

Poverty Mapping in Romania

Making Better Policies through Better-Targeted Interventions

According to the latest data from Eurostat, more than 124 million people in the European Union—almost 25 percent of EU citizens—are at risk of poverty or social exclusion.¹ Romania has the EU's second-highest rate of risk poverty or social exclusion, affecting 41.7 percent of the population. One of the five headline targets of the Europe 2020 strategy is 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 target of reducing the number of poor and socially excluded by 580,000 people. Since the adoption of the Europe 2020 strategy in June 2010 the total number of people at risk of poverty and social exclusion in the EU has increased. In Romania, the number of poor or socially excluded fell rapidly before the onset of the economic crisis in 2008, but has remained fairly steady at 8.9 million people since then.

In its 2014–2020 multiannual financial framework the EU has budgeted one trillion euros to support growth and jobs and reduce poverty and social exclusion. Success depends on developing the right policies and programs and targeting them effectively. Just as rates of poverty and social exclusion vary widely across EU member states, there is also a high degree of variability in living standards *within* member states. It follows that promoting convergence of living standards across the EU requires detailed knowledge the disparities in living standards within each member state, and especially in those member states with high levels of poverty and social exclusion such as Romania.

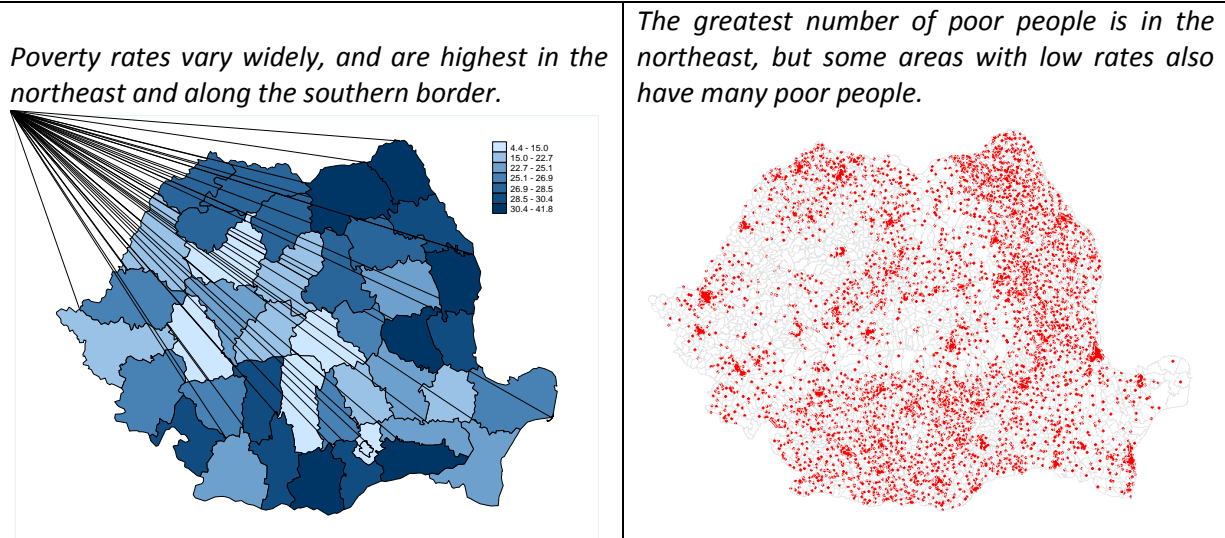
The European Commission and the World Bank, in cooperation with individual EU member states, have developed a set of high-resolution poverty maps. These maps combine information from the 2011 population censuses and EU Statistics on Income and Living Conditions (EU-SILC) household surveys to estimate the rates of monetary poverty for small geographic areas such as counties, districts, or municipalities. In previous years, the European Commission has had to rely on less detailed data and maps at the “NUTS 2” level (for example, the eight development regions in Romania) for program planning and the allocation of EU funds. The greater geographic disaggregation of the new poverty maps reveals which parts of these larger regions have particularly high rates of poverty and social exclusion and require greater attention for poverty reduction programs. The poverty maps not only help guide allocations of European Funds, but can also be used for decision making and policies at the national and sub-national levels in each of the EU member states.

The poverty maps for Romania confirm existing knowledge about poverty in Romania, but also reveal new insights. For example, previous surveys have shown the North-East region to have the highest rates of poverty, and the county-level poverty map (Figure 1) shows that all six counties of that region have elevated risk of poverty rates. In contrast, the South region is heterogeneous, comprising counties with very high poverty rates such as Călărași and Teleorman as well as counties with relatively low poverty rates such as Prahova. Similarly, Cluj county has the second lowest

¹ "People at risk of poverty or social exclusion" - Statistics Explained (2014/2/1)
<http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/People_at_risk_of_poverty_or_social_exclusion>

poverty rate in Romania (after Bucharest), but its neighboring counties in the North-West region (Bistrița-Năsăud, Maramureș, Sălaj, and Satu Mare) have higher poverty than the Romanian average. Knowing which counties have higher poverty rates can help in more efficiently targeting resources for development and poverty reduction.

Figure 1: Risk of poverty rates (left panel) and thousands of persons below the poverty threshold (right panel) by county



Source: World Bank staff estimates using 2011 Population and Housing Census and 2012 EU-SILC data collected by the Romania National Institute of Statistics.

Note: Risk of poverty defined using the EU standard of 60 percent of median national equivalized income after social transfers.

Targeting poor areas alone can have its limitations. Policy makers have an interest both in areas where poverty is high, but also in areas which have the most poor people. These two are not the same: areas that are very poor may also be sparsely populated, whereas large cities tend to have low poverty rates, but large numbers of poor people because of large populations. 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 14 counties. This poverty map on the right suggests yet another approach to allocating resources for poverty reduction, with Bucharest and other urban areas given greater eligibility as many of the poor live in relatively rich areas. Both maps clearly illustrate that the North-East—especially Botoșani, Iași and Suceava—have *both* 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 it is necessary to understand *why* these places are poor. The reasons are likely to vary from place to place, and may include inadequate infrastructure, lack of economic activity, an insufficiently skilled work force, or other reasons. Poverty maps provide finer grained information on intra-country variation 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 – whether to target poor areas or poor people. While the right combination of approaches will vary by country, the maps provide important information to help come to the best answer.