



# **ESPN Thematic Report on Social Investment Romania**

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**EUROPEAN SOCIAL POLICY NETWORK (ESPN)**

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Social Investment  
Romania**

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## Summary

Social policy developments in Romania during the last two years were not the result of any strategic approach towards social problems or vulnerable groups, but the articulation of a series of unsystematic, regionally uneven, and in most cases financially unsustainable social programmes. Some of these were reactive responses to European demands or conditions; others emerged in response to local needs, in communities with higher financial and administrative capacity. Whatever the trigger, most of these policy responses had a limited impact, due to their limited sustainability and unsystematic character. And many of these (especially in the field of education and employment policies) had a palliative character, presenting short-term positive results but with an insignificant impact on social investment. While Romania put in place a comprehensive, and somewhat social investment oriented legislative framework in the social field (especially in the field of education) the implementation of these reforms is still lagging behind.

The political intentions of the current government suggest a change in the social policy course, towards a more supportive, integrated social assistance system, centered on increasing both access to social services for all vulnerable groups (amongst them Roma, rural residents and children) and quality of services. Romania is confronted with the urgent need to fight the effects of a long social disinvestment period, reinforced by the economic crisis. Despite the reforms in education, health and social assistance initiated in 2010 and only partially carried out, Romania still finds itself in an extreme situation, which rather worsened over the last few years. Romania has the highest (persistent) poverty rates across Europe, and children in rural areas, Roma children, or children from poor/ low-work intensity families experience an accumulation of multiple disadvantages with regards to education and health, leading to increased inequality. Romania is also confronted with a distorted labour market, with high in-work poverty rates. In addition, Romanian children are by far those most at risk across Europe. The amelioration of overall welfare indicators in 2013, compared to 2011 and 2012, is rather shallow, as it is associated with a polarization of welfare (e.g. increased inequality, increased relative poverty gaps).

Social benefits did not provide an adequate support to families in need during the last 3 years. The only sizable financial support for families with children younger than 2 was the universal child allowance (despite its depreciating value since its last but significant increase in 2007) and, for families in formal employment with small children, the child rearing indemnity. This last benefit, while generous in scope and length, covers only about half of the families with children younger than 2, and preponderantly urban families. Despite the generosity of child rearing benefits (commonly considered a strong work disincentive), the scarcity of adequate ante-preschool education and care, and restricted access to preschool education for many vulnerable groups (rural families, families out of formal employment, low-work intensity/ poor households), employment among women with (small) children is higher compared to the European average. The distorted nature of employment (especially towards informal / unpaid employment) is responsible for the precarious welfare situation of these families.

The impact and poverty reduction power of targeted benefits decreased since the reform of the social benefit system, along with the increase of their targeting power. The recently elaborated draft strategy on social inclusion acknowledges this shortcoming and plans to correct it.

On the other hand, unemployment benefits and their impact as an adequate income support also decreased. Overall, expenditure on child and family benefits, income support benefits and unemployment benefits are the lowest across Europe, and have decreased over the last 3-4 years.

Educational services, and especially ECEC and vocational/ professional training are inadequate, their quality is low and the access to these is highly differential. While European funds were widely used to invest in these services, the programmes were

unevenly/unsystematically developed and were short-termed. Disparate programmes initiated by the non-governmental sector or 'pilot programmes' initiated by governmental agencies cannot compensate for the lack of systematic access to quality social services. The scarcity/low quality of (ante)-preschool educational service<sup>1</sup> is reflected in both inadequate/ unequal cognitive development and knowledge accumulation of children about to enter school (creating educational disadvantages further on).

Vocational education and professional training suffer from inadequate curricula that make these unresponsive to actual market demands. Education is systematically under-financed, reflected in the low quality and insufficient human resources and inadequate infrastructure. In addition to these, ineffective employment services lead to a low skilled, unproductive workforce, with low chances of upward labour market mobility. Employment services are mostly focused on passive, palliative measures (mediation, subsidies) and fail to reach the most vulnerable groups in the labour market (long-term unemployed, young inactive population, Roma, rural active population). This leads to a lack of trust in employment services thus explaining the low take up (disincentive to register as unemployed), especially among those most vulnerable.

Policy responses were meagre during the last 2 years and had a rather palliative character. These mostly took the form of pilot programmes, with an unsystematic approach towards structural issues.

## 1 Assessment of the overall approach to social investment

The 2011 **education** law initiated a series of comprehensive reforms in the field of social assistance and education. These were not so much driven by the need for fiscal consolidation, as the result of accumulated knowledge and experience in the field of education, social assistance and health care<sup>2</sup>. The law (L1/2011) promised to provide a good framework for a social investment approach. Yet a series of measures have been delayed and still not implemented (such as educational benefits and targeted support for ECE); and some budgetary consolidation measures determined further cuts into the anyway meager financing of educational services. In education, political attention shifted during 2013/2014 towards vocational education/ professional training, especially in the context of youth unemployment and the need to secure a Youth Guarantee scheme. Political effervescence led to the initiation of a series of programmes more focused on short-term results than on social investment. This led to the adoption of a series of palliative measures (e.g. job subsidizing) while the structural problems of vocational and professional education in Romania, deepened by the economic crisis, have not yet been addressed. In the field of ECE, the introduction of a compulsory preparatory school year has been the only measure adopted and implemented since 2011. A renewed interest in ECEC emerged, especially as a means to increase parents' access to the labour market; this is reflected in the newly drafted National strategy on social inclusion<sup>3</sup>.

In the field of **social assistance** the reform carried out in 2010 was mostly focused on social benefits. The number of social benefits has been reduced, and the degree of targeting of selective benefits increased (MIG, family support, heating aids). Social services have been largely ignored by the reform, thus leaving most vulnerable groups (e.g. disabled, children, unemployed, Roma) not only deprived of (quality) social services, but also of social benefits, which used to provide the only support to many households. This aggravated the effects of the economic crisis and led to an increase

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<sup>1</sup> The Romanian legislation defines ante preschool education as educational curricula aimed at children up to three years, while preschool education refers to the educational cycle for children from 3 years to the school age.

<sup>2</sup> Pre-accessing PHARE programmes considerably contributed to this, especially in the field of education and health.

<sup>3</sup> <http://www.mmuncii.ro/j33/index.php/ro/transparenta/proiecte-in-dezbatere/3654-2014-12-29-proiecthg-incluziunesociala>

in poverty and social exclusion, and a progressive accumulation of multiple disadvantages (with regards to education, health, and housing) - especially for children, rural residents, long-term unemployed and Roma. The new draft strategy on social inclusion changes the approach, by strongly promoting: (a) the development of social assistance services, and especially integrated, community based services, that ensure a liaison between individuals'/families' needs and existing services at regional level (especially unemployment services) and (b) the increase of support level and coverage of targeted benefits, while unifying these under a single minimum insertion income benefit (promised by the government in 2010 and expected to materialize in 2016).

In the field of **unemployment and activation**, the lack of administrative capacity to implement effectively and meaningfully the measures adopted within the framework of the national employment programme, led to an under-performing system. This favours passive measures over active ones, thus proving unable to reach out to both targeted groups and inactive persons not registered as unemployed. The only **vulnerable groups** that received political attention during this period were youth and Roma, yet most programmes targeting these groups were either pilot or disparate programmes (undertaken by NGOs, with or without European financing).

Financing of social programmes decreased during 2008-2014, with decreasing expenditure for each component of the social protection system. Expenditure on education has decreased constantly in real terms since 2008 (Appendix 1) and expenditure on national health programmes has also decreased as a consequence of the economic crisis. Expenditure on social benefits decreased due to: (a) a lack of indexation of all social assistance benefits during 2009-2013 and, in some cases, due to (b) a decrease in the number of beneficiaries as a consequence of the social assistance reform, which focused on increased targeting of social assistance benefits (e.g. family support, heating aids, MIG). While increased targeting is an important challenge for any means-tested benefit, the social assistance reform combined with the budgetary consolidation policy led to an increasing vulnerability of the population's monetary welfare. In fact, the development and delivery of social services, and in particular specialized social assistance services were even more affected.

The use of European funds to develop complementary or pilot programmes was an important strategy to compensate for the heavy underfinancing of social services, especially in the field of employment programmes and professional/ vocational education.

Yet **mainstreaming programmes** still remains a challenge for Romania, in the absence of administrative capacity to monitor and evaluate programmes, and of a political commitment towards adequate financing.

Apart from scattered and unsystematically developed services, the lack of a strategic vision led to a lack of synergy between social programmes. The social assistance reform, by strengthening eligibility testing and the conditionality of targeted social assistance benefits, sought to create, among other things, a better link between those in the most vulnerable categories and employment services. Yet the ineffectiveness of the employment services in reaching out and supporting these groups in particular, led to a lack of trust that outweighed the incentives to enrol in the formal unemployment system, and to seek social assistance benefits. In fact, the interaction of the various social benefits and services during the last four years has increased the gap between those with access to both benefits and services, and those with a significant lack of access to services and limited access to benefits (with an increase in rural-urban disparities).

The **national strategies** have been the only means to ensure a commitment to the development of social services and programmes, and to enforce an integrated and concerted approach. Yet the elaboration of most national strategies was delayed; 2014, due to a series of political conflicts and two election tours, was a slow year in



policy making terms<sup>4</sup>. The draft strategy for social inclusion, and the recently adopted strategies for (a) health (November 2014), (b) the protection of children's rights (December 2015) and (c) Roma inclusion (January 2015) are in line with a social investment perspective. These emphasize the need to increase access to, and the quality of, basic medical and education services and the development of a life-long learning approach to education.

