

The impact assessment of social benefits on relative poverty reduction in Romania

Cristina Stroe, Eva Militaru, Silvia Cojanu, Andreea Cambir, Cornelia Barti

Abstract— This paper is a diagnosis of relative poverty impact of social benefits, by analyzing the characteristics of relative poverty in 2008, the profile of persons / households that are below the relative poverty threshold, even in the presence of some social programs, some of them directly designed and focused on the extreme poverty reduction. By our methodology, for highlighting the impact of social benefits groups on relative poverty, established at a threshold of 60% of median income per adult equivalent, we compare the influences of social programs, when these groups of social benefits are and are not included in total income. The simulation reports are obtained by processing the Romanian Household Budget Survey data, of the National Institute of Statistics, Romania.

Keywords—social benefits, poverty reduction, impact evaluation, methodology.

I. INTRODUCTION

THE year 2010 represents a reaffirmation of commitments concerning the poverty reduction targets, regarding the increasing of social inclusion. In the same time, 2010 European Year also coincides with the conclusion of the 10 years of the European Union strategy for Growth and Better Jobs (Lisbon, 2000), with a sustainable economic growth with more and better jobs and a greater social cohesion. However, 2010 is the year when the European Commission issued a 10-years strategy aimed to reinvigorate the economy and to make possible an “intelligent, sustainable and inclusive” growth, and a better coordination of national and European policies (Europe 2020). It is very important, especially in such a context, to know the dimensions of poverty, the major changes took place both in dynamic, and especially in the last year (year prior to the economic crisis), in order to act directly, focused on the target groups, to reduce the poverty and to enhance the social inclusion.

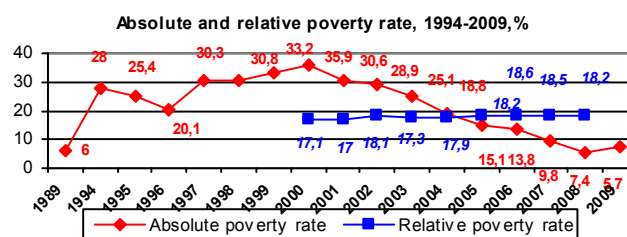
The paper presents some aspects of relative poverty in Romania, focusing on relative poverty incidence in 2008, at household’s and person in the household’s level. The estimations were made based on results of Household Budget Survey, of the National Institute of Statistics, Romania, 2008 (last year statistically validated at this time). The data processing was done on different characteristics: available income, taking or not account for the self-consumption, at the threshold of 60% of median income per adult equivalent, with

modified OECD scale. In addition, highlighting the poverty’s incidence of households and/or individuals, on different types of benefits, the estimations were made on total and on different characteristics: gender and age of the household’s head, residence, and household’ size.

For highlighting the impact on relative poverty of benefit groups, we compare the influence of such benefit groups when they are included or are not included in all incomes (we considered here only some social benefits).

Highlighting the diagnosis of incidence of absolute and relative poverty in dynamic, especially in the last years, is particularly useful for understanding the positive aspects related to the poverty reduction, but also some alarm signals related to the directions for reducing this economic and social plague related to poverty. The values for absolute and relative poverty rate, during 1994-2009, are the following:

Fig. 1. Absolute and relative poverty rate, during 1994-2009



Sources: data of National Institute of Statistics and of Ministry of Labour, Family and Social Protection, Romania

After a continuous involution of standard of living till 2000, data show a significant change in the trend rate of absolute poverty, so that since 2000 till now it is placed on a continuous and significantly decreasing trajectory (Fig 1). Thus, compared with 2000, in about 10 years, there has been a considerable decrease in absolute poverty, about five times, while, according to these data, the relative poverty remained approximately constant, oscillating around 17-18%.

II. METHODOLOGICAL FORMULATION

For the impact assessment of some benefits on poverty, the main instrument used is the *simulation*, under certain conditions, of the incidence of poverty, when we included or not the influence of these benefits. The main methodological coordinates to assess the impact of social benefit packages on poverty reduction were:

-We used data from the Household Budget Survey, of the National Institute of Statistics, for 2008; unfortunately we could not perform databases simulation for 2009, because they are not yet validated, although the values for this year should be better argue the influence of these benefits on poverty, at the beginning of the economic crisis years.

