

# Poverty in Europe

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Poverty and Equity Global Practice

## Pinpointing Poverty in Romania

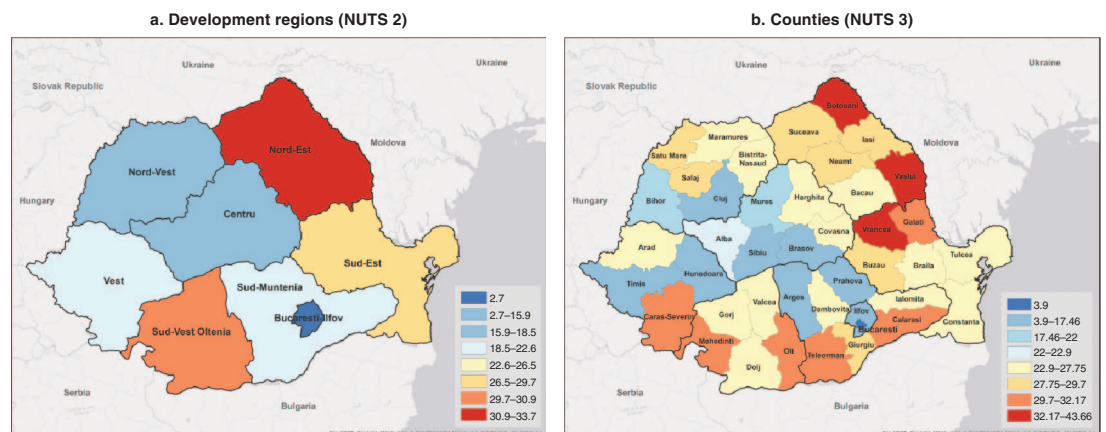
Rates of poverty and social exclusion vary widely across European Union (EU) member states, and there is also a high degree of variability in living standards within member states. In its 2014–20 multiannual financial framework, the EU budgeted €1 trillion to support growth and jobs and to reduce the number of people living at risk of poverty or social exclusion by 20 million by the year 2020. To help reach this EU-wide target, the Government of Romania has set a national goal of reducing the number of the poor and socially excluded by 580,000 people.<sup>1</sup>

Success depends on developing the appropriate policies and programs and targeting them effectively. However, the EC has previously had to rely on sub-national data

at a relatively high level of aggregation for program planning and the allocation of EU funds. The EC and the World Bank, in cooperation with individual EU member states, have developed a set of high-resolution poverty maps.<sup>2</sup> The greater geographical disaggregation of the new poverty maps reveals which parts of these larger regions have particularly high rates of poverty and require greater attention in poverty reduction programs.

The poverty maps for Romania confirm existing knowledge about poverty in Romania, but also reveal new insights. For example, previous surveys have shown the Northeast Region to have the highest rates of poverty (map 1, panel a), but the county-level poverty map (map 1, panel b) shows that all counties

**Map 1 At-Risk-of-Poverty Rates, Romania**



**Source:** Estimates using data from the 2011 EU-SILC and 2011 Population and Housing Census collected by the Romania National Institute of Statistics.

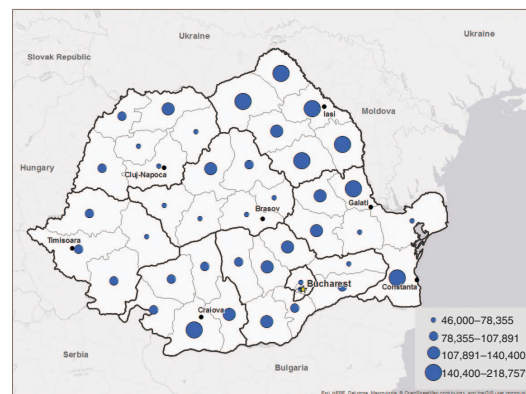
**Note:** The risk of poverty rates are defined using the EU standard of 60 percent of median national equivalized income after social transfers. The NUTS (Nomenclature des Unités Territoriales Statistiques) classification is a hierarchical system of dividing up the economic territory of the European Union for the development of regional statistics, regional socioeconomic analysis, and the framing of EU regional policies. To date the NUTS 2 classification has been used for determining eligibility for aid from European Structural Funds. Below the NUTS 3 classification areas are defined according to Local Administrative Units (LAU). Most EU member states have LAU 1 and LAU 2 divisions, but some only have LAU 2.

of that region, with the exception of Bacău, have elevated risk of poverty rates. In contrast, the South Region is heterogeneous, comprising counties with high poverty rates, such as Călărași and Teleorman, and counties with relatively low poverty rates, such as Prahova. Similarly, Cluj County has the second-lowest poverty rate in Romania (after Bucharest), but its neighboring counties in the Northwest Region (Bistrița-Năsăud, Maramureș, Sălaj, and Satu Mare) have higher poverty than the Romanian average. Knowing which counties have higher poverty rates can help more efficiently target resources for development and poverty reduction.

Targeting poor areas alone can have limitations. Policy makers have an interest both in areas where poverty is high and in areas that have the most poor people. These two are not the same: areas that are poor may also be sparsely populated, whereas large cities tend to have low poverty rates, but large numbers of poor people because of the large populations. For example, despite its lower poverty rate, Cluj County has more people at risk of poverty than Sălaj, and Bucharest has more people at risk of poverty than six other counties. Poverty map 2 suggests a complementary approach to allocating resources for poverty reduction, with Bucharest and other urban areas given greater attention as many of the poor live in relatively rich areas. The maps clearly illustrate that the Northeast, especially Botoșani, Iași, and Suceava, have high poverty rates and large numbers of poor people and should be given high priority by either criterion.

Poverty maps do not provide all the answers. They must be combined with other information, including local expertise, to inform decision making. After identifying the areas or populations in greatest need, one must understand why these places are poor.

**Map 2 Population Living below the Poverty Threshold, Romania**



**Source:** Estimates using data from the 2011 EU-SILC and 2011 Population and Housing Census collected by the Romania National Institute of Statistics.

The reasons are likely to vary from place to place and may include inadequate infrastructure, lack of economic activity, an insufficiently skilled workforce, or other reasons. Poverty maps provide more finely grained information on sub-national variations in poverty than was previously available and can potentially improve resource allocation. The maps also force more thinking on how best to allocate resources aimed at improving standards of living, balancing the targeting of poor areas and poor people. While the appropriate combination of approaches will vary by country, the maps provide important information to help improve policies and programs to combat poverty and social exclusion.

### Notes

1. Romania, Ministry of Economy, Trade, and Tourism. 2015. "National Reform Programme 2015." April, Ministry of Economy, Trade, and Tourism, Bucharest, Romania.
2. These maps combine microdata from the 2011 population census and the 2011 EU-SILC survey.