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ROMANIA: MOTHER'S EMPLOYMENT AND CHILDREN POVERTY

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MONEE Country Analytical Report 2003

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ROMANIA
NATIONAL INSTITUTE OF STATISTICS

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MONEE Country Analytical Report 2003

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Mothers' employment and child poverty

1. Mothers in Romania

In Romania are living 11.5 million women, representing 51.1% on the country population. According to Family Budgets Survey¹, in 2002, the number of women aged 15-59 years exceeded 7.1 millions, out of which 2.5 million were mothers of children belonging to the age group 0-14 years (35.1% of total number of women aged 15-59 years). For more than 1 million women (7.6% of total number of women aged 15-59 years and 21.6% of total number of mothers), the youngest child was aged 0-2 years and for over three quarters (per 1 million women (10.7% of total number of women aged 15-59 years and 30.6% of mothers) the age of the youngest child ranged between 3 and 6 years. Most of the mothers aged 15-59 years (62.4%) had only one child aged 0-14 years, 29.4% had two children, 5.0% - three children and 3.2% - four or more children.

Almost two thirds (65.6%) of the women aged 15-59 years were married or lived in a consensual union. Referring to mothers, the share of married ones² was 92.1% (94.5% and 94.4% for mothers with the youngest child aged 0-2 years, respectively 3-6 years).

Most of the women aged 15-59 years (61.1%) lived in urban area. However, the proportion of mothers living in urban area is lower (55.6%), while mothers with young children (the youngest being aged 0-2 or 3-6 years) were more numerous in rural area (53.4%, respectively 50.9%). The mothers with children aged 0-14 years prevail in rural area (40.0%, out of which 10.5% with the youngest child aged 0-2 years and 14.1% with the youngest child aged 3-6 years) as compared to urban area (31.9%, out of which 5.8% with the youngest child aged 0-2 years and 8.6% with the youngest child aged 3-6 years); the same situation is found for mothers with two or three children or more (14.1% and 5.5% as against 7.9%, respectively 1.2%). On the contrary, the prevalence of unmarried mothers was lower in rural than in urban area (6.4% as compared to 9.1%).

Only 3.3% of total number of mothers were living in the household only with their children. Their highest share (62.3%) belonged to households consisting of a couple with children, while

¹ The data included in this Report are mostly obtained from the Family Budgets Survey, which provides the largest share of information necessary for analysing the dynamics of employment, of mothers and households' income, as well as poverty incidence among children.

² For simplification reasons, we shall further use the syntagm „married/cohabiting women” meaning both those married and those living in consensual union.

one third (34.4%) – married or unmarried– were living in households consisting of couples and other persons (parents, brothers/sisters or children over 14 years of age), of two or more couples or of single parental families with other persons or couples (mainly multi-generation households).

The number of women whose age ranged between 15 and 59 years was with over 66 thousands (0.9%) higher in 2002 as compared to 1995. On the contrary, the number of mothers decreased during the same period with over 214 thousands (7.9%). In 2002 there were by 3.5% fewer married/cohabiting women aged 15-59 years and by 8.4% fewer mothers than in 1995. The number of unmarried women belonging to the same age group was by 10.6% higher, while the number of unmarried mothers slightly decreased (by 1.8%).

In 2002, the number of children raised by unmarried mothers was estimated to over 256 thousands, while that of children raised by both parents was estimated to over 3.4 millions, for both categories being noticed a decrease as against 1995 (by 7.2%, respectively by 15.4%)

2. Mothers' employment

At present, women's employment, including mothers' employment, is determined by the peculiarities of employment pattern set out during the period of planned economy and by the dynamics of employment parameters during the transition to market economy.

At the same time, the relatively high share of multi-generation households, where children growing is assigned to elderly (inactive) persons, is favouring mothers' employment, including those with young children.

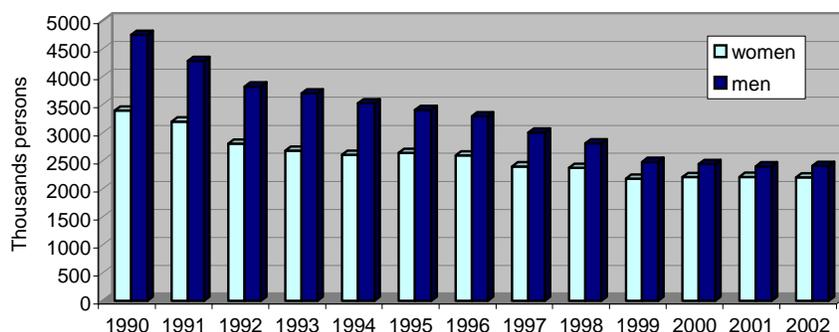
The decrease in the general level of overall employment and the deterioration of its structure, under the conditions of transition to market economy and of national economy restructuring, also meant a fall in women's employment and a decrease in the level of household income and of families living standard, implicitly of the families with children.

2.1. Overall employment

According to the labour force balance, civilian employment fell from 10.8 million persons in 1990 to 8.3 million persons in 2002, while the rate of labour resources employment decreased during the same period from 82.0% to 62.4%. The number of employed women decreased from 5.0 to 4.0 millions, but their share in civilian employment rose (from 46.1% to 48.2%).

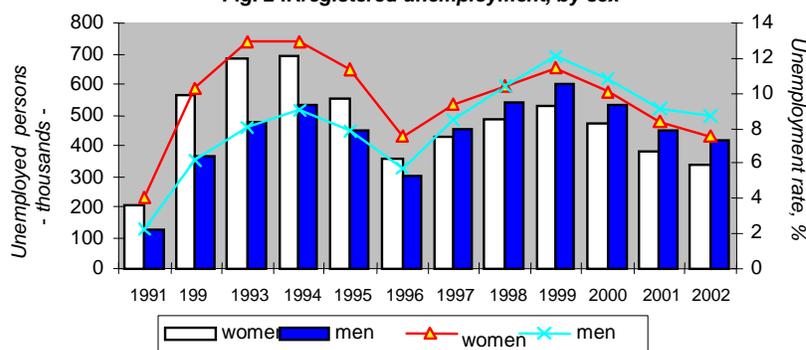
The sharper decrease was recorded in the number of employees (from 8.1 millions in 1990 to 4.6 millions in 2002), whose weight in civilian employment fell from 75.1% to 55.4%. The number of employed women also decreased (from 3.4 to 2.2 millions). Nevertheless, women account for almost half of total number of employees (47.7%), a considerably higher weight than in 1990 (41.7%).

