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1. INTRODUCTION

In 2013, Romania's GDP grew by 3.5% over the previous year.

The year 2013 is the third consecutive year of growth and 3.5% growth rate in 2013 is the highest rate recorded by Romanian economy in the last five years. Note that the increase of 3.5% of GDP in 2013 ranks Romania on top position among the EU member states, the EU average being 1.0%.

Nevertheless, Romania is still lagging significantly behind the majority of European countries in terms of economic development. GDP per capita recorded in purchasing power standard (PPS) was just half of the EU 27 average in 2012 and only around 70% of the average GDP per capita of the new EU Member states.

In line with the Europe 2020 Strategy and the Preventive Agreement with EU and IMF, the medium term economic strategy of the Romanian Government is oriented towards the promotion of growth and jobs, consolidation of the public finances and of the financial stability. In this respect, the Government of Romania adopted a 2014-2016 Fiscal-Budgetary Strategy aimed at meeting 7 objectives in terms of economic development, fiscal consolidation, budgetary discipline, efficiency of budgetary allocation, public spending, and transparency in the use of public funds and management of public debt.

For 2013, the Romanian Government, the IMF and the EC have predicted a 2.2% growth after the initial target used in the construction budget for 2013, which was set at 1.6%. The 3.5% increase (by the National Institute of Statistics) exceeded the most optimistic forecasts. The Government and International Financial Institutions anticipate an increase of 2.1-2.2% of GDP in 2014.

According to the Winter Forecast of the National Commission for Prognosis, a GDP growth in 2014 of 2.3% is expected. Employment, according to national accounts, will increase in 2014-2017 at an annual average rate of 0.9%. Labour productivity will improve due to a more rapid increase of GDP relative to the increase in employment.

The unemployment rate was estimated at 7.1% in December 2013, decreasing by 0.2% from the previous month and 0.4% above its level in December 2012.

Ongoing reform of the special protection system

Regarding **social assistance**, continuing the reform started in 2011 in the social assistance field ensures a transformation of the actual system into a pro-active one, a fact that cannot be achieved without changing the accent from the passive help granted to a person to activation and building of specific social protection measures around the family, in order to ensure raising the social security degree which will focus on the child and family.

In Romania the social assistance - part of the national social protection system - consists of **social services and social assistance benefits**, granted in order to develop individual and collective abilities to ensure social needs, increasing the quality of life and promoting the principles of cohesion and social inclusion. **Social assistance benefits** represent a form of supplementing or substituting income obtained through labour, in order to ensure a minim living standard, as well as a form of support in order to promote social inclusion and increasing the quality of life of vulnerable groups, as defined by law. **Social services** represent the activity or set of activities performed to address the social needs, as well as special needs for the person, family, group, in order to surpass the situations of difficulty, to prevent and fight the risk of social exclusion, and increase the quality of life.

The law on Social Assistance (Law no.292/2011; the first law on social assistance was adopted in 2001) ensures the legal and institutional unitary and coordinated framework, through which the general principles and rules for granting social assistance measures are regulated, as well as the system organizing and functioning criteria, in order to ensure adequate conditions for elaborating and implementing sectoral public policies in this area. Under this new law, social assistance benefits are linked to the Social Reference Indicator (SRI) in order to ensure compatibility with unemployment insurance benefits (according to law no. 76/2002 on the unemployment insurance system and stimulation of the employment including subsequent amendments). This will also create the basis for implementing an integrated IT system which will ensure comparability and linkages between different social protection measures (contributory or non-contributory), which are provided for a person or a family. Hence, the eligibility thresholds and amounts of social assistance benefits are established in relation to the SRI by applying a social insertion index.

Our social assistance system has strong foundations, and underwent a series of gradual improvements over the last four years, during the implementation of the Social assistance system modernization strategy. The main objectives of the strategy, largely achieved, focused on: (i) improved equity of the social assistance system; (ii) improved administrative efficiency (by reducing the administrative cost of the system and the private costs for applicants); (iii) reduction of the error and fraud; (iv) development of a performance monitoring system; and (v) improving the training and quality of services offered by social assistance workers.

A key goal of the social assistance strategy was an improvement in the share of social assistance funds reaching the poorest 20% of the population (targeting accuracy), while reducing the overall cost of the social assistance system. Since 2010, the overall targeting accuracy has improved from 35.8% in 2009 to 37.6% in 2012 (source: World Bank). To achieve this goal, we have used a combination of parametric reforms. For categorical programs with modest targeting accuracy, the benefit level has been kept constant in nominal terms. The duration of the Child Raising Benefit program was reduced for mothers opting for the high-replacement option, while the back-to-work bonus for parents has been increased. The level of irregularities in the largest social assistance programs was significantly reduced, thanks to a series of thematic inspections. At the same time, the number of beneficiaries of well-targeted means-tested programs (the Heating Benefit, the Family Benefit and the Guaranteed Minimum Income program) has fallen. One reason was the lack of indexation of the thresholds of the Family Benefit and Guaranteed Minimum Income programs. Another reason was the introduction of an extensive set of asset filters that exclude a large share of the true poor from means-tested programs. After the evaluation of household survey data, the Minister has amended the filters in November 2013 such that targeting accuracy is again on a path to improvement.

Another goal of the social assistance strategy was the fight against error and fraud in the benefit system. Significant progress has been made in this area over the last years, placing Romania among the forefront reformers in improving the compliance with program rules. More social assistance programs (Family Allowances, Child Raising Benefits and Guaranteed Minimum Income) are now being paid through the National Agency for Social Payments and Inspection (ANPIS), thus reducing discretion in eligibility decisions at the local level and improving controls over more of the system. Annual thematic Inspections have been carried out on five high value, high risk social assistance programs (the three mentioned above, plus the Heating Benefit and the Disability Allowances) starting 2010. Furthermore, a data cross-checking effort has been undertaken for four large social assistance benefits since 2013, which has improved the identification of suspicious files in a cost-effective manner.

MoLFSPE has made strong progress in monitoring the results of social assistance policies. The National Agency for Social Benefits and Inspection is producing regular reports on payments to beneficiaries using its Management Information System called “SAFIR”.

We are in advanced stage of development of a National Registry for the Persons with Disabilities, which will be operated by the County Office Social Assistance Services. Following the population with the data regarding the registered beneficiaries and their entitlements (benefits) this module will be integrated in the management information system for social assistance programs, in order to allow the electronic processing of the benefits and to allow better control of error and fraud in this sensitive area.

Regarding **social benefits**, the increase of the level of efficiency and effectiveness of the social assistance benefits including those for families with children has been constantly pursued since 2011 up to the present, as a result of the implementation of the **Social Assistance System Modernization Project in Romania**, with the support of the World Bank experts.

MoLFSPE was in the forefront of reforming its social assistance programs based on sound economic and social analysis. Starting from 2011, our Government has committed to dismantling producer subsidies in the energy sector while mitigating the effect of increased tariffs on vulnerable consumers. In 2011, district heating subsidies were eliminated and the Heating Benefit program was adjusted. During 2013-2014, the Ministry has worked with international partners on a similar analysis to identify the best policies to protect vulnerable consumers against the gradual increase in electricity and gas prices over 2013-2018.

As part of this process, the adoption of the law regarding **the Minimum Insertion Income (MII)** is foreseen,

Finally, the Ministry is preparing the legislation for the flagship anti-poverty program, the Minimum Social Insertion Income program (MSIIP), a fact that will contribute to the increase of the efficiency and effectiveness of social transfers, by better targeting the beneficiaries and reduction of the administrative costs. The new legislation aims at targeting more efficiently the poorest and at risk of being marginalised beneficiaries, through social transfers and continue strengthening the links between the cash social assistance reform and activation measures. The legislative act is expected to enter into force in 2016. For it to be fully operational, the electronic system for managing and granting the benefits called SAFIR must also be reshaped.

The establishment of the MII will unite the previous existing three social assistance benefits in one, with common eligibility criteria and standardized single application form.

In this regard, we have started the consolidation of the all means-tested programs - the Heating Benefits, Family Benefits, and Guaranteed Minimum Income program - into a single flagship anti-poverty program, the Minimum Social Insertion Income (MSII) program. In 2013 we eliminated unnecessary asset filters from means-tested programs to increase their coverage of the poor, and increased their eligibility thresholds and/or benefit levels to mitigate the impact of the increase in energy tariffs on the household sector.

