

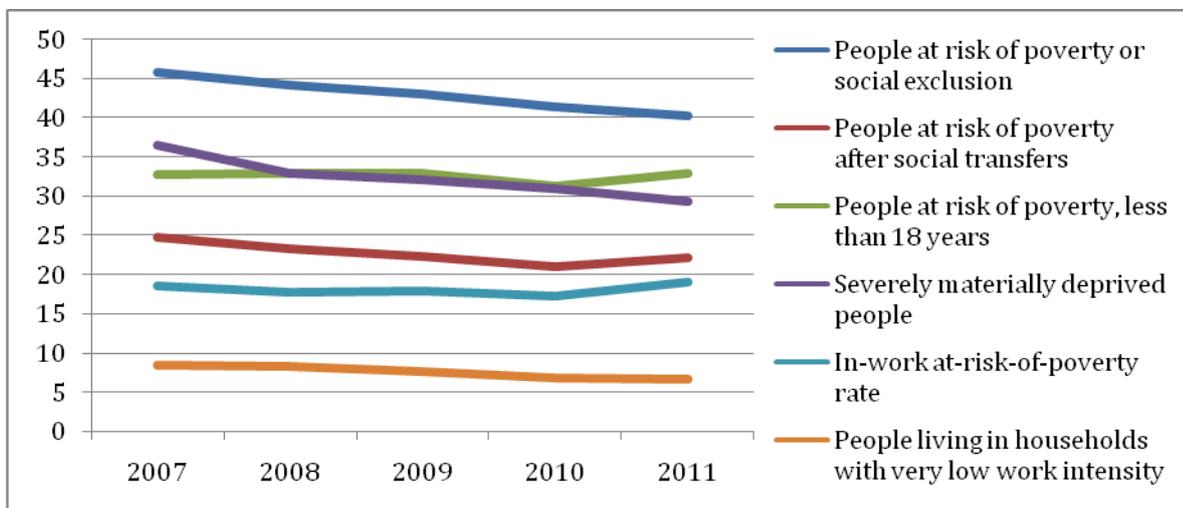
1. POVERTY

1.1. Recent trends

Developments of poverty and social exclusion in Romania based on Eurostat:

- Despite a considerable **drop in the rate of at-risk-of-poverty-or-social exclusion** (notably due to a drop in severe material deprivation), the rate **remains amongst the highest in the EU** (41.7% in 2012).
- While the rate of child poverty remained more or less stable during the observed period (2008-2011), **children continue to be the age group at highest risk of poverty** (52.2% in 2012).
- **In-work poverty rose** from 17.7% in 2008 to a worrying 19% in 2012 - by far the **highest rate in the EU** (EU average: 9%).

Poverty trends in Romania (% of population):



The analysis of the poverty situation in Romania of the Ministry of Labour, Family and Social Integration¹ shows that **children at highest risk of poverty live in numerous member families with unemployed parents or persons who are unable to work due to physical disabilities** or due to their old age. These children live in poor conditions, situated in rural areas of the country.

A study carried out by the National Block of Syndicates (NBS) in 2012, indicates that the school-drop-out rate increased to 18.4%. This trend is influenced by the fact that **48.7% of children are at risk of poverty**. The study also shows that **20% of the richest Romanians earn 7 times as much as 20% of the poorest Romanians**, whereas at the EU level, 20% of the richest earn 5 times as much as 20% of the poorest people. Furthermore, the study shows that in rural area there is a larger share of people who are not integrated into the labour market.

Other studies conducted by the Ministry of Labour, Family and Social integration and by the National Institute of Statistic Data (2012) show that **only 20% of the population earns more than the medium salary, which means 355 euro per month**. This category of active population is considered poor even though they work because most part of their income covers only bank fees and bills. The growing indebtedness is also observed in the Romanian society. According to the National Bank of Romania, at the end of October 2013, over 715 thousands individuals had over 30 day delays in paying the loans back.

