Social impact of COVID-19 pandemic on vulnerable populations in Romania

Covering period until January 2021

Overview of findings from high frequency household and community surveys
Package of qualitative and quantitative monitoring to assess social and economic impacts with an inclusion lens.

Objective

• To provide rapid pulse assessments of how the COVID-19 crisis feeds into household living conditions, employment of household members, education of kids, access to healthcare services and behaviors;

• To provide a snapshot of firm revenue and employment impacts.
Following accession to the EU, Romania has seen high economic growth and declining average poverty rates.

However, poverty rates are the highest in the EU, and within Romania, substantial divergence in living conditions can be seen.

Poverty rates were six times higher in rural areas compared to cities in 2019, and in some Northeastern counties they are ten times higher than in Bucharest.

Pandemic related restrictions on work and shifts in remittance patterns fed into income drops that have deepened existing inequalities

Low wage workers most heavily affected through employment channels during both waves
- In wave 1, lower earning workers saw 26% drop in working vs 8-9% drop for higher wage workers.
- In wave 2, employment, hours and income impacts have been more limited, but greatest for lower-wage workers.

Most vulnerable populations more heavily affected:
- Older and younger workers, women, those with non-standard contracts and self-employed more affected (quantitative data)
- Roma populations and returnees also heavily impacted (qualitative data)

Work stoppages were temporary for most...
- ...but the longer-term impacts (and the persistence of the impacts) of the persistent crisis appear to affect the most vulnerable the most.

Rapid mitigating measures (technical unemployment, kurzarbeit) reduced impacts among formal workers – but left informal workers less protected.

Proportion of individuals working in February who were able to continue working (%)

Source: World Bank Pulse Survey; March from Wave 1 and April – August from Wave 2. In wave 1, households in March were asked if they continued their work from February while in wave 2 respondents were asked if they worked for at least one hour at the end of February, April, May, June and in the last 7 days. Lower wage workers are those in the bottom 30% of the wage distribution, mid-wage are those in the middle 40% of the wage distribution while higher wage workers are those in the top 30% of the wage distribution.
Share of those at risk of poverty increased substantially in May and remained slightly above pre-crisis levels during the second wave.

Increase in poverty breaks the trend of declining poverty rates in urban and rural areas.

Vulnerable households found it significantly harder to make ends meet, an impact that has persisted.

Food security remains a concern in marginalized rural areas and communities with large Roma settlements.

Rise in number of households in debt or taking loans.

Most common coping strategy is to reduce non-food consumption, but reductions in food spending clear among poorer segments.
Government support moved quickly to reduce impacts of work stoppages. While initial measures targeted formally employed, additional measures aimed to reach more vulnerable pockets.

- **Support moved quickly through formal employment channels:** 26% of households with working members in February received support in August, compared to 6% without working members.

- **In August,** better-off and urban households more likely to receive technical unemployment. By December, evened out somewhat as additional measures targeting day laborers and seasonal workers reached more vulnerable groups.

- **Technical unemployment more likely received by lower and mid-wage earners.** However, top-20 households have more workers - raising receipt of this support by these households.

- **Limited indication of expansion in social assistance support** — raising concern about gaps for populations that don’t have access through employment-targeted programs.
Women are disproportionately engaged in jobs that are being hit the hardest by the COVID-19 outbreak – both as essential workers and in heavily impacted industries.

Vulnerable women are more likely to be engaged in less secure forms of employment and more likely to be dismissed first (QS, 2020).

Women already shouldered most of household chores and caring activities before the pandemic and the burden increased with school closure.

Source: Eurostat LFS 2019 (lfsa_egan22d); World Bank computations.

Note: Women ages 15 to 64.
Health disruptions were mostly temporary but highlighted a preexisting urban-rural divide

The first wave of the pandemic gave rise to delays in consultations, treatments and monitoring.

The crisis affected the provision of health services, especially in the most vulnerable communities (who have poorer underlying health status, more limited access to care, and less opportunity to practice social distancing).

Preexisting low quality and utilization of health and social services, especially in rural areas. Gaps appear to have declined in COVID-19, driven by greater declines in urban areas for services that rural areas did not fully receive.

Local initiatives taken to ensure continuous availability of medical services.

Source: Eurostat
School disruptions affected all and have disproportionately affected children in rural areas and from poorer backgrounds.

Equitable access to quality education was Romania’s major challenge before the pandemic, with a strong urban-rural divide and socioeconomic disparities (childcare, early school leaving, underachievement, and early school leaving).

