During 2015-2020, economic growth translated into a substantial decline in poverty. Poverty ($6.85) declined from 27.8 percent in 2015 to 10.7 percent in 2020. However, poverty rates remained high compared to countries with similar income levels, and the process of institutional convergence with the EU remains incomplete. The poor functioning of institutions is at the root of Romania's dual development, with 75 percent of the poor living in rural areas. Given the high prevalence of categorical programs, social transfers are ineffective in reducing poverty.
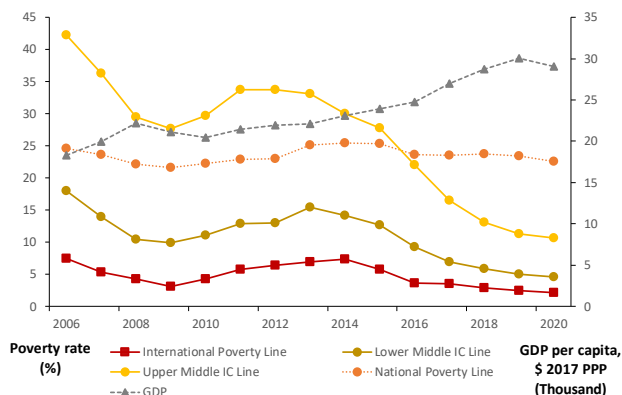
Inequality continues to be stubbornly high, with the Gini index of equivalized disposable income reaching 34.3 in 2020, the fourth largest in the EU. This reflects that prosperity has not been shared equally. The country has experienced a small shared prosperity premium (1 percent), and the bottom 40 is largely disconnected from growth drivers, given their limited access to productive jobs. Close to half of the people in the bottom 40 percent of the income distribution do not work, and another 28 percent are engaged in subsistence agriculture. The at-risk-of-poverty rate remains among the highest in the EU, reaching 22.6 percent in 2020. Social disparities have also been widening, and vulnerable groups, including the Roma, still live in precarious living conditions. The gender gap in labor force participation is the largest in the EU.

In 2022 and 2023, rising food and energy prices are expected to increase energy poverty and affordability, especially among the poor and vulnerable, who spend a larger share of their budgets on food and energy and have limited ability to cope with rising prices. The government measures may have helped cushion some of the impacts, but targeted income support measures remain limited, and the fiscal space is constrained. The government response has focused mainly on price caps on electrical and gas prices and other temporary measures. Preliminary results from microsimulations show that international poverty ($6.85) can increase by up to 1 percentage point due to higher food and energy inflation in the short term. Still, second-order effects are of a larger magnitude.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	4,367.2	22.6	2020
International Poverty Line 4.3 in Romanian Leu (2020) or US$2.15 (2017 PPP) per day per capita	423.0	2.2	2020
Lower Middle Income Class Poverty Line 7.3 in Romanian Leu (2020) or US$3.65 (2017 PPP) per day per capita	898.6	4.7	2020
Upper Middle Income Class Poverty Line 13.8 in Romanian Leu (2020) or US$6.85 (2017 PPP) per day per capita	2,061.5	10.7	2020
Multidimensional Poverty Measure		0.1	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		15.29	2015-2020
INEQUALITY			
Gini Index		35.2	2020
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.06	2015-2020
GROWTH			
Annualized GDP per capita growth		3.96	2015-2020
Annualized Income Growth per capita from Household Survey		14.23	2015-2020
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		14.23	2015-2020

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.
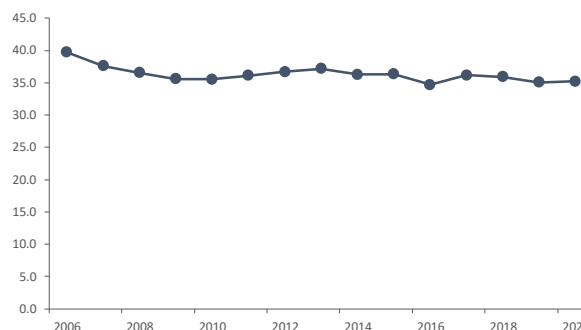
POVERTY HEADCOUNT RATE, 2006-2020

Poverty rate (%)		GDP per capita, $ 2017 PPP (Thousand)

- ■ International Poverty Line
- ● Upper Middle IC Line
- ▲ GDP
- ● Lower Middle IC Line
- ○ National Poverty Line

Source: World Bank using EU-SILC/ECAPOV/GMD

INEQUALITY TRENDS, 2006-2020
Gini Index

Source: World Bank using EU-SILC/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2020	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	96	4	26	74
Rural population	80	20	60	40
Males	89	11	40	60
Females	90	10	40	60
0 to 14 years old	82	18	54	46
15 to 64 years old	89	11	39	61
65 and older	96	4	33	67
Without education (16+)	60	40	83	17
Primary education (16+)	81	19	72	28
Secondary education (16+)	90	10	42	58
Tertiary/post-secondary education (16+)	96	4	17	83

Multidimensional Poverty Measures: 2018	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$2.15 per person	0.0
Education	
At least one school-aged child is not enrolled in school	1.8
No adult has completed primary education	0.2
Access to basic infrastructure	
No access to limited-standard drinking water	1.0
No access to limited-standard sanitation	18.0
No access to electricity	0.1

Source: World Bank using EU-SILC/ECAPOV/GMD

Source: World Bank using HBS/ECAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Following the European Union standard, the national poverty line in Romania is set at 60 percent of adult equivalized median disposable income after social transfers.

The World Bank's international poverty rates are based on an absolute threshold that reflects how the world's poorest countries define a minimum threshold of living standards, adjusted for purchasing power parity (PPP) and for national inflation. In 2022, the 2017 PPP was adopted to reflect changes in prices across the world.

The Multidimensional Poverty Measure captures a broader assessment of wellbeing, beyond monetary poverty. This index describes the share of people who are considered multidimensionally deprived and parallels the headcount measure used for global poverty monitoring (the poverty rate).

For the purpose of the World Bank Global Poverty Monitoring, regional and global aggregates are produced using consumption. Both income and consumption poverty trends can be found in Povcalnet.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.

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