-The indicators were grouped according to the following characteristics of the household: size of the household's head (with one person, two, three, four, five, six and more persons), age of household's head (up to 30 years, between 30-44 years, between 45-59 years and over 60 years), gender of household's head (male, female), area of residence (urban, rural); and total.

-We took account the incomes (not the expenditures) of households, at the threshold of 60% of median income.

-The OECD modified equivalence scale was used, the processing of data was performed on adult equivalent (first adult = 1, other adults = 0.5; each child = 0.3).

-We wanted to highlight the importance of household' self-consumption, so that in the total available incomes the self-consumption component was included and after then it was excluded.

Coverage. The survey was conducted on a sample of households in urban and rural areas, selected randomly from all counties and Bucharest Municipality. Research covered all households in the socio-economic sectors; affiliation of the household to each of this socio-economic status is determined by main occupational status of the household's head. There are registered all persons in selected households - present, temporarily absent or gone for a long time - attending all or part of the total household budget (incomes and/or expenses). Research did not cover persons living permanently in residential units together (old people's homes, people with disabilities' homes, workers' dormitories, sanatoriums, and so).

Registration method. For collecting information were used two types of forms: household questionnaire and diary of household. Household questionnaire data recording was made on the basis of interview and diary by self-register and household interview.

Period. The period for which data were recorded in household survey questionnaire and in household diary is the calendar month (the whole month).

Registration period. Recording information in the questionnaires was conducted during 2008 year.

Sample of survey. Household Budget Survey is organized as a quarterly research, is continue for a period of 3 consecutive months, on a sample of 9360 permanent housing, distributed monthly independent samples of 3120 permanent housing. Response rate in 2008 was 84.4% (78.2% in urban and 91.8% in rural areas). Extending the investigation results from this survey shall be based on coefficients assigned to individuals in households in the sample who did respond to the interview. To determine these coefficients, there are necessary the following major steps: calculating of basic weights, adjustment of non-responses, recovery and calculation of final weights.

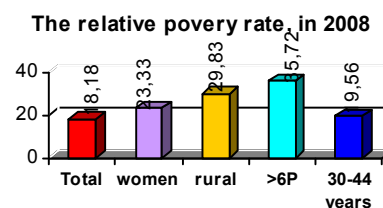
The relative poverty rate is an indicator of the relative incidence of poverty, and represents the share in the total population of persons in households with a disposable income per adult equivalent (including or excluding the value of own resources consumption) less than the poverty threshold. This indicator is determined for the threshold of 60% of median disposable income per adult equivalent. The poverty rate is calculated as the ratio between the number of poor (whose income is below the threshold) and the total population.

In estimating of the relative poverty rate indicator, defined according to EUROSTAT methodology (relative poverty rate is the same with at-risk-poverty-rate, according to definitions from EUROSTAT), some steps were taken: the extension of data from the survey by applying the corresponding expansion coefficients; determining the disposable income per each household; adjustment the available income to the consumer price index (CPI); determining the disposable income per adult equivalent in every household, and award the obtained amount to each person from the concerned household; distribution (sorting) of all persons assigned by size of income in the previous operation, in increasing way; setting the middle point of the distribution of persons by disposable income per assigned adult equivalent; determining the poverty threshold by applying the proportion of 60% over the midpoint value; identifying (counting) of people who have an income below the poverty line, and calculation the relative poverty rate.

III. SIMULATION FOR THE IMPACT EVALUATION OF SOCIAL BENEFITS ON RELATIVE POVERTY

In 2008, the relative poverty rate recorded high values for the following characteristics (Fig 2):

Fig.2. The relative poverty rate, in 2008



Source: Estimations based on Household Budget Survey results, 2008

The data from the table above, and also the dynamics of the previous years show that the poorest households are headed by women, households in rural areas, households with six or more members, and those headed by persons aged between 30-44 years.

Gender component. In the households headed by men, the relative poverty rate has a similar value to that of the overall relative poverty rate, even slightly below this threshold. However, the households headed by a woman are much poorer, indicating an incidence of poverty over 23%.