Fig.1. Employees, by sex



The decrease in overall employment, especially in the number of employees, also meant a boom of unemployment. Registered unemployment exceeded one million persons, while unemployment rate exceeded 10% during 1993-1994 and 1998-2000. The number of registered unemployed fell to 827 thousands at the end of 2001 and 761 thousands at the end of 2002, while unemployment rate decreased to 8.8%, respectively 8.4%. During 1991–1997 the unemployment rate for women was higher than the one of men, the two rate were equal in 1998, afterwards the rates being lower for women than for men.

Fig. 2 .Registered unemployment, by sex



According to the Household Labour Force Survey, in 2001, the gross rate of employment was 47.7%, by 8.8 percentage points lower for women than for men. The difference between the two rates is higher for the population aged 15 years and over, with significant values for all the age groups. The data point out the decrease of activity and employment rates in 2001 as compared to 1996, both the overall rates and by age groups, except the one recorded for people aged 65 years

and over. It could be also noticed that the decrease in employment rates was higher for men than for women.

Table 1
Activity and employment rates

	- percentage -					
	<i>Total</i>		<i>Women</i>		<i>Men</i>	
	<i>1996</i>	<i>2001</i>	<i>1996</i>	<i>2001</i>	<i>1996</i>	<i>2001</i>
<i>Activity rate</i>	51.8	51.1	46.4	46.2	57.5	56.2
<i>Activity rate of people aged 15 years and over</i>	64.8	62.2	57.4	55.7	72.7	69.2
<i>Employment rate</i>	48.3	47.7	43.0	43.4	53.9	52.2
<i>Employment rate of people aged 15 years and over</i>	60.4	58.1	53.2	52.4	68.1	64.3
<i>Employment rate by the age groups:</i>						
<i>15-24 years</i>	39.9	34.3	33.0	30.0	46.4	38.3
<i>25-34 years</i>	79.5	77.2	71.9	71.6	86.9	82.6
<i>35-49 years</i>	83.2	79.3	76.9	73.3	89.6	85.3
<i>50-64 years</i>	57.0	55.3	49.1	48.8	65.7	62.5
<i>65 years and over</i>	32.5	35.4	28.2	31.9	38.4	40.4

Source: Household Labour Force Survey

Employment rate is much higher in rural than in urban area: in 2001 the employment rate of people aged 15 years and over from rural area was 69.2% (out of which: 49.9% for the age group 15-24 years, 79.8% for 25-34 years, 83.7% for 35-49 years, 76.7% for 50-64 years and 56.4% for 65 years and over), as compared to 49.2% for rural population aged 15 years and over (respectively: 23.0%, 75.2%, 76.9%, 35.4% and 4.0%, by age groups). The employment rate of rural population increased in 2001 as against 1996, both as a whole and by age groups, unlike urban population whose employment rates fell during the same period for all the age groups.

Among women, employees accounted for 53.6% of female employment; 16.3% were self-employed, 29.1% unpaid family workers (mostly in agriculture) and 0.7% employers. Within male employment, employees represented 57.6%, self-employed – 30.1%, unpaid family workers – 10.4% and employers – 1.7%.

As for the work programme, in 2001, part-time employed population accounted for 16.4% of overall employment (18.4% of employed women and 14.7% of employed men), while the weight of those who worked over 40 hours weekly was 21.1% of overall employment (16.5% for women and 25.0% for men). The prevalence of part-time employment was five times higher in rural than in urban area (26.7% as against 4.7%); on the contrary, the people who worked 40 hours and over were more numerous in urban (89.3%) than in rural area (48.1%).

The actual average duration of working week was 38.3 hours: 39.8 hours for men and 36.3 hours for women; 40.5 hours in urban area and 36.0 hours in rural area; 34.3 hours in agriculture, 40.8 hours in industry and 41.0 hours in services (out of which: 31.8 hours, 39.8 hours, respectively 39.8 hours for the women employed in these three activity groups).

2.2. Mothers' employment

In 2002, the number of employed women aged 15-59 years, estimated on the basis of information collected through the Family Budgets Survey, amounted to about 3.7 millions, out of which 1.6 millions (43.5%) were mothers. The employment rate for women aged 15-59 years was estimated to 51.7%, while the one estimated for mothers was 64.2%.

Table 2
Employment rate for women and men aged 15-59 years in 2002

- percentage -

	Total women	of which:		Total men
		unmarried	Married / cohabiting	
Total	51.7	37.0	59.4	64.0
of which:				
- without children (0 - 14 years)	45.0	34.7	54.7	54.5
- with at least one child aged 0 - 14 years	64.2	63.7	64.2	84.0
of which:				
- the youngest child aged 0 - 2 years	56.6	46.4	57.2	86.4
- the youngest child aged 3 - 6 years	61.0	57.5	61.2	86.0
Parents:				
1 child (0 - 14 years)	65.8	65.8	65.8	83.7
2 children (0 - 14 years)	63.8	58.4	64.1	85.4
3 children (0 - 14 years)	55.2	62.4	54.8	80.9
4 children and more (0 - 14 years)	49.0	31.6	50.0	82.4

Source: Family Budgets Survey

The number of employed mothers with young children was 306 thousands for those with the youngest child aged 0-2 years (including those in maternal leave) and 467 thousands for those with the youngest child aged 3-6 years, meaning employment rates of 56.6%, respectively 61.0%.

The data point out that the share of employed persons is generally higher among those with children (0-14 years) as compared to those without children, among married/cohabiting women as compared to those unmarried and among men as compared to women. The lower employment rates for people without children and among unmarried women are largely entailed by the prevalence of very young persons, attending education forms. As for mothers, the employment rate is lower for those with several children as compared to those with only a child.