¹ Ministry of Labour, Family and Social Integration, 2011. URL: http://www.mmuncii.ro/nou/images/Documente/Familie/Analiza_EU.pdf

According to the latest Caritas Romania Confederation statistics², each year Caritas organisations assist 115,000 beneficiaries in 25 counties from the poorest and most excluded social categories:

- 60,000 beneficiaries come from **poor families with unemployed or with very low-income family members** and often have **numerous children that live in improper conditions**. They benefit from social advisory, proper education for their children, hot meals, medical assistance, material support and proper shelter. Without the help of Caritas organisations, these people would not manage to support their family and live in decent conditions.
- **15,000 children are assisted in day care, development and orientation centres**. They get quality education and attend after-school programmes and psycho-social assistance. These programmes try to reduce the school-drop-out rate, prepare the children for their professional future and promote equal opportunities for all children (poor and Roma children).
- **15.500 senior citizens with low pensions or no income** at all are assisted in the homecare programmes and get support in order to participate actively in society.
- 3% of the population with disabilities is offered assistance in rehabilitation centres managed by the Caritas organisations because the allowance offered by the State is insufficient to cover their needs. They are poor people with low chances of getting employed due to their disabilities.

Even though there are no official statistics, Caritas Romania organisations have observed that since the beginning of the crisis, the number of beneficiaries has increased and their cases are becoming more dramatic. Caritas Romania organisations are trying to cover all the requests but their capacities are developing slowly. Having the same resources, Romanian Caritas organisations have to solve more requests coming from poor people.

1.2. Recent policy developments

Since last year the following policy developments have been registered:

No new measures have been implemented since 2012 but Deputy Monica Iacob-Ridzi has proposed a **bill for the Law of Poverty**, which provides opportunity for supplementing the budget from other sources, including donations and sponsorships in order to prevent and eradicate "poverty diseases".

Assessment of Romania's NRP and policies it refers to:

Social assistance reform did not progress and there is no real dialogue between civil society and Government to jointly seek solutions to reduce poverty. All recommendations submitted by NGOs to the ministries (especially to the Ministry of Labour and Social Welfare) were ignored. Since December 2011, when Law no. 292/2011 on Social Assistance was adopted, no progress has been made in developing the secondary legislation. Social services delivered by private non-profit providers of social services to the most vulnerable groups encounter major difficulties in funding these services and are likely to disband, possibly leaving tens of thousands beneficiaries without assistance. The Romanian Government has not yet regulated conditions under which private providers of social services can be contracted.

Even though the state offers special trainings for young people, there are not enough jobs for all the professional categories on the labour market. For example, doctors from public hospitals have a low income and therefore choose to migrate to other countries where wages are more decent.

In the context of a high rate of child poverty, the rate of people attending tertiary education will remain low if the state does not offer social assistance and opportunities for child development.

The absorption of the EU funds is still low (26.24%³) which contributed to a decrease of the GDP of almost 10% in the first two years of the crisis. The Government has promised a rate of absorption of

² Caritas Romania Confederation, 2012, *Solidarity Compassion Hope. Caritas in Romania*. URL: <http://caritas.org.ro/docs/booklet.pdf>

80% by the end of 2016. The government follows the Polish model and created a special Ministry for European Funds, which coordinates all state institutions involved in the management of European Funds and which is responsible for the administration of these funds.

Assessment of Romania's Country Specific Recommendations (CSRs) adopted in 2013:

The following recommendations are considered adequate for achieving a reduction of poverty and social exclusion in Romania:

CSR 3: Pursue health sector reforms to increase its efficiency, quality and accessibility, in particular for disadvantaged people and isolated communities.

CSR 4: Improve labour market participation, as well as employability and productivity of the labour force, by reviewing and strengthening the active labour market policies, to provide training and individualised services and promoting lifelong learning. Enhance the capacity of the National Employment Agency to increase the quality and coverage of its services.

CSR 5: Speed up the education reform including and building up of administrative capacity at both central and local level and evaluate the impact of the reforms. Step up reforms in vocational education and training.

1.3. Recommendations

- The **National Strategy for Roma Inclusion** should be enhanced guaranteeing it has **sufficient funding to be implemented efficiently**.
- **Extend the social assistance services**, including funding for NGOs and private suppliers of social services, to cover all the areas of Romania, especially the southern and eastern part of the country.
- **Reduce excessive bureaucracy** and the low communication between the ministries and the civil society.
- Provide vulnerable groups with **adequate and accessible social services**.
- Reduce the youth unemployed rate through the implementation of the **national plan for employment** and by offering Youth Guarantees.
- Create **more efficient social transfers**.

