



# MINISTRY OF LABOR, FAMILY, SOCIAL PROTECTION AND ELDERLY

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## BUILDING EFC CONTROLS IN ROMANIA

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**Secretary of State,**  
**Ministry of Labour, Family, Social Protection and Elderly**  
Session 1, Romania

WORKSHOP ON  
REDUCING ERROR, FRAUD &  
CORRUPTION (EFC) IN SOCIAL  
PROTECTION PROGRAMS  
June 8-12, 2014, Opatija, Croatia





# Outline

- Some context and reflections on EFC risks
- The Romanian benefit system and plans for modernisation
- Some concrete outcomes of our inspections



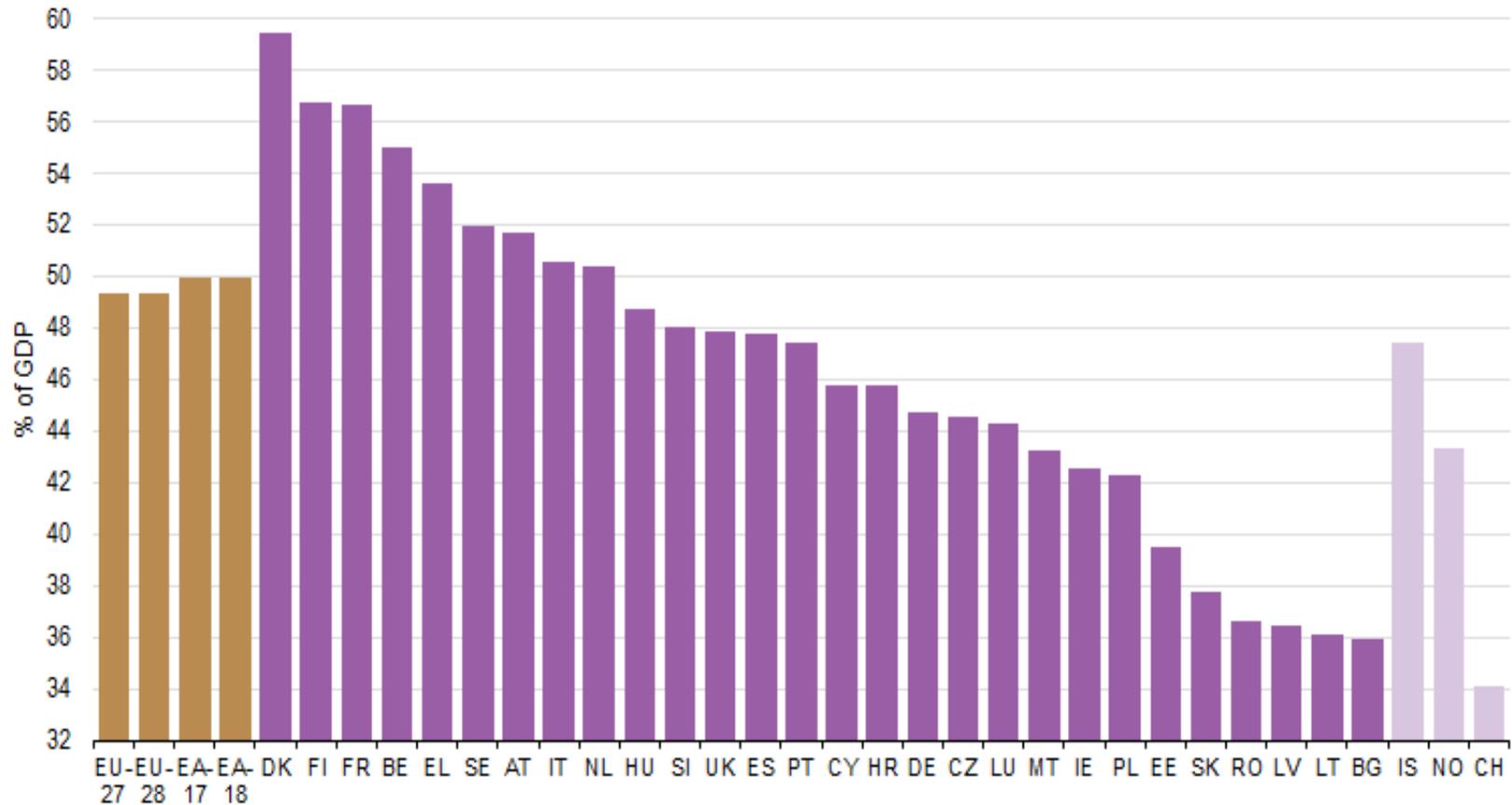
# Country context

<b>Population (2012)</b>	<b>Approx. 19 million</b>
<b>GDP per capita (2012)</b>	<b>EUR 9,754 (\$14544)</b>
<b>Governmental revenues (% of GDP, 2012)</b>	<b>33.0</b>
<b>Governmental expenditure % of GDP, 2012), out of which:</b>	<b>35.5</b>
<b>Social protection expenditure (% of GDP, 2012), out of which:</b>	<b>14.3</b>
<b>Pensions</b>	<b>11.0</b>
<b>Unemployment Benefits</b>	<b>0.4</b>
<b>Social benefits and services</b>	<b>2.9</b>