The overall rate of employment is higher in rural than in urban area, both for women and for men. However, employed mothers, especially those with children aged 0-2 years, prevail in urban area.

Two thirds (66.6%; 95.2% in urban area and 29.4% in rural area) of employed mothers had in 2002 employee status, 14.8% were self-employed in agriculture and 15.2% were unpaid family workers (32.8%, respectively 34.6% in rural area).

The estimated number of employed people aged 15-59 years was much lower in 2002 than in 1995 (with about one million, both for women and for men), while the employment rates were by 14.2, respectively 13.2 percentage points lower. The number of employed mothers decreased with over half million, while their weight in total number of mothers fell from 78.4% in 1995 to 64.2% in 2002. The employment rates for mothers sharper decreased among unmarried women.

Women are preponderantly employed in activities that are characterised by relatively low levels of achieved income. According to Household Labour Force Survey, in 2002, almost one third of employed women aged 15-59 years (31.0%; 30.4% out of mothers) worked in agriculture, an activity which is mostly practiced in view to cover the food consumption needs, as the income resulted from products sales are low. Women employed in agriculture accounted for two thirds of mothers with three children and more. The weight of women employed in agriculture was lower for unmarried women than for married/cohabiting ones (26.9% as compared to 32.2%) especially for mothers (22.4% as against 31.0%).

Most of employed women work in trade, hotels and restaurants, education and health, as well as in industrial activities characterised by low levels of salaries. In 2002, in trade, hotels and restaurants services worked 15.1% of mothers aged 15-59 years, while in education and health– 13.4%. 15.2%, respectively 15.5% of mothers with children aged 0-2 years worked in these two activities, 16.9% and 12.2% of those with the youngest child aged 3-6 years, 17.8% and 15.3% of mothers with a child aged 0-14 years.

Table 3
Distribution of employed women aged 15-59 years by activity groups, in 2002

- percentage -

	<i>Agriculture</i>	<i>Industry and construction</i>	<i>Services</i>
<i>Total</i>	31.0	27.5	41.5
<i>of which:</i>			
- <i>without children (0 - 14 years)</i>	31.5	26.2	42.3
- <i>with at least one child aged 0 - 14 years</i>	30.4	29.3	40.3
<i>of which:</i>			
- <i>the youngest child aged 0 - 2 years</i>	28.6	28.0	43.4
- <i>the youngest child aged 3 - 6 years</i>	33.2	25.8	41.0
<i>Mothers:</i>			
<i>1 child (0 - 14 years)</i>	22.9	30.9	46.2
<i>2 children (0 - 14 years)</i>	37.3	29.1	33.6
<i>3 children (0 - 14 years)</i>	66.1	15.9	18.1
<i>4 children and more (0 - 14 years)</i>	71.0	15.6	13.4

Source: Household Labour Force Survey, 2002

One out of ten employed women aged 15-59 years (10.3%) worked under part-time programme in 2002. The prevalence of women with part-time programme of work was 10.8% for mothers and 11.8% for mothers with young children (from the age groups 0-2 and 3-6 years); 8.4% for those with one child, 12.6% for those with two children and 24.3% and 26,8% for mothers with

three and four children or more. During the same year, one out of twenty employed mothers (4.9%) worked over 50 hours weekly (3.2%, respectively 5.8% of mothers with the youngest child aged 0-2 years and 3-6 years).

16.2% of employed mothers frequently worked in the evening, 4.1% - frequently worked during the night, 43.5% - frequently worked Saturdays and 18.7% Sundays. Most of the mothers who worked in the evening, Saturdays and Sundays are from rural area, such atypical forms of work being specific to agricultural activities; on the contrary, most of those who worked during night are from urban area. More than a quarter of employed mothers (28.7%) worked in shifts (25.2%, respectively 30.6% of those with the youngest child aged 0-2 and 3-6 years).

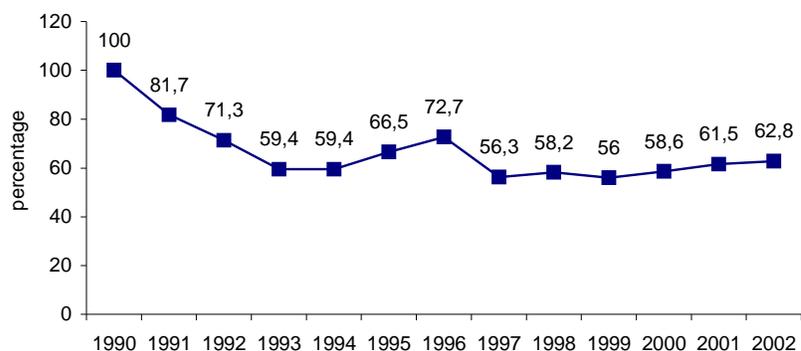
3. Income

3.1. Population income

The sharp decrease in overall employment, particularly of employees, and the fall in purchasing power of all income, under the conditions of two and three digits inflation, entailed a fall in population income, implicitly for the households with children.

The real salary decreased during the first years of transition (1991-93), as well as in 1997, reaching - in 1997 and 1999 - 56.3%, respectively 56.0% of the level recorded in 1990. In 2001 and 2002 the real salary slightly increased reaching 61.5%, respectively 62.8% of the level recorded in 1990.