Despite the recent displays of good will, Romania finds itself in an extreme situation; Romania has the highest (persistent) poverty rates across Europe and continues to accumulate multiple disadvantages in education, health, and housing. In addition, labour market distortions determine and maintain high levels of in-work poverty. It is therefore urgent to stop the cycle of social disinvestment precipitated by the economic crisis and enforced by a lack of political interest over the last two years. Both a short-term policy response to ameliorate the effects of a significant disinvestment period, and a medium/ long-term strategy to enforce a social investment policy framework are needed.

## 2 Assessment of specific policy areas and measurement/ instruments

### 2.1 Support for early childhood development

#### 2.1.1 Early childhood education and care (ECEC)

In 2007, for the first time in Romania, a strategy for early childhood education was passed. In 2009, the Ministry of Education and Research (MER) advanced a public policy proposal for an institutional reform of early childhood education. During the period 2007-2009 a National Strategy for Parental Education was adopted and a curriculum for ECE was put in place. But the legal framework for the institutional development of these services was established only in 2011, through a new law on education (L1/2011). The law defined early childhood education as a part of the "life-long education" process with two components; ante-preschool education (for children 0 to 3 years old), and pre-school, kindergarten level (for children 3 years and older). But the reform implementation was slow and the only noteworthy measure was the enforcement of a compulsory preparatory preschool year ('grade 0') (starting in 2012/2013). NGOs and local governments (especially those with higher administrative and financial capacity) started to develop programmes and services to respond to high demands for educational services and to the need to address the most vulnerable children. These initiatives, while noteworthy, cannot systematically address the structural problems inherent in the educational system. A proper monitoring/ assessment system of these programmes and their mainstreaming is needed in order to make these have a significant impact.

The number of children younger than 3 and facilities for ante-preschool education increased steadily over the last 5 years, as did the proportion of children **enrolled in ante-preschool education and care**. Despite this increase, rates continue to be extremely low. In 2013 ante-preschool enrolment varied between 3.1% and 4.6% (2013), depending on the chosen reference population, with an increase of about 19% compared to 2008 (Table 1)<sup>5</sup>. According to the data provided by the National Institute

<sup>4</sup> The National Strategy for the Protection of Children's Rights, an important means for promoting a social investment perspective, although finalized in February 2014, was only adopted at the end of the year (HG 1113/2014). The National Strategy for Social Inclusion and Poverty Reduction, although expected in 2013, was only drafted and made available for public debates in January 2015. The strategy for protecting the rights of disabled persons was first drafted in the spring of 2014 and highly contested; it was re-drafted and made publicly available for debate during the last days of 2014. The Roma inclusion strategy, strongly contest almost since its adoption in 2012, entered a re-drafting process that ended only in November 2014, when a new strategy was drafted. The strategy was approved January 15<sup>th</sup>, 2015. The national strategy on active ageing was made available for public debate in December 2014.

<sup>5</sup> Table A3.1 (in Bouget, D., Frazer, H., Marlier, E., Sabato, S. and Vanhercke, B. (2015), Social Investment in Europe: A study of national policies, Annex 3 – Selection of indicators, European Social Policy Network

for Statistics (NIS), Romania finds itself among the countries with relatively high enrolment rates in **preschool education**<sup>6</sup>, slightly above the EU (28) average: with an average of about 86% in 2013, varying between 78% for the 3 year old population and 88% for the 5 year old population. Data also show a substantial increase in the proportion of 3 and 4 year old children attending preschool during 2008-2013 (Table 2).

The **quality of services** did not improve significantly and a certain confusion regarding the professional and financial responsibility for these services still persists<sup>7</sup>. Among other factors the decentralization of preschool facilities also led to an acute underfinancing of these services, further deteriorating their quality. The children/staff ratio in kindergartens improved slightly over the last 3 years (Table 3), almost reaching the ratio in the primary education cycle. Differences between urban and rural areas persist here, with a higher child/staff ratio in rural areas, even higher than for the primary educational cycle. In 2009 only 90% of urban facilities and 55% of the rural ones managed to maintain proper age groups (MER, 2009). In addition, disabled children have low access to kindergarten, as only a mere 5% of these can, in principle, accommodate them. Most of the facilities, crèches and kindergartens, need current repairs and maintenance while one fifth of these need major repairs and investment. In 2009, more than one third of the rural facilities and 2.1% of the urban facilities had no access to an individual water supply. Due to a chronic underfinancing barely one third of the urban kindergartens, and only 2% of the rural ones, could afford to hire a medical nurse (MER 2009<sup>8</sup>).

According to the constitution, pre-university education in Romania is free. However, a series of costs – formal and informal - are still borne by parents. Ante-preschool education requires a contribution from parents of between 5% and 20% of the average monthly cost for a child in a public facility, depending on the parents' income level<sup>9</sup>. Preschool facilities only charge costs related to meals (around 10 lei/ day, i.e. €2.5/ day). However, there are a series of additional informal costs. Almost all kindergartens and elementary schools demand contributions for supplies (from hygiene products to painting and colouring supplies).

**Inequalities of access.** Childcare services for children up to 3 years of age are scarce and unevenly developed, mostly concentrated in dense urban areas. Thus participation is very low and did not improve significantly in recent years. While preschool services are less scarce, access barriers still persist. Rural families, Roma families, families with low income and those out of formal employment face the highest access barriers.

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(ESPN). Brussels: European Commission) shows, for 2012, a 15% of children less than 3 years enrolled in formal childcare (ante-preschool education), with an extremely radical evolution, from 2% in 2011. While these data place Romania at the bottom of all EU countries in 2011, they indicate a far better positioning in 2012 compared to other CEE countries. The data does not seem reliable and differs in a high degree, from the data presented by the National Institute for Statistics (NIS) in Romania.

6 Bouget et al (2015), Annex 3, Table A3.2 shows an extremely low enrolment rate in preschool education in Romania, with a value as low as 59% in 2012. Data for Romania also show an extreme fluctuation; data need to be reviewed and considered with caution.

<sup>7</sup> The new legislation (L1/2011, GD 1252/2012) redefines the type of services rendered by these facilities (groups of activities, timespan for different activities etc.) and staff qualification. The accent shifts from a strictly medical perspective on infant childcare to a more integrative perspective. While the legislation stipulates the obligation of these facilities to hire medical staff, it also states the need to hire infancy educators and to develop a support network at the community level for any other needs, from legal counseling and intervention, to social assistance and psychological counseling.

<sup>8</sup> Ministry of Education and Research, Directorate for management of preuniversity education. "Propunere de politici publice: Educatie timpurie - prima treapta a educatiei formale." *Ministerul Educatiei si Cercetarii*. 2009. <http://administrasite.edu.ro/index.php/articles/8619> (accessed august 18, 2013).

<sup>9</sup> GD 1252/2012 establishes the functioning and organizational methodology for ante-preschool educational facilities. Parents with a cumulative gross income higher than around €150 (700 Lei) pay 20% of the child's food costs (10% if there are siblings), 10% if the parents' income is between €50 (225 Lei) and €150 (respectively 5% per child, if there are more siblings). Parents with a lower cumulative income than €50 are waived from any contribution (in accordance with GD 1252/2012)

**Family benefits. Tickets for crèches (ante-preschool facilities)** are granted since 2006 (L193/2006). Systematic data on the number of crèche tickets is not available, but due to their restricted nature their impact was limited<sup>10</sup>. The 2011 education law put in place 2 types of benefits aimed at increasing support for low income families for (ante)-preschool education: (a) the *social coupon*, to replace the crèche ticket, and (b) a *€500 educational coupon for new-borns*. But the implementation of the law in regard to these benefits was delayed. These will not be granted in 2015 either<sup>11</sup>.

Further **school related benefits**. The universal '*milk and croissant*' programme, which has a higher impact on low-income families than any other cash targeted benefits for pre-university students. '*Money for high school*', was a programme aimed at supporting low-income families keeps their children in high school. This had a lower impact, as many children in high-risk situations had already abandoned school or were close to abandoning school. The benefit should be reinforced by schools' efforts to support vulnerable children in increasing their educational attainments.

The **universal child allowance**, the main child benefit in Romania, had by far the highest impact, especially on families with children less than 2 years of age. For these, the child allowance increased 4 times in 2007. For children over 2 the benefit level remained unchanged for the last 7 years, thus its value deteriorated in real terms, and relative to the minimum wage and relative poverty threshold (Table 5). Despite the depreciation, the child allowance represented the most important cash support for families with small children, especially for those not eligible for child raising indemnity (i.e. parents not in previous formal employment, mostly in rural areas or in poor households). At least 5.1% of the total number of households benefit from the allowance for children younger than 2 (Table 6). The benefit has strong popular support, and an attempt to transform the benefit into a targeted one failed. Expenditure on the benefit was 0.5% of GDP in 2007 (by far the highest proportion of GDP of any other social benefit besides pensions), and decreased to 0.43% in 2013 (Table 7, Fig.3).

The second most important family benefit is the **targeted family support allowance**. The redesign of the benefit, from an administrative income-tested to a means-tested one, (L277/2010), decreased the number of beneficiaries from 805,000 in 2010 to 325,000 in 2011. Its coverage decreased in 2013 to **3.5%** of Romanian households, and to 13% of the total number of children receiving universal child allowance. 77% of the children benefiting from family support reside in rural areas (Table 10). While the coverage decreased, its value increased in November 2014<sup>12</sup> (Table 9). The impact of this increase will be sizable for low-income families with children in 2015. Overall expenditure for the benefit decreased from 0.109% of GDP in 2007 to a mere 0.034% of GDP in 2013 (Table 11, Fig.4).