In 2014 we will complete the necessary legal, regulatory and technical work to allow the launch of the MSII program during 2016. In this regard, the Cabinet has established, through a Memorandum, an inter-ministerial committee for the preparation of the MSII program. The committee is tasked, inter alia, to finalize the legislation that will consolidate the means tested programs and introduce a benefit formula that will not penalize beneficiaries when they become employed.

To ensure the smooth implementation of the legislation and the achievement of the goals of the MSII program – reducing income poverty among the poorest 20 percent of the population, while supporting the activation of work-able beneficiaries – the committee is estimating a full budget for the new program, covering both the transfers’ component and its administrative costs. This will include the upgrade of the management information system for social assistance programs – hardware and software – which we expect to be ready during 2015.

Regarding the social services field, starting with the 1st January 2014, the provisions of **Law no. 197/2012 regarding the quality insurance in the area of social services are implemented**, through which a coherent evaluation, monitoring and quality control system is being established.

In order to ensure decent living conditions for vulnerable groups, projects aiming at improving the quality of the social infrastructure continued to be financed under the European Regional Development Fund. By March, 2014, 105 social centres were rehabilitated/ modernized, so that 24,470 persons might benefit by the improved accommodation capacity and the services offered by these centres.

In the field of child protection, the main focus of the **deinstitutionalisation reform** was to close large residential institutions and replace them with alternative services, such as family-type homes and foster care.

The reform also supported the prevention of institutionalization of children by helping families in need, through day-care centers and “mother and baby” units. The Specific Objective “Continuing the transition from institutional care to community care” is being accomplished by:

- a. raising the minimum age for institutionalisation of a child from 2 to 3 years old;
- b. closing down all the classic type institutions and setting up family types homes or apartments;
- c. setting up at least 1 day care service at the level of each administrative unit of the country until 2020, depending on the identified needs (ex. counselling center, integrated community center).

Romania’s success in reforming its child welfare and protection system has been recognized by the European Commission’s Regular Reports since 2001. Considered a daunting task, the years of the reform were considered by the international actors and partners of Romania as a quiet revolution which encouraged Romanian families to stay together and put an end to the longstanding practice of abandoning unwanted children, seeking to close the orphanages, Romania aiming to halt decades of mismanagement in just a few years.

Currently, Romania is preparing a **new National Strategy for child protection for the period 2014-2020**. The new strategy will continue the previously initiated efforts within this field, following to provide a proper access of children to quality services, adapted to their specific needs, reduce the social disparities between different categories considered as vulnerable (children from poor families, children with disabilities or victims of violence). Encouraging children to participate in the decision making process is another objective promoted by the new strategy. The measures introduced by the new strategy will also refer to the setting up a minimum service package addressed to children from rural areas or urban areas found in extreme poverty.

In the field of the protection and promotion of persons with disabilities, a national strategy for 2014-2020 is currently being drafted by MoLFSPE. The strategy has the main purpose to increase the quality of life of people with disabilities in terms of autonomy, security, dignity, decision and personal responsibility, improve the organization and quality of services and also to manage resources in an effective, credible and transparent manner. In this context, the full economic and social participation of persons with disabilities is essential for the success of the Strategy in promoting smart, sustainable and inclusive growth.

In light of the impact of the global economic crisis, and in order to meet a condition of the financial assistance programmes with the IMF and the EU, the Romanian Government has **reformed its pension system** in 2010 for the purpose of ensuring its financial stability, eliminating the inequities in the system and stimulating private savings through a voluntary private pension system. The need for reform has been triggered by a number of trends in Romania that combined, put pressure on the pension system. These trends refer to demographic factors (the ageing of population) consequently increasing the number of pensioners compared to the number of contributors; increases in state expenditures per person on pensions and other pressures on the state social insurance budget; the emergence of special public pensions (which introduced a number of privileges and favourable treatment of certain professional categories, leading to a large gap between the highest and lowest paid state pension); and the existence of laws governing the organisation and functioning of different pension schemes for certain professions which was hampering the functioning of the pension system.

In terms of the **health reform**, since 2009, with the support of the European Commission (EC), the World Bank, and the International Monetary Fund (IMF), the Ministry of Health has been working on a structural reform of its healthcare system. The reform program seeks to change the business model to increase emphasis on primary and secondary prevention, to reduce unnecessary inpatient admission services, and to develop sustainable access to higher-quality secondary ambulatory services.

Institutions responsible for the implementation of policies in the social protection field:

The Ministry of Labour, Family, Social Protection and Elderly (MoLFSPE) is the central authority responsible for the policy making and establishing the main priorities within the areas of:

- social assistance (through the Directorate General Social Assistance)
- child protection (through the newly created National Authority for Children's Rights Protection and Adoptions, through the Government Emergency Ordinance no.11/2014, authority is subordinate to the MoLFSPE). As part of the decentralization process and the reform, responsibility for delivering child protection services and social assistance has been delegated to local authorities. 47 Directorates for Social Assistance and Child Protection are responsible and take decisions to assure children's protection. National Agency for Payments and Social Inspection is subordinated to the MoLFSPE and has the role to control implementation of standards in social assistance, as well as to evaluate the social policies and strategies and to make recommendations in the social assistance area.
- disability (through the Directorate of Protection of Persons with Disability)
- equal opportunities (through the newly created Department for Equal Opportunities between Women and Men, through the Government Emergency Ordinance no.11/2014, authority is subordinate to the MoLFSPE).

2. PROGRESS IN ACHIEVING THE POVERTY TARGET

The national target is to reduce by 580,000 the number of people at risk of poverty and social exclusion, by 2020, as compared to 2008. For the monitoring of the national target in Romania, the indicator is the relative poverty rate or the number of people at risk of poverty.

According to the data published by Eurostat in 2012, at risk of poverty rate after social transfers has registered the value of 22.6 %, comparing to 23.4% in 2008. Thus, in 2012, there had been a reduction in the number of people at risk of poverty by 164.000, compared to the year 2008.

According to Eurostat, in 2012, the percentage of people living in households with very low work intensity (expressed as percent from total population) was 7.4%, and the rate of severe material deprivation was 29.9%.

In June 2013, Romania received the Council recommendation 4: *Improve labour market participation, as well as employability and productivity of the labour force, by reviewing and strengthening active labour market policies, to provide training and individualised services and promoting lifelong learning. Enhance the capacity of the National Employment Agency to increase the quality and coverage of its services. To fight youth unemployment, implement rapidly the National Plan for Youth Employment, including for example through a Youth Guarantee. To alleviate poverty, improve the effectiveness and efficiency of social transfers with a particular focus on children. Complete the social assistance reform by adopting the relevant legislation and strengthening its link with activation measures. Ensure concrete delivery of the National Roma integration strategy.*

Regarding the views on the experience from pursuing a national poverty target as part of the EU poverty reduction commitment that has begun in 2008, it is an ambitious aim which requires ongoing reforms, strategies, policies and measures to be undertaken, such as:

❖ **The national system of social assistance reform and the new Law on Social Assistance (No. 292/ 2011).** The law ensures the legal and institutional unitary and coordinated framework, as well as the system organizing and functioning criteria, in order to ensure adequate conditions for elaborating and implementing sectoral public policies in this area. Under this new law, social assistance benefits are linked to the Social Reference Indicator (SRI) in order to ensure compatibility with unemployment insurance benefits. This will also create the basis for implementing an integrated IT system which will ensure comparability and linkages between different social protection measures (contributory or non-contributory), which are provided for a person or a family.

❖ **The new Strategy of the Government of Romania for the inclusion of the Romanian citizens belonging to the Roma minority for the period 2012-2020,** approved by Government Decision no.1221/2011, which is currently in the process of being updated and modified to provide a better answer to the current situation and social challenges and also a robust mechanism of monitoring and evaluation. Policies and programs in this area were carried out in the last 14 years on the basis of an old national strategy, which envisaged measures regarding education, employment, child protection, health, culture, combating discrimination and promoting access to information, inter-cultural and interethnic dialogue.

