



EU Network of
Independent Experts
on Social Inclusion

Assessment of the implementation of
the European Commission
Recommendation on **active
inclusion**

[A Study of National Policies](#)

Romania

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Assessment of the implementation of the
European Commission Recommendation on
active inclusion

A Study of National Policies

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COUNTRY REPORT – ROMANIA

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Summary

The implementation of the active inclusion approaches adopted by the Romanian government is meant to combine and balance the measures addressing the inclusive labour market, adequate minimum income and access to quality services.

Important progress has already been made in Romania, in terms of reforms in the three areas (i.e. Labour Code and social assistance, education, health, including the administrative system) and specific action plans and integrated strategies addressing the vulnerable groups already are in the course of implementation. Relatively frequent restructurings are intended to bring positive changes in the targeted areas; still, it remains unclear if they solve the issues encountered in the implementation process of previous similar provisions. The impact analysis should be a priority as basis for establishing the underperformance and remaining issues to be addressed.

In the main, the policy design covers the three pillars of active inclusion (adequate income support, inclusive labour market and access to quality services) though, reference to active inclusion remains rather implicit and details on balancing the three aspects of active inclusion are insufficient. The focus goes on increasing employment opportunities among vulnerable groups while quality of employment, ensuring adequacy of income and access to social services are not sustained by specific targets or actions.

The Romanian government, through its social policy design, fully supports the Active Inclusion Strategy offering an integrated structure to address the complex aspects of poverty and social exclusion; various types of social benefits have been put in place through different programmes. The law 416/2001 subsequently amended and supplemented (Law 276/2010) defines the right to a guaranteed minimum income as a form of social security; it is generally open to those lacking sufficient resources to get out of poverty and introduces precaution measures to eliminate the disincentives to work. The minimum income guarantee and other forms of support (national minimum wage, minimum pension, unemployment benefit etc.) clearly contributed to an increase in the population income having a direct impact on decreasing poverty and especially extreme poverty. However, the impact of the austerity measures reflected in reducing benefit levels, coverage and tightening eligibility. According to a World Bank report "Most of the social assistance benefits have a low adequacy... The total social assistance benefits are not cost effective from a poverty reduction perspective: 13 lei are spent for 1 leu reduction in the poverty gap (not taking into account administrative costs). Leakages and inequity in social assistance programs are high: only 17% of the social assistance benefits reach the poorest quintile, 29% of the poor are excluded from the system and half of the funds spill to the wealthier quintiles. Spending on poverty targeted programs has decreased relative to GDP in recent years. Well-targeted programs such as the Guaranteed Minimum Income Program (GMI) or income-tested family allowances are underfunded, leaving out 60% of the rural poor and 77% of the urban poor".

The policies targeted at helping people back on the labour market and helping them to fully participate in society come to complement the adequate income support as both are significant for people's ability to live in dignity. The National Employment Agency through its local structures implements the measures contained in the National Strategies for Employment and related Action Plans to stimulate employment (job mediation, professional training programmes, developing labour legislation to further encourage employers to recruit persons at risk of social exclusion, stimulating job creation in rural areas etc.). Nevertheless, policy design and inadequacy of allocated funds could explain the modest progress in the area of active labour market policies. The implementation of active labour market policies does not reflect in considerably

improved indicators and despite relatively low levels of unemployment, labour market challenges persist in Romania (such as high youth unemployment rates, low employment rate among older workers, reduced incidence of part-time/temporary employment in total employment, lower participation of women in the labour market, untapped labour in the subsistence agriculture and on the informal market, numerous unpaid agricultural/family workers, aging population in general and in the rural areas in particular) and need to be given increased and explicit policy consideration.

Adequate and individualised social services play a key role in addressing the structural barriers to participation in the labour market and in society. Despite important reforms in the public service system (including social assistance, education, health and administrative system) being in progress, issues remain on the agenda. The authorities' commitment to reduce inequities has not been fully realised as differences in access to services still exist among income groups and between rural and urban areas; it reflects both supply-side limitations (as investments in services and infrastructure focus on wealthier and urban areas) as well as barriers in relation with the demand side. The lack of adequate funding or disparities in the distribution of services, prevent many people from accessing quality services with consequences for the educational attainment, health and socio-economic status. Developing integrated services for the active inclusion of persons in difficult circumstances is still partly reflected in practice as social services remain fragmented trying to respond to specific needs rather than following a multidisciplinary approach.

The reforms announced by the government are aiming at improved and more inclusive and holistic policies. So far, the overall purpose appears to view reducing the public expenditures so, resources for active inclusion further remain limited. Adequate financing for integrated strategies continue to be challenged by austerity cuts, particularly to benefits and services, but also to activation support.

Romania's programming documents (National Strategy Reports on Social Protection and Social Inclusion, the National Reform Programme) recognise the importance of the use of the structural funds though, the absorption rate remains quite low (6.6% at 31.03.2012) and the applicant organisations would need further assistance and guidance in order to ensure the European funding are fully used to achieve the proposed objectives including in the active inclusion area.

Improving the strategic and practical capacities is important to further develop integrated and mutually reinforcing policies and mainstream active inclusion, including monitoring and evaluation of the impact of these programs. Better information and communication would help in getting more persons exposed to poverty and exclusion to fully benefit of their rights and advance own active inclusion. Strengthening the ties between social assistance, education and labour policies, with particular attention to education, skills upgrading and job creation will be imperative for increasing economic opportunities and thus ensuring active inclusion..

1. Integrated comprehensive strategies

Policy making in Romania recognises active inclusion as an important means of attaining one of the European Union's economic objectives (increasing the number of jobs and people in employment) and one of the main social goals (lifting individuals out of poverty through employment). The evolution of the national social policy led to finding innovative solutions and alternative responses to the needs of the vulnerable groups especially in terms of reducing multiple social exclusion (i.e. developing social economy etc.).

1.1 Comprehensive policy design

The reform of the social policy system in Romania followed the EU guidelines establishing a regulation package and institutional structures together with monitoring and evaluation procedures within the framework of the Open Method of Coordination. Developments in the social policy area are intended to reach the European goals as formulated in the strategies for growth and jobs and fighting against poverty and social exclusion.

The Romanian Government pays special attention to social inclusion as well as the development of a comprehensive approach to active inclusion; the use of the Open Method of Coordination helped in setting the framework for the National Action Plans for social inclusion to ensure effective delivery of objectives, subsequently streamlined with social protection measures resulting in the 2006 and 2008 submission of the National Strategy Reports on Social Protection and Social Inclusion also covering the health and long term care issues.

The Joint Inclusion Memorandum (signed in 2005) implemented through the open method of coordination, established Romania's priorities in the field of social inclusion contributing to the development of an integrated strategy on combating poverty and social exclusion.

In 2006, the construction of a coherent framework in the social area continued with a legislative package on institutional reform (including the set up of the Social Observatory, the National Agency for Social Payments, the Social Inspection) intended to delineate the principles and build the basis of a coherent frame for the social assistance policies.

As a candidate country, Romania drafted and submitted to the European Commission the 2006-2008 National Strategy Report on Social Protection and Social Inclusion covering the priorities in the area of social inclusion, pensions, health and long term care. The strategy to promote social inclusion establishes its priority objectives in line with the European Commission recommendations highlighting the prerequisites of active inclusion: increasing the population standard of living and stimulating earnings by facilitating employment, facilitating access to resources, rights and services by means of efficient social benefit / service packages, (and continuing efforts to improve the condition of Roma people).

In 2008, Romania elaborated the second National Strategy Report on Social Protection and Social Inclusion for the period 2008-2010. The policy measures initiated and implemented between 2006 and 2008 were to be sustained in terms of fighting against poverty and social exclusion by encouraging access to the labour market for socially vulnerable groups, promoting integrated family policies and ensuring income support for those in difficulty (and further improve the quality of life for the vulnerable persons of Roma ethnic origin).

Through its National Reform Programme, following on the overall objective of bringing together the economic, social and environmental agendas and create an inclusive

society for all, Romania continues working toward reducing poverty and social exclusion while also achieving the active inclusion goals.

In the main, the policy design covers the three pillars of active inclusion (adequate income support, inclusive labour market and access to quality services) though, reference to active inclusion remains rather implicit and details on balancing the three aspects of active inclusion are insufficient. The focus goes on increasing employment opportunities among vulnerable groups while quality of employment, ensuring adequacy of income and access to social services are not sustained by specific targets or actions.

On the background of the austerity measures the initial progress in the direction of active inclusion and poverty reduction is put off by decreasing job opportunities, cuts in the social benefits and restricted access and cuts in services both in terms of ease of use and coverage.

Developing a consensus on social policy priorities and continuing to mainstream active inclusion into the general policy making, enhancing policy synergies and ensuring that social and economic policies (namely, strategies for social inclusion and employment) are mutually reinforcing, remain important items on the agenda in order to underpin the effectiveness of the programming documents for structural funds.

Significant improvements are still necessary in terms of finding a more balanced approach to wealth and redistribution allowing for adequate resource allocation towards measures to guarantee equal access to opportunities for all with particular attention to the most vulnerable.

Romania has developed a comprehensive set of social inclusion indicators even since 2005 still, the indicators contained in the programming documents partially reflect the progress registered usually, relating to short-range analysis (i.e. 2006-2008, 2008-2010), allowing for limited overview of improvement and comparability with longer-term key developments / trends.

Continuing to develop a common coherent balanced vision for social progress that is shared by all partners as well as new motivations, attitudes and behaviours is important so that, social inclusion becomes a catalyser for mutually supporting actions inside and across all sectors (economic, social, educational, health).

1.2 Integrated implementation

Developing more integrated policies is one of the directions set in most national social inclusion strategic documents. Active inclusion is given increased consideration and integrated social / health / employment support actions are to help individuals and families to reintegrate into the society. Also, the proposed actions view a shift from alleviation to prevention of social exclusion and measures are planned to develop the social assistance benefits and service system so that it does not create system dependency but encourages active inclusion.

The vision of an integrated approach promoted in the strategies is not as much visible in the implementation process. Poor monitoring and impact assessment makes it difficult to measure the progress and make necessary adjustments. Nevertheless, there are some examples of progress towards integrated approaches at local level, developed by NGOs in partnership with local authorities, frequently with ESF financing. One such example would be Casa Ioana,¹ a non-governmental and not-for-profit organisation offering shelter and professional psycho-social services to homeless families, including single parent families and single women. The organisation supports

¹ [ftp://ftp.blackbox.ro/Casa.Ioana/Annual%20Report%202010_En-21.10.2011.pdf](http://ftp.blackbox.ro/Casa.Ioana/Annual%20Report%202010_En-21.10.2011.pdf)

homeless people in their journey back inside from social exclusion by opening its doors to safe sheltered accommodation and by providing professional psycho-social services aimed at getting children into school, adult beneficiaries back to work and families and single women into their own accommodation. Centrally important is the desire to equip beneficiaries with the skills to prevent their return to the street.

