

Romania - Rapid assessment of the impact of economic crisis on poverty

Joint Note of UNICEF and the World Bank¹

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The findings and interpretation expressed in this paper are those of the authors, and do not necessarily represent the views of UNICEF or the World Bank.

Introduction

This report represents a rapid assessment of the likely impact of the economic crisis on poverty in Romania. It examines the poverty profile for the year 2008, the profile of the population at risk of falling in poverty in 2009, with a special focus on children, and the capacity of existing family and children allowances to offer adequate protection against crisis impact.

The analysis presented below is based on the 2008 Romanian Household Budget Survey (HBS) data, provided by the National Institute for Statistics (NIS). This report uses an absolute measure of poverty based on the methodology developed in 2002 by a team including NIS and Government experts, researchers, and World Bank staff, which is presented in detail in the 2003 Romania Poverty Assessment. The methodology uses a consumption-based welfare indicator² and an absolute poverty line³ based on the cost of basic needs method.

The 2009 poverty projections presented in the paper are based on a number of simplifying assumptions, and should be interpreted as indicative results, rather than precise estimates.

1 Summary

- In 2008, the poverty continued the declining trend, driven by a GDP growth rate of 7.1 percent. Nonetheless, 1.22 million persons, including 256 thousands children, were registered as living in absolute poverty.
- After eight years of sustained economic growth, Romania will experience in 2009 an economic downturn as a consequence of the global growth slowdown. According to most recent IMF and Government estimates, Romania's GDP will contract in 2009 by 4 percent.
- Assuming a minus 4 percent GDP growth rate and an optimistic scenario of 100,000 net increase in the yearly average number of unemployed from the formal sector, in 2009 the absolute poverty will stop declining. Using a basic model we estimate an increase of the poverty rate from 5.7 percent in 2008 to 7.4 percent in 2009, or an increase of the number of poor to 1.59 million. Out of them, 351 thousands are children 0-14 years old.
- Poverty continues to be concentrated in rural areas, but in 2009 the urban poverty is likely to increase faster than rural poverty, as a consequence of increased unemployment and significant impact of crisis on the nonagricultural informal workers.

² Consumption includes self-consumption. Consumption-based welfare indicator was preferred because, compared to incomes, it is less affected by seasonality and it is not affected by non-reporting of the informal income sources. For comparing households with different sizes and compositions, an empirical equivalence scale - which assigns the value of 1 to each adult household members, 0.5 to each child (less than age 14), and 0.9 economy of scale parameter - is used.

³ The absolute poverty line includes a food component - determined as the cost of a food basket of the individuals from the second and third deciles - plus an allowance for essential non-food and services.

- Compared with other age groups, children (0-14 years) and youth (15-24 years old) continue to face the highest risk of poverty. Children and youth represent as much as 43 percent of the poor, both in 2008 and in 2009.
- Given the fiscal impact of the economic crisis, with an estimated budget deficit of about 4.6 percent of GDP in 2009, it is highly unlikely that the current system of family and children allowances would be able to adequately and efficiently protect the families with children at risk of poverty in 2009.
- Local social services are either insufficient or lacking the necessary quality to effectively protect the most in need children in normal circumstances, let alone in crisis times.

2 Context and Methodology

The absolute poverty continued declining in 2008. The period of rapid growth in Romania since 2000 has caused a big decline in absolute poverty. The number of poor reduced from 2.1 million persons in 2007 to about 1.22 million persons in 2008, corresponding to a decrease of the poverty rate from 9.8 percent to 5.7 percent. Children (0-14 years) living in absolute poverty also decreased from about 407 thousands (12.3 percent of all children) in 2007 to 256 thousands (7.8 percent) in 2008.

In 2009, Romania will experience recession and poverty will stop declining. Evidence points towards a strong correlation between economic growth and poverty in Romania. The most recent IMF and Government estimates for 2009 indicate a 4 percent drop in GDP, and as a consequence a corresponding increase in poverty should be expected. However, the welfare of different population groups is likely to be affected by the economic crisis in different ways, depending on specific transmission channels. In the case of Romania the most likely channels are a) the labor market (unemployment, wages adjustments), b) exchange/ interest rates, and c) remittances.

a) Unemployment/out of the labor force. As the economic crisis deepens, the number of unemployed is on the rise. Also, the number of people expected to leave the labor force as discouraged is likely to grow, as the economy will enter into contraction. Ministry of Labor sources, as well as IMF, put the registered unemployment forecast at 8-9 percent of the labor force this year (up from 4 percent in 2008). While the government has already increased the level of the unemployment insurance benefit and has extended its duration, a protracted recession would have an adverse impact on households' welfare.

However, the adverse shock to the economy will lead to asymmetric adjustment responses in various sectors (public/ private, formal/ informal). In the public sector (representing about one third of the formal sector) the likely reaction will consist in wage freezes and downwards adjustments rather than lay-offs, as opposed to the private formal sector where the adjustments will be likely done through lay-offs. On the other hand, in the informal sector (about one third of labor force), both agricultural and nonagricultural, the likely adjustments will consist in lower incomes/ wages and working hours.

