



# Journal of Community Positive Practices

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**Adrian Marcel IANCU**

*Drug Consumption and The Efficacy of  
the Public Policies*



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Ioannis PARCHARIDIS**

*Monitoring and Evaluation of the Social  
Economy*



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ASSOCIATION FOR SOCIAL AND ECONOMIC DEVELOPMENT AND PROMOTION  
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# DRUG CONSUMPTION AND THE EFFICACY OF THE PUBLIC POLICIES

Drd. jurist Adrian Marcel IANCU\*

*Abstract: The connection between drug consumption, as social phenomenon with important consequences on the community and the public policies which address this phenomenon is reflected in the legislation which must be adapted and modified so that the drug addicts are not excluded socially may have equal access to the social services, to education and job opportunities. Although the public opinion often expressed its support for the hard repression, of drug addicts' isolation, most of the specialists consider that the social reaction towards this category of people is fuelled by repressive conceptions totally disproportional in relation with the manifested social danger. The social stigma is reflected equally in the policies which treat these people as irrecoverable offenders; in any penal legislative system there is a need for balance between punishment and treatment, control and care, shame and rehabilitation, the main purpose of a penal code being the social control. The success or failure of the penal policy is due to the "socialisation" of the offender rather than to its "moralization". This new manner of sanctioning and social reintegration of the delinquents, represented mainly by the European models of probation and by the alternatives to imprisonment for the drug addict delinquents, achieves a real transfer not just of the possibility of action, but also of the responsibility towards the civil society which thus becomes the main actor in ensuring its security.*

*Keywords: penal policy, drug addiction, bodies, crime, treatment, probation.*

Drug consumption is one of the most dramatic social problems confronting the contemporary societies. Considered by most manuals of criminology and sociology of deviancy as a "crime without victims", which brings no prejudice to the society, in its whole, rather to the addicted individuals, drug consumption is an acute social

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problem which affects the health of a nation, increasing the costs with social and medical assistance and contributing to the amplification of other social problems.

Drug consumption is therefore a great social problem which has, on the long-term, economic, legal, criminological and medical consequences. Medico-psychologically, drug consumption determines the dependency of the individual on the substances used to obtain disinhibiting effects on the central nervous system or to avoid the pain due to the withdrawal syndrome (stopping drug consumption).

Socially, drug consumption has adverse consequences on the productive and reproductive potential of the society members, as well as on their health state.

The distance between the individual sufferance cause by the drug addiction and the social environment of the drug addict increases in time and usually, the individual is deprived of all social support. It appears because of the losses he/she might be confronted with, such as the loss of a close family member, because of the poor school performance, of being excluded from the circle of friends, due to the loss of the job and due to the deterioration conditions of living. After drug addiction develops as a reaction to the sustained losses, the individual continues to lose as the social support of the parents or of the family members vanishes. All these major losses of social support prevent the individual from making an effort to give up addiction and, implicitly, social exclusion.

The individuals exposed to social exclusion, which can be considered a disadvantaged social group, can be classified in several sub-groups function of their origin (poor families living next to drug addicts or drug dealers, homeless people, immigrants, unemployed, children and adult people in conflict with the law, children who dropped out of school or who ran away from home, children whose parent are working abroad etc.). The activities for drug addiction prevention and social exclusion prevention targeting the drug addicts and their social rehabilitation and reintegration must hold a special place within the efforts of prevention and intervention.

Social exclusion, as well as the exclusion from the family and from the circle of friends, is a vicious circle of addiction for the addicted people. Irrespective whether it is an individual with problems, a homeless person or a street child, the society must recognise that each individual is an important person for the society and that it has the right to assistance and services for education, employment and social benefits, in order to go beyond/solve his/her problems. The public conscience must have a strong position on this issue.

It is important that the legislation is adapted so that the drug addicts are not socially excluded, have equal access to the social services, to education and to job opportunities.

## ***1. Society protection – the main objective of the correctional system***

The exponential increase, during the recent years, of the crime phenomenon, despite the sustained efforts of the state and civil society, is a real danger to the social development and affects the right of the citizens to live in security.

Worldwide, the official statistics show important increases of the crime rate, as well as increasing efforts to cope with it, both at the state level and particularly at the community level. Although the police structure continue to be essential in the control and prevention of crime, the citizens and communities should become increasingly visible in the complex field of social order and increasing the quality of life.

Punishment is nothing but a measure to reject violence, crime, so that the harmful action causing damage is followed by another action which reprimands that evil, and this is done by what we call punishment. Thus, there is an indissoluble relation between crime and punishment, the punishment being the main and immediate means to fight the crime. Because the penal law makes explicitly such a connection between crime and punishment, it means that we are in the presence of binding legal dispositions and, therefore, any time crimes are done, the punishment stipulated by the law must be applied. Thus, the punishment being linked to the crime, is the main and compulsory means of preventing and defence against crimes and criminals, reason why the punishment is not considered a mere “reaction” or a manner of “control” related to crime and criminals, manifested by the society.

Generally, the philosophy of the penal right didn't contest the right of the society, of the state, to punish the culprits, this right being denied by some thinkers in the 19<sup>th</sup> century. The research on the grounds of the right to punish yielded several conceptions which, in time, tried to answer one of the most important problems of the penal right science.

This road, taken by the concept of the right to punish, from the primitive form of punishment, which was the revenge, to the most advanced form of punishment applied in state institutions, based on the principles of legality, individuality etc., are the history of the notion. The character of the punishment or of the right to punish in each epoch reflected the physiognomy of that particular period. If the society, the state, has the right to punish the delinquent, the problem is to determine the philosophical-legal and moral grounds for this right.

## ***2. Case studies regarding the public policies for crime prevention and to ensure citizen safety***

The state, as emanation of the human society, in its quality of social-political organisation, has the duty “by its *consistency and authority* to achieve the maximum



of social order”<sup>1</sup>, „the supremacy of the *fundamental principle of order*” being found in all the harmony of the universal world order<sup>2</sup>.

The functioning of the democratic state of the right cannot be conceived without an adequate normative framework, but with the frequent disturbance of the public order and peace; the prevention of the internal risk factors is one of the sides of the public order system which differentiates a democratic state from a totalitarian state. In the democratic state, the prevention and control of the actions “disturbing” the public order must become a kind of political right of the responsible citizens, able to understand and commit themselves, by free will, to the protection of their fundamental values; in the totalitarian state, the domestic safety and the public order do not protect the interests of the bulk of population, rather those of a leading minority, which has no interest to get involved in defending societal objectives which are strange to it.

The state power has a social character, it manifests between people and is achieved in relation with the people, character which explains its establishment, content and functions. It appeared as a power of some social forces and it was used to consecrate and protect the interests of these social forces, including by coercion (even state coercion) against those who don't obey – defining element for the state power.

Hence, the state, as guarantor of the right and liberties of its citizens, must take all measures necessary to ensure their public peace and safety. These measures differ from one state to another and even according to the threats to which its citizens are exposed. It is unanimously accepted that drug traffic and consumption is a component of crime and a real danger to the citizen.

The states develop more or less efficient strategies to control or reduce the crime, but most time the efficiency of these policies is poor. The cases of these failures are varied, starting from the elaboration of policies which are not correlated with reality and ending with the lack of financial means needed to enforce these laws.

In general, the states are deficient in this matter because of the incoherent policies which don't rely on the everyday realities, on citizen requirements, which don't take into consideration all the existing variables.

At the opposite end, as example of good practice, we can speak of Canada.

Canada elaborated a national strategy for the prevention of crime (SNPC),<sup>1</sup> strategy which is part of the governmental plan of action to control the crime and ensure the safety of the community.

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<sup>1</sup> Lienhard, W. (1935), *Le rôle et la valeur de l'ordre public*, Paris.

<sup>2</sup> Idem.

Managed by a National Centre for the Prevention of Crime (CNPC),<sup>2</sup> from the department of population security, and by partners of the Canadian Public security, and administered in collaboration with the Canadian provinces and territories, SNPC is a strategic framework for the development of interventions for crime prevention in Canada.

CNPC is designated to transpose the strategy (SNCP) into practice and it has activities of leadership, at the national level, in matters of efficient practices for the prevention and reduction of crime, acting on the known risk factors. This structure supports the implementation of efficient crime prevention procedures both within the small communities, and at the national level.

It works in close collaboration with the partners and actors from the Canadian provinces and territories, to develop and implement programs focused on the specific problems of the crime. CNPC supplies instruments and support for the development of initiatives to prevent crime offences at the local level.

One of the directions of action of CNPC,<sup>3</sup> according to the relevant national strategy, is the prevention and reduction of the crime offences associated to the drugs at the level of the risk groups.

The correlation between the addiction on alcohol and other drugs and delinquency is well established, the role of the early consumption of alcohol or of other drugs for the delinquent behaviour substantiating the need for early prevention and intervention measures among the young people. To solve this problem, CNPC focused on projects relying on experiences related to the prevention and reduction of the crime offences among the people from groups exposed to risk, such as:

- *Children aged 7-12 who started to consume illicit substances and to display an antisocial behaviour.* Individualised and integrated interventions will be developed together with the schools and with the participation of the families, with the purpose to prevent the risks of abusive consumption and to reduce the associated antisocial behaviour;
- *Teenagers aged 13-17 who consume alcohol or other drugs and who are at risk of displaying delinquent behaviour.* CNPC, in partnership with the schools, the Canadian Republican Guard and the local police stations, as well as in partnership with the social services, acts to identify the young people exposed to the risk and to refer them to proper services, to develop and implement individualised and integrated interventions intended to alleviate their impulse to commit offences, to consume alcohol or other drugs.

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<sup>1</sup> <http://www.securitepublique.gc.ca/prg/cp/ncps-fra.aspx>.

<sup>2</sup> <http://www.securitepublique.gc.ca/prg/cp/index-fra.aspx>.

<sup>3</sup> <http://www.strategienationaleantidroque.gc.ca/fin-fund/sp-ps.html>.

- *Ex-delinquents, the young and adult drug addicts who are no longer the responsibility of the correctional services.* CNPC works together with its partners in order to develop and implement interventions aiming to reduce the risk of relapsing and to offer aid to the individuals from these groups of risk by measures of social reinsertion.
- *Indigenous people, drug addicts with problematic behaviour.* CNPC invites the autochthonous collectivities to conceive and apply interventions adapted to the cultural particularities, which to respond the particular needs of their indigenous people (both inside and outside the reservations) who have serious problems of consumption and behaviour.

Another example of public policies ensuring citizen safety is, at a much larger scale, the European Union which, by its treaties, aims to ensure the safety of its citizens, including by particularized means such as removal of the causes of danger for human health, drug consumption being one of them.

Thus, the Public Health Program (PHP) for period 2003-2007 aimed to complete the measures of protection and improvement of the public health taken by the member states. The program was structured around three components: *“information on health”, “swift reaction to the “threats to health” and “health promotion by approaching the “determining health factors”*.

Article 152 from CE Treaty<sup>1</sup> establishes the role of the Communities in the field of public health, stating that the community activities aim to *“improve the public health and to prevent human diseases and disturbances, and the causes of hazard to human health”*. These community actions must complete the measures taken at the national level and must observe the responsibilities of the member states for the organisation and supply of health care services and medical care.

The first Public Health Program was adopted for the period 2003-2008, by Decision no. 1786/2002/CE of the European Parliament and European Council,<sup>2</sup> replacing eight programs of action on narrower health care sectors.<sup>3</sup> PHP had three general objectives:

- (a) Improve the information and knowledge with the aim to develop the public health (“information on health” component)

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<sup>1</sup> <http://europa.eu/>.

<sup>2</sup> JO L 271, 9.10.2002, p. 1.

<sup>3</sup> The programs of community action regarding: cancer; rare diseases; diseases due to pollution AIDS and other catching diseases; wounding prevention; prevent drug addiction; health state monitoring; health promotion; health information, education and formation in this field.

- (b) Improve the capacity of swift, coordinated reaction to the hazards to human health (“threats to health” component);
- (c) Health promotion and disease prevention by approaching the determining health factors in all the policies and activities (“determining health factors” component”).

Regarding the total community contribution (engagements in million euro, as percent of the total budget) and the total number of projects for each of the program components, we must say that the financing agreements of PHP are concluded with the project coordinators, who receive a co-financing of up to 60% (in exceptional situation up to 80%) for the costs generated by the project activities. Besides the subsidies for projects, a small part (about 3%) of PHP operational budget will be used for service contracts.

### 3. Conclusions

In conclusion, in terms of the national antidrug strategies, of the doctrine and of the interpretation of the laws and directives, we may observe that in several EU member states the public action against the consumption and/or possession of drugs for personal use seems to rely on:

- a) A stated will to give privilege to the treatment in front of the penal sanctions;
- b) A feeling of disproportion between the convictions to imprisonment and drug consumption;
- c) The perception according to which cannabis is less dangerous to human health than other drugs.

Drug consumption is a pest which spreads through borders and it has to be approached in a complementary manner both at the level of the prevention and control structures, and at the level of the treatment structures which provide services of care and rehabilitation to the drug addicts.

The connection between crime and drug consumption is biunivocal, the drug addicts entering in conflict with the normative system and vice versa.

The *social reaction* to this category of people is fuelled by repressive conceptions which are totally disproportional with the social danger manifested by these people. The public opinion has often pronounced in favour of the hard repression, to isolate these people, but this attitude is probably just the reflex of the false beliefs that these individuals can no longer be recovered socially and that there are no prospects for reintegration. The change of mentalities and attitudes depends, largely, on the force of underlying beliefs, which are function of the collected and accepted information and, of course, of the own actual experience, or prejudices. This is why, a correct

information of the public opinion and of the authorities about the real causes of this type of crime, as well as about the fact that most of these people are in no way different from other people, considered to be socially normal, might certainly transform the wrong behaviour orientations into a perception of the phenomenon which fits the truth and the good sense. For these reasons, making the public opinion aware to evaluate in a correct manner this phenomenon and its consequences, to value all human beings and to observe the inalienable human rights is of great importance.

If criminological, the assertion that there is no prevention without repression is fundamental for the entire problem of crime offences within a society; its enforcement to the delinquent drug addicts is not justified. The schemes describing and interpreting the process of passing to crime acts, in their case, on the one hand, and the general context of the criminality, on the other hand, are different.

The criminal path of the drug addict differs both as scope and as social mechanisms which can limit the probability to commit a crime offense. In the attempt to explain the process of getting to commit a delinquency, we need to highlight two important differences. The first one refers to the inequality of the social offers as elements preventing crime. The drug addicts are the least disputed category, at least in the media, within the entire efforts of the society to prevent social insecurity. The social alternatives (social protection services, special institutions for recovery etc.) either are improper to the context, or completely insufficient, while the low preoccupation of the authorities to decrease their number defies the seriousness of the phenomenon.

The second difference regards the segment which defines the criminal context: the drug addicts are not only exposed to criminal situations, but their life takes them exclusively to criminal areas which permanently stimulate the various motivations (organic, subjective, and objective) to commit offences sanctioned by the society.

Considering all these differences, the single social reaction to a crime committed by this category of persons is totally surprising and unjust: *repression*. Unfortunately, the general mentality is, as shown above, to exclude this category by isolating it, because in the eyes of the public opinion it appears socially unrecoverable. Although completely exaggerated, the absolute irrecoverableness of the drug addicts, which is increasingly mentioned, becomes the perfect justification of the repressive attitude towards them. The experience of the social workers is the only way to prove that we cannot speak of socially unintegrable drug addicts; the only correct and efficient response to this problem is the *development and diversification of the social mechanisms of prevention and protection*. *When a drug addict commits a criminal offence this means that his/her protection was absent or insufficient and it must not be the opportunity for a repressive reaction.*

The social stigma is equally reflected in the policies which treat these people as unrecoverable offenders. Because the commit delinquencies, being often involved in illegal activities, their life is not considered by the public opinion as a viable alternative to make a living and they are perceived as a continuous threat to the social order.

We must not forget that, in any penal legislative system, there must be a balance between crime and punishment, control and care, disgrace and rehabilitation, and the main purpose of a penal code is the social control. The success or failure of the penal policy depend rather on the “socialization” of the culprit than his/her “moralization”.

Within this context, the collective mentality (of the society) towards the victims and delinquents must be reformed in order to evaluate at their true value the efficient alternatives to the punishment by imprisonment, alternatives which allow preserving the self-respect, treat the causes of delinquency and, not least, allow the rehabilitation and social reintegration of the offenders. It all pertains to the reform in justice and to obtaining positive results of the juridical, of the social assistance interventions, in the police activity, in prison and during probation to the benefit of the society. The experience of the states proves not only the value of the new mentalities of humanising justice, but also the efficiency and pragmatism of justice administration in the community.

This syntagma – justice administration in the community – raised fierce discussion among the specialists, whether justice is the exclusive prerogative of the state, administered through its specialised institutions, or it can also be administered with the participation of the community. The discussions and the argument for and against are far from being finalised, but the practice proved that the participation of the community to justice administration makes it more efficient because, actually, community is the final beneficiary of it.

Globally, there are no data allowing to conclude that the sanction with imprisonment is more efficient than a “community” sanction. The “success” of the incarceration – as element of intimidation – for the rehabilitation and social reintegration of the offenders is irrelevant, the penitentiary regime being supported despite the very high rate of recidivism<sup>1</sup>. Furthermore, we also need to consider the costs of detention in relation with the lower costs of probation or of community sanctions.

The European models of probation are the key to the individualised sentence as an important means to evaluate the culpability of an offender and as professional agency for the confrontation of the actual causes of the crime, which may lead to a

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<sup>1</sup> Jordan, W. (1987), *Invitation to Social Work*, Basil Blackwell, p. 128.

possible similar behaviour, if they are not identified, understood and solved.<sup>1</sup> Probation also has the role of minimizing the negative impact of the system of penal justice on the individual.

Therefore, crime prevention among the drug addicts becomes an imperative of this period for Romania. The main goals are the social order, the consolidation of the mechanisms of observance and enforcement of the laws, the formation and solidarization of the public to the preventive actions, risk monitoring and evaluation in time and space. *“Prevention is not only the work of a specialist; it requires efforts from everybody. Beyond the limited recommendations, it involves an appeal to the change of mentality... A society where communication is resumed, where the constraints remain lax, where man is constantly considered, will refuse violence. Refusing this defiance, a world will be born, not violence-free, but more peaceful”<sup>2</sup>.*

Within this context, a national crime prevention strategy must be developed, focused on social development, in which the public powers play the main part in the coordination of the programs at the national, county and local plan. The strategy must take in consideration the following aspects:

1. Delinquency prevention includes collective soft power actions on the causes of infractions, in order to decrease their probability or seriousness. Lately, two modalities are increasingly used worldwide: social prevention which, using education provided by individuals and in institutions prevents the evolution of the individuals towards inadaptation and antisociality. The second one, situational prevention, aims people and goods protection with police force and experts in the field, who decide efficient measures in the field, train the citizens, mount devices etc.
2. The feeling of personal security is the basic condition for the quality of life and it is most altered by criminality. Often, the tabloids play an important role in the perception of dangers by the citizens. The state coordinates the whole activity and ensures the situational prevention by norms of security, laws, regulations and other measures.
3. Only social prevention is efficient on the long-term, because it acts on the individuals who are not adapted to the social contexts in which they live: family, school, group of friends, neighbourhood, and locality. The preventive actions have two purposes: on the one hand towards the factors which anticipate an inadequate development of the person and his/her family and, on the other hand, towards the community where they live; the higher is the social vulnerability of

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<sup>1</sup> Giles, Graham W. (2001), *Justice administration in society, international standards and regulations*, Bucharest, p. 17.

<sup>2</sup> *Response to violence* (1977), tome 1, Presses Pocket, Paris, p. 222.

the people, the higher is the risk of appearance and persistence of the antisocial behaviours. When you are convinced that you have no value or future, the moral behaviour is a worthless luxury.

Under these circumstances, the collective security became a good of every community, a fundamental right, an aspect of the quality of life of the highest importance, and crime prevention must be seen as a permanent concern of the local communities, indispensable to good governance. It involves a correct diagnosis of the state of security, the analysis of the profound causes of criminality and victimization, the development of the local plans of action, the mobilization of partners for intervention and, finally, project evaluation. This leads to a real agenda with concrete activities whose purpose is safer places, thus simulating the civic spirit of the people who will be involved on the long term in community changes with direct influence on their lives.

