



# Weekly Briefing

**Romania Social briefing:**  
**New amendments regulate the provision of the social aid**  
**Oana Cristina Popovici**

## China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Chen Xin

Kiadásért felelős személy: Huang Ping

 1052 Budapest Petőfi Sándor utca 11.

 +36 1 5858 690

 [office@china-cee.eu](mailto:office@china-cee.eu)

 [china-cee.eu](http://china-cee.eu)

## **Romania was hit by severe floods in the last period and New amendments regulate the provision of the social aid**

*Romania was hit by severe floods in the last weeks which produced important damages and could affect the economic growth in the next period, and the bad weather is forecasted to continue. In the same period, several major amendments to the law regulating the social aid were adopted, in order to stimulate the unemployed able to work to involved in productive activities.*

Romania suffered severe floods throughout the whole territory in the period between the end of June and the beginning of July and new bad weather warnings were issued for the following term. The floods in the last days affected 27 counties out of 41, which meant that the Ministry of Interior had to mobilize more than 22,000 firefighters, gendarmes and police officers with over 9,000 technical means at national level. The intervention forces stepped in for the rise of the dykes, water draining from houses, cleaning the roads covered with alluviums and stones.

During the mentioned period, four people died after they were taken by the flood and almost 800 people have been saved from the waters in several counties in the country. In addition, the flooding has invaded several national roads, which is why traffic has been interrupted on several sections. Railways have been flooded, generating the collapse of a railway bridge, and rail traffic has been interrupted in the centre of the country. Moreover, several power cuts have been reported.

The Ministry of Interior managed the situation through convening the emergency command with prefects in counties under meteorological and hydrological warnings. Moreover, the situation at national level was monitored through the National Integrated Leadership Centre, under the supervision of the

Ministry, for carrying out the field interventions in optimal conditions in terms of allocated resources.

The already mentioned social repercussions of the floods will be doubled by a decrease of the revenues, especially for the farmers, who saw their crops destroyed by the waters. Although a comprehensive evaluation of the damages in the agricultural field is not yet available and intense atmospheric instability manifested by torrential rainfalls, electric discharge, wind intensification will continue in the following days of July, the main affected crops are those of cereals, rape, sunflower, soy, peas, and field vegetables. This would mean an increase of the prices for these products in the autumn, raising the level of inflation, which is already on an ascending trend and deteriorates the purchasing power. Moreover, pressures on the labour market could be expected, as in Romania almost 30% of the population is working in agriculture. Last but not least, agriculture has a larger contribution for the economic growth in Romania than in any other European country. For example, the share of agriculture in Romania's GDP in 2017 was of 4.4%, the largest share of the agricultural sector in the GDP structure of all EU countries, more than three higher than the European average (1.4%). Such a situation made some analysts to declare that the economic growth in Romania is weather dependent, in which case the prospects of growth for this year risk to be importantly affected.

The Government issued an emergency ordinance for approving the grant of emergency aids which rises to 108.67 million lei for administrative-territorial units in 25 counties affected by the natural calamities produced in the last period. The emergency aids will be used to carry out local restoration works and will be provided from the Intervention Fund at the disposal of the Government, from the state budget expenses allocated for 2018. In addition, the Deputy Minister for European Affairs said that Romania will access the EU Solidarity Fund after the damage caused by the floods, but the main activity needed is a clear evaluation of the damages, that has to be done in maximum 12 weeks. The Minister draw the attention that such flooding situation could have been anticipated if projects

were implemented on time. Moreover, the Government approved a decision for providing emergency aid of up to 6 million lei to support families affected by the floods during June-July. The amounts of money are intended to support families and single people who are in need following the floods, landslides and special weather phenomena produced during this period. The funds will be distributed depending on the number of persons in a family and the proportion in which their household was affected.

Very recently, the President Klaus Iohannis promulgated the amendments to Law 416/2001 on minimum guaranteed income, under which a person refusing a job loses the right to social assistance. The refusal to accept a job or to participate in the services for employment and training stimulation offered by the territorial employment agencies results in the cessation of the right to social assistance. The individual can apply for a new right for receiving social assistance after a period of 12 months from the date of the decision to terminate the right to social assistance. Another amendment provides that people receiving social assistance must do community work in the account of the received amount of money they receive. In December 2017, 220,207 people benefited from this type of social assistance.

The minimum guaranteed income was established as one of the main important programmes to promoting social inclusion and combating poverty. The monthly social aid is calculated as the difference between the level of the minimum guaranteed income provided by the law and the net monthly income of the family or the single person. Still, a situation that is perpetuating in Romania is the discrepancy between the need of the work force and the large number of those receiving social aid, one of the reasons for the promulgation of these new amendments to the initial law. Therefore, the undesirable effects of the previous provisions of the law lead to a situation where there were many active citizens who could work, but who preferred to be satisfied only with the

social aid, although many Romanian companies complaint about insufficient labour force.

One the other hand, an important part of the population is at risk of poverty or social exclusion. According to the statistics recently provided by Eurostat, 38% of the population is in this situation, with 15.3% above the European average, which rose to 23.5% in 2016. Although the rate dropped as compared to 2010, when it reached 41.5%, the situation continues to be tensed. Only Bulgaria has a higher share than Romania, of 40.4%. The most disadvantaged groups are those in the rural areas and the children.

According to a recent analysis<sup>1</sup>, the funds provided by the Government in the last ten years indicate a tendency of increasing support for the old-age pensions to the detriment of the families with children and unemployed. More than half of the money from social protection was allocated for those receiving pensions, as compared to 41.4% in 2006, while the amounts for the families with children decreased to 9.6% in 2016 as compared to 14.4% ten years ago. A similar drop for the unemployed makes again more vulnerable the families with children, in which parents cannot find work.

Previously, according to the law, anyone who received social assistance and was fit to work had to perform local work according to a plan established by the town hall and had to seek a training course or a working place through a local employment agency. The system failed to help the receivers of social assistance, as less than 5% of the beneficiaries were employed through the local agencies. In addition, there are no centralized data at the Ministry of Labour related to the community work that should have been deployed. While the town halls usually prefer to carry out sanitation or maintenance of public spaces through the provisions of the law, such activities could be extended to partnerships with NGOs or other private entities that could further provide new opportunities for the unemployed.

---

<sup>1</sup> <http://cursdeguvernare.ro/repartizarea-banilor-de-protectie-sociala-o-evolutie-mai-putin-la-familiiile-cu-copii-si-la-someri-mai-mult-la-pensionari.html>

The new amendments of the law try to correct such situation and impose obligations for mayors in order to capitalize on the local labour force. Thus, they have the obligation to draw up a seasonal activity plan based on the requests received from legal entities, authorized individuals, individual enterprises or family enterprises that need labour force. The action plan includes seasonal activities, work beneficiaries, and the distribution of people in families receiving social assistance for seasonal activities. The failure of the mayor in fulfilling these obligations is a contravention and is sanctioned by a fine from 1,000 to 5,000 lei.

Specialists are of the opinion that the law recently promulgated is welcome and encourages work and not laziness, being welcome in the context of the qualified labour force crisis faced by the employers. Another positive aspect to the law is the imposition of sanctions for those that do not involve in community work. From now on, the law stipulates that for the sums granted as social aid, the major beneficiaries are obliged to perform monthly actions or works of local interest without exceeding the normal working regime and observing the rules of safety and hygiene to work. If the beneficiaries have lost all or part of their work capacity, the obligation to provide community service is transferred to the other persons in the family.