Area of residence. Households in urban area have experienced a relative poverty rate between 8-9%, well below

that recorded by households in rural areas, which in 2008 had a relative poverty incidence about 30%, well above the overall average of 18%.

Household' size. The households are more numerous, the relative poverty is higher. If the household has one member, the relative poverty rate is about 24%, while in households consisting of two or three persons, and then the incidence of poverty is 11-12% - values much lower than even the total poverty rate. Instead, for households of three members, the poverty rate started to rise, and for six persons and over, the relative poverty rate is close to 36%. These values have some highly significant increasing rates as the number of persons in the household increases, too.

The most numerous households are those which have two persons (27-29% of total), followed by those consisting of three members (23-24%) and those formed from a person (19-20%) and 4 members (19-21%).

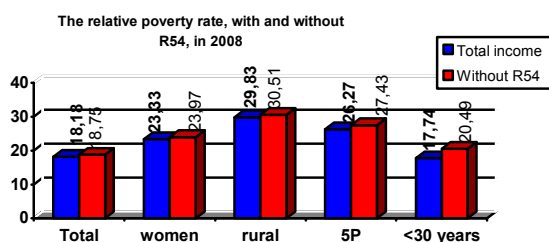
So, while poverty rates for households consisting of two and three persons are the lowest (11-12%), these households are most numerous, accounting for between a quarter and one third of all households, according to the national census data (1992 and 2002). Households that are made up of six or more members have the highest rates of poverty, about 36%, while their share in total households are between 6-8%, according to data from the last two national censuses (1992 and 2002, population census, Romania).

Age of the household's head. By age of household's head, the highest poverty rates are recorded by households headed by persons aged 30-44 years (about 20%), slightly above the overall average of the poverty rate. However, regardless of the age group of the household's head, all other households oscillate below the overall relative poverty rate (17-18%).

A. Poverty rate without taking into account the allowances for maternity and childcare (R54)

The social benefits package contains: indemnity for maternity, childcare up to two years; indemnity for sick children care aged up to 7 years (18 years for disabled child); amounts received for care of disabled child, up to three years, and his rehabilitation treatments; other amounts such as indemnities for maternity, child care paid from social insurance fund; incentive for child raising.

Fig.3. The relative poverty rate with and without social benefits package R54, in 2008



Source: Estimations based on Household Budget Survey results, 2008

These forms of social support have a small influence on the incidence of relative poverty, and the difference between the two poverty rates (with and without social benefits R54) is 0.57 percentage points. In the simulation process of the relative poverty rate, when these social benefits are not included in total incomes of persons, the relative poverty rate is 18.75%, while, if these benefits are included in the total income, then the poverty rate is 18.18%, which means that the total impact of these benefits in reducing relative poverty is very low in 2008 (the difference between these 2 relative poverty rates).

On the four characteristics (gender of the household's head, residence, size and age of household's head), the percentage differences of the two poverty rates, calculated when these social benefits are and they are not included, present the greatest values in the following situation: households headed by women, very close to those headed by men (percentage difference between the two rates of 0.64 points), households in rural areas (difference of 0.68 points), for households have five members in composition (difference of 1.16 points), for households headed by someone younger than 30 years (difference of 2.75 percentage points).

For this group of social benefits, high percentage differences between the two poverty rates are found for households headed by youths aged under 30 years (2.75 percentage points), which means that for all the types of households, the influence of these social benefits on relative poverty is quite high compared to other household's characteristics.

Without these social benefits, for these types of households, the relative poverty grows and is quite significant. For the others, regardless of household's characteristics, the impact of these social programs in reducing poverty is not a significant one. This issue was also expected, as long as these social benefits were not designed and based directly on poverty reduction, however, these benefits contribute to support of the families with children.

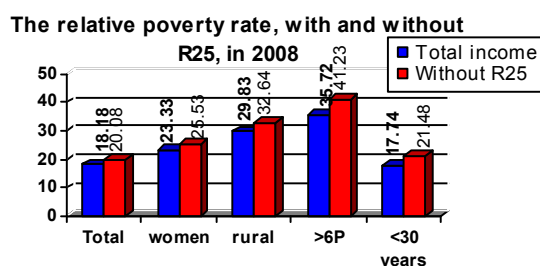
B. Poverty rate without taking into account the allowances for children (R25)

The social benefits package includes: allowance for preschoolers, for those who attend a school courses provided by law, for persons with disabilities or who have contacted a deficiency (invalidity); the support allowance for mono-parental family. Inclusive: state allowance for children in family placement or in custody. Exclusive: allowance for dependent minors in family placement or in custody of families or individuals.