In the first trimester of 2009 the registered unemployment rate reached 5.6 percent, being with 1.4 percentage points higher than in December 2008, and with 1.5 percentage points higher than in March 2008. The National Employment Agency (NEA) data show an increase in the number of registered unemployed from the formal sector of about 90,000 in the first quarter of 2009⁴. However, the most recent 2009 budget projections of NEA are built on a scenario of an annual average increase of about 100,000 unemployed eligible for unemployment benefits (i.e., coming from the formal sector).

b) Exchange rate/interest rate. The Romanian currency has been under significant depreciation pressures in the latest months, while the country default risk has increased, pushing up lending rates. As a significant share of non-governmental lending is denominated in forex (consumer and mortgage lending, primarily), this has put an additional strain on the incomes of indebted

⁴ We use the number of registered unemployed being paid the unemployment benefit as a proxy for the number of new unemployed coming from the formal sector.

households and eroded their disposable incomes. There is evidence that the share of non-performing loans has increased.

c) Remittances. A significant number of Romanians has left the country in search for better opportunities abroad, mainly in the European Union. It is estimated that around 10 percent of the population (or 25 percent of the labor force) emigrated after the collapse of the communist system. Romanian workers abroad send home an estimated 5-6 percent of GDP in remittances each year, which contributes

substantially to the financing of the trade deficit (comparable with FDI inflows). Much of the money goes to support the consumption of the families left behind, especially in rural areas and small towns. As the recession in the EU deepens, affecting primarily the sectors where Romanian workers are employed (such as constructions or agriculture), it is expected that inflows of remittances

will decline, affecting the welfare of the families of the migrants in Romania, including the large number of children left behind. Casual evidence already indicates a slowdown in transfers.

The poverty projections reported in this note are based on a simple model⁵ that takes into consideration two basic elements: the economic growth slow down, and the likely adjustments in the labor market. Thus, the model ignores other channels than unemployment and wage adjustments, and distributes the impact of the crisis across households according to the occupational/ activity status of their head, using some simplifying assumptions regarding the transmission of the growth slow-down. The main assumptions used to build the 2009 poverty projections include:

1. Full pass through of economic growth rate to the per-equivalent adult consumption levels. The full pass through assumption is based on the observed relationship between consumption per equivalent adult and GDP per capita in the period 2000-2007 (see Graph 1 in the Annex). In this note we use a minus 4 percent GDP growth rate, according to the latest IMF and Government estimates, and thus a minus 4 percent decline in the overall households' welfare (i.e., consumption per equivalent adult).
2. The individuals at risk of becoming unemployed are the low-wage workers⁶ in the formal sector. We use a light scenario of an average 100,000 formal sector employees falling in unemployment in 2009⁷, and simulate this scenario by selecting at random a corresponding number of low-wage employees in the HBS and changing their status to unemployed. The welfare level of the households these individuals belong to is decreased by 19 percent, according to the partial correlation coefficient of a regression model linking consumption per adult equivalent to a number of variables, including the existence of unemployed household members (**Table 1** in the Annex). Since the 100,000 formal sector employees falling in unemployment may seem an optimistic scenario, we simulated also a scenario of 200,000

⁵ The model was proposed by Jesko Hentschel and Meltem Aran (A Methodology Note on Assessing Employment and Poverty Implications of a Possible Growth Slowdown in Turkey, March 2009)

⁶ Near the minimum wage

⁷ We simulated also a scenario of 200,000 new unemployed coming from the formal sector, but preferred to use in the analysis the first scenario. The differences between scenarios are reported in the Annex.

average net number of unemployed coming from the formal sector. The differences between the two scenarios, reported in Tables 6-8 in the Annex are marginal. We preferred to use in the analysis the first scenario, which is more in line with the forecasts used for the recent revision⁸ of the Unemployment Benefit budget.

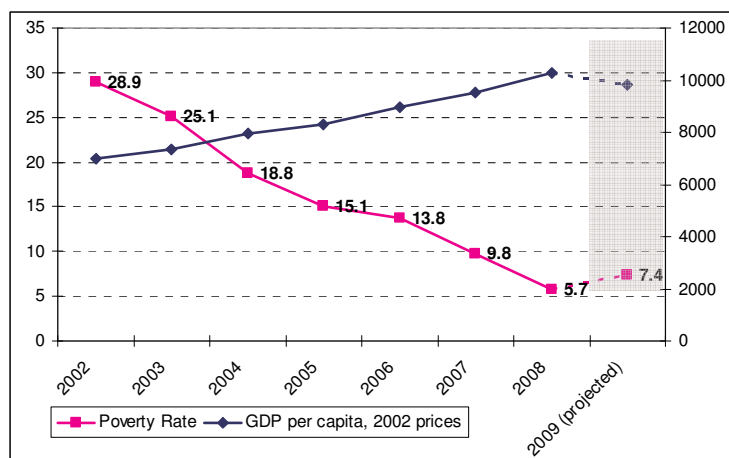
3. Households headed by employers and high-wage employees in the formal sector will be able to better protect their welfare status, and thus we assume a decrease of their consumption level by half of the GDP growth rate (i.e., minus 2 percent).
4. Households headed by low-wage workers in the formal sector that are not hit by unemployment will preserve their welfare status.
5. Households headed by self-employed in agriculture, inactive (e.g., pensioners), or already unemployed (not including the new unemployed) will experience a welfare loss equal to the GDP growth rate (i.e., minus 4 percent).
6. Households headed by self-employed in non-agriculture (a category that includes mostly workers in the informal nonagricultural sector) will experience a welfare decline determined endogenously to reach an overall change in consumption per equivalent adult which is equal to the GDP per capita growth rate. As a result, this group is the most affected by the crisis, experiencing a welfare loss of 21 percent.