Fig.3. Indices of real salary earnings, 1990=100



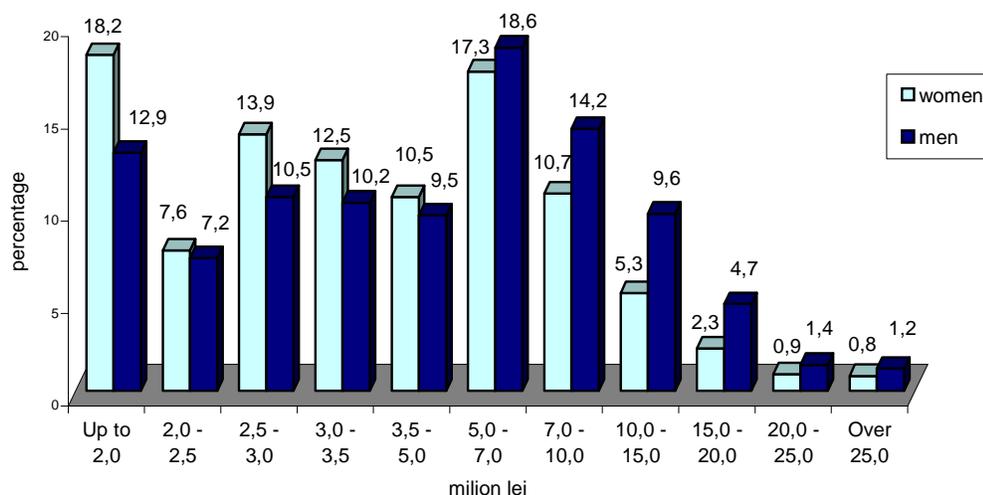
The average level of salaries achieved by women is lower than the average of salaries achieved by men (with almost one fifth in 2002), but a trend of narrowing the gap is recorded during last years.

Table 4
Average gross salary of women and men
(in October of each year)

	Average gross salary, lei monthly		Ratio between women and men salaries,
	women	men	%
1994	178938	227648	78.6
1995	270544	342399	79.0
1996	415325	546315	76.0
1997	853832	1120688	76.2
1998	1231820	1538433	80.1
1999	1781439	2149957	82.9
2000	2707434	3243123	83.5
2001	3846876	4713851	81.6
2002	4796940	5805487	82.6

The data referring to employees distribution according to the level of monthly gross salary point out that women prevail in all the groups of low salaries (up to 5 million lei), while for the groups of higher salaries men prevail. Thus, the weight of women who achieved salaries up to 5 million lei was 69.8%, while the weight of men with salaries up to the same level was 57.2%. On the contrary, the weight of men with salaries over 10 million lei is almost twice as high as the one of women within the same groups of salaries (11.9% as against 6.7%).

Fig.4. Distribution of employees by the level of gross monthly salary
(October 2002)



Households' income strongly decreased during 1997-99, afterwards increasing each year during 2000-2002. However, in 2002, the real net income of households – estimated to an average of 5.2 million lei monthly per household – accounted for only 78.3% of the level recorded in 1995. In 2002, half of total income of households (49.9%) came from salaries, 4.4% from sales of agricultural products, 2.7% from self performed activities and 21.0% from social benefits. The value of agro-food products consumption from own resources (household production, stock,

gifts, etc.) represented 17.0% of total income. The main structural changes as against 1995 refer to the increase in the weight of social benefits (from 16.3% in 1995) and to the decrease in the weight of self-consumption (from 21.4%).

3.2. Salary earnings of mothers and fathers

The information needed in view to estimate the income achieved by parents and households with children are obtained from the Family Budgets Survey³.

The survey results point out disparities between the average salaries of parents and of persons without children. In 2002, fathers' average salaries were by 8.0% higher than those recorded for men without children, but with smaller differences related to the children age and number. Mothers' average salaries were by 7.2% smaller than those achieved by women without children and are differentiated in accordance with the number of children, due to the prevalence of part-time employment among mothers with several children and to the fact that, usually, a higher number of children is associated to a lower educational level.

Table 5
Disparities between net salaries of women and men aged 15-59 years, in 2002

	% as against average		Women, as % against men
	Women	Men	
Total	100.0	100.0	79.6
of which:			
- without children (0 - 14 years)	103.1	96.6	84.9
- with at least one child aged 0 - 14 years	95.7	104.2	73.0
of which:			
- the youngest child aged 0 - 2 years	97.0	104.3	74.0
- the youngest child aged 3 - 6 years	95.6	104.4	72.8
Parents:			
1 child (0 - 14 years)	97.7	104.7	74.3
2 children (0 - 14 years)	91.7	104.7	69.7
3 children (0 - 14 years)	77.2	90.4	68.0
4 children and more (0 - 14 years)	61.1	105.7	46.0

Source: Family Budgets Survey, 2002

Women's average salaries were by 20.4% lower than those achieved by men, the difference being of 27% between mothers and fathers.

It is worth mentioning the salaries achieved by men and women in urban area are higher than those achieved by persons from rural area, for all the analysed categories. Thus, the salaries of mothers from urban area were, in 2002, by 25.8% higher than those achieved by mothers from

³ The Family Budgets Survey carried out by the National Institute of Statistics in 2001, continuing the surveys on households' income, expenditure and consumption carried out during 1995-2000, through the Integrated Household Survey, under comparable methodological conditions.

rural area, while the difference between the salaries of fathers from the two areas of residence was 30.4%.

In 2002, the gross monthly earnings of households consisting only of employed mothers exceeded 4.2 million lei, of those with children aged 0-2 years of about 3.0 million lei and of those with the youngest child aged 3-6 years of almost 4.1 million lei.

3.3 Parents' earnings

The analysis of earnings for households consisting of a couple with or without children⁴, grouped according to the employment of each spouse, could give an idea on the discrepancies between women and men earnings, as well as on the contribution of employed women in households' income formation.

The income of households where the spouse is employed and the wife is unemployed or inactive are much higher than those of households where the wife is employed and the spouse is unemployed or inactive, meaning that there are high discrepancies between men and women earnings.

In 2002, the earnings of couples with children where only the spouse was employed were by 40% higher than those of couples where only the wife was employed: by 38.2% for couples without children and by 40.0% for those upholding at least one child aged 0-14 years (by 56.8%, respectively by 56.9% for the couples with the youngest child aged 0-2 years and 3-6 years). The earnings of parent couples where only the father is employed amounted to about two thirds of earnings obtained by couples where both parents were employed, while the earnings of couples with children where only the mother is employed were only half of them.

The discrepancy between the earnings of couples where only the mother is employed and of those where only the father is employed decreased as against the one recorded in 1995, that could also mean a diminished discrepancy between women and men earnings.