Even though these projects exist, there is modest commitment for long-term funding and no consistent coordination and mainstreaming at national level. Moreover, further development in implementing the active inclusion policy measures is put at risk by austerity measures with fewer resources both in terms of staff and financing.

1.3 Vertical policy coordination

Vertical policy coordination in implementing active inclusion strategies is more visible in the case of the minimum income and labour market inclusion components where various national government structures in cooperation with local authorities are involved. The National Agency for Social Payments or the National Employment Agency through its local offices focus on ensuring the payment of the social assistance benefits and respectively, running various employment programmes rather than developing local services that specifically target the most excluded persons by empowering them to become active and participate in the community life.

The Regional Pacts for Employment and Social Inclusion were formed at regional level to run activities on managing, reviewing and updating the regional employment action plans (in line with the national policies elaborated at central level such as the National Reform Programme, the National Employment Strategy); to implement the measures set in the action plans through the use of EU and national funding and to promote and support the county and local partnerships.

The Regional Employment Action Plans represent a coordination model for developing a strategic and participatory approach in the process of elaborating and implementing the regional policies, along with the efficient use of available financial resources particularly, the structural funds.

In view of achieving the proposed objectives, the Pacts use the available resources in a focused manner and include in their actions partners with responsibilities in field of employment, such as central / local public authorities, business associations and trade-unions, but also other actors in the social and economic area, as well as the service sector and the church. The partnerships have three functioning levels: one programming/planning and evaluation level (regional level) and two implementation levels (county and local/municipal or commune level). The Pacts Technical Secretariats offer support and technical assistance for their members.

Anyhow, actions prioritised at central level influence local actions and appear to be directed towards activation measures with tougher eligibility criteria and sanctions for the social assistance benefits while guaranteeing adequate levels of income or quality services remain less important on the list of primacies.

1.4 Active participation of relevant actors

Specific involvement of stakeholders in the elaboration and implementation of active inclusion policies is hardly apparent although, there are examples of participation of non-governmental organisations in the implementation and deliverance of integrated approaches in partnership with local authorities. While some non-governmental organisations, local authorities, communities and individuals were involved in the elaboration of the Joint Inclusion Memorandum (signed in 2005) or the 2006-2008 and 2008-2010 National Strategy Reports on Social Protection and Social Inclusion / National Action Plans under the Social Open Method of Coordination (including several seminars joining representatives from various fields and covering topics on social

exclusion and social rights, alternatives to institutionalisation etc.) the participation of social actors was less apparent during the elaboration of the National Reform Programme. In any case, some stakeholders still have limited knowledge of the national / European policy making process and their views or potential contribution to finding efficient ways to reduce poverty and promote active inclusion remain unused.

The project "Promoting dialogue in the area of social inclusion" implemented by the Ministry of Labour, Family and Social Protection under PHARE 2006 programme included 10 regional and 2 national conferences organised during 2009 which meant an ample consultation process. The final international conference (November 2009) involved representatives of governmental and non-governmental organisations active in the social area with a view to facilitate the exchange of experience, innovative ideas and best practices and providing opportunities to develop new ways of cooperation in the social inclusion sector by means of dialog between the governmental and non-governmental actors. The participants worked together to identify main priorities for the next programming period emphasising the need to develop further wide-ranging measures of active inclusion for the persons belonging to vulnerable groups, as an alternative to passive financial assistance.

The National Strategy Report on Social Protection and Social Inclusion mentions the 'common understanding and increased awareness of the importance of active inclusion for both citizens and professionals that are to enhance effectiveness in the design and delivery of social policies' though, few actions support this statement. Anyway, common understanding and awareness on the broad scope of social policies indeed, need to be expanded among the wider range of stakeholders (including communities and individuals) in order to ensure their input towards the common goal of reducing poverty and social exclusion. Many aspects need further focus in terms of: mobilising actors to develop strategic agendas and to act collectively whilst building on local knowledge, local actors and local capacity to act.

Also, it is important to expand actions to mobilise all stakeholders so as to establish continuous information, consultation and dissemination procedures following the entire policy making process (design, elaboration and monitoring / evaluation).

2. Description and assessment of the impact and cost effectiveness of measures introduced and planned under the 3 strands

More and more, the Romanian social policy making takes into consideration the principles of active inclusion translated into the development of wide-ranging policy measures addressing the disadvantaged groups. The policy design for active inclusion places emphasis on the balance between flexibility of the labour market and security of employment and social position of people. The recently adopted Labour Code (Law 40/2011, updated version of Law 53/2003) covers some main aspects including: flexible and reliable contractual arrangements, comprehensive lifelong learning strategies to ensure the adaptability and employability of workers, particularly the most vulnerable; social security system that provides income support, encourages employment and facilitates labour market mobility. This includes coverage of social protection provisions (unemployment benefits, pensions and healthcare) that help people combine work with private and family responsibilities such as childcare.

Specific programmes target the labour market integration of those who are excluded from or experience disadvantage in entering the labour market including: young people (aged between 15 and 24 years), older people (50 years old or over), women, single parents, people with disabilities, low/unskilled people.

Despite certain progress, there is little evidence of policy impact assessments being implemented in Romania and evaluations of the active inclusion policy effectiveness are not common practice. However, the positive impact of active inclusion should be analysed in parallel with the costs of poverty and social exclusion recognising the higher costs of not taking action as 'investment in active inclusion is not a cost but a benefit for society'². Expanding the findings of a study on the economic costs of exclusion³, low employment levels among the excluded people and low earnings among those who work result in economic costs; low employment rates and low wages also reflect into fiscal costs in terms of considerably lower tax returns and higher social security expenditures. Therefore, increased consideration in the policy design should be given to the challenges generated by the economic and fiscal cost of social exclusion which are amplified on the background of diminishing and aging populations with the raise in the fraction of elderly (65 years and over). These aspects put extra pressure on the decreasing number of working age population (15-64 years) which must take on the higher fiscal burden, as expenditures on pensions and health care rise. This can only be attained by a working age population with all communities being full participants in the labour market. Hence, active inclusion plays an important role and substantially increasing the labour market participation is an economic necessity for everyone.

2.1 Adequate income support

The Romanian government through its social policy design fully supports the Active Inclusion Strategy⁴ offering an integrated structure to address the complex aspects of poverty and social exclusion. Adequate income support is a key pillar of this approach and is meant to ensure a dignified life to persons (fit or unfit for work) that have insufficient resources to live in dignity (the 1992 Council Recommendation⁵ called on Member States to recognise this basic right).

In Romania, various types of social benefits have been put in place through different programmes: the programme for families including the allowance for newly born children, the children's allowance, incentives for parents who, although benefiting from parental leave, choose to resume work, gift trousseaus (clothing and other supplies) for newly born children, nursery tickets, the complementary family allowance, the support allowance for single-parent families and the foster-family allowance; new-married couple support programme for newly wedded couples, including a financial aid of 200 Euro upon marriage; the house heating allowance programme for the cold season. Usually, the amount of benefits is established function of family size and level of income per family member and is periodically adjusted.

The Law no. 416/2001 (subsequently amended and supplemented, including by Law 115/2006 Government Decision 1664/2008, Emergency Ordinance 57/2009, Law 276/2010) introduced the guaranteed minimum income in Romania's social security system as an important mechanism in addressing poverty and social exclusion and, first and foremost, to prevent extreme deterioration of living standards, as well as to secure long-term social reintegration of persons in difficulty. The law defines the right

² EAPN Report: *Yes to Active Inclusion. Report of EAPN Seminar, Paris June 2008.*

³ World Bank – *Europe and Central Asia: Economic costs of Roma exclusion, April 2010*
http://siteresources.worldbank.org/EXTROMA/Resources/Economic_Costs_Roma_Exclusion_Note_Final.pdf

⁴ The European Commission adopted on 3 October 2008 a Recommendation on the active inclusion of people excluded from the labour market providing common principles and practical guidelines for the Active Inclusion Strategy – a comprehensive integrated strategy linking together adequate income support, inclusive labour markets and access to quality services. It was endorsed by the Council on 17 December 2008, and by the European Parliament in its Resolution of 6 May 2009.

⁵ Council Recommendation 92/441/EEC

to a guaranteed minimum income as a form of social security; it is generally open to those lacking sufficient resources to get out of poverty and introduces precaution measures to diminish the disincentives to work (i.e. obligation for beneficiaries to undertake community work, incentives for those beneficiaries getting formal employment) and combines cash benefits with in-kind provisions.

The Minimum Income Guarantee (a minimum income threshold established by law and based on family size) is a monthly means-tested benefit granted to a person / family for as long as the entitlement conditions are met. Any increase in the income level per individual or family member and also change of residence or family structure has to be reported to the local authority and may lead to a decrease in the minimum income guarantee or respectively, cease of payment.

In the main, its value is periodically adjusted (at the beginning of each year) in accordance with the inflation rate to prevent it loosing value. Starting 2010, the monthly amount is determined by using as basis the Social Reference Indicator (500 lei) multiplied by a social insertion index (0.25 for a single person, 0.45 for 2 persons, 0.63 for 3 persons, 0.8 for 4 persons, 0.93 for 5 persons and 0.062 for each additional family member).

Eligibility for the MIG also provides an entitlement to other benefits and apart from cash transfers the support may take the form of goods and services. In addition, eligibility for the MIG also provides for health insurance (with no obligation to pay the health insurance contribution) which represents an important benefit for many beneficiaries.

Taking into account the deficiencies in the implementation process, successive changes and additions to Law 416 were drafted to establish clearer definition of eligible households and individuals, indicators to test the family income in order to eliminate eventual fraud possibilities and to adjust the level of the guaranteed incomes by complementary social benefits/aid. Inspections and sanctions in cases of non-compliance were also included to ensure efficient implementation.

Typically, the level of the minimum income guarantee stays below the poverty threshold set at 60% of the national median equivalised disposable income (after social transfers).

	2002	2003	2004	2005	2006	2007	2008	2009	July 2009-2010	2011
The poverty thresholds (in lei - December prices)										
Relative poverty threshold	138.69	173.96	226	263.21	299.67	358.48	459.33			
Absolute poverty threshold	153.6	167.9	191.5	208.1	218.3	232.6	247.2			
Source: the Ministry of Labour, Family and Social Protection, Evolution of poverty in Romania 2009										
The Minimum Income Guarantee										
individuals	63 lei (~20€) ⁶	74 lei (~20 €)	83 lei (~20 €)	88 lei (~24 €)	92 lei (~26 €)	96 lei (~29 €)	100 lei (~27 €)	108 lei (~26 €)	112 lei (~27€)	125 lei (~29 €)
2 person families	113 lei (~36€)	133 lei (~35 €)	148 lei (~37 €)	158 lei (~44 €)	166 lei (~47 €)	173 lei (~52 €)	181 lei (~49 €)	196 lei (~46 €)	170 lei (~40 €)	225 lei (~53 €)
3 person families	158 lei (~51 €)	185 lei (~49 €)	206 lei (~51 €)	220 lei (~61€)	231 lei (~66 €)	241 lei (~72 €)	252 lei (~68 €)	272 lei (~64 €)	203 lei (~48 €)	313 lei (~74 €)
4 person families	195 lei (~63 €)	229 lei (~61 €)	255 lei (~63 €)	273 lei (~75 €)	287 lei (~82 €)	300 lei (~90 €)	314 lei (~85 €)	339 lei (~80 €)	231 lei (~55 €)	390 lei (~92 €)
5 person families	233 lei (~75 €)	273 lei (~73 €)	304 lei (~75 €)	325 lei (~90 €)	341 lei (~97 €)	356 lei (~107€)	372 lei (~101€)	402 lei (~95 €)	256 lei (~61 €)	462 lei (~109€)
each additional family member	16 lei (~5 €)	18 lei (~5 €)	21 lei (~5 €)	22 lei (~6 €)	23 lei (~7 €)	24 lei (~7 €)	25 lei (~7 €)	27 lei (~6 €)	31 Lei (~7 €)	31 lei (~7 €)

Source: Ministry of Labour, Family and Social Solidarity.

