



Romania

Trends, Recent Developments, “Feeding in” and “Feeding out”

A Study of National Policies

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Summary

The Implementation Report of Romania's National Reform Programme (2007-2010) reflects the progress made in achieving the objectives set by the revised Lisbon strategy. The report shortly follows the National Reform Programme (submitted to the European Commission on July 25th, 2007) and has been elaborated under the coordination of the European Affairs Department with contributions from all ministries and institutions within the Working Group for Lisbon Strategy, focusing on four main areas of intervention: public administration, macro-economy, micro-economy and labour market.

The Report illustrates how Lisbon priorities including additional components of economic reforms (some related to the transition period such as industrial restructuring, promoting investments) are combined with social measures covering a multitude of areas and complex changes taking place in Romania.

Progress is noticeable in all areas both economic and social, though given concomitant actions of decentralisation, administrative capacity building and institutional restructuring with continuous legislation amendments / additions and new institutions being set up, the implementation follows an uneven pace and more time is needed to talk about an effective implementation of recent policy developments in Romania.

A number of issues are still at an early implementation or even preparation stage with rather general statements indicative more of objectives and / or desired outcomes. Yet, clarifying the order of priorities, implementation criteria, more defined distribution of responsibilities and limit terms would be beneficial in avoiding eventual overlapping and help in close monitoring and making necessary adjustments to ensure positive results in terms of both economic growth and social inclusion.

Eliminating urban and rural disparities, improving productivity and developing alternative employment in rural areas are dealt with as high priorities as nearly half of Romania's population are living in rural areas and more than a third of the labour force are employed in agriculture (of which many still experiencing poverty and social exclusion).

Romania's priority objective to develop industrial and economic competitiveness follows the way towards Lisbon message of reaching a knowledge based economy with efforts also directed to strengthening the role of the regions in the country development.

Quite many actions and programs refer to support for small and medium enterprises (including fiscal and administrative facilities) along with stimulating / developing research-innovation in view of positive economic and social perspectives. Research and innovation as well as other related activities are important to be backed up by more specific measures, preferably a combination of both state and corporate investments based on commonly agreed or conditioned (mainly in the case of public funding) socio-economic priorities and final results.

Ongoing actions in the direction of economic growth and social inclusion by increasing employment / lowering unemployment rate and ensuring flexibility of the labour market (i.e. by reduced labour taxation, increase in wages, social assistance / security payments, subsidies, etc.) though expected to increase GDP input, require reinforced interaction between social and

economic strategies with equal consideration to designing realistic options whilst maintaining the budgetary balance. More emphasis on synergies between active measures, social protection and importantly, diversifying support services to help the most vulnerable both into and outside the labour market remains a challenge applicable to all areas of intervention. Further development of integrated support services (health, education, housing, employment) need not be overlooked as essential ingredients in empowering individuals to become productive members of society thus contributing to social inclusion and growth.

The Implementation Report on the National Reform Programme contains actions to encourage entrepreneurship (fragile in Romania despite improvements and simplification of business circumstances). In order to ensure these actions contribute to the common objectives of growth and social inclusion they need to be broadly promoted in all areas with entrepreneurial potential (technical, economic, humanistic) including pre- and university levels, possibly attracting Romanians now working abroad by information on investment opportunities, facilities and / or tax incentives and training prospects.

Same as most European countries Romania has to cope with demographic issues and addressing the pressures on the labour market and their effects (i.e. massive numbers of people exiting the labour market following the restructuring process through collective dismissals, early retirements). Intensified actions need to consider more specific measures and corrections adjusted to individual needs to encourage the extension of active life or / and early employment such as increasing flexibility of the education system, expanding distance-studying by developing e-learning, diversifying the professional offer (including that of post-university studies), introducing new professions according to labour reinsertion demands, flexible procedures for recognition of qualification (including on basis of professional experience).

Further harmonisation of general and specific policies to be implemented (human capital, research, innovation, entrepreneurship, environment and sustainable development) and how they are correlated and mutually supporting remain key challenges for ensuring progress is made, as much as the process involves coordination of a multitude of concurrent programming / policy documents (i.e. National Strategic Reference Framework, National Development Plan, National Reform Program, National Research, Development and Innovation Strategy, Industrial Policy Strategy, National Export Strategy, National Social Inclusion Strategy, National Strategies in the health and education sectors, etc.).

