



Romania

# Assessment of the 2008-2010 National Reform Programmes for Growth and Jobs from a social inclusion perspective: The extent of synergies between growth and jobs and social inclusion policies

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October 2008



On behalf of the  
**European Commission**  
DG Employment, Social Affairs and Equal Opportunities





## Content

<b>Summary .....</b>	<b>4</b>
<b>A. Overall assessment of implementation of the 2005-2008 NRP during the past year from a social inclusion perspective.....</b>	<b>5</b>
<b>B. Assessment of the 2008-2010 NRP from the perspective of social inclusion.....</b>	<b>6</b>
B.1. Overall assessment .....	6
B.2. Feeding out.....	7
B.2.1. Employment and feeding out .....	7
B.2.2 Economic growth, financial sustainability and feeding out .....	10
B.3. Feeding in.....	11
B.4. Governance.....	13
B.4.1. Monitoring and assessment .....	14
B.4.2 Involvement of stakeholders .....	14
B.4.3 Coordination .....	15
<b>References .....</b>	<b>16</b>

## Summary

Romania continues to reform and restructure its economy and administration and to enhance the business environment. As part of this agenda, the Government seeks to build institutions and implement public policies to fundamentally transform Romania's economy and society.

During 2008, Romania's National Reform Programme has been revised to include a complementary action plan taking into account the implementation of the country specific recommendations and monitoring the 'points to watch' (as per the Re-launched Lisbon Strategy and adopted by the Spring European Council). Generally, the measures contained in the Implementation Report of the National Reform Programme answer the country specific recommendations and a certain degree of awareness exists when talking about the social dimension of policies though, this is more implicitly rather than explicitly stated.

Except for the labour market section that explicitly refers to employment (even if focus still is on labour supply rather than on the quality and diversity of the job offers) as a solution for social inclusion, the links between economic and social policies are rather implicit as improved management of the general budget, enhanced administrative capacities of both central and local authorities and provision of public services are to be of benefit for everyone including the poor and excluded. Investments in infrastructure are also to reduce disparities and increase access to goods and services for the socially excluded opening the path to social wellbeing. A more sustainable financial system is intended to secure the social insurance / pension funds and research, technologic development and innovation are seen as 'main sources generating economic competitiveness and social welfare'.

The IRNRP does not make specific referral to the NSRSPSI, though most policies to address the active inclusion of disadvantaged groups are reiterated. The IRNRP places emphasis on employment and lifelong learning opportunities for the vulnerable groups identified by the NRSPSI active inclusion measures, whilst both in the IRNRP and NSRSPSI detailed measures to help those that cannot work are quite absent. Moreover, the lack of evidence (impact analysis) to show how the mixture of minimum wage provision, tax facilities and various benefits and services available for individuals and families succeed in getting those in work out of poverty makes it difficult to assess the effectiveness of the feeding-out and feeding-in process. Generally, interaction between social and economic policies is more or less assumed, still very few arguments in the IRNRP come to illustrate the mutually reinforcing socio-economic policies or ways in which social inclusion policies can feed in the growth agenda.

The elaboration of the IRNRP has been made under the coordination of the European Affairs Department of the Romanian Government, based on contributions from all ministries and institutions, members of the *Lisbon Strategy Working Group*. In March 2008, the European Affairs Department launched an inter-institutional consultation process. There is little or no evidence concerning the mobilisation and consultation of the stakeholders in general and of the social partners, in particular in the IRNRP preparation arrangements. However, the Ministry of Labour, Family and Equal Opportunities as the national coordinator of social inclusion policies and responsible for the proposed objectives, as well as for the monitoring and assessment of the NRSSPSI is one of the members of the Lisbon Committee and can strongly contribute towards linking the two agendas.

## **A. Overall assessment of implementation of the 2005-2008 NRP during the past year from a social inclusion perspective**

During the past year the Government priorities continued to focus on: the implementation of structural and institutional reforms; addressing fiscal imbalances and improving the efficiency, transparency, and accountability of public resources; modernizing the public sector, improving the quality of governance, the performance of institutions and fighting corruption; promoting social inclusion, employment and poverty reduction to achieve convergence with the EU in income levels and living standards.