2. EMPLOYMENT

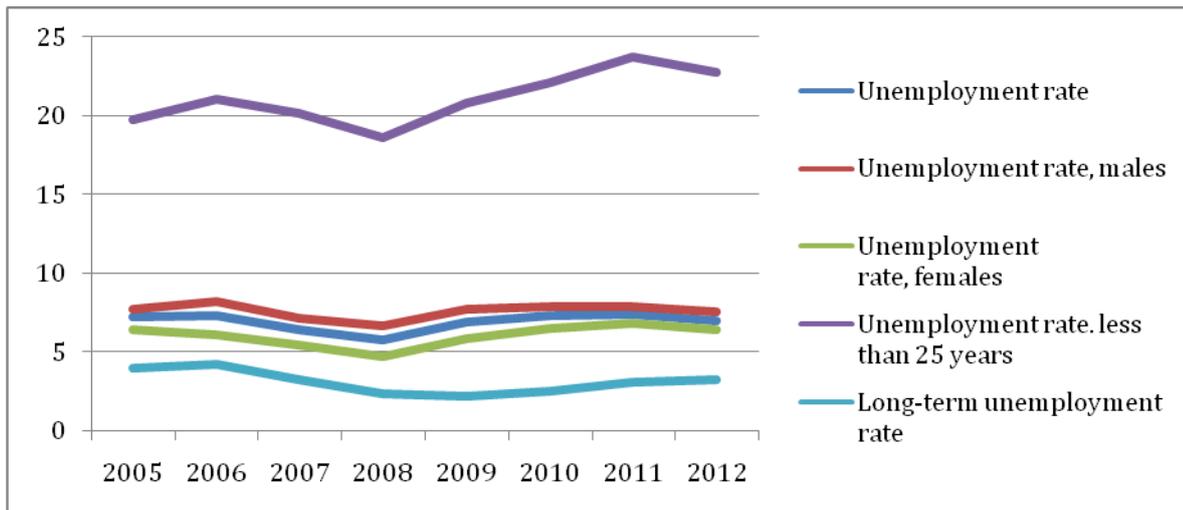
2.1. Recent trends

Developments of the employment situation in Romania:

- Unemployment rose from 5.8% in 2008 to 7% in 2012, especially affecting **young people whose unemployment rate rose by 4.1 p.p. to 22.7% in 2012**.
- **Employment dropped slightly** (from 64.4% in 2008 to 63.8% in 2012), with a larger decrease in the female employment rate, further widening the rather large gender employment gap (71.4% m, 56.4% f). Notably, the male employment rate is the only employment indicator lying above EU average (68.5%).
- The **highest proportional increase occurred in the long-term unemployment rate**, which rose from 2.4% in 2008 to 3.2% in 2012. Long-term unemployment increased more sharply among women (from 1.8% in 2008 to 2.9% in 2012) but continues to affect more men (3.4% in 2012).

³ Government of Romania, Ministry for European Funds, 2013, *INFORMARE: privind stadiul la 30 iunie 2013 al implementării Programelor Operaționale finanțate din Instrumente Structurale*, URL: <http://www.guv.ro/upload/articles/109210/>

Employment trends in Romania (% of population):



In addition to the above figures, the Romanian National Institute for Statistics reports that the absolute number of persons being employed with a legal labour contract dropped significantly, from 4,807,500 in January 2009 to 4,095,200 at the beginning of 2011 (-14,82%). In 2011, the total number of persons “in working age” was 14,047,700.

Due to the need of requalification on the labour market both the overall unemployment rate as well as the rate of long-term unemployment are high. As a result of the increasing unemployment rate, more and more people are asking Caritas organisations in Romania for social assistance. Caritas organisations in Romania offer training programmes for unemployed people and provide qualification certificates.

2.2. Recent policy developments

Since last year the following policy developments have been registered:

In order to integrate as many employees in the formal economy and to **reduce the undeclared work**, the Government decided to **create a General Electronic Database for Employees** that should show real statistics of the employment rate in Romania. To avoid tax evasion, the law for daily workers has been simplified. Also, the **collective labour agreements have been eliminated**.

In order to offer more opportunities to women and young employees, the State **created training programmes** that led 33,796 unemployed people (16,022 women, 8,784 youth) to get a certificate for a job. 36 new officially recognized job types (including certificates for each new type) have been developed. In order to increase the employment quality in **rural areas**, 9,160 people participated in **vocational skills trainings**.