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1. The implementation report of Romania's National Reform Programme

The Implementation Report of Romania's National Reform Programme (2007-2010) reflects the progress made in achieving the objectives set by the revised Lisbon strategy. The Implementation Report shortly follows the National Reform Programme (submitted to the European Commission on July 25th, 2007) and has been elaborated under the coordination of the European Affairs Department with contributions from all ministries and institutions within the Working Group for Lisbon Strategy focusing on four main intervention areas: public administration, macro-economy, micro-economy and labour market.

In the main, Romania's macro-economic indicators follow positive trends (with increasing economic growth rates in recent years, the consolidation of the financial system, disinflation, lower unemployment rates), still consistent effort is needed to catch up with average EU levels, concomitantly securing social cohesion and stability and ensuring that growth and more and better jobs reflect into greater social inclusion for the most vulnerable.

The main strategic objective for the period 2007-2013 remains strengthening social cohesion by economic development and improving the administrative system with actions to boost economic competitiveness, diminish social and regional disparities, increase efficiency in using social and economic resources.

1.1. Addressing Lisbon recommendations

The report presents actions taken to reach the objectives established through the revised Lisbon strategy, with six priorities of the reform being established to fit the specifics of the Romanian economy on basis of the Integrated Guidelines adopted by the Spring European Council (2005):

- improving the administrative capacity;
- improving the quality and management of governmental expenditure;
- improving the market functioning;
- continuing to improve the business environment;
- increasing employment and participation on the labour market;
- improving the quality of life by sustainable management of resources and diminishing the effects of climate changes.

1.2. Developments on flexicurity

Recent amendments and additions (Law nr. 94/2007) to the legislation concerning the Labour code focus on making labour relations more flexible and reducing administrative pressure on employers by:

- loosening restrictions for the conclusion of individual fixed-term work contracts;
- regulating new forms of employment by way of part-time work, temporary work or 'work at home' type of contracts;
- increasing flexibility of procedures for individual and collective dismissal, and guaranteeing employees' rights in the event of such dismissals;

- simplifying the employee record procedures.

Promoting an integrated approach to flexibility and security on the labour market is to keep unemployment down whilst continuing industrial reform and includes measures to:

- further increase the quality of employment and job security by improved health and safety conditions whilst creating opportunities for lifelong learning and providing people with diverse choices;
- boost businesses (support for small and medium enterprises) in order to increase productivity and flexibility on the labour market.

2. The implementation report from the perspective of social inclusion

As regards social policy, Romania is to focus its efforts on the three priorities set down by the revised Lisbon Agenda: attracting and keeping more people in employment, improving the adaptability of businesses and workers, and increasing investment in human capital in order to improve its quality.

Policies and actions to address demographic and migration issues, social exclusion and related aspects such as education and public health will ensure convergence with the objectives of the Strategy for Sustainable Development.

2.1. Feeding-out aspects

This section shows how the Lisbon process is feeding out to advance and support the social cohesion / inclusion goals.

2.1.1. Promoting social cohesion and economic growth

The national plan and priorities for Cohesion policy 2007-2013 was agreed upon by the European Commission and Romania in June 2007. In the National Strategic Reference Framework, Romanian authorities describe how they plan to use EU funding worth 19.21 billion Euro (over seven years) in line with the Lisbon agenda including priorities, list of operational programmes and indicative annual allocations. In order to achieve the objectives of promoting economic growth, job creation, strengthening human capital and ensuring balanced and harmonious development of the country including the reduction of regional disparities (with emphasis on research, innovation and technological development, the information society, environmental protection, renewable energy sources) the Romanian strategy contains a strong commitment to promoting investments in human resources in line with the European reform agenda to create more and better jobs in order to boost employment and promote social inclusion.

2.1.2. Ensuring adequate income from work

Labour legislation includes provisions on a minimum wage (390 lei in 2007, approximately 130 Euro).

The minimum wage in Romania is defined by government decision. Though, in the last years, the minimum wage established by government decision differed from the amount negotiated by the social partners (which in turn, contained different values depending on the qualification level of the employee).

As regards the minimum wage level, according to Eurostat data, Romania occupies the one but last place, before Bulgaria, among member countries of the European Union (with 114 Euro in 2007). Talking about the purchasing power, Romania is positioned on the last place and also on the last place as concerns the minimum wage as proportion of the monthly gross average wage in industry and service sector (32.6%, 2005).