Criminality is born in community, it acts within and against it and, implicitly, it must be controlled also at its level. The involvement of the community in the process of justice administration has as consequence, first of all, the access to the huge available resources, providing an active role in the accomplishment of own security and the improvement of the state-community relation, without affecting state authority.

The concept of justice administration in the community is a complex concept which integrates sociological, psychological and penological aspects and which aims a new way of ensuring the public order and citizen safety. The institutions enforcing the law are in the service of the community which they have to protect, while the community has to assist them, thus helping itself.

Justice administration in the community involves the fact that the sanctioning of an offender is not done by isolation from the community, by imprisonment, rather by maintaining him/her, when possible, within the community and auctioning through other levers. The offender is a member of the society and his/her correction with the highest efficiency can be done only within the community where he/she belongs.

In all situations, the mayor can play a central role in everything that concerns the collective security and he/she may be helped by a special council which must be defined by a broader vision on the concept of prevention. The councils must not orient their activities only function of the criminal activity: their clients must be the citizens, not the offenders. If these basic premises are not considered by the intervening authorities, the activities will always be evaluated function of the extremes of the criminal statistics. This evaluation of the objectives doesn't reflect the engagement of the population, the corner stone which guides their actions being community mobilization, therefore, the long-term efforts and engagements that will bear an effect on the criminality.



Although the aspect of justice administration in the community at the country level are something new and has lapses, they are in agreement with the European regulations in the field, particularly with the dispositions of Recommendation R(92)16 of the European Council regarding the sanctions and the measures applied in the community.

Actually, the use of “community sanctions”, of systems of social assistance and treatment rather than punishment with imprisonment must be considered as part of the legal measures regarding drug consumption (within the context in which the question is whether the drug addict is an offender or a sick person needing adequate treatment). The democratic human values can be undermined if the obsession of order destroys the moral thinking. The justice system must not be seen only as a weapon against criminality; it must also be seen as a means to rehabilitate the offenders, a restoring modality and a means to ensure the public safety.

The use of alternatives to imprisonment for the drug addicted offenders, in response to the increase of the imprisoned population<sup>1</sup> (a large part being “drug related”) and to the general frustration to the relative insufficiency of the conventional sanctions applied to stop drug consumption and the related offenses is, currently, supported actively both by the UN and by the EU.

This new manner of approaching the problem of sanctioning and social reintegration of the offenders achieves a real transfer not only of the possibility of action, but of the responsibility too, towards the civil society, which thus becomes a major actor in ensuring own security.

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<sup>1</sup> According to EMCDDA, the routine information at the national level regarding the types and patterns of drug consumption among the inmates are limited and inconsistent. Much of the EU data come from *ad hoc* studies on samples of variable size and their results (and trends) are difficult to extrapolate.

Drug addicts are clearly overrepresented within the inmate’s population compared to the general situation. Most EU studies show that the prevalence of drug consumption throughout the life of imprisonment exceeds 50%, varying, however, from 22% to 86%, depending on the population of inmates, prison or country. The prevalence of regular drug consumption or drug addiction before imprisonment varies from 8% to 73% in the European Union.

Most drug addicts reduce or cease drug consumption upon imprisonment. However, many inmates continue to consume drugs after incarceration, and some even start taking drugs (and/or inject drugs) in prison. The studies show that 8% to 60% of the inmates declared to have consumed drugs during detention, and 10-52% declared that they consumed drugs on a constant basis.

The prevalence of injectable drug consumption throughout their life among the inmates ranges between 15-50%; however, some studies reported values between 1-69%. In the cases where there are comparable data (Austria, 1999; England and Wales, 1997-1998), these show that there is a small probability that the young delinquents inject drugs compared to the adult ones and that the female inmates have a higher probability to inject drugs than the male inmates.

It is obvious that justice cannot be administered efficiently outside the community, the state institutions cannot always solve the needs of the offenders; the community and the specialised non-governmental organisations must also be involved.

A democratic society is built in a long time. A first step for a functional democracy is represented by the democratic institutions and mechanisms, and the civil society, within this context, acts as a regulatory mechanism for the democratic societies.

The civil society institutions are necessary in the countries with a strong democratic tradition too, but they are particularly necessary in the countries building democracy. Often, the politicians and the businessmen put party interests or the business before community interests. In such situations, who is called on to “make justice” and to correct the dysfunctional ties?

The civil society has the right and the duty to influence the political, economic or public interest decisions. The civil society reactions to the administrative or economic policies which come in contradiction with its interests are varied: manifestations, press campaigns, protest messages etc. As such actions are difficult to organise and as they often have a short-term impact, it is necessary to establish parallel structures with the state structures: non-governmental organisations, professional associations, labour unions, employer unions etc, which to monitor the activity of state institutions and the manner in which the claims are solved, while maintaining a constant pressure on the decision factors. They must cooperate with the structures involved in society administration in order to find the adequate solutions and to improve continuously the quality of life.

The civil society must get involved in a wide range of problems such as county governance, the international relations, the economic development, environmental protection or even safety of the society members. To this purpose, it is important to establish as many as possible “specialised” organisations, in as many as possible fields which concern the organisation and administration of the human society. These institutions must know the current policies and the proposal of policies in order to monitor the way in which the political or economic factors observe the interests of the majority of population in those fields.

In Romania, the role of the civil society is still little significant in influencing the political, economic and/or public interest decisions. In the developed countries, the civil society organisations participate in the public debates on issues such as: immigration policy, protection measures for the disfavoured people, going all the way to rather abstract issues pertaining to the “moral” state of the society. In the totalitarian regimes, we cannot speak of a civil society, because it is inconceivable that the citizens influence the political or economic decisions. Therefore, the role of the civil society is very important in the democratic states; while in the states who

took the first steps towards democracy, its role is particularly important, because the influencing of the political and economic decisions is a basic democratic exercise.

The long period of transition of Romania was accompanied by the inertia or underdevelopment of the civil society. Within this context, the consolidation of the civil society by the establishment of many NGOs with clear purposes which to cover the entire range of social activities, is the way towards refreshing the Romanian society. There are two ways to strengthen and diversify the civil society institutions. First, joining institutions of the international civil societies (for instance, the Red Cross, Amnesty International, Greenpeace etc.), whose power and area of action are much wider. Second, the establishment of a virtual civil society, via the Internet, which might increase the social cohesion, would facilitate the access to information and the participation of the population to various actions.

"Due to its specificity, the civil society strengthens the legitimacy of democracy, multiplies the means of expressing the interests, strengthens the awareness and trust of the people in their power, and allows the recruitment and formation of new leaders. (...) The people active within the civil society, in their position of company owners, union workers, specialists, artists grouped in professional associations etc., can be found as agents of the political society, performing political functions. Other people, however, remain mere agents of the civil society<sup>1</sup>".

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<sup>1</sup> Tamaș, Sergiu (1993), *Political dictionary. The institutions of democracy and the civic culture*, Ed. Academiei Române.

# RESETTLEMENT OF THE REFUGEES IN ROMANIA

*Cătălin NECULA\**

*Radu MIRCEA\*\**

***Abstract:** Resettlement, as durable solution to the problem of the refugees is a form of sharing the responsibility between countries regarding refugee protection and consists in the selection and transfer of some refugees from the first country of asylum, where they don't enjoy actual protection, to a country which provides them actual protection and where they have the possibility of integration. Refugee resettlement plays an important role in the foreign policies of the European Union in the matter of refuge. The European Commission considers resettlement as an instrument providing actual protection for the refugees and which shares the responsibility between the member states within the European policy of asylum. Given the importance of this problem, the European Fund for Refugees provides the possibility of funding the resettlement activities. From the perspective of the policy and practice in the field of asylum, Romania, as new state for refugee resettlement, benefits of a positive international image due to the involvement of our country in the international effort of refugee protection.*

***Keywords:** refugee, relocation, resettlement, social integration, asylum, host-country*

Throughout the world, millions of people took refuge due to the persecutions from their native countries. Many of them took refuge in countries which cannot or would not offer them actual protection and they continue to need international protection. The United Nations High Commissariat for Refugees (UNHCR) is empowered to lead and coordinate the international activity of refugee protection and to solve the problems of the refugees worldwide. The main responsibility for the protection of

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refugees comes to the state signatory of the 1951 Geneva Convention regarding the status of the refugees. Romania joined the Convention in 1991.

Of the three sustainable solutions to the problems of the refugees promoted by the international community (voluntary repatriation to the country of origin under conditions of safety and dignity; local integration; resettlement in another country), the only one which the Romanian authorities had not used until 2008, was the resettlement. *Refugee resettlement involves the selection and transfer of some refugees from the first country of asylum, where they don't enjoy actual protection, don't have the alternative of the voluntary repatriation and don't have perspectives of integration, to a country which provides them actual protection and where they have the possibility to integrate.* Resettlement can be the only solution for those refugees which don't have actual protection in the country of refuge (don't have the physical or legal protection, risk to be expelled or to be kept under detention conditions, although they didn't commit any offence) or for those refugees who have special needs which cannot be met by the authorities of that country or, because of the economic, social, cultural or political circumstances, don't have perspective for local integration. Of the 10 million refugees registered each year with UNHCR, only 1% benefit of resettlement.

Resettlement, as sustainable solution to the problem of refugees, is a form of responsibility sharing between countries regarding refugee protection and it is a key-instrument for the implementation of the 1951 Geneva Convention. The international context is favourable to the adoption of this sustainable solution for the refugees, an increasing number of states becoming countries of resettlement<sup>1</sup>. The countries receiving annually the largest number of refugees by resettlement are the USA (about 70,000 people) and Canada (about 10,000 people). The total share of the European countries is about 5,000 people, Sweden being the most important resettlement country in Europe, with an annual share of 1,900 people. The main actor in refugee resettlement is UNHCR which, by its mandate, promotes refugee resettlement, cooperates with the resettlement countries (evaluates the global requirements for resettlement and transmits proposal of people/groups of people depending on the criteria of each resettlement country) and assists the countries in the progress of the resettlement procedures.

Refugee resettlement plays an important role in the EU foreign policies on matters of asylum. The European Commission considers resettlement as an instrument ensuring the actual protection of the refugees and of responsibility sharing among the EU member state within the European policy on asylum. The Commission monitors the development of cooperation between the EU member states, UNHCR

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<sup>1</sup> As of 2008, Portugal, Czech Republic and Romania are both EU member states and resettlement countries.

and the related NGOs and considers that it is important for the member states to share the responsibility of finding sustainable solutions to the refugee problem. The Commission supports the European refugee resettlement policy, with funds included, through the European Fund for the Refugees (ERF)<sup>1</sup>, both for the actual resettlement activities and as support for the identification and dissemination of the good practices in the field. EFR provides funds for the development of national resettlement programs, for the selection and transfer of the resettled refugees, measures of reception, integration and training of the staff performing the resettlement activities.

In Romania, the Parliament approved in 2006 the general legal framework for refugee resettlement (*Law 122/2006 regarding the asylum in Romania*). The Ministry of Administration and the Interior, through the Romanian Office for Immigration (RIO), proposes to the Government the number of refugees and the conditions in which they are to be resettled in Romania. Art. 3, line (5) of the Law 122/2006 regarding the asylum in Romania, states that "MAI, through RIO, may propose the transfer to Romania of refugees currently on the territory of other states, acknowledged as refugees according to the Geneva Convention. The number and conditions of transfer of these persons are set by Government decision. These people will have the same rights and duties in Romania as the refugees acknowledged by the Romanian state".

In February 2008, the General Secretariat of the Government of Romania approved the public policy "Establishment of a program of refugee resettlement in Romania" and in December 2008, the Government approved the *Government Decision 1596/04.12.2008 regarding the resettlement of the refugees in Romania*, settling a share of 120 refugees to be resettled in Romania in 2008-2010, in yearly batches of 40 persons.

Because resettlement is one of the priorities of the European Commission, the European Fund for Refugees provides funding possibilities for the resettlement activities. The annual 2008 Program stipulates training activities for ORI staff in the field of resettlement, while the 2009 Program stipulated funds for the actual resettlement activity, which consists in the selection of 40 refugees annually and their transfer to Romania. Thus, 75% of the resettlement operation is financed from European funds.

The main aspects stipulated by the legal framework for refugee resettlement in Romania (Law 122/2006 regarding the asylum in Romania and GD no. 1596/2008 regarding refugee resettlement in Romania) concern the:

1. *Resettlement quota*: 40 refugees annually.

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<sup>1</sup> Council decision to establish the European Fund for the Refugees – EFR III, no. 573/2007 of 06.06.2007.

2. *Manner of determining the state/states where the resettlement operations are to be done, the number of refugees in need of resettlement that are to be accepted and their countries of origin.* The Committee for Refugee Resettlement in Romania is an advisory body, with no legal personality, consisting of representatives of the Ministry of Administration and the Interior and of the Ministry of Foreign Affairs (MAE). The Committee thus established must analyse, from the perspective of the international needs of refugee resettlement, of the situation of the refugees in Romania and of the Romanian foreign policy, must decide and must forward its decision for approval to the minister of administration and the interior and to the ministry of foreign affairs.
3. *Criteria which a refugee must meet in order to be relocated in Romania:* these are mentioned in art. 4, line 1 of GD no, 1596/2008, as follows:
- The person is acknowledged as refugee according to art. 1, line A from the Geneva Convention and with art. II, pct. 2 from the Protocol by a state or by UNHCR, according to its mandate;
  - Doesn't enjoy actual protection on the territory of the asylum state;
  - Doesn't have any perspectives of integration in the asylum state;
  - Doesn't have any perspectives of voluntary repatriation to the state of origin, under conditions of safety and dignity;
  - Is no danger for the public order or national security, public health or moral;
  - Displays potential of integration in the Romanian society;
  - Expresses his/her agreement to be resettled in Romania.
4. *Manner of selecting the refugees in need of relocation and the decision of refugee resettlement in Romania.* Two modalities of refugee selection for resettlement are known: on the basis of the files sent by UNCHR or on the basis of the direct interviews in the countries where they are (selection missions). Both are stipulated by the Romanian law; the direct interview during missions of selection in the asylum country is the main method. The selection is done only on the basis of the record sheets sent by UNCHR and, depending on the case, on the basis of the additional information sent by UNCHR, which decides if selection missions can be organised in the asylum state, by decision motivated by the director general of ORI. Anyhow, in the case of the selection missions too, there is a pre-selection of the possible candidates, on the basis of the files sent by UNCHR, before the actual interview of the refugees in the asylum countries. The purpose of the interview is to evaluate the situation of the refugees and the need for resettlement according to the mentioned selection criteria. The result of the evaluation is written in an individual report. The

procedure ends by ORI issuing a decision of acceptance of the refugees in need of resettlement, who meet the selection criteria.

5. *Preparation of the selected refugees for the transfer to Romania.* In view of the transfer, RIO can organise or contract, for the selected refugees, services of cultural orientation and counselling in the asylum states. This preparation of the refugees can be done by RIO staff, or an NGO can be contacted, or the International Organisation for Migration (IOM), which provides services of cultural orientation for the states of resettlement, against a fee.
6. *Transfer of the refugees selected for resettlement in Romania.* The selected refugees are exempt from the rule of entry visa. After the refugees enter the territory of Romania, RIO issues decisions which acknowledge the status of refugee in Romania to the transferred persons, and issues identification documents for them.
7. *The resettled refugees have the same rights and duties as the other foreigners who obtained the status of refugee in Romania.* The refugees resettled in Romania benefit of programs of integration under the same conditions as the other refugees in Romania.

In conclusion, the main stages in the implementation of *GD no. 1596/2008 regarding refugees resettlement in Romania* are the following:

- Determine the countries from which the refugees are to be resettled in Romania, the number of refugees and their native countries (through the Resettlement Committee MAI-MFA);
- Inform UNHCR on the asylum and native countries of the refugees and ask for proposals;
- Pre-selection of the candidates on the basis of the files received from UNHCR;
- Preparation and accomplishment of the selection missions;
- Preparation of the selected refugees for transfer;
- Actual transfer and reception of the refugees in Romania.

The resettlement activity, which is something highly new for the current activities in the field of asylum, is a complex operation which presumes the involvement of several categories of staff with different expertise (asylum procedure, registration and issuing identification papers, reception and integration in the Romanian society, medical examination).

The first 38 refugees (38 Burma refugees from Malaysia) arrived in Romania in early June 2010. In Malaysia there are over 70,000 refugees and asylum seekers registered by UNCHR; 90% of them are Burma refugees from Myanmar. Malaysia is not signatory



party of the 1951 Geneva Convention and has no acting legal provision regulating the international protection of the refugees. Most refugees and asylum seekers under UNCHR mandate are “illegal immigrants” according to the Malaysian law and run the risk of arrest, detention, beating and deportation. In Malaysia, there is no acting labour legislation which protects the rights of the refugees and the children of the refugees don't have access to public education. Without a legal status, with no access to the labour market and to public education, the perspectives of local integration of the refugees are limited and the only sustainable solution for most of them is resettlement in another country. The persons proposed by UNCHR to the Romanian authorities belong to Kachin minority, from northern Myanmar, and they have Christian religion. In their native country they were submitted by the authorities to physical abuses, forced work, their land and other properties were confiscated and most of their economic, social and politic rights have been restrained.

Romania benefits of a positive international image from the perspective of asylum policy and practice. A meeting of the UNHCR Working Group was organised at Timișoara (10-12 March 2010), for the first time outside Geneva. The meeting was attended by the Romanian Prime-minister, by the minister of administration and the interior and by high UN representatives who have shown that Romania is an example for the regional countries by its involvement in the international effort to protect the refugees, by establishing the Centre for Emergency Resettlement at Timișoara and by starting the national resettlement program. The Romanian refugee resettlement program also is important in terms of fulfilling the duties of EU member state.

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# SOCIAL ECONOMY IN OLT COUNTY

*Flavius MIHALACHE\**

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**Abstract:** *The article presents the results of a study of the social economy in Olt County, focusing on the inclusion of the disfavoured social groups on the labour market. The sector of the non-governmental organisations is poorly developed in the county: there are just eight associations and foundations licensed to supply social services. There is very little knowledge of the social economy legislation. The legislative framework for the establishment of the different types of social economy organisations is known sequentially. There are no important local employers for the people from the disfavoured categories. There are no firms which to employ with predilection Roma people, old people and young people coming out of the placement centre etc. One of the conclusions of the survey is that the development of social economy activities depends largely on the change of population mentality towards supporting these activities by a higher social involvement of the community members.*

**Keywords:** *social economy, social inclusion, Roma, unemployment, disfavoured social groups, European funds*

## **County profile**

### **Demographic and administrative coordinates<sup>1</sup>**

Olt County is located in southern Romania, between the Danube and the Getic Plateau, on an area of 5507 sq. km. In terms of administration, the county has eight towns, of which two municipalities (Slatina – 78,000 inhabitants and Caracal –

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<sup>1</sup> The demographic and administrative presentation of Olt County used data supplied by the County Directorate of Statistics ([www.olt.insse.ro](http://www.olt.insse.ro)) as well as information from the website of Olt Prefecture ([www.prefecturaolt.ro](http://www.prefecturaolt.ro)).

35,000 inhabitants) and 104 communes with 377 villages. The total population of the county is in excess of 480,000 persons, most of which (59%) live in rural areas.

Ethnically, the most important minority groups consists of the Roma population which, according to the 2002 Census<sup>1</sup>, was in excess of 9,000 persons, which is 2% of the population. Several localities in the county have significant shares of Roma population, such as in the communes of Grădinari, Iancu Jianu, Fălcoiu, Dobrun, Stoenеști and in the towns Caracal, Corabia, Piatra-Olt, Drăgănești-Olt, and Potcoava.

A particularity of the county is the high percentage of old people, particularly in the rural area, where the percentage of people aged 60+ exceeds 30% of the total population, which makes Olt County one of the *oldest* regions of the country. After 1990, similar to the general situation, the birth rate decreased dramatically and the mortality rate increased constantly. Thus, in 2008, in Olt County there were 3904 births and 6693<sup>2</sup> deceases.

### ***Characteristics of the economic and entrepreneurial sector***<sup>3</sup> ■■■

During the communist regime this area, particularly the town of Slatina, was heavily industrialised due to the development of the processing industry. The main economic branches of the county are the metallurgical industry, agriculture, the machinery constructing industry, the textiles industry and the constructions. The companies with the largest number of employees and with the highest turnover are: SC ALRO SA (Slatina), SC ELECTROCARBON SA (Slatina), SC ALPROM SA (Slatina), SC ALTROM SA (Slatina), SC PIRELLI (Slatina), SC ALTUR SA (Slatina), SC SMR (Balș), SC ROMVAG (Caracal), SC TERMEX (Balș).