⁸ April 2009

3 Poverty profile

This section presents a brief poverty profile, using the results of the methodology described above. Based on the scenario of minus 4 percent GDP growth and 100 thousands employees in the formal sector who suffer job loss due to the economic crisis, our estimates indicate that in 2009 the absolute poverty will reach 7.4 percent of the population (1.59 million persons)⁹. The number of poor children (0-14 years) is expected to increase accordingly from 256 to 351 thousands (i.e., from a poverty rate of 7.8 percent in 2008 to 10.7percent in 2009). The number of households with children that face absolute poverty is also estimated to grow from 131 thousands in 2008 to 178 thousands in 2009.

Figure 1 Economic growth and poverty - 2002-2009



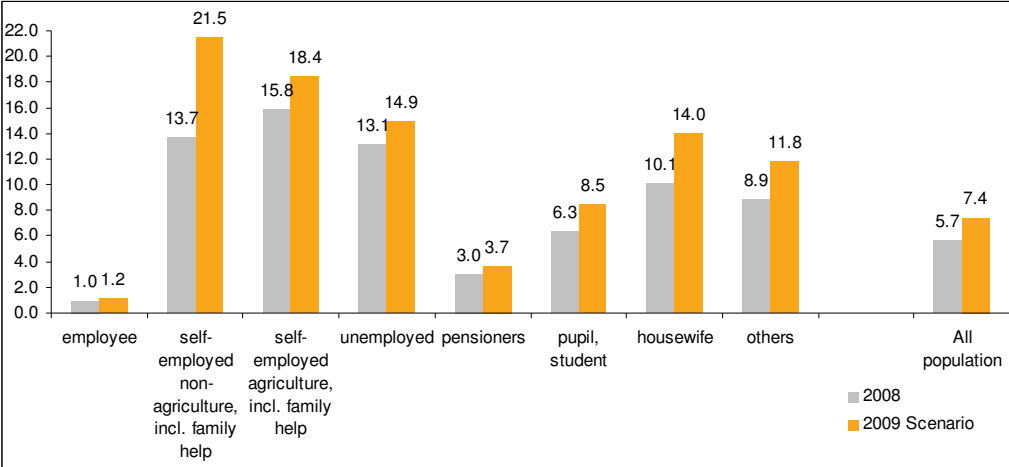
Poor population continues to be concentrated in rural areas, but urban poverty is likely to grow faster in 2009. While in 2008 the poor accounted for 9.8 percent of the rural population, in the urban areas the poverty rate was 2.3 percent. In 2009 the economic crisis is expected to cause an increase of both urban and rural poverty rates, expected to reach 3.2 percent and respectively 12.4 percent. Although more than 75 percent of the poor will be still located in the rural areas, poverty will increase faster in urban than in rural (forty percent increase in the number of poor in urban as opposed to less than thirty percent in rural), as a consequence of the labor market adjustments that have more pronounced effects on urban, nonagricultural employment.

Nonagricultural self-employed (i.e., workers in the informal nonagricultural sector) represent the occupational category the most affected by the crisis, as an effect of the assumptions used in our model. In 2009, the share of poor among the self-employed is expected to increase sharply to 21.5 percent of the non-agricultural self-employed, and 18.4 percent of self-employed in agriculture. The poverty risk of

⁹ If a 200,000 unemployed scenario would be used, the poverty rate would stay about the same, but the poverty profile would change slightly - see Tables 6-8 in the Annex

unemployed, although higher than the risk of employees or of pensioners, is much below the risk of the self-employed (agriculture and non-agriculture).

Figure 2 Poverty risk by employment status (%)

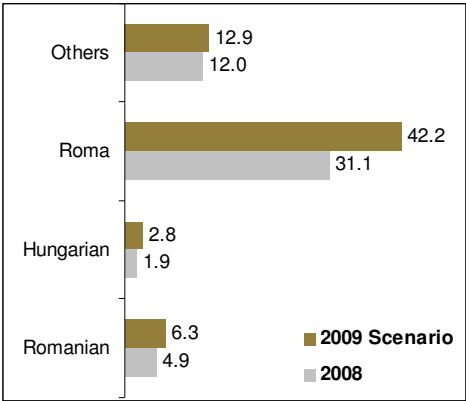


Data: HBS, 2008.