⁴ Estimates made by taking into account the couples where women were aged 15-59 years and couples with children are those with at least one child aged 0-14 years.

Table 6
Gross earnings achieved by households consisting of one couple (where the woman is aged 15-59 years)

	<i>Both spouses employed</i>	<i>None of spouses employed</i>	<i>Wife employed, spouse unemployed</i>	<i>Spouse employed, wife unemployed</i>
<u>lei monthly per household</u>				
2002				
<i>Couples without children</i>	8865673	1166470	3826867	5288850
<i>Couples with children</i>	8267469	1535388	3887242	5441298
<i>of which:</i>				
<i>- the youngest child aged 0-2 years</i>	8215805	1534793	3245883	5090529
<i>- the youngest child aged 3-6 years</i>	7872550	1423671	3502532	5497038
<u>as % of couples with both spouses employed</u>				
2002				
<i>Couples without children</i>	100.0	13.2	43.2	59.7
<i>Couples with children</i>	100.0	18.6	47.0	65.8
<i>of which:</i>				
<i>- the youngest child aged 0-2 years</i>	100.0	18.7	39.5	62.0
<i>- the youngest child aged 3-6 years</i>	100.0	18.0	44.5	69.8
1995				
<i>Couples without children</i>	100.0	20.1	41.9	63.3
<i>Couples with children</i>	100.0	24.6	47.1	67.9
<i>of which:</i>				
<i>- the youngest child aged 0-2 years</i>	100.0	25.8	49.7	72.4
<i>- the youngest child aged 3-6 years</i>	100.0	28.1	49.6	65.2

3.4. Net income of households with children

Net income achieved by households with children from salaries and self-employment, as well as from social benefits were estimated to 6450.5 thousand lei in 2002, by 23.3% higher than the average estimate for all households.

The net income of households consisting of single mothers living only with their children is much lower than the net income of households consisting of a couple with children. In 2002, the discrepancy between the average income of the two household types exceeded 2 million lei, the first ones accounting for only 64.2% in relation with couple income. The major gap was found between the income of single mothers and those of couples with young children (the youngest aged 0-2 or 3-6 years).

Table 7
Net income of the main types of households with children

	Net income, lei		% of couples with children		2002, as % of
	1995	2002	1995	2002	1995
Households consisting of a couple* with children**	399294	6186606	100.0	100.0	78.7
<i>the youngest aged 0-2 years</i>	353392	6116933	88.5	98.9	87.9
<i>the youngest aged 3-6 years</i>	374876	5970626	93.9	96.5	80.9
Households with unmarried mothers*/**	300587	4932997	75.3	79.7	83.3
<i>the youngest aged 0-2 years</i>	318335	5345851	79.7	86.4	85.3
<i>the youngest aged 3-6 years</i>	303675	5183063	76.1	83.8	86.7
Households consisting of single mothers*/ **	250670	3970259	62.8	64.2	80.4
<i>the youngest aged 0-2 years</i>	199944	3278795	50.1	53.0	83.3
<i>the youngest aged 3-6 years</i>	220091	3734760	55.1	60.4	86.2
Households consisting of a couple* with children** and other persons	414208	6372182	103.7	103.0	78.1
<i>the youngest aged 0-2 years</i>	375811	6271446	94.1	101.4	84.7
<i>the youngest aged 3-6 years</i>	384939	6187878	96.4	100.0	81.6

* women aged 15-59 years and couples with women aged 15-59 years; ** at least one child aged 0-14 years

The income of households of unmarried mothers (living together with other family members: parents and/or brothers/sisters) are generally higher than those available for mothers living only with their children, because the first ones comprise several employed persons or pensioners. However, if considered the average income per person from household, the situation of households where unmarried mothers are living together with other persons is worse than that of households consisting of single mothers: the average income per person for households comprising unmarried mothers are by 21.2% lower than those recorded for single mothers. Living together with parents is one of the ways in which unmarried mothers are managing the problems entailed by children growing, meaning both the problems related to children care and surveillance for employed mothers and those related to children consumption expenditure. This also means the worsening of the whole household situation.

The disposable income per person for the households comprising unmarried mothers were, in 2002, by 39.0% lower for the households where unmarried mothers were inactive or unemployed as compared to the households with employed mothers.

The average disposable income per household are also higher for the households consisting of a couple with children and other persons or for those consisting of two or more couples with

children and other persons, as compared to the households comprising only a couple with children. Generally, these are multi-generation households, whose relatively frequent existence is associated, on one side, to the difficulty faced by young couples in having their own dwelling (purchased or rented) and the needs entailed by children growing and, on the other side, by the need to take care of elderly persons.

4. Social protection of employed mothers and families

The Romanian system of social protection includes a set of instruments for the protection of mothers and of families with children: cash benefits, social services and legal acts meant to support women's right to work, equal chances related to women and men, as well as to prevent violence inside the family.

There are three groups of cash benefits: maternity leave and children care indemnities, family allowances and social benefits aiming to guarantee the minimum income.

4.1. Maternity leave and children care indemnities

The first group of cash benefits address mothers and consists of indemnities granted to the persons included in the public pensions system and other social insurance rights granted during the periods of maternity leaves.

The insured women benefit of:

- Maternity allowance during the childbearing leave (126 calendar days);
- Allowance for child care until reaching 2 years of age (3 years for disabled children);
- Allowance for sick childcare aged up to 7 years of age (18 years, for disabled children, for inter-current diseases).

The allowance for childcare until 2 years of age and the one for sick child care could be optionally granted to father. These benefits could be also granted to step parents, guardians, as well as the persons to whom children were entrusted for growing and education.

The amount of each indemnity is set out to 85% of the average earning achieved by beneficiary during the last 6 months.

The maternity allowance and the one for sick child care are old types of allowances, also included into the social insurance system existing before 1989. The allowance for child care was established in 1990⁵, originally granted till the child reached 1 year of age, accounting for 65% of the salary achieved by the beneficiary mother in the last month before the maternal leave, further extended to 2 years and raised to 85% of the salaries achieved during the last 6 months. According to the most recent regulations, a change in the way of setting up the allowance amount will take place in 2004: its gross monthly benefit will be established to a single level, namely 85% of the gross average salary used for the setting up the state social insurance budget. This change will be in favour of the mothers whose salary is lower than the average salary and a disadvantage for those who have a higher salary than the average.