As compared to other programmes, the guaranteed minimum income programme has an in-built work incentive, where benefits increase by 15% if a family member is in employment. According to the World Bank most social assistance programmes are not linked to actions that reduce exposure to potential welfare dependency and work disincentives (i.e. granting the children's allowance benefits for a longer period of time - 2 to 3 - years creates a work disincentive for women). Nevertheless, the increase of the MIG benefit by 15% for each person formally employed does not seem to provide enough incentive to give up informal incomes and, for the time being the MIG work requirement component is connected to a workfare ideology rather than setting a prerequisite for social inclusion. Therefore, community work may represent a means to encourage activity still, so far, it offers little perspective towards formal employment. A set of active measure programmes would be required to specifically address this category of people.

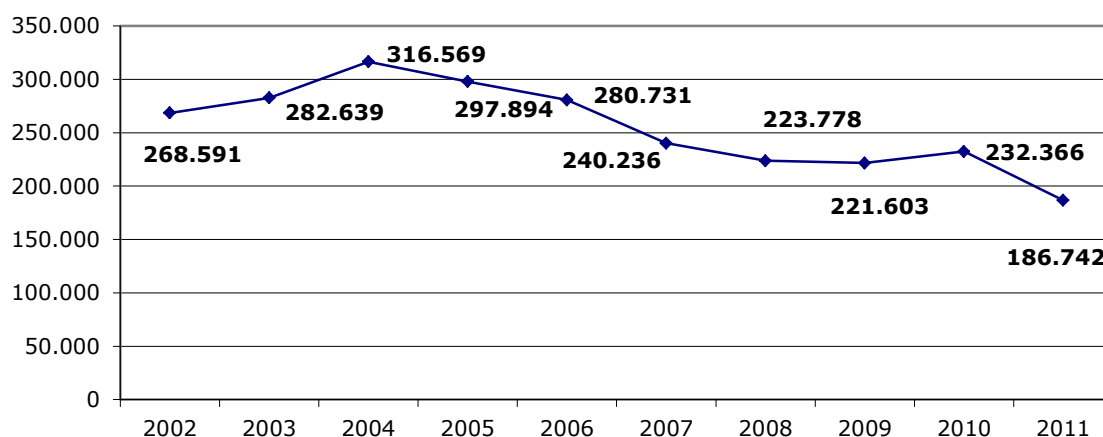
The minimum income guarantee clearly contributed to an increase in the population income having a direct impact on decreasing poverty and especially extreme poverty though, in some cases additional forms of social assistance provided to MIG beneficiaries (i.e. allowances for families and families with children) leads to a decrease in the number of MIG beneficiaries without getting them out of poverty.

Judging from the changes in time in the number of MIG recipients one could say this form of support justly targets the same number of beneficiaries in extreme poverty. The data collection is inadequate to allow for evaluating the beneficiaries in relation to the length of time they are counted in the social assistance system, as in many cases those who go into the system do not leave it and for those who do, the reason is they

⁶ (Annual average exchange rates Leu / Euro: 2002-3.12; 2003-3.75; 2004-4.05; 2005-3.62; 2006-3.52; 2007-3.34; 2008-3.68; 2009-4.24; 2010-4.21; 2011-4.24)

no longer meet eligibility criteria due to uneven indexations of various social transfers (hence they may go out and in the system several times). Improved data collection and regular analysis would allow for more rigorous impact evaluation and policy adjustment in order to develop appropriate solutions and preventive measures.

Average number of families benefiting from social assistance benefits



In recent years, improved targeting and predictability of social programs were issues of concern in the social assistance area. Also, the need to ensure improved safety measures for disadvantaged categories of population in times of economic crisis resulted in revised legislation for the income tested family allowances; enacting legislation to increase the eligibility threshold of the minimum income guarantee by 15% (in effect from July 2009); more transparent and predictable budget allocation through financing of the minimum income guarantee from the state budget (the Ministry of Labour, Family and Social Protection took over the minimum income guarantee budget and the payment of benefits was transferred from the local budgets to the National Agency for Social Payments).

However, further impact of the austerity measures, reflected in reducing benefit levels, coverage and tightening eligibility. By mid-July 2010, a 15% cut was applied to most social benefits (including unemployment benefits together with a 25% cut in public sector salaries). However, reducing the number of social benefits and that of beneficiaries is not to support the achievement of the proposed objective to reduce by 580,000 the number of persons facing the risk of poverty and social exclusion by 2020.

The reform of the social system is undergoing and Law 292/2011 on social assistance promotes a unitary approach in relation to the social benefit and social service systems with a view to increase the share of services over the social benefits.

Reforming the social assistance system views to ensure financial support for those in need while eliminating errors and fraud and preventing dependency. Data on the effects of the poverty reduction measures are limited but smaller disposable incomes and increasing inflationary pressures are reflecting in lower living standards for more and more individuals and families; however, the implementation of the social policies needs to be more carefully balanced to counteract previous measures to cut the social assistance benefits (reduced allowances for parents and children and other benefits following the austerity measures taken by the authorities) which on the background of the economic crisis are to affect even more the situation of those already evaluated as poor and will make the achievement of the proposed EU2020 poverty reduction target

more difficult. One component that should have been included in the new social assistance law is a set of specific measures for helping the assisted persons to enter the labour market or find alternative type of remunerated activity. At present, 20% of those receiving social transfers do not work and have not been engaged in any type of re-/training, education, or professional reconversion (according to 2011-2013 National Reform Programme).

According to the World Bank report⁷ "Most of the social assistance benefits have a low adequacy, representing only 10-20% of the minimum wage, and cover less than 30% of the household consumption of the poorest beneficiaries. The total social assistance benefits are not cost effective from a poverty reduction perspective: 13 lei are spent for 1 leu reduction in the poverty gap (not taking into account administrative costs). Leakages and inequity in social assistance programs are high: only 17% of the social assistance benefits reach the poorest quintile, 29% of the poor are excluded from the system and half of the funds spill to the wealthier quintiles. Spending on poverty targeted programs has decreased relative to GDP in recent years. Well-targeted programs such as the Guaranteed Minimum Income Program (GMI) or income-tested family allowances are underfunded, leaving out 60% of the rural poor and 77% of the urban poor".

In February 2009, the Romanian government, through Emergency Ordinance No. 6/2009, put in place the legal basis for the guaranteed minimum welfare pension, (approximately corresponding to 70 Euro per month) as a safeguard against poverty and social exclusion, which is a risk for recipients whose pensions are below an acceptable level. Although, a minimum pension has been introduced in Romania, the high at risk of poverty rates for older people indicate the need for improved social safety nets and/or more equitable re-/distribution in the earnings-related contributory pension schemes. The pension system reform is to ensure fiscal sustainability, including indexation to inflation, gradual increase and equalization of the retirement age, and increased contributions to the second pillar.

In order to address the issue of the working poor and make work a viable prospect for those distant from the labour market Romania's Labour Code contains provisions related to the guaranteed payment of a national minimum wage. Anyway, the social inclusion strategies and policies target poor people on the whole with no specific focus on the working poor. The high incidence of in-work poverty is adding to existing challenges of the labour market as: 'we have over 1,750,000 persons in 2009 that are employed workers and, in the same time, socially assisted'⁸. Nevertheless, the minimum wage policy plays an essential role in fighting the risk of poverty among employed persons in Romania as, a way out of exclusion is to be employed, but this comes to be effective if that job is sustainable, quality work and adequately paid.

The unemployment benefit is a compensation for the loss of income of the insured, gained after losing a job, after graduating from an educational institution failing to get employment. The unemployed receive unemployment benefits for periods established based on the duration of previous contributions. Graduates of an educational institution/special school for disabled people, aged no less than 16 years, who were unable to gain employment in a definite period of time, are entitled to receive unemployment benefits summing 250 lei for a period of six months.

Before 2011, the amounts of the benefits and subsidies paid from the unemployment insurance budget were calculated by using the national minimum wage as a basis. By

⁷ World Bank, Report No. 48665 - RO, International Bank for Reconstruction and Development and International Finance Corporation, Country Partnership Strategy for Romania for the period July 2009-June 2013; June 2009

⁸ <http://www.revista22.ro/codul-muncii-flexibilizare-sau-sclavagism-10141.html>

mid-2010, a reduction of 15% was applied to the amounts. Starting January 2011, all links between these benefits / subsidies and the minimum wage were removed. In its place, these are now calculated using as basis the social reference indicator set at 500 lei (approximately 117 Euro) and hence 200 lei (47 Euro) lower than the current value of the minimum salary, which was raised up to 700 lei (165 Euro) starting January 2012, after being frozen for two years at end of 2008 values (600 lei/141 Euro).

Despite progress in reducing absolute poverty levels, the adequacy of the social assistance benefits remains a challenge. Furthermore, the Presidential Commission for the Assessment of the Social and Demographic Risks suggests that proportions between the minimum wage, the unemployment benefit, the minimum pension, and the Minimum Income Guarantee need to be thoroughly considered and harmonized, a well-balanced correspondence between the average values of these indicators being necessary. Thus, the pension should be sensibly lower than the salary or the unemployment benefit in order to avoid pressures for urgent retirement under circumstances of reduced salaries or unemployment.

The economic crisis caused rises in energy/housing and food prices, the impact of the credit-squeeze on low-income house owners and on people in debt, as well as, the expected impact of unemployment and lower wages. As stated by the European Antipoverty Network, only by providing sufficient income for a dignified life can set a secure basis for people to look for work or further social integration. Any assessment of adequacy must be linked to current purchasing power based on real household scenarios, not on theoretical models⁹.

However, as stated by World Bank¹⁰ 'The budget required to satisfy the demand for financial assistance aimed at controlling extended poverty and at covering the demand for unemployment benefits and assistance to poverty-prone persons will be a tough challenge, considering the narrow space for manoeuvre the state revenues leave.'

