Inequality in Romania

Ioana-Maria Gligor, DG EMPL
Inequalities and the EU

- **EU does not** have an *explicit mandate* or policy to address (income or wealth) *inequality* per se.

- **But elements related to inequality** in:
  - Article 3 of TUE
  - Several principles of the **European Pillar for Social Rights**
    - the promotion of equality of opportunity and enabling social services; education and training; the right to minimum income; adequate social protection; fair wages; active inclusion approach to labour market policy

- **AROPE reduction** - Europe 2020 target (inclusive growth)
EU support: European Pillar of Social Rights (1)

- A reference framework for upwards convergence
- 20 principles and rights
- Building on the existing EU social law
- A scoreboard of employment and social indicators
- Several concrete initiatives
## European Pillar of Social Rights (2)

### 20 principles and rights

<table>
<thead>
<tr>
<th>Equal opportunities and access to the labour market</th>
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<tbody>
<tr>
<td>• Education, training and life-long learning</td>
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<td>• Gender equality</td>
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<td>• Equal opportunities</td>
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<tr>
<td>• Active support to employment</td>
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<td>• Secure and adaptable employment</td>
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<tr>
<th>Fair working conditions</th>
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<tr>
<td>• Wages</td>
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<td>• Information about employment conditions and protection in case of dismissals</td>
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<td>• Social dialogue and involvement of workers</td>
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<td>• Work-life balance</td>
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<td>• Healthy, safe and well-adapted work environment</td>
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<tr>
<th>Adequate and sustainable social protection</th>
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<tr>
<td>• Childcare and support to children</td>
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<tr>
<td>• Social Protection</td>
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<td>• Unemployment benefits</td>
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<tr>
<td>• Minimum income</td>
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<td>• Old age income and pensions</td>
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<td>• Health care</td>
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<td>• Inclusion of people with disabilities</td>
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<td>• Long-term care</td>
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<td>• Housing and assistance for the homeless</td>
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<td>• Access to essential services</td>
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Putting the Pillar into action: a joint effort

- Update EU legislation, step up enforcement
- Funding
- European Semester
- Social dialogue
- Civil Society
# Social Pillar scoreboard (provisional)

<table>
<thead>
<tr>
<th>Category</th>
<th>Performance</th>
<th>Best performers</th>
<th>Better than average</th>
<th>On average</th>
<th>Good but deteriorating</th>
<th>Weak but improving</th>
<th>To watch</th>
<th>Critical situations</th>
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<tbody>
<tr>
<td>Early leavers from education and training (% of population aged 18-24)</td>
<td>HR, LT, SI</td>
<td>LT, LV, SE</td>
<td>CZ, FI, SI, SK</td>
<td>DK, LU, NI, SE</td>
<td>DE, DK, NI, SE, UK</td>
<td>C2, DE</td>
<td>BE, DK, FR, HU, SE</td>
<td>EI, LV, RO</td>
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<td>Gender employment gap</td>
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<td>BE, DK, FR, HU, NL</td>
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<td>Income quintile ratio (S80/S20)</td>
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<td>BE, DK, LU, PT, SE</td>
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<td>At risk of poverty or social exclusion (%)</td>
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<td>DK, FI, LU, NL</td>
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<td>Youth NEET (% of total population aged 15-24)</td>
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<td>Employment rate (20-64)</td>
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<td>Unemployment rate (15-74)</td>
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<td>Participation in activation labour market policies (per 100 persons wanting to work)</td>
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<td>GDPP per capita growth</td>
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<td>Compensation of employees per hour worked</td>
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<td>Impact of social transfers (other than pensions) on poverty reduction</td>
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<td>Children aged less than 3 years in formal childcare</td>
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<td>Self-reported unmet need for medical care by sex</td>
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<td>Individuals’ level of digital skills</td>
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**Best performers**
- AT, C2, DK, EL, IE, LU, PT
- AT, BG, DK, FR, PT, SI
- AT, DE, DK, FR, HU, IE, LU, NI, SE
- AT, C2, HU, LT, MT, SK
- HU, LU, NI, SI, SE, UK
- LT, PI, SK
- AT, DE, FI, IE, SE
- AT, BE, CZ, FR, HU, LU, SE, SI, UK
- AT, ES, FR, NL
- AT, CY, CZ, DE, DK, ES, FR, LU, MT, NL, SE, SI
- AT, DE, HR, UK

**Better than average**
- BE, DE, EE, FI, FR, LV, NL, SE, SK, UK
- DE, EE, ES, HR, IE, LU, NI, UK
- BE, EE, IE, MT, PL, PT, UK
- FI, FR, HU, IE, PL, PT, SK, UK
- CY, FI, FR, IE, LV, PL, PT, SI
- BE, BG, FI, FR, IE, LT, LV, SE, SI
- AT, C2, DE, ES, FI, IE, NI, PL, PT
- FI, NL, IT, PT, FR, UK, HU, CY, ES, DK, BG, SI, CZ, IE
- CY, ES, IT, SI
- DE, HR, MT, SK
- DE, EE, FI, IE, IT, LV, SI, UK
- BE, BG, HR, HU, IE, LT, PT, SK, UK
- BE, ES, FR, HU, LT, LV, SI, SK