With respect to the minimum wage level, nationally representative trade union confederations have constantly maintained the idea that it lacks realistic economic and social grounds pointing to the fact that the government fails to regularly update the consumer's basket of prices which in actual fact goes closer to the gross monthly average wage per economy. According to the trade unions, the current request for a minimum wage of 700 lei (~206 Euro) is the equivalent of the minimum consumption basket in Romania. Trade unions claim "decent wages", emphasising that "after 1993, labour productivity has increased over 10 times, while the real minimum wage has only increased three times". "Small wages, constantly growing public utilities costs, which each time, bring about a chain reaction of increased prices of the bare essentials, the loss of jobs, a healthcare system on the verge of collapse" are reasons for concerted actions of the trade union leading representatives.

The national trade union confederation supports the European thesis that employment is the best way for social integration and out of the poverty and social exclusion risk; it also has to be recognised that being employed does not necessarily offer protection against poverty, as much as the situation does not refer to the absolute level of income that a single person obtains. Rather, it refers to the overall income of a household – in which at least one person works – in relation to the number of people dependent on that household income.

On the other hand, the National Bank Governor draws the attention towards the fact that the monetary policy of the institution he leads must be helped and supported by the wage and fiscal policies of the Romanian Government: "It is impossible to have a long term inflation rate under 10% when the salaries grow with rates well above 10%", said the Governor in an interview for a news agency.

Additionally, over the last two years, Romania had to cope with pressures as result of a labour force deficit caused by an increasing number of active workers going to other countries in search of higher earnings. Adjusting the minimum wage level could be a means to encourage those intending to leave the country for work purposes to stay.

In Romania the percentage of people on minimum wage or close to it (and most likely recipients of social protection benefits) remains high compared to those on average earnings or above. An analysis on Quality of work and employment in Romania published by the European Foundation for the Improvement of Living and Working Conditions, 2007 shows that according to

the annual 'Survey on the distribution of employees by wage groups', conducted by the National Statistics Institute in October of each year, employees can be grouped according to their gross monthly wage, as follows: in 2005, about 23% of the total number of employees (or 21.5% of male employees and 25.2% of female employees) received a wage either equal to or below the minimum gross wage.

Employees receiving wages that are equivalent to between one and 1.25 times the minimum wage represented 11.9% of the total number of employees in 2005. At the same time, 37% of employees in 2005 reported that they received a monthly income of between 1.26 and 2.5 times the minimum wage. Some 27.3% of personnel in 2005 cited receiving a gross income of between 2.6 and 12.5 times the minimum wage. Finally, between 0.7% and 0.8% of employees earned a gross wage of more than 12.5 times the minimum wage.

The minimum average gross wage was found in agriculture, amounting to 131 Euro.

2.1.3. Targeting job creation at vulnerable groups

Romania's labour market is confronted with a relatively high inactivity rate, high unemployment among persons aged 15-19 and 20-24, high level of early retirement from the formal labour market, and a significant level of employment in the agricultural sector, with undeclared work in addition to that.

Along with a policy-mix including enhancing the flexibility of the labour market, encouraging entrepreneurship and increasing support for small and medium enterprises, improvements in the education system and training opportunities, measures to increase employment also need to consider the challenges posed by the structural nature of joblessness due to skills mismatches and unwillingness to relocate or retrain (particularly relevant for those who stayed out of the labour market longer).

Starting from 2001, Romania initiated actions to shift employment policies from passive to active measures in line with the European Employment Strategy recommendations, aiming to produce positive effects on employment, in quantity same as in quality. Data of the National Employment Agency show the amount of expenditure for employment active measures, as share in total expenditures for unemployment insurance fund, multiplied 10 folds since 1998 and the number of unemployed in re-qualification programs has increased by 45% in 2005 compared to 2004.

Concern for progress in the field of quality of work and life which somehow became secondary to the efforts required to ensure a maximum level of employment in an ever-shifting economy in Romania (along with the transition, industrial restructuring and efforts to catch up with the transposition of *acquis communautaire*), is now addressed by revised legislation and practical arrangements. Issues remain in terms of the period of time required for these changes to be implemented and for progress to be transformed into daily practice.

Measures adopted at national level to implement the Joint Inclusion Memorandum and also in compliance with the European Employment Strategy include:

- National Employment Strategy 2004-2010;
- National Action Plan for Employment (2002-2003, 2004-2005) 2006;
- Joint Assessment Paper on Employment Policies (04.10.2006);
- Continuous Vocational Training Strategy 2005-2010;
- Strategic Plan for Social Inclusion (and National strategic report for social protection and social inclusion);

- National Development Plan and National Reform Programme;
- National Strategic Reference Framework 2007-2013 – Sectoral operational programme for the development of human resources;
- Integrated guidelines for growth and jobs (2005-2008).

