaper food</td> <td></td> <td></td> </tr> <tr> <td>- buying less food</td> <td></td> <td></td> </tr> <tr> <td>- reducing the non-food consumption (clothing, goods)</td> <td></td> <td></td> </tr> <tr> <td>- buying second-hand clothing</td> <td></td> <td></td> </tr> <tr> <td>- buying on credit, "on the notebook"</td> <td></td> <td></td> </tr> <tr> <td>- debts on utilities payment</td> <td></td> <td></td> </tr> <tr> <td>- others</td> <td></td> <td></td> </tr> </tbody> </table> <p>Which household members feel these impacts most?</p> <ul style="list-style-type: none"> <li>- mother</li> <li>- father</li> <li>- children</li> <li>- other persons</li> </ul> <p>Do these changes influence in any way the frequency or the school performances of the children?</p>		LIST	HIERARCHY	- buying cheaper food			- buying less food			- reducing the non-food consumption (clothing, goods)			- buying second-hand clothing			- buying on credit, "on the notebook"			- debts on utilities payment			- others		
	LIST	HIERARCHY																						
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- others																								
Observations																								







## FGD WITH UNEMPLOYED PERSONS

### 13b. Unemployment as result of the economic crisis

Consensus	
50%-50%, pattern .....	.....
Disagreement	
<i>Note the difference between men and women.....</i>	
Terms of unemployment	
<ul style="list-style-type: none"> <li>- For laid-off workers, what was the length of notice prior to layoff;</li> <li>- Terms of severance payment, if there were any.</li> <li>- Did the family have savings at the time of lay-off?</li> </ul>	
Which categories of workers are more vulnerable to being laid off?	
<ul style="list-style-type: none"> <li>- low skilled or unskilled</li> <li>- women</li> <li>- young people</li> <li>- Roma</li> </ul>	
What type of support do they receive and from whom?	
<ul style="list-style-type: none"> <li>- Unemployment benefits</li> <li>- Help to find new work</li> <li>- Help with training for a new work</li> <li>- Other type of support from the state</li> <li>- Support from nongovernmental organizations</li> </ul>	<p><b>LIST</b>                      <b>HIERARCHY</b></p> <p>(the importance for daily living)</p>
In case they cannot access this kind of help, what is the reason?	
Finding a new work	<p><b>LIST</b>                      <b>HIERARCHY</b></p> <p>(most efficient method)</p>
<ul style="list-style-type: none"> <li>- What kind of job-seeking strategies do unemployed use?</li> <li>- How optimistic are they about trying to find a new job?</li> <li>- Are these the same kind of jobs that they had before or different?</li> </ul>	
<b>YES</b>	<b>NO</b> (If no, how are they different in terms of work, pay, conditions?)
<ul style="list-style-type: none"> <li>- Can other family members find work to make up for lost income?</li> </ul>	
<b>YES</b> (If yes, who and how?)	<b>NO</b>
<ul style="list-style-type: none"> <li>- How does unemployment affect children in the household?</li> </ul>	
<i>Note differences between men and women</i>	
Observations	

## 4.2 GUIDES FOR INTERVIEWS WITH COMMUNITY STAKEHOLDERS

Community stakeholders refer to representatives of local business and representatives of local community (local municipalities, social workers, employment offices, teachers, mass media, priests and other community based organizations).

Interviews have been focused on the main changes that have taken place over the last six months as identified and described by 'expert' informants that are able to provide an overview analysis of the community.

### INTERVIEWS WITH REPRESENTATIVES OF LOCAL BUSINESS

#### **Interview (INT) coordinates:**

Locality, residency, county

INT type and code

Place where the INT was held

INT duration (date, starting time, ending time)

Information about the interviewee: woman/ man, age, years worked in the institution / position, years lived in the community.

#### **Changes in the last 5 months (January – May 2010)**

##### **1. Levels of poverty and wellbeing of the population**

- Changes in the standard of living in the community over the last 6 months
- Main economic activities within the community (description and changes, with special reference to export industries and those mostly affected by the economic crisis)
- Changes in employment opportunities in the community
- Trends and main characteristics of the unemployment in the community within the last 6 months

##### **2. Main difficulties and concerns of the local businesses in relation to the economic crisis.**

- Decrease of turnover
- Decrease in product demand
- Lay-off workers
- Financing the business (difficulties related to increase of the credit interest rates, impossibility to apply for new credits, cash-flow, etc.)