**On average**
- FI
- AT, DE
- EE
- AT, DK
- LU
- UK
- BG
- RO
- LV
- PL

**Good but deteriorating**
- HU, RO
- IT
- ES
- CY, ES, HR

**Weak but improving**
- BG, CY, HU, IT
- BE, CY, CZ, HU, PL, SK
- EE, IT, PT
- CY, ES, HU, IT, LT, LV
- ES, LT, LV
- BE, BG, LU, RO
- EE, IT, PT
- CY, LT, SK
- DE
- CY, EE, EL, HR, LV, MT, PT, SK
- CY, ES, PL, PT
- BG, CY, EL, HU, LT, MT
- FI
- CY, CZ, EE, EL, IE, IT, MT, PT

**To watch**
- ES, MT, PT, RO
- EL, IT, MT, RO
- BG, EL
- BG, CY, EL, HR, RO
- EL, HR, IT
- EL
- BG, EE, HR, LV, RO, SI
- EL, AT, BE, SI
- BG, HU, LT, RO
- EE, EL, IT, LT, LV, RO
- CZ, PL, SK
- EE, EL, IT, PL, RO
- BG, RO

**Critical situations**
- ES, MT, PT, RO
- EL, IT, MT, RO
- BG, EL
- BG, CY, EL, HR, RO
- EL, HR, IT
- EL
- BG, EE, HR, LV, RO, SI
- EL, AT, BE, SI
- BG, HU, LT, RO
- EE, EL, IT, LT, LV, RO
- CZ, PL, SK
- EE, EL, IT, PL, RO
- BG, RO
Economic growth 2017

- < 1%
- ≥ 1%
- ≥ 2%
- ≥ 3%
- ≥ 4%
Inequality: income and opportunity
Poverty and social exclusion
Poverty - rural-urban

Romania vs EU(28): AROPE by degree of urbanisation 2015
(Eurostat, ilc_peps13)
Poverty, education and employment

**ROMANIA: Children at risk of poverty or social exclusion by highest education level of their parents (population aged 0 to 17 years)** [ilc_peps60]

- **Pre-primary, primary and lower secondary education (levels 0-2)**
  - 2008: 86.5
  - 2016: 74.3

- **Upper secondary and post-secondary non-tertiary education (levels 3 and 4)**
  - 2008: 45.8
  - 2016: 47.2

- **First and second stage of tertiary education (levels 5 and 6)**
  - 2008: 5.6
  - 2016: 15.0

**ROMANIA: AROPE by professional status** (Eurostat, ilc_peps02)

- **Total population**
  - 2008: 72.2
  - 2016: 74.0

- **Employed**
  - 2008: 66.0
  - 2016: 64.4

- **Employees**
  - 2008: 56.9
  - 2016: 52.5

- **Employed persons except employees**
  - 2008: 53.3
  - 2016: 50.5

- **Not employed persons**
  - 2008: 46.0
  - 2016: 40.2

- **Unemployed persons**
  - 2008: 40.7
  - 2016: 36.9

- **Retired persons**
  - 2008: 33.7
  - 2016: 29.0
Large unemployment differences between regions and counties

Unemployment rates regional level, 2016

- South West Olténia
- South - Muntenia
- South-East
- Romania
- Centre
- West
- Bucharest - Ilfov
- North-West
- North-East
High inactivity

Activation potential

- Underemployed part-time workers
- Unemployed
- Discouraged workers
- Other inactive people

Increasing distance from the labour market
Early school leaving

Early leavers from education and training by degree of urbanisation (Eurostat, LFS, edat_lfse_30)
Education and poverty inter-relation

ROMANIA: Children at risk of poverty or social exclusion by highest education level of their parents (population aged 0 to 17 years) [ilc_peps60]
Access to healthcare

- **Limited**
  - Health insurance covers 86% of population
    - half of Roma do not have statutory health insurance cover
  - Costs, including informal payments
  - Distance
  - Unavailability of health professionals
  - Rural

- **Unequal**
  - Self-reported unmet need varies by income, educational level, employment status, age and sex
Health: urban-rural discrepancies

Number of family physicians in a contractual relationship with the Health Insurance House, by residential area - December 2016

Proportion of health insured persons, registered with a family practitioner

[Charts and graphs showing data over years from 2012 to 2016 for both urban and rural areas.]
Recommendations with impact on inequality – employment and social
(along the years)

- Strengthen targeted activation policies and integrated public services, focusing on those furthest away from the labour market.
- Improve access to integrated public services, extend basic infrastructure and foster economic diversification, in particular in rural areas.
- Strengthen the National Employment Agency’s services to employers and jobseekers, in particular by tailoring services to jobseeker profiles, better linking them with social services and reaching out to unregistered young people.
- Fight undeclared work
- Minimum wage setting mechanism
- Reduce tax burden for low and medium income earners in a budgetary neutral way
- Introduce the minimum insertion income.
- Increase the efficiency and effectiveness of social transfers, particularly for children, and continue reform of social assistance, strengthening its links with activation measures.
- Step up efforts to implement the envisaged measures to favour the integration of Roma in the labour market, increase school attendance and reduce early school leaving
Recommendations with impact on inequality – education

• Improve access to quality mainstream education, in particular for Roma and children in rural areas.

• Increase the quality and access to vocational education and training, apprenticeships, tertiary education and of lifelong learning and adapt them to labour market needs.

• Ensure better access to early childhood education and care.
Recommendations with impact on inequality – health

• Improve the **efficiency** of the health system by improving access and funding and health outcomes.

• Curb **informal payments** in the healthcare system and increase the availability of **outpatient care**.
Funding

- **8 billion** in 2014-2020 -
to employment, social inclusion, education and good governance

**OWNERSHIP OF REFORMS**
by key stakeholders - government, parliament and social partners, CRUCIAL TO ACHIEVE RESULTS AND ADDRESS SUCCESSFULLY THE CHALLENGES
Vă mulțumesc!