The expenditure for the payment of maternity and child care benefits accounted for 5.9% of the expenditure from state social insurance budget in 1991, 2.5% in 1995 and 2.1% in 2002.

The draft Government Ordinance on the protection of maternity at work places with high professional risk provides for benefit of maternal risk which is to be granted to all childbearing women or to those who recently gave birth to a child and that carry out an activity under conditions of risk for their health or security, or with repercussions upon pregnancy and breastfeeding, if the employers cannot change their work place or working conditions.

4.2. Family allowances

The second category of cash benefits includes those granted to families with children, as financial support for children care and comprises:

- Child state allowance, having an universal character, granted to all children till reaching 16 years of age (18 years if attending school or being disabled), with same level for each child (except the disabled child, whose allowance is twice as high as the normal one);
- Complementary allowance for families with two or more children, differentiated on three levels, depending on the number of children: two, three, four children and more;
- Newborn child allowance, a lump sum granted only once at the birth of each of the first four live born children, in view to cover the supplementary expenses associated to the child birth.

⁵ Until 1990, employed mothers could benefit of unpaid leave for child care till reaching 3 years of age.

The former system of social allowance, in force till 1989, comprised: (1) child state allowance, granted only to employees, with a different quantum depending on the child rank, the residence area of the family and the salary level of the beneficiary parent (being granted only up to a certain threshold); (2) allowance for mothers with three children and more, granted to all mothers who gave birth and upheld three children or more, with a two levels amount, for three and for four children and more; (3) the birth allowance, granted only once, at the birth of the second and of each further child.

With only few changes related to the differentiation of state child allowance depending on the parents' salary level, this system was kept till 1993. The reform of family allowances system, launched in 1993, established the universal right to state child allowance, granted, with a unique quantum, to all children until reaching 16/18 years of age. The allowance for mother with several children was eliminated in 1995, while in 1997 was established the supplementary allowance for families with two children or more. In 2001, the birth allowance was replaced by the newborn allowance, granted at the birth of each of the first four children (including the first child).

The level of family allowances was relatively high till 1990. In October 1990, the state allowance for a child accounted for 9.1% in relation with the average salary, the one for families with two children– 19.6%, while the state child allowance and the allowance for mothers with several children, granted to families with 3 and 4 children, accounted for 44.2%, respectively 59.1% in relation with the average salary. The allowances granted to a family with three children exceeded three quarters of the minimum salary. The birth allowance accounted for about half of the average salary (44.4%).

Inflation diminished the purchasing power of allowances, while the state child allowance was indexed at wider intervals of time and with lower shares in relation with the prices, and the benefits for mothers with several children and birth allowance were not at all indexed. Thus, in October 1993, the real level of child allowance fell to 31.2% (26.5% in October 1996) of the level recorded in October 1990, while the allowance granted for three children decreased to 19.8% (16.3% in 1996). The ratio between the allowances granted to families with one child and to families with three children, on one side and the net average salary, on the other side, also decreased to 5.5%, respectively 16.9% in 1993 and to 3.7%, respectively 11.2% in 1996.

The four times increase in the state child allowance and the introduction of the supplementary allowance for families with several children entailed the increase in the real level of family allowances in 1997, so that in October 1997 the real level of the allowance accounted for 41.0%

of the level recorded in October 1990 for families with one child and 38.7% for the families with three children.

The state child allowance increased in 2000 and then yearly in 2001 and 2002, while the supplementary allowance increased in 1999, being kept unchanged afterwards. In October 2001, the child allowance represented 29.7% of the level recorded in October 1990 and the allowance granted to a family with three children 23,0% (30.0% in October 2002, respectively 21.9%). In October 2002, the ratio between family allowances and the net average salary was 4.5% for families with one child and 16.1% for the families with three children.

The expenditure for the payment of family allowances accounted for 9.8% of the state budget expenses in 1990, 3.0% in 1993, 5.5% in 1998 and 4.7% in 2002.

In 2002, the weight of household income coming from family allowances (child allowance and supplementary allowance for families with children) in households' net income exceeded the level recorded in 1995.

At present, the social Programme of Romanian Government provides for the increase in the state child allowance up to 10% of the average salary till the end of 2004. It was also drafted a Government Ordinance on the social protection of single parent families, providing for the introduction of a specific allowance. This allowance will be granted only up to a certain threshold of households' net income, with different quantum, both of them depending on the number of children.

Table 8
Share of family allowances in households' net income

	- percentage -	
	<i>1995</i>	<i>2002</i>
Total households	1.4	2.1
Households with at least one child aged 0-14 years	2.9	4.5
<i>of which:</i>		
- with a child aged 0-14	1.8	2.9
- with two children aged 0-14 years	3.4	5.1
- with three children aged 0-14 years	5.5	8.9
- with four and more children aged 0-14 years	8.3	14.8
Households consisting of single mothers with children	4.3	6.3
- employed mother	4.0	5.7
- unemployed or inactive mother	5.3	8.3
Couples with at least one child aged 0-14 years	3.0	4.7
<i>of which:</i>		
- the youngest aged 0-2 years	3.4	5.3
- the youngest aged 3-6 years	3.7	5.7
<i>out of total couples with at least one child aged 0-14 years:</i>		
- none of spouses employed	5.2	8.8
- wife employed, spouse unemployed	3.9	6.2
- spouse employed, wife unemployed	3.8	5.6
- both spouses employed	2.5	4.0

4.3. Minimum guaranteed income and associated benefits

The third category of cash benefits granted to families, including to those with children, are the benefits included in the schema of minimum guaranteed income. In accordance with the schema introduced in 2002, the families obtaining income below certain thresholds, which differ depending on the number of family members, receive social benefits meant to complete the income up to the established threshold, as well as social benefits for covering the expenses related to the heating of dwelling.