The Employment and Professional Training Observatory has been set up (Order of the Minister of Labour, Social Solidarity and Family nr. 564/2006) and developments on the labour market are subject of recent publications including:

- (31.05.2007) Report on the “Current issues of the Youth in Romania” - National Employment and Professional Training Observatory;
- (27.02.2007) First Report of the National Employment and Professional Training Observatory;
- (30.11.2006) Impact Study on the Liberalisation of the Labour Market in Romania;
- (14-15.11.2006) Evolution of Occupations on the Romanian Labour Market – 2010 Perspective.

Key priorities for increasing participation in the labour market and promoting the quality of employment include:

- ensuring a functional labour market favouring job creation, reducing informal work and promoting competitiveness by ensuring adequate support for businesses and workers in the process of economic restructuring / adjustment to new technologies;
- improving access of vulnerable groups on the labour market by improving the quality of employment services and participation in active employment measures, adjusting active employment measures to individual needs and, particularly by
- bringing the education and training system closer to the labour market demands.

The measure adopted by the government to establish and maintain the flat income tax (2005) has had positive effects including reductions in the percentage of undeclared workers (during 2006, the situation of around 150,000 workers was clarified). Further reductions in taxes on labour are expected to promote job creation, increase employment and prevent work on the black market.

In order to better address the labour market and demographic changes, special support to enter the labour market and maintain their jobs is directed to: young people (aged 15-24), older workers (aged 55-64), rural residents, Roma, people with disabilities.

Legal provisions exist for persons who accept to work at a certain distance from their residence (thus encouraging mobility of the labour force), and also for subsidised jobs for both young graduates and persons over 45-50 years of age.

Funding from the unemployment insurance budget is used to finance vocational training for unemployed persons, as well as other categories of people, as stipulated by law. Though various funding resources exist, vocational training offers limited choices and reduced accessibility. Financing sources for Continuous vocational training include employers' own funds, public funding, sponsorship, donations, external sources and taxes obtained from programme

participants. Current legal provisions also view tax measures to support on-the-job professional training and activities related to the vocational training of adults (as per Fiscal Code and related regulatory documents) or value added tax exemptions, both for public and private training providers. Additionally, income obtained from independent activities is subject to the deduction of expenses up to a limit of 5% of the gross income obtained, for the professional training of both taxpayers and their employees (including participation in congresses or professional meetings). Similarly, employer's expenses for the vocational training of employees are tax exempt. Up to 2% of individual / company annual income tax may be directed to NGOs providing vocational training services.

The unemployment rate for young people stood at 19.7% in 2005 (International Labour Organisation data). Of the 210,300 unemployed 15-24 year-old, 162,100 had never had a job. The long-term unemployment rate for young people was 13.1%, (with 18.2% in urban areas by 9.5 points higher than in rural areas).

Short- and medium-term actions to promote **youth access on the labour market** include:

- facilitating the transition from school to work, by reorganising / re-adapting and extending information and advisory centres for youth on career guidance (i.e. opportunities and risks on the job market);
- promoting apprenticeships as an alternative for young people with poor education and no qualifications;
- strengthening links between education and professional training by encouraging mixed partnerships;
- developing non-formal education/training alternatives to support individual initiatives;
- implementing existing legal provisions to boost employment of young people (lower unemployment insurance contributions, wage subsidies, recruitment premiums, vocational retraining schemes, loan facilities for students to start a business);
- focusing on the situation of young people with former special protection history through special socio-occupational integration programme.

The 2008-2010 national programme to promote youth employment aims to improve the administrative capacity of public and social partners in designing employment measures targeted at young people, increase the efficiency of measures to attract young people into work and raise public awareness of the challenges resulting from the unstable situation faced by young people on the job market.

Measures to promote **employment of older workers** view reduction of contributions to the unemployment insurance system, subsidised wages and actions aimed at extending working life viewing a gradual increase of the retirement age for men and women (age 65 respectively 60), eliminating barriers to remaining into work for those eligible for retirement.

Prevention of early retirement is also addressed by reassessment of the eligibility criteria for early retirement and invalidity and identifying alternatives to extend active life.

Amendments to legislation are expected to create **employment** alternatives for many **rural residents** now counting as employed in agriculture (statistically these persons appear as employed / occupied in agricultural activities, though in the absence of an official work contract and without any contribution towards social insurance).