Even if the **minimum income was increased by 32.9%** (one of the highest income increases in the world) it is still insufficient for a decent living. According to the Ministry of Labour, Family, Social Protection and the Elderly, in March 2013, 3,270,000 out of a total of 4,360,000 employed persons, representing 75% of employees had an income under the medium level.

Assessment of Romania's NRP and policies it refers to:

The Romanian Government has already started to create **training programmes for the unemployed youth** in order to stimulate them to find a job. Most of young people cannot get employed because they are not certified for a certain job and these programmes aim to help them. Still, the number of certified trainees remains low: 9,160 people. The cost for not integrating the youth into the labour market is EUR 150 million per year.

Furthermore, in order to increase the chances for getting employed, big companies are encouraged to take bachelors into **internship programmes** for duration of 6 months for up to 3 years. From the age of 16 years onwards, Romanians have the right to work and will receive a **bonus of 110 euro in their first month of employment**. They also benefit from formal learning, professional assistance and information sessions.

The NRP also proposes measures to fight long-term unemployment.

Assessment of Romania's Country Specific Recommendations (CSRs) adopted in 2013:

The following recommendations are considered adequate for improving the employment situation in Romania:

CSR 4: Romania should enhance the quality of active labour market policies and implement without delay the National Plan for Youth Employment.

2.3. Recommendations

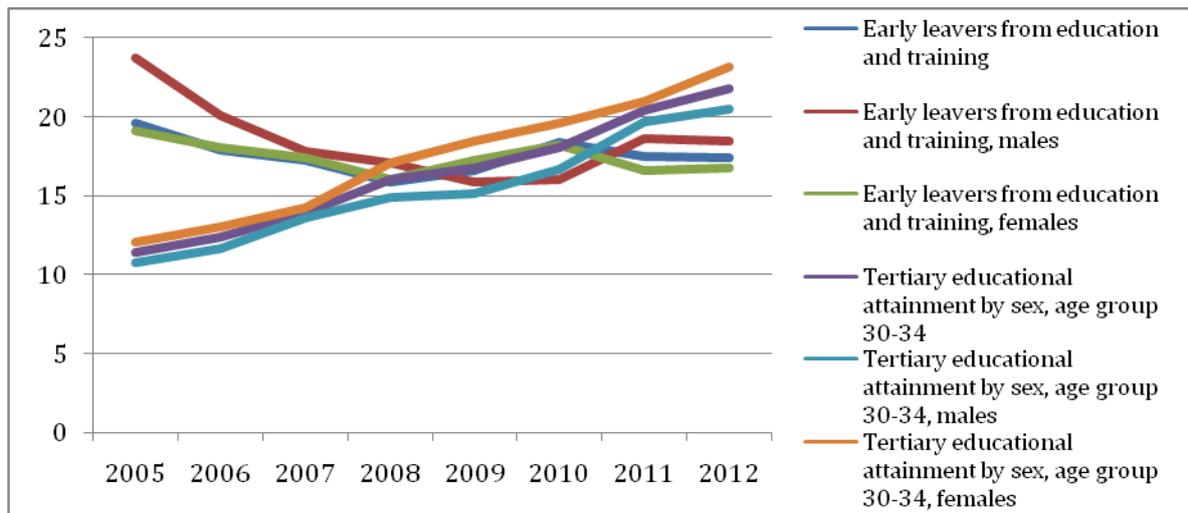
- **Implement active inclusion strategies** in order to activate the labour market.
- Offer **opportunities of professional reorientation** to the unemployed people.
- **The retirement allowance reform should be developed** and implemented in order to offer the elderly people the possibility of continuing their professional career and to be active on the labour market.
- **Create and guarantee jobs for the young people** by including them on labour market after they finish the studies.
- **Develop and improve the system of vocational schools**, especially in rural areas.

3. EDUCATION

3.1. Recent trends

Developments of the education situation in Romania:

- **Early school leaving increased** from 15.9% in 2008 to 17.4% in 2012. The rate rose **particularly higher among boys** (1.4 p.p.) than girls (0.7 p.p.). Nevertheless, female early school leaving (16.8%) remains particularly high compared to EU average (11% in 2012).
- **Tertiary educational attainment rose** from 16% in 2008 to 21.8% in 2012, especially due to an increase of 6.1 p.p. of women completing university studies. Despite this increase, female tertiary educational attainment remains the lowest in the EU (EU average: 40% in 2012).