In the case of this social package results a more significant impact in reducing poverty of these social benefits regarding the allowance for children, regardless of household's characteristics, compared with the previous benefits package regarding the maternity and childcare allowances. Thus, in the absence of these social benefits for children, the poverty of many households would be much higher. Like the previous group of benefits, poverty is higher among households headed

by women compared to those headed by men, and in rural areas compared to urban ones. Instead, for the social benefits related to childcare allowances, the percentage differences between the two poverty rates, in the presence and absence of these programs, are much higher than in the previous case, which means that the social programs related to the allowances for children have a higher impact in poverty reduction compared to the impact of maternity and childcare programs' support.

Fig.4. The relative poverty rate with and without social benefits package R25, in 2008



Source: Estimations based on Household Budget Survey results, 2008

On the other hand, also the monthly average number of beneficiaries of social programs regarding children allowances and support allowances for single parents has a particularly significant trend over time (4 to 4.5 million beneficiaries, during 2004-2009), over 10 times higher than previous recipients of benefits, and the paid amounts are not very different (1.5-2 times higher in the period 2007 and the first semester of 2009).

Also, the impact of these social benefits in poverty reducing is much different as the number of persons in the household is much bigger, as following: for households with one person - as it was otherwise expected, there is not any change in presence or in absence of these benefits, and the two poverty rates have the same value. A reduced impact of these benefits in poverty is observed for households of two persons, instead the presence of these benefits is important when the household's composition increases.

The most numerous households are those which are made up of two persons (about one third of the total households), followed by those consisting of three members (about one quarter of all households), according to data from the last population census, 2002.

In households consisting of two persons, 78.5% are couples without children, while only 21.5% are single parents with children.

Instead, the households consisting of three persons, composed entirely from a single family nucleus, couples with children represent 78.5%, while the share of households consisting of a single parent with children represents 11.8%.

According to the census data, a significant number of households, regardless of their composition, has dependent

children, whether they are single parents or couples (spouses or partners) [2]. And, as it is known, the presence of children into the household contributes to the consumption's growth, without additional and adequate resources of income. Implicitly, as the number of children in families increases, the poverty rate also increases.

Although poverty rates for households consisting of two and three persons are the lowest, these households are the most numerous, accounting for between one quarter and one third of the total number of households. Instead, for households consisting of six and more members, even if their number is much lower (only about 8% of households), these households had more dependent children and, implicitly, poverty rates grows only enough, as household' size increases. Thus, for households with six and more members, couples with children represent 94.5% and single parents with children only 5%, according to 2002 census data. The situation of these households, in terms of poverty rate, is a quite hard one, and poverty among these persons is high. The presence of these social benefits related to the state child allowance and support allowance for single parents attenuated in some way the relative poverty, so that without these benefits, the poverty rate has a maximum of about 42% for households with 6 persons and over, while in the presence of these social programs, the relative poverty rate is about 36%. Thus, those households with many members register one major impact of these benefits, when the difference between the two relative poverty rates in presence and in absence of these programs is 5.5 percentage points.

By age groups, differences between the two poverty rates are found for households headed by someone younger than 30 years, much higher compared with the previous situation relating to allowances for maternity and childcare, for similar age groups.

The social impact of these programs is even higher as the age of household's head is less, i.e. the poverty rate in absence of these benefits is with 3-4 percentage points higher than when these benefits are not included; the social impact is higher for households headed by persons younger than 30 years and aged between 30 and 44 years.

Largest percentage differences between the two relative poverty rates in the presence and absence of these social programs are recorded in the following situations: for households headed by women, compared with those headed by men, for households in rural areas compared with those of urban; for households with many members, consisting of 6 persons and over; and also for households headed by younger than 30 years of age.