MoLFSPE through the National Agency for Employment (NAE) and its county agencies provide active measures to stimulate the employment, according to the Law *no.76/2002 on the unemployment insurance system and stimulating the employment, with further amendments* and in the same time elaborates and implements employment programs which target Roma people and which have as an objective to increase the employment rate of Roma people, to develop the professional abilities, including the evaluation of knowledge, means, methods of promoting and improving the abilities and professional qualifications.

The measures implemented by NAE, in the framework of the above mentioned law, with the aim of integrating

on the labour market people from vulnerable groups, including the Roma people, are the following:

- Free informing and professional counselling services for people in search of a job, through providing information regarding the labour market and the evolution of occupations, personality evaluation and self-evaluation for the professional orientation, developing abilities and the confidence of persons in search of a job, as well as training in the methods and techniques of job search;
- Free mediation services for vacant jobs or new created jobs, by providing information regarding available jobs and establishing the connection between people in search of a job and the employers, elaborating for each person an individual mediation plan, organizing job fairs, according to labour market demands;
- Stimulating the re-entry on the labour market through subsidies for unemployed people which enter the labour market before their unemployment aid expires;
- Stimulating the workforce mobility between localities;
- Organizing professional training courses for people in search of a job;
- Free consultancy and assistance services in starting an independent activity or opening a business;
- Granting subventions for employers who hire people belonging to vulnerable groups (unemployed over 45 years old, single parent family members, etc);
- Granting tailor-made support to young people at risk of marginalisation.

The concrete results obtained, demonstrates the impact of these measures on the inclusion of Roma people: in 2013, the number of Roma people who accessed the active measures was 47.215, from which 3.224 were employed.

NAE, taken into account the socio-professional characteristics of registered unemployed people, applied packages of personalized active measures. Thus the Program 140, dedicated to communities with high number of Roma people, was also supported by the actions of public employment service such as: job fairs and developing the cooperation with Roma representatives. Through the Program 140, in 2013 there were 1.708 Roma people employed and 510 Roma people including in professional training programs.

Annually, NAE organizes Job fairs for Roma people and also universal job fairs and has also organised, in cooperation with National Agency for Roma and Roma NGOs, „The caravan of employment for Roma people”, aiming to inform people regarding their rights and obligations and also regarding the active measures available.

In the EU structural funds programming period 2014-2020's preparation, for the thematic objective 9 „Promoting social inclusion and combating poverty”, there have been established three preliminary financing priorities, among which there is 9.2. The social inclusion of vulnerable people, groups, communities, including Roma.

❖ **The National Strategy for combating poverty and promoting social inclusion 2014-2020** – which is also ex-ante conditionality for accessing the EU funds for the period 2014-2020 and which is currently being drafted by MoLFSPE in close collaboration with the World Bank. The Strategy will provide a broad list of policy measures and options that would contribute to achieving the goals of the strategy. The draft Strategy will provide a clear vision for the social inclusion and poverty reduction actions over 2014-2020 and will include a set of strategic priorities. Once these strategic priorities have been selected, will further develop in a draft Action and Implementation plan. The action plan will cover the period 2014-2020 and the implementation plan will include the actions, directions and measures to be implemented over 2015-2017, needed resources, proposed indicators and corresponding results, responsible institutions, implementation deadlines, monitoring and evaluation mechanisms.

As a part of the social assistance reform, the strategy will cover following sections: 1. employment and labour market policies (including measures which foster the social economy sector), 2. social protection (social assistance benefits, social services, pensions), 3. protection of poor households against energy tariff increases, 4. education, health, and housing conditions, 5. rural poverty, and 6. regional dimensions of poverty and social inclusion. These sections need to cover additional, specific policies and measures recommended to ensure the social inclusion of the following priority groups:

1. children from poor families or separated from their families (institutionalized, deprived of liberty or with parents working abroad) and young people leaving the public childcare system;
2. people with very low or no income, with a special focus on those living in rural communities or city peripheries and homeless people;
3. elderly people that are dependent, poor and/or without family support;
4. Roma people - although they can be found in already established vulnerable groups, members of this ethnicity often face situations of vulnerability and specific measures are required to target their specific problems.
5. people with disabilities living in residential centres or in their own families and those with a low degree of disability, partially integrated in the society, not having sufficient access to labour market and other basic services;
6. persons suffering from addictions of alcohol, drugs or other substances, those affected by domestic violence, human trafficking and persons deprived of liberty or on probation.

❖ **The National Strategy for elderly and active ageing 2014-2020** - which is also an ex-ante conditionality for accessing the EU funds for the period 2014-2020 and which is currently being drafted by MoLFSPE in close collaboration with the World Bank; the strategy will integrate concrete measures and actions which implies appropriate policies in the field of employment, health and care, housing, social protection (pensions and social assistance), education, culture and other services of general interest, thus, ensuring social cohesion and building a society for all ages.

Thus, the strategy will include an action plan, focused on several areas:

- encouraging a healthy life style;

- maintaining employment as much as possible, in accordance with wishes of each person and in this context, providing incentives to employers, including workplace adaptation and establishment of flexible programs;

- preparing for retirement, through information and counselling programs, in order to maintain and develop each person's abilities to be engaged in activities that can be gainful or rewarding personally, this way increasing the self-esteem and not at last the quality of life;

- facilitating the access to continuous education: learning skills to use IT instruments, general knowledge or specializations through third age universities, etc;

- community development so that to provide a living environment tailored to the needs and desires of all citizens, regardless of age;

- establishing a long term, accessible and quality system of care services for the elderly, both in urban and rural areas.

❖ **The National Strategy for the protection and promotion of child's rights 2014-2020-** which is currently being drafted by Ministry; the strategy will be based on a comprehensive approach in different priority areas (social, education and health), so that child's rights could be insured in a coordinated and coherent manner. This will be accomplished through inter-institutional cooperation between the competent ministries and the involvement of the NGO sector. The new strategy will continue the efforts previously initiated within this field, following to provide a proper access of children to quality services, adapted to their specific needs, reduce the social disparities between different categories considered as vulnerable (children from poor families, children with disabilities or victims of violence). Encouraging children to participate in the decision making process is another objective promoted by the new strategy. The draft of the National strategy grants a particular importance to the reconciliation of the family life with the professional one, so that parents represent one of the target groups to whom a number of measures will be addressed in order to give them the attention and support they need in order to raise their child, grant them the access to integrated educational and care services, in crèches, day care services, etc. together with adequate access to early education services.

The measures introduced by the new strategy will also refer to the setting up a minimum service package addressed to children from rural areas or urban areas found in extreme poverty. The service package will aim at the coordination of the activities of specialists in different areas of activity, such as health, education and social services regarding the prevention of separation of the child from his/her family.

❖ **The National Strategy for the protection and promotion of persons with disabilities 2014-2020 -** which is currently being drafted by MoLFSPE; the strategy has the main purpose to increase the quality of life of people with disabilities in terms of autonomy, security, dignity, decision and personal responsibility, improve the organization and quality of services and also to manage resources in an effective, credible and transparent manner. In this context, full economic and social participation of persons with disabilities is essential for the success of the Strategy in promoting smart, sustainable and inclusive growth.

One of the strategic directions of this policy document is "Employment", whose key objective is "access to employment for a large number of people with disabilities, especially in the open labour market". Among the specific objectives there are the following: *providing support measures for hiring, promoting and maintaining employment* of people with disabilities of working age in terms of social

equity, *an inclusive employment assistance system* for all categories of people with disabilities of working age, *stimulating employment of people with disabilities, support for the hiring on the free labour market of people with disabilities through measures of "assisted employment", stimulating and supporting of public and private sector employers to hire individuals among persons with disabilities, supporting young entrepreneurs among people with disabilities, encouraging and supporting "social enterprises" as transition structures towards a market economy, providing sheltered employment, able to prepare the transition of people with disabilities into the open labour market, supporting projects that aim at employing people with disabilities, "reasonable accommodation" of the workplace, promoting measures meant to enhance training level-vocational and general, diversification of vocational training offers for people with disabilities, conciliation between the professional qualification/re-qualification offer and the requirements of the labour market perspective, developing a dialogue/social partnership between all major stakeholders in employment area, development of services for the information, guidance and professional counselling of people with disabilities, improving mechanisms for monitoring the impact of social measures in favour of employment of people with disabilities, and raising public awareness regarding the rights of people with disabilities in what concerns employment.*

❖ **Social transfers policies for alleviating poverty:**

1. **family allowance (FA) granted** for families with children (**December 2010** - Law no.277/2010 regarding the family allowance);
2. **guaranteed minimum income (GMI) (July 2001** - Law no.416/2001 regarding guaranteed minimum income);
3. In **May 2013**, the **GEO no.42/2013**, increased the amount of the social assistance benefits, in order to provide a more efficient financial coverage of the poorest people. The minimum guaranteed income for single persons and families has been increased by 8.5% starting with July 2013, and by 4.5%, starting with January 2014. Through the same legislation, the maximum income threshold for families with children in order to benefit from the Family Allowance has been increased by 43%, as well as the levels of this social assistance benefit, by 30%, starting with July 2013.
4. **heating benefits (HB) (September 2011-** Government Emergency Ordinance (GEO) no.70/2011 regarding the social protection measures during the cold season), modified in 2013 to include the aid for heating with electricity;
5. **For 2016 it is forecasted a** legislative act on establishing the **Minimum Insertion Income (MII)** for uniting the ones above, in order to contribute to the increase of the efficiency and effectiveness of social transfers, by better targeting the beneficiaries and reduction of the administrative costs.