"Olt County has an imbalanced economic profile, meaning that 6-7 large companies produce more than 70% of the county's GDP" (director, Chamber of Commerce). Economically, Olt County has three levels of aggregation of the economic life. The most intense economic activity is in Slatina Municipality, where most of the large companies are concentrated and where the SMEs sector is properly represented. The economic activity is low in the other towns and the unemployment rate exceeds 10% (according to Olt Employment Office - AJOFM). The most unfavourable situation is in the rural localities, however, where agriculture is the main occupation of the population. The statistics showing the level of occupation at the county level in 2008 show that 45% of the occupied population worked in agriculture, 20% in industry, 6% in constructions, 4% in commerce, healthcare and social assistance, 4% in education etc.

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<sup>1</sup> <http://www.anr.gov.ro/docs/statistici/statistici/t1.pdf>.

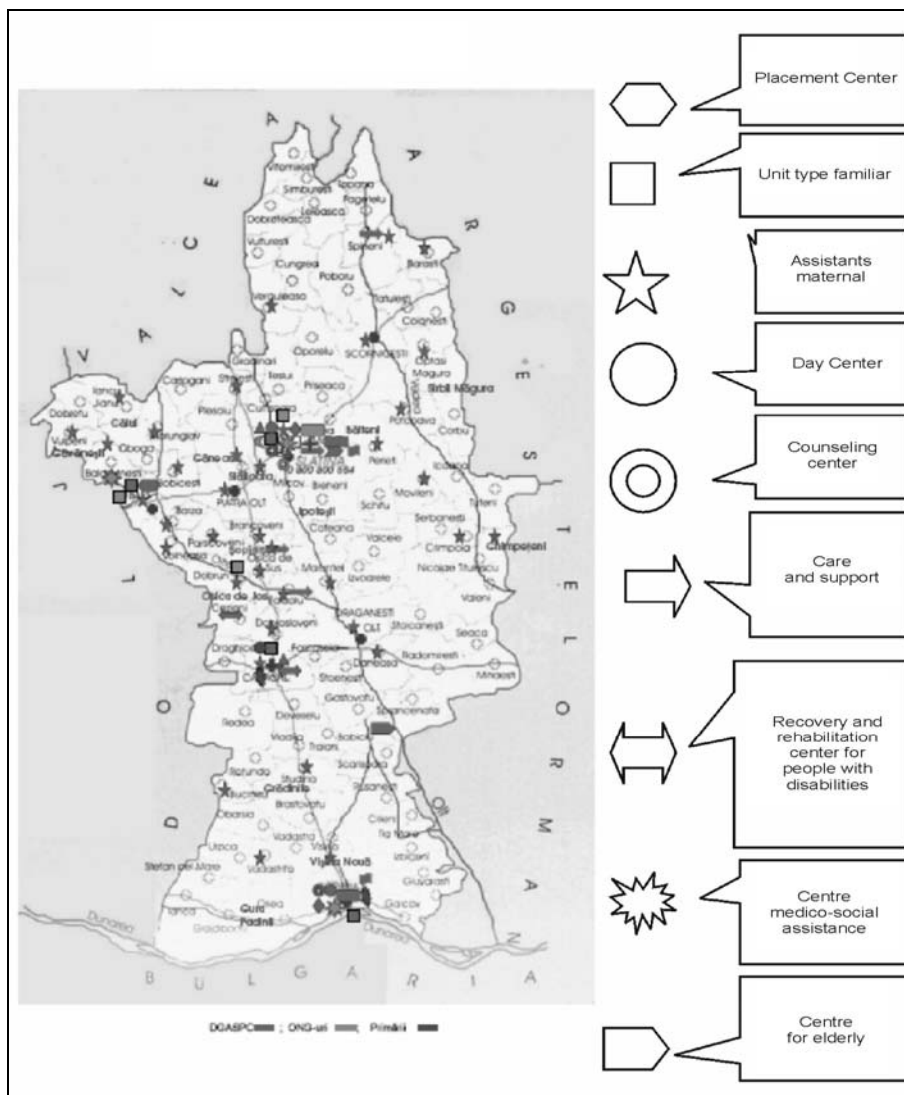
<sup>2</sup> <http://www.olt.insse.ro/main.php?lang=fr&pageid=476>.

<sup>3</sup> Economic data from the County Directorate of Statistics ([www.olt.insse.ro](http://www.olt.insse.ro)) and from the website of Olt Prefecture ([www.prefecturaolt.ro](http://www.prefecturaolt.ro))

**Support programs for the disfavoured groups**  
**(focusing on women and the Roma population)**

**Box 1**

Map of social services Olt County  
 (source: www.dgaspc-olt.ro)



The supply of social services in Olt County is done, mostly, by DGASPC Olt and by the local town halls which developed specialised services (Box 1). The range of services provided by the Directorate for Social Assistance and Child Protection (DGASPC) is broad and it includes in the field of child protection residential services, family services and alternative services; in the field of social assistance it includes residential services and alternative services (Table 1)

Table 1  
*Social services developed by DGASPC Olt*  
 (source: www.dgaspc-olt.ro)

Services for child protection			Services of social protection	
Residential services	Alternative services	Family services	Residential services	Alternative services
One placement centre (Slatina)	Day care centres for pre-school children (two in Slatina and one in Corabia)	Maternal assistants in all 8 towns and in 31 communes	Care and assistance centres (one each in Slatina, Șopârlița, Spineni, and Corabia)	Ambulatory centres for neuromotor recovery (in Slatina and Corabia)
Family-type units (six in Slatina, two in Caracal, one each in Balș and Corabia)	Counselling centres for adults and children (two in Slatina and one in Corabia) Counselling and family planning centre (Slatina)	-	Centres for recovery and rehabilitation of the people with disabilities (in Caracal and Cezieni)	Complex of services (in Slatina)
Reception centres for children (two in Slatina)	Centres for recovery for the children with disabilities (one in Slatina and one in Caracal)	-	Centres for the elder (one each in Băbiciu, Fălcoiu, Slatina and Spineni)	

Olt County belongs to the category of counties where the sector of the non-governmental organisations is very poorly developed, the number of associations and foundations licensed to supply social services counting just 8 units, three associations and five foundations<sup>1</sup>. Of these units, half provide services

<sup>1</sup> Licensed by the Ministry of Labour, Family and Social Protection (www.mmuncii.ro).

exclusively to the children, and just one operates in rural area (at Dobrun, in the central-eastern part of the county, 35 km from Slatina).

In the field of child protection and social assistance, the activity of NGOs supplying social services in Olt County is represented by two family-type units (Foundation „Casa Lumini”, in Slatina and Foundation „Kids Alive” in Dobrun commune), three centres of recovery and therapy in Slatina (Foundation „Trebuie” and Foundation „Casa Lumini”), one day care centre in Corabia (Association for the support of physically handicapped children), two counselling centres for the people with disabilities in Slatina (Association „Nagual” and Foundation „Prof. Coman”) one support centre for the children leaving the system of protection (Foundation „L’Arcobaleno”) and one centre for orientation and counselling for the blind people (Association of the blind people).

Besides these NGOs licensed to supply services of social assistance, the landscape of associations and foundations with a strong social activity is completed by county or local institutions and by organisations registered in other areas of the country, and who run operations in Olt County too (among them, the Roma organisations were the most active).

In the category of the forms of support for the disfavoured groups, we can include the programs run by AJOFM Olt, by Olt Prefecture and by town halls from the county, whose aim to increase the social inclusion of these categories of people. With funds from AED Foundation (Academy of Education Development, USA), AJOFM Olt established in 2005 four centres for professional information and orientation in the towns of Slatina, Caracal, Corabia and Balş, whose purpose is to facilitate the inclusion of the job seekers on the labour market. Also AJOFM ran in 2008 a PHARE program (106,000 euro) whose target group was the Roma population from the communes of Grădinari, Iancu Jianu, Stoeneşti and Potcoava. Within the framework of this program, 107 Roma people benefited of free courses of professional formation, counselling and orientation. At the end of the program, 68 trainees managed to get a job and 8 opened their own businesses.

Also in the area of the programs for the Roma, in 2007, Olt Prefecture, Association „Rom Grand” Grădinari, the County Council Olt and the County Directorate for Population Registration won a PHARE project amounting to 49,917 de euro. This purpose of the project (run as public-private partnership) was to facilitate the release of identification and marriage papers for the Roma population from: Grădinari, Slatina, Caracal, Corabia, Balş, Ianca, Iancu Jianu, Scărişoara, Stoieneşti and Strejeşti. The interview with AJOFM Olt director revealed the low interest of the people from the disfavoured groups for the formation and counselling activities and for the events organised by AJOFM.

In the area of the local initiatives we can count project „Şanse Egale”, run by the elementary school from Măineşti (more than 60% of the school pupils are Roma children) in partnership with Balş town hall. The projects started in 2008 and it aims to increase the level of Roma children integration by involving them in cultural-educative activities. A similar project at community level is the one run in 2008 in the schools from the communes of Brebeni and Corbu, localities with significant proportions of Roma people, whose purpose was to increase the level of school inclusion of the Roma children, by involving them in educational and cultural activities and in voluntary activities.

The field research didn't reveal the existence of social programs addressing the women (as vulnerable group) run by NGOs, by county or local institutions. This situation, as well as the previously described one for the Roma programs, is caused by the lack of local initiative of the non-governmental organisations. Both the representatives of the public institutions (AJOFM, Prefecture, DGASPC, Chamber of Commerce), as well as NGO representatives showed the low number of activity of the organisations delivering social services. The concentration of the NGOs providing social services in Slatina Municipality makes it difficult for the possible beneficiaries from the other areas of the county to get there. That is why, DGASPC Olt and the services of social assistance of the town halls are just about all the social services provided in the county.

### ***Profile of the social economy organisations***

In terms of the entities running social economy activities, an unbalanced situation can be observed in Olt County. On the one hand, there are mutual aid houses, the credit cooperative which, in virtue of their object of activity – financial services – have widespread activities and a large number of beneficiaries. At the opposite end there are the craftsmen cooperatives and the consumption cooperatives which are experiencing an obvious downfall materialized in the reduction of the number of members and activities. The NGOs have an intermediary status, meaning that they are active socially, but their impact is low because they are very few.

The cooperative sector is represented, at the county level, by the entities affiliated to UJCM and UJCC and by the Cooperative Bank „Albina”:

- The County Union of the Craftsmen Cooperatives, established in 2006, joins all the cooperative active in the county, 10 units (all of the first degree) with a total of 352 members;
- The County Union of the Consumption Cooperatives, established in 2005, which joins 16 consumption cooperatives active in Old County (15 are first degree cooperatives and one is second degree cooperative);

- The Cooperative Bank “Albina”, with more than 30,000 members, which resulted after the merging of the four cooperative banks active in Old County.

In the county there also are several employee CAR<sup>1</sup> (CAR ALRO, CAR CFR, CAR Pre-university education, CAR County Council and CAR Slatina being the largest) and two Mutual Aid Houses of the pensioners (CARP Slatina has more than 5,000 members). The activity of CAR units decreased during the recent years in response to the development of the bank credits, except for CARP, which remained at rather constant levels of activity.

The only protected workshop in the county operates in the town of Corabia and it was established by the Association of support for the children with physical handicap, Olt branch. Although both DGASPC and AJOFM promoted the establishment of such centres by the commercial units, the interest is very low<sup>2</sup>. In the next year, Association „Nagual” intends to establish a second protected workshop, this time in Slatina, where a specific number of people with disabilities would work in a centre for wastes recycling.

A special unit among the associations is the County Council of the Elder, which joins several associations of pensioners from Olt County. It has over 20,000 members and it represents the interests of more than 130,000 pensioners from the county. The activities of this organisation are low, however, materializing in protests, picketing and signature raising. The organisation has a strong political (militant) character induced by its president, a high ranking person from PSD Olt. This fact has often caused disputes between Slatina town hall and the representatives of the organisation.

Most of the consummation cooperatives work in the rural area, being the only form of social economy organisation operating preponderantly in the rural areas. Although a large number of CARP members are pensioners living in rural areas, the organisation has no other office beside the one in Slatina, which hinders the relation between the organisation and its beneficiaries. The Cooperative Bank „Albina”, on the other hand, has 24 working points in the rural areas, because “*The largest part of cooperative’s activity runs in the rural area. The pensioners are most of our clients, many of them having a long-term relationship with the bank (even as early as during the communist period)*” (director, Cooperative Bank „Albina”).

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<sup>1</sup> *The Registry of the non-banking financial institutions*, Part I, section *Mutual Aid Houses* specifies the existence of 40 CAR units active in Olt County ([http://www.bnro.ro/files/d/RegistreBNR/ifn/RegistruDeEvidenta/registru\\_evidenta\\_ifn\\_active\\_car.htm](http://www.bnro.ro/files/d/RegistreBNR/ifn/RegistruDeEvidenta/registru_evidenta_ifn_active_car.htm)).

<sup>2</sup> From the discussions with DGASPC and AJOFM representatives, it resulted that the lack of trust of the employees in these social categories is the main hindrance to the establishment of new centres.



### ***Perception about the social economy***

The concept of *social economy* is an “enigma” for most of the representatives of the interviewed organisations. Only at DAGSPC and „Nagual” NGO this concept was known. In both situations, the guidebooks of the applicant supplied for POSDRU projects were the main source of information. Both the representative of DAGSPC and the representative of „Nagual” Association, mentioned that the organisations they are working for prepared (not yet finished – DGASPC) or are preparing („Nagual”) POSDRU projects on social economy subjects and that is why they documented on the concept of social economy.

Social economy legislation is very little known; even the legislative framework which is the basis for the establishment of the different social economy organisations is known sequentially. Only at UJCM, UJCC and at the Credit Cooperative „Albina” we noticed solid knowledge of the legislative framework, which can be explained by the heavily entrepreneurial character of these organisations.

During the interviews with DGASPC representatives and with NGO representatives which had contacts with the social economy, we noticed a positive evaluation of this type of activities. Even if the measures of social economy are not known as such, the underlying principles are unanimously appreciated. “*The development of this sector depends on the growth of the NGO sector and on the involvement of the private companies*” (DGASPC officer in charge with projects and programs). At this moment, the contribution of the social economy measures to the integration of the disfavoured groups is minor, just because of the low number of organisations active in the field.

### ***Impact/results of the social economy***

At the local level, we can speak of the existence of important employers for the people from the disfavoured categories. There are no firms which employ with predilection Roma people, old people or young people from the placement centres etc. If we refer to the people with disabilities, AJOFM data mention the existence of 13 work contracts for people with hearing, locomotive, etc., deficiencies (in 2009), 16 such contracts in 2008 and 11 in 2007. Even the protected workshop from Corabia “*has only one person with handicap as permanent employee*” (AJOFM president). The other work contracts for this category of persons are in some SMEs. The professions to which the people from disfavoured groups have access are “poorly skilled professions, hand-working professions” (AJOFM president).

On the other hand, the programs run by different institutions and organisations for the integration of the Roma on the labour market only had isolated results, lacking sustained measures in this direction (for instance, PHARE project run by AJOMF in 2008 resulted in the employment of 68 Roma people, which is not significant in

relation with the number of unemployed Roma). If we refer only to the Roma population, at the county level, their situation didn't improve during the recent years. The projects run either by central or local institutions and by NGOs were just punctual activities, insufficient to yield significant results.

The category of the social economy organisations with a major impact includes the CAR units and „Albina” bank, which have thousands of beneficiaries each year throughout the county. In 2008, CARP granted almost 3,000 loans, while the Cooperative bank „Albina” paid dividends to 30,000 members. Practically, „Albina” bank is the largest social economy organisation operating in Olt County. The banks grants a wide range of credits (consumption, investments, agricultural, personal needs) both to natural persons and to legal persons, irrespective whether they are or they are not members of the cooperative.

In the case of CARP, which has an obvious social function, the quantification of the social impact should also consider the evolution and alternatives which the beneficiaries might have in the absence of this opportunity. In virtue of its profile and of the legislation, „*CARP seeks no profit. The money that comes back to us is lent again*” (CARP president). The social impact of CARP is major for the pensioners who, as members, can get loans between 100 and 3,000 lei, which, as the president said, are vital for them under specific circumstances<sup>1</sup>.

Under the conditions in which the banking system doesn't grant easily credits to the elder and under the condition in which the requested amounts and the reimbursing period are low, CARP is many times the only possibility of the pensioners to credits. The other CAR units, although have decreasing activity, also have a major social impact, but in the case of CARP this function is obvious due to the specific problems of this category of age and to the economic coordinates of Romania, where the category of the old people is one of the most vulnerable.

The consumption and craftsmen cooperatives have a negative evolution: the number and activity of these cooperatives decreased severely over the past 20 years. After they were organised according to Law no. 1/2005, the process of discontinuation of these cooperatives ceased, but the number of members continued to decrease (the number of cooperative members decreased by 25% from 2005 to 2008). Situation is utterly critical for the consumption cooperatives, the turnover of UJCC Olt decreasing by more than 20% in 2008, compared to 2007; the figures for 2009 are expected to be even more dramatic (vice-president UJCC Olt).

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<sup>1</sup> "I am glad to be able to help these people stay alive. Many would die if it were not for us...With our help they buy medicines, pay for surgery...buy whatever they need. Serious surgery is sometimes done with the money we lend" (CARP president).

### ***Forms of support for the social economy organisations***

The state has stipulated, through the laws that regulate the activity of the social economy organisations, several aids for these units such as exemption from paying the profit tax (for the NGOs with income from economic activities less than 15,000 euro), facilitate the activity of the county unions and associations of pensioners (they receive from the county councils locations for their activity), giving the consumption cooperatives the right to use freely the land where the cooperative units are located (Law no. 1/2005).

Within the current context we can only speak of the existence of private projects of social economy organisations. The evolution of the NGOs supplying social services depends on the increase of the social activity and on the diversification of the range of services. For this sector, the non-reimbursable funds (donations or by competition) is the source of supporting their activity. The funds that can be drawn through the *European Social Fund* for the Operational Program Human Resources Development, is the greatest possibility of development (president, NGO Slatina).

The development of the social economy activities depends largely, for the associations and foundations, on the change of people's mentality; the population must support these activities by a higher social involvement (officer in charge with projects and programs DGASPC), while NGOs activity and the involvement of the private companies must increase.

For the cooperative sector, the support from the state is vital for its development, and the legislative way is the most important means. The national unions (UCECOM, CENTROCOOP, and CREDITCOOP) play a very important role in the development of the cooperative sector; they decide the directing lines which guide the activity of all the member cooperatives. The support of the consumption cooperatives and of the craftsmen cooperatives depends largely on the easy access to credits, which continue to be a great problem for the cooperatives (vice-president UJCC, president UJCM)

### ***Legislation and prospects of the social economy***

The first, and probably the most important observation on the relevant legislation is that it is very little known. The respondents, representatives of the cooperatives or NGOs, had difficulties to answer our question regarding the laws governing the activity of their units.

Among the weaknesses, the representatives of the social economy organisations accused the excessive taxes (the lump sum tax was invoked as example) and some legislative gaps regarding the legal status of the land on which the cooperatives operate. Regarding this latter aspect, the argument which supported the idea of

giving the land into the property of the cooperatives targeted the impossibility to get credits unless they prove the property over the land or buildings. "We don't have projects because we cannot have, legally... We are not the owners of the land where we are operating and this prevents us from taking credits or running projects (vice-president UJCC Olt).

Olt County has a very little developed social economy, at least regarding the NGOs. Since there are just eight NGOs supplying social services and a single protected workshop, we cannot speak of an intense economic activity of the non-profit sector. The low number of programs and projects in support of the disfavoured groups and their low social impact fill in the image of the poor involvement of the NGO sector in social economy activities.

The CAR units and the Cooperative Bank "Albina" actually have, by their high number of beneficiaries, the most intense social economy. The perspectives of the sector are, however, uncertain. The growth of the banking sector activity reduces the activity of the credit cooperatives and of the mutual aid houses, the official data supporting this perspective.