Self-employed account for 44 percent of the poor aged 15 years or more. The share among poor of the self-employed in agriculture is estimated to decrease from 31 percent in 2008 to 28 percent in 2009, while the share of non-agricultural self-employed is more likely to increase from 12 percent to 15 percent of the poor.

The Roma have a disproportionate high risk of poverty. The poverty rate of the Roma was 31.1 percent in 2008 (compared to 5.7 percent of population “average”). As a consequence of the high incidence of self-employed among Roma population, in 2009, their poverty rate is expected to reach a high 42.2 percent, which is about six times larger than 7.4 percent of all population. Nonetheless, the Roma’s share among poor/ vulnerable population has been about 20 percent.

Figure 3 Poverty risk by ethnicity (%)

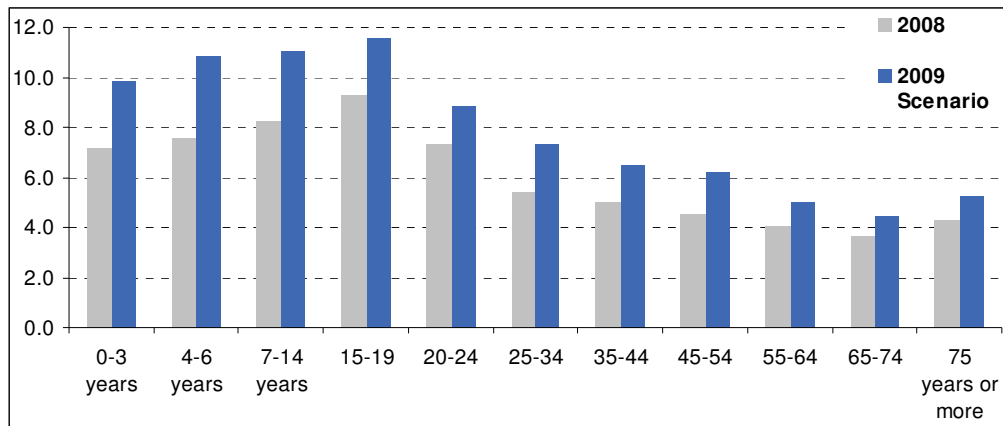


Data: HBS, 2008.

3.1 Children poverty

Compared with other age groups, children (0-14 years) and youth (15-24 years old) face the highest risk of poverty. In 2008, the poverty rate of children and youth was 1.7-1.8 times higher than that of the persons aged 25 years or more. As compared with 2008, the scenario for 2009 indicates a substantial increase of the poverty risk for children 0-14 years old.

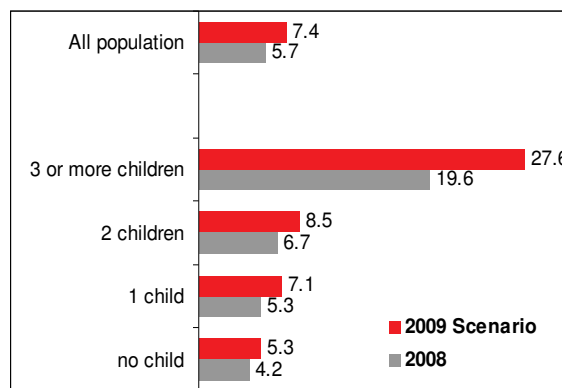
Figure 4 Age profile of poverty (%)



Data: HBS, 2008.

Large households with children (0-14 years) face a higher risk of falling in poverty in 2009. People in households with three children or more had a poverty rate of 19.6 percent in 2008. Their risk of falling in absolute poverty in 2009 increases to 27.6 percent, which is three-five times higher than the risk of people living in households with 0-2 children

Figure 5 Population living in poor households by number of children (%)

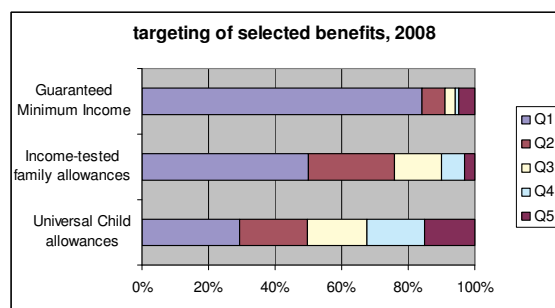
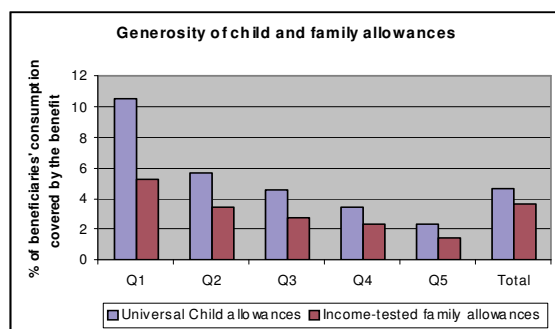


Sixty percent of the population at risk of poverty in 2009 lives in households with children. The poor households with children are predominantly located in the rural areas and are headed by married men, aged 25-64 years, Romanian or Roma, poorly educated, low skilled, informal worker (including self-employed in agriculture) or unemployed (see Table 4 in the Annex).