❖ **Social transfers for child protection:**

- ✓ **September 1993** - Law no.61/2003 regarding the **child state allowance (CSA)** - a fixed sum paid for all children until they reach the age of 18 (and to children older than 18 who are continuing school).
- ✓ **December 2010** - Government Emergency Ordinance no.111/2010 regarding the **child raising benefits (CRB)** and the insertion benefit. The program which started on 1 January 2011 includes a dynamic element: parents who come back to work are entitled to a monthly incentive (**insertion benefit**) covering total or partial cost for child day care.

In addition, during the period of parental leave and 6 months afterwards, the parent taking the leave has guaranteed job protection which means that the employer cannot dismiss him/her. The legislative act also regulates the **social benefits for people/children with disabilities**;

- ✓ **June 2004** - Law no.272/2004 regarding the protection and promotion of child's rights which regulates the **allowance for children in foster care**.

❖ **Other measures implemented or provisioned to be implemented by Romania, aiming to combat child poverty, excepting the process of revising the social assistance benefits, are the following:**

- ✓ It is highlighted the need **to combine universal approach to ensure financial allocations targeted on children, with adopting measures to facilitate the parents' access on the labour market and support the children and families at risk of separation and of those living in disadvantaged areas**.
- ✓ The policies regarding the child protection area must aim to increase the quality services of childcare's accessibility degree, as these may contribute to increasing the families' participation on the labour market degree, thus ensuring the living standard of families and children. In this respect, **the Romanian Government approved by the Government Decision on December 2012, the methodology for organizing and functioning of day-care centers for children and other pre-school early education units**, through which it is aimed to support the development of adequate services for pre-school children's care, especially during the day.
- ✓ In order to ensure a good and stimulating environment for children, the programs destined to support families in fulfilling their parental role will be continued. For this purpose, **Romania will continue the support of the programs as "Parents School" type**, the adequate counselling services of the parents having a positive effect through ensuring a safety environment for children, which allow a physical and psychic development for them.
- ✓ Moreover, the Romanian Government intends to continue the implementation of projects which have the purpose of closing down of classic/old type institutions, by extending the family-type services (placement to families/persons/relatives, maternal assistants), and where this is not possible, through establishing family-type houses or apartments.
- ✓ To **improve access to education for disadvantaged people**, Ministry of National Education and various local authorities and NGOs are implementing programmes and projects funded under European funds (ESF – SOP HRD). At the beginning of 2014, 11 projects supporting *second chance* education and reintegration of disadvantaged groups, with a special focus on Roma people, have been approved.
- ✓ To prevent and **combat the early school leaving** and to support the return to school, Ministry of National Education continues to conduct annual social programmes which despite budget austerity are funded and designed to support students from disadvantaged areas: e.g. *School supplies*¹, *Money for High school*², *Euro 200*³ and the *Croissant and*

¹ Granting school supplies for pupils enrolled in state primary and low-secondary education - daily-classes, who are supported by families whose average net income per family member is of maximum 50% of national minimum gross salary per family member.

milk, but also the *Reimbursement of transport expenses* and *School buses*. By such social programmes Ministry of National Education creates proper conditions to ensure equal educational opportunities for students with disadvantaged backgrounds.

- ✓ Ministry of National Education is currently implementing **social programmes** to ensure access to higher education i.e. transport allowances for students – RON 26.95 million/academic year; allowances for students' scholarships – RON 216.21 million/year; allowances and lodging in areas administered by the state universities and in private areas - RON 118.44 million/year.

❖ The increase of the level of efficiency and effectiveness of the social assistance benefits including those for families with children is constantly pursued since 2011 until now, as a result of the implementation of the **Social Assistance System Modernization Project in Romania**, with the support of the World Bank experts.

² Monthly scholarship (allowances) for students from social and economic disadvantaged families in order to continue their studies after completing low-secondary education.

³ Financial aid in order to stimulate PC purchasing for pupils and students from social and economic disadvantaged areas

3. RECENT REFORMS IN SOCIAL POLICIES

- **“The National Strategy for Employment 2014-2020” (along with the action plan for the implementation of the strategy) was approved by a Government Decision on 11 December 2013.** General objective: Achieving a sustainable level of employment in Romania, supported by economic competitiveness, social cohesion and sustainable development. The Strategy includes some specific directions of action: reducing the youth unemployment and the number of NEET young people (not in employment, education or training); increasing labour market participation of elderly; reducing the employment in the subsistence agriculture and facilitating the relocation of this human resource towards non-agricultural activities; increasing women’s participation on the labour market, including through support measures to reconcile work and family life; increasing the participation of persons belonging to vulnerable groups on the labour market by developing measures which combine social support and activation; supporting the adaptability and permanent development of the labour force correlated with the structural changes of the labour market; improving the skills level of the unemployed and inactive people that are able to work, in order to facilitate their reintegration on the labour market; enhancing the mechanism of substantiating, implementing, monitoring and assessing the policies with impact on the labour market; enhancing the social dialogue on all levels in order to facilitate the adoption, implementation and respecting the policies with an impact on the labour market.
- **The Youth Guarantee Implementation Plan 2014-2015**, developed following the Council’s Recommendation from the 22nd of April 2013, was **approved by Government Memorandum on 26 December 2013**. *The Youth Guarantee 2014-2015* ensures that all young people up to the age of 25 years old who lost their jobs or are unable to find a job after graduating, receive within 4 months from registering with the Public Employment Services or with the youth guarantee centres a good quality employment offer, so as to continue education, to start an apprenticeship or a training internship. It provides young people with a reasonable variety of opportunities enabling them to find a job or to get better services of job placement including via the introduction of a mandatory component of guidance into the provision of job placement services. The guarantee places a greater emphasis on those initiatives that combine employment with training thus providing the young with an opportunity to hone their existing, initial-education acquired skills and acquire new ones by participating in apprenticeship and traineeship. These are targeted in order to cover young graduates of all levels of initial education with an emphasis on the graduates of VET as well as on those of higher education. Partnerships will focus on apprenticeship and traineeship, with the main contribution of: individual enterprises; associations of business people; associations and NGOs representing the youth interests, including here the young entrepreneurs; associations of the small and medium enterprises jointly with their trade unions and organizations, including here union-related think tanks and foundations.
- Modifying and completing **Law No.76/2002 on the unemployment insurance system and employment stimulation, modified and completed (including the subsequent legislation) – entered into force on the 20th of March 2014**. The legal framework has been amended and supplemented to allow the implementation of flexible labour market measures, designed to meet the needs of people looking for a job and employers’ needs, as following: providing free services to assess the skills acquired in other ways than formal in order to facilitate and expedite obtaining a certificate of professional competence; providing mobility bonuses including for the long-term unemployed, aiming at stimulating the territorial mobility for employment purposes, by providing employment bonus and installation bonus;

removing exemption of contribution payment to unemployment insurance budget for the employers who benefit from subsidized employment measures (according to the observations made by IFI); reducing conditionalities to implement active measures by reducing from 3 to 1.5 years, respectively from 2 to 1.5 years, the obligation to maintain employment or service relationship for employers who hire graduates according to art. 80 and unemployed aged over 45 years who are unemployed, unemployed who are single parents and people with disabilities; employing the unemployed who, within 5 years from the date of employment meet the legal requirements to apply for partial early retirement or statutory retirement; promoting labour market participation of young people at risk of social exclusion, by granting financial incentives to employers who hire young people in this category, including the provision of monthly grants upon demand, an amount equal to the base salary set on hiring young, but not more than 2 times the reference social indicator value for a period up to three years, but not less than one year (during the solidarity contract between NEA and youth at risk of marginalization). Also, if the young employees sign an open-ended contract - after the fixed-term contract period - the employers can benefit for a maximum of two years of a monthly amount in the amount of 50% of unemployment benefits according to the law, which would be received if the individual employment contract would have been terminated before the expiration period.