Integrated measures targeting rural areas and people engaged in agriculture view:

- improving infrastructure in rural areas to help increase labour force mobility;
- promoting economic structural changes in rural areas in view of transition from subsistence farming towards a modern agriculture;
- developing the service sector to increase employment opportunities;
- promoting adult education options and ongoing vocational training programmes by ensuring financial support.

The 2006-2013 national strategy and national interest programmes for **people with disabilities** view the protection of rights, labour integration and social inclusion of people with disabilities by promoting equal opportunities and fighting discrimination. There are still numerous aspects to be solved in terms of addressing accessibility / adaptability issues, implementation of vocational training measures, preventing discriminatory attitudes and raising awareness on the potential people with disabilities would bring into the labour market.

The national strategy for **equal opportunities for women and men** and its related action plan set objectives and actions to reduce the gender gap by facilitating women integration on the labour market, helping women access economic sectors where they are under-represented, and promoting equal access to education and training for women and men.

Free vocational training and support services are aimed at facilitating the shift from inactivity to activity on the labour market, from house-wife to employee status. The labour legislation includes wage incentives to encourage parents to return to work before the end of the parental leave (both mother and father may benefit) for child up bringing (2-3 years in case of a child with disability) and provision of crèche vouchers. Increased focus on developing community services for child and dependent care (elderly, people with disabilities) is to be added to the actions to reconcile work and family life.

2.1.4. Addressing territorial differences and regional gaps

The eight regional and local pacts for employment and social inclusion have been instituted to promote local employment capacities, enhancing labour skills, combating discrimination and promoting social inclusion for those farthest from the labour market.

With nearly half of Romania's population living in rural areas and more than a third of the labour force employed in agriculture, improving productivity and developing alternative employment in rural areas remain high priorities.

The 2007-2013 national rural development programme includes actions to support subsistence farming by facilitating a step by step transition to a competitive agriculture. Improvements both in revenues and in the living and working conditions are expected to attract young people to work in the agricultural sector. Expanding economic activities in rural areas will also help in addressing issues related to work migration as many young people have left their villages in search of better opportunities in Romania or abroad and the remaining population is preponderantly of inactive age or close to.

Investing in the development and diversification of rural areas includes:

- Improving local transport infrastructure;
- Investments in the public utility infrastructure (including the water supply system and wastewaters management);
- Supporting the local productive activities through grants, promoting business infrastructures, promoting agro-tourism at local level;
- Supporting education and vocational professional training;
- Specific measures to protect disadvantaged groups.

Though, more time is needed for the above to reflect into improved:

- Access for all rural residents to quality affordable education and health services
- Access and availability of social support services

2.1.5. The impact of social protection systems - pensions

Low employment ratios, aging population, constant increase in the number of pensioners put pressure on the state pension fund. The employee to pensioner ratio decreased from approximately 2.3 to 0.82 between 1990 and 2006. In September 2006, women accounted for 45.6% of the total number of employees and 48% of pensioners. In the same month, a gap of 35.6% was recorded between the monthly average level of the state social security pension for people of retirement age and the national average net wage. By gender, this ratio was 40.4% for men to 32% for women. Furthermore, the average pension for women was just 68.6% of the pension for men.

Public pensions are further streamlined (with recent recalculations and successive increases of the pension levels with special attention to the pensions in the agricultural sector) and complemented by privately-funded pillars and means-tested social assistance to protect the most vulnerable. Whilst efforts are made towards modernising the state pension system (chronically under-funded and inadequate), equal attention is given to developing the private pension system, critical for the long-term social welfare of Romania's workers. Private pension contributions will largely be invested through the domestic capital markets, which will provide the needed capital for investment and will help with improving and extending social services and programmes.

2.1.6. Addressing the contribution of fiscal policies

The flat income tax was introduced in January 2005. After introducing the flat income tax the Ministry of Finances established new personal tax deductions differentiated according to the salary level (with highest deduction applying to employees having to support four or more family members). Employees on lower incomes benefit from personal deductions so that their net income is maintained at an equitable level whilst for employees on higher wages taxes apply without deduction facilities (and social contributions are accordingly applied to a higher level).

Generally the flat-rate income tax reform had positive effects (including improved compliance and a reduction in the percentage of undeclared workers with around 150,000 workers getting official registration as employees during 2006) and additional steps have been made to modernize tax administration and reduce labour taxation. Despite income tax reforms, labour taxes are perceived as still high and associated with lower formal employment and growth.