# Total general government expenditure EU-27, % of GDP, 2012 (Source: EUSILC)





## EFC risk in Romania

- Government expenditure is still comparatively low compared to EU-28 and over time is likely to increase
- Similarly, social expenditure is likely to increase in relative terms as a percentage of GDP as well as in absolute terms
- We know that no social assistance system is free of error, fraud and corruption (EFC)
- EFC is likely to be a more substantial issue in a country without EFC controls
- As a result, it is logical to assume that EFC in total value could become a more pressing problem for Romanian social assistance programmes
- EFC presents a direct loss to Romanian state and money that could be given to those in real need or used for other purposes



## Romanian benefit system consists of social services and social assistance

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### Social services:

- decentralised, organized at local level;
- local authorities have financial autonomy, responsible for development and management;
- closer to the community and the needs of the population.

### Social assistance benefits:

- financed from the state budget;
- targeting a high number of beneficiaries, but limited impact on poverty reduction.



## Social assistance programs fall into four categories

- Romania's Social Assistance System includes 12 programs
- These programs fall into 4 categories:
  - family policy programs
  - programs for people with disabilities
  - other programs (notably the social pension)
  - means-tested programs for low-income households



# Social assistance programs in more detail

- **Child state allowance:**
  - universal benefit for all children until the age of 18 and 18+ also if in educational courses or vocational educational courses.
- **Child raising benefit:**
  - parental leave for raising the child until the age of 1 or 2 years old + benefit;
  - in amount of 85% from the average of the professional net incomes (last 12 months), fixed min/max amount;
  - a monthly **back to work bonus**, granted until the age of 2 years old, if the parent decides to return to work.
- **Family allowance:**
  - all families with children and a monthly net incomes per family member lower than an established threshold.
  - means-tested ;
  - better conditions for the raising, care and education of the children and stimulate school attendance of children
- **Guaranteed minimum income:**
  - top-up benefit (the difference between the monthly net income of the eligible family/single person and regulated monthly GMI level);
  - best targeted program, including incentives to work (increase of 15% of the amount for eligible persons who have a job) – job seeking and public works involvement.
- **Heating benefits**
  - measures of social protection during the cold season
  - heating with natural gas, wood, coal and oil, thermal energy in centralized system, electricity
- **Social benefits for persons with disabilities**
  - monthly indemnity, regardless of income;
  - monthly personal complementary budget, regardless of income.



# A social system in need of modernisation

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2005-2010:

- the social benefits system consisted of 14 types of benefits
- developed without a coherent strategy or coordination
- no correlation with the social services
- without a result-based approach

2011-2013:

- A strategy for social assistance system reform
- Social Assistance System Modernization Project (SASMP)
- new procedures for the accreditation of social services providers



# Objectives of the Project

The Project targets the main governmental programs targeted at low income households, disabled persons, and families with children, and is organized around four main objectives:

- **Strengthening the performance management:** the social assistance reform of Romania is implemented based on a result-oriented strategy and on an action plan, and is supported by a performance management system focusing on monitoring and evaluation
- **Improvement of equity** in the distribution of social assistance benefits
- **Improvement of administrative efficiency** by reducing the administrative costs and those related to beneficiaries of means-testing based programs
- **Reduction of errors and fraud:** programs for low income households, benefits for disabled persons and family policy programs benefit from consolidated computerised systems and monitoring and control procedures, including those for detecting errors and fraud by means of investigations based on risk assessment, data correlation, data quality audits and beneficiary consolidated registries



# Social Assistance Modernization Strategy supported by a World Bank loan

- Social Assistance System Modernization Project (SASMP);
- Project value: 500 million Euros - equally shared between 20 results-indicators of 25 million Euro each;
- Focus on the main governmental programmes for low-income households, persons with disabilities and families with children;
- Implementation timeframe: April 2012 - August 2016;
- Results-based approach: disbursement occur when our Ministry achieve a set of 20 well defined results (outputs or intermediate outcome indicators), reflecting tangible measures that have to be implemented;
- Many of these results-indicator are related to improved program compliance (reduction of error and fraud) as well as simplification of program administration (prevention of error and fraud).