The evolution of the consumption cooperatives and of the craftsmen cooperatives also is questionable under the conditions in which, during the recent years, there was a continuous decrease of the cooperative membership. Of the two types of cooperatives, the consumption cooperatives are in a critical condition.

The development of the social economy sector can be achieved only if several conditions are met simultaneously: regulation, financing possibilities, dynamics of the associational forms and cooperation between these social economy organisations and the economic sector.

### ***DGASPC – officer in charge with projects and programs***

#### **Knowledge**

- The significance of the social economy concept is known within DGASPC Olt, the main source of information in this respect being POS DRU documents (applicant guidebook and the related official documents). Within DGASPC Olt there was an initiative to prepare a POS DRU project on social economy, in 2008, which didn't materialize, however. The directorate still has this interest to prepare the project for future applications and is trying to find economic units interested in the development of protected units.
- The legislative framework in the field of *social economy* is not known.

- At the county level, in the field of social services, there is a single protected workshop in Corabia (of the Romanian Association Supporting the Children with Physical Handicap, Olt branch).
- DGASPC representative mentioned the non-profit sector and the limited liability societies, if they organise protected workshops, as the types of organisations which can run social economy activities.
- In the county there are eight NGOs licensed as suppliers of social services, of which one (the Romanian Association Supporting the Children with Physical Handicap, Olt branch) certainly operates *social economy* activities.

#### Attitudes

- "The social economy activities are very necessary, but we (as society) are not yet ready for something like this. The factors with adverse effects are in people's attitudes, mentalities." This statement was argued with the example of a foundation which established a bakery which employed Roma people. Shortly after, the bakery had to be closed down because nobody was buying bread from it.
- We need a higher involvement of the firms in social economy activities, and we need better information, which to shatter the traditional mentalities regarding the disfavoured groups.

#### Practices

- The contact person from DGASPC says that he didn't participate and he doesn't know anybody from the institution to have participated in events of information or conferences regarding the social economy. He also doesn't know of the organisation of such information meetings in the whole county.
- DAGSPC is not involved in social economy projects but, in 2008 there have been discussions for collaboration with a limited liability company from Corabia, but eventually that company has backed and nothing resulted.
- Activities for the social inclusion of the disfavoured groups. In the localities of Grădinari, Corbu, Brebeni, Stoenesti and Valea Mare, the National Agency for the Roma implements a program for the social inclusion of the Roma. In each Roma community there will be local Roma experts working, who will represent the Roma people in their relation with the local authorities and who will work on projects to draw funds for those communities. In the same area of Roma policies, AJOFM has programs for professional formation and counselling to

start a business. The people with disabilities benefit, besides the stipulations of the law, of the services provided by the Association „Nagual”, Association „Trebuie” (beneficiaries: people with mental handicap) and Association for the Support of the Children with Physical Handicap. At the same time, five NGOs conduct activities intended exclusively for children (Foundation „Kids Alive” Romania, Foundation „I Nostri Bambini”, Foundation „Profesor Coman”, Foundation „Casa Luminii”, Association „D'Arcobaleno”). At the county level there are several pensioners organisations joined into the County Council of the Elder, which aims to promote the interests of the old people in relation with the central and local institutions and with the different economic agents.

### ***AJOFM- president***

#### **Initiatives in the social economy sector**

- Through the National Agency for Occupation and Formation, AJOFM Olt runs two large projects whose object is the integration of the disfavoured people on the labour market. The first project, which started in 2005, aimed to establish a county network of professional counselling and orientation in the towns of Olt, Caracal, Corabia and Balş. The project started with funds from the AED Foundation (Academy of Education Development - USA) and it is implemented and monitored on a regular basis. The second project was run with financial support from the World Bank and it presumed the organisation of training courses in gesture-language for the people with hearing deficiencies.
- On the local plan we cannot speak of the existence of important employers for the people from the disfavoured categories. There are no companies which to employ with predilection Roma people, old people, young people from the placement centres. AJOFM data show the existence of 13 working contracts for people with hearing, locomotive etc., deficiencies in 2009, 16 contracts in 2008 and 11 contracts in 2007. “The protected workshop from Corabia has just one permanent worker who is a person with disabilities. The other work contracts for people from the same category are in some SMEs”
- “In general, the professions available to the people coming from disfavoured groups are poorly skilled, hand-working professions.”
- Outside the centres for professional counselling and orientation, which provide counselling to start a business, we cannot speak of the existence of projects encouraging entrepreneurship among the people coming from disfavoured groups.

### Potential beneficiaries of the social economy

- “It is difficult to estimate the number of people in social risk who are seeking a job, but our (AJOFM) evidence shows that very few people with deficiencies are registered in our database.”
- At the county level, there is just one protected job. Generally, the opportunities of the labour market for the people coming from disadvantaged groups are in garments, constructions and commerce.
- “We (AJOFM) tried to promote the possibility to establish protected workshops among the companies from our county, but they displayed very little interest for such kind of activities.”

### Local inter-institutional networks for social economy

- “There are no inter-institutional partnerships in Olt, because there are no NGOs. We know only two such organisations. There are no people here who would start an NGO unlike other places (*gives the example of Oradea and Timisoara where he knows such organisations*)... We, in Olt, we only have relations with the association „Trebuie” and with the association of the blind people. These two organisations were established upon the initiative of some people who had handicapped persons in their family (n.m. children with handicap).”
- “The partnerships cannot be turned efficient unless the activity of the organisations grows... This means the establishment of new organisations and the development of their activity.”
- The integration of the people from the disfavoured groups on the labour market can be done only through a stronger involvement of these categories of people and by increasing the number of organisations which have this objective.

### Level of knowledge, perception of the social economy and of the legislative framework

- The respondent (AJOFM Olt director) declared that he doesn't know the significance of the concept of social economy, or the related legislative framework.
- The director mentions, however, a PHARE program amounting to 106,000 euro, which runs in 2008 and 2009, whose target group was the Roma

population from four localities: Grădinari, Iancu Jianu, Stoenеști and Potcoava. The program, which run through AJOFM aimed to train 107 Roma people through programs of professional formation; 68 of them found jobs and 8 started own businesses.

### ***Chamber of commerce – president***

#### **County profile**

- "Olt County has an unbalanced economic profile because 6-7 large companies produce more than 70% of the county GDP".
- "In Slatina, the unemployment rate is very low, although at the county level it is around the national average. The industry is developed in the town; in the rest of the county there is a different reality."
- For Slatina, even if the transition period caused some large enterprises to shrink their activity (ALRO and ALPROM were given as example), new investments appeared during the recent years (the tyre factory „Continental”), as well as several SMEs. In the rest of the county, most economic agents closed down. In Caracal, for instance, only the railway cars factory and the textile industry are still running, while in Corabia, the poorest town in the county, unemployment exceeds 20%. For Corabia, there is a POR project, which is expected to refresh the economy of the town and which aims to bring the port back to life, but it was not yet implemented.

#### **Profile of the cooperatives and the services for cooperatives**

- The cooperative sector, in Olt County, is very poorly developed; it shrinks every year.
- There are two county unions (County Union of the Craftsmen Cooperatives and the County Union of the Consumption Cooperatives) which join the profile units throughout the county.
- The president of the Chamber of Commerce excuses himself for not being able to provide information about the cooperatives; he gives us the addresses of the associations where we can get general data on the specificity, activity and problems of the cooperative sector.
- The Chamber of Commerce and Industry doesn't provide differentiated services for the cooperatives and didn't implement projects specific to this sector. The only projects of the Chamber where representatives of the



cooperatives (only the consumption cooperatives) also take part are the periodical fairs and exhibitions.

### ***Social economy – unknown concept***

#### ***County Union of the Consumption***

#### ***Cooperatives – vice-president***

##### **Profile of the county organisations**

- UJCC Olt was established in 2005, on the basis of Law 1/2005.
- Currently, there are 16 member units, of which 15 of the first degree (the difference between the first degree and the second degree cooperatives is the proportion of natural persons within their structure. The law stipulates that the second degree cooperatives are owned in proportion of 2/3 by natural persons).
- All the cooperatives existing in the county are members of UJCC Olt.

##### **Cooperative activity in the county**

- UJCC member units function, with changes in the statute, from the communist period. The number of units reduced very much after 1990, but after the Union was established (in 2005), their number didn't fluctuate anymore. However, the number of cooperative members decreased by 25% only during the past three years.
- The cooperative units earn incomes from commercial activities (retail sales) or from renting built areas to other economic agents. Most times, the cooperatives are in great problems and they hardly make profit. *The greatest problems are due to the lack of liquidity, due to the financial blockage and to the deficient access to credits.*
- The turnover of UJCC Olt in 2008 was 20% smaller than in 2007; the prospects are even bleaker for 2009.
- None of the member cooperatives issued bonds.
- UJCC doesn't organise cultural activities.

##### **Projects and cooperation with other institutions**

- UJCC doesn't run European projects: "We don't have such projects because legally we can't... We don't owe the land where we are conducting our operations and this doesn't allow us to run for projects."

- "The local authorities don't help us in any way, neither does the County Council... We collaborated with the Chamber of Commerce for some exhibitions."
- CENTROCOOP imposes regulations because it represents the governing body.
- There were no collaborations with NGOs.

#### Legislation and problems

- The great problem is of the land beneath the buildings where we are operating. The land is not ours, we only have the right to use it as long as the buildings are there... This land should be our property."
- Weaknesses of the legislation: Law 1/2005 stipulates too large taxes for the current activities of the cooperatives, but the great problem is that it didn't allow the cooperatives to own the land on which it runs its operations.

#### *Social economy – unknown concept*

#### *County Union of the Craftsmen Cooperatives – president*

##### Profile of the county organisation, activity of the cooperative

- UCJM Olt was established in 2006 and has 10 affiliated cooperatives (all the cooperatives from the county). The first cooperative in the county was established in 1949 at Caracal.
- The object of activity of the cooperatives (5 in Slatina, 3 in Caracal, 1 in Balş and 1 in Corabia) is the delivery of services and they have 352 members in all.
- Of the 10 cooperatives, only one had losses in 2008 (the one in Corabia), so that the "cooperatives are afloat". The tailoring and shoemaking cooperatives have the greatest problems, not much demand for them.
- None of the cooperatives issued bonds and none run projects.

##### Relation with other institutions and legislation

- "We don't have any kind of interaction, besides the ones regulated by the law, with the local or county authorities."
- "UCECOM endeavours to help us. It issues all kinds of guidebooks and norms required by our activity."

- No relation with the NGO sector.
- The acting legislation is seen rather as a hindrance to cooperative development, due to the taxes and dues it stipulates.

### ***Social economy – unknown concept***

#### ***Consumption cooperative Apicola - director***

##### General data

- The unit was established in the 1960s.
- Throughout Olt County, the cooperative has about 30 members (the number of members fluctuates continuously), most of them pensioners.
- The economic situation of the cooperative was poor during the recent years, but they are still making a profit from this activity.

### ***Credit cooperative „Albina” – deputy director***

##### General data

- The only credit cooperative from Olt County („Albina”) resulted from the merging of the four existing cooperatives. „Albina” cooperative has 24 work points throughout the county and about 30,000 members who own shares. The number of members remained rather constant during the past three years, but it is lower than before 1990.
- The first credit cooperative in this area dates since the 1950s.
- “Most of the cooperative activity takes place in the rural areas. The pensioners represent much of our clients, many of them having a long-term relation with the bank (from the period of the communist regime).”
- The object of activity of the cooperative is receiving deposits and granting loans to the cooperative members and to other categories of natural and legal persons; its profile resembles to that of the banking units.

##### Procedures and products

- Any person with residence/job in the geographical area of activity of the cooperative (Olt County) can become a member. The members can subscribe social shares and, consequently, they can receive dividends for them.

- Withdrawal from the cooperative is done by written notification to the bank, but after payment of all obligations towards the cooperative.
- The saving and crediting operations are rather similar in terms of volume.
- Due to the crisis, both the deposits, and the credits decreased slightly during the past year, the 2009 turnover being about 90% of the 2008 figure.
- The cooperative doesn't have specific services for the disfavoured categories.

**NGO: Association „Nagual” (Slatina) – program manager [REDACTED]**  
**Object of activity: delivery of mental health services**

**Knowledge**

- I heard about this concept (n.m. social economy), POS DRU funds even have a line of funds for such projects... The social economy activities are activities of the economic agents or of the NGOs who provide income for vulnerable social categories”
- The field legislation is not known.
- “I don't think that in Slatina there is any organisation engaged in social economy, at least I don't know any.”
- “In Ilt County there are no more than 20 active NGOs, most those with social profile providing services for the children with disabilities”. There is just one protected unit, in Corabia.

**Attitudes**

- “The social economy activities are new for Romania, and maybe this is why they are less developed.”
- “I think that the economic agents should get more involved in these activities... Not necessarily the state, because the state is inefficient, bureaucratic and even incompetent... The state should pas regulations which to encourage the economic sector and the NGOs towards such activities”.

**Practices**

- Didn't attend any information event on subjects of social economy and doesn't know of any such activities in Ilt County.

- Association „Nagual” is to start a project which can be considered social economy: they are preparing a SRL whose object of activity is wastes recycling; the project will employ people with disabilities. The project will probably start in 2010.

***CAR Pensioners – president (in Olt County there is just one CARP)***

**General data**

- Establishment: 1957.
- Structure: three permanent employees and three collaborators. The board consists of five members. The censor commission consists of three members.
- The board monitors and ensures the operation and internal control of CARP.
- The general assembly meets once a year and sets the objectives and validates the board.
- CARP operates from a building it owns, in a block of flats in downtown Slatina. CARP doesn't own other areas and doesn't have other work points in the county.
- CARP gives loans to the pensioners and to other categories of assimilated beneficiaries (husband, wife, children with handicap).
- In case a member dies, the family receives aid for funerals, non-reimbursable (amounting to 200 lei).
- CARP has over 5,100 members (4,900 in 2008) from all the categories of pensioners. During the past five years, the number of members oscillated around the current figure. During the communist period and in the first years after revolution, the number of members was in excess of 10,000 people.
- The members pay a monthly fee of 1% of their pension. To get a loan, a person must first make a deposit (down payment) and they repay in monthly instalments.
- The members can loan between 100 and 3,000 lei, the amount depending on the value of the pension.
- For the vast majority of the members, the pension is the only form of constant income. For the beneficiaries from the rural areas, the products obtained from agricultural activities are a secondary source of income.

- The statute of member is obtained by application and backed by the statute of pensioner or assimilated category and by the evidence of the residence in Olt County.
- CARP Olt is affiliated to the National Federation of the CARPs.

#### Knowledge, attitudes and practices

- "I am glad to be able to help these people stay alive. Many would die if it were not for us...With our help they buy medicines, pay for surgery...buys whatever they need."
- "Half of CARP members took loans in 2008."
- "Neither the UE, nor the Romanian state help us, we have to manage by ourselves."
- "CARP seeks no profit... The money that comes back to us is used again for loans."
- "The pensioners form the most conscious social category. Very few have overdue payments. They are thinking as follows: from pension, the priority is the medicines and debts of any kind, then the others."

#### *County Council of the Elder (CJPV) – president*

##### General data

- CJPV Olt was established in 2001, based on Law no. 16/2000 and operates from a location put at its disposal by the Olt County Council.
- CJPV joins all the pensioner associations from Olt County (Association „Pensionarul”, Association „Silvicultorul”, Association „Agriculatorul”, Association „Unirea” CFR, Association CARP, military and police in reserve and pensioners).
- CJPV Olt has 20,000 members and "represents the interests of over 130,000 old people in the county."
- Object of activity: "Represents the interests of the old people, standard of living, healthcare, leisure time," We fight so that this category of people is not excluded."
- CJPV Olt income comes from the fees paid by the member associations and from various sponsors (generally, the sponsorships come from the economic agents from the county).

- CJPV Olt is part of the National Council of the Elder (CNPV).

### Projects

- ICJPV is not a beneficiary and it doesn't run projects with national or international funds. The activities it runs are rather expressive and they intend to signal out pensioners' problems. Some such actions are: 1. picketing Olt Prefecture following the decision of the Government to cut as of January 1<sup>st</sup>, the pension point from the average wage on the economy; 2) notify the town hall about the dissatisfaction of the pensioners towards the high cost of the thermal rehabilitating of the blocks from Slatina; 3) draw a report on the way in which the county house of pensions Olt assigned the treatment tickets for the pensioners; 4) picketing CEZ Oltenia branch to determine their use of a new way of billing the electrical power which to correct the current system. Over 32,000 signatures were raised.

### Collaboration with other institutions and plans for the future

- They are collaborating very well with the County Council and with the Prefecture, but they are "at war" with Slatina town hall. The conflict with the town hall is argued by the "difficult person of the mayor".

### *Șerbănești town hall – vice-mayor*

#### General data

- Șerbănești commune is located in the plain area and its soil is very good for agricultural activities.
- It has about 3,500 villagers in the three villages composing it.
- During the communist period in the commune there were two CAP and one IAS.
- Șerbănești commune didn't have and doesn't have developed industry; agriculture (cereal crops and animal production) is the main occupation of the villagers. However, there are three firms which employ about 120 people (SC Mega Impex - garments - 60 employees; Agricultural Association Șerbănești - 50 employees and Metal Trans SRL - 7 employees).
- The commune has one CEC office.
- In the commune there is no NGO, CAR, protected workshops, craftsmen or consumption cooperatives.

#### Perception on the human relations and on the social economy

- “The population is aged. Very many young people went away after 1990, many of them abroad (Spain and Italy).”
- The town hall has recently won European financing worth of 1.5 million euro (through the National Program for Rural Development - PNDR); the money will be used to expand the tap water supply to modernize roads and to introduce a sewage system.
- During the past years the town hall had several projects with pre-accession funds which were used to introduce tap water and cooking gas; these non-reimbursable funds are the only source of financing for the development projects of the commune because the revenue to the local budget from taxes and dues and from the County Council are not enough.

#### Attitudes

- The associations are thought to have a positive role in the development of the commune (for instance the local agricultural association which succeeded to run a prosperous business and to create jobs in the commune).

#### ***Agricultural Association Șerbănești, Olt County - XXXXXXXXXX administrator***

##### General data

- Șerbănești commune is located 35 km from Slatina, in the south-eastern part of the county, in the Danube Plain.
- The association from Șerbănești commune is a second degree association established around the Agricultural Company „Longin” SRL.
- The association was established in 1995, it leased over 4,500 ha land and it runs a mill, a bakery, and it owns 6 combines and 25 tractors.
- The current activities are done by 52 employees with work contract, plus collaborators during the summer time.
- The commune was collectivised in the 1950s, like all the surrounding localities. The villagers have divided opinions on the communist period and on the CAP. “In the first years after we got our land back we were very glad, but gradually we understood that agriculture cannot be done on small plots... Most villagers joined our association with their land. The people with larger land areas (10-30 ha) and who have the necessary agricultural equipment didn't join us.”



- Structure of the crops: half wheat, 20% rape and the rest corn and sunflower.

#### Economic activity

- The profit of the association comes from the sale of bakery products, from using the mill and by selling the agricultural products which remained after all the association members received their share of products (this year the association distributed to its members 800 kg wheat per hectare of land). The association is afloat in terms of economic sustainability; however, it cannot make investments from own funds.
- The main source of income is selling cereal crops.
- Last year, the association applied for European financing through PNDR and it bought agricultural equipment (two combines and five tractors). It aims another project which to purchase further technological equipment and to modernize the storage and processing capacities. They don't know anything about the POS DRU financing line.

#### Decision-making and prospects

- The association is led by an administrator elected by the general assembly of the association. The administrator also is owner of the Agricultural Company „Longin” SRL, which owns the agricultural equipment, the storage facilities, the mill and the bakery.
- The current decisions within the associations are taken by the administrator, who also performs all the managerial functions of the association, using the staff of the Agricultural Company „Longin” SRL, to run the Association. Thus, the administrator, who holds this position since the association was established, actually controls the entire activity of the association.
- If the profit would increase, the investments in development would also be higher; they intend to set up an animal farm with meat processing facilities.
- The main differentiation between the associations and the CAP, beyond the property of the land, is given by the fact that the “capitalist economy pushes the associations towards competitiveness, because they are economic agents directly interested to make a profit.”
- Collaborations: very good collaboration with the town halls from the communes where the Association owns land, with the Agricultural Directorate Olt and with the county institutions. “The town hall from Șerbănești supported us in all our projects... We are collaborating excellently.”