Improving the system's operation is therefore important to further develop the social safety net for those disadvantaged and vulnerable categories including the monitoring and evaluation of the impact of these social assistance programs. Better information and communication would help in getting more persons exposed to poverty and exclusion to fully benefit of their rights and advance own active inclusion. Strengthening the ties between social assistance, education and labour policies, with particular attention to education, skills upgrading and job creation will be imperative for increasing economic opportunities and thus ensuring active inclusion.

2.2 Inclusive labour markets

The policies targeted at helping people back on the labour market and facilitating their full participation in society come to complement the adequate income support as both are significant for people's ability to live in dignity.

Active labour market policies and firm life-long learning strategies also, have an important role to play in the fight against poverty and social exclusion.

The public employment service is coordinated by the National Employment Agency (functioning under the authority of the Ministry of Labour, Family and Social Protection) through its 41 county agencies, the municipal agency in Bucharest, 88 local organisations and 156 local offices, 6 Regional Adult Training Centres, 1 national centre for own staff training.

⁹ See EAPN Report – Social Standards: www.eapn.ie

¹⁰ International Bank for Reconstruction and Development and International Finance Corporation – Romania Country Partnership Strategy, 2009

The National Employment Agency coordinates the implementation of the strategies and policies elaborated by the Ministry of Labour, Family and Social Protection in the area of labour force occupation and professional training of persons in search of a job. The measures are contained in the National Strategies for Employment and related Action Plans to stimulate employment (job mediation, professional training programmes, further developing labour legislation to encourage employers to recruit persons at risk of social exclusion, stimulating job creation in rural areas etc.). The Agency draws up annual Employment Programmes (the 2011 employment programme was based on the 2009-2012 Governing Programme and the employment objectives set through the EU2020 strategy).

The main objectives pursued by the labour force occupation programmes view:

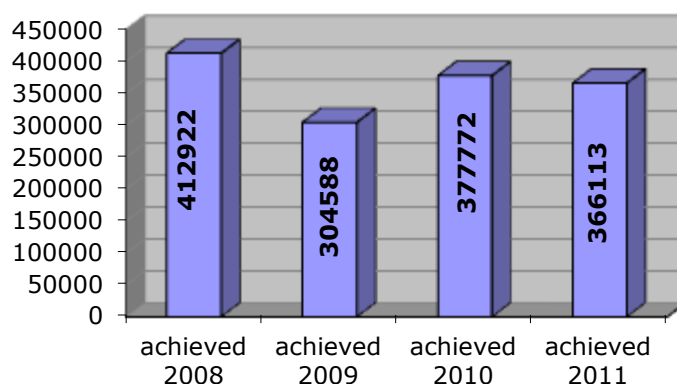
- Increasing employment and promoting social inclusion of vulnerable groups such as unemployed, long-term unemployed, youth / graduates of educational institutions, young people who left the child welfare system, older persons aged over 45, people with disabilities, single parent unemployed, Roma people, people living in the rural area;
- Ensuring higher flexibility through professional training adapted to the labour market requirements;
- Facilitating the transition of youth from the student status to that of employed person;
- Ensuring equal opportunities on the labour market.

The National Employment Agency ensures provision of services consisting in information, counselling and vocational guidance, vocational training, mediation, consultancy and assistance in starting an independent activity or for starting a business in accordance with Law No. 76/2002 on the unemployment insurance system and employment stimulation, with subsequent amendments and completions. These services are provided free of charge for all persons in search of a job in view of:

- Stimulating employment;
- Ensuring equal opportunities on the internal labour market;
- Preventing unemployment and protecting the persons within the unemployment insurance system;
- Stimulating the job seekers participation in vocational training and employment programmes;
- Promoting social inclusion.

Data from the National Employment Agency show between 2008 and 2011 the number of participants in employment programmes went down from 412,922 persons in 2008 to reach 366,113 in 2011.

Number of participants in employment programmes



The National Employment Agency develops training programs through its network of regional training centres for adults and also, through private authorized providers contracted to deliver this type of services with focus on people disadvantaged on the labour market such as: long-term / unemployed, people living in rural areas, persons of Roma ethnic origin, persons with disabilities, people returning to work after childcare leave, people restarting work after disability leave-taking.

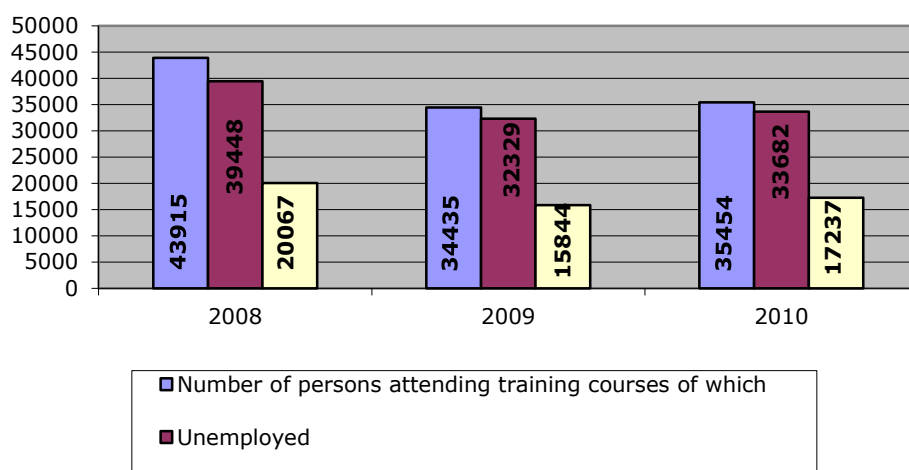
Starting 2004, in Romania were set up Regional Centres for Adults Vocational Training coordinated by the National Employment Agency; there are 6 Regional Centres for Adults Vocational Training, each of them covering 3 to 5 counties. The services provided by these centres for adults vocational training view increasing competitiveness on the labour market through:

- information and vocational counselling;
- vocational training assessment and monitoring;
- vocational training certification.

The entire process of theoretical and practical training is designed based on standard vocational charts, ensuring the flexibility and adaptability of the training to the adults' needs. The system allows for a personalized training, by adapting the course to the needs of each learner and continuing the process until full attainment of the information defined in the training programmes.

Between 2008 and 2010, the participation in the training courses coordinated by the National Employment Agency followed a decreasing trend from 43,915 persons attending training courses in 2008 to 35,454 in 2010 with most participants being unemployed; almost 50% were employed after completing the training course.

Number of participants in training programmes through the National Employment Agency



The national priorities in the employment field follow up on the main identified labour market challenges (low participation of youth and other vulnerable groups on the labour market, the significant number of women and men occupied in agriculture and the human resources quality level) and view promoting labour force adaptability, continuous learning and developing process, fighting against structural unemployment, promoting social cohesion. For that reason, during 2011, a number of 1,453,721 unemployed persons benefited from services offered through the territorial agencies of the National Employment Agency and external providers, out of which: 826,761 became unemployed starting 01.01.2011 and 626,960 persons already registered with the local employment agencies at 01.01.2011. A number of 366,113 persons were employed following the implementation of active measures (113% compared to the planned 324,000). The job fairs organised in 2011 as active measures oriented towards correlating the demand and offer of labour force, viewed all persons in search of a job including certain categories: young graduates, young people leaving institutional care, Roma people. In 2011, following the organisation of job fairs 16,532 persons were employed (9,842 at the general job fair, 3,517 persons at the job fair for young graduates, 2,586 persons at the job fairs organised for various professions or activity areas, 523 persons at the job fairs organised for specific groups, 64 persons at the job fairs for the Roma). The number of persons employed in 2011 by way of job fairs represents 5.4% of the total number of persons employed through labour mediation programmes. Following the provision of information and counselling services addressing the persons having difficulties with labour market integration 10% of the 642,131 participants were employed. Out of the total number of persons (14,773) employed in 2011 following the participation in professional training courses 56.51% were women (8,348), 71.35% were from urban area (10,541) and 28.65% from the rural area (4,232). The job offer remains concentrated in the urban area while in the rural area, the offer of jobs, professions and areas of activity is reduced; training in professions related to agriculture for the unemployed in the rural area is a challenge as much as the rural residents have a reduced level of education which makes it difficult to include them in training programmes. In addition, the reduced presence of investors and entrepreneurs in the rural area and the slow development of partnerships to attract capital in the rural areas explain the fact that

rural persons are mostly unpaid unemployed and beneficiaries of the minimum income guarantee.

Measures to prevent the long term unemployment and stimulate the unemployed finding work before the expiry of the unemployment benefit period led to 19,223 persons receiving the income top-up for getting employment before the expiry date of the unemployment benefit period.

Certain other incentives in the form of subsidies, exemption from unemployment insurance contributions, or access to loans under favourable conditions are awarded to employers to enhance job creation and encourage the recruitment of unemployed persons.

Job subsidies for the employment of persons aged over 45 years or single parents led to the employment of 20,312 persons (138.65% of the 2011 planning) out of which 19,817 unemployed were aged over 45 and 495 unemployed representing single parent families (43.54% - 8,844 women, 61.71% - 12,534 from the urban area and 38.29% - 7,778 from the rural area). Subsidised jobs for employers employing jobless persons approaching pension age (three years before retirement) led to the employment of 266 persons (84.44% of the 2011 planning). Active measures relating to subsidies for graduate recruitment led to the employment of 6,574 graduates (63.89% of the 2011 planning). Also, 233 persons were employed as result of subsidies for the recruitment of disabled persons. Stimulating geographic mobility of the labour force led to the employment of 3,179 persons (1,058 found a job in a locality at more than 50 km distance from the residence place and 2,121 persons were employed in another locality, changing their residence). Incentives for graduates getting employment led to the employment of 3,538 persons of the total number of graduates (employed through subsidised or unsubsidised jobs). 6,070 persons benefited from counselling and assistance for business start-up or initiating an independent activity; out of these 4.35% found employment. 1,874 persons (representing 245.84% of the 2011 planning) were employed through solidarity contracts within the framework of the law 116/2002 with subsequent amendments and completions on preventing and fighting the social marginalisation. As concerns unemployment prevention measures out of the 11,484 persons benefiting from these actions 10,057 were instructed in job searching techniques and 883 persons participated in other employment stimulation measures. The employment programme for 2011 included a special component to support temporary employment for pupils and students (maximum 60 calendar days during holidays); 945 pupils and students were employed following the implementation of this programme. Two programmes run by the National Employment Agency in 2011 were specifically targeted at 150 localities in the rural area (Programme 150) to increase employment among people living in the rural area and at 40 localities in the urban area (Programme 40) addressing people with difficulties in accessing the labour market in the urban area. The Programme 145, implemented in 2011, targeted 145 localities with a high number of inhabitants of Roma ethnic origin.

Still, the analysis of the annual Employment Action Plan provides insufficient data to allow for measuring the actual progress of the active inclusion measures and comparability or connection between available data and medium and long-term objectives is limited.