Despite the fact that in 2013 all welfare indicators for children improved relative to 2012 (2011 being the worst year after 2008), Romania is by far the country with the most disastrous situation with regards to children. AROP, AROPE, severe material deprivation and persistent poverty rates are by far the highest across Europe (tables A3-A6). The situation of children younger than 6, though less exposed to poverty than older children, continued to deteriorate, and the poverty gap increased for this age group. The situation of families of two adults and three or more children continued to deteriorate and their exposure to poverty is more than double compared to single

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<sup>10</sup> These are granted only to employees, and only if the employer decides to grant this type of extra-salary benefit. The benefit is received only for children between 0 and 3 years of age, who attend crèche and if the parents are not recipients of any child rearing indemnity. The value of a ticket increased in November 2014 from 430 RON/month to 440 RON/month (around €100 /month).

<sup>11</sup> <http://www.portalinvatamant.ro/articole/legi-25/prescolarii-din-familii-sarace-roman-fara-cupoane-sociale-si-in-2015-ce-masuri-dure-a-mai-luat-quvernul-pentru-anul-viitor-3887.html>, accessed 10 January 2015.

<sup>12</sup> This was the second increase during 2014. The increase was significant, between 65%-70% for single parent families and 105%-127% for two parent families

parent households. In addition, children coming from low work intensity households were more affected in the last years.

The government's draft strategy on Social Inclusion and Poverty reduction (2014-2020) recognizes the precarious condition of ECEC services and emphasizes the need for increasing support for and improving services to low-income families. The strategy proposes a community grounded and integrated approach to basic social services. This will only partially compensate for the absence of sustainable parental services<sup>13</sup> and for the insufficient abandonment prevention support.

## 2.2 Supporting parents' labour market participation

**Childcare services** (for children less than 3) are scarce, unevenly developed, and entirely missing in many less intensively urbanized areas. Even when available, they do not seem to represent an acceptable alternative for many families; some parents complain about the quality of the services, others cannot afford to pay the costs associated with these. Additionally, the responsibility for the organization and financing of these services is still ambiguous, scattered between various different sectors (health, education, social assistance, employers) and administrative levels, and there is no clear identification of feasible financing sources for these services. A very low proportion of children less than 3 is enrolled in childcare (varying between 3.1% and 4.6%, Table 1). The proposed National Strategy for Social Inclusion and Poverty Reduction (January 2015) specifies the need to increase child assistance, particularly for rural women, in order to increase their access to formal employment and to offer a higher level of targeted support to low work intensity households. Targeted benefits to support ECEC are available in principle, yet are either badly designed (the crèche tickets) or not implemented at all (social coupons, and education fund for new-borns).

**Childcare, formal education and long-term care arrangements for disabled children/ adults** are defective as well. Childcare for disabled children younger than 3, and kindergartens are scarce and their quality low. Special schools for disabled children prejudice, from the very start, the equal opportunities of this group. In many European countries, although not as much as in Romania, special schools also offered a way to deal with discrimination: underperforming Roma children (mainly due to the lack of ECE and a low education family background) were placed in special schools for disabled children (FRA, Survey on Roma, 2014). A law changing the approach to **the special school system** has been proposed, but it faced a lot of resistance; it is still not certain if and when it will be adopted. While attendance at special schools decreased, and the participation of disabled children in regular schools increased (Fig.1), the situation is still extreme. Most schools and kindergarten are not prepared – in terms of infrastructure and staff education– to absorb disabled children, and specialized day centres are extremely scarce and concentrated only in high-density urban areas. Long-term care arrangements for disabled adults are still insufficiently available, and mostly privately financed; in-home long-term care is available only to severely disabled children or adults, and takes the form of a personal assistant or companion. Any other form of in-home care support is medical and temporary (the health insurance supports palliative and home medical care, but not for more than 90 days).

Employment rates for women with dependent children (by number of dependent children and age of the youngest) are higher than the European average, with the exception of women with a medium education level (L3-L4) and 1-2 children (Table 4). In fact a far lower proportion of women is opting for part-time employment in order to look after children/ incapacitated adults in Romania: only 4.7% compared to 28.7% in

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<sup>13</sup> A UNICEF, HOLT Romania study (2011) on parental education services in Romania points out the shortcomings in evaluating the scattered and disparate programmes on parental education organized and offered by NGOs. There is no available synthetic data in regard to the activity of NGOs and the projects; if at all mentioned on the website of the organizations, these are only described in very general terms, without any possibility to evaluate them.

the EU in 2013<sup>14</sup>. While Romania has a high proportion of people in involuntary part-time employment (Bouget et al (2015), Annex 3, Table B.4) – alongside Spain, Greece, Italy and Bulgaria – this situation is mostly due to “not finding a full-time job”. In Romania 45% of the total part-time employed women invoked, in 2013, a lack of jobs as the main reason for being in part-time employment.

**Parental leave scheme.** The parental leave scheme in Romania is one of the most generous and lengthy across Europe. The **maternity leave** adds up to 126 days (63 before and 63 days after the birth, with only 42 being compulsory) and the indemnity is 85% of the average work income of the previous 6 months. This expenditure is supported by the social insurance fund. The **child-rearing leave and indemnity** (EO 111/2010), up to the age of 2 (3 years in case of disabled children) complements the maternity indemnity, and is offered to either of the two parents. The child rearing indemnity has been a significant support for working parents in the absence of a day care system. The benefit is generous, ranging from 67%, to 378%, of the minimum gross wage, depending on previous income and the option chosen (Tables 12-14). In 2011 two options have been introduced: (a) a two year option, with a lower cap, ranging from €135 to €269 (December 2014), and (b) one year of indemnity (varying between €135 and €763) followed by a year of insertion stimulus of €112<sup>15</sup>. While the benefit levels are generous, the minimum level and the insertion stimulus amounts have not changed since 2011. The number of beneficiaries has decreased over time (mostly due to a decrease in fertility), amounting to around 2.3% of total households in Romania, and about 6% of households with dependent children (Table 15). There is evidence that most of the beneficiaries opt for a two-year benefit (92% in 2013) compared to the second option (one year of benefit, with a higher cut-off point and a year of insertion stimulus allowance, see Table 16). Yet the number of insertion stimuli has increased slightly since 2011, Fig.5).

Benefits have a significant impact particularly on the monetary welfare of low-income parents, as 53% of the benefits in 2013 were flat rated at the minimum level (i.e. 600 RON, see Table 16). The difference between the minimum benefit level and the insertion stimulus is relatively low, thus not creating – for low-income parents – a disincentive to re-enter the labour market. Unlike other child and family benefits, child-rearing allowances are predominantly granted to urban residents (especially the insertion stimuli): in 2013 65% of all child rearing indemnities and 71% of the insertion stimulus benefits were going to urban residents. This can mostly be explained by the scarcity of jobs and by the higher level of informal employment among women in rural areas (therefore not entitled to the benefit). Evidence shows that only about *half of the households* that receive universal child allowance for children younger than 2 receive the child-rearing benefits. As the benefits can be granted to any parent, formal employment of either of the two parents would make the family eligible for the benefit. Therefore we can assume that about half of the families with children younger than 2 are either not employed or work informally.

High employment rates among women with children, and at least one child younger than 6 (higher than the EU-28 average), suggest that the benefit does not create a strong work disincentive (Table 4). In addition, since 2011 at least one month of the child-rearing leave has to be taken by the second parent in the household (usually the father); thus the proportion of men among beneficiaries increased to 21% in 2014. Despite the fact that expenditure on the benefit has decreased steadily since 2010, child-rearing benefits still represent the second most important social assistance benefit in terms of expenditure, after universal child allowance (Tables 7 and 17).

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<sup>14</sup> Eurostat database, Labour Force Survey, Ifsa\_epgar

<sup>15</sup> Offered to women re-entering the labour market; it can be part of the package in case of option II, but it is also granted whenever the beneficiary parent decides to re-enter the labour market during these two years, disregarding the chosen option.

## 2.3 Policy measures to address social and labour market exclusion

While **employment** rates for 20 to 49 years old (and only for those with a medium level of education) are only slightly below the EU average in 2013 (74% compared to 75.5%), the employment rate for persons over 50 is a real concern. Registered unemployment is not high, but inactivity among people aged 55-59 years is worryingly high (44.7%). The same can be said about the **inactivity** among young adults (25-29 years): one in four young adults is inactive. Differences between rural and urban areas are persistent; inactivity rates are higher in urban areas among young and older people. **Long-term unemployment rates** have been increasing since 2009, yet the increase rate is lower than at the average European level (Bouget et al (2015), Annex 3, Table C.8). An exception is long-term unemployment among young adults (20-24 years), with a 3 times higher rate than the overall population. Long-term unemployment among women is on average lower than that of men for the whole period.

2013 marked a slight improvement in **poverty** exposure, with the exception of youth, families with many children and singles/ persons of 55-64 years of age (most vulnerable on the labour market). For youth and families with many children inertia was higher, while older workers became more vulnerable. The same holds true for **severe material deprivation** and for the **risk of poverty or social exclusion**. The most affected groups/ categories during 2013 seem to be those most vulnerable on the labour market (youth, the older segment of the active population, unemployed, not employed). But despite these overall apparently positive evolutions, **persistent poverty** increased (the highest value across Europe, see Bouget et al (2015), Annex 3, Table C.10) and income inequality increased as well. The poverty reduction power of benefits decreased for the all age groups, with the exception of children.