# SOCIAL ECONOMY IN GIURGIU COUNTY

*Filip ALEXANDRESCU\**

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**Abstract:** *The article presents the main forms of social economy in Giurgiu County, their social impact and the prospects of the social economy in this county. The offer of social economy, in the narrow meaning of the term, is limited strictly to the cooperative sector: craftsmen cooperatives and consumption cooperatives. The mutual aid units on the pensioners are another form of social organisations which are much more inclusive regarding the disfavoured groups. There is local demand for the social enterprises, particularly in the rural area which is confronted with the lack of jobs and of local services, accessible and personalised. A large void in the social economy offer is due to the poor development of the non-governmental organisations in Giurgiu County. The seven associations and foundations that were identified provide services of social work which are badly needed, but no other non-governmental organisation has been established with the purpose to join social protection with the economic activity. The causes of this state of underdevelopment are multiple, but they are certainly connected to the low level of economic development of the county.*

**Keywords:** *social economy, unemployment, disfavoured social group, Roma, European funds, social assistance.*

## ***Brief profile of Giurgiu County***

Giurgiu is a county from South-Muntenia Region, with a population of 284,501 (1 July 2006), of which 31% lives in Giurgiu Municipality and in the towns of Bolintin Vale and Mihăilești (Statistical Yearbook 2007). In terms of GDP per capita, Giurgiu is one of the poorest 5 counties in Romania, both in 2005, and in 2008<sup>1</sup>. Between 2000 and

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<sup>1</sup> <http://khris.ro/index.php/10/2009/cum-se-manifesta-criza-economica-la-nivelul-judetelor/>.

2006 the proportion of Giurgiu County GDP within the GDP of South-Muntenia Region oscillated between 5.9 and 7.6% and displayed a decreasing trend after 2004<sup>1</sup>.

According to the president of the Chamber of Commerce, Industry and Agriculture Giurgiu (CCI), the main economic branch in Giurgiu County is the agriculture (and, associated to it, the food industry). According to the data of the Directorate of Statistics, in 2007, 53% of the occupied population worked in agriculture, game and forestry. This branch of the economy is much smaller than it was before 1990. CCI president speaks about the disappearance of many units of agricultural production (farms of dairy cows, sheep, greenhouses, canned food factory). For instance, currently there is just one Romanian-Dutch farm at Naipu and several other smaller ones (20-30 cattle). Regarding the factories, currently there is a factory of meat products, one of wheat flour and a small oil producing factory. However, none of them is owned by cooperatives. Actually, according to CCI president, the cooperatives don't play an important role in the economy of the county, neither in agriculture, nor in other fields.

This situation is in contrast with the period before 1990, when the cooperatives had an intense economic activity and earned substantial incomes. CCI president mentions the powerful food trade with Bulgaria. Furthermore, the cooperatives had workshops (tailoring, hairdressing, etc.) supplying services that were important to the inhabitants of Giurgiu County. Compared to the period before 1990, the activity of the cooperatives decreased by more than 90%, according to CCI president estimates.

The general situation of the people in social risk seeking jobs in Giurgiu County is described, at a first level, by the number and rate of the unemployment. At the end of October 2009, the number of the unemployed in the county was 6,421 people (of which 3,580 receiving unemployment benefit, and 2841 with no benefit), and the unemployment rate, slightly lower than the national average, was 7%. Unfortunately, AJOFM Giurgiu didn't supply the requested data, which would have offered a more detailed image on the situation of the people running social risks.

### ***Support programs for the disfavoured groups (focusing on women and on the Roma population)***

The main suppliers of social services in Giurgiu County are both private and public institutions. The public institutions are the General Directorate for Social Assistance and Child Protection (DGASPC) Giurgiu (with 20 territorial centres), the social assistance compartments of three local councils (communes of Bucşani, Gogoşari

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<sup>1</sup> Database: INS Tempo-online. (<https://statistici.insse.ro/shop/index.jsp?page=tempo3&lang=ro&ind=CON103CC>).

and Mogoșești) and Giurgiu penitentiary, which provides psycho-social assistance and education. Of these institutions supplying social assistance, only the latter one delivers activities that might fit to a broader definition of the social economy. More precisely, equipment for furniture production was bought within a project with PHARE funds. The inmates are working in the penitentiary, they benefit of training courses through AJOFM, and their products are sold (DeC, DGASPC Giurgiu). Also, the inmates from Giurgiu penitentiary painted icons which were sold and the money was used to paint part of the chapel from the penitentiary. DGASPC has several protected centres where people with various disabilities are involved in productive activities, but these units are seen as belonging strictly to the occupational therapy, with no implications for the social economy (DaC, DGASPC). Except for these special situations, the social economy activities are absent among the public suppliers of social services.

The private suppliers of social services in Giurgiu County include four associations and three foundations (some also have branches in the territory) which supply services for children or adult people in difficulty (for instance, for the people or families with HIV/AIDS problems or for the women/children confronted with situations of abuse). All the private organisations are specialised in social assistance, but none of them has economic activities producing income. From this point of view, the non-governmental sector is completely absent from the social economy offer of Giurgiu County.

Through a project of the National Agency for the Roma, centres of social economy have been established in every region of development, as of January 2009. For the South-Muntenia Region, this centre is located in Călărași, and the coordinator is from Giurgiu. Although the main target-group consists of the Roma people, the activity of the centre is not limited to this group (IR, DAS Giurgiu town hall). One of the identified problems, to which the centre for social economy is to find a solution, is the access of Roma women to the labour market.

On the basis of the few data supplied by AJOFM Giurgiu, the employment activity focuses mainly on the commercial companies. On the other hand, according to one AJOFM representative, the cooperatives are not among the main employers of the people seeking a job. AJOFM cooperates with some NGOs, but not for the jobs that the latter might offer. These NGOs just gather information about the people running social risks and seeking a job.

### ***Profile of the social economy offer in Giurgiu County***

The offer of social economy, in the narrow meaning of the term, is limited strictly to the cooperative sector. In Giurgiu County there are craftsmen cooperatives and consumption cooperatives. According to BNR (National Bank of Romania) registry of

the credit institutions, in Giurgiu there are no credit cooperatives. In the past there have been credit cooperatives, but they are no longer operating at this time. For instance, in Vedea commune there has been such cooperative until few years ago, but it closed down. The subsequent discussion will focus on the craftsmen and consumption cooperatives from Giurgiu County.

### *Crafts en cooperatives*

All three craftsmen cooperative societies (SCM) from the county („Dunărea”, „Munca” and „Sârghița”) are located in Giurgiu Municipality and they are UCECOM members. There is no county SCM association of union, the three cooperatives being affiliated directly to UCECOM. SCM „Munca” and „Dunărea” are small cooperatives (with 20 and 32 members, respectively), while SCM „Sârghița” has 85 members.

The field of activity of SCM „Dunărea” Giurgiu is the manufacture of garments and the supply of garments services (for women and men, and lingerie). SCM „Sârghița” delivers personal services of hairdressing, hair stylist, manicure, and pedicure and also runs a windows workshop (thermal pane windows). Both SCM units lost part of their membership from 1990 until now and decreased from 585 members to 85, while „Dunărea” from 465 to 32 de members.

Asked how they evaluate the general economic situation of the cooperatives, the leaders of „Dunărea” and „Sârghița” spoke of “survival”. This term characterizes their economic strategy, a conservative strategy: both SCMs aim to survive economically because they are not interested to take credits and they try not to make debts. The future seems bleak, both representatives of the craftsmen cooperatives speaking of a continuous decline over the next years (“When you will be of my age, the cooperatives will be just memory”, president of „Sârghița”). This pessimistic image is stressed by the description of the “lost glory” of the cooperatives before 1990, when they were strong (as membership), influential (by the many contracts they had) and wealthy (by the areas they owned). For instance, the president of „Sârghița” remembers that before 1990, their cooperative also had mass production, cooperating with „Tractorul” Brașov, manufacturing gaskets for „Roman”, seals for „Dacia Pitești” etc.

The president of „Dunărea” said that the present situation is very poor because there is no market for the products. Given the invasion of cheap, poor quality Turkish clothing, the people don't order their clothes at the cooperatives, where the prices are higher (hand-work etc.). A possible cause of the decline also was the closedown of „Dunăreana” garment factory and of the garments high school which it had established. The apprentices for SCM „Dunărea” were recruited from the graduates of this high school, but lately, nobody was interested to become an apprentice in

tailoring. So, on the long-term, the cooperative membership can only decrease because the working force cannot be refreshed.

On the other hand, both „Sârghița”, and „Dunărea” managed to avoid the fast dissolution after 1990, which affected other cooperatives (mainly the consumption cooperatives – *authors note*). The president of „Sârghița” said that „Sârghița” didn’t sell its patrimony and this is one of the reasons it managed to stay alive, which is maybe true for SCM „Dunărea” too. Furthermore, only those craftsmen cooperatives which adapted to the shrinkage of the productive sector and to the expansion of the service sector after 1990, managed to survive.

The development perspectives of the two cooperatives are very limited even from the point of view of the foreign funds. Their presidents said that they didn’t take credits (for instance, from the county fund which guarantees the credits taken by the SMEs). The access to credits presumes eligibility criteria which they don’t meet (they must provide co-financing). Also, although the presidents of both SCM know of the European funds in support of the social economy, they didn’t apply for them.

The relation of each SCM from Giurgiu with UCECOM is satisfactory. „Dunărea” uses the advisory services of UCECOM, but just for guidance, not for guidance and control. From this point of view, the collaboration is good. „Sârghița” too has a good collaboration with UCECOM, which the president sees as their “enclave” which provides some kind of mutual help (between the individual SCMs), however, increasingly less lately. The president of „Sârghița” said that in the old times there was a close collaboration, but now the situation is quite the opposite: “if one cooperative doesn’t have work, how can it give (work) to another one?”

In terms of the logistic resources for the cooperatives, other than those supplied by UCECOM, the president of the Chamber of Commerce (CCI) Giurgiu admits that they don’t supply services to the cooperatives. Sometimes they send requests for offer, but CCI president thinks that they are no longer able to respond as they should because they lost the material basis (areas etc.) which they had before 1989.

None of the craftsmen cooperatives has branches in the county, although „Sârghița” used to have branches in all the counties of Romania. SCM „Dunărea” has 9 working points, all in Giurgiu Municipality. Each working point includes a reception centre where the persons in charge work and a workshop where the workers work.

### ***Consumption cooperatives (CPADM)***

The consumption cooperatives are organised at the county level; individual cooperatives exist in Giurgiu Municipality and in Vedea and Bolintin communes, under the denomination of Cooperatives of Production, Purchase and Sales of Goods (CPADM). We will subsequently discuss the situation of the consumption

cooperative from Vedeia. Before 1990, this cooperative had 19 shops (4 in Slobozia, 4 in Malu, 6 in Vedeia, 1 in Cetățuia and 4 in Găujani). Presently, it only has two, in Vedeia. In parallel with this decrease of activity, CPADM Vedeia developed a parasitic relationship with the commune to which it belongs.

According to the mayor of Vedeia, the buildings where this cooperative works have been built with the collective effort of the community, to which the town hall, the former CAP and IAS and the villagers contributed with physical work. After 1990, the competition and the free market have eroded the economic basis of these associations pushing them to bankruptcy. Officially, SPADM Vedeia has 40 members, and as employees it has one accountant, a president and three sales persons. The future is uncertain, though, because this consumption cooperative has large debts to the state and to the town hall, some overdue for several years. On the other hand, the ownership papers for the building are lost and some people managed to own to CPADM built areas. By renting, these beneficiaries make income by using some goods which, at origin, were public goods, belonging to the community of Vedeia.

The mayor of Vedeia says that he tried to cut short these actions, but he had no success so far. His interest, which he stated in a determined manner, is to make a project by which the built areas owned by CPADM are to be turned into a commercial complex (hairdresser, shoemaker, etc.) and which to make money – from productive activities – for the community. For instance, as the mayor explained, some company might want to start a tailoring shop with 20 jobs, for the beginning. Then, in one year or so, the enterprise would develop and create more jobs. It is interesting that the mayor speaks more of a “firm” than of a cooperative, which to conduct economic activities to the benefit of the community. This undifferentiated perception regarding the form of organisation of the local economic revival (social enterprise or private firm) will be discussed at length in the next section.

### ***Perception of the social economy***

Two of DGASPC representatives have heard of the social economy, as specific term (one at a master in public administration and the other one at a master in social assistance, Bucharest University). One of them defined the social economy/enterprise as a “centre for reintegration through occupational therapy, some beneficiaries of the unit work and finished product result, which are then sold”. However, after detailed questions, both DGASPC representatives said that in Giurgiu County there are no such centres.

The other respondents also understand the concept according to the institutional culture to which they belong. For instance, for the president of SCM „Dunărea” it is obvious that their activity belongs to the social economy, because their members have a job and are not in poverty or don't have to go “in the street to steal or to rob

people". With this meaning, the social economy looks rather like a precarious and dissolving refuge struggling against unemployment. For the president of SCM „Dunărea” the process of dissolution is somehow unavoidable because nobody is interested any more to practice the petty professions. “What parent gives his child to become a tailor? Everybody wants to be somebody, right? Cooperation was a system of refuge of the people who didn’t learn.” This conclusion is significant for the observation that social economy tends to be seen as a bar to hang to not to fall, rather than a lever helping you to rise economically.

The president of CCI Giurgiu told us that the social economy “must be an economy which develops for the population, for the social part, for the development of people’s welfare”. The respondent displays a tendency to understand by it some social assistance (in different forms), rather than an economic activity with a social purpose. When he speaks of the economic activities from the county, he seems to favour the individual initiative and the competition. About the old cooperatives who managed to survive, he says that they are particular entities and that it all depends on the “particular manner of organisation”. Thus, CCI president notices a paradox: the cooperatives decayed after 1990, although they “could develop very well after 1990 because nobody stopped them. They had the entire material basis, which could be put to work. At that time, nobody had own specialised shops.” The cause for this state of the things is pursuing the individual interest, so that the cooperatives that survived tried to get as much as possible from the goods of the old cooperatives and make a profit from selling them. Although he didn’t say it explicitly, CCI president hints towards a rather high lack of confidence in the cooperatives. Furthermore, he sees the cooperatives as being in competition with the individual initiatives and doesn’t give those many odds to win.

Although he doesn’t seem familiarised with the term, the mayor of Vedea commune looks very interested to develop the local industry by small workshops (during the interview he mentioned hairdresser, tailoring, shoemaker, wood processing, ironsmith etc.). It is interesting that the mayor presents this initiative before being asked about cooperatives, suggesting a personal concern for the revival of the local economy. The workshops he mentioned might be developed in built areas owned by the town hall. Their advantage is that they make money for the local budget and create jobs. For instance, he tells us how he used the local workforce to repair the commune school, spending just 6,000 lei, instead of 60-70,000, as he figured it must have cost using external workforce. Asked whether these centres should be developed by the cooperatives, or by individual investors, the mayor responded that he has no preference, “important is, that who has the initiative.” Asked in detail, the mayor supports the idea of the cooperatives as possible operators of these workshops, adding that the cooperatives might have lower prices and better quality. However, speaking of the present situation, the mayor of Vedea criticised the



consumption cooperative (Consumcoop), which developed a parasitic relationship with the rest of the community (see above).

Although he didn't link explicitly the initiative of the "small workshops" of the integration of the disadvantaged groups, the mayor and a former local counsellor (former teacher and one of the prominent representatives of the commune) seem to be outstandingly progressive in the matter of the minorities. Speaking of the efficient integration of the Roma, they propose to encourage them to settle among the Romanian ethnics. They both said that they have heard no Romanian complaining that Roma people moved in close to them.

Generally, for the mayor and for the former counsellor from Vedeia, the inter human relations from Vedeia improved compared to the situation after 1990, when there have been many conflicts when the land was returned to the people. There seems to be now willingness among the villagers to help their families and to help each other. Furthermore, it seems there is emulation with positive effects among the commune villagers regarding the improvement of their socioeconomic status.

Reverting to the local premises for the development of a social economy, it is self evident the fact that in Vedeia there is no agricultural cooperative, just four agricultural societies and an individual one. The memory of the former CAP is not uniformly positive, and probably this is one of the reasons why the villagers preferred agricultural societies rather than agricultural cooperatives. If the mayor will succeed to develop the commercial centre he wants, it would probably be a private individual initiative, rather than a cooperative one. Of the six projects which the mayor promoted recently<sup>1</sup>, none is intended to encourage the social enterprises. The obstacles in the way of social economy initiatives seem to be rather complex.

### *Impact/results of the social economy*

The direct employees of the craftsmen cooperative societies are also the main beneficiaries. However, there are no more than 140 such cooperative members in the entire county. Before 1990 and probably immediately after 1990, „Sârghița” Giurgiu had 20 workers with disabilities (3.5% of the 585 members), including unsighted and persons with locomotive or hearing deficiencies. They were mainly producing brooms, brushes and baskets and seemingly they had some tax deductions. After 1990, these deductions were cancelled and given the massive

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<sup>1</sup> These are: an environmental project for the park near the town hall, expansion of the water supply and a water treatment plant, a type-1 arena (for 500 people) with foreign funds (European funds), endowment of the house of culture, closed garbage platforms – tender to pick up the garbage from each house, and improvement of the road infrastructure for the secondary roads.

reduction of the membership, the participation of the people with disabilities decreased to zero<sup>1</sup>.

From the point of view of the socioeconomically disfavoured groups (people with low education/skills), the craftsmen cooperatives, as productive units using people skilled in various professions, was not in a favourable position to employ them.

The indirect benefits of the cooperatives for the broader community are rather low. On the side of the consumers, the temporary president of SCM „Dunărea” considers that their activity has indirect benefits for those inhabitants of Giurgiu who prefer ordered clothing. On the other hand, both „Dunărea”, and „Sârghița” do not organise social, cultural or educational activities.

### ***Social impact of the pensioner houses of mutual aid (CARP)*** ■■■

Although they are not in agreement with a stricter definition of the social economy<sup>2</sup>, the pensioner houses of mutual aid are more inclusive for the disfavoured groups. For instance, CARP Giurgiu has a significantly higher membership than the craftsmen cooperatives (14,000). Each year about 2,000 pensioners join in. In order to facilitate and increase the access of the pensioners, CARP accepts as members people who still have up to five years to retirement. CARP Giurgiu also functions as county association of the CARP units, because it has members throughout the county (for instance, in Vedea commune there are several hundred members of Giurgiu CARP). Furthermore, this CARP has branches in Bolintin Vale and Ulmi.

In terms of the social protection of the disfavoured groups, CARP seems to be in a much better position to provide help than the cooperatives. For instance, CARP Giurgiu provides occasional aids, of 100-150 lei, function of the degree of sickness or of the social state of the pensioner in need. The decision is taken by CARP counsellors who make an inquest according to which the council of administration approves the financial aid. The aid is larger for incurable diseases. Also the loans up to 300 lei, most often demanded by the pensioners on low pensions, are free of interest.

The Giurgiu County Pensioners Union (with 5,000 members) also provides a function of social protection of the elder. The donations and sponsorships obtained by the union (most times from the local and county council and from the prefecture) are offered to the poorest pensioners under the form of food aid. Additionally, by an intense lobby they succeeded to obtain free public transportation for the pensioners of Giurgiu town.

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<sup>1</sup> The information is not sure, because we didn't ask whether they still have members with disabilities, but it is very probable.

<sup>2</sup> Particularly because it has no income-providing activities outside the interests to the loans and because the decision-making process is not democratic.

From the standpoint of the social economy, CARP Giurgiu had an attempt to organise a business from selling coffins, but because of the poor quality of the products (which they were buying from a producer) they lost money and gave up. The president of CARP Giurgiu considers that it is difficult to organise income-making activities (a hairdressing shop, for instance) because there will be problems of control of the employees of the enterprise etc. They also intended to start a "health shop" but, according to CARP president, "it is no longer necessary because they all have family doctor."

Even though he sees difficulties in the development of some social economy organisations within the CARP, the president said that many pensioners, particularly former craftsmen, do private work to earn additional money. There is, thus potential for economic activities, but at this time, these opportunities are used rather individually than within a cooperative framework.