All the same, survey data¹¹ show participation in training courses among unemployed remains very low, a small percentage of the unemployed (7%) find employment

¹¹ *Social Inclusion Barometer 2010 (Nationally Representative Survey), Project co-financed under the European Social Fund, 2007 –2013 Sectorial Operational Programme on Human Resources Development, Investing in people!*

through institutional arrangements (National Employment Agency, job fairs, job caravans), but most (53%) get a job using social networks (relatives, friends, neighbours, former colleagues, various acquaintances). Most of the respondents who were unemployed or in search of a job did not participate in professional re-training courses (86%) and were not involved in actions instructing them how to find a job (93%).

Eurostat data come to confirm the decreasing trend registered starting 2008 in relation to participation in active measures (i.e. participation in training or job creation).

Participants by LMP interventions [Imp_partme_ro]

		2003	2004	2005	2006	2007	2008	2009	2010
Training	total	5,458	7,263	12,899	15,094	14,699	24,244	9,990	9,841
	females	2,820	3,709	6,251	8,014	7,488	14,932	5,855	5,080
	<25	2,004	2,811	4,409	4,576	3,545	5,483	2,633	2,756
	<25 females	1,020	1,411	1,980	2,473	1,745	3,434	1,448	1,501
Employment incentives	total	68,729	75,603	62,906	51,365	47,107	39,025	27,032	28,821
	females	26,634	29,981	29,287	24,586	22,696	18,970	13,664	13,617
	<25	13,778	15,945	17,461	15,940	12,520	10,310	6,805	4,577
	<25 females	7,421	8,752	10,107	9,111	7,329	6,136	4,226	2,689
Direct job creation	total	20,307	20,973	23,616	17,401	21,163	11,872	7,728	7,447
	females	6,351	5,791	5,742	4,158	5,684	3,636	2,258	2,054
	<25	4,369	3,664e	3,409e	2,547	3,422	2,477	1,882	1,585
	<25 females	1,302	1,036e	969e	685	1,121	1,003	743	553
Out-of-work income maintenance and support	total	310,587	284,649	236,206	207,233	164,604	127,579	324,667	390,435
	females	137,235	117,783	95,436	74,727	68,384	61,570	141,708	171,189
	<25	56,452	43,131	28,387	20,576	13,743	12,097	36,680	33,074
	<25 females	24,639	18,849	12,230	9,414	6,651	6,274	17,294	21,170
Total LMP measures (categories 2-7)	total	94,494	103,839	99,421	83,860	82,969	75,141	44,750	46,109
	females	35,805	39,481	41,280	36,758	35,868	37,538	21,777	20,751
	<25	20,151	22,420	25,279	23,063	19,487	18,270	11,320	8,918
	<25 females	9,743	11,199	13,056	12,269	10,195	10,573	6,417	4,743
Total LMP supports (categories 8-9)	total	310,587	284,649	236,206	207,233	164,604	127,579	324,667	390,435
	females	137,235	117,783	95,436	74,727	68,384	61,570	141,708	171,189
	<25	56,452	43,131	28,387	20,576	13,743	12,097	36,680	33,074
	<25 females	24,639	18,849	12,230	9,414	6,651	6,274	17,294	21,170

Source: Eurostat, e= estimated

Also Eurostat data show in Romania only 3.3% of those wanting to work participate in labour market measures as compared to 29.3% the EU27 average.

Activation-Support (LMP participants per 100 persons wanting to work)

	2006	2007	2008	2009	2010
EU27	32.5u	35.1u	33.5u	29.3u	:
RO	6.5	6.7	6.7	3.3	3.2

Source: Eurostat

Policy design and inadequacy of funds could explain the modest progress in the area of active labour market policies. Some aspects connected to the labour market (such as youth unemployment, reduced incidence of part-time/temporary employment in total employment, lower participation of women in the labour market, untapped labour in the subsistence agriculture and on the informal market, unpaid agricultural/family workers, aging population in general and in the rural areas in particular, migrant workers and returnees) need to be given increased and explicit policy consideration.

However, the public expenditure on total labour market policies registers low levels in Romania as compared to EU27 averages (0.45% as against 2.17% of the GDP in 2009).

The public expenditure on active labour market policies registers values less than one-tenth of the EU average spending (0.041% of the GDP as compared to the EU27 average of 0.536% in 2009). The figure further went down to 0.029% of the GDP in 2010.

Public expenditure on labour market policies by type of action¹²

	2003	2004	2005	2006	2007	2008	2009	2010
Total LMP (categories 1-9) Percentage of GDP								
EU27	:	:	1.997e	1.829e	1.607e	1.618e	2.171e	:
RO	0.672	0.626	0.540	0.419	0.341e	0.267e	0.455	0.614
Total LMP measures categories 2-7								
EU27	:	:	0.507e	0.502e	0.463e	0.465e	0.536e	:
RO	0.109	0.101	0.108	0.100	0.076	0.060	0.041	0.029
Total LMP supports categories 8-9								
EU27	:	:	1.268e	1.125e	0.952e	0.960e	1.397e	1.358e
RO	0.524	0.486	0.393	0.277	0.227	0.174	0.383	0.557

Source: Eurostat; [Code: tps00076]; e=estimated; : not available

Starting 2003, the level of expenditure on active employment measures expressed as a percentage of GDP followed a decreasing trend reaching 0.03% in 2010.

¹² 1- labour market services

2- training

3- job rotation and job sharing

4- employment incentives

5- supported employment and rehabilitation

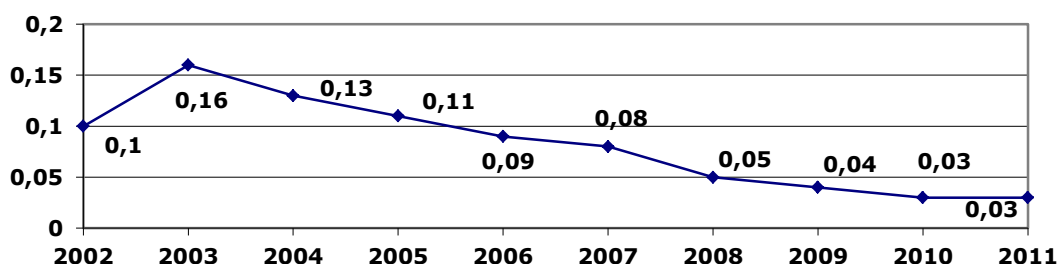
6- direct job creation

7- start-up incentives

8- out-of-work income maintenance and support

9- early retirement

Weight of expenditure on active employment measures in the GDP



Source: The National Employment Agency

Adequate solutions would be necessary to ensure resources for the active policies and prevent further decrease of the expenditure on labour market policies representing public interventions which are explicitly targeted at groups of persons with difficulties in the labour market (the unemployed, the employed at risk of involuntary job loss and inactive persons who would like to enter the labour market).

ESF on Human Resources Development supports the expansion of projects aimed at increasing social inclusion by applying measures to stimulate employment among vulnerable groups and other persons in search of a job and assisting the set up and development of social enterprises constantly promoting the adult training.

For the programming period 2007-2013, the Sectorial Operational Program for the Development of Human Resources finances seven domains. Each Priority Axis includes sub-domains known as Major Areas of Intervention (MAI). The Priority Axis 6 on Promoting Social Inclusion finances projects aimed at promoting the social inclusion, preventing exclusion from the labour market and supporting the labour market integration of vulnerable groups in terms of access to education and employment. The Main Areas of Intervention include:

- MAI 6.1 Development of the social economy;
- MAI 6.2 Improving the access and participation on the labour market for vulnerable groups;
- MAI 6.3 Promoting equal opportunities on the labour market;
- MAI 6.4 Transnational initiatives for an inclusive labour market.

The Ministry of Labour, Family and Social Protection implements two strategic ESF funded projects with effect in the employment area: 'The Social economy, an innovative model promoting the active social inclusion of persons in difficulty' with the overall objective to develop a unitary, efficient and modern social economy system contributing to the improvement of the quality of life of the Romanian citizens by promoting the active inclusion of the vulnerable groups, both on the labour market and in the social life; the other project, 'Equal opportunities on the labour market' aims to promote the social inclusion of disabled persons by facilitating the access to education and vocational training services and improving their employment prospects.

Yet, no relevant results were attained following the implementation of the action plan promoting the active labour market inclusion of people with disabilities elaborated in

2009 as just 4% of the total number of persons with disabilities were employed at the end of March 2011¹³, Romania being on the last place in the EU.

The Law no. 76/2002 newly modified by the Government Emergency Ordinance no. 17/2011 on the unemployment insurance system and stimulating the labour force employment supplied a full range of active measures to help persons affected by economic restructuring back into work while encouraging companies to employ persons from all categories of jobless people (i.e. subsidised jobs, incentives granted to employers if hiring persons belonging to vulnerable groups - young graduates, older workers). In the case of older workers the subsidised jobs represented one main action to address the increasing tendency towards inactivity of older workers.

Until January 2011, all benefits and subsidies paid from the unemployment insurance budget were using the national minimum wage as basis for computing of the amounts. By mid-2010, a 15% cut was applied to the amounts paid in line with the decrease applied to the unemployment benefit. Same as in the case of the minimum income guarantee and as a consequence of the policies to strengthen the public finances, the connection between these benefits / subsidies and the minimum wage was removed and they are calculated using as basis the social reference indicator fixed at 500 lei (~114 Euro) hence, 200 lei (~46 Euro) lower than the value of the minimum wage, which was increased to 700 lei (~161 Euro) as of 1 January 2012, after being frozen for two years at the end of 2008 value (600 lei / ~138 Euro). Thus, the subsidy does not amount to much; it just covered the job creation costs calculated by using the minimum salary as a base. Moreover, these subsidies provided for in the text of the unemployment insurance law and directed to vulnerable groups are not a direct payment and do not operate as a reimbursement procedure but are subtracted from the employer's contributions to the unemployment insurance fund. Given this arrangement, along with the bureaucracy involved in the application process (with limited funds usually granted on a 'first-come first served' principle) this type of measure does not appear to be very attractive.

The implementation of active labour market policies does not reflect in considerably improved indicators and despite relatively low levels of unemployment, labour market challenges persist in Romania. As illustrated by Eurostat data, active labour market programmes have not been totally successful in integrating vulnerable groups. Romania's employment rates stay below the EU27 averages (62.8% as against 68.6% in 2011) therefore activation remains a key element for increasing labour market participation. The employment rate for older workers (aged between 55 and 64) went down in Romania to 40.0% in 2011, from 43.1% in 2008 while, the EU27 averages show an increase from 45.6% 47.4% in the same period; the figure is considerably lower than the employment rate target for older workers of 50% by 2010 set by the Stockholm European Council of 2001.

In the second quarter of 2008, the unemployment rate started to raise in Romania (from 5.8% unemployment rate in 2008) reaching unequalled values in 2009, 2010 and 2011 (6.9%, 7.3% and 7.4% respectively) as the impact of the economic crisis on previously healthy labour market is worsening. Youth unemployment rates stay significantly higher than the total unemployment rate. The highest unemployment rate per category was recorded in persons between 15 and 24 years old, namely 18.6% in 2008, 20.8% in 2009, 22.1% in 2010 and 23.7% in 2011.