C. Poverty rate without taking into account the social support provided by municipalities, according to the Law no. 416 / 2001 (R28)

There are included: social aid provided by municipalities under the Law no. 416/2001 on the guaranteed minimum income; childbirth; cash assistance for newborns (outfits for new born children); aid for partial covering of funeral

expenses in case of death of a family member and other benefits of social insurance fund; cash assistance for people with no income or low income; emergency aid (disasters, fires, accidents).

Another fairly comprehensive benefits group contained in Household Budget Survey is allocated to social benefits provided by municipalities and, together with children allowances and support allowance for mono-parental family, represent an important group of social benefits, especially by including the social aid on ensuring the guaranteed minimum income. This social aid was directly designed to reduce the extreme poverty (determined at the threshold of 40% of median income).

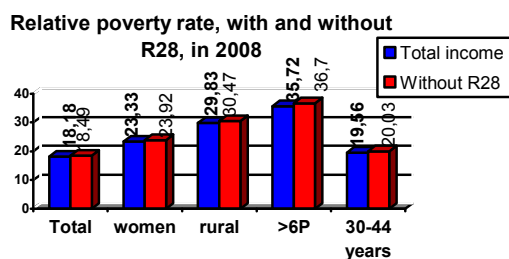
Our experience had shown that the impact of this social aid is much more significant in reducing the extreme poverty, related to the threshold of 40% of median income, compared with the impact of relative poverty threshold fixed at 60%. This issue was expected, given that this program was designed to remove the poorest of the poor from extreme poverty; these persons could still find in poverty, but below the level of 60% rather than the extreme one of 40% [1].

Unfortunately, taking into account the composition of all groups of these social benefits contained in Household Budget Survey, the impact on poverty of single social benefit can not be emphasized. In all groups, we estimate that this social aid has a majority share, given the large number of monthly or annually beneficiaries, and also the allocated amounts.

Thus, once again, because this social aid (guaranteed minimum income) was directly designed to reduce the most severe forms of poverty, at the threshold of 40%, and in the total group of social benefits, this social support has an important share, so the impact of this benefit determined to reduce the relative poverty, at the threshold of 60% of median income, is not very representative.

Therefore, the percentage differences between the two rates of relative poverty in presence and in absence of this benefits package are very low, and they do not exceed the value of 1 percentage points, regardless of households' characteristics, while for the total households these two rates are at a distance of 0.31 percentage points.

Fig.5.The relative poverty rate with and without social benefits package R28, in 2008



Source: Estimations based on Household Budget Survey results, 2008

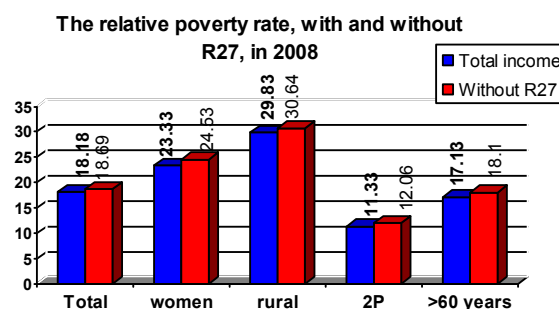
These small differences highlight that the impact of these social programs on poverty reduction is not so representative, because the poverty rate at the threshold of 60% is not substantially reduced in the presence of these benefits, and the two relative poverty rates in the presence and absence of the programs do not differ so much.

D. Poverty rate without taking into account the special support for disabled (R27)

There are included: cash amounts received by persons with disabilities who require special protection and have certificates issued by committees of medical and recovery of work capacity experts or by committees of diagnosis and triage; cash amounts received by the blind people as a social pension.

The largest percentage differences between the two relative poverty rates in the presence and absence of these programs are recorded in the following situations: for households headed by women, compared with those headed by men, for households in rural areas compared with those of urban, for households consisting of two persons, for households headed by elderly persons of 60 years and older.