##### **3. Main business strategies used as response to the economic downturn**

- Have they reduced the number of employees? Which categories of employees are exposed the most to being laid-off?
- Have they retrained their employees/ laid-off workers?
- Have they reduced the bonuses or wages? If yes, was the reduction the same for all categories of employees?
- Have they identified new markets? If yes, which ones and how?
- Have they diversified their production?
- Have they received/ asked public authorities for support? If yes, what kind of support?

## INTERVIEWS WITH REPRESENTATIVES OF LOCAL COMMUNITY

### **Interview (INT) coordinates:**

Locality, residency, county

INT type and code

Place where the INT was held

INT duration (date, starting time, ending time)

Information about the interviewee: woman/ man, age, years worked in the institution / position, years lived in the community.

### **Changes in the last 5 months (January – May 2010)**

#### **1. Levels of poverty and wellbeing of the population**

- Changes in the standard of living in the community over the last 6 months
- Estimation of the number of poor. Are there 'new' poor in relation to the economic crisis?
- Main characteristics of the poor and of the 'new' poor
- Spatial distribution of the poor within the community: Are the poor clustered? Are there any ghetto like areas?
- Main coping strategies of the population:
  - Reduction of the household consumption: Which categories of consumption have been reduced? Consumption related to children has been changed in any way?
  - Increasing incomes by finding new or additional work in the formal or informal sectors of the economy both in the country and abroad
  - Increasing incomes by borrowing, delaying payments to utilities or receiving money from relatives, friends etc.
  - Asking support from governmental institutions: social scholarships for children, guaranteed minimum income or other kind of support

#### **2. The quality of social relations and mutual support within the community**

- Are people more or less helpful to each other compared to one year ago?
- Is there any mobilization around key points such as NGOs, church or other community based organization for helping the disadvantaged groups?

#### **3. Level of crime**

- Changes in the general community spirit
- Do people fear more for their security or for their properties? Have the number of small thefts increased?
- Have the level of alcohol or drug consumption increased over the past six months?

#### **4. The number and intensity of conflicts within and between households**

- Domestic violence against women
- Domestic violence against children
- Arguments between neighbours

#### **5. The main problems of children within the community**

- Children who are not attending school on a regular basis
- Children who are working for money
- Other problems of children relevant for the community

#### **6. The main problems of youth within the community**

- Early school leavers
- Deviant and risky behaviours by young people
- Other problems of youth relevant for the community

#### **7. The capacity for intervention of the local institutions**

- Has the institution budget been decreased? Is it expected to decrease for the fiscal year 2009? If yes, how does this affect the institution capacity for intervention?
- Have the number of beneficiaries/ claims for support increased over the last six months? Is it expected to increase in the following six months?
- Assessment of the relation between the resources available for intervention and the community needs for support.
- Assessment of the relation between community needs for social support and human resources for social work available to the local municipality level.
- In which way the budget projection for 2009 has taken into consideration the potential negative effects of the economic crisis
- To what extent community needs can be met within the given financial and human resources?