Despite updated labour legislation including measures to support flexibility of the labour market the prevalence of temporary contracts in Romania remains low compared to the EU27 averages (1.5% as against 14.1% in 2011) and part-time

¹³ http://www.mmuncii.ro/pub/imagenanager/images/file/Statistica/Buletin%20statistic/2011/Handicap%20trim_I%202011.pdf

contracts do not register major changes representing only 10.5% of the total employment (9.9% in 2008, 9.8% in 2009, 11% in 2010) as against the EU27 average of 19.5% also, in 2011. The enforcement of the recent legal provisions (Law 40/2011 containing substantial changes to the Labour Code, Law 53/2003) relating to occasional work was anticipated to encourage formal employment of youth (i.e. students taking temporary jobs during holidays) though, success of these actions are still to be confirmed by statistics.

The influence of the austerity measures is visible in the changing structure of the occupied population by professional status as shown by data from the National Statistics Institute: the number of salaried workers decreased from 67.2% in 2009 to 65.6% in 2010, also the number of employers went down from 1.4% in 2009 to 1.3% in 2010 while the figures counting unpaid family workers show an increase from 12% in 2009 to 12.7% in 2010; the number of self-employed (including members of an agricultural or non-agricultural association) went up from 19.4% in 2009 to 20.4% in 2010¹⁴. In addition to the usual categories of employee, employer and self-employed person, the structure of employment according to occupational status includes unpaid family workers (with the incidence of unpaid work being most common in the area of subsistence agriculture in Romania). The unpaid family workers count over one million persons (1,173,480 in 2010) having neither employed or unemployed status. These people should be specifically targeted by the active inclusion programmes as most of them do not pay social insurance contributions and remain uncovered by social protection programmes.

The trade unions representatives continue to signal the lack of skills on the labour market with 'the statistical reports for 2009-2010 showing double number of employees registered on the collective work contracts are under-/unskilled. The number actually reached one third of the total number of officially registered employees'¹⁵ (said the president of the trade union Cartel Alfa, March 10, 2011).

The employers' representatives express the opinion that changes to increase flexibility in the new Labour Code 'are not to bring to surface the informal labour...The jobs appear if the economy offers jobs. At the moment, we find that 90% job holders have no qualification or are low skilled. We have to put a stop to the low skilled jobs. The state gets low revenues from low skilled jobs. If there is no research and innovation this offer of unskilled and low skilled on low incomes is going to continue' (Secretary General of the Businessmen's Association of Romania, March 10, 2011).

More detailed data on the quality and duration of employment would be beneficial to measure the progress from social assistance actions (benefits) to actual active inclusion of the targeted groups.

The Report, Romania and the Europe 2020 Strategy of the Group of Applied Economics¹⁶, states that "labour market conditions in Romania are particularly challenging, although the unemployment rate is not particularly high, in comparison to the EU average, unemployment is asymmetric, affecting especially the unskilled workers, as well as young and older workers. This raises questions with respect to Romania's education system's capabilities as well as the adaptability of the continuous vocational education and training to create a competitive labour force".

¹⁴ Romania in figures 2011; the National Statistics Institute

¹⁵ <http://www.revista22.ro/codul-muncii-flexibilizare-sau-sclavagism-10141.html>

¹⁶ www.gea.org.ro - Romania and the Europe 2020 Strategy, The 6th GEA Report on Romania and the Lisbon Agenda Authors: Liviu Voinea, Bianca Pauna, Laurian Lungu, Valentin Cojanu, Andrada Busuioc; 2010

2.3 Access to quality services

Adequate and individualised social and employment services play a key role in addressing the structural barriers to participation in the labour market and in society though, labour market policies alone are not sufficient to support the integration of the most disadvantaged in society and into the labour market: the personal, family and social difficulties they face should also be addressed by quality social and health services.

Despite important reforms in the health system being still in progress, issues remain on the agenda. In 2006, a reform package was meant to reinforce and develop existing legislation principally aimed at decentralisation, the development of primary health care and prevention, increasing private health financing, and better define the connections between the health and social care systems. Romania's 2007-2013 National Reform Programme reiterates the health related priorities of the reform in the health system: improving the access and increasing the quality of the health care services, developing the health system's infrastructure; continuing the system's decentralisation (Government Decision 562 / 10 May 2009 approving the Health System Decentralisation Strategy published in Official Bulletin 340 / 21 May 2009).

The budget allocation for health as well as the total health expenditure per citizen places Romania in the last position in EU (the 2010 health budget represented 3.9% of GDP as compared to 3.6% in 2009).

The situation in relation to the health care provision for the population is critical and lack of adequate funding or disparities in the distribution of health care facilities prevent many people from accessing quality services. The costs for the medicines / medical services are unaffordable for many of those in need of health care.

The authorities' commitment to reduce inequities has not been fully realised as differences in access to medical services still exist among income groups and between rural and urban areas; it reflects both supply-side limitations (as investments in services and infrastructure favour wealthier and urban areas) as well as barriers in relation with the demand side, including informal payments.

As regards the unmet need for medical care, Eurostat data show in 2010 a share of 11% of the population reported an unmet need for medical examination for reasons of barriers of access (could not afford to, waiting list, too far to travel). 14.6% of the population in the first quintile of equivalised income perceives an unmet need for medical examination or treatment as compared to only 4.0% of the population in the fifth quintile of equivalised income in 2010.

The measures directed at closing down, downsizing entire hospital buildings are meant to reduce the drain of these institutions on the public budget but will have an effect on access to health care for certain groups. In 2008, in Romania there were 451.5 inhabitants per practising physician and 119.9 inhabitants per practising nursing and caring professionals; the number of inhabitants per available beds in hospitals was 152.1 also in 2008.

Because the demand exceeds the health system's capacity to deliver, patients have to manage with the available resources and solve this problem through a mixture of interpersonal connections and informal payments to health care providers which create a parallel system of incentives. The informal payment transactions contribute to the perception that the health sector is one of the most corrupt (Transparency International 2006) and most likely increase socio-economic inequalities in access to health services.

As a negative influence of the crisis, because of financial difficulties many people postpone or cancel their regular medical check-ups (19% in 2009 according to TNS¹⁷). The access to health services seems to be more difficult after the introduction of co-payment as the number of Romanians who regularly visit a doctor is quite small: 20% see their physician once a year and 13% did not visit the doctor in the last 12 months, according to a survey¹⁸ (IMAS, 2010).

A clear and coherent strategy on integrated medical and social care would clarify the relationships between Ministry of Health, National Health Insurance Fund, Ministry of Labour, Family and Social Protection ensuring the population access to quality services and promoting a healthy life style; it would also help to improve the provision of chronic, long term and home care.

The performance of all health care services providers should be systematically monitored and evaluated (cost-benefit, cost effectiveness assessments) as part of quality assurance but also in relation to the revision of the benefits package, for establishing the health equipment investment needs and the drug compensation list.

As a result of the population aging and increasing overall life expectancy, there is higher need for long-term care alternatives for the elderly. The age dependency ratio was 23.6% in Romania (Eurostat 2008) and it is expected to grow over the next decades, which shows the acute need for this type of services. However, home care involves a greater involvement on the part of the person's family, who may give up part of his/her job in order to provide the necessary care. The financial opportunity cost of people who devote their time and attention to their dependents was not properly evaluated in Romania.

Due to limited accessibility and financial resources, there are inequalities in geographical distribution and in the number of services. The demand for care services at national level was confirmed by the large number of people waiting for a place in elderly homes to become available. Statistical data on social inclusion activities from the Ministry of Labour, Family and Social Protection indicate the number of elderly homes funded by the local councils and NGOs in 2008 totalled 122 units with a capacity of 7,615 places and a monthly average number of beneficiaries of 6,774; 2,915 people were on the waiting list.

Number of centres for adult assistance

	2005	2006	2007	2008	2009	2010
Total	168	249	419	343	481	490
Centres for care and assistance	78	83	95	100	102	99
Occupational therapy integration centres	11	12	16	18	20	19
Recovery and rehabilitation centres	60	68	202	225	251	254
Elderly homes	19	86	106	:	108	118

Source: the National Statistics Institute

Part of the reform in the health system relating to merging the hospitals or turning them into elderly homes (Government Ordinance 212/2011) proved to be not a

¹⁷ TNS (2009), *The impact of the economic crisis*, TNS CSOP Romania, Bucharest

¹⁸ IMAS (2010), *20% of the Romanians go to the doctor once a year*, accessed at <http://www.imas-inc.com/tipuri-de-studii-pe-domenii/>

success. Media articles state that “one year after the programme implementation patients are left without hospitals, physicians without jobs and there are no more available places in the elderly homes for the pensioners. So, at the moment 2 million people have difficult access to health care after these hospitals were closed. The Ministry of Labour allocated 200 million lei towards this three year programme but inefficient coordination and complete inefficiency in the implementation process resulted in only 5.5 million being spent out of the total amount”¹⁹.

The contribution of EU funds for implementing various programmes is seen as important though, ageing and health care should receive more consideration especially within the context of the year of active ageing (2012).

In the education sphere, the Government is considering measures to align legislation on European standards, reform school curricula and associated training of teachers and school managers, accelerate decentralization, grant autonomy to universities on human management, improve access and quality of student services, and promote continuous learning.

The Law on National Education no. 1/2011 provides the general legal framework for applying the measures planned within the NRP for attaining the national targets projected in the context of the Europe 2020 strategy. The principles stated in the Education Law address the access to education, quality of education and increasing efficiency of the educational process.

The policy measures implemented by the Ministry of Education, Research, Youth and Sports translate into education programmes and projects including measures designed for disadvantaged groups; an important number of these programmes are co-financed by European funds and view: improving access to education and increasing the educational attainment by subsidizing the costs of school attendance for students from rural or disadvantaged schools (including high-school), supporting the pre-university education, developing Vocational Education and Training.

With reference to the participation rates, the number of those aged 18 years who are still in education in Romania is still below that of EU27 averages (77.4% as compared to 79.1% in 2010, Eurostat data). This lower rate could be explained by the limited access of poor and rural youth to such education. The poor state of road infrastructure and inadequate provisions for student transportation makes the access to post-/secondary education for the rural youth more difficult as high-schools are concentrated in urban areas (only 13% of high-schools were located in rural areas in 2008). Participation in early childhood education in Romania is also below the EU27 average (82.1% as against 92.3% in 2010, Eurostat data). According to the Eurostat data, the rate of early school leavers registered a modest decrease in 2011 (17.5%) from 18.4% in 2010, still higher than the levels recorded in 2009 (16.6%) and 2008 (15.9%) with notable differences between rural and urban residential area (27.9% as against 7.4% in the third quarter of 2011). The early school leaving rate is lower among girls (16.6% as against 18.5% in 2011). Total public expenditure on education was one of the lowest in EU with 4.24% of the GDP in 2009 as compared to 5.41% in EU27, Eurostat data).