Fig.6.The relative poverty rate with and without social benefits package R27, in 2008



Source: Estimations based on Household Budget Survey results, 2008

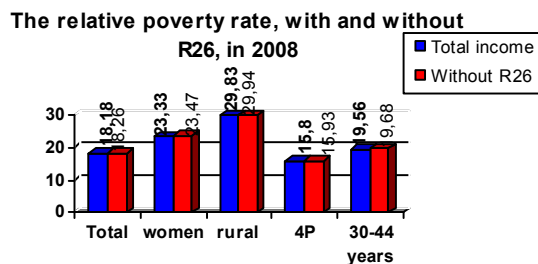
The impact of social support group for people with disabilities on poverty reduction is very modest, regardless of households' characteristics, and these special benefits do not affect the relative poverty reduction. There are not percentage differences between the two poverty rates in absence and in presence of these social programs (up to 1 percentage point or slightly exceeded for households headed by women). This issue was also expected, because these benefits related to persons with disabilities were not targeted for the poverty reduction, they nevertheless constitute an assistive cash support for these groups of people.

E. Poverty rate without taking into account the scholarships for students and college students (R26)

This package includes: scholarships, merit scholarships, research and social scholarships for students and college students who attend the courses, both in the city where the household resides, and in another village, living with it or not.

The largest percentage differences between the two relative poverty rates in the presence and absence of these programs are recorded in the following situations: for households headed by women, compared to those headed by men, for rural households, compared with those of urban, for households with four persons, for households headed by adults, aged between 30-44 years.

Fig.7.The relative poverty rate with and without social benefits package R26, in 2008



Source: Estimations based on Household Budget Survey results, 2008

The impact of the scholarships group in poverty reducing is very modest, regardless of household's characteristics, so that these scholarships do not influence the reduction of the relative poverty, there were no significant percentage differences between the two poverty rates in the absence and presence of these scholarships (0,1 percentage points).

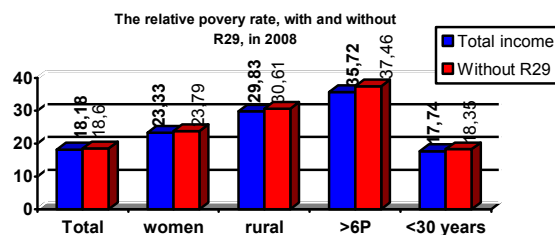
This aspect was also expected, because these social programs were not designed with the role of social support to assist the recipient persons to overcome the poverty, and other types of scholarships do not have any connection with the social assistance or low incomes of the individual recipients (merit scholarships, research scholarships, other scholarships and so on).

F. Other social aids (R29)

There are included: support for dependent children in foster care or custody of persons or families, financial aid for some disabled persons (other than those included in R27 package group); material support given to the surviving spouse and surviving children of members of the Romanian Academy; complementary family allowance; financial aid for family set up (value of 200 Euro); amounts provided under the national program "Money for school".

The largest percentage differences between the two relative poverty rates in the presence and absence of these programs are recorded in the following situations: for households headed by women, compared to those headed by men, for rural households, compared with those of urban, for households with more members, consisting of 6 persons and over, for households headed by persons younger than 30 years.

Fig.8.The relative poverty rate with and without social benefits package R29, in 2008



Source: Estimations based on Household Budget Survey results, 2008

The impact of this social support group in relative poverty reduction (other than those granted by municipalities under the Law no. 416/2001) is very modest, regardless of the household's characteristics, so that these special benefits do not influence the reduction of the relative poverty, with no obvious percentage differences between the two poverty rates in the absence and presence of these programs (up to 1 percentage point or slightly exceeded for households with six and more persons in the composition).

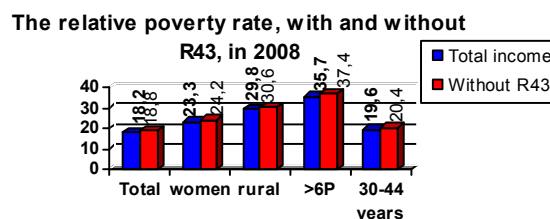
This aspect was also expected because these benefits were not targeted designed for poverty reduction, although they have a social benefits role, even they nevertheless constitute an assistive support for these groups of persons.

G. Equivalent incomes in kind from the beneficiaries of social benefits (R43)

Represents the value of goods and services (free or discounts) received by the recipient of social benefits (unemployed, retired, pupils, college students, veterans and war widows, disabled, and so on), valued at the selling price of the day / area. This group of social benefits, although it includes many benefits, covering several vulnerable groups, giving them support, regarding the unemployed, pensioners, pupils, students, veterans and war widows, disabled persons, and so on.