### 2.3.1 Unemployment benefits

**The adequacy of, and coverage with unemployment benefits** is low, and has been deteriorating since 2011, when the calculation of the benefit switched from a percentage of the minimum wage to a percentage of the social reference index (which has had a constant value since 2008). At the moment, the unemployment benefit is: (a) 75% of the SRI plus 3%-10% of the average monthly income for the last 12 months (depending on the contribution period) and is granted for 12 months, and (b) 50% of the SRI (granted for 6 months) for graduates. As eligibility conditions for the benefit tightened (since 2011 the unemployed are not allowed to reject any job offer, regardless of its location) the proportion of beneficiaries fell to less than 40% of the total number of registered unemployed for the last three years (tables 27-29). Unemployed have been the only category for which the severe material deprivation rate increased during 2013. The increase was significant, at about 25%, almost reaching the 2007 level. In 2013 more than half of the unemployed were confronted with severe material deprivation.

### 2.3.2 Minimum income support benefit

**The targeted Minimum Income Guarantee** had a rather low impact on the welfare of the poorest quintile since 2010. Despite its low value (Tables 19-20) and restrictive eligibility, the number of beneficiaries increased since 2011, while its capacity to reduce poverty remained constant. The benefit threshold increased significantly in 2014 (for the second time in one year), but despite this its value is still low compared to other indicators: 3.4 times lower than the at-risk-of poverty threshold, 6 times lower than the minimum wage and 2.1 times lower than the top cut off point for the first income decile.

**Coverage** with benefit in 2014 has been around 3.3% of the total number of households in Romania. About 39% of all beneficiary families are singles, while 20% are families of two; *75% of the beneficiaries are living in rural areas*. The MIG is mostly helping out singles (many old singles, without pensions) and rural residents, yet its impact is low. The low-impact/ low-benefit level is reflected in the total expenditure, which does not even reach 0.1% of the GDP (Tables 21-22).

Seasonal **heating aids** have been the second most important income support for persons with low income. Their level has been generous; especially in covering heating bills for those using centralized heating systems. During the winter season 2013/2014 the total number of beneficiary families was comparable to 2004/2005, and 9 times smaller than in 2009/2010 (Table 24). The benefits cover around 5.3% of Romanian households, compared to 2009/2010, when the coverage was about 47%. Still the number of households who could not pay their bills on time increased compared to 2010, from 49% to 56% in 2013; yet the proportion is lower than it used to be in 2007 (65%), when heating aids were substantially increased.

### 2.3.3 Active labour market policies

Under-performing employment programmes discouraged many unemployed from registering or triggered their exit from the system at the end of the benefit entitlement period. In 2013 over half of the exits from the unemployment system were due to the non-registering of unpaid unemployed (unpaid and those for whom the entitlement period just ended). The number of these discouraged unemployed was higher in 2013 than the number of persons exiting due to entry into the labour market. Romania is an extreme case, with the lowest chance of exiting poverty and the highest risk of persistent poverty<sup>16</sup>, due to poor activation services, both in terms of reaching vulnerable groups and of quality of services provided.

Employment programmes – although in principle targeting the , most vulnerable groups (single parents, young unemployed, youth with high risk of marginalization, unemployed over 45 years, Roma) are far from effective or efficient. **Firstly, the legislative design** favours scattered measures, without follow-up and mainly passive measures (such as job subsidizing, but also passive mediation, and financial stimuli, see Table 30). In fact, job subsidizing was the most important strategy used by the government during 2013-2014 to tackle youth unemployment, and ensure the Youth Guarantee (thus avoiding the real cause of youth unemployment, i.e. the educational system – its quality, adequacy and accessibility). **Secondly, the administrative capacity** to effectively and meaningfully implement existing programmes/ measures is low and data suggest that there is low trust among the population in the effectiveness of these programmes. Few unemployed re-register at the end of the benefit entitlement, if this is not needed in order to request other social assistance benefits. The proportion of those employed through the Employment Programme, as a proportion of those who exited the registered unemployment system during 2013 was only 40.6%, lower than in 2012; most of the remaining 59% exit the system due to non-renewal of work requests after the end of benefit entitlements. The proportion of the total registered unemployed employed through the Employment Programme, was 64% in 2013, and 46% at the end June 2014, decreasing since 2008 (Table 30). **Thirdly, the capacity of the programme to reach out** to vulnerable groups was, and continues to be, very low. For example, the proportion of Roma employed through the Employment Programme is very low (1.4% in 2013) and decreased in 2013 compared to the previous year; the proportion is below the proportion of Roma in the overall population (around 3.3% Roma), while the Roma are over-represented within the unemployed population (Table 30).

The high, and increasing, proportion of youth not in education or employment, combined with the high level of early school leavers, high drop-out rates from high school, and especially from vocational education, reflects incapacity of the educational system to attract, and retain teenagers and youth in education and training. Currently, the educational services provided – at both ends: ECE and vocational/professional education – are low quality, mismatched with labour market demands in the case of professional education, and underfinanced. The measures adopted by the government

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<sup>16</sup> European Commission, DGESAI (2013): Employment and Social Developments in Europe in 2013, <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7684> (accessed December 2nd, 2014). The report is based on longitudinal data corresponding to 2009-2010-2011. Since then the situation of unemployment benefits has deteriorated, as coverage and adequacy has kept decreasing since 2011

in 2014 are rather palliative and do not address the structural problems of the existing educational system. The poor quality of educational services cannot be compensated by targeted financial support to children and families: both issues have to be addressed simultaneously.

#### **2.3.4 Social services**

The need to develop community level social assistance services (delivered in an integrated manner) and to liaise these with regional employment agencies is acknowledged by the strategy on social inclusion drafted by the government in January 2015. The strategy emphasizes the need to develop an integrated income support scheme<sup>17</sup> alongside an integrated social assistance service, able to personalize activation strategies. Currently, activation programmes are in a rather conceptual stage. Specialized social assistance services (day centres for the disabled, and victims of domestic violence, homelessness, and drug addiction) are unevenly developed and underfinanced. They are mostly concentrated in big cities with a higher financial power and administrative capacity. Health and educational services are underfinanced and thus not able to reach those living in remote rural communities or poverty-segregated urban pockets. Access to preventive health care and educational services, especially early childhood education and higher secondary education, is impaired for residents of rural/ remote communities, and for the poorest. The underfinancing of these services caused not only a polarization of access but also a continuous deterioration of their quality. An increasing polarization of access to quality basic social services enforces a vicious cycle of social disinvestment and increases future social costs.

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<sup>17</sup> The minimum insertion income will include, in the first phase (starting with 2016) only the main targeted benefits (MIG, family support and heating aids), and should be developed to unify all targeted benefits (including those on education)



## Appendix 1. Early childhood education and care

**Table 1 ROMANIA: Proportion of children younger than 3 in formal ECEC (crese)**

	2008	2009	2010	2011	2012	2013
As a % of children population up to 3 years	2.6%	2.7%	2.7%	2.7%	2.9%	3.1%
As a % of children 1 and 2 years old	3.9%	4.1%	4.0%	4.0%	4.3%	4.6%

Data source: Calculations are based on the NIS data, Tempo-online, SAN103A, POP101C

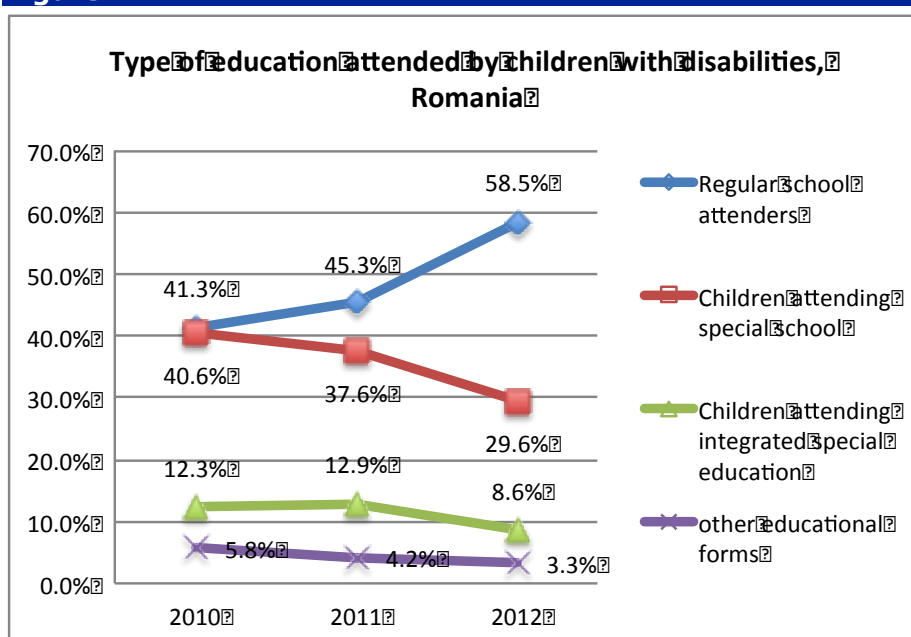
**Table 2 ROMANIA: Participation rate in formal preschool education, by age**

	2008	2009	2010	2011	2012	2013
<b>3 years old population</b>						
<b>Total</b>	<b>63%</b>	<b>62%</b>	<b>65%</b>	<b>66%</b>	<b>67%</b>	<b>78%</b>
Male	62%	62%	65%	67%	77%	74%
Female	64%	65%	68%	69%	80%	77%
<b>4 years old population</b>						
<b>Total</b>	<b>80%</b>	<b>80%</b>	<b>78%</b>	<b>80%</b>	<b>84%</b>	<b>84%</b>
Male	79%	79%	77%	79%	84%	83%
Female	80%	80%	78%	80%	84%	84%
<b>5 years old population</b>						
<b>Total</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>84%</b>	<b>89%</b>	<b>88%</b>
Male	86%	86%	86%	83%	89%	88%
Female	87%	87%	87%	85%	89%	88%
<b>6 years old population</b>						
<b>Total</b>	<b>77%</b>	<b>79%</b>	<b>78%</b>	<b>76%</b>	<b>18%</b>	<b>15%</b>
Male	77%	80%	79%	77%	18%	16%
Female	77%	78%	78%	75%	17%	14%

\*Note: data for the 6 year old population reflect the shift from preschool enrolment to the compulsory preparatory school year, since 2012.