- Modifying and completing **Law no.279/2005 concerning apprenticeship in the workplace, republished – by a normative act which entered into force on 18 November 2013**. The main legislative changes aimed, on one hand, at providing apprenticeship training programs in the workplace by vocational training providers authorized by law; and, on the other hand, at funding the vocational training programs from sources other than the unemployment insurance budget, as following: from the employers' own resources; sponsorship from individuals and/or businesses; European structural funds; **and from donations/ fees**.

Defining the legal framework for performing the traineeship (internships) for higher education graduates – Law no. 335 of 10th December 2013 on university graduates traineeship (the implementing rules are to be approved). The MoLFSPE committed to promote this law, with the aim of facilitating traineeship from professionals in the workplace in order to facilitate the transition from school to the labour market.

- According to **Law no. 202/2002 on equal opportunities and treatment between women and men** (republished), *the National Strategy for equality between women and men for the period 2014 - 2017* and the *Action Plan* for its implementation were drafted and aimed to promote national values and principles of non-discrimination on grounds of sex, measures and actions on various specific areas of intervention. The main issues covered are the following: promoting gender mainstreaming in education, assessing the introduction and application of the gender perspective in educational institutions, evaluating the perception of issues concerning gender equality both in school and in extracurricular activities and raising awareness among teachers; promoting the gender perspective in employment policies, raising awareness among labour inspectors on legal provisions in the field of equality between women and men and on the gender pay gap; combating harassment and sexual harassment in the workplace and violence against women in general; encouraging the integration of various groups of vulnerable women in the labour market; raising awareness on the importance of the reconciliation of family and professional life; conducting analysis and research in the field of equality between women and men; monitoring the balanced participation of women and men in decision-making; introducing the gender perspective into national policies through the active involvement of the National Commission for Equal Opportunities between Women and Men (CONES) in the implementation and replication of all activities within the Strategy. The draft of the National Strategy for equality between women and men for the period 2014 -

2017 and the Action Plan for its implementation are expected to be approved by Government decision by the end of May 2014.

- **Social economy** – The new piece of legislation will ensure the regulatory framework necessary for recognising the social enterprises' status, as well as putting in place the necessary conditions for the development of this sector, which has a major impact on the employment of the persons belonging to vulnerable groups, in reducing the rate of unemployment and consequently in the number of poor or at risk of poverty and social exclusion persons. The project law has been elaborated and underwent the public consultation procedure. Because of the prolonged appraisal process and numerous observations received from advising institutions, the adoption of the legislative act was delayed and is currently waiting debate in the Parliament.

- **The minimum insertion income (MII)** – Within the context of the implementation of the Social Assistance Reform Strategy and the subsequent legislation to the Social Assistance Law no. 292/2011, the MoLFSPE is preparing the consolidation of three social assistance benefits based on means testing, namely: the minimum guaranteed income, family support allocation and social protection measures for the cold season (heating aid), in a single social assistance benefit, the minimum insertion income (MII). The MII is expected to come into force on the 1st of January 2016, in order to ensure a minimum life standard for all the beneficiaries, as well as for reducing administrative costs.

- In 2013, in order to **increase the labour market participation** of the low-earners, the Romanian Government approved the *GD No 23/2013 on minimum gross wage*. According to the law, the minimum wage increased in two stages, namely, up to 750 Lei/month beginning on February 1st, 2013, and the second one, up to 800 Lei/month beginning on July 1st, 2013. Starting with January 2014 the minimum gross wage increased to 850 lei, and will be increased to 900 lei starting with July 2014⁴. This measure would have a spill-over effect on addressing the social inequities and in-work poverty mitigation.

- The implementation outcomes of the **Employment Programme** revealed that 380.317 persons were employed, out of which 13,142 people from vulnerable groups⁵ and 900 people at risk of social exclusion, between January 2013 - March 2014. Between January 2013 - March 2014, 2,297 persons benefited by mobility bonuses and 4,849 young persons received employment bonuses. In the first two months of 2014, 73 persons benefited from the validation of learning outcomes resulting from non-formal and informal learning.

- Taking into consideration the territorial dimension of poverty and social exclusion, one of the main priorities of the Romanian Government is to create alternative jobs in non-agricultural production activities and to develop services for the population living in rural areas. To **reduce the social and economic disparities between urban and rural areas**, the European Agricultural Fund for Rural Development (EARDF) financed the development of micro-enterprises in non-agricultural activities and in tertiary sector - about 9,560 jobs were created/ preserved by March 15th, 2014.

- In order to **diversify the rural economy and to ensure additional revenues for the residents living in rural areas**, EARDF financed the family farms. 303 projects were submitted under the call for proposals that was launched during June – August 2013. By March 15th, 2014, 210 projects were selected, out of which 114 projects were contracted. Complementary, ESF financed the long-term sustainability of the rural areas, about 153,000 persons attended vocational training and entrepreneurship programmes and they benefited by professional counselling and job placement services, by March 15th, 2014.

⁴ GD No. 871/ 2013 on establishing the minimum gross wage

⁵ Unemployed aged 45+ or single parents

- **The Protection of the vulnerable consumer was accomplished by entering into force of the Emergency Government Ordinance no. 42/2013.** Romania had the purpose to elaborate a legislative act for the protection of the vulnerable consumer, which would ensure the compensation of additional expenses for electric energy and gas, generated by the removal of the social tariff and the increase in prices for electric energy and gas.
- **In May 2013, the GEO no.42/2013** increased the amount of the social assistance benefits provisioned by Law no.416/2001 and Law no.277/2010, in order to provide a more efficient financial coverage of the poorest people. In order to achieve this goal the minimum guaranteed income for single persons and families has been increased by 8,5% starting with July 2013, this being followed by another increase by 4,5%, starting with January 2014. Through the same legislation, the maximum income threshold for families with children in order to benefit from the Family Allowance has been increased by 43%, as well as the levels of this social assistance benefit, by 30%, starting with July 2013.
- **Law no. 197/2012 regarding the quality insurance in the area of social services,** through which a coherent evaluation, monitoring and quality control system is being established, represents another initiative aiming also to improve the living conditions of vulnerable groups.
- **A drafted project currently under Parliamentary debate is the Law on subsidizing from public funds the social services provided by associations, foundations, religions as recognized by the Romanian legislation.** The draft project states the subsidizing from public state budgets and local budgets for the social services provided by associations, foundations, and religions recognized by the Romanian law will be funded. The amounts from the state budget, destined for subsidies, are provided for social services from rural communities and from small localities having under 10.000 inhabitants, as well as for social services, in the first 3 years of functioning, established in those communities where those particular services do not exist and are necessary for the members of those communities
- **The strategy regarding the protection and promotion of child's rights had been renewed/re-drafted by MoLFSPE in 2013, currently being under public consultation. The strategy regarding the protection and promotion of child's rights 2014-2020** will be based on a comprehensive approach in different priority areas (social, education and health), so that a child's rights can be ensured in a coordinated and coherent manner. This will be accomplished through inter-institutional cooperation between the competent ministries and the involvement of the NGO sector. The project of the National strategy grants a particular importance to the reconciliation of the family life with the professional one, so that parents represent one of the target groups to whom a number of measures will be addressed in order to give them the attention and support they need in order to raise their child, grant them the access to integrated educational and care services, in crèches, day care services, etc. Along with adequate access to early education services.
- **The new Strategy of the Government of Romania for the inclusion of the Romanian citizens belonging to the Roma minority for the period 2012-2020,** approved by Government Decision no.1221/2011, which is currently in the process of being updated and modified to provide a better answer to the current situation and social challenges and also a robust mechanism of monitoring and evaluation.