4.4. Tax credit

The children (or other family members) upholders benefit of an increase by 50% in basic tax credit, for each upheld person. At the same level of gross income, this obviously means lower taxes and higher disposable income for children upholders, as compared to persons who are not children or other persons' upholders.

4.5. Social services

Children are benefiting of free medical assistance and education under the public system. The system of social services also includes the services of small children care in nurseries (up to 3 years of age) and kindergartens (for children aged 3-6 years), thus allowing for parents employment (both mother and father).

The number of children in nurseries decreased during 1991-2002 to almost a quarter of those enrolled in 1992 (13195 children in 2002 as against 47239 in 1990). The decrease was entailed to a certain extent by the fall in the number of children aged 0-2 years. At the same time, the rate of enrolment in nurseries also decreased (from 4.3% in 1990 to 1.8% in 2001 and 2.0% in 2002), especially as consequence of introducing the benefit for child care till two years of age⁶. The fall in the demand for children enrolment in nurseries is also related to the difficulty of paying parents contribution, whose amount is relatively high.

⁶ In 2002, the average number of mothers benefiting of paid leave for child growing was 51207.

The number of nurseries fell from 840 in 1990 to 288 in 2002, while their capacity decreased from 76944 to 14858 places. The diminution was mainly determined by the decrease in demand, but also by the deficit of resources needed in view to ensure nurseries functioning, whose administration and financing are under the responsibility of local authorities.

The number of children enrolled in preschool education also diminished, from 752141 in 1990 to 629703 in 2002, mainly as consequence of the fall in the number of children from the age group 3-6 years. The enrolment rate for children belonging to this age group increased from 54.3% in 1990 to 65.5% in 2001 and 71.0% in 2002, particularly due to the compulsory character of school preparation year. The rate of children enrolment in kindergartens is, however, relatively low, a fact that could be also explained by the difficulty of paying parents contribution, corroborated with lost jobs and fewer opportunities for parents (especially mothers) employment, as well as by early retirement of grandparents.

The number of kindergartens decreased from 12529 in 1990 to 9547 in 2002, while kindergartens capacity diminished from 744351 to 650302 places.

5. Child poverty

Child poverty was estimated by the ratio between the number of children in poor households and the total number of children, in all households and in each household category.

Poor households were identified in relation with the threshold of 60% of the average consumption expenditure per equivalent adult⁷. The threshold established for 1995 amounted to 57135 lei monthly per equivalent adult and 154262 lei per household consisting of two adults and two children, 736535 lei, respectively 1988644 lei in 2001, 965109 lei, respectively 2605794 lei in 2002. Poverty threshold has a relative value, as it is calculated based on the household distribution by the level of consumption expenditure of each year. Under these conditions, the threshold level varies in the same sense with the evolution of consumption expenditure general level.

⁷ In view to ensure the comparability of households consumption expenditure recorded in various months of each year, they were deflated with the consumer price indices of each month as against January, so that the expenditure of all households surveyed during a year were recalculated with the prices of January. The adjustment of consumption expenditure, in view to ensure the comparability of households with different size and composition, was carried out based on an equivalence scale, built up in view to reflect the current peculiarities of Romanian population consumption structure, on the basis of formula: $AE = (A + 0,5C)^{0,9}$.

Thus, in real terms the threshold established for 2002 is by 16.2% lower than the threshold established for 1995 and by 1.9% higher than that established for 2001.

Poverty incidence is higher among the households with children as compared to all households: in 2002, poverty rate was 16.1% for all households and 20.4% for the households with children, while the weight of persons in households with children below the poverty threshold in total poor population was 62.2%.

Child poverty rate (0-14 years) was 20.8%, meaning that more than one out of five children were living in households whose consumption expenditure are below the threshold.

Poverty incidence was higher among the children from single parent households as compared to those from households consisting of a couple with children (17.5% as against 15.9%), being however much higher among children in households consisting of couples with children and other persons (29.3%), as well as in those consisting of several couples with children (30.0%).

Table 9
Child poverty rate, by type of household

	- percentage -		
	<i>1995</i>	<i>2001</i>	<i>2002</i>
<i>Total households</i>	16.2	18.8	20.8
<i>Single parent households</i>	13.1	16.0	17.5
- <i>employed parent</i>	10.0	12.9	13.4
- <i>unemployed or inactive parent</i>	21.5	24.1	28.3
<i>Single mother's households</i>	14.1	15.0	16.7
- <i>employed mother</i>	10.8	11.5	11.6
- <i>unemployed or inactive mother</i>	22.3	24.3	29.4
<i>Households consisting of a couple with children</i>	10.8	15.0	15.9
- <i>none of spouses employed</i>	33.7	34.8	41.2
- <i>wife employed, spouse unemployed or inactive</i>	15.7	13.2	19.2
- <i>spouse employed, wife unemployed or inactive</i>	11.9	16.8	15.5
- <i>both spouses employed</i>	7.9	11.1	12.3
<i>Households consisting of a couple with children and other persons</i>	26.2	26.3	29.3
<i>Households consisting of two or several couples with children</i>	21.8	27.6	30.0

Almost half (46.8%) of total number of poor children belonged to households consisting of a couple with children, 2.5% – to single parent households, 28.4% – to households consisting of a couple with children and other persons and 15.6% – to households consisting of several couples with children.

Poor children prevail among those with unemployed or inactive parents, as compared to those with employed parents: 28.3% as against 13.4% for single parent households and 41.2% as against 12.3% for households consisting of a couple with children. Poverty risk is also higher for

the households consisting of couples where only mother is employed, as compared to those where only father is employed.

Poverty rate increased in 2001 as compared to 1995 and in 2002 as compared to 2001, both as a whole and among children, meaning an increase of inequality, the increase of the number of persons and children from households whose consumption is at a certain distance from the level defining general welfare every year.

Obviously, child poverty is linked, to the highest extent, to the occupational status of parents, being less frequent among the children with both parents employed than among children with only one parent employed and particularly among children with both parents unemployed or inactive. The low level of earnings and/or the number of household members (especially of upheld children) also represents risk factors, proved by the poverty is higher in households with unemployed persons.