### 4.3 FIELDWORK: DISTRIBUTION OF FGDS AND INTERVIEWS BY TYPE AND LOCATION

#### DISTRIBUTION OF FGDS BY TYPE AND LOCATION

Transmission channels	Group profile	FGD Code	County	Locality	No. of persons
<b>LABOUR MARKET</b>	<b>TOTAL - 20 FGDS</b>				<b>116</b>
<b>Formal sector</b>	Employees in industries heavily dependent on export				
(6 FGDS)	- women	FG 1.1	CL	Oltenița	5
	- women	FG 1.2	NT	Roman	6
	- men	FG 2.1	CL	Oltenița	7
	Unskilled workers	FG 3.1	MH	Drobeta Turnu Severin	6
	Employees in public sector	FG 1.3	MH	Drobeta Turnu Severin	7
	Employees in public sector	FG 1.4	SB	Sibiu	5
<b>Informal sector</b>	Constructions				
(8 FGDS)	- men	FG 4.1	CL	Ulmeni	4
	- men	FG 4.2	SB	Sibiu	5
	Services to households				
	- women	FG 5.1	NT	Piatra Neamț	7
	- women	FG 5.2	SB	Sibiu	5
	Constructions and services				
	- Roma	FG 6.1	MH	Eșelnița	8
	- Roma	FG 6.2	BZ	Buzău	6
	- Roma women	FG 7.1	AB	Alba Iulia	6
	- Roma women	FG 7.2	AB	Alba Iulia	6
<b>'New' unemployment</b>	Unemployed				
(6 FGDS)	- young (15-29 years) men	FG 9.1	CL	Oltenița	4
	- young men and women	FG 9.2	MH	Drobeta Turnu Severin	5
	- men 30 years and over	FG 10.1	CL	Mănăstirea	5
	- 30 years and over	FG 10.2	NT	Roman	7
	- 30 years and over	FG 10.3	MH	Drobeta Turnu Severin	6
	- women all ages	FG 10.4	AG	Câmpulung Muscel	6
<b>REMITTANCES</b>	<b>TOTAL - 4 FGDS</b>				<b>21</b>
<b>Remittances</b>	Households receiving remittances from abroad				
(4 FGDS)	- 30 years and over	FG 11.1	NT	Piatra Neamț	6
	- women 30 years and over	FG 11.2	MH	Drobeta Turnu Severin	4
	- women and men all ages	FG 11.3	BC	Răchitoasa	6
	- women all ages	FG 11.4	SB	Sibiu	5

## DISTRIBUTION OF INTERVIEWS BY TYPE AND LOCATION

Community stakeholder	INT Code	County	Locality	Gender
<b>LOCAL BUSINESS</b>				
- Owner of a small shop	INT1.1	NT	Piatra Neamț	M
- Bank representative	INT1.2	NT	Piatra Neamț	M
- Owner of shops	INT1.3	MH	Drobeta Turnu Severin	M
- Owner of a construction company	INT1.4	MH	Drobeta Turnu Severin	F
- Owner of a construction company	INT1.7	SB	Sibiu	M
- Representative of the Chamber of Commerce	INT1.8	SB	Sibiu	M
- Owner of a hotel with restaurant	INT1.9	AG	Câmpulung Muscel	F
- Owner of a shop	INT1.10	CL	Oltenița	F
<b>LOCAL COMMUNITY</b>				
<b>Local municipalities</b>				
- Deputy mayor	INT2.1	MH	Eșelnița	M
- Deputy mayor	INT2.2	CL	Mănăstirea	M
- Financial director	INT2.3	AG	Câmpulung Muscel	F
- Mayor	INT2.4	BC	Răchitoasa	M
<b>Social work departments/ institutions</b>				
- Social worker	INT3.1	MH	Drobeta Turnu Severin	F
- Social worker	INT3.2	MH	Eșelnița	F
- Social worker	INT3.3	BZ	Buzău	F
- Social worker	INT3.4	CL	Oltenița	F
- Social worker	INT3.5	CL	Ulmeni	F
- Social worker	INT3.6	NT	Piatra Neamț	F
- Social worker	INT3.7	CL	Mănăstirea	F
- Social worker	INT3.8	AG	Câmpulung Muscel	F
<b>Employment Agency</b>				
- Representative	INT4.1	MH	Drobeta Turnu Severin	M
- Representative	INT4.2	NT	Piatra Neamț	F
- Representative	INT4.3	SB	Sibiu	F
- Representative	INT4.4	CL	Oltenița	M
<b>Schools and School Inspectorates</b>				
- Teacher	INT5.1	MH	Eșelnița	F
- Teacher	INT5.2	MH	Drobeta Turnu Severin	M
- Teacher	INT5.3	CL	Mănăstirea	M
- Teacher and director of the City Pupils' Club	INT5.5	CL	Oltenița	F
- Teacher	INT5.6	NT	Piatra Neamț	F&M
- Teacher	INT5.7	SB	Sibiu	F
<b>County Inspectorate for Education</b>				
- Inspector	INT7.1	MH	Drobeta Turnu Severin	M
- Inspector	INT7.2	NT	Piatra Neamț	M
- Inspector	INT7.3	OT	Slatina	M
<b>Community based organizations</b>				
- Journalist	INT6.1	CL	Oltenița	F
- Priest	INT6.2	CL	Oltenița	M
- Priest	INT6.3	CL	Ulmeni	M
- NGO representative	INT6.4	SB	Sibiu	F