The largest percentage differences between the two relative poverty rates in the presence and absence of these programs are recorded in the following situations: for households headed by women, compared to those headed by men, for rural households, compared with those of urban, for households with many members, consisting of 6 persons and over, for households headed by adults, aged between 30-44 years.

Fig.9.The relative poverty rate with and without social benefits package R43, in 2008



Source: Estimations based on Household Budget Survey results, 2008

The impact of this social benefit group in the relative poverty reduction is very modest, regardless of household's characteristics, so that these special benefits do not influence the reduction of the relative poverty, there were no significant percentage differences between the two poverty rates in the absence and presence of these social programs (up 1 percentage point or slightly exceeded for households with six and more members).

H. Grants to cover costs of public utilities (R56)

Grants to cover costs of public utilities represent subsidies granted by the state to cover the expenses for home heating in the cold season.

These social benefits related to the state subsidies for home heating are allocated for people with low incomes in the cold season (during November till March, next year).

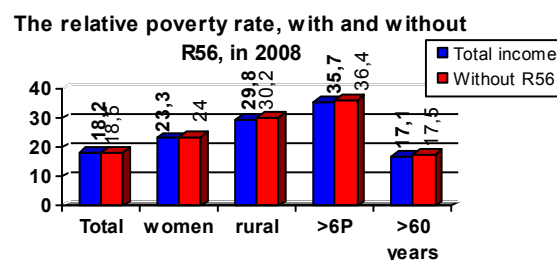
According to the data from the Quarterly Statistical Bulletin on Labour and Social Protection No. 1 (65) / 2009, Developments in social work in 2008, of the Ministry of Labour, Family and Social Protection, Romania, the number of families and single persons, which receive heating aid for thermal energy supplied in centralized system, during the end of winter, in November 2007 and March 2008, was 602,580. The number of families and single persons which receive aid for heating with natural gas was 789,162. The total number of families and single person which receive aid for heating with wood, coal and oil fuels, provided by the Ministry of Labour, Family and Social Protection, Romania, granted from the state budget for cold season, during November 2007 till March 2008, was 2,603,464.

The heating aid program has been completed through the granting of financial assistance which represents an amount of 1,500 lei for the acquisition, assembly and installation of individual boiler and an amount of 300 lei for the purchase and installation of automated burning. In 2008, were granted 1,868 aids for the purchase of boiler (with 255 more than in the previous year) and 51 aids for the purchase of automatic burners (with 72 less than in the year before).

Although with a greatest impact in reducing the worst forms of poverty, because this support is given to the poorest families, the impact of this social benefits group in relative poverty reduction at the threshold of 60% of the median income, per equivalent adult, is very modest, regardless of the household's characteristics.

Certainly, a more significant impact it would have these social programs in reducing poverty at a lower threshold than 60%, respectively at a threshold of 50%, or safer, at 40% of median income.

Fig.10. The relative poverty rate with and without social benefits package R56, in 2008



Source: Estimations based on Household Budget Survey results, 2008

The largest percentage differences between the two relative poverty rates in the presence and absence of these programs are recorded in the following situations: for households headed by women, compared to those headed by men, for rural households, compared with those of urban, for households with more members, consisting of 6 persons and over, for households headed by elderly persons 60 years and older.

Thus, these special benefits do not influence the relative poverty reduction; there were no significant percentage differences between the two poverty rates in the absence and presence of these programs (up to 0.7 percentage points) for a threshold of 60% of median income. Surely, a more significant impact would be recorded in the poverty rates measured at the 40% of median income, given the fact that these benefits are granted by the state for people with the lowest income in order to cover a part of the cost of home heating in a cold season.

IV. CONCLUSION

Unfortunately, because in the Household Budget Survey database, realized by the National Institute of Statistics, are subsumed certain social benefits in a package group, this means that we cannot see the effect/impact of a single program, but the impact of the entire panel of social programs on relative poverty reduction, calculated at the threshold of 60% of the median income, per equivalent adult.

In conclusion, the most affected households are those headed by women, those in rural areas, those headed by young or elderly person, those with more people, especially those with many children, because they contribute to the increase of the consumption, without additional corresponding income sources (maybe these kids allowances often represent the main source of living for many poorest families).