Romania's economic performance continued the growing trend in recent years. The Government implements macroeconomic and structural policies which are supportive of growth and disinflation but the gap towards EU standards remains large. In 2007, income per capita was around 40% of the EU 27 average.

The at risk of poverty rate doesn't show big variations and inequality has changed little since 2000 suggesting that in time the gains from growth are distributed among income groups in a rather even way. This suggests that policies to sustain growth need to be complemented by a clear and effective redistributive social policy and interventions targeted at the disadvantaged groups or areas that are identified as not benefiting from growth. However, despite some improvements, pockets of poverty still remain including rural areas, the North-East, the youth, the less educated, the unemployed and the self-employed with higher incidence of poverty than the rest.

By household type, Eurostat data from 2006 indicate some categories of people are at higher risk of poverty such as single persons (26.8%) especially women (30.1%) and persons aged 65 and over (32.8%); single parent families (27.1%); and families with 3 or more children (45.4%) compared to a total at risk of poverty rate of 18.6%.

Although considerable investments were directed towards the education sector, an aspect that needs further policy focus is the school drop out rate. Eurostat data for 2007 show a percentage of 19.2 early school leavers in Romania compared to 14% in EU 25 and 14.8% in EU 27.

In 2006 the labour productivity represented only 39.2% of the EU 27 average labour productivity with agriculture (a sector with a very low added value) accounting for 36.2% of the total employment.

The employment rate of the population able to work (15-64 years of aged) was 58.8% in 2007 which places Romania at a distance of 11.2% from the Lisbon objective for 2010 (70% total employment rate) whilst women employment rate of 52.8% is 7.2% below the Lisbon objective of 60%.

Continuing policies to improve access to the labour market can significantly reduce poverty and social exclusion. In Romania, there is a relationship between unemployment and poverty, but unemployment alone is not a dependable indicator of poverty. Poverty in Romania is related both to unemployment and to informal employment, especially in agriculture. Data from the 2006 Household budget survey suggest that 27% of the unemployed are poor, compared to a national

average of 14%. However, the incidence of poverty is even higher among self-employed adults in agriculture (32% of them are poor).

The policy impact assessment is still at an early development stage in Romania (mostly limited to specific/individual project evaluation). Nevertheless, there is more and more political concern to improve impact assessment procedures. During 2007-2008 training of 120 specialists within ministries viewed impact analysis / evaluation techniques and reducing the administrative costs. In September 2008 the Romanian Government approved the target of 25% reduction of administrative burden by 2012 (established by the Spring European Council). Many new institutions and processes in Romania are only at an early stage of development and they need time to prove their effectiveness, along with unequivocal and renewed commitment at all levels.

## **B. Assessment of the 2008-2010 NRP from the perspective of social inclusion**

### **B.1. Overall assessment**

During 2008, The National Reform Plan of Romania has been revised to include a complementary action plan taking into account the implementation of the country specific recommendations and monitoring the 'points to watch' (as per the Re-launched Lisbon Strategy and adopted by the Spring European Council):

- strengthening the administrative capacity,
- addressing fiscal policy to contain the growing current account deficit and inflationary pressures, keep wage developments in line with productivity growth and improve budget planning and execution,
- reduce administrative procedures and delays to obtain authorisations, thus improving the business environment,
- implement an integrated approach to increasing employment, activity rates and productivity levels, especially by accelerating reforms of the education system,
- fighting fragmentation of research structures and efficient use of allocated funds, implementation and continuous monitoring of the National strategy for research, development and innovation.

Generally, the measures contained in the NRP answer the country specific recommendations and there is a certain degree of awareness when talking about the social dimension of the policies though, this is more implicitly rather than explicitly stated.

In some areas, the content of measures remains at a declaration level and in other areas, information about the content of measures, their timelines and budgetary support is lacking which makes it difficult to assess whether measures will bring solutions to the problems and challenges identified.

Improving the administrative capacity is given continuous attention and a regulatory frame on the elaboration, adoption and presentation of public policies has come into force. The monitoring

guide for public policies has been elaborated and the 2008-2013 strategy for better regulation within the central administration has been finalised and approved by the Romanian Government in September 2009. Training courses for the ministerial staff included impact analysis / evaluation and reducing administrative costs. Improved administrative capacity to plan, monitor and assess policy impact (the institutional reform of the Ministry of Labour, Family and Equal Opportunities views the set up of an integrated informatics system and simplified formalities through further changing / adapting the legislation) is to be reflected into more efficient social policies to reduce poverty and social exclusion.