### ***Forms of support for the social economy organisations***

The cooperation of the social economy entity (the cooperatives particularly) with the local or county authorities seems to be very low in Giurgiu County. Actually, the only relation with the local institutions which the presidents of „Dunărea” and „Sârghița” mentioned is their quality of clients of these SCMs. For „Dunărea”, the interaction was positive, meaning that they had orders for garments, thus contracts and income. On the other hand, the president of „Sârghița” said that the local authorities of Giurgiu, when they needed a thermal pan window to be installed, they asked the private companies, not the cooperative. He added: "they support is null, not to say more."

Although Law no. 1/2005 (art. 106) stipulates the support of the public authorities for the cooperatives (facilitate the access of the cooperatives to the counselling services), this support didn't materialize for the three SCMs from Giurgiu County. The situation is much more surprising as the same law recognises as important the "improvement of the economic performance [of the cooperatives] and of the capacity to create jobs and generate incomes" (art. 106).

### ***Social economy legislation***

The effects of Law no. 1/2005 seem to have been insignificant for the two craftsmen cooperatives, „Dunărea” and „Sârghița”, meaning that nothing changed compared to the previous legislation. The president of „Sârghița” speaks in negative terms about the large expenditure by the "tenth of millions" which the smallest SCM had to pay during the process of registration with the Commerce Registry, according to the new law (1/2005).

On the other hand, from the formulation of Law no. 1/2005, it is obvious that the Romanian state only assumes a reactive role in relation with the cooperatives: “The Romanian state supports the development of the cooperative societies, irrespective of the level and form, and of the associative forms, to which it guarantees the autonomy, independence and a *treatment which is no less favourable than the treatment of other economic agents*” (Law no. 1/2005, art. 195, our highlighting).

### ***Perspectives of the social economy***

There seem to be potential demand for the social economy organisations in Giurgiu County, but it is improbable that the offer will appear spontaneously. Those doing the small crafts (mostly are pensioners) would probably benefit from a cooperative form of organisation, which to protect them and which to increase their opportunities to conduct income-generating activities. On the long-term, within the context of the drastic decrease of the demand for small crafts, these cooperatives seem not to have a future. The only activities for which there will still be long-term demand are the delivery of personal services (hairdresser, hair stylist etc.). At the same time, these social enterprises will have to cope with the competition of the private firms.

Demand for social enterprises exist both at the local level in the rural areas which are confronted with the lack of jobs and with the lack of local services, accessible or “personalized”. In this case, like in the case of the delivery of services, it is not clear whether and to what extent the cooperatives will prove to be more viable than the commercial societies.

In a very limited measure, there actually is potential offer of social economy (outside the offer of the current cooperatives). The occupational therapy activities organised by DGASPC might be transformed into productive activities. Unfortunately, the idea of a “third sector” (between the public and the private sectors) doesn’t seem to be familiar within the institutional environment from Giurgiu County.

A large gap in the offer of social economy is given by the lack of the NGO sector in Giurgiu County. The seven associations and foundations run a very necessary social assistance activity but, unfortunately, no NGO has been established with the purpose to join social protection with the economic activity. The causes of this state of underdevelopment are multiple, but they are certainly related to the low level of economic development of Giurgiu County.

As a preliminary conclusion, the only institutions which are able to initiate forms of social economy are the local authorities and the private firms. The first ones might be able to draw foreign funds for the development of small cooperatives in the rural localities. The private companies, on the other hand, might be encouraged to develop their CSR projects towards the support for productive activities having a component of redistribution of the obtained income.

Appendix 1  
Data regarding the field research

Period	4 – 6 and 12 November 2009 [phone interview]
Locations	Giurgiu County (Giurgiu Municipality and Vedea commune)
Interviewed institutions (through their representatives):	<ul style="list-style-type: none"> <li>– Chamber of Commerce and Industry Giurgiu, <i>president</i></li> <li>– General Directorate for Social Assistance and Child Protection Giurgiu, <i>economic director and two DGASPC employees</i></li> <li>– National Agency for Employment Giurgiu, <i>officer from communication department</i> [very limited information]</li> <li>– Directorate for Social Assistance, Giurgiu town hall, <i>officer from the department of strategy and public relations</i></li> <li>– Craftsmen Cooperative Society "Dunărea", <i>temporary president</i></li> <li>– Craftsmen Cooperative Society „Sârquința”, <i>president</i></li> <li>– CARP – Pensioner House of Mutual Aid Giurgiu, <i>president</i></li> <li>– Pensioner Union, <i>president</i></li> <li>– Town hall of Vedea commune, <i>the mayor and a former local counsellor</i></li> </ul>

## Appendix 2

*List of the public and private suppliers of social services in Giurgiu County*

*(Data source: [http://sas.mmssf.ro/servicii\\_furnizori.php?judet=giurgiu](http://sas.mmssf.ro/servicii_furnizori.php?judet=giurgiu))*

### **Public suppliers:**

#### **1. General Directorate for Social Assistance and Child Protection**

Specialised service, at county level, running the following units:

- Family-type house "Mihaela" (mental handicap, psychic handicap, neuromotor handicap, abandonment, family problems), Giurgiu Municipality.
- Family-type house "Andrei" (mental handicap, psychic handicap, neuromotor handicap, abandonment, family problems), Giurgiu Municipality.
- Family-type house "Ioana" (mental handicap, psychic handicap, neuromotor handicap, abandonment, family problems), Giurgiu Municipality.
- Centre for Neuropsychological Recovery and Rehabilitation - Cărpeneșu (mental handicap, psychic handicap), Găiseni commune, Giurgiu County.
- Complex of Social Services - Bolintin Vale, Centre for Care and Assistance (mental handicap, psychic handicap), Bolintin Vale, Giurgiu County.
- Complex of Social Services - Bolintin Vale, Centre for Neuropsychological Recovery and Rehabilitation (mental handicap, psychic handicap) Bolintin Vale, Giurgiu County.
- Home for the Elder - Mironești (old age, neglect, and family problems), Goștinari commune, Giurgiu County.
- Family-type house "Casa mea" (family problems, abandonment), Giurgiu Municipality.
- Residential-type care services (separation from parents, family problems, abuse (violence) and neglect, psychic handicap, neuromotor handicap), Giurgiu Municipality.
- Family-type care services (risk of separation from parents, separation from parents, family problems, handicap, abandonment, abuse (violence) and neglect), Giurgiu Municipality.
- Compartment for the complex evaluation of the handicapped children (handicap, HIV/AIDS), Giurgiu Municipality.
- Compartment for the evaluation of children committing offences, but who cannot be penal liable, Giurgiu Municipality.

- Family-type house "Casa albastră" (family problems, abandonment), Giurgiu Municipality.
- Family-type house "Gabriela" (mental handicap, psychic handicap, family problems, abandonment), Giurgiu Municipality.
- Family-type house "Elena" (mental handicap, psychic handicap, family problems, abandonment), Giurgiu Municipality.
- Day care centre "Soarele" (family problems, risk of separation from parents), Giurgiu Municipality.
- Day care centre "Luceafărul" (family problems, risk of separation from parents), Giurgiu Municipality.
- Centre for Recovery and Discontinuation (handicap, neuromotor handicap), Giurgiu Municipality.
- Family-type house "Sfântul Ioan" (family problems, abandonment), Giurgiu Municipality.
- Family-type house "Casa noastră" (family problems, abandonment), Giurgiu Municipality.

#### 2. Centre for Medical-Social Assistance Mogoșești

- Unit for medical-social assistance (for old people or for the adults having a chronic disease, abandoned, in social isolation or having other difficult situations), Adunații Copăceni commune, Giurgiu County

#### 3. Local Council – Gogoșari commune

- Compartment for social assistance (family problems, poverty, social emergency, risk of separation from the parents, other difficult situations), Gogoșari commune, Giurgiu County.

#### 4. Giurgiu penitentiary

- Service of psycho-social assistance and education (for the delinquents), Giurgiu Municipality.

#### 5. Local Council – Bucșani commune

- Compartment for social assistance (family problems, poverty, social emergency, risk of separation from the parents, other difficult situations), Bucșani commune, Giurgiu County.

#### Private suppliers:

#### 6. Association „Letca Nouă” (association)

“Grădina Maicii Domnului” shelter:

- Centre for emergency reception for situation of family violence, Letca Nouă commune, Giurgiu County.
  - Maternal centre, Letca Nouă commune, Giurgiu County.
  - Centre with family module, Letca Nouă commune, Giurgiu County.
  - Protected house (for the homeless), Letca Nouă commune, Giurgiu County.
7. „Use Your Chance” (association)
- Family-type centre (care, education, socialization and emotional support for the independent life of the children, including those with mild disabilities, in the family-type house „Speranța”), Giurgiu Municipality.
8. Association „Licurici” (association)
- Social assistance for the children and young people infected with HIV/AIDS, living with their families, Giurgiu Municipality.
9. „Viața și Speranța 2003” (association)
- Voluntary activities of social assistance for the children and young people infected with HIV/AIDS, living with their families, Giurgiu Municipality.
10. „Bambini in Emergenza” (foundation)
- "Andreia" house (HIV/SIDA, risk of separation from the parents), Singureni commune, Giurgiu County.
  - "Lorenzo" house (HIV/SIDA), Singureni commune, Giurgiu County.
  - "Carol" house (HIV/SIDA, risk of separation from the parents), Singureni commune, Giurgiu County.
  - "Sfântul Francisc" house (HIV/SIDA), Singureni commune, Giurgiu County.
  - Centre for emergency reception „Îngerul păzitor" house (repatriation), Singureni commune, Giurgiu County.
  - Social apartment (HIV/SIDA), Giurgiu Municipality.
  - Family-type assistance and care with AMP - "Sfânta Clara" house (abandoned children), Singureni commune, Giurgiu County.
11. „Bethel” (foundation):
- Family-type centre (difficult situations in the family, abandonment, other difficult situations), Giurgiu Municipality.
12. „Sfânta Maria” (foundation)
- Family-type centre (HIV/SIDA, abandonment), Singureni commune, Giurgiu County.



# SOCIAL ECONOMY IN CĂLĂRAȘI COUNTY

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**Abstract:** The article shows the results of a survey of the social economy in Călărași County, focusing on the inclusion of the disfavoured groups, represented by Roma ethnics, young graduates, people with disabilities, on the labour market. The relevant indicator for the risk of poverty and social exclusion was considered the low level of the GDP per capita. The study shows that the implemented programs aimed to provide subsidies or facilities to the employers of the target group. Somehow surprising is the existence of old, pre-communist, types of organisation, which had survived the economic and social conditions of the transition period. The outcomes of the project have revealed a reticence to access European funds, the mentioned reasons being the perception of an excessive bureaucracy and of heavy procedures. The structural funds are highly useful within an economic-social environment with such needs, and the failure to absorb the funds would be significant as loss of the post-accession period.

**Keywords:** social inclusion, disfavoured social group, Roma, social economy, unemployment, European funds.

## *General data about Călărași County*

### Location, population, and economy

Călărași County was established as administrative-territorial unit in 1981, when most of the actual territory detached from Ialomița County, plus a part from the former Ilfov County, which was significantly larger than presently. It is located in south-eastern Romania, on the left bank of the Danube. The total area of the county is 5,088 km<sup>2</sup>. The relief is specific to the Danube Plain.

The 2002 Census recorded 324,617 inhabitants, and on July 1<sup>st</sup>, 315,157 persons, about 62% living in rural areas and almost 38% in urban areas, in the municipalities

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of Călărași and Oltenița, and in the towns of Budești, Fundulea and Lehliu-Gară. Ethnically, over 94% of the inhabitants declared to be Romanians, the most significant ethnic minority being the Roma (5.65%). The main town and the County capital is Călărași municipality, with a population of 78,823 in 2007.

In terms of economy, it is one of the poorest counties in Romania, ranking 39, of 42 counties in terms of the GDP per capita in 2000, 2003 and 2005.

According to the representatives of the local Chamber of Commerce and Industry, before 1989, Călărași was one of the most industrialised counties of Romania related to its area, workforce and local economy. In the 1990s, the local economy was severely affected during the transition period, the large employers, „Siderca” Călărași and „Navol” Oltenița, being privatized by liquidation. After 2000, the local economy resumed its growth, in line with the general trend of the national economy.

Within the context of the economic crisis, according to the president of the Chamber, the entities detached from the large industrial complexes are in trouble, same as the suppliers of services and the cellulose industrial complex. A better situation was reported by „Aldis” (meat products), „Martifer” (metallic works, Portuguese owner), garments and the biodiesel plant from Lehliu-Gară. The situation is poor at the SMEs chapter – the lack of orders, of the demand from the market feels bad. About 90% of the economic activity value comes from Călărași municipality.

The Chamber of Commerce has over 100 registered members, with a balance between industry, services and agriculture. The cooperative system has its own forms of organisation and association. The main services provided by the county Chamber of Commerce in support of the business environment include the business school, organisation of fairs and exhibitions (usually 4, currently 2, plus the one from Siliștră) and electronic archive. The Commercial Registry returned to the Chamber of Commerce after it had been previously entrusted to the courts of law. The main foreign partner of the Chamber of Commerce is Bulgaria (Siliștră). The other activities of the Chamber of Commerce include information regarding the structural funds, the Development Agency, the Bureau of Trans-border Funds.

### ***Social problems. Situation of the vulnerable groups***

The low level of the GDP per capita is a relevant indicator of the risk of poverty and social exclusion. However, according to the representatives of the Prefecture, the county doesn't have a social map, a functional unit which to substantiate the social policies. The institutional effort of establishing county anti-poverty commission for the promotion of social inclusion in 2002-2005 was not finalised. Therefore, the decentralised and deconcentrated institutions go separately on their lines of problems as defined by the law and within the limit of the available funds; there is no coordination of the social problems.

The institutions with the highest information and involvement in the situation of the vulnerable groups are the County Agency of the Workforce (AJOFM) and the General Directorate for Social Assistance and Child Protection (DGASPC).

### ***Situation of the labour market***

The unemployment rate at the county level was 7.7% at the end of October 2009 – 8,236 people, of which 3,277 women. Of the total number of unemployed people, 3,473 receive unemployment benefits, while 4,763 don't. Unemployment rate was 6.1% among the women. In terms of unemployment rate, Călărași is on position 23 among the counties of Romania. According to AJOFM representatives the unemployment rate increased dramatically starting with September 2009, when the effects of the crisis started to be felt.

The open jobs in the county are in garments, constructions, services (particularly Horeca), commerce. There are no requests of special jobs for the disfavoured people. The employers demand young people, the age being more important than the experience.

According to Law no. 276/2002 regarding the programs of professional formation, AJOFM runs such projects, which are open to any person; they don't target specific social categories of groups which are vulnerable on the labour market.

### ***Specific programs for the employment of the groups which are vulnerable on the labour market***

The programs aim to provide subsidies and facilities to the employers who hire the following category of people: (1) young people aged 16 to 25 (graduates of education systems, or coming from placement or reception centres for the children protection); (2) jobs for the development of the local rural communities; (3) disfavoured categories of people (unemployed aged 45+ or single family supporters, people with disabilities).

For the rural environment there also are, complementarily, specific programs of professional formation (agricultural worker, animal husbandry). There also is another special program with the commune town halls, for subsidies to constructions, which targets the unemployed.

The job offer for the people with disabilities is low. The demand from employers decreased because of the lack of subsidies from the state budget. According to the law, the Government of Romania, through AJOFM, subsidies such jobs, but no allocations from the budget were received from the first quarter, therefore there were no resources for this program. The lack of funds from the budget didn't allow the

allocation of facilities for the employers who hire young people aged 16 to 25 who are in difficulty, according to Law no. 116/2002.

The mediation services also run in support of the disfavoured categories. Last year, 4 persons with handicap were included in the process of mediation on the labour market (one person was hired), 1,372 Roma people (165 employed) and 3,581 women (923 employed). The Roman people included in the process of mediation are mainly from rural areas and have very little, if any, education. The figures above show very low successful rates of mediation for the Roma people, which is in agreement with the other counties, according to ANOFM reports.

The main AJOFM partners in running these programs are the town halls from the rural areas, for the subsidies for work reintegration through the constructions program, DGASPC for the insertion of the young aged 16-25 and who are in difficulty, Roma people organisations for the mediation on the labour market and employers who want to employ unemployed people.

According to AJOFM representatives, the main ways to improve the operation of the current programs pertain to the funds allocated from the budget (the amounts for subsidies upon employment were not approved entirely, then they were not even allocated) and continuation of the professional formation programs.

### *Services of social assistance*

According to DGASPC Călărași officials, the activity focuses on child protection, judging by the level of the financial and human resources. The services of primary social assistance for the peoples with disabilities stand on the second position. The services of primary social assistance are few in number and provide a small range of basic services. Besides the current activity regarding the social aids (heating, emergency etc.) only the services of home care for the people with handicap are accredited. There is a total number of 14 units accredited to supply social services, 12 of which are town halls (Călărași, Oltenița and 10 communes), and two are non-governmental organisations (NGOs) for children assistance (see Table 1).

The thorniest problem regarding child protection is child delinquency. It is thought to entail the highest social risk for the future. A significant part of the disorganised families, with social risk, whose children are admitted to the system of protection, are Roma people. The main managerial problem is the relation between resources and the standards of the services. The law and the Social Inspection impose high standards, hence high costs with the wages. The Directorate has over 1,000 employees, in order to observe the standards regarding the number of children taken under the care of the authorities. DGASPC director gave the example of Hungary, where the standards are not as strict and high as in Romania, which allows the same

activity to run at lower costs. For a county with low economic power, such as Călărași, there is a permanent pressure from the local council to keep the expenditure under control. DGASPC director exemplifies this situation by the fact that for about the same number of employees and children covered by their services, the budget of DGASPC from district 1 is 34 times higher.

Table 1  
*Accredited suppliers of social services in Călărași County*

	Name	Type of organisation
1	Association for the support of the Children with Physical Handicap – Romania – Călărași branch	NGO (association)
2	Foundation „Bethany House” Călărași	NGO (foundation)
3	Local Council - Public Service of Social Assistance Călărași	Public service
4	Local Council - Public Service of Social Assistance Oltenița	Public service
5	General Directorate for Social Assistance and Child Protection	Public service
6	Borcea town hall - Public Service of Social Assistance	Public service
7	Budești town hall - Public Service of Social Assistance	Public service
8	Dichiseni town hall - Public Service of Social Assistance	Public service
9	Dragoș Vodă town hall - Public Service of Social Assistance	Public service
10	Gălbinași town hall - Public Service of Social Assistance	Public service
11	Independența town hall - Public Service of Social Assistance	Public service
12	Modelu town hall - Public Service of Social Assistance	Public service
13	Roseti town hall - Public Service of Social Assistance	Public service
14	Vâlcele town hall - Public Service of Social Assistance	Public service

At the county level, the NGOs are very little represented, with just two accredited organisations, both operating services for the children. There is one active NGO for adult care, Association Agora, which under accreditation for a day care centre for the people with disabilities. The most representative is the „Bethany” Foundation which operates with USA support. This is an independent entity from the Bucharest foundation with the same name. Its efforts are laudable, but they can provide services just for a small number of children compared to the necessities of the county and with DGASPC coverage. Given the high costs of DGASPC with the workforce, the general director considers that “the future is contracting”, but for the time being there are no NGOs able to assume the service which the Directorate, is providing currently.

The current activities for the adult people are focused exclusively on the about 9,300 adult people with disabilities from the county most of them having categories I and II of handicap. A third of them are sightless. The main categories of people with handicap are as follows: people with no income – 5,060 people (4,142 adult people), pensioners (invalids, orphans, war widows) – 196 people, invalidity pensioners – 1,049 people, regular pensioners – 2,871 people, working people – 177 persons. There are no partnerships with the employees or with the two protected workshops which are registered. They are in the communes of the county which are close the Bucharest. The county statistics mention 177 handicapped persons who are working.

There were no other categories of persons with risk of social exclusion registered with DGASPC Călărași.

Currently, the main working project is to draw funds from ANPH to modernize the home from Plătărești, where people with severe mental handicap are cared for. There is a will to provide more services, but “we don’t have people”. In terms of active participation on the labour market, there have been jobs in the cooperative sector, but they have been cancelled.

The general attitude of the people with disabilities is characterized by DGASPC as follows: “they are asking for rights, money, not jobs”. Currently, there is a nation-wide action to verify the levels of handicap. The results of the medical diagnoses continue to vary inexplicably and, despite the authorities, still are ways to get the status of handicap more severely than the real condition of the particular person.