Learning loss among children is likely to affect those in poorer households more – but not only. Share of functionally illiterate students may increase by up to 10 percentage points (from 41 to 51 percent of 15-year-olds*).

Schooling challenges are fueled by a strong IT divide among children, adults, and between communes

The pandemic highlighted a preexisting urban-rural IT divide, with lower quality of access to technology and more limited digital skills in marginalized settlements, rural areas, and less educated / poorer households.

Vulnerable children less likely to have access to adequate equipment needed for distance learning – but a clear and marked shift has occurred over time. 40% of parents in poorer households state the need for IT equipment support for home schooling.

Structural inequalities constrained the supply side: integrating digital technologies into the education process raised several practical questions on the level of the school system’s preparedness to function online, especially in disadvantaged communities.

<table>
<thead>
<tr>
<th>IT equipment access by point in income distribution</th>
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<tr>
<td>100%</td>
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<tr>
<td>24%</td>
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</tbody>
</table>

Poorest 40% Better off 60%

Apr-June, 2020

Poorest 40% Better off 60%

Dec-Jan, 2021

- Computer
- Tablet, no computer
- Smart phone
- No equipment
Pandemic has had an impact on social cohesion and trust in institutions.

Access to information was widespread and not considered problematic.

But access to opportunities and services remained concentrated in larger urban centers.

Marginalized populations felt that the institutions failed to provide viable solutions to their concerns other than safety against COVID-19 transmission.

Raising tensions between Roma and non-Roma.

Social cohesion was reinforced in some cases.
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Household Pulse
15 - 20 minute phone survey to capture impacts of COVID-19 on household well-being and policy uptake

Wave 1 early to mid-May employment and income
- Employment and income effects – Ability to meet basic needs
- Household structure, education
- Social protection and program uptake

Wave 2 early August education, health, behaviors
- Education: learning at home, resources, difficulties
- Health: access to health services
- Behavioral shifts — reopening shifts
- Employment impacts, income (lighter) – perceptions

Wave 3 October/November employment and income, education
- Follow-up from wave 1
- Return to school
- Supplementary support from schools
- Preventative behaviors to avoid uptick in transmission

Wave 4 December/January education, health and behaviors
- Follow up from wave 2
- Return to school
- Supplementary support from schools
- Preventative behaviors to avoid uptick in transmission

2 more waves are planned...
Overview of survey
Sampling approach, sample captured

**WAVE 1/2/3**

<table>
<thead>
<tr>
<th>Sample size</th>
<th>1502 households (Wave 1); 2241 households (Wave 2); 1518 (Wave 3)</th>
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<tbody>
<tr>
<td>Sample frame</td>
<td>A list of mobile and fixed phone numbers from the main telecom providers: Orange, Vodafone, Telekom and Digi with private subscribers and pre-paid users.</td>
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<tr>
<td>Sampling</td>
<td>Stratified and random sample. The strata criteria (based on INS data from TEMPO online, on 1 January 2020): economic development regions of Romania (8); counties (42); type of residence (4 - urban &gt;100k, urban 10-100k, urban &lt;10k, rural)</td>
</tr>
<tr>
<td>Respondent selection</td>
<td>Knowledgeable of household finances and/or one of the main breadwinners Administered only to those &gt;18.</td>
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<td>Timing</td>
<td>May 6th to May 19th 2020 (Wave 1; Panel 1 – Round 1); July 27th to August 17th 2020 (Wave 2; Panel 2 – Round 1); Oct 10th to Nov 12th (Wave 3; Panel 1 – Round 2)</td>
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<tr>
<td>Partner</td>
<td>Metro Media Transilvania</td>
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Going forward, we have a better sense of gaps – but are concerned about persistence of the crisis since coping strategies are likely to be shakier.

Support to households has thus far been primarily through labor market channels.

Despite some gaps, support has been reaching those in need. Gaps related to self-employed and non-standard workers have been gradually addressed.

Social transfers that may be more likely to benefit households in the bottom 40% have been less generous than labor market support – and uptake has not clearly risen. No clear problems on service delivery however.

As wave 2 of COVID continues and persists, we’re expecting to see rising shares of households reporting declines in income and falling into arrears.

Since the package of support has become less generous over time – while being expanded to some groups of non-standard workers – we expect to continue to see sizeable income impacts but that coverage gaps in employment gaps will be closed – assuming that these programs are known and easy to apply for.