The National Reform Programme places special emphasis on increasing the quality and efficiency of public services. Increased transparency and access to information is also of benefit for vulnerable groups increasing their access to information and counselling with regard to obtaining identity documents, getting a self-employed certificate, starting a business etc.

Except for the labour market section that explicitly refers to employment as a solution for the social inclusion of disadvantaged groups (although, the focus still is on labour supply rather than on the quality and diversity of job offers) the links between economic and social policies are rather assumed than clearly stated. Improved management of the general budget, enhanced administrative capacities of both central and local authorities and provision of public services are to be of benefit for everyone including the poor and excluded.

In the period 2000 – 2006, Romania had an economic growth at an average of 5 to 6 percent per year. In the first 6 months of 2008, the GDP growth was 8.8%. For the next 3 years, the economic growth is to continue at an average of 5%. The international financial and economic crisis may trigger negative effects for the Romanian economy. These effects result in increased prices of fuel, energy, goods and services for the population, especially for those on small incomes. The NRP does not include specific measures to counteract a potential slowdown of economy or increase in prices, but generally, the social benefits are periodically indexed in accordance with the inflation rate and financial support is provided for persons living on small incomes to help them cover the heating costs during the cold season.

The IRNRP does not make specific referral to the NSRSPSI, though most policies to address active inclusion of disadvantaged groups are reiterated. The NRP places emphasis on employment and lifelong learning opportunities for the vulnerable groups identified by the NSRSPSI active inclusion measures whilst both in the IRNRP and NSRSPSI detailed measures to help those that cannot work are quite absent. Moreover, the lack of evidence (impact studies, progress indicators) to show how the mixture of minimum wage provision, tax facilities and various family benefits succeed in getting those in work out of poverty makes it difficult to assess the effectiveness of the feeding-out and feeding-in process.

## **B.2. Feeding out**

### *B.2.1. Employment and feeding out*

Employment appears to remain the main element to produce social inclusion in the IRNRP. Within the context of implementing the **flexicurity** principle, the priorities for Romania view lifelong learning and implementation of activation policies on the labour market.

The term 'flexicurity' was first included in the National Reform Programme – Lisbon Strategy 2006. The four policy components – flexibility of the labour law, lifelong learning policies, active labour market policies and social security system – are rather at a 'descriptive' stage and need to be further developed in an integrated manner.

Passive labour market policies are more and more supported by active measures. After successive amendments (2003, 2005, 2006) the new Labour Code is now into force. While keeping the base level for the unemployment benefit to 75% of the minimum wage, the newly enacted changes supplement this basic amount with a sum differentiated in accordance with the contribution period of the beneficiary. However, the amounts provided are not large and the average unemployment benefit does not go over the minimum salary.

The new legal framework offers a broader range of active labour market policies that comprise training programmes, employment subsidies aiming at encouraging employers to hire individuals from various vulnerable groups considered as marginalised or disadvantaged on the labour market, temporary employment for community work, counselling, job fairs, incentives to stimulate territorial mobility of the labour force, subsidised credits for employment generation.

**Job creation** mainly views subsidised costs for the employers hiring persons belonging to vulnerable groups, mostly young unemployed and older workers. The policy to subsidise jobs for vulnerable groups has not proved its viability at least in the case of youth of whom many prefer to go abroad looking for better paid jobs rather than stay and work for a minimum wage. Although included in the general measures, the long term unemployed and especially the high number of unpaid workers in the agricultural sector need to be given individual and consistent attention (including clear targets and progress indicators).

#### **Adequate income from work**

Romania has a system for setting up the national minimum wage as well as alternatives to establish / negotiate financial compensation for the loss of employment. Periodically, the reference basis used in calculating the national minimum wage is resized, as a basis for negotiating the collective employment agreements. The minimum wage is intended to reduce poverty and income disparities, to protect the low productive workers. However, in Romania the level of the minimum wage only provides a basic safety net against poverty and indebtedness and many workers earning the minimum salary have to rely on additional benefits (financial aid to cover heating costs during the winter, complementary family allowances). In addition, the difference in the living standards between employees earning the minimum salary and those living on social / unemployment benefits is not significant and some still prefer dependency on social aid to getting employment. On the other hand, the introduction and increase of the minimum wage might represent a burden to employers who might decide to fire those workers whose productivity would not reach the minimum wage.