4. RECENT REFORM IN PENSION POLICIES

	Tightening / Enlargement
	No changes since 2010
Early retirement	<p>Early retirement Contributors who exceeded their full contribution period by at least 8 years can claim an early retirement pension up to 5 years before the standard retirement age. The non-contributory periods that count as contributory time are not taken into account when calculating the contribution period necessary for the early retirement pension. The amount is calculated using the similar formula as for when calculating the old age pension. The early retirement pension becomes old age pension and is recalculated when the insured reaches the standard pension age.</p> <p>Partial early retirement An insured person who has completed the full contribution period and who has exceeded this with less than 8 years may claim a partial early retirement pension, up to 5 years before reaching the standard retirement age. The non-contributory periods that count as contributory time are not be taken into account when calculating the contribution period necessary for the partial early retirement pension. The amount of the partial early retirement pension is calculated on the old age pension formula but reduced with 0.75% for every month below the standard retirement age. When reaching the standard retirement age the partial early retirement pension becomes an old age pension.</p>
	Reduction
Pensionable age	Increase
	<p>The standard retirement age is being increased to 63 for women by 2030 and to 65 for men by 2015. The minimum contribution period shall raise to 15 years until 2015, both for women and men. The full contribution period shall reach 35 years, by a gradual increase for men until 2015 and for women until 2030.</p>
Contributory period	<p>Harmonising retirement ages between women and men and taking measures to address the gender pension gap</p> <p><i>Equalize the pensionable age for women and men by gradually increasing the retirement age for women from 63 (2030) to 65 years by 2035.</i> The measure was taken in December 2010 and modifies the Reform Law of the public pension system (which entered into force in January 2011) continuing the gradually increasing of the retirement age for women from 63 years (2030) to 65 years by 2035. The project law is now in the adoption process in the Parliament.</p>
	<p>Current length <u>(this will be answered by all Member States irrespective of any reforms that took place over the observed period)</u></p> <p>The minimum contribution period will increase to 15 years by 2015, for both women and men the full contribution period will gradually reach 35 years, for women by 2030 and for men by 2015.</p>

	Last Reduction
	Last Increase The last increase to the contributory period was stipulated in the new pension Law in 2010, when the full contribution period was established to increase from 28 years in January 2011 to 35 years in 2030 for women.
	No changes
Level of pensions	Last Reduction or freeze Public pension was frozen between October 2009-December 2012 – pension point value was 732.8 lei
	Last Increase In 2013 – pension point value was 762.1 lei In 2014 – pension point value is 790.7 lei.
	No changes in 2012-2013
Pension indexation	According to Law no. 263/2010, starting with the 1st of January 2013 , the pension point value is increased annually with 100% of inflation rate added with 50% of the effective increase in the average gross earnings, for the previous year. If one of the indicators for the previous year has negative value, only the indicator with positive value is taken into account when establishing the pension point value. If during the previous year, both indicators have negative values, the same pension point value is maintained. Starting with 2021, the pension point value is increased annually with 100% of the inflation rate added with 45% of the effective increase of the average gross earnings, for the previous year. The percentage of the effective increase in the average gross earnings, taken into account when increasing the annual pension point value, is gradually reduced by 5% every year. Starting with 2030, the pension point value is increased annually only with 100% of the inflation rate for the previous year. The aim of introducing this new formula for the calculation of benefits is to establish a closer relation between the gross earnings of the insured during his/her active professional life and the pension amount paid at retirement.
	No changes in 2012-2013 In 2013 – 4% increase of the pension point value In 2014 - 3.75% increase of the pension point value
Funded pensions	Changes Pillar II - Mandatory private pensions cover all individuals under 35 and who are insured in the public pension system. The system is voluntary for persons between 35 and 45 years and who are insured and pay public pension contributions. In 2008 2% of the individual social insurance contribution to the public pension system was directed towards mandatory private pension. This rate has been increasing in stages with 0.5%-points each year until it will reach a contribution rate of 6% after 8 years in 2016. In 2013, the contribution rate to the mandatory private pension was 4 % and in 2014 the contribution rate is 4.5%.

Starting with January 1, 2011, the Romanian public pension system was reformed by implementing the Law 263/2010 on the unified pension system, which replaced the former Law 19/2000 on public pensions and other social insurance rights.

This law brought several major changes as compared to the previous legislation:

- a) The retirement age was to be gradually raised to 65 years for men and 60 years for women until January 2015. Afterwards, the age of retirement for women would be increased to 63 years until January 2030.
- b) The standard contributory period, which gives rights to full pension, was to be increased gradually from 28 years in January 2011 to 35 years in January 2030 for women and, respectively, from 33 years in January 2011 to 35 years in January 2015 for men.
- c) The minimum contributory period was to be raised from 13 years in January 2011 to 15 years in January 2015 for both genders.
- d) A new formula for calculating the pension point was set: every year since January 2013, the pension point is fully indexed by the annual inflation rate and additionally by 50% of the real growth of gross average wage in the previous year. If one of the two indicators takes a negative value, the index of adjustment corresponding to that indicator will be zero. If both indicators record negative values, the pension point keeps its value from the previous year.
- e) Integration of special pension systems (civil aviation, military, police, magistrates, support staff in courts etc.) and recalculation of all these special pensions based on the public pension principles and formulas.
- f) Increasing the number of contributors: the contribution became mandatory for more categories like: army personnel, freelancers, copy-rights, artists, singers, specific entrepreneurship like family business, etc.
- g) Discouraging Partial Early Retirement Pension by increasing the percentage of the penalties. The amount of the Partial Early Retirement Pension is calculated by diminishing the Old Age Pension with 0.75% per each remaining month until reaching the standard retirement age.
- h) Implementation of more stringent criteria regarding access to Invalidity Pension and discouraging abusive Invalidity Pension retirement by changing the medical evaluation procedures and medical re-evaluation of all the existing files.
- i) Funding attendant allowance for invalidity pensioners from the State Budget.

In December 2013, the government announced that the Public Pension Law will be amended so as to increase the statutory retirement age for women at 65 as of 2035, thus bringing it in line with the statutory retirement age for men which will already reach 65 in 2015. This reform is a response to the Council Recommendation on Romania's National Reform Programme issued in July 2013 which calls on the government to "equalise the pensionable age for men and women, and underpin the pension reform by promoting the employability of older workers".

5. RECENT REFORMS IN HEALTH CARE POLICY

Health care systems reforms	Stewardship of the health care systems	- changes to the overall governance of the system: - changes in the division of competencies between central level and local/regional level
	Health service delivery (including e-health)	Services delivery
		Health prevention
		E-Health
	Investing in the health care workforce	Pay increase
		Professional development and better working conditions
	Cost containment and cost-sharing	Cap on health expenditure growth
		Optimising pharmaceuticals spending
		Cost sharing
	Enhancement of access to services and of patient's choice	Access to services
		Patients' rights

Stewardship of the healthcare systems:

Measures have been taken to increase sector governance and stewardship:

(a) strengthening of the implementation of HTAs (evidence-based protocols, periodically updating the list of compensated drugs and care pathways are to be mainstreamed, continuous scrutiny of new evidence and economic/budget-impact analysis are to be incorporated within periodic reviews of the basic benefits package);

(b) improving of the management control mechanisms;

(c) The National Health Strategy 2014 – 2020 is MoHs ex-ante conditionality for the European Programming period 2014 – 2020. It provides baseline indicators and actions in order to implement coordinated measures in order to improve access of vulnerable groups to health services, measures to stimulate efficiency in the health sector, through deployment of service delivery models and infrastructure. The draft of the National Health Strategy 2014-2020 was launched for public debate on 27 December 2013 on the site of MoH. The GD to approve this strategy is to be adopted in Q1/2014. The strategy aims to address major public health issues, the means through which the access of healthcare are ensured, the use of resources in the health services, as well as improving the institutional capacity at all levels.

The Strategy encompasses access measures regarding:

- organization of care (opening hours (including 24 hour accessibility), medical staff shifts, management of waiting lists, primary care, GP quotas of patients, gate keeping, choice of providers, home or out-patient care);
- territorial access (availability and location of services and personnel);
- physical access (access for the disabled);
- insurance coverage, affordability and measures to address socio-economic factors affecting access;
- out-reach initiatives for hard-to-reach, marginal or vulnerable groups;
- measures to improve access to e-Health and tele-medicine;
- access to pharmaceuticals and other medicinal products.