Percentage differences between the two poverty rates in the presence and absence of social programs group are relatively low, varying from 0-1 or 2 percentage points, overall, just for one group of social benefits these differences reached at 5.5 percentage points (in the case of child benefits, R25) in 2008.

Thereby, because these differences between the two rates of poverty are relatively small, it can be argued that social benefits groups had not so much impact in reducing relative poverty rate calculated at 60% of median income, but certainly more significant impact would have these benefits in relative poverty fixed at threshold of 50% or 40% of median income.

And as an example for highlighting the impact of social benefits on poverty reduction, we can provide our expertise in determining ex-ante impact assessment of the minimum income on poverty and extreme poverty reducing - a pioneering study of ex-ante assessment (evaluation before the law's implementation). According to this ex-ante study (methodology made by National Scientific Research Institute for Labour and Social Protection, Romania), after statistical processing (made by National Institute of Statistics, Romania), the conclusion was that the guaranteed minimum income, even it reduced poverty, there was not a substantial reduction at the threshold of 60%, but a more significant record of law registered for extreme poverty reducing, at the threshold of 40% of median income, where the poverty rate is reduced by 4 percentage points depending on household's composition, and about 3 percentage points for total households. In the same time, the application of this law would lead to a decreasing by 26.5% in the number of persons in households which are in extreme poverty, respectively below the threshold of 40% of median income per adult equivalent. Regarding the number of households, the application of this law would lead to a decreasing by 40% of households which are in extreme poverty, respectively below 40% of median income per adult equivalent.

It is true that, statistically speaking, for the present paper, we benefited from the recent validated data, for 2008 - the year when the economic crisis began and the first effects were felt. And even at the level of this year, after eight years of economic growth, with very good macro economic indicators, the relative poverty rates had such values, sometimes quite large, especially for some households, for the coming years, as a direct consequence of global slowdown, the effects of the crisis can be more easily visible, being given the propagation time. In such of these hard economic conditions, we estimate that the relative poverty (and also the absolute poverty) will have higher value than before, and more households will be affected by these risks of poverty and the incidence of poverty will be higher, too.

This paper is a diagnosis of relative poverty impact of social benefits, by analyzing the characteristics of relative poverty in 2008, the profile of persons / households that are below the relative poverty threshold, even in the presence of some social programs, some of them directly designed and focused on the extreme poverty reduction.

It is very important to have also database with social benefits for the next years, to compare the impact of these social programs on poverty or on extreme and severe poverty, and to observe the dynamics regarding this impact. And, in the same time, it is also important to have no an entire panel of social benefits, but database with a single one social benefit, to show the impact of these policies on the poverty reduction, one by one, with official statistical data.

Also, in the same time, it is very important to anticipate the effect of a social benefit before the implementation of the law, to estimate the number of the potential beneficiaries, to

estimate the budget effort and the impact of this social benefit on the poverty reduction, by ex-ante studies, through this methodology.

Another positive aspect consists in this simple assessment method, regarding the simulation for the impact evaluation of social benefits on poverty, that although involves some costs, it has some relatively small errors, that means a better efficiency of these economic and social policies, through the impact evaluation method.

Meanwhile, besides the efficiency of the economic and social policies, it could talk about their effectiveness, in terms of reducing the exclusion errors and the inclusion errors in the category of recipients of such social benefits, but to provide a good social protection for these vulnerable groups, through specific action and policy directions to reduce the extreme/severe poverty and to improve the standard of living, through activation / incitement on the labor market.

Sizing poverty, by different characteristics of households and/or individuals, is particularly important for understanding this social phenomena, for anticipating the poverty for households and/or individuals at risk, for directing the economic growth to the poor people through pro-poor policies, to assess the ability of social protection system to take such quotas and to reduce the social impact of economic crisis on the vulnerable groups.

A deterioration of the global economy caused by the crisis represents the greatest threat to the world security, because it will lead to increasing of the poverty and discontent for a certain important mass of population. Abolition of a large number of jobs will increase poverty, especially its extreme forms, and it will increase the number of vulnerable groups, affected by these two major interdependent risks, which will adversely affect the social security systems, that will hardly cope with.

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