#### **Reconciliation of work and private life**

The NRP contains the reconciliation of work and family life among policy measures without placing particular emphasis on this issue. However, the new Labour Code introduces regulations for atypical forms of work for the first time. The new forms of employment contract regulated by the Labour Code include temporary agency work, part-time employment, employment on fixed-term contracts and home-based work. The impact these measures have on reconciliation of work and family life is still to be seen.

Policy measures have also been adopted to revise the leave and benefits system for pregnant women and new mothers, including the move from maternal to parental leave, which now allows both mother and father to take up the childcare leave. Other measures view the development of child and dependent care services; though, the affordability and accessibility of these services is still subject of debate.

However, the low level of income earned by the majority of Romanian workers places the issue of spare time low on the priority list and many workers are constantly seeking new sources of income, either by taking a second job or by working overtime at their main job. These are common features of working time patterns in Romania and imply a very specific perspective in terms of balancing work and family life. Moreover, the relatively low level of household income in Romania often precludes access to specialised services for the care of dependent persons, thus affecting the balance between time dedicated to one's professional life and to the family. Therefore, the majority of Romania's population do not have the necessary income allowing them to use their spare time for purposes other than preparing food at home, cleaning or doing other type of house work; moreover, insufficient financial resources prevent them from receiving other paid services for personal care and household cleaning and maintenance, or for care of dependent members.

### **Older workers and active aging**

The policy measures contained in the IRNRP address older workers among other groups, though more specific and targeted programmes would be needed to ensure their effectiveness.

Data from the National Statistics Institute show in the second quarter of 2008 there were 5,700,769 retired people in Romania with an average pension of 547 lei. Out of those, 5,684,885 persons benefit from social insurance 2,214 are social aid beneficiaries and 13,670 are on pensions as war disabled veterans and widows. In Romania, there are pensioners retired on age grounds and quite many pensioners retired for medical reasons, who in fact work in various domains. Overall, about 10% of the pensioners are still active and are employed either through a full time or part time work contract. Another category of pensioners, especially retired women, perform certain activity for individuals or families such as housework, babysitting etc. Other groups of retired people with higher or medium education run activities in consultancy, accounting, sales, insurance and education (collaborating with universities or teaching private lessons). Many retired people coming from the army and police where the retirement age limit starts at 40 years are to be found working in the protection and security services.

The labour force shortage starts to be felt in many sectors including construction, tourism, or textile industry and some companies find it profitable to employ retired people since they accept lower wages and agree to be paid off the books (as they already have their pension). The number of companies that value the experience of an older person is low and more targeted policies could help in remedying this situation.

McDonald's Romania has started implementing a coherent strategy for attracting elderly employees. The campaign addresses those who are able to work and want to gain some extra money on top of their pension. Information leaflets on work opportunities are to be found in any McDonald's branch and are also sent directly to the pensioners when they collect their pension. The salary is set according to the number of hours each person works (based on individual choice) and there is no discrimination between elderly employees and younger ones. The company openness towards hiring elderly people is due to social reasons and not necessarily because of the shortage in the labour force.

The IRNRP includes quite many actions to support the development of **Small and Medium Enterprises** through adapted regulatory framework or financial support; though, access of the socially excluded groups is not specifically mentioned. However, some smaller scale income generating projects for vulnerable groups (Roma / rural communities) proved to be successful and could benefit from coordinated support, thus contributing to social progress and economic development.

The main objectives of the labour market policy remain employment growth and unemployment reduction. These objectives together with improved transport and communication infrastructure, better functioning of the energy and gas markets etc. are well-matched with and support the social inclusion progression though, stronger connection between economic policies and social effects on those at risk of social exclusion would help in raising general awareness and contribution to reducing inequalities.

### *B.2.2 Economic growth, financial sustainability and feeding out*

The NRP includes actions to increase the sustainability of the **public finances**, to improve efficiency in administering the budget revenues and ensure tax collection, which are intended to secure the social insurance / pension funds. The measures to increase the system transparency by allowing direct access of contributors to their own fiscal account, improved information and support services for contributors are to be of benefit for all including the socially excluded that are not explicitly mentioned as potential beneficiaries.