### *Forms of social economy in Călărași County*

#### 1. The cooperative system

The craftsmen cooperatives started from the “the inheritance of the craftsmanship from father to the son, all kinds of people, all crafts”, according to the president of Atcom Călărași, UCECOM member. This form of organisation dates back in 1949. In 1956-1959 the communist regime closed down some old cooperatives (as entities) but the membership remained. The saying is that in the cooperative system “no craftsman leads a poor life” and that “enters he who can”. There is a 2 years period until earning full membership, time during which that person works and deposit capital. “Cooperation is like a big family”, with a strong social dimension. The work relations are specific to the craftsmen cooperative system because “at us, the employee also is the employer”.

Currently, there are more than 200 cooperative members throughout the county, compared to 2,100 in 1990. In 1982/1983, 26 engineers and 180 graduates of arts and crafts schools entered the craftsmen cooperative system in Călărași County. At that time there were some forms supporting the professional insertion: dwelling from

the state for a modest rent, furniture at affordable prices and on credit (one room was furnished free of charge by the cooperative).

Currently there are five craftsmen cooperatives, two of level 2 and three of level 1. The level 1 cooperatives are members of the level 2 cooperatives. The territorial distribution is as follows: in Călărași – (1) „Atcom”, (2) „Borcea” Călărași, (3) „Dunărea” Călărași, (4) „Constructorul”, in Oltenița – (5) „Dunărea” Oltenița. Călărași, through Atcom, also took over the Cooperative from Lehliu. The 5 cooperatives are linked by some common cooperatives, the most important entity being Atcom, which is affiliated to UCECOM.

According to Atcom president, the craftsmen cooperatives lost members and economic importance during the transition period because of three factors: (1) technological; (2) fiscal system; (3) capitalization.

Technologically, the orientation towards the cooperative system weakened the transition to another pattern of activity, a more industrial one, such as *lohn*. The demand for custom products, with high level of processing according to the personal requirements of the client, decreased. The preference goes now towards mass production goods which are cheaper. An illustrative example is that of a cooperative specialised in the production of army coats, which employed 50 people with handicap. After the compulsory military service was discontinued, the army cancelled the orders, the army representative saying that “after we joined NATO, we no longer need clothes made by handicapped people”. Another example is the disappearance of watchmaker, the people preferring cheap electronic watches, which you throw away when it breaks.

The destabilization of the cooperative system took place in 1995-1996, when some craftsmen turned into traders (SRL) of PFA or retired because of the fiscal regulations. The compulsory use of cash registry and other fiscal regulations meant costs which the cooperatives could not bear at their current incomes.

Decapitalisation occurred, usually due to a deficient management. The sales of assets, the lack of investments or redistribution of the profit instead of reinvestment are just a few examples. An effect was the loss of the incentives to attract the young people into the cooperative system, such as no more state dwellings for the cooperatives.

During the difficult periods, the cooperative system could survive mostly by long-term accumulation (of capital). Depending on the managers, the cooperatives survived and even prospered. The factors favouring this positive outcome were the financing policy, owning built areas, involvement in business, avoiding decapitalization, reinvesting the profit. As a consequence, the cooperative system is acknowledged as competitor on the market.

Presently, the main economic activities of the craftsmen cooperatives are the production of garments (even export of garments through „Dunărea” Oltenița), hair dresser, hair stylist, auto service, metal works, constructions, renovation of houses, workmanship. The activities losing momentum and people during the recent years were work at home (workmanship, cardboard objects, and envelopes) and radio-TV repairing.

The cooperative bonds were thought by the law-maker as a means of financing through MIDBANK (ban of the craftsmen cooperatives), but never actually existed because they run higher risks than the bank loans (lack of transparency as to who owns them and of the possible access to the group of creditors).

Atcom tried to access European funds through POS-CCE; some cooperatives actually succeeded to take European funds. The foundation *Arts and crafts* of UCECOM accessed European funds. In Călărași, the idea is that the same investments can be done with less money.

The social activities are still possible if the cooperation goes well. They are considered to be needed more than ever. The social destinations of the economic activity of the cooperatives are managed by the Social Council as follows: schools of arts and crafts, allocations for the children of the cooperative members, activities for the retired cooperative members, organisation of special events and trips. At least three times a year they organise a dinner for the cooperative members.

At least 15% of the profit is redirected through the Social Council of the cooperative system towards funeral aid, disease aid, food donations for the kindergartens (Lehliu), the Days of the Pensioners (160-170 food packs for the retired cooperative members). The prospective social projects include the construction of social dwellings and houses for the children. Presently, the most important project is the economic and social centre: canteen (social meals), club. “We pass through life, and it is important what remains after us”.

The operation of the cooperative relies on a specific decision-making mechanism. When the human activity is to be administrated, generally “controlling economically, you control everything”, says Atcom president. The usual practice in the cooperative system is “one man, one vote” („Borcea” Cooperative Călărași) or the vote according to the social shares. The second formula is more adapted to the need for management, to the practice situations and to people’s availability for the social. Overall, the atmosphere is completely different than in a firm because there also are indivisible shares. The operation mechanism raised problems in the relation with the banks and with the business partners because of the large and unpredictable structure of the management in the case of “one man, one vote”. If there are some cooperative members who own a significant proportion of the social shares, which



joined can make up the control package, then the business partners know clearly who the interlocutors whom they can trust are.

Currently, Law no. 1/2005 clarified the system of member property, but the basic regulations of the cooperative systems are those from 1877. The most important aspect was the legal system of property. When the state enterprises were bought, the patrimony was sold for money. In the case of the cooperative system, only the right to utilization was granted. Therefore, they can be left without the built area they are operating from because the land belongs to the state. The Local Council can make a claim or there may be legal actions of old owners claiming the lands, which is discriminatory. The consumption cooperatives have been most affected and patrimonial litigations appeared. Compared to the consumption cooperatives, the craftsmen cooperatives had a lower number of cooperative members, but they were more cohesive. The patrimony of the craftsmen cooperatives was much smaller than that of the consumption cooperatives, hence less temptation for a deficient management and an advantage on the side of competencies, aptitudes.

Law no. 346/2004 allowed the cooperatives access to the state support like the SMEs. "Some cooperatives in the country used these opportunities, but here in Călărași there is no need", said Atcom president. The state aids were professional insertion of the young graduates, facilitate the relation with the bank and employment of the people aged 46+.

The main advantages of the quality of member of the National Union of the Craftsmen Cooperatives (UCECOM) are the inter-human relations, the existence of a space of business contacts, the exchange of information and knowing business opportunities.

For the next 15 years, the cooperative system is seen to expand and to consolidate in Călărași. The main projects are building a kindergarten, a social centre for the retired cooperative members and a district of social dwellings. "In cooperation, he who comes in and fits in and sees the good parts, he remains". It is important to grow, to educate in the spirit of helping your neighbour: "from your birth to your death you need cooperatives", considers Atcom president. One challenge that remains is the image of "communism", of obsolete economic structure, which the authorities, the fiscal bodies, particularly have about the cooperative system. The term being "communist", the cooperation turned undesirable, "with an image of improper, miserable and small areas, but the reality is the opposite".

After the transition, the *credit cooperatives* turned into *cooperative banks*. The only such entity in Călărași County is the *Cooperative bank „Record” Călărași*.

The history of the cooperative banking activity starts from the cooperative principle of the formation of patrimony with the support of the cooperative members, according to

the individual economic power. Irrespective of the value of the social shares equivalent to this contribution, the right to vote is just one: one man, one vote. The credit cooperatives were established to facilitate the payments to the consumption cooperatives, being coordinated by a county house, which was cooperating with the county house of the consumption cooperatives.

The consumption cooperatives were a force in terms of patrimony and territorial coverage. The system collapsed in 1990 when the assets of the consumption cooperatives (buildings, lands, storage facilities etc.) were merged with the credit part, with the liquidities of the county houses of the consumption cooperatives within the banking unit Bankcoop. This action was sanctioned by the common Law 109/1996 of the consumption and credit cooperatives. When Bankcoop went bankrupt, all the patrimony was lost and now there are legal actions in progress aiming to recover the losses and debits which were formed at that time.

At the end of the decade, the so-called people's banks appeared; although they claimed to be credit cooperatives, they had nothing in common with the cooperative system. These banks failed and their operation was severely regulated by BNR, but only after they failed. Only the credit cooperatives turned into cooperative banks. The "people's banks" have nothing in common with the cooperative system, but the negative image which they left behind is associated by some people to the cooperative banks.

The new legal framework was regulated by OUG no. 99/2000 concerning the organisation of the credit cooperatives and updated during the pre-accession period by Law no. 200/2002, which established a banking-type organisation.

The general assembly of the cooperative banks is the leading body; it consists of all the cooperative members, on the principle "one man, one vote", irrespective of how many social shares that person has. The general assembly chooses a board of administration consisting of an odd number of people, each member having an adequate professional training. The board of administration appoints the executive management led by a general director.

Each bank has legal personality, but in order to function it needs to join a network. The only authorised network is Creditcoop, although there have been several other attempts. This is the only banking entity with variable social capital (this reflects the cooperative specificity), being the 7<sup>th</sup> banking entity nationwide in terms of assets. The cooperative banks from each two-three counties are coordinated by a Creditcoop Agency.

In 2000, there were about 1,100 credit cooperatives; in early 2004 there were 734; in April 2004, 129 and just 51 presently. Due to the stricter regulations of BNR, the credit cooperatives joined by merging or absorption and produced larger entities. The

most recent such regulation is OUG no. 99/2006 regarding the operation of the credit institutions and capital adequacy, approved by the Parliament by Law no. 227/2007.

The cooperative bank „Record” Călărași has a membership of over 16,500 and it covers Călărași and Ialomița Counties. It has four agencies: Călărași, Oltenița, Jegălia and Căzânești (Ialomița). The current cooperative bank was established by absorption of the other banks by the cooperative bank „Record” Jegălia. The organisation is pyramidal, starting from the work points, which have at least a referent and a pay-desk operator. The top of the pyramid is the general assembly, which appoints a board of administration consisting of five members and an executive management with two directors (general director and deputy director).

The crediting activity focuses on short-term and medium-term credits for personal needs (repairs, vacations, studies) up to 20,000 lei. Practically, the bank covers a niche which the large banks with foreign capital are not interested in: provide services in the rural area for low value personal needs.

There are staffs of 90, with two departments at the headquarters (accounting and crediting, with credit analysis and administration-monitoring). Other departments are: internal audit, IT, database, legal office and administrative office. The activity is fully computerized, the communication with the headquarters and with the agencies being secured. The cooperative bank Record is ranked among the top 10 members of Creditcoop.

The cooperative specificity results from the following aspects:

- No fees for early reimbursement;
- There are payment facilities;
- Attractive interest rate for the deposits; there is no obligation to make a deposit in order to become cooperative member;
- Fair interest rate for the loans;
- No exposure to the special clients (employees, leadership of the bank).

The bank provides aids to the rural schools for special events, various goods, Christmas celebration (in partnership with the local business environment). The vision of the bank starts from the awareness of being responsible towards the people and leaving something behind.

The weakness of the cooperative banks is seen by the president of the bank as the lack of homogeneity at the national level. The flow of funds is not very high in Romania. Unlike this, in Austria and Hungary, the cooperative banking system has a good image and it is supported by the state, built on a strong tradition. The Austrian example with Raiffeisen and Volksbank is a success story.

The *County Union of the Consumption Cooperatives Călărași* is not a significant economic entity. Its archive is in Borcea commune. The patrimony of the cooperative has been seriously affected during the transition period, by the exposure to Bankcoop and by the deficient management. The patrimony assets have been sold or are left derelict. A small part remained, and the Union subsists from the rents it cashes.

## 2. The mutual organisations – the houses of mutual aid (CAR)

The *County Union of the Employees Mutual Aid Houses (CAR)* has been operating since since 1949. In 1990, right after the revolution, there were more than 100 employee CAR units (the highest value was 120 units). Presently, 33 still are active. The value of their assets exceeds 6 million lei at the county level. The organisation is affiliated to the National Union of the Employee Houses of Aid (CAR) Bucharest. The strongest Union nationwide is that from Hunedoara County. Generally, the strongest county unions are those from the urbanised areas, with many employees.

The strongest CAR unit of the member organisations are:

1. CAR education..... 1,190 members.... 1,004,473 lei (October 2009)
2. CAR Hospital .....708 members..... 732,000 lei
3. CAR Consid..... 470 members.

For comparison, the CAR unit of the employees from Călărași metal works complex had 4,000 members before 1989. According to the president of the CAR system was caused by the loss of jobs. Presently, the location of the offices is like “each one where he can”.

The credit conditions are favourable, with DAE 10-12%, maxim 14%. The monthly subscription ranges from 10 to 50 lei. 90% of the loans are on the short-term, or to solve current personal problems. The borrowed amounts usually are of 2-3000 lei.

UJCAR president considers that “if the politic and the banks don’t interfere, if they let us be, we are doing just fine”. The weak spot of the CAR is that “we cannot capitalise because of the low interest”. If there would be more jobs, the employee CAR would develop. The company owners also show reticence to the existence of some CAR units.

It is important that the CAR don’t receive the bank status, so they remain non-profit and don’t pay profit tax. A supportive measure would be to make deposits with money from the employee. If the company owners don’t want CAR, the3y should be obliged to have a CAR unit when the staff is 50+. The company owners complain that the staff fluctuation is too large and they don’t want to complicate further, they

don't realise the social impact. Some hearty owners understand the usefulness of the CAR.

The Pensioners House of Mutual Aid (CARP) Călărași has been established in 1952 with just 36 members. It currently has 6,562 members, 5 employees and 15 collaborators (cashiers). 90% of the members have monthly pensions below 500 lei. They only need the pension card to be accepted in the CAR. The location is owned by CARP, at the ground floor of an apartment block. They are building an appendix with the support of the Local Council. The organisation is affiliated to the National CARP Union and receives non-reimbursable assistance from the General Union of the Pensioners.

The leadership consists of the general assembly and of the board of directors appointed by the general assembly. The board includes the president, the vice-president and 3 counsellors (from the Red Cross and from the pensioner organisations). The incomes come from the monthly subscriptions and deposits to the fund. The monthly subscriptions amount to 1% of the monthly pension. The interest rate for the deposit is 8-10% and 10% for the credit. The profit is distributed to the members as non-reimbursable aid supplemented with a contribution from the Union of the Pensioners. The borrowed amounts vary between 300-700 lei with an average of about 1,600 lei. The total borrowed amount is 750,000 lei. The fund circulated by CARP amounts to 3.7 million lei, being the strongest CAR in Călărași County. There are no special problems with the recovery of the debts thanks to a contract with the County House of Pensions. CARP also has other economic activities such as hairdresser and hair stylist, some locations which can be rented at CARP Oltenița; they cash income from the services supplied to non-CARP members, to the Club of Pensioners and from renting a mortuary car.

The social activities include the financial aid in case of death and reimbursement of 20 lei from the treatment tickets. The members can use mortuary car for free. The cultural activities include quire, dancing, cultural exchanges with Silistra, CARP library, trips to monasteries.

The organisation collaborates with the local church administration, which offers the hall for general assemblies, exhibition areas, cultural actions (shows), with the local authorities who provide different areas (local council) and funds (county council). The retired lawyers provide legal counselling.

### 3. Non-profit organisations

„Bethany House” Romania, the main NGO accredited as supplier of social assistance services in Călărași County was established in 2000; it is a family-type house which harbours 12 children. The service is accredited and it is inspected regularly by the

Social Inspectorate. There is only one permanent employee (social worker), aided by 6 volunteers, up to the age of 36, mainly women, but men too. There was an intention to provide services for the elder too, but the first attempt failed. In Ciocănești commune there is a small farm where the young with disabilities work after the age of 18 when they leave the system and a shelter offered as donation. The farm has 600 poultry, calves and pigs and is aimed to support the social activity.

The organisation has no connection with the strong Bethany Foundation, which is active in Bucharest and Cluj. The coincidence of name comes from Bethania church from Chicago, where the husband of the founder, Daniela Pierce is parishioner. The organisation relies on the contributions sent from the USA by Bethania church parishioners.

The main partners of the foundation are DGASPC which informs on the cases of children who need shelter or of poor families in need of aid; CCAPC – Council of Support for the School Education, which provides support for the children of school age in the form of free services provided by a psycho-pedagogue, Association „Noi Orizonturi”, which is not accredited as supplier of social services, but which provides services of kindergarten with special program which also receives children with disabilities, kindergarten 3, „Amicii” Călărași, which provides gifts for the children when they attend artistic events, and „Agora”, organisation for the adult handicapped from Călărași.

According to the social worker, the work is very difficult because of the dependence on the foreign sponsorships and volunteers' goodwill. Given the economic situation from the USA, the sponsorships decreased significantly. A point of support is the farm from Ciocănești, which is confronted, however, with a lack of manpower. The greatest satisfactions come from the young aged 18 who go to higher education. A special situation, which DGAPSC too, mentioned is the juvenile delinquency of the children coming from marginalized families.

The representative organisations of the pensioners joined in the County Council of the Elder, in May 2004. There are two pensioner unions, two war veterans' organisations, CARP, an association of the retired military. They represent about 15,000 members. Each organisation has its own headquarters.

The Council is affiliated to the National Federation of the Pensioner Unions from Romania, to „Unirea” Federation of the Pensioners, to the National Union of the War Veterans, to the National Association of the Retired Military „Alexandru Ioan Cuza”.

The incomes come from monthly subscriptions (for the unions), money from the National Council of the Elder to pay the phone subscriptions and, before the crisis, 400-450 lei quarterly for the office supplies; it also receives sponsorships from political parties (organisation of election meetings with all the candidates) and from

the business environment; the sponsorships amounted to 20,000 lei over the last 5 years, as donations from the town hall.

The main activities include:

- Renovation of the homes for the elder; it was done at the initiative of the pensioners, with the support of the Local Council and of the Prefecture. The first home was put into use in 2008 in Oltenița, with 28 de places. Other homes which followed were in Unirea commune, in Vâlcele commune and in Călărași, with a total of 85 places. This project received funds from the Ministry of Labour too;
- Social centre (initiated project); the idea of the project was to use the former military camp from Călărași as home for the elder, a section of geriatrics, a medical-social unit, with support from the town hall and the Local Council, Prefecture, the County Council. The army agreed to donate the land and the buildings. Support is sought from the Foundation Civic Action Bucharest, to set up a micro farm too;
- Two medical-social units in Călărași and Oltenița, with 20 places each, to ease the hospitals in winter. They were built with funds from the County Council;
- The day care social centre; an investment of 23,000 euro through the Foundation Civic Action, on the location provided by the town hall, with the right of use through CARP, where cultural, sportive, dancing events are organised;
- The social events organised with the support of Călărași town hall: National Day of the Elder (October 1), the Golden Marriage. The main partners are from the public sector (Local Council, County Council, County Directorate for Labour and Social Protection) and from the private economy (SC of home medical services „Brotac Center”, SC „Prefab” Călărași – Marian Miluț) and „Atcom” – Craftsmen Cooperative Călărași.

#### 4. Forms of social economy in the rural areas

Călărași County has over 60% of the population in the rural areas. The relief and climate conditions favoured the large agricultural exploitations and the formation of strong agricultural societies. Such an example is the *commune Independența*.

##### *General data about the locality*

Independența commune consists of three villages: Independența (former Coadele), Potcoava and Vișinii (former Fleva). Located in the south of Călărași County, the commune is at the contact area of Bărăgan Plane and the Danube Valley. The

commune is located some 16 km west-north-west from Călărași municipality, capital of the county, and at about 40 km from the railway station Lehliu-Gară. The villages of Independența and Potcoava are located on the communal road 23 (the former DN 3 Călărași-București, between Vlad Țepeș and east of Independența). By modernization, DN 3 București-Călărași crosses the territory of the commune, through Vișinii village, at about 3 km of the northern limit of Independența village.

Independența village is located at the eastern boundary of the second terrace of the Danube, which the population call *coast*, beyond which the Bărăgan Plane starts. Both the river lagoon Gălățui, and its northern part – Potcoava Lake – are located on the lower reaches of Valea Berza. The lake has at one end Potcoavele village, while it's other end – Coadele Lake and valley, 4 km long. The two villages are about 3 km apart, and towards north-east, 2 further km away, is the third village of the commune, Vișinii.