Data source: Calculations are based on NIS data, Tempo-online, SCL103A, POP102A

**Figure 1**

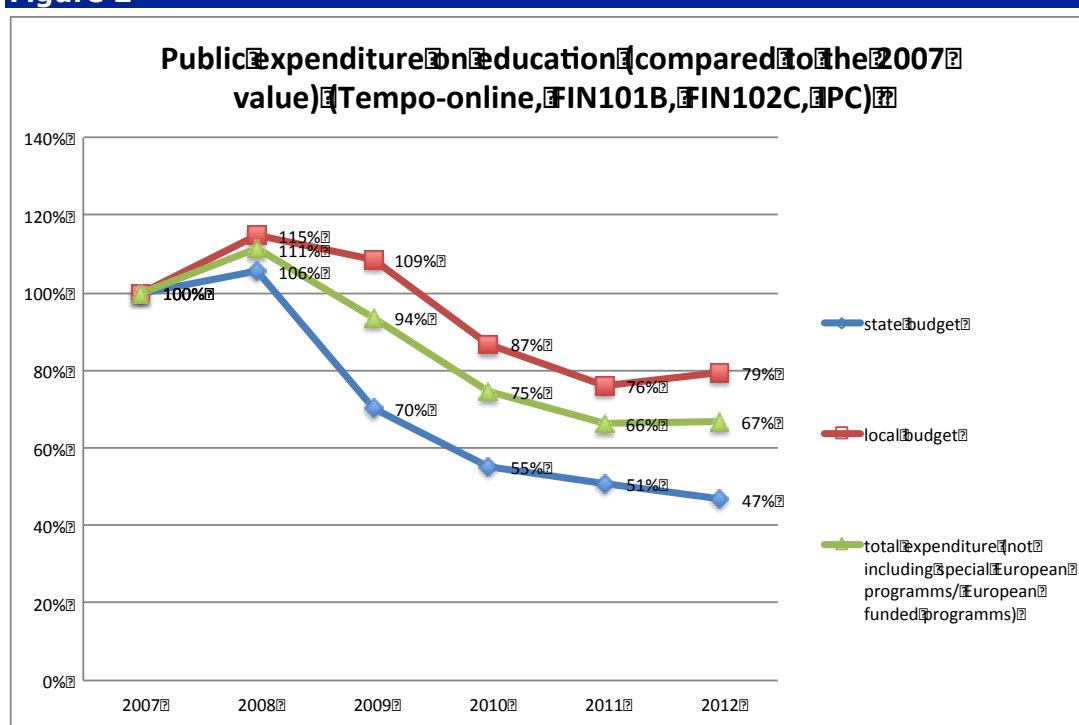


**Table 3 ROMANIA: Ratio of child to teacher/education staff in preschool education - kindergarten and primary education (3 to 6 years)**

	2008	2009	2010	2011	2012	2013
<b>Preschool education (3-6/7 years)</b>						
<b>Total</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>16</b>
Urban	16	16	17	17	15	15
Rural	19	19	20	20	18	18
<b>Primary education (without special education)</b>						
<b>Total</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>
Urban	18	19	20	20	21	22
Rural	15	15	17	17	17	17
<b>Primary education - special education</b>						
Total	3	3	3	3	3	3
Urban	3	3	3	3	3	3
Rural	2	2	3	3	3	3

Data source: Calculations are based on NIS data, Tempo-online, SCL103I, SCL104 F

**Figure 2**



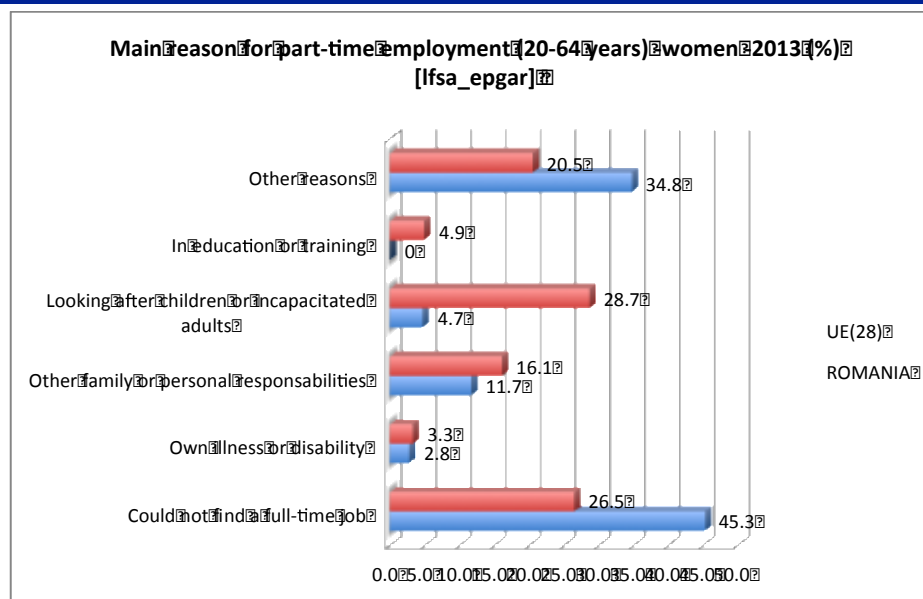
## Appendix 2. Employment and in-work welfare indicators

**Table 4 ROMANIA: Women employment rate (20-49) by education level 2013**

	Lower education (primary and lower secondary) L0-L2	Secondary/ post-secondary education L3-L4	Higher education L5-L6
Total	51.5	67.1	85.1
No children	55.0	66.6	83.0
At least one child, of which the youngest less than 6			
40.2	59.1	82.4	
1 Child	53.0	68.4	86.5
1 child less than 6 years	44.8	57.6	81.7
2 Children	53.1	67.6	88.0
2 children, of which the youngest less than 6 years	44.2	62.8	83.9
3 children or more	41.3	59.6	82.8
3 children or more, youngest less than 6 years	33.3	54.3	

Data source: Eurostat, *lfst\_hheredch*

**Figure 3**



## Appendix 3. Social benefits and employment services

### Family and child benefits

#### Universal child allowance

**Table 5 ROMANIA: Universal child allowance - level of benefit**

	Jan-Mar 2008	Mar-Dec 2008	2009	2010	2011	2012	2013	2014
<b>RON (current prices)</b>								
Children over 2 years*,	32	40	42	42	42	42	42	42
Children under 2 years (3 years for disabled children)	200	200	200	200	200	200	200	200
Disabled children over 3 years	64	80	84	84	84	84	84	84
<b>Euros</b>								
Children over 2 years*,	9	11	10	10	10	9	10	9
Children under 2 years (3 years for disabled children)	54	54	47	48	47	45	45	45
Disabled children over 3 years	17	22	20	20	20	19	19	19
<b>% of the minimum net salary</b>								
Children over 2 years*,	8.2%	10.2%	9.1%	9.1%	8.3%	7.9%	7.3%	6.5%
Children under 2 years (3 years for disabled children)	51.2%	50.8%	43.3%	43.2%	39.3%	37.7%	34.5%	30.8%
Disabled children over 3 years	16.4%	20.3%	18.2%	18.1%	16.5%	15.8%	14.5%	12.9%
<b>% of the relative poverty threshold (60% of the equivalised disposable income for a person)</b>								
Children over 2 years*,	9.8%	12.3%	10.6%	9.7%	9.4%	9.4%	9.1%	
Children under 2 years (3 years for disabled children)	61.4%	61.4%	50.3%	46.3%	44.9%	44.6%	43.4%	
Disabled children over 3 years	19.7%	24.6%	21.1%	19.5%	18.8%	18.7%	18.2%	

*\*Until 18 years or over, if still in education (but less than 25 years)*

*Data source: Legislation, Pana (2014): Minimum net salary, Eurostat, SILC (ilc\_li01): relative poverty threshold*

**Table 6 ROMANIA: Universal child allowance – no. of beneficiaries/ coverage**

	2011	2012	2013	2014 (30 Jun)
Children less than 2 years or less than 3 years, for children with disabilities (no.)	377,895	355,522	343,117	341,049
Children over 2 years, with no disabilities (no.)	3,437,933	3,416,902	3,382,147	3,386,902
Children over 3 years with disabilities (no.)	53,356	52,656	54,630	55,299
% of beneficiaries under 2 years of the total number of beneficiaries	9.8%	9.3%	9.1%	9.0%
Min % of families benefiting of child allowance	52%	52%	51%	51%