## Reform included consolidation of benefits, simplification of administration

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### The minimum insertion income (MII):

- Three benefits consolidated into one - guaranteed minimum income (GMI), family allowance (FA) and heating benefits (HB);
  - Current number of beneficiaries:
    - GMI – 225,000 families;
    - FA – 260,000 families;
    - HB – 1,000,000 families.
  - MII aims at targeting the poorest 30% of population;
  - Following the legislative process, the new benefit will come into effect January 2016.
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## ...and improvements in management of benefits

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- National Agency for Social Payments and Inspection (NASPI) is a specialized body of the central government, in subordination of Ministry of Labor, Family, Social Protection and Elderly people
  - In 2011, the National Agency for Payments and Social Inspection became involved in the activity related to the implementation of the Upgrading the Social Assistance System Project, supported by the International Bank for Reconstruction and Development and the World Bank (IBRD/WB).
  - It has a role in:
    - Implementation of national welfare policies and strategies
    - Ensuring good management of social benefits and other social services programs supported by the state budget
    - Ensuring control and inspection activities in order to reduce EFC, and focus social benefits and social services to the most disadvantaged segments of the population
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## EFC controls led to thematic inspections

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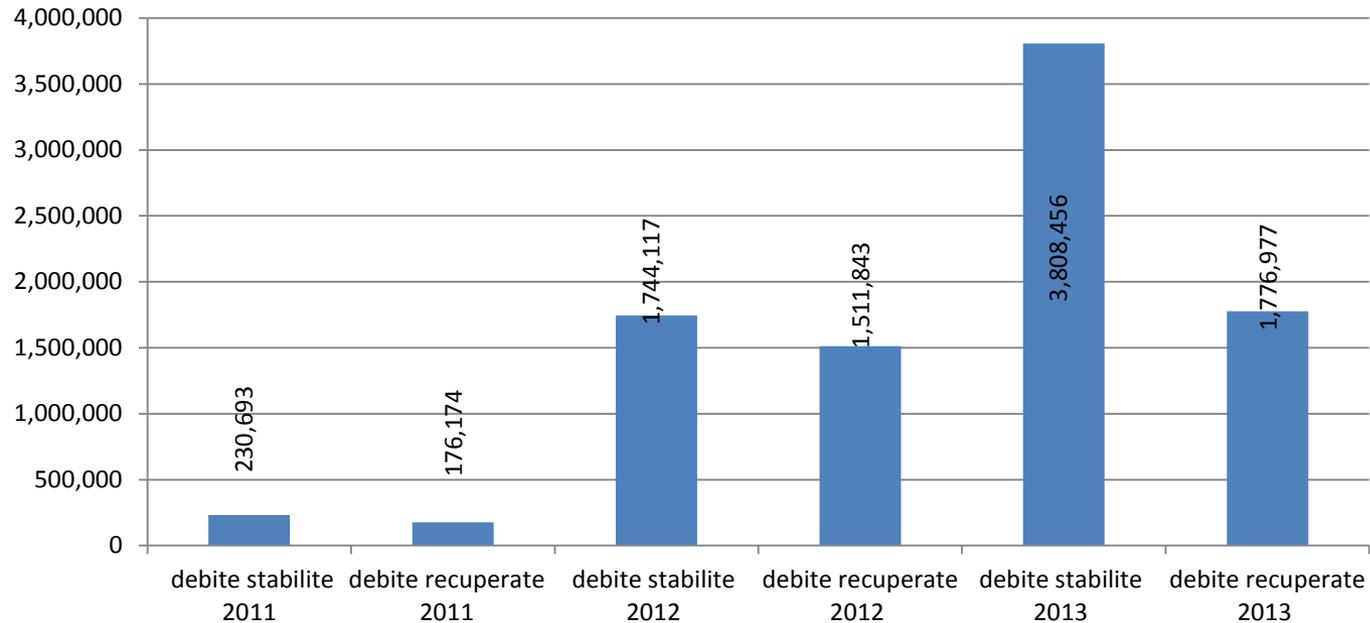
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- Rather than having universal checks, these inspections focused on specific types of benefits, characteristics of beneficiaries etc.
  - They inconvenienced fewer beneficiaries and were more likely to uncover EFC.
  - They signaled a stronger approach taken in social assistance to tackle the issue of EFC.
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# Main results obtained in the thematic control campaigns conducted between 2011 and 2013

Debts identified and recovered between 2011 and 2013 (Euros)





## The inspections recovered significant payments

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- Between 2011 and 2013, in relation to the benefits: *child raising allowance, guaranteed minimum income, family allowance, and child state allowance*, debts in an amount of EUR 5,783,266 were found
  - A percentage of 76% were recovered in 2011, debts in a percentage of 87% were recovered in 2012, and debts in a percentage of 47% were recovered in 2013.
  - The debts are being monitored until their full recovery
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## Next steps

- Stronger connection between social assistance benefits and social services
- Integrated projects for assessing local opportunities and development needs
- More integrated programmes at community level – employment services; training; social, education, health and housing services (one-stop-shops, multifunctional centres, mobile teams, integrated management methodology, case management web platforms)



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**THANK YOU FOR  
YOUR  
ATTENTION!**

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