In terms of life-long learning, Romania registers one of the lowest rates in the EU (1.6% in 2011 from 2.5% in 2008 as compared to 8.9% EU27 average in 2011, Eurostat data). Critical reforms concern the area of lifelong and informal learning. In the recent education law, lifelong education is clearly defined and is given more significance, and a code of practice. The National Framework of Qualifications will set the criteria corresponding to specific levels attained through informal study or work

¹⁹ http://www.rtv.net/un-an-de-reforma-in-sanatate-spitale-desfiintate-nimic-in-locul-lor_22489.html

experience. Thus, any prior education or professional competence can be evaluated and used in various contexts, including for admission to or equivalence of tertiary education. The Ministry of Education, Research, Youth and Sports will set the methodology for the recognition of the non-formal and informal learning.

The financial crisis and economic downturn placed additional strain on Romania's deteriorating education and health services and inadequate physical infrastructure continue to be seen as obstacles.

Nevertheless, the lack of financial resources is evident and the planned cuts in public spending are to aggravate things. UNICEF research²⁰ (Early school dropout: causes and possible ways of prevention) has found that 'lack of funding for textbooks, heating, school maintenance and qualified teachers means the quality of education is falling in Romania. With a net starting salary of 835 lei (about 200 Euro) a month and the maximum salary for a teacher of over 40 years' experience not even double that amount teaching is seen as an unappealing and low-status career, deterring many high-quality candidates. The resulting shortage of teachers is even worse in rural areas. The problem is even more serious in poor, rural and Roma communities. Large dysfunctional and poor families have problems providing adequate clothing for all their children and sometimes require child labour (in the field or in the household often to help with younger siblings) which results in school abandonment'.

Active inclusion policies require an encompassing set of measures to enable women furthest from the labour market in fact to benefit from active inclusion strategies; whereas the labour market situation for women has direct links to age-related poverty which mainly affects women.

Child and dependent care services are essential for the labour market integration of women especially at a time when many household heads, single parents or carers are women. The National Reform Programme mentions the development of integrated measures for ensuring equal opportunities for women and men and eliminating discrimination on the labour market. Social services view the development of child care provision thus ensuring support for women /single mothers to return to the labour market.

The development of child care services that are accessible to families relieve parents of the child care tasks and are associated with increased rates of employment among women. According to Eurostat data, 60.6% of Romanian mothers of children under six are in employment, compared to 59.7% of mothers in the EU. This is despite the fact that formal childcare is available to only 5% of children under the age of three and to 63% of children between three and six (in 2009). This puts Romania well below the respective EU averages of 27% and 84%²¹. The development of public and private services of child care does not register significant progress in Romania. The offer of public services has registered a downturn starting 1990, while the offer of private services is not a sustainable alternative, neither from the costs perspective, nor from the development level. As concerns the distribution of day centres at national level there are on average 3.8 day centres in the county capital towns while in the other municipalities and towns there is one day centre for two urban localities. In the rural area this type of service is even less developed with 0.03 centres per rural locality which is 3 day centres per 100 communes. In Bucharest there are on average 6.5 day centres per sector²². The increase of the private sector's offer depends simultaneously

²⁰ [http://www.unicef.org/romania/RO_Media_NL_no7\(1\).pdf](http://www.unicef.org/romania/RO_Media_NL_no7(1).pdf)

²¹ http://ec.europa.eu/employment_social/emplweb/families/index.cfm?id=4&policyId=54&langId=en&countryId=26

²² *The Presidential Commission for the Analysis of Social and Demographic Risks – Social Risks and Inequities in Romania, 2009 (citing Cojocar, Ștefan și Daniela Cojocar, 2008, Case Management in child protection. Evaluation of services and practices in Romania, Iasi: Polirom).*

on families' financial capacity and on the existence of certain measures to support these services' costs. The implementation of strategies to improve the situation of children is made difficult by unfavourable public finances that are likely to cause further challenges in ensuring adequate child care services and long-term / health care services.

The housing quality and the living standard are important aspects in relation to the employment situation of a person.

Eurostat data show a high percentage (96.5%) of the population in Romania lived in owner-occupied dwellings in 2009 (27.1% of the EU-27 population). However, most apartment buildings are in bad state due to inadequate maintenance and poor investment in restoration. In terms of quality of housing 55.3% of the population in Romania lived in overcrowded dwellings one of the highest rates in EU (17.7% EU27 average) in 2009. Romania also registers one of the highest overcrowding rates among the population at-risk-of-poverty (people living in households where equivalised disposable income per person was below 60 % of the national median) of 64.8% (compared to 30.0 % EU-27) in 2009. A percentage of 28.6 of the population in Romania suffered from severe housing deprivation in 2009 (as against 5.9% in EU27) which is defined as the proportion of persons living in a dwelling which is considered as overcrowded, while having at the same time at least one of the housing deprivation measures (lack of a bath or a toilet, a leaking roof in the dwelling, or a dwelling considered as being too dark). In 2009, in Romania, the proportion of the population whose housing costs exceeded 40% of their equivalised disposable income was 15.5% as compared to 12.1% in EU27.

The national programming documents mention homeless among vulnerable categories but their access to services remains limited; this diminishes the probabilities for these persons to get employment especially without personalised support measures.

Statistics on the homeless are difficult to be found and official figures are considered to undervalue the number of homeless; Romania's Joint Inclusion Memorandum estimated 14,000 homeless persons at national level.

The main causes for homelessness include forced eviction following housing restitution, or debt accumulation for housing maintenance costs, fraud, poverty, divorce or separation. The service provision addressing the homeless is limited with insufficient capacity of sheltered accommodation and lack of specialised, integrated services. Concerning people that are temporarily without accommodation, the Nomenclature of the Romanian Social Assistance Entities foresees two types of institutions, night shelters and emergency centres. At national level, there are 69 emergency centres, 35 night shelters and 123 public or private providers of social services for the homeless²³. Their eligibility for social benefits or services is put at risk when they lack identity documents or as a consequence of the homeless being residents in a different area from that where they register with the local administration. Difficult access to social services reduces chances to access employment and there is no specific and individualised program for these people. While homeless people can receive free meals from social canteens, their access to health care is limited to emergency care (sometimes this means temporary shelter, replacing social assistance services).

Ensuring the passage from emergency centres / night shelters to permanent accommodation is a challenge for the authorities. At the moment, solutions seem

²³ European Commission, Commission Staff Working Document, Country fiches, accompanying document to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, Proposal for the Joint Report on Social Protection and Social Inclusion 2010, SEC(2010) 99 final.

limited and largely depend on the existing social housing stock or houses currently being built. The legislation relating to social housing includes: the Law 114/1996 on housing (recognizing the right to housing and defining social housing), Law 116/2002 on preventing and fighting social marginalisation and Law 48/2002 on preventing and fighting all forms of discrimination with several institutions and levels of government sharing the responsibility for housing.

Developing integrated services for the active inclusion of persons in difficult circumstances is still partly reflected in practice as social services remain fragmented trying to respond to specific needs rather than following a multidisciplinary approach. Even so, the supply of this type of services is insufficient to answer the needs. For instance, the number of social canteens stayed the same or rather decreased in the past years in relation to the increasing demand for such services.

Social assistance canteens by development regions

	2005	2006	2007	2008	2009	2010
Total	114	124	121	125	125	120
North-West	16	17	21	18	19	19
Centre	23	22	19	22	23	23
North-East	19	19	19	19	19	17
South-East	14	16	15	16	12	12
South Muntenia	12	10	10	12	10	9
Bucharest Ilfov	2	8	8	8	8	6
South West Oltenia	10	11	12	12	15	14
West	18	21	17	18	19	20

Source: the National Statistics Institute

Articles in the media report increasing number of people wait in line for a free meal at the social canteen²⁴. People with university education depend on social assistance for a meal. Diploma engineers, economists, teachers that became unemployed request services from the social canteen. 400 people were eating at the poor's canteen in Timisoara; the numbers increase and this seems to be the case for all cities.

According to a FDSC²⁵ study, the contribution of NGOs as service providers is decreasing as result of policies to encourage the development of public services fully funded from local budgets. If in 2006, NGOs represented 73.8% of the accredited service providers in 2010, the figure decreased to 48.7%. A fraction of 25% of the alternative protection services in Romania are provided by NGOs. Between 2000 and 2007, the number of organisations operating this type of centres and services constantly increased. The year 2008 marked a decrease in the number of NGOs

²⁴ <http://www.hotpage.ro/actualitate/tot-mai-multe-persoane-cu-studii-superioare-apeleaza-la-cantinele-sociale.html>

²⁵ http://www.fdsc.ro/library/conferinta%20vio%207%20oct/Romania%202010_Sectorul%20neguvernamental1.pdf
<http://www.ziare.com/economie/statistici/se-va-dubla-rata-saraciei-in-romania-1028130>

providing such services and the proportion of NGOs among the service providers is going down.

3. Financial resources

3.1 National resources

The government announced a number of reforms in the area of education, health, social assistance, labour market, aiming at improved and more inclusive and holistic policies including for those furthest from the labour market.

So far, the overall economic purpose appears to focus on reducing the expenditures thus, resources remain limited.

Adequate financing for integrated strategies continue to be challenged by austerity cuts, particularly to benefits and services, but also to activation support.

Romania is among the Member States with the lowest levels of government expenditure as a proportion of GDP in 2010 (40.2%).

General government expenditure

	Expenditure in percentage of GDP					
	2005	2006	2007	2008	2009	2010
EU27	46.8p	46.3p	45.6p	47.1p	51.0p	50.6p
RO	33.6	35.5	38.2	39.3	41.1	40.2

Source: Eurostat (Statistics in focus — 42/2011) [gov_a_exp] p=provisional

Same as in most EU member states, social protection in Romania, is the most important function of government expenditure; it includes spending on sickness and disability, old age, family and children, unemployment, housing. As a percentage of GDP, social protection remained relatively stable between 2005 and 2008 with an increase because of the crisis. However, it significantly increased by 2.4 percentage points in 2009 compared to 2008. In 2009, social protection spending by government was equivalent to 14.2% of GDP, whereas it was between 10.4% and 11.8% in 2005-2008, reflecting social interventions in response to the recession.

Total general government expenditure on social protection 2005-2009

	Expenditure in percentage of GDP					Expenditure in millions of Euro
	2005	2006	2007	2008	2009	2009
EU27	18.5	18.1	17.7	18.1	20.1	2,365,467.3
RO	10.4	10.4	10.6	11.8	14.2	16,709.0

Source: Eurostat (code: gov_a_exp)

Government health spending was 4.4% of the GDP in 2009. After having remained relatively stable between 2007 and 2008 it went up by 0.6 percentage points in 2009.

Total general government expenditure on health, 2005-2009

	Expenditure in percentage of GDP					Expenditure in millions of Euro
	2005	2006	2007	2008	2009	2009
EU27	6.6	6.7	6.6	6.8	7.4	875,107.8
RO	3.4	3.3	3.7	3.8	4.4	5,123.8

Source: Eurostat (online data code: gov_a_exp)

The education budget has decreased considerably in the last three years. In 2009, the government spending on education in Romania as percentage of GDP was 4.1% one of the lowest in EU. Romania introduced an ambitious education reform early in 2012, which requires sustained efforts for implementation. This, in turn, requires a larger education budget without jeopardising Romania's commitments made in the context of the Stability and Growth Pact and the current IMF/EU precautionary financial assistance programme.