Starting with 2002, the **fiscal policies** viewed constant reductions in the contribution rates for all social protection schemes. In 2005, the Romanian government abandoned the progressive income taxation system for a flat rate of 16% income tax that was first applied to salaries and then was gradually extended to all types of income. The introduction of this tax system was expected to surface undeclared work and increase the job-generation capacity of enterprises. The combination between lower contribution rates and a flat-rate income tax is considered to have reduced the costs of hiring and to have had a positive effect on security, but some trade unions express their doubts concerning the benefits for those on low incomes.

Policies to reduce **territorial differences and regional gaps** are given special attention in the NRP. Improving infrastructure (mainly transport and communication, including Informatics technology) is certainly going to increase access of the excluded groups to goods and services (health, education, employment, justice) and reduce disparities between rural and urban areas, though the policy links and their social effects are not clearly indicated.

In addition, the **liberalisation of the energy markets** is given special attention in the IRNRP again, with no visible connection to social aspects, although social assistance measures are in place to support individuals and families on small incomes (i.e. financial aid to cover the heating costs during winter months). The privatisation of other formerly state owned sectors and the development of competitive markets while expected to feed out towards the social objectives of increasing 'access to rights, goods and services', in many circumstances, instead of reducing charges for these services led to an increase in prices making access of the poor and socially excluded even more difficult (including access to private professional services such as lawyers / legal advice, notary's, health, transportation, communication etc.). The IRNRP contains actions to strengthen the capacity of the National Competitiveness Council that eventually, are to bring solutions to these issues.

The NSRSPSI views measures to support the access of excluded groups to Informatics Technology (i.e. financial support for students on small incomes to purchase a PC) and reduce rural-urban disparities in accessing modern communication technology. The IRNRP planned measures to develop the modern communication networks make no special reference to persons experiencing poverty and social exclusion; however, a project of the Ministry of Communications and Informatics Technology launched in 2007 is to develop Internet services via wireless technologies and provide flexible services to allow internet connection in public areas for the population.

The Government of Romania concentrates (through the National Authority for Scientific Research) on implementing the objectives of the National Strategy for research, technologic development and innovation as 'main sources generating economic competitiveness and welfare on a social level'.

**Financial inclusion** is not given special consideration in the IRNRP; though, currently many employees get their monthly pay via individual bank accounts opened by the companies they work for. Accessing credits (especially for consumer goods such as domestic appliances) has been a practice largely promoted by the banking sector in Romania and most people make use of such services. In the bank records there are many circumstances when people fail to pay their monthly instalments. Generally, individual bank policies set certain income levels below which access to a bank credit is not possible and this obviously denies access to this type of services for the most poor and excluded.

The NRP contains almost no mention concerning access to housing for those experiencing poverty and social exclusion. Housing is one critical area that needs special attention when talking about the provision of integrated support for social inclusion.

### **B.3. Feeding in**

Policies and measures developed in the context of the 2008-2010 NSRSPSI are taken into account in the NRP, still a clear strategy on how the two processes are mutually reinforcing is missing. While explicit cross-references are not made, implicit links and common approaches between the two processes are there and some awareness exists on how policies to promote social inclusion can contribute to the achievement of growth and jobs objectives. The complementarity of planned activities refers to target groups (e.g., Roma people, people with disabilities) or areas of activity / objectives (i.e., reconciling family and work responsibilities, which would consequently lead to increased employment for many women, investment in education which enhances the chances to access a job). A significant area of common action of both social inclusion and employment policies are the measures for reconciling family obligations with employment.

The IRNRP does not make explicit references to the challenges identified for Romania in the 2007 Joint Report on Social Protection and Social Inclusion, but the proposed policy measures address most of these challenges (i.e., the extent of informal economy, the employment in subsistence agriculture, the quality of human resources, the insufficient development of social services, the obstacles for vulnerable groups in accessing labour market, services and resources).