As regards the *improvement of the healthcare quality*, a training program for the staff which assesses the health technologies was carried out, following the approval of the GD No 351/2012 which states that MoH is the national authority for the assessment of these technologies. An interim methodology concerning the assessment of the health technologies was developed by the adoption of the MoH's Order No 724/2013. The elaboration of the clinical guides continued, and the four guides published in 2013 addressed the following specialties: obstetrics and gynaecology and vascular surgery.

Regarding the optimization of medical services, the regulatory framework for the provision and monitoring the healthcare services was improved by *MoH and National Health Insurance House Order No 423/191*. The Order provisions refers to the package of medical services in primary care, the package of medical services provided in specialized ambulatory and hospital care, the medical services package for emergency home care, and so on, and conditions for providing these services, payment methods for each type of healthcare, and contract models for the service supply.

The Romanian Health Benefit Package for 2013 is regulated by the GD 117/2013 for approval of the Framework Contract and MoH and NHIH Order 423/191/2013 for the approval of Methodological Norms for Implementing the Framework Contract. The legal provisions establish that all the Romanian citizens with the residence in the country and also the foreign citizens and stateless persons that have requested and obtained the prolongation of the temporary staying right or have residence in Romania and make the proof of the payment of the contribution to the fund have the quality of insured persons and the rights granted by this quality. On paper the current health benefit package is a very comprehensive one and insured citizens can have access to the listed services. However, in practice, due to scarce financial resources the access to services is limited. The primary goal is to introduce an explicit health benefit basket as the totality of services, activities and goods reimbursed by NHIH that will increase efficiency of health care delivery so that health care problems should be addressed at the best available level of care. Nonetheless the definition of services included in the health basic package took into account clinical guidelines and the explicit health care package is to be correlated with a set of monitoring and evaluation tools. The GD for the approval of the health benefit package is under approval procedures.

The health benefit package: on December 22nd 2013, draft Government Decision regarding the approval of the basic package of health services and the minimum package of medical services was published on the MoH website for public debate. In accordance to the draft law, the basic package includes: emergency services, preventive services, primary care and medical services in the community, specialized ambulatory services, hospital services. At the level of primary healthcare were ensured both the provision of essential services (minimum) and promotion of flexibility in providing additional services. Through additional private insurance packages, medical services which are not included in the basic package will be provided. Development of private health insurance will help increase financial

resources in the health system. Also on December 22, 2013, the draft GD concerning the approval of the package on the national health programs was published on the MoH site.

The GD for the approval of the benefit package was adopted by the Romanian Government and will be implemented starting June 2014.

Health care systems reforms and health prevention activities

The Ministry of Health, through its national programmes, approved by the Ministerial order MS nr 422/2013, regarding the approval of the Technical norms of carrying out the national public health programs for the years 2013 and 2014, through a national program of evaluation and health promotion has the main objective the improvement of knowledge attitudes and practices favourable for population health through primary and primordial prevention, organizes information, education, communication activities implemented at local level through public health specialists in local public health directorates.

These measures also apply to the general population as well as to the vulnerable groups, monitoring activities for vulnerable groups and delivering information about the different types of activities.

In 2013, in order to implement the Ministry of Health's responsibilities as stipulated in the Government Decision no. 1221/2011 for the approval of the Romanian Government Strategy of inclusion of Romanian citizens belonging to the Roma minority for the period 2012-2020, a series of events were organised: 160 information, education and communication campaigns within over 1,400 activities were organized locally by Public Health Directorates with the support of health mediators and almost 16,000 IEC materials on topics related to healthy living were used.

In the same frame of National health programs in order to reduce access related inequalities in health care services and ensure good vaccination coverage for children belonging to groups of vulnerable families, in accordance with Annex 2 of the Minister of Health Order No. 422/2013, approving the technical norms for achieving national public health program for the years 2013 and 2014, through the National Immunization Program family doctors perform immunizations according to the schedule of mandatory vaccinations for all children enrolled on their lists, of all uninsured children who attend counselling, and school age children in schools without school assured medical assistance (Law no. 649/2001 for approving Government Ordinance no. 53/2000 regarding the mandatory reporting of diseases and to perform vaccinations).

In order to increase access to preventive services provided through schools physicians' offices through joint order no.5298/1668/2011 school of the Ministry of Education, Research, Youth and Sports and the Ministry of Health for approving the Methodology regarding examining the health of pre-school children and pupils in public and private educational unit authorized/accredited for free medical assistance and for promoting a healthy lifestyle, with subsequent modification and completion has introduced a new standard allowing easier hire on physicians and nurses in school health wards, in order to reduce existing disparities between coverage of school population with physicians in urban and rural areas.

Measures to improve the access of vulnerable groups to healthcare services:

At national level, in order to **improve the access of vulnerable groups to health care services**, the implementation of 18 preventive and curative programmes in the field of women and children health continued. 1,018,863 retired persons (with low income - less than 700 Lei/month) benefited by the *Programme compensating the reference price of the medicines by 90%*.

In order to *increase the access to healthcare of the persons belonging to remote and isolated communities*, MoH evaluates the opportunity to develop a *community healthcare infrastructure* at the level of local public authorities, through projects financed by Swiss, Norwegian and structural funds. Although the funds allocated for the development of the community healthcare were increased since 2012 by 23.7% as compared to those of 2011, until the end of 2013 it was not possible to increase the number of medical staff due to restriction on the posts. In these circumstances, the new deadline proposed by MoH for the increase by 25% of the number of community nurses is Q4/2014.

Concerning the medical insurance it is shown that increasing the number of patients treated in the health insurance system has led, on one hand, increasing of system costs incurred for health services and drugs, and, on the other hand, it has imposed some control filters and efficient use of these expenditures. In this sense, the claw back system was developed and implemented which is based on the use of claw back contribution as a control mechanism of the reimbursed and free drugs budget; the funds collected are used to fund supplementary reimbursed medication. The methodology for calculating the claw back system has been modified over time to create a flexible, sustainable, transparent and non-discriminatory system. Nowadays, it enters in force the provisions of the Emergency Ordinance no. 77/2011 on the establishment of a contribution to the financing of health expenditures, with its supplemented and recent modifications, which stipulates that marketing authorization holders of medicinal products or their legal representatives are required to pay a quarterly contribution to: drugs included into the national health programs, with or without personal contribution drugs used in the treatment of outpatient prescription pharmacies on open circuit, drugs used for hospital treatment and drugs used in the medical services provided by dialysis centers, borne by the National Unique Social Health Insurance Fund and from the Ministry of Health's budget.

In order to reduce the regional disparities related to public health infrastructure, the Ministry of Regional Development and Public Administration continued to finance under ERDF the modernization and the development of the health care infrastructure. By March, 2014, 30 medical units were rehabilitated⁶; the monitoring data registered for eight of the finalized projects indicated that 274,600 persons have benefited by the modernized health infrastructure. In addition, in order to improve the operational units for public safety interventions in emergency situations (SMURD)⁷, new equipments were purchased for 543 operational units by mid-March, 2014.

The programme on the *Health sector reform – phase II (APL2)* continued the implementation through the World Bank support, so that five obstetrics and gynaecology departments were rehabilitated at Rădăuți hospital, and at the county hospitals in Bacău, Suceava, Neamț and Bihor.

⁶ ROP – KAI 3.1. Rehabilitation, modernization and equipment of the health service infrastructure

⁷ ROP – KAI 3.3. Improving the equipments of the operational units for public safety interventions in emergency situations

6. ACCESS TO EMPLOYMENT OF YOUNG UNEMPLOYED PERSONS

The overall objective for 2020 is to reach the target of 70%, the national employment rate, as an objective set out in the Europe 2020 Strategy by promoting an efficient, dynamic and flexible labour market, which will ensure the people's access to quality jobs, in accordance with their skills and competencies, non-discriminatory and decent income.

To achieve the objective and to achieve a sustainable labour force employment, particular attention will be given to increase the labour market participation of young people and other vulnerable groups, to improve the quality of the labour force according to the market demands and the changing of the legislation, with a view to encourage the job creation.