The large majority of poor children (76 percent) continue to be located in rural areas. Out of the 95 thousands children from households expected to fall into poverty in 2009, 69 thousands are living in rural.

4 Is the social safety net offering protection against shocks?

The initial results of our simulation point towards the need of increased protection



of existing and incoming poor. The already done adjustments of the unemployment benefit will provide temporary support to the unemployed coming from the formal sector. However, a large share of affected households will not benefit of such support and will have to find alternative strategies to cope with the crisis impact on their welfare. It is thus legitimate to inquire about the capacity of the existing social safety net to provide protection to the vulnerable groups identified through the simulation exercise.

The 2008 data on social assistance programs' performance indicate that the main cash transfers aiming to protect the families with children have a low impact on beneficiaries' welfare, covering

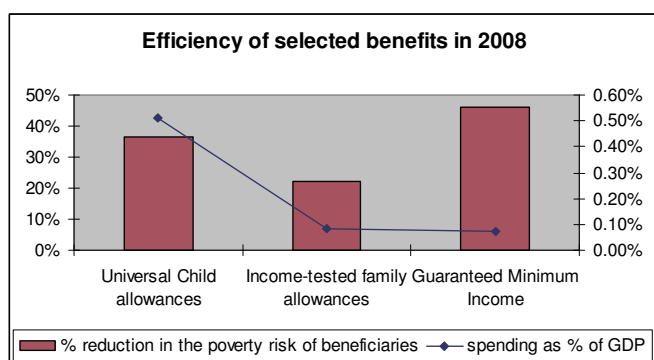
only a small share of their consumption. At the same time, the most generous benefit addressed to children (the universal children allowance) transfers only 30 percent of its funds to the poorest 20 percent of children, while half of the funds go to the richer quintiles.

The main findings of the most recent qualitative analysis of communities where UNICEF's non-governmental partners implement community projects centred on the prevention of vulnerability of children and their families in front of a series of social and economic risks (Magheru, Evaluation of the CBS projects. Assessment of resources at the community level, UNICEF, 2008) reconfirm the conclusions of former studies focused on social services. At the community level, the financial resources for social assistance are insufficient, which is limiting the ability of local governments to provide broad access to quality local services. Most of social expenditures are related to the provision of social benefits, paid from the state budget through the county Directorates for Labour and Social Protection. **As a fact, the local services tend to be limited to social benefits and respond poorly to the complex community problems. Preventing services and outreaching activities are marginal or simply missing.**

The majority (more than 65%)¹⁰ of the communes from Romania have only one employee with social assistance responsibilities. Most of these employees are high school graduate, hired as 'referents', out of which the majority has no social related training or education. Due to their education and type of contract a large part of the social workers or referents cannot provide counselling services and their activity is limited to fulfilment of social "dossiers" and carrying out social assistance assessments.

Other relevant human resources for local services such as community nurses and Roma health mediators are also insufficient, particularly in rural areas. In every community there are various vulnerable groups, out of which more frequently mentioned groups include the poor, Roma, and people without identity documents. Also in every community are recorded abuse, neglect and family violence, with different intensity, but usually kept silently 'under the rug', that is not approached in a proactive manner by the local social services.

Given the fiscal impact of the economic crisis, it is highly unlikely that the current system of family and children allowances would be able to adequately and efficiently protect the families with children at risk of poverty in 2009. As a



result of low benefits level, the income tested family allowances have a lower performance in reducing the poverty risk of beneficiaries than the universal child allowance. However, if we compare the performance in poverty reduction with the cost of the programs, we see that the performance of the universal child allowance

in reducing poverty is double as compared with the family allowances, but the costs are five times higher.

5 Conclusions

The main findings of this note are not surprising. Rather these are in line with the core findings of the previous studies on poverty and child poverty. It might be biased due to the limitations of the model, which use only one transmission channel to predict changes in households' welfare. Also, the scenario based on an estimation of 100 thousand job losses in the context of economic crisis might be too optimistic.¹¹ In spite of these limits, the poor analyzed in this paper are beyond question exposed to shocks that would require effective coping mechanisms, including access to effective social protection. The brief analysis presented here on the main cash transfers aiming to protect the children is showing that the adequacy of family

¹⁰ Ștefan & Daniela Cojocaru, 2007, *Identification - at the level of SPAS - of practices in the field of prevention of abuse, neglect and labour exploitation of children*, USAID, Child Net, MMFES, page 88.