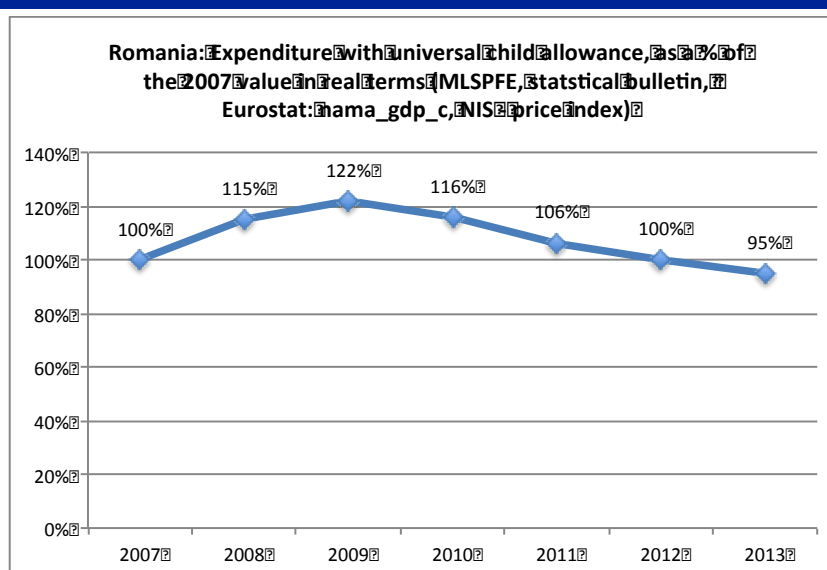
Data source: MLSPFE, Statistical Bulletin; Eurostat (lfst\_hhnhtych)

**Table 7 ROMANIA: Universal child allowance - expenditure**

	RON, current prices	RON, constant 2007 prices	as a % of GDP
2007	2,082,807,807	2,082,807,807	0.50%
2008	2,586,442,182	2,398,184,684	0.50%
2009	2,894,505,562	2,541,715,457	0.58%
2010	2,916,950,652	2,414,494,373	0.56%
2011	2,834,784,038	2,217,967,325	0.51%
2012	2,762,798,774	2,091,920,023	0.47%
2013	2,718,491,547	1,979,532,183	0.43%

Data sources: MLSPFE (Statistical bulletin - social assistance 2007-2014, <http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>), Eurostat: nama\_gdp\_c, NIS - price index

**Figure 4**



**Targeted family support allowance**

**Table 8 ROMANIA: Family support allowance – level of benefit (2011-2014)**

In Social Reference Index (SRI)*	2011/2012/ Jan.-June 2013	Starting July 2013	Starting November 2014
<b>Two parent families</b>			
<b>Income per family member less than or equal to:</b>	<b>0.4 SRI</b>	<b>0.4 SRI</b>	<b>0.4 SRI</b>
Families with 1 child	0.06	0.08	0.164
Families with 2 children	0.12	0.16	0.328
Families with 3 children	0.18	0.24	0.492
Families with 4 or more children	0.24	0.32	0.656
<b>Income per family member between:</b>	<b>0.4 SRI - 0.74 SRI</b>	<b>0.4 SRI - 1.06 SRI</b>	<b>0.4 SRI - 1.06 SRI</b>
Families with 1 child	0.05	0.066	0.15
Families with 2 children	0.1	0.132	0.3
Families with 3 children	0.15	0.198	0.45
Families with 4 or more children	0.2	0.264	0.6
<b>Single parent families</b>			
<b>Income per family member less than or equal to:</b>	<b>0.4 SRI</b>	<b>0.4 SRI</b>	<b>0.4 SRI</b>
Families with 1 child	0.1	0.13	0.214
Families with 2 children	0.2	0.26	0.428
Families with 3 children	0.3	0.39	0.642
Families with 4 or more children	0.4	0.52	0.856
<b>Income per family member between:</b>	<b>0.4SRI</b>	<b>0.4 SRI - 1.06 SRI</b>	<b>0.4 SRI - 1.06 SRI</b>
Families with 1 child	0.09	0.12	0.204
Families with 2 children	0.18	0.24	0.408
Families with 3 children	0.27	0.36	0.612
Families with 4 or more children	0.36	0.48	0.816

\*SRI = 500 RON, since 2010 (a 112-113 EURO during 2012-2014)

Data source: L277/2010

**Table 9 ROMANIA: Family support allowance – level of benefit, November 2014**

	SRI	RON	EURO	% of minimum net salary
<b>Two parent families</b>				
<b>Income per family member less than or equal to:</b>		<b>200</b>	<b>45</b>	<b>30%</b>
Families with 1 child		82	19	12%
Families with 2 children		164	37	24%
Families with 3 children		246	56	37%
Families with 4 or more children		328	74	49%
<b>Income per family member between</b>		<b>201 - 530</b>	<b>45 - 120</b>	<b>30% -79%</b>
Families with 1 child		75	17	11%
Families with 2 children		150	34	22%
Families with 3 children		225	51	34%
Families with 4 or more children		300	68	45%
<b>Single parent families</b>				
<b>Income per family member less than or equal to</b>		<b>200</b>	<b>45</b>	<b>30%</b>
Families with 1 child		107	24	16%
Families with 2 children		214	48	32%
Families with 3 children		321	73	48%
Families with 4 or more children		428	97	64%
<b>Income per family member between</b>		<b>201 - 530</b>	<b>45-120</b>	<b>30% -79%</b>
Families with 1 child		102	23	15%
Families with 2 children		204	46	30%
Families with 3 children		306	69	46%
Families with 4 or more children		408	92	61%

**Table 10 ROMANIA: Family support allowance – no. of beneficiaries and coverage**

	2011	2012	2013	30-Jun-14
Beneficiary families (no.)	325,120	301,586	260,416	254,138
Children in beneficiary families (no.)	592,087	557,824	492,074	483,157
Beneficiary families (% of total households in Romania)	4.4%	4.1%	3.5%	
Children in beneficiary families, as a % of all children receiving universal child allowance	15.3%	14.6%	13.0%	12.8%
Children in beneficiary families residing in rural areas (% of total rural children receiving universal child allowance)			76.8%	76.2%

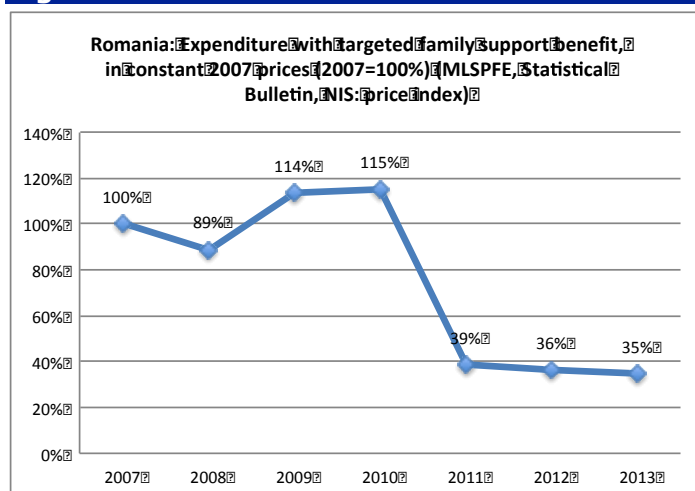
Data source: MLSPFE (Statistical bulletin - social assistance 2008-2014, <http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>), Eurostat database (lfst\_hhnhtych)

**Table 11 ROMANIA: family support allowance - expenditure**

	in RON, current prices	as a % of GDP	in RON, constant 2007 prices (% of 2007 value)
<b>2007</b>	453,160,094	0.109%	100%
<b>2008</b>	434,128,274	0.084%	89%
<b>2009</b>	585,763,268	0.117%	114%
<b>2010</b>	631,206,192	0.121%	115%
<b>2011</b>	223,287,221	0.040%	39%
<b>2012</b>	216,861,399	0.037%	36%
<b>2013</b>	215,061,950	0.034%	35%

Data sources: MLSPFE (Statistical bulletin - social assistance 2007-2014, <http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>), Eurostat: nama\_gdp\_c, NIS - price index

**Figure 5**



**Child rearing leave and indemnity**

**Table 12 ROMANIA: how is eligibility and benefit level established for child rearing benefits**

Level of benefit
<b>2008</b>
A two year child raising indemnity, conditional upon previous employment (for at least 12 months), but flat at 600 RON, disregarding the level of previous income
<b>2009</b>
600 or 85% of the average monthly income of the last 12 months (no more than 4000 RON)
An optional insertion stimulation can be taken, of 100 RON, if entering the labour market before the age of 2 of the child (or 3 for disabled children)
<b>2011</b>
Starting with January 2011 (OUG 111/2010), the beneficiaries have <b>two options and a third benefit level for parents with disabled children</b> :
1. One year <b>of child rearing indemnity</b> (85% of the average monthly income of the last 12 months), not less than 600 RON and not more than 3400 RON, and one more year <b>insertion stimulus</b> (500 RON = 1 SRI)
2. Two years of <b>child rearing indemnity</b> (85% of the average monthly income of the last 12 months), no less than 600 and not more than 1200 RON
For parents with disabled children: 85% of the average monthly income of the last 12 months, between 600 -3400 RON with the possibility of the insertion stimulus