Education trends in Romania (% of population):


In addition to the above statistics, the following observations regarding education in Romania can be made:

- A study conducted by the German foundation Bertelsmann "The ELLI Index - Europe 2010" (ELLI: European Lifelong Learning Indicators) shows that Romania occupies the last place regarding lifelong learning; **only 17.3% of the population continues to learn and adapt to new trends during the whole life.**
- There is a **problem** in offering good quality educational services in **rural and isolated areas, especially in Roma communities.**
- A report on the situation of the Pre-University Education, 2011, conducted by the Ministry of Education, Research, Youth and Sport⁴ demonstrates that **only 71.5% of the 18-year-old population enrolled were following a pre-university form of education.** The report also shows that the percentage of active population with no studies is increasing.
- Young people aged between 15 and 24 years are the most vulnerable social category when it comes to the professional inclusion on the labour market.

Caritas organisations on the ground report the following observations:

- Most of the children that are part of the educational programmes offered by the Caritas organisations in Romania come from **disorganised poor families, one-parent families or have their parents working abroad.** They mostly attend day-care centres where they benefit from after-school programmes, educational assistance for homework and special trainings for professional development. Caritas organisations in Romania assist 15,000 children and young people annually.
- Children affected by early school drop-out mostly come from **families who lack financial resources; disabled children and children from Roma communities** have an exceptionally high drop out rate. Most of the affected children live in the **rural areas** where the access to educational institutions is limited due to the big distances between their home and school or because they are **forced by their families to work in the household.** Especially after finishing primary school (after 8 or 9 classes) there are hardly any educational possibilities in rural areas.
- These children are exposed to big risks like taking drugs, consuming alcohol; they are **socially excluded and develop violent and anti-social behaviour.** Without education, many of them will

⁴ Ministry of Education, Research, Youth and Sport, 2011, Report on the Situation of the Pre-University Education. URL: <http://www.edusfera.ro/wp-content/uploads/2012/08/Raport-privind-starea-invatamanului-preuniversitar-din-Romania-%E2%80%93-2011.pdf>

not have access to a proper job and will become part of the vulnerable categories of the society. Children coming from extremely poor families are **forced to beg or steal in order to sustain themselves and the other members of the family.**

3.2. Recent policy developments

Since last year the following policy developments have been registered:

The **educational system law has been modified in March 2013** and presumes new changes such as: it is **mandatory for pupils to complete a stage of 10 years of formal education**, starting with the preparatory year. The number of evaluations increases up to 6 and the most important one will be in the 9th year of formal education. The evaluation exam from the 12th year of formal education will have a number of 4 mandatory tests, from which one of them will assess digital skills. The primary educational stage will have a duration of 5 years, instead of 4. These changes aim to increase the quality of the educational system by extending the number of mandatory formal educational year and through a intensification of evaluation.

Assessment of Romania's NRP and policies it refers to:

Although the education reform has seen progress, the proposed measures are not reaching the most vulnerable communities whose members are still at risk of marginalisation – those who live in isolated villages and communes, and people belonging to Roma communities. There remains a gap between the rural and urban population regarding access to education. The budget to implement an education reform and to reduce the urban-rural gap is insufficient and therefore, many of the proposed measures are likely to remain on paper. In order to tackle the problem of early school leaving, it is necessary to provide children with access to social services such as after-school centres, financial support and social advisory.

Assessment of Romania's Country Specific Recommendations (CSRs) adopted in 2013:

The following recommendations are considered adequate for improving the educational situation in Romania:

CSR 5: Speed up the education reform including the building up of administrative capacity at both central and local level and evaluate the impact of the reforms. Step up reforms in vocational education and training.

3.3. Recommendations

- Create policies and strategies for **regional educational inclusion** that respond to particular issues.
- Create an **educational system that responds to the labour market needs and demands**, including **vocational schools in rural areas**.
- Create a package of social services that **support the successful inclusion of disadvantaged children (especially from Roma communities) in the educational system**.
- Develop an **adequate data collection system** to accurately monitor the school drop-out rate.
- Implement a **subsidies programme for the communities living in the economically affected areas**.