¹¹ Nonetheless, the same scenario altered by considering that 200 thousands employees would lose their jobs in 2009 shows that the poverty rate (and the number of poor) would remain about the same, but the distribution would be slightly different (see Tables 6-8 in the Annex).

allowances is too low to make a difference for the poor, while the main anti-poverty program (GMI) is suffering of both low coverage and low adequacy, meaning that the social assistance cash benefits are likely to fail in protecting the poor during the crisis. The analysis of the local social services also shows that these services are either insufficient or lacking the necessary quality to effectively protect the most in need children. To better respond to the impact of crisis, the Government of Romania should consider improving adequacy and targeting of social benefits for children, and ensuring adequate financing and quality of social services.

Annex

Table 1 Correlates of Household Consumption per Adult Equivalent, 2008

Dependent variable: LN(consumption per equivalent adult)	Unstandardized Coefficient
At least one member unemployed	-0.21**
Gender HH head: Female	-0.08**
Location: Rural	-0.14**
Education: Vocational/apprentice	0.17**
Education: High school, grades 9-12, incl. lower higher education	0.27**
Education: Post-secondary school/ higher education	0.56**
Household size (ln)	-0.29**
Region: South-East	-0.01
Region: South	0.00
Region: South-West	-0.06**
Region: West	0.10**
Region: North-West	0.07**
Region: Centre	0.06**
Region: Capital (Bucharest)	0.12**
Ethnicity: Hungarian	-0.03**
Ethnicity: Roma	-0.28**
Ethnicity: Other	0.06**
Average age of adult household members (ln)	-0.08**
Constant	6.28**
Reference categories: North-East, Romanian, General secondary school or lower	
** p<0.001. R ² =0.36. Dependent variable: LN(consumption per equivalent adult)	

Graph 1 – Relationship between consumption per equivalent adult and GDP per capita (log-log), 2000-2007

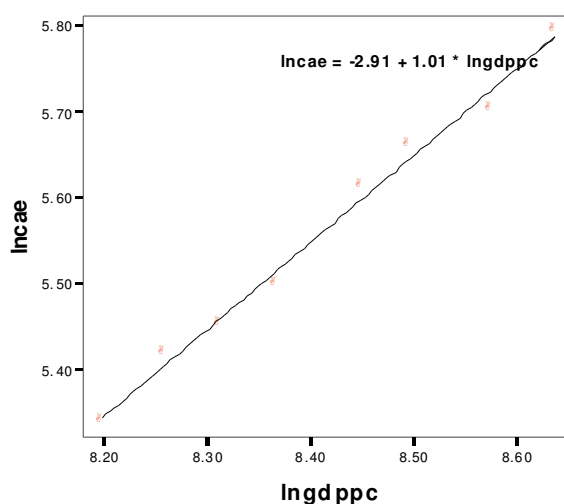


Table 2 Poverty Headcount

	2008	2009 scenario	Change 2009-2008
Total households			
Number of poor (thousands)	310	402	91
Poverty incidence (%)	4.2	5.4	1.2
Total persons			
Number of poor (thousands)	1,218	1,587	369
Poverty incidence (%)	5.7	7.4	1.7

Data: HBS, 2008. Absolute poverty based on per adult equivalent consumption, WB calculations.

Table 3 Geographical distribution (% of persons)

	Poverty rate			Distribution of the poor			Population shares
	2008	2009 scenario	Change 2009- 2008	2008	2009 scenario	Change 2009- 2008	
Total							
Number of persons (thou.)	1,218	1,587		1,218	1,587	369	21,517
%	5.7	7.4	1.7	100	100	100	100
Residential area							
Urban	2.3	3.2	0.9	22.3	24.1	1.8	55.0
Rural	9.8	12.4	2.7	77.7	75.9	-1.8	45.0
Region							
North-East	8.5	11.1	2.6	26.0	26.2	0.2	17.3
South-East	7.1	10.0	2.9	16.5	17.8	1.2	13.2
South	4.4	5.6	1.2	11.9	11.6	-0.4	15.3
South-West	7.9	10.0	2.0	14.8	14.3	-0.5	10.6
West	3.4	4.3	0.9	5.3	5.2	-0.1	8.9
North-West	5.7	6.6	0.9	12.6	11.2	-1.4	12.6
Centre	5.2	7.0	1.8	10.8	11.1	0.4	11.7
Bucharest	1.1	1.9	0.8	2.0	2.6	0.6	10.3

Data: HBS, 2008. Absolute poverty based on per adult equivalent consumption.