**Table 13 ROMANIA: level brackets for child rearing benefits**

	First year	Second year	Third year
<b>2008</b>			
	600 RON (163 Euro)	600 RON (163 Euros)	600 RON* (163 Euros)
<b>2009</b>			
	600 (142 Euros) - 4000 RON (944 Euros)	600 (142 Euros) - 4000 RON (944 Euros)	600 or 85% of the average monthly income of the last 12 months (no more than 4000 RON)*
	<b>Optional:</b> 100 RON (24 Euros) insertion stimulus, whenever entering the labour market during the two years		
<b>2011</b>			
<b>Option 1:</b>	Between 600 RON (135 Euros)- 3400 RON (802 Euros)	500 RON (118 Euros)	
<b>Option 2:</b>	Between 600 RON (135 Euros) and 1200 RON (283 Euros)	Between 600 RON and 1200 RON	
<b>For parents with disabled children:</b>	Between 600 RON - 3400 RON	Between 600 RON - 3400 RON	Between 600 RON - 3400 RON

\*for parents of disabled children

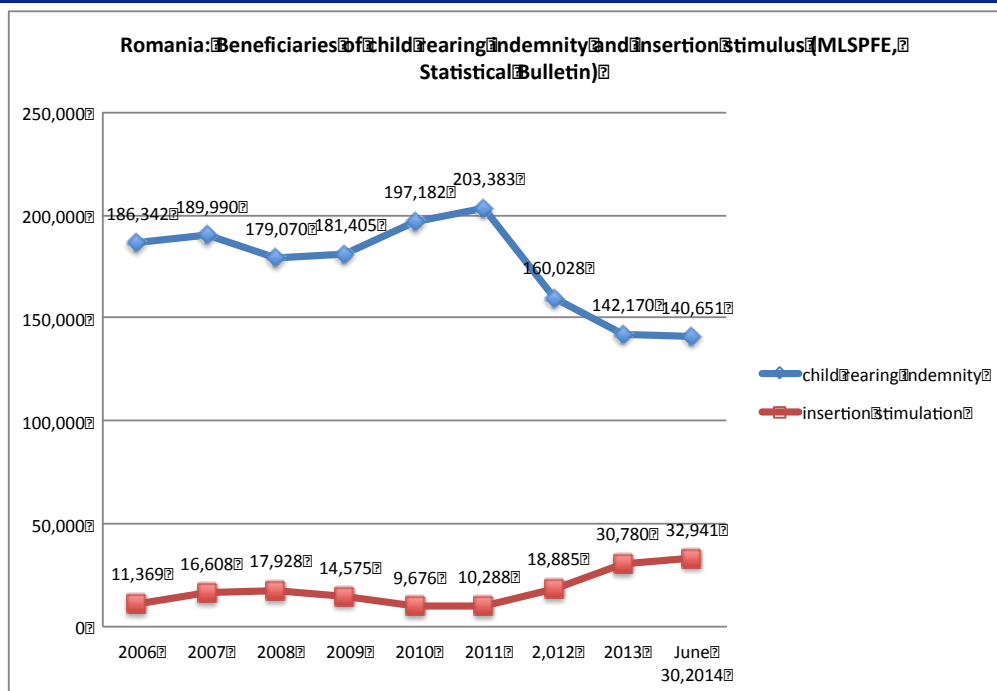
Data source: Legislation

**Table 14 ROMANIA: Level of child rearing indemnity and insertion stimulus - December 2014**

	RON	Euros	As a proportion of the minimum gross wage
Minimum benefit level	600 RON	135 Euros	67%
Maximum benefit (as of 85% of the former income)			
Option 1	3400 RON	763 Euro	378%
Option 2	1200 RON	269 Euros	133%
Insertion stimulus	500 RON	112 Euros	56%

Data source: Legislation, National Bank of Romania (BNR – exchange rate)

**Figure 6**



**Table 15 ROMANIA: Child rearing indemnity and insertion stimulus - number of beneficiaries and coverage**

	2007	2008	2009	2010	2011	2012	2013	30-Jun-14
Total Number of beneficiaries	206,598	196,998	195,980	212,049	213,671	178,913	172,950	173,592
Proportion of insertion stimulus in total benefits	8%	9%	7%	5%	5%	11%	18%	19%
Proportion of total HH	2.8%	2.7%	2.6%	2.9%	2.9%	2.4%	2.3%	
Proportion of total HH with children	6.4%	6.2%	6.2%	6.8%	7.0%	6.0%	6.0%	
Proportion of <b>urban</b> residents among beneficiaries of child rearing indemnity				66%		66%	65%	
Proportion of <b>urban</b> residents among insertion stimulation indemnity				73%		73%	71%	
Proportion of men beneficiaries						17%	16%	21%

Data source: MLSPFE, Statistical Bulletin – Social Assistance; Eurostat -lfst\_hhnhtych

**Table 16 ROMANIA: structure of beneficiary population of child rearing indemnity**

	June 30, 2014	2013
<b>Total number of child rearing benefits, of which:</b>	<b>140,651</b>	<b>142,170</b>
<i>Benefits in the minimum amount of 600 RON</i>	72,804	75,509
<i>Benefits of 85% from the previous income</i>	66,548	65,805
Total number of benefits with 2 options, of which:	140,484	138,102
Option 1 (1 year + 1 year of insertion stimuli)	9,585	9,781
Option 2 (2 years)	126,911	126,614
Children with disability	3,988	1,707

**Table 17 ROMANIA – expenditure with child rearing indemnity and insertion stimulus**

	Child rearing indemnity	Health insurance for beneficiaries of child rearing indemnity	Insertion stimulus	Total (RON, current prices)	% of GDP
2010	2,212,724,834	122718652	12,256,609	2,347,700,095	0.45%
2011	2,176,419,025	121,139,975	20,198,058	2,317,757,058	0.42%
2012	1,760,287,099	97,950,565	98,023,210	1,956,260,874	0.33%
2013	1,534,501,939	85,489,061	189,548,710	1,809,539,710	0.29%

**Income support benefits****Minimum Income Guarantee (MIG)****Table 18 ROMANIA - MIG Level of eligibility threshold, in Social Reference Index (SRI) -2010-2014**

<b>SRI = 500 RON for 2010 - to the present</b>	<b>2010-July 2013 (L277/2010)</b>	<b>Starting July 2013 (OUG 42/2013)</b>	<b>Starting with January 2014 (OUG 42/2013)</b>
For a single person	0.25 SRI	0.271	0.281
For a family of 2 persons	0.45 SRI	0.488	0.51
For a family of 3 persons	0.63 SRI	0.684	0.714
For a family of 4 persons	0.78 SRI	0.846	0.884
For a family of 5 persons	0.93 SRI	1.009	1.054
For each additional person over 5 persons	0.063 SRI	0.07	0.073

**Table 19 ROMANIA: MIG – Level of threshold in RON, Euro and as a proportion of the minimum gross wage**

In December 2014:	RON	Euro	% minimum gross wage
For a single person	140.5	32	16%
For a family of 2	255	57	28%
For a family of 3	357	80	40%
For a family of 4	442	99	49%
For a family of 5	527	118	59%
For each additional person over 5	36.5	8	4%

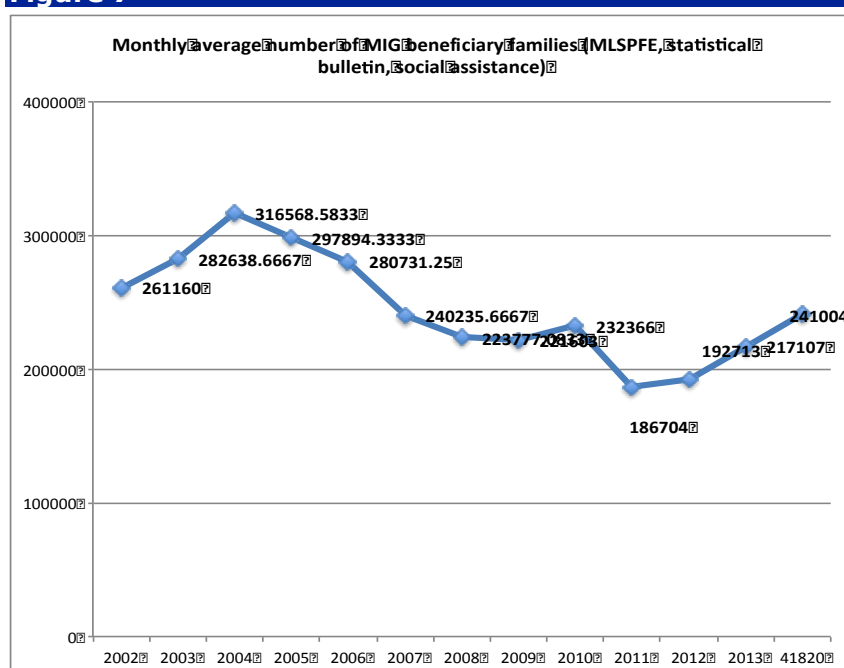
**Table 20 ROMANIA: Level of MIG eligibility threshold against poverty thresholds**

	2008	2009	2010	2011	2012	2013	2014
As a proportion of the 2002 value, in constant prices	94%	111%	105%	99%	96%	99%	105%
% of minimum wage	19%	21%	21%	19%	18%	17%	17%
% of the at-risk-of poverty threshold	31%	31%	29%	28%	28%	29%	
% of the first decile top-cut off point	49%	49%	43%	43%	43%	47%	
% of the first percentile top-cut off point	170%	169%	108%	182%	234%	185%	
% of the severe poverty threshold (based on a minimum food and service basket	59%	70%	65%	63%			