Though having a low level and a modest contribution to households' income formation, family allowances significantly contribute to the diminution of poverty incidence, entailing higher resources for a part of households with children, over the poverty threshold. Family allowances mean by 21.4% (over 220000) less poor children as compared to the situation of their absence: by 34.2% in single parent households and by 25.5% in households consisting of a couple with children.

Table 10
Child poverty rate, by type of household
(without family allowances)

	- percentage -		
	1995	2001	2002
Total households	20.6	25.7	26.4
Single parent households	19.4	25.7	26.6
- employed parent	14.6	21.4	20.5
- unemployed or inactive parent	32.2	37.0	42.7
Single mother households	21.5	25.0	26.3
- employed mother	16.4	19.6	18.8
- unemployed or inactive mother	34.0	39.4	44.7
Households consisting of a couple with children	15.2	22.3	21.4
- none of spouses employed	42.3	44.9	48.3
- wife employed, spouse unemployed or inactive	20.7	23.1	24.4
- spouse employed, wife unemployed or inactive	17.7	26.1	22.2
- both spouses employed	11.1	16.5	16.9
Households consisting of a couple with children and other persons	31.2	32.4	36.2
Households consisting of two or several couples with children	24.6	32.3	34.1

6. Future developments

The gradual absorption of active persons' poverty and eradication of child poverty are two of the strategic priority objectives on medium and long term included in the National Plan of fighting against poverty and promoting of social inclusion (NAPincl.), approved by Romanian Government in July 2002.

In view to achieve these objectives, NAPincl provides for a stronger support for families with children, by increasing the quantum of state child allowance and diversifying the ways of supporting families with children with high vulnerability risk (families with several children, single parent families etc.); also, wider opportunities to participate in small child care (beginning with 2 years of age), generalisation of children attendance of compulsory preschool education and of all levels of education for children coming from deprived areas are also foreseen⁸.

The core prerequisite for reducing child poverty is the increase of parents' earnings, which can be achieved in the general context of economic growth. This goal could be reached by increasing the high quality employment, with jobs and activities ensuring proper and equitable compensation of work. NAPincl underlines the importance of economic growth as critical factor for poverty absorption, while employment stimulation and sustainability is one of the streamlines aiming at poverty diminution.

The economic growth process was resumed in 2000, an year when the GDP increased by 1.6%, and continued in 2001-2002, with growths of 5.7%, respectively 4.9%. For 2003, a growth of 4.8% is expected. The National Plan for Romania's Development during 2002-2005 and the Pre-Accession Economic Programme (PAEP) provide for a sustainable economic growth, with annual rates over 5% during 2004-2006⁹.

The economic growth will make possible the increase in the general living standard. The macro-economic forecast on which PAEP was based envisages an annual average growth rate of actual individual consumption of population households of 3.9% and the annual average increase in real salary earnings by 4.4%.

In accordance with PAEP, the economic growth will be achieved under conditions that will be also favouring the increase in employment, especially in the number of employees: relaunching investments¹⁰, revitalisation of industrial production (especially manufacturing) and construction, changing exports structure in favour of highly processed products, development of small and medium enterprises and improving the competitiveness and the business climate.

⁸ Romanian Government– Commission for fighting against poverty and promoting of social inclusion, *National Plan of fighting against poverty and promoting of social inclusion*, Bucharest, July 2002

⁹ Romanian Government, *Pre-accession Economic Programme*, Bucharest, August 2003

¹⁰ An average annual growth rate of 11.1% for the gross formation of fixed capital is foreseen during 2003-2006, while foreseen investment rates are 23.8% of GDP in 2004, 24.5% in 2005 and 25.3% in 2006.

The employment and the occupational structures will be also determined by the continuation of economic restructuring, by developing competitive industrial branches and sub-branches, restructuring and modernising the energetic sector, reconfiguring the agricultural holdings and rural development, developing the communication and IT services, the tourism and social services, upgrading and developing the infrastructure.

The macro-economic forecast envisages the improvement of employment parameters during 2004-2006: increase in active and employed population, as well as in the number of employees¹¹; increase in the population activity and employment rate; decrease in unemployment rate; reducing the weight of population employed in agriculture.

Obviously, the continuation of privatisation and restructuring processes will entail new pressures upon the labour market, as the redundancies associated to the narrowing of non-viable units activities will still affect part of the labour force, thus increasing the number of those finding a job with difficulty.

The policy of increasing employment, set up within the National Plan for Employment, envisages certain measures for stimulating the creation of new jobs, labour force vocational training and reconversion, as well as the development of the network of employment agencies and institutions.

In view to stimulate the creation of new jobs, the diminution of labour cost is envisaged, by lowering the taxes on salaries and the social contributions. The measures for stimulating employers in view to hire unemployed persons (by jobs subvention, granting credits under favourable conditions for the creation of new jobs and other facilities), those aiming at the sustainable development of small and medium enterprises, facilitating the initiation of a new business, stimulating self-employment, financing investments in public works are acting in this sense. The effective implementation of regional development policy will represent a major factor for the creation of new jobs in the deprived areas, while rural development, focusing on the development of industrial type activities, infrastructure and services, will offer an alternative to the low rewarded employment within subsistence agricultural holdings.

¹¹ PAEP provides for the increase in employment by 0.7% in 2004, by 0.6% in 2005 and by 0.5% in 2006; the number of employees will increase by 0.5% in 2004 and by 0.7% both in 2005 and in 2006

Employment policy puts a special stress on:

- the labour force vocational training, in accordance with the labour market requirements, by modernising the vocational and technical education and by developing the system of continuous vocational training;
- the development and effective functioning of employment agencies (information and consulting activities on career, labour market intermediation etc.);
- the development of information system on labour market;
- stimulating the occupational and geographical mobility of labour force;
- motivating the unemployed to return to work (by increasing the minimum salary and the eligibility conditions from social protection system).

Ensuring equal chances for men and women on the labour market is one of the pillars of the employment national strategy. The implementation of measures for ensuring equal chances on the labour market will favour women employment, implicitly mothers employment, influencing families and children's well being.