Table 4 Characteristics of poor households with children (%)

	Poor in 2008	Poor in 2009 scenario
Total number (thousands)		
Number of households	131	178
Number of persons	698	940
Number of children (0-14 years)	256	351
Percentages (shares)		
Location		
Urban	23.8	25.1
Rural	76.2	74.9
Region		
North-East	27.6	26.8
South-East	13.4	15.7
South	10.3	9.8
South-West	14.3	14.0
West	5.9	5.3
North-West	14.5	12.7
Centre	11.7	12.3
Bucharest	2.2	3.4
Household head's characteristics		
Gender		
Male	78.8	82.3
Female	21.2	17.7
Age		
20-24	0.6	0.6
25-34	13.5	16.9
35-44	33.3	32.4
45-54	21.3	21.3
55-64	16.2	14.5
65-74	9.6	10.0
75 years or more	5.5	4.2
Ethnicity		
Romanian	69.4	69.2
Hungarian	0.5	0.6
Roma	28.2	28.8
Others	1.8	1.4
Marital status		
Married	68.5	72.2
Living together	12.3	11.8
Divorced/separated	2.0	1.9
Widowed	16.7	13.7
Unmarried	0.5	0.4
Highest education level achieved		
No formal schooling	11.7	11.5
Primary, grades 1-4	27.2	27.0
Middle, grades 5-8	36.6	34.4
Vocational, apprentice	18.4	19.5
Highschool, grades 9-12, incl. lower highschool (grades 9-10)	5.8	7.5
Postsecondary or foremen school	0.1	0.1
Higher education, short and long term		

	Poor in 2008	Poor in 2009 scenario
Employment status		
Employee	10.1	9.5
Employer		
Self-employed non-agriculture, incl. family help	13.5	24.3
Self-employed agriculture, incl. family help	38.6	32.6
Unemployed	13.3	11.9
Pensioners	22.1	19.8
Housewife	1.3	1.2
Others	0.9	0.7

Data: HBS, 2008. Absolute poverty based on per adult equivalent consumption.

Table 5 Individual characteristics (% of persons)

	Poverty rate			Distribution of the poor			Population shares
	2008	2009 scenario	Change 2009-2008	2008	2009 scenario	Change 2009-2008	
Total							
Number of persons (thou.)	1,218	1,587		1,218	1,587	369	21,517
%	5.7	7.4	1.7	100	100	100	100
Gender							
Male	6.0	7.8	1.8	51.9	51.8	-0.1	48.7
Female	5.3	6.9	1.6	48.1	48.2	0.1	51.3
Age							
0-3	7.2	9.8	2.7	4.5	4.7	0.2	3.6
4-6	7.6	10.9	3.3	4.1	4.5	0.4	3.1
7-14	8.2	11.1	2.9	12.5	12.9	0.4	8.6
15-19	9.3	11.6	2.3	12.8	12.3	-0.5	7.8
20-24	7.3	8.8	1.5	8.7	8.1	-0.7	6.8
25-34	5.4	7.3	1.9	15.3	15.9	0.6	16.0
35-44	5.0	6.5	1.5	13.0	13.1	0.1	14.8
45-54	4.6	6.2	1.6	10.8	11.2	0.5	13.4
55-64	4.0	5.0	1.0	8.0	7.6	-0.3	11.2
65-74	3.7	4.5	0.8	5.7	5.4	-0.3	8.8
75 years or more	4.3	5.2	0.9	4.7	4.3	-0.3	6.1
Ethnicity							
Romanian	4.9	6.3	1.4	77.4	76.6	-0.8	89.7
Hungarian	1.9	2.8	0.9	2.0	2.3	0.3	6.1
Roma	31.1	42.2	11.1	18.9	19.7	0.8	3.4
Others	12.0	12.9	0.9	1.7	1.4	-0.3	0.8
Marital status							
Married	4.0	5.4	1.4	35.7	36.7	1.0	50.5
Living together	11.3	14.7	3.4	6.3	6.3	0.0	3.1
Divorced/separated	5.0	6.5	1.4	2.4	2.4	0.0	2.8
Widowed	4.6	5.4	0.8	7.1	6.5	-0.7	8.8
Unmarried	7.9	10.2	2.3	48.4	48.2	-0.3	34.8

	Poverty rate			Distribution of the poor			Population shares
	2008	2009 scenario	Change 2009-2008	2008	2009 scenario	Change 2009-2008	
Highest education level achieved							
No formal schooling	9.8	13.2	3.4	21.7	22.4	0.7	12.5
Primary, grades 1-4	10.5	13.2	2.7	24.6	23.8	-0.9	13.3
Middle, grades 5-8	8.5	10.7	2.1	32.6	31.2	-1.4	21.6
Vocational, apprentice	4.1	5.7	1.6	12.8	13.6	0.8	17.5
Highschool, grades 9-12, incl. lower highschool (grades 9-10)	1.9	2.7	0.8	7.9	8.5	0.6	23.3
Postsecondary or foremen school	0.2	0.3	0.1	0.1	0.2	0.0	3.7
Higher education, short and long term	0.2	0.3	0.1	0.3	0.4	0.1	8.1
Employment status							
Employee	1.0	1.2	0.2	5.2	4.7	-0.4	29.5
Employer			0.0			0.0	0.3
Self-employed non-agriculture, incl. family help	13.7	21.5	7.8	9.7	11.7	2.0	4.0
Self-employed agriculture, incl. family help	15.8	18.4	2.6	24.7	22.1	-2.6	8.9
Unemployed	13.1	14.9	1.8	6.9	7.3	0.4	3.6
Pensioners	3.0	3.7	0.7	12.2	11.5	-0.7	23.2
Pupils, students	6.3	8.5	2.1	18.8	19.3	0.5	16.9
Housewife	10.1	14.0	3.9	9.9	10.5	0.6	5.5
Others	8.9	11.8	2.9	12.5	12.8	0.2	8.0

Data: HBS, 2008. Absolute poverty based on per adult equivalent consumption.