**Table 21 ROMANIA: MIG – number of beneficiaries and coverage**

	2008	2009	2010	2011	2012	2013	30-Jun-14
Monthly average number of beneficiary families	223,777	221,603	232,366	186,704	192,713	217,107	241,004
Proportion of beneficiaries of total number of households	3.0%	3.0%	3.1%	2.5%	2.6%	2.9%	

**Figure 7**



**Table 22 ROMANIA: MIG – Structure of beneficiaries by family size and residential area**

<b>% of total number of beneficiary families</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Single persons	38	39.3	39.3	38.5
Families of 2	20	20.3	20.3	20
Families of 3	15	14.7	14.4	14.6
Families of 4	14	13.5	13.7	13.9
Families of 5	7	6.9	6.9	5.7
Families of 6 or more	6	5.3	5.4	5.9
% of beneficiaries in rural areas		76%	76%	

Data source: MLSPFE, Statistical Bulletin, Social Assistance

(<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic/3276>)

**Table 23 ROMANIA: MIG – expenditure in RON, constant prices and as a % of GDP**

	<b>Expenditure with benefits (current RON)</b>	<b>Expenditure with health insurance of beneficiaries (current RON)</b>	<b>Expenditure with compulsory house insurance of beneficiaries (current RON)</b>	<b>Total expenditure (current RON)</b>	<b>RON, constant 2010 prices</b>	<b>% of GDP</b>
<b>2010</b>	479,099,136			479,099,136	479,099,136	0.09%
<b>2011</b>	387,030,598	20,051,502	3,363,884	410,445,984	387,981,836	0.07%
<b>2012</b>	414,292,262	22,934,906	3,499,224	440,726,392	403,152,572	0.08%
<b>2013</b>	533,372,724	31,201,084	2,639,461	567,213,269	498,999,973	0.09%

Data source: MLSPFE, Statistical Bulletin, Social Assistance

(<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic/3276>); Eurostat, nama\_gdp\_c; NIS, Consumption price index

### Heating aids

**Table 24 ROMANIA: Heating aids – number and structure of beneficiaries, coverage with benefits of the population**

	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>
Centralized heating system users	357,711	200,810	245,815	206,205	156,361
Kerosene (gas) users	609,160	333,915	276,247	239,397	181,574
Wood users	2,392,637	995,853	695,054	598,854	45,316
Electric energy users					9,036
<b>Total number of beneficiaries</b>	<b>3,359,508</b>	<b>1,530,578</b>	<b>1,217,116</b>	<b>1,044,456</b>	<b>392,287</b>
% of the total HH in Romania	45.4%	20.7%	16.4%	14.1%	5.3%

Data source: MLSPFE, Statistical Bulletin, Social Assistance

(<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic/3276>)

**Table 25 ROMANIA: Expenditure with heating aids (2008-2013)**

	RON, current prices	RON, constant 2010 prices	% GDP
<b>2010</b>	857,299,774	857,299,774	0.164%
<b>2011</b>	443,245,035	418,985,760	0.080%
<b>2012</b>	366,598,848	335,344,720	0.062%
<b>2013</b>	368,459,714	324,148,600	0.059%

Data source: MLSPFE, Statistical Bulletin, Social Assistance (<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic/3276>); Eurostat, nama\_gdp\_c; NIS, Consumption price index

### Unemployment benefits

**Table 26 ROMANIA: Unemployment benefit – eligibility for, and level of benefit**
**Unemployment benefit – L 76/2002, modified**

In 2011, the unemployment benefit switched *from a percentage of the minimum wage to a percentage of the Social Reference Index (SRI)*. While the minimum wage increased significantly during the last years, the SRI has not increased since 2005.

The benefit is granted for a period of 6 to 12 months, depending on the contribution period (a minimum of one year, up to 10 or more years)

For a person who contributed at least one year to the social insurance system	75% of the SRI + 3-10% of the average monthly income of the last 12 months, depending on the contribution period (at least 3 to at least 20)
Young graduates	50% of the SRI

**Table 27 ROMANIA: Unemployment benefit – Level of benefit (ISR, RON, €, as a % of the minimum gross wage) - December 2014**

Minimum level for the unemployment benefit	SRI	RON	Euro	% of the minimum gross wage
For graduates and unemployed with less than one year of contribution	0.5 SRI	250 RON	56	28%
for unemployed with at least one year of contribution	0.75 SRI	375 RON	84	42%

**Table 28 ROMANIA: Unemployment benefit – level as a proportion of the minimum wage and relative poverty threshold**

	2011	2012	2013	2014
<b>Unemployment benefit: 50% of the SRI</b>				
% Of minimum wage	37%	36%	31%	28%
% Relative poverty threshold (60% of the median equivalised disposable income per month)	56%	56%	54%	
<b>Unemployment benefit: 75% of SRI</b>				
% of minimum wage	56%	54%	47%	42%
% relative poverty threshold (60% of the median equivalised disposable income per month)	84%	84%	81%	

Data source: Romanian legislation and Eurostat database for the relative poverty threshold

**Table 29 ROMANIA: Unemployment benefits, number / structure of beneficiary and coverage with benefits**

	2007	2008	2009	2010	2011	2012	2013	30 Jun 2014
Total number of registered unemployed	367,838	403,441	709,383	626,960	461,013	493,775	512,233	441,601
Number of unemployed under 25 years	65,217	71,215	109,928	99,142	81,911	87,261	90,151	49,801
Number of unemployed benefiting of 75% of the SRI	102,906	121,662	415,897	283,987	143,271	150,247	152,202	113,564
Number of unemployed benefiting of 50% of SRI	18,483	21,669	43,932	45,652	39,267	44,226	47,424	1,934
Unemployment rate	4.1	4.4	7.8	6.2	5.1	5.6	5.7	4.9

Data source: Statistical Bulletins (2007-2014), Ministry of Labour, Social Protection, Family and Elderly (<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>)

## B. Unemployment services

**Table 30 Performance indicators of the Employment Programme -Romania**

	2007	2008	2009	2010	2011	2012	2013	2014 (2 <sup>nd</sup> quarter)
Proportion of employed through the employment programme (National Employment Agency), of the average number of registered unemployed during the year	138%	102%	43%	60%	79%	66%	64%	46%
Proportion of employed due to the Employment programme, as a proportion of all exits from the unemployment system	43.9%	46.7%	40%	38.3%	36.9%	45.6%	40.6%	45%
Proportion of unemployed under 25 employed through the Employment programme			54.4%	69.5%	89.3%	78.7%	73.7%	74.2%
Proportion of unemployed Roma employed through the Employment programme, of the total employed through the programme			2.5%	1.8%	1.5%	1.6%	1.4%	1.4%
Proportion of unemployed over 45 employed through the Employment programme							46%	

Data source: Statistical Bulletins (2007-2014), Ministry of Labour, Social Protection, Family and Elderly (<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>)

**Table 31 Structure of employment programme –by proportion of individuals employed through different measures**

	2007	2008	2009	2010	2011	2012	2013	2014 (2 <sup>nd</sup> quarter)
Mediation	77.3%	77.6%	78.8%	80.8%	83.6%	83.9%	86.5%	86.7%
Information / counselling	12.4%	16%	17.6%	17.1%	16.7%	17.6%	17.8%	17%
Professional qualification/ requalification courses	4.2%	4.7%	5%	4.5%	4%	3.8%	3.9%	3.9%
Financial stimuli for unemployed who become employed before the financial entitlement period ends	4.9%	4.5%	6.9%	7.7%	5.3%	4.9%	5.6%	4.8%

Data source: Statistical Bulletins (2007-2014), Ministry of Labour, Social Protection, Family and Elderly  
(<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>)

**Table 32 Number of (long-term) unemployed and older (long-term) unemployed, and the proportion of older unemployed employed through the Employment Programme**

	2011	2012	2013	2014 (2 <sup>nd</sup> quarter)
<b>Number of unemployed</b>				
<b>Total</b>	461,013	493,775	512,333	441,601
Women	203,677	210,795	215,781	184,916
Men	257,336	282,980	296,552	256,685
<b>Number of unemployed over 55</b>				
<b>Total</b>	56,594	65,876	74,452	68,016
Women	19,496	22,408	26,037	24,233
Men	37,103	43,468	48,415	43,783
<b>Long-term unemployed (over 12 months) over 55</b>				
<b>Total</b>	24,492	29,389	32,275	25,125
Women	9,359	11,377	12,327	9,329
Men	15,133	18,012	19,948	15,796
<b>Number of persons employed as a consequence of the employment programme</b>				
<b>Total</b>	366,113	323,510	327,823	203,371
Over 45 year	99,762	87,225	93,860	64,106
<b>Persons with subsidized jobs</b>				
Unemployed over 45 years	19,817	15,587	12,221	9,620
Unemployed with 5 or less than 5 years to reach the pensionable age	266	204	177	192
<b>Employed older unemployed through the Employment programme</b>				
Proportion of unemployed 55 and over in total unemployed	12%	13%	15%	15%
Proportion of persons over 45 employed of the total number employed through the Employment Programme	27%	27%	29%	32%
Proportion of persons over 45 with subsidized jobs from the total number of persons over 45 employed through the employment programme	20%	18%	13%	15%

Data source: MLSPFE, Statistical Bulletins,  
(<http://www.mmuncii.ro/j33/index.php/ro/transparenta/statistici/buletin-statistic>)