The decision of the government to speed up decentralization of public services involves associated risks as it would result in important responsibilities and resources transferred to the sub-national governments; a key challenge is the establishment of an appropriate accountability framework for the local governments to ensure transparent and effective use of the public resources / enhance the quality of investments at sub-national level.

3.2 Use of EU Structural Funds

Romania's programming documents (National Strategy Reports on Social Protection and Social Inclusion, the National Reform Programme) recognise the importance of the use of the structural funds though, the absorption rate remains quite low and the applicant organisations would need further assistance and guidance in order to ensure the European funding are fully used to achieve the proposed objectives including in the active inclusion area.

EAPN report²⁶ 2011 points to the fact that 'the absorption rate of the structural funds is very low in Romania (around 10%) and becomes a problem (...) Only big NGOs are accessing structural funds now, due to the financial difficulties related to the cash flow'...'NGOs can hardly afford to participate in European projects since they have to contribute with 10-25% (in Romania there is no mechanism to allow NGOs to ask for a part of this contribution from the State) and it takes 8 to 12 months for the Government to reimburse the expenses'.

Nevertheless, the European funding contributes to the core objective of strengthening the national mechanism for social inclusion in order to establish a framework for the elaboration and coordination of the social policies leading to a better understanding of the social exclusion situations in view of setting sectorial priorities, promoting the active inclusion and creating an adequate environment of the development of mutually supporting social policies in different intervention areas.

²⁶ European Antipoverty Network Report, 2011 - Is the European project moving backwards? The Social Impact of the Crisis and of the Recovery Policies in 2010

The Structural and Cohesion Funds absorption for each Operational Programme – 31.03.2012

Programme ²⁷	2007-2013 EU Allocation Mil. lei	Project applications		Approved projects		Signed contracts		Internal payments to beneficiaries		Expenditure statements submitted to EC		Intermediary payments from EC	
		Nr.	Total value (mil. lei)	Nr.	EU value (mil. lei)	Nr.	EU value (mil. lei)	Mil. lei	%	Mil. lei	%	Mil. Euro	%
SOP Transport	19,853	129	42,602	77	11,430	62	7,801	1,386	6.98	283.85	6.22	279.86	6.13
SOP Environment	19,620	465	35,955	328	17,867	259	17,543	2,746	12.66	197.17	4.37	152.71	3.38
Regional OP	16,201	8,093	55,441	3,104	14,716	2,723	13,449	4,969	27.77	656.09	17.61	437.24	11.73
SOP HRD	15,114	10,217	43,257	2,999	15,160	2,468	12,687	4,627	28.85	225.01	6.47	190.33	5.48
SOP ICE	11,106	11,806	68,990	3,313	7,914	2,275	5,007	2,131	16.97	164.47	6.44	164.47	6.44
SOP ACD	904	1,371	3,675	397	981	354	709	128	13.36	23.71	11.40	18.89	9.08
OP TA	740	102	461	86	302	77	266	108	14.43	19.65	11.54	16.73	9.83
Total	83,538	83,538	250,381	10,304	68,370	8,218	57,462	16,095	17.77	1,569.95	8.17	1,260.23	6.56

Source: Government of Romania, Ministry of European Affairs

²⁷ Sectorial Operational Programme Transport
Sectorial Operational Programme Environment
Regional Operational Programme
Sectorial Operational Programme Human Resources Development
Sectorial Operational Programme Increasing Economic Competitiveness
Sectorial Operational Programme Administrative Capacity Development
Operational Programme Technical Assistance

The European Social Fund continues to be a key financial instrument for delivering active inclusion. On the background of the worsening economic circumstances (increasing unemployment rates, poverty, indebtedness) additional funds might be required to support active inclusion activities. Ensuring sufficient funding committed to the implementation of active inclusion programmes combining all strands, minimum income provision, labour market integration and support services is thus essential.

Starting 2009, three projects funded by the European Social Fund that may possibly be regarded as best practices contributing to the development of active inclusion measures were launched: "SAPeRe – studies, evaluations and planning on the labour market to develop the Public Employment Services capacity in Romania, at national and local level; PROSELF –promoting the self-service amenities with a view to modernise of the system of public employment service provision and ensure its flexibility through the setup of 47 self-service centres within the local agencies for employment; SCOP – developing the expertise of vocational assistance counsellors in the same time building up the capacity and modernising the vocational training system for the Public Employment Service to provide effectual services.

The Open Society Foundation initiated a grant scheme on 'Making the Most of EU Funds for Roma'²⁸ (launched in 2007). It tries to connect the attainment of Roma inclusion objectives to EU development resources. The grants scheme is funded from the OSF's 'Making the Most of EU Funds for Roma' programme and implemented in Romania by Soros Foundation Romania. The overall purpose is to enable grassroots organisations in Romania to successfully implement European Social Fund grant projects focused on Roma inclusion by providing financial support and project management assistance. Alongside the specialized consultancy, the selected organisations will receive, grants to cover: own contribution to project budgets and expenses which are not covered by the structural funds project budget but are important to increase the impact of the respective project (the total budget for the current call for proposals is of 400,000 Euro).

4. Monitoring and evaluation

Specific evaluations covering the active inclusion measures as a holistic approach are difficult to be found though, the Ministry of Labour, Family and Social Protection publishes on its website regular analyses of various social benefits and support measures to promote social inclusion. Also, reports on the employment programmes are provided by the National Employment Agency.

The National Statistics Institute and other public institutions provide regular data on the 'at risk of poverty' rate, income and living conditions of the population; also, labour market data are accessible (through the National Employment Agency) to allow for monitoring the trends for employment / unemployment indicators. On basis of a collaboration protocol, the National Institute for Statistics provides the survey data for the Ministry of Labour, Family and Social Protection to calculate the secondary and tertiary indicators.

The 2008 Social Assistance Activity Report of the Ministry of Labour, Family and Social Protection contains a section on the Social Observatory with duties including:

- the elaboration of descriptive fiches for each social inclusion indicator containing information on: the indicator definition, calculation method, the type of indicator and the data collection source;

²⁸ Open Society Foundation <http://www.fundsforngos.org/uncategorized/making-eu-funds-roma-call-proposals-2012-osf-support-esf-grants-roma-inclusion/#ixzz1yzkyClvE>

- the elaboration of statistical reports in the field of social assistance and social services (every three months, every six months and annually).

To date, the information provided and outcomes of the Observatory's activities are limited.

The commonly used indicators show partial improvement usually, per project or per policy component (social assistance benefits/services, employment, health, training etc.) without allowing for an overall perspective of progress with regard to active inclusion or comparability between the three strands.

A common set of indicators / common approach covering all the strands of active inclusion would be useful for measuring the progress in achieving the objectives in this policy area. Also, benchmarking would be an important aspect in the area of active inclusion for accurate monitoring of the impact of active inclusion policies on the targeted groups. Maintaining a database would ensure review of progress towards the Europe 2020 targets; data collection should include relevant modules for an accurate measurement of the take up and efficiency of active inclusion services by different groups, by age, gender, area of residence or personal situation (i.e. rural urban residence, disability, homelessness, ethnic origin etc.).

Establishing wide-ranging monitoring and evaluation systems remains a matter of priority. Also, developing the analytical capacity of the central and local administration to evaluate the opportunity of a programme or to track progress on project implementation should receive priority.

The policy monitoring and impact evaluation are relatively recent practices in Romania. The development of in-house monitoring and assessment capacity is still a major challenge and consists in further training and institutional capacity building, in the same time, moving towards the use of independent assessment and monitoring competences (private or non-profit). Transparency and information also, are key challenges in maintaining a continuous and open partnership with the society.

The recently established Ministry of European Affairs holds responsibilities to monitor the implementation of 2011-2013 National Reform Programme at national level and the elaboration of an annual Action Plan for implementing the NRP; this is both to improve the process coordination (including between different strategies) and increase the absorption of the EU funding.

5. Recommendations

5.1 Priority actions to be taken at national level to strengthen (develop) integrated comprehensive active inclusion strategy

- Further developing an active inclusion policy mix strengthening the links between education, health services, social protection and labour market activation; and improving specific database, monitoring and evaluation procedures to ensure efficient implementation of mutually reinforcing social inclusion and employment strategies;
- Enhancing the effectiveness of parallel sectorial strategies by bringing them together into a common, articulated and well-structured policy document that highlights the cross-cutting aspects and encouraging the use of clear benchmarks and instruments to measure progress in the active inclusion area;
- Ensuring consistent mainstreaming of equality and non-discrimination principles to eliminate inequities within the social protection / assistance, education, health systems and on the labour market.

5.2 Priority actions to be taken at national level to strengthen policies/measures under each of the 3 active inclusion strands.

- Ensuring the adequacy of minimum income schemes through recognition of the basic right of individuals to have sufficient resources to live in dignity, and strengthen the concrete implementation of this right eliminating disincentives for those who can work;
- Enhancing efficiency and equity of the labour market policies and institutions towards sustained economic growth but equally towards inclusive labour markets supporting the active labour market inclusion of disadvantaged people; ensuring decent, secure work and equal opportunities, including through anti-discrimination legislation;
- Improving access to quality social services by ensuring that services are accessible (available and affordable); also, ensuring all public services in the area of education, health, social security and social housing play a preventative and socially cohesive role and facilitate integration of people into society and on the labour market, including support for people facing personal challenges (e.g. unemployment, indebtedness, alcohol or drug addiction).

5.3 Actions to be taken at EU level to reinforce the implementation of the active inclusion Recommendation by Member States

- Actions to be taken at European level to reinforce the implementation of the active inclusion EC Recommendation should view to:
- Establish a common itinerary at European and national level for the implementation of active inclusion policy objectives towards achieving the EU 2020 targets while, making clear connection between the related policy objectives in the economic and social spheres aiming for economic growth and reducing poverty / social exclusion; as well as, considering the risks posed by fiscal consolidation / austerity measures with respect for the enactment of human rights.

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Summary tables

Table 1

To what extent has an integrated comprehensive active inclusion strategy been developed in your Member State?												
	Comprehensive policy design			Integrated implementation			Vertical policy coordination			Active participation of relevant actors		
	Yes	Somewhat	No	Yes	Somewhat	No	Yes	Somewhat	No	Yes	Somewhat	No
For those who can work		X			X			X			X	
For those who cannot work		X			X			X			X	

Table 2

To what extent have active inclusion policies/measures been strengthened, stayed much the same or weakened since 2008 in your Member State?									
	Adequate income support			Inclusive labour markets			Access to quality services		
	Strengthened	The same	Weakened	Strengthened	The same	Weakened	Strengthened	The same	Weakened
For those who can work			X		X				X
For those who cannot work			X		X				X