One of the NRP objectives is to develop a social protection system that promotes the **active social inclusion**. In this respect, the priorities view:

- continuing the institutional development of the social assistance system by ensuring an integrated system for monitoring and managing payments and improving the analysis capacity concerning policies to address poverty and social exclusion in Romania;
- ensuring a balance between the family obligations and career development;
- promoting measures aimed at reducing dependency on the social assistance system;
- supporting initiatives dedicated to the Roma social inclusion

A clear analysis of the contribution that active inclusion policies can make towards greater economic and employment growth is not so evident in the NRP. However, there is an implicit recognition of the importance of active inclusion policies that support adjustment to the labour market, ensure an adequate income and promote access to high quality social services.

Brief mentions in the IRNRP are related to the **gender dimension** (i.e. integrated measures for ensuring equal opportunities for women and men and eliminating discrimination on the labour market). Social policies view the development and diversification of childcare service provision, thus ensuring support for women / single mothers to return to the labour market.

The contribution of the gender equality and **anti-discrimination policies** to growth and jobs are not highlighted in the IRNRP, though the described actions play an obvious role in improving the labour market participation for vulnerable groups (e.g. setting up information and counselling centres for persons with disabilities, programmes targeting Roma inclusion on labour market, personalised service packages according to the clients' characteristics).

The IRNRP places special emphasis on policies aimed at improving the educational system, as an important element in the context of greater social cohesion. The **education and training policies** benefit from increasing funding allocated to this sector (from 3.9% in 2005 to 6% in 2008 and 2009). The measures aimed at improving the educational system are concentrated on:

- ensuring equal access to education and preventing early school leaving;
- improving the quality of education;
- developing experimental firm networks aimed at improving the entrepreneurial capacity of children and students;
- continuous training for the teaching staff;
- increasing access to informatics technologies within the educational system;

The early school leaving is recognised to produce negative effects as regards the capacity of young people to participate in lifelong learning and to get jobs on the labour market. The most exposed groups are the vulnerable groups (i.e. Roma communities, people living in poor and/or rural communities). According to the data provided in the IRNRP, the school drop out rate is increasing (three times higher for the elementary school and four times higher for the secondary school in 2007/2008 compared to 2000/2001). Causes for the early school drop out include poverty and social disadvantage and integrated policies are necessary to reduce the phenomenon.

A positive development is the recognition and promotion of **life-long learning** as important for the social inclusion of the most vulnerable. PHARE programmes (2004-2006) were aimed at the set up of the national system of qualifications in initial and continuous training with new institutions being already established (*the National Council for Adult Professional Training, the National Authority for Qualifications*).

The coverage of **child and family poverty and social exclusion** across the IRNRP and NSRSPSI is quite limited and indirect, which is at least surprising, as much as there is a strong link between the parents' educational and employment status and the child and family poverty. However, families are supported in caring for their children through various measures aimed at developing the social and educational services (e.g. crèches, day care centres, 'parent school', baby-sitting services). More focused action in terms of activation of the single parents and families, beneficiaries of social assistance and increasing the family income would have a significant impact in further reducing child and family poverty.

One aspect that may be identified as being given considerably less emphasis in the IRNRP as compared to the NRSSPSI is the **social economy** (even if the NSRSPSI dedicated an important chapter to the development of the social enterprises, especially as a measure targeting the active inclusion of persons with disabilities).

Although interaction between the social and economic policies is more or less assumed, the NRP contains very few arguments to illustrate the mutually reinforcing policies and ways in which social inclusion policies can feed in the growth agenda.

#### **B.4. Governance**

Romania continues efforts to improve the administrative capacity at both central and local level to elaborate and implement public policies and to monitor the policy operation. A 2008-2013 *Strategy for better coordination at the level of central public administration* has been elaborated. An inter-ministerial working group coordinates the strategy implementation. In order to consolidate the territorial development and cohesion, *the Strategic Concept for the Territorial Development of Romania* has been elaborated.

The IRNRP does not make explicit connection with the NSRSPSI in terms of coordinating the preparation process for the two documents. The core links between the social protection and social inclusion process are rather implied than clearly stated in the IRNRP. However, a linkage exists given that most of the proposals contained in the NSRSPSI have been integrated into the IRNRP.

The National Trade Union block criticised the option to discuss the National Reform programme at the level of each ministry which led to a lack of coherence as propositions concerning the labour market policies cannot be made without taking into account the plans concerning the macro-/micro-economy policies, in other words the Lisbon strategy components.