Table 6 Comparison of alternative scenarios of 100,000 and 200,000 unemployed coming from the formal sector

Occupational Status/form of employment of HH Head		Change of Welfare Indicator	
		+100000 unemployed	+200000 unemployed
1. Low wage formal	becoming unemployed	- 19%	- 19%
	Not becoming unemployed	0	0
2. Employers and high wage formal employees		- 2%	- 2%
3. Inactive (pensioners, unemployed, students, etc.) and self-employed in agriculture		- 4%	- 4%
4. Informal employees and self-employed non-agriculture		- 21%	-18%

Table 7 Poverty Rates for 2008, and 2009 under different scenarios

	Total poverty Rate
2008	5.7
2009 - Model with 100.000 unemployed	7.4
2009 - Model with 200.000 unemployed	7.3

Table 8 Poverty Rates in 2009, by occupational status, under different scenarios

occupational status of individuals	100.000 unemployed		200.000 unemployed	
	Poverty Rate	Distribution of Poor	Poverty Rate	Distribution of Poor
employee	1.2	4.7	1.2	4.7
employer	0.0	0.0	0.0	0.0
self-employed non-agriculture incl. family help	21.5	11.7	20.7	11.4
self-employed agriculture incl. family help	18.4	22.1	18.3	22.2
unemployed	14.9	7.3	14.1	7.5
pensioner	3.7	11.5	3.7	11.7
pupil, student	8.5	19.3	8.3	19.2
housewife	14.0	10.5	13.7	10.4
other (dependent, military service, etc.)	11.8	12.8	11.7	12.9
Total	7.4	100.0	7.3	100.0

Table 9 Coverage with social benefits - All population, 2008

	Q1	Q2	Q3	Q4	Q5	Total
Family allowances	68	56	48	46	38	51
Universal Child allowances	67	56	48	46	38	51
Income-tested family allowances	22	11	6	3	1	9
Complementary family allowances	21	10	6	3	1	8
Single parent family allowances	2	1	0	0	0	1
Guaranteed Minimum Income	17	2	1	0	0	4

Quintiles of consumption before 100% of each transfer

Table 10 Targeting of social benefits (amounts) - All population, 2008

	Q1	Q2	Q3	Q4	Q5	Total
Family allowances	32	21	18	16	14	100
Universal Child allowances	29	20	18	17	15	100
Income-tested family allowances	50	26	14	7	3	100
Complementary family allowances	49	26	15	8	2	100
Single parent family allowances	52	31	8	4	4	100
Guaranteed Minimum Income	84	7	3	1	5	100

Quintiles of consumption before 100% of each transfer

Table 11 Coverage with social benefits - Population living in HHs with children, 2008

	Q1	Q2	Q3	Q4	Q5	Total
Family allowances	95	96	94	95	92	95
Universal Child allowances	95	96	94	95	92	94
Income-tested family allowances	32	18	11	5	2	14
Complementary family allowances	30	16	10	5	2	13
Single parent family allowances	3	2	1	0	0	1
Guaranteed Minimum Income	20	2	1	0	0	5

Quintiles of consumption before 100% of each transfer

Table 12 Generosity (share of benefits in beneficiaries' consumption), 2008

	Q1	Q2	Q3	Q4	Q5	Total
Family allowances	12.9	6.5	5.0	3.8	2.5	5.3
Universal Child allowances	10.5	5.7	4.6	3.5	2.4	4.7
Income-tested family allowances	5.2	3.5	2.7	2.4	1.5	3.7
Complementary family allowances	4.9	3.4	2.6	2.3	1.3	3.5
Single parent family allowances	6.7	3.8	3.3	3.4	2.8	4.7
Guaranteed Minimum Income	23.7	11.9	9.6	8.2	16.4	20.4

Quintiles of consumption before 100% of each transfer

Table 13 Poverty rate before and after the transfer - total population, 2008

	Poverty rate (before the transfer)	Poverty rate (after the transfer)
Family allowances	8.1	5.7
Universal Child allowances	7.7	5.7
Income-tested family allowances	6.1	5.7
Complementary family allowances	6	5.7
Single parent family allowances	5.7	5.7
Guaranteed Minimum Income	6.7	5.7

Table 14 Poverty rate before and after the transfer - for the beneficiaries of social transfers, 2008

	Poverty rate (before the transfer)	Poverty rate (after the transfer)
Family allowances	12	7.1
Universal Child allowances	11.2	7.1
Income-tested family allowances	20.4	15.9
Complementary family allowances	20.5	15.9
Single parent family allowances	21.9	18.3
Guaranteed Minimum Income	54.4	29.4