The commune was completely cooperativized. After 1989, two agricultural societies were established, one with cu 1,500 ha and the other with 6-700 ha. The first one started from the former CAP, and the second from the former SMA.

#### *About the inhabitants of the commune*

They can be characterized as being “circumstantially diligent”. In 1877-1893, the land of this area was given in the property of the people living around Bucharest, among whom the soldiers who participated in the Independence War and their inheritors. As human relations, the dominant forms were the aid based on reciprocity, kinship and even the disinterested aid. After 1990, the human relations deteriorated: the “land discord” appeared. The church has credibility, but no one knows whether it will still have it in a generation or so.

#### *Forms of social economy*

The commune had a consumption cooperative: hairdresser, carpenter, repairs, and show. Because of the bad management, the consumption cooperative almost disappeared. It is surviving from rents for the built space that can still be used. Only the agricultural form of cooperation thrived in the form of agricultural societies.

#### *The local agricultural society*

After the CAP was closed down, new agricultural societies emerged. This relied on the trust generated by the operation of the dairy farm in 1990. The cows from the dairy farm had a much higher production of milk than the cows of the people from



other villages. They have been fed and managed properly by the first and current mayor and director of the association, who was veterinary agent at that time.

The agricultural society was established with 5-600 founding associates and currently has 1,625 associates due to the inheritances. The patrimony consists of an administrative building (former CAP headquarters), bakery, storage facilities, sanitary-veterinary filter, storage platforms, and agricultural equipment. It uses 2,105 ha of land for agricultural crops and raises 284 cattle.

The society is managed by a board of administration consisting of seven people appointed by the general assembly. About 60% of the village population is included in the association. The general assembly decided that the profit is to be shared as follows: 22.6% dividends for the associates, 7% bonuses for the employees and 70% investments.

The economic situation of the association is evaluated as good, with investments from own funds amounting to 700,000 lei. Presently, the context is unfavourable, with low prices for the cereal crops and delayed payments by the state. They started with 1,500 ha and now they operate on 2,100 ha. A larger area would be difficult to monitor and cultivate, generating problems of profitability. The society accessed SAPARD funds, expecting that the FADR funds will work faster, simpler, due to the experience. Reality, however, is the opposite. There are a lot of changes in the regulations and heavy procedures.

The social activities include: organisation of popular celebrations, funeral aid, and support to the church, support for the associates when they need and machinery or tools for own activities. The prosperity of the association provides a framework for social activities, as full member of the society.

“In the beginning I thought it will not work out and that they will withdraw the land”, confessed the mayor of the commune, who also is administrator of the society. “The best for of agricultural exploitation is the agricultural society, if the management is performing”. “If the profit remains at the tenants, to the social shares, it remains with the people”. On the other hand, the operation of an association is difficult because it requires cooperation, trust.

In Călărași County there are seven agricultural cooperatives. The *Fisheries Cooperative Jirlău* has the largest membership. The other agricultural cooperatives have a maximum of 15 members. Usually, they were established in order to obtain financing from the public funds, domestic or foreign, for agriculture, but they are not particularly successful.

The *Fisheries Cooperative Jirlău* has been established on January 31, 2006, with 43 founding members, based on Law no. 501. The promoter of the association was Meleacă Constantin, 75, former head of section at Piscicola” Călărași. Each member

deposited a social share worth 200 lei. The leadership has a 2 years warranted, as single administrator.

The association exploits the Danube between km 345 and km 374.5. They are using 22 licensed boats. The catch is sold in Bucharest, but the delivery is difficult. The economic results are divided according to the production. The associate members pay a fee; the balance of payments is done according to the amount. As patrimony, the association only owns the dock, where the fish is sold.

According to the administrators, the crisis is felt there too, being the most difficult year in terms of sales. For the future they consider having their shop, but for the time being there are no funds. They didn't receive or try to get forms of support because of the financial requirements. The social forms of mutual help are limited to the financial aid in case of death or sickness.

## 5. Other forms of social economy

The minor forms of social economy in Călărași County are represented by (1) protected workshops and (2) support from the financial organisations for social activities.

There are two protected workshops: SC MDE CONVERTING SRL and SC 83 HAG SRL. Both employ up to 20 people with disabilities and don't have any institutional relations with DGASPC Călărași.

As examples of the business environment involvement in social activities, the president of Chamber of Commerce pointed to the social partnerships, but no more than 1,000 euro, irrespective of the beneficiary, merit scholarship for the high school children, aid for the county hospital, support for the young people using skateboards and environmental initiatives.

### *Perceptions regarding the term of social economy*

Three types of reactions can be identified in relation with the term of social economy:

1. „never heard or heard something very vaguely; can't tell you what it is”;
2. Association with something else, imprecisely anchored in the social as aid to the fellow people;
3. Partial understanding of the term.

Most reaction fit within the first category. The representatives of the Chamber of Commerce, of the NGOs, of the CAR organisations, of the Fisheries cooperatives never heard of this term, or maybe vaguely, but anyhow can't tell what it is. A

common element may be the remoteness from an institutional source which plays a role of disseminating the term.

The reaction of association with something else was noticed in intellectual people from the top leadership of their organisations. The directors from AJOFM, DGASPC and of the Cooperative Bank vaguely located the term towards the social area. For some, the term of social economy evokes the post-war idea of the German type of social market economy; therefore, the welfare state model, with the right to a job which to allow a decent living. Another variant looks towards the good practices in the public sector and a proper financing of the social programs. "By definition, it would be the general state of our fellows, including public institutions, public services. The social problem, we create it ourselves. The deficient territorial organization of the public sector, the parallelisms, the bureaucracy, the lack of good practices, make more difficult the process by which we can help each other socially, by which we might have the financial power for it. In Romania, the politic is very important, due to the lack of predictability". Sometimes even confusions appeared, such as between the social economy and saving within a mutual system.

Finally, the reaction of, at least, partial understanding of the term, we met in the persons who were in contact with the institutions which were disseminating the term. The two situations are: the coordinator of the Commission of Social Dialogue of the Prefecture, who participated in a seminary on social and social economy problems, in Greece, attended by local experts; the second situation was when the president of Atcom attended UCECOM reunions. According to him, the term has been used by UCECOM, CCIR, and CES. The term would include the cooperatives of any kind, the CAR due to the elements of mutual aid, by the human relations. Only the social part of the cooperatives would belong to the social economy. In the social economy/cooperatives, he sees an "alternative to the capitalism" and it depends on the future whether we are going towards a social, Brazilian (subsistence) type of cooperation, or towards a German, west-European model of combining the social economy with the profit.

Also here I would also include the idea of the mayor from Independența, who I would name critique-lucid attitude: "It is hard to say how it is. Essentially, they are things from before 1989. You change the terms, you don't change the things". Within the context, it was about associative forms of economic activity which also had a supportive social role for their members.

## **Conclusions**

- (1) The unsatisfactory level of social problems knowledge, of the size and territorial dispersion of the groups with risk of social exclusion. The public institutions from the sphere of the social policies are too little connected with the social groups

which they should care for, at least at each individual level, not at the global, county level, or at least partially. As the people from the Prefecture were saying, there is no social map of the county. This is despite the effort of institutional construction and post-accession, but it is significant for the small counties, with little economic power, mainly rural. The projects of institutional construction by which the external partners benefit of the financing are an undesirable possibility.

- (2) The existence of very few NGOs or protected workshops. This is not necessarily a negative thing, because there are no premises of sustainability without an economic activity of that particular organisation. In a poor county, the externalization and thereafter the effect of the unpredictable and precarious public financing are not true resources for social inclusion.
- (3) Somehow surprising is the existence of some older, pre-communist, forms of economic organisation, which survived the objective conditions and/or management problems during the transition. These entities – the craftsmen and banking cooperatives – have potential, but also a “communist” image of obsolete institutions. The first ensures professional insertion based on competencies and aptitudes; the second may be a source of micro-credits. Both have social and democratic vocation in decision-making, close to the ideal type of the social economy and they deserve a chance.
- (4) The success of the agricultural forms of association. A visible prosperity (at least as perception) is higher than in the case of tenants or, even more categorical, in the case of land restitution. This would be an opportunity for the rural population, but it has specific challenges.
- (5) Reticence regarding the European funds. The reasons pertain to the perception of bureaucracy, or heavy procedures, so that it is not worth the effort. Then structural funds are really necessary within an economic-social environment with such needs, and the failure of absorption in these cases would be a significant failure of the post-accession, from this point of view.

# MONITORING AND EVALUATION OF THE SOCIAL ECONOMY

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*Abstract: Efficient monitoring and evaluation of the social economy from Romania represent a challenge for the beneficiary and involved institutions. Some hold backs identified are the institutional invisibility of the social economy sector, the structure of the national accounts and the lack of methods of monitoring and evaluation accepted at an international level. In this article there are suggested a few fundamental principles that would be taken into consideration in order to help the summarizing of approaches of monitoring and evaluation. The impartiality and independence of the evaluation process, the credibility of the evaluation, the participation of actors and the utility of the observations and results of evaluation are fundamental principles that are at the base of doing an efficient evaluation. The research made in the project "Proactive –from marginal to inclusive" have identified more risks and challenges regarding the status of the social economy sector in target-zones of the domain , like the low capacity of local communities of establishing companies of social economy, the lack of financing , the low number of socio-economical entities etc. These results can contribute to the identification of interest domains that must be monitored.*

*Keywords: social economy, monitoring, evaluation, communities, principles.*

The manner of monitoring and evaluating (M&E) social economy is an important aspect with many challenges for the main levels of the politic, economic, social, government, accounting, funding agencies, for the involved societies and communities, for the participants and for the members of the social economy organizations, for the beneficiaries of the goods and services supplied by these organisations.

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There are two major challenges for an efficient, consistent and accurate monitoring and evaluation of the social economy in Romania. The first one concerns the institutional invisibility of the social economy sector, which is due to the lack of a clear and rigorous definition of the social economy (at the national and international level) and to the structure of the national accounts which prevent the identification and accounting of the social economy companies and organisations. Furthermore, there are no internationally acknowledged monitoring and evaluation methodologies which to yield a comprehensive and integrant measure of the societal impact and viability of the social economy.

Therefore, social economy monitoring and evaluation must be approached on at least two separate, yet complementary levels:

- First, by the currently existing international methods used to collect accounting data, based on the national account systems, particularly by implementing the *Manual for drawing up the satellite accounts of companies in the social economy: co-operatives and mutual societies* (CIRIEC 2006) (for EU member states) and of UN *Handbook on Non-Profit Institutions in the System of National*

*Accounts* (NPI Handbook) (CIRIEC, 2007, p. 29); this approach tackles comprehensively and consistently the issue of monitoring the various economic activities and results of the social economy at the national, regional and sub-regional levels, composing the main set of statistic data.

- Second, by the development of methodologies, instruments and indicators of monitoring and evaluation, which are in agreement with the available data from the satellite accounts, but which approach particularly in a *qualitative manner the societal aspects* of the social economy sector, which are not captured by the data collecting system from the satellite accounts.

Following are suggestions based on the survey of several worldwide examples of positive initiatives, on our knowledge, on our sociological and evaluation experience, on project necessities and on our experience in Romania. Generally, there is no extensive literature, worldwide, on social economy monitoring and evaluation in terms of international standard models, largely because of the conceptual difficulties of defining and classifying by categories the social economy at the national level.

The limited understanding of the concept of social economy in Romania (both at the political and public level) and the limited development of the sector, as far as we can infer from the bibliographic papers and from the answers received from the project partners, question seriously the attempt to monitor and evaluate social economy. At the same time, we consider that this situation offers a very good opportunity to construct several conceptual instruments, methodologies and practices, either starting from scrap, or building on everything already available, with the valuable

contribution of the main actors from each relevant sector of the social economy. The contribution of the main actors to any monitoring and evaluation is vital in order to make sure that the critical parameters that must be covered are included, and in order to legitimate the process and its outcomes.

Thus, we can not develop or suggest a single method to monitor and evaluate the social economy in Romania. Our approach is, therefore, to identify several key subjects or basic principles to be considered, which will aid us *synthesize* the approaches of monitoring and evaluation. Although we endeavoured to draw a list of the subjects in logical order, it can not be taken as a plan or step-by-step approach.

### *Conceptual approaches of monitoring and evaluation*

The field of evaluation is very broad and it is simply beyond the scope of this work to make an ample discussion about the different approaches, such as the evaluation of changes, *ex-post*, *ex-ante* evaluation of the development ([http://ec.europa.eu/dgs/secretariat\\_general/evaluation/](http://ec.europa.eu/dgs/secretariat_general/evaluation/)). It is important, however, to mention, as starting point, CE guidelines on the evaluation of the *programs* for foreign aid and for the European Social Fund (ESF). Although the European Commission's project *Cycle Management Guidelines* (PMC) (2004) (<http://ec.europa.eu/europeaid/multimedia/publications>) refers particularly to the evaluation of CE programs for external aid (outside the EU), this is an extremely significant publication, which is worth reading, because it provides an important theoretical framework for monitoring and evaluation, and to highlight the instruments used within this process. Another publication, the *Indicative Guidance on ESF Evaluation Quality Standards* is a non-normative document for the EU member states ([ec.europa.eu/social/BlobServlet?docId=2301&langId=en](http://ec.europa.eu/social/BlobServlet?docId=2301&langId=en)).

A distinction has to be made between monitoring and evaluation. While both monitoring and evaluation collect, analyse and use information to help making informed decisions, it is useful to understand too the differences between the two terms (who is responsible, when they are done and by whom etc.).

The World Bank defines monitoring as: "A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds". Thus, monitoring embodies the regular supervising of the inputs, activities, production, outputs and impact of the development activities at project, program, sector and national level.

PMC gives a useful definition of evaluation: ([http://www.worldbank.org/ieg/ecd/what\\_is\\_me.html](http://www.worldbank.org/ieg/ecd/what_is_me.html)): "the process of determining the worth or significance of a

development activity, policy or program to determine the relevance of objectives, the efficacy of design and implementation, the efficiency or resource use, and the sustainability of results. An evaluation should (enable) the incorporation of lessons learned into the decisionmaking process of both partner and donor”.

The basic principles of an evaluation are:

- *Impartiality and independence* of the process of evaluation from the functions of programming and implementation;
- *Credibility* of evaluation, by using independent experts with proper training, and by the transparency of the evaluation process, including the wide dissemination of the outcomes;
- *Actors participation* in the process of evaluation, to make sure that there is a sufficient number of perspectives and opinions to take into consideration;
- *Usefulness* of the evaluation observations and recommendations, by providing, in due time, relevant, clear and concise information to the decision-making factors.

Thus, an evaluation has two precise purposes: to determine *what went right and what went wrong*, whether there is efficiency or inefficiency in relation with the expected results, and *what has been learnt* from a specific effort (Which seems to be a successful intervention? What factors contributed to its success? Why were some interventions not efficient? What could have been done differently, in order to obtain a positive outcome?). Thus approached, the evaluation contributes to a higher responsibility and to a stronger practice in the field (Caledon, 2006).

Due to the dynamic and complex nature of the social economy, both monitoring and evaluation, must be conducted on a continuous basis, which will allow watching the progress, responsibility, impact and viability, as much as possible, in real time, and *ex-post* (evaluation of the finished activities).

### ***What must be evaluated?***

An activity, economic or social, is characterised by three main elements: inputs, process(es) and outcomes. All these three elements must be monitored and evaluated separately and in combination. What are them? (this is an indicative list):

- **Inputs** – they can be: financial resources, work (paid or unpaid), knowledge/ research, capacity building, learning possibilities, state policies, state legislation, infrastructure, community organisation etc.
- **Process(es)** – efficiency and efficacy are two important evaluation criteria for the processes. They may include: how work is done, including the values they



embody and the relations which it fortifies; how are the administrative practices, partnerships, participation in decision-making (for instance, the democratic processes), human capital development, results (services, products etc.), innovation, etc.

- **Outcomes** – the main evaluation criteria which usually have a major importance are the impact and the viability. Within the context of the social economy, there are two main outcomes that we want to measure, the economic and the social one. However, there are also important non-socioeconomic outcomes, such as sector development.

### ***Draw a statistic directory of the social economy companies***

As mentioned in the *Manual for drawing up the satellite accounts of companies in the social economy: co-operatives and mutual societies*, drawing up a statistic directory is the starting point of the highest importance for the development of an exhaustive catalogue of the different classes of social economy companies, based on the conceptual delimitation and on the criteria set by the Manual. Without a directory, or at least a catalogue based on the above-mentioned criteria, social economy monitoring and evaluation would become problematic and might lead to outcomes which the social reality invalidates.

We are not sure whether the statistical structures from Romania know the detailed aspects of the manual, if they already use it, or if there is the capacity to start the process of developing a system of satellite accounts for social economy organisations. If the statistical structures don't have the capacity, on the short or medium term, to draw such a directory, maybe they will try, if possible, to draw a directory (at least in the target areas of the project) using a questionnaire (some questionnaires) which to use the working definition from the Manual and the characteristics of the cooperatives, mutual societies and other similar organisations active in social economy, as well as other definitions which the statistics office will recommend.

### ***Risks and challenges***

The field work conducted within the project "Proactiv – from marginal to inclusive" identified so far several risks and challenges concerning the social economy status in the target areas of the field, such as the low capacity of the local communities to establish social economy companies, the lack of funds, the low number of social-economic organisations etc. Recording these risks and challenges would help identifying, among other, the areas of interest to be monitored and evaluated, the strategies, methodologies and resources to be used, the studies to be conducted, the involved actors and the statistic data that have to be collected. Therefore, a thorough

and in-depth identification of the risks and challenges and, of course, of the way to tackle each of them, would minimise any gap in knowledge and in the social reality and would supply inputs for policy, a practical aid for the local/regional areas that want to develop social economy, having a positive sustainable impact on all actors, at all levels.

The document *Evaluation Framework for Federal Investment in the Social Economy* (p. 12) offers a useful list of the challenges to social economy, while formulating a working guidebook, removing the impractical elements or adding new units. These challenges include:

- *Initiatives are diverse and evolving*: Each social economy initiative is different, shaped by unique local circumstances
- *Different types of results are pursued simultaneously*: Social economy initiatives frequently pursue results simultaneously at various levels of activity – benefits to individuals and households, organizational and enterprise capacity, and broader community and systemic changes
- *Attention to outcomes must be balanced with attention to process*: Social economy initiatives enable citizens to participate more fully in shaping their own affairs
- *Goals are often long term in nature but near-term signs of progress are required*: There can be a mismatch between the time frame for funding social economy initiatives and the long-term nature of the goals being pursued
- *Different types or levels of results are to be expected depending on whether initiatives are new and emerging or mature and expanding, and whether the policy supports and other infrastructure are in place*: Anticipated outcomes must be adjusted to the different starting points for various communities and organizations, and the projects they decide to pursue
- *Both quantitative and qualitative data are required to capture the multiple facets of these initiatives and to satisfy the information needs of various stakeholders*: Different kinds of data are needed to reflect work undertaken in the social economy
- *The demand on time, energy and resources can be overwhelming*: The resources required for multifaceted, community-based initiatives are always stretched to the limit
- *Key outcomes, such as community capacity-building, lack commonly accepted measures and do not readily lend themselves to quantification*: While further work is needed, significant progress has been made. In the area of community

resilience, for example, valuable work has been undertaken in Canada and applied both domestically and internationally

- *Due to the holistic nature of social economy initiatives, a wide range of results may be appropriate for different initiatives:* Program and evaluation design must be clear about the type and range of desired results. It may be necessary to specify that priority is being given to a limited, focused set of outcomes or, alternatively, to illustrate the menu of acceptable results that different efforts may achieve
- *Some initiatives are likely to require technical assistance to enable them to effectively design and conduct evaluation:* Many community organizations have only limited understanding and capacity for evaluation, and may need external support to undertake this work
- *Practitioners may feel alienated from evaluation processes that prioritize funders' need for accountability over practitioners' desire for learning and improvement or that judge success of an initiative only at its conclusion:*

### ***Evaluation processes should support both*** ***accountability and learning***

#### **Monitoring and evaluating the societal aspects of the social economy in Romania**

In order to monitor and evaluate all three elements of the social economy activity – inputs, process(es) and particularly outputs – we need to draw a framework which will identify the key objectives of the social economy in Romania, the expected outcomes and the indicators to monitor and evaluate. As already shown, social economy activities produce economic and social effects, as well as other types of effects – this “other type” being assignable to any of the first two categories.

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