SITUATION OF THE YOUNG PEOPLE ON THE ROMANIAN LABOUR MARKET

- ✓ Given that the number of jobs created by the Romanian economy remains low, as a consequence of the economic crisis, the most affected categories of the population are those at the extremities of the labour market: young and older workers. Thus, comparing Romania and the EU-27 there are significant discrepancies in the employment rate among young people (15-24 years); in 2012 the average value of this indicator is 9% lower in Romania than in the EU (23.9 % in Romania compared to 32.9% of the EU 27 average), with a larger gap for young women (10.7%).
- ✓ The unemployment rate for young people aged 15 to 24 years increased from 18.6% in 2008 to 22.7% in 2012, showing 3 regions where the proportion is greater than 25%: Centre (31.7%), South-East (31.3%) and South-Muntenia (30.2%), making it eligible for additional financial allocations under the Youth Employment Initiative.
- ✓ Although in 2012, the rate of young people who are not employed nor in education or in training (NEETs) decreased by 0.6 pp compared to the level reached in 2011 (17.2%), exceeding the EU-27 average by 3.6 pp (16.8% in Romania compared to 13.2% in the EU-27) among young women being even higher - 18.6% compared to 13.5% in the EU-27.
- ✓ In addition to education, which represents one of the important factors affecting access to employment, the mismatch between youth qualifications and the skills required by the employers also generates unemployment growth among this category. In addition, the lack of work experience makes them vulnerable when competing with other workers.

STRATEGIC INITIATIVES:

- I. The response of the Ministry of Labour, Family, Social Protection and Elderly to this situation was the **2013 National Plan for Boosting Youth Employment**, which includes measures and programmes of Youth Guarantee type (mobility bonuses, financial incentives, vocational and career guidance, entrepreneurial counselling, business incubators, internships, apprenticeship, partnerships between schools, universities, companies and other organizations and start-ups created by young people) and as a result, at the end of September 2013, 13.000 young people have been employed. The National Plan was implemented up to 31st December 2013.
- II. The implementation of two pilot **projects "Youth Guarantee"** with the purpose of facilitating the access to labour market for 5000 young people (who have failed to pass the baccalaureate exam) by providing integrated programmes of active measures, delivered through the 26 centres of youth guarantee. The centres will also have the primary role in identifying and registering young NEETs

who do not apply to the Public Employment Service. Customized services packages include such measures as:

- information - individual and group vocational counselling;
- mediation;
- providing vocational training programmes;
- consultancy, assistance and vocational training to begin an activity as self-employed or to start businesses;
- apprenticeships;
- organizing county fair jobs.

The projects implemented with the support of private sector actors and their social partners receive a financing of 10 million Euros from the Sectoral Operational Programme Human Resources Development 2007-2013 and have the purpose to identify the most appropriate measures adapted to national specificities on the basis of which the Implementation Plan of the Youth Guarantee 2014-2015 will be improved.

The current strategic framework in the field of youth employment is the **Implementation Plan of the Youth Guarantee 2014-2015**, elaborated as a result of the Council Recommendation of 22 April 2013, approved by the Government by Memorandum and transmitted to the European Commission in December 2013.

The national legal framework for the implementation of the Youth Guarantee is centred around the reform of the *Law on the unemployment insurances system and boosting employment*, as well as the subsequent methodological norms, which boost both the labour supply and demand segment. The key element was the amendment of the *Law on unemployment insurances* to include a new specific category of beneficiaries (for example: long-term unemployed) to be eligible for specific services, while maintaining its non-eligibility for obtaining unemployment benefit. The amendments have focused on increasing the level of boosting for activation measures with the obligatory inclusion of the component of training and counselling for all and granting of subsidies and/or allowances. The recent amendment emphasised on the use of the EU structural and cohesion funds, as well as other two elements subordinated to the Youth Guarantee architecture, namely: Apprenticeship's Law, republished and the *Law on carrying out internship for the graduates of higher education*. They are now offering an explicit alternative for achieving a balance between the measures of employment and those of training, existing the possibility of accessing EU funds (ESF largely).

The partnership will become the foundation of the whole set of reforms, measures and policy initiatives to be undertaken under the scheme. The basic approach, of the "bottom up" type, will integrate social partners, representing both the demand and the supply of labour, who will assume initiatives, will enter into partnerships with the public employment services and with the local authorities, will share resources (including financial resources) in order to achieve the common goal of integrating young people in the labour market and in training activities. Partnerships will emphasise especially the apprenticeship and internships, the main role played by companies, businessmen' associations, associations and NGOs representing the interests of young people (including young entrepreneurs), and SMEs' associations in cooperation with trade unions and their organizations (including think tanks and foundations). While concerned ministries will enter partnerships providing the necessary infrastructure and the broad base of expertise, maintaining an appropriate institutional framework - favourable and predictable - the business environment, civil society and trade unions will participate in identifying and mobilising the target group, their involvement in actions and initiatives which combine employment and training, especially ensuring

the continuation of the process of innovation and the identification of solutions to various situations and cases identified. Thus is supported the attraction and the involvement of young people in the scheme. The European Funds remain the main source of funding.

This approach responds to the challenges identified and is circumscribed to the objective of solving through the added value of the various reforms and measures proposed a series of problems regarding:

- the low participation of young people in vocational training and especially in continuous vocational training;
- the low rate of youth employment and the reluctance of employers to hire young people and provide them with work experience and learning;
- the apparent lack of partnership initiatives regarding employment opportunities and labour force training;
- the rather poor image of public service employment among young people;
- the ineffectiveness of current intervention measures on youth employment:
 - ✓ Monitoring and evaluation of the results will be provided by integrating the research system components in the scheme and by developing a specific set of basic tools and indicators that will allow both assessing progress and undertaking corrective measures. The whole concept will be supported and implemented by an institutional framework that will provide a pyramidal result: (1) the employment rate of young people will be an upward trend from current levels, (2) the participation of young people in apprenticeship programs and internships will begin to increase and (3) the NEETs rate will be characterized by a sustained and sustainable reduction trend.
 - ✓ Funding measures of the Implementation Plan for Youth Warranty 2014 - 2015 is based on the following main sources:
 - Unemployment insurance budget(BAS);
 - ESF (European Social Fund) and other structural and cohesion instruments, if applicable;
 - IOT funds (Youth Employment Initiative);
 - State budget, including amounts representing co-financing for the absorption of ESF and IOT funds.

Total funding proposed for the full range of reforms and initiatives under the scheme, amounts to a total of 532.88 million EUR (the estimated amount for 2014 and 2015). It is estimated that ESF funding will amount to a total of 151 million EUR (28.33%), of IOT - at an estimated total of EUR 127.15 million EUR (23.86%) and the unemployment insurance budget of approximately 27.88 million EUR (5.23%). The amounts for ESF and IOT include the share representing national co-financing. Financial allocation is a reflection of the general concern for the creation of new jobs and the development of combined forms of employment and training of this, largely for the benefit of young people.

By March 31st, 2014, in the first three months of implementation, in three regions eligible for YEI funding⁸, 16,999 young people benefited from the active employment measures, out of which 5,129 were employed. In the other five regions, 24,260 young persons benefited from the active employment measures, out of which 9,689 persons were employed.

⁸ Centre, South-East, South-Muntenia

The National Strategy for Employment 2014 - 2020 has as specific target increasing youth employment and longer working lives of older people. Highlighted are the following aspects in relation to the main target:

- ✓ In order to improve employment prospects for young people in Romania and to increase the employment rate among this group, the strategy proposes measures such as the implementation of integrated programs geared towards young NEETs, either by providing quality jobs, either through reintegration into the education system or by attending training courses enabling them with the skills required by employers.
- ✓ To facilitate the transition from school to work, in addition to strengthening the cooperation between relevant actors in order to develop a monitoring system, the strategic document aims to implement measures such apprenticeship at work, (which, according to the new regulations, ensures quality in CVT and may benefit from additional funding from the ESF) and the type of internships for graduates of higher education to ensure a quality job with a decent level of social security.
- ✓ Given the diversity of this group, special measures are aimed at young people with disabilities, children and youth with special needs in order to increase participation in education and training.
- ✓ Actions taken to increase youth mobility on the European labour market will allow for an increase in their skill level, employment opportunities, career prospects and decent incomes.
- ✓ Increased investment and attracting young researchers in centres of excellence CDI will enable economic development be more knowledge based.