Improving the budgetary planning and execution is to be intensified, among other measures, through the Institutional Strategic plans elaborated by ministries that are to give increased consideration to the balance between the specific public policies / programmes and the allocated resources. These plans are to be used as basis for drafting the general budget for the coming year.

IRNRP focuses on building Romania's capacity to absorb the structural and cohesion funds. Staff in specialised institutions benefit from training and the government, local communities and the private sector work closely to enhance their capacity to design, implement, and supervise programs and projects that are to be financed from the structural and cohesion funds.

#### *B.4.1. Monitoring and assessment*

Monitoring the impact of economic and employment policies on social inclusion policies and respectively, of the social inclusion / social protection policies on economic growth, remains rather limited and certainly needs further development.

However, some positive changes are noticeable. In May 2008, the **Lisbon Committee** was set up with a role to ensure the monitoring of IRNRP. The Committee members are state secretariat representatives of central authorities (among others, the Ministry of Labour, Family and Equal Opportunities, Ministry of Education, Research and Youth, Ministry of Public Health, Ministry of Justice, Ministry of Development, Public Works and Housing). The General Secretariat of the Government has drawn up a guide for monitoring the public policies. Specialists in the ministries participated in training sessions on policy impact analysis and evaluation techniques. The monitoring units at the local and county level are using new standards of quality and performance indicators for monitoring the public services quality. Most programmes include impact monitoring and evaluation elements to measure the progress of implemented measures. The Research and Development section in the IRNRP Action Plan also contains references concerning the elaboration of a single monitoring system for all the programmes and projects comprised in the 2007-2013 Strategy. In July 2008, the Directorate for General Interest Services within the Ministry of Interior and Administrative Reform launched the project on "Developing a monitoring system for performance indicators in the public utilities community services" (the project is funded through the Sectorial Operational Programme on Developing the Administrative Capacity).

#### *B.4.2 Involvement of stakeholders*

The NRP revision has been made under the coordination of the European Affairs Department of the Romanian Government, based on contributions of all ministries and institutions, members of the **Lisbon Strategy Working Group**. In March 2008, the European Affairs Department launched the inter-institutional consultation process in order to revise the NRP according to the European Commission country recommendations and those made by the 2008 European Spring Council. The **Lisbon Strategy Working Group** elaborated the first version of the 2008 Action Plan for the revised IRNRP which was adopted by the Romanian Government and posted on the External Affairs Department website for public debates.

There is little or no evidence in the IRNRP preparation arrangements concerning the mobilisation and consultation of the stakeholders in general and of the social partners, in particular (i.e. social services providers, NGOs and civil society). It appears that, except for the central authorities departments, the only partners involved in NRP revision were the members of the Social Dialog Commissions within the ministries (trade union and employers representatives recognised at national level). More media involvement in the process would have brought the IRNRP to the attention of the general public and it could have benefited from broader debates and suggestions for improvement.

However, The National Observatory for Employment and Training subordinated to the Ministry of Labour, Family and Equal Opportunities organised, in November 2007, a debate on the topic of 'flexicurity'. The members of the National Observatory are representatives of relevant public institutions, representatives of employers and trade unions, representatives of the business and academic circles, but also non-governmental organisations. In May 2008, the European Commission Representation organised a round table with the aim to consult the Romanian civil society representatives regarding the modernisation process of Romania based on the elements stressed by the European Commission in the specific country recommendations on IRNRP.

As a conclusion, the involvement of stakeholders remains at low levels as long as people experiencing poverty and social exclusion and those representing them are not systematically consulted. In addition, the local authorities' participation is mainly restricted to the policy implementation stage and not of a nature to support the transfer of competencies at local level.

#### *B.4.3 Coordination*

Separate bodies have been established for the preparation of the IRNRP and the NSRSPSI and it seems to be a lack of formal linkages between those responsible for the growth and jobs process and those coordinating the social protection and social inclusion process. However, the Ministry of Labour, Family and Equal Opportunities as the national coordinator of social inclusion policies and responsible for the proposed objectives, as well as for the monitoring and assessment of the NRSSPSI is one of the members of the Lisbon Committee and can strongly contribute towards linking the two agendas.

Coordination in bringing together the economic, employment and social policies is still weak though, positive steps are made in various areas as concerns the macroeconomic goals (such as financial sustainability and improving the management of governmental expenditures) and the social objectives (such as improved sustainability of the pension system).

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