Whilst trade union representatives and members of political parties claim that the flat tax system had a negative effect by increasing inequalities and propose returning to the progressive taxation, representatives of the National Council of the Small and Medium Private Enterprises are in favour of maintaining the flat income tax arguing that it simplifies tax payment / collection procedures (substantially decreasing administrative expenditure) and increases the state budget revenues thus, boosting businesses with a view to economic development, job creation and investments (National Courier newspaper, June 2007).

However, mass media reports showed an increase in taxes may be necessary following the political decisions to allocate part of the budget money towards social measures. The Prime minister motivated the intended increase in taxes by the need for more consistent budget incomes for pensions. Until recently the social insurance contribution was paid both by employee (9,5%) and employer (19,75%) for only a maximum amount up to five times the gross average wage, no tax applying to amounts above that level. Alternative measures viewed taking into account the total monthly income of an employee (including financial stimulants, bonuses, other incomes) for calculating the social contributions (The Thought newspaper, June 2007). These predicted changes went into force in July (Law 250/19 July 2007 amending Law 19/2000).

2.2. Feeding-in aspects

This section shows how the OMC on social inclusion and social protection interacts closely with the Lisbon process feeding in to employment and growth objectives.

2.2.1. *Links with the EU Social Protection and Social Inclusion Policies*

Following the model established by the European Council (Nice 2000) Romania has elaborated the National Action Plan Anti-poverty and Promoting Social Inclusion proposing short, medium and long term objectives for the period 2002-2012 (the 2002-2004 plan antipoverty and social inclusion approved by Government Decision 829/2002, chapter 6 on social inclusion of the 2004-2006 National Development Plan and 2006-2008 plan antipoverty and social inclusion approved by Government Decision 1827/2005). In line with the common objectives within the Open Method of Coordination, the document reflected the new social policy approach viewing the connection between the three types of interdependent policies: economic, employment and social.

In order to transpose the common objectives of the European Union into the national policies, within the pre-accession process, Romania prepared the Joint Inclusion Memorandum (signed on 20th of June 2005) highlighting the main policies and measures for a sustainable decrease in the poverty level and strengthening the social inclusion.

The eight Regional Plans on Employment and Social Inclusion are integrant part of the National Reform Programme submitted to the European Commission within the Lisbon strategy for economic growth and more and better jobs. Romania has eight Development Regions with the respective Regional Action Pacts for employment and social inclusion and a comprehensive coalition of partners (employers, trade unions, chambers of commerce, non-governmental organisations targeting specific issues of disadvantaged groups, church, and relevant public services such as prefect's offices, county councils, various public directorates and agencies) sharing responsibilities in promoting regional and local development by fighting unemployment and social exclusion.

2.2.2. Links to the Joint Report Challenges

In terms of promoting social inclusion a wide range of active social policies have been elaborated and mainstreamed, such as facilitating access to employment for all, reconciling family and work responsibilities which would consequently lead to increased employment for women, investment in education which enhances the chances to get access to a job, investing in children, active policy support for disadvantaged groups such as people with disabilities, policies to increase job retention and career prospects of low-paid workers and so on.

Challenges towards growth and sustainable development include enhancing labour market inclusiveness through active labour market policies (supporting social inclusion through employment) and increasing the job generation capacity of the economy.

Four main directions have been established in view of implementing the social inclusion priorities:

- A. ensuring policy planning, elaboration and implementation in the labour relations area;
- B. planning and implementing the social inclusion and social assistance policies;
- C. promoting coherent policies concerning the labour force;
- D. developing and increasing sustainability of the social insurance system.

The institutional and administrative re- / organisation process continues in the fields of social assistance, employment and professional training in order to ensure efficient central and local management of the Social European Fund.

Other priorities include:

- developing and diversifying the social service system at community level to better prevent marginalisation and social exclusion;
- improving the quality of life by promoting cohesive family policies;
- promoting equal opportunities for all;
- developing an efficient social dialogue;
- further updating the legislation concerning work relations in line with the European norms, ensuring observance of regulations and fighting informal work;
- improving and increasing equity of the social security system;
- improving the legal framework to support families in view of child raising;
- promoting labour force mobility;
- reconciling family and work life by correlating social services with employment services;
- developing support services for post-institutionalised young people.

The reforms in the health and education systems follow an uneven pace and despite positive steps, accessibility and affordability of health and education services are still issues to be dealt with especially for children and people living in isolated / rural areas, as much as health is the premise of education and employment.

Alongside health, education represents a prerequisite for continuous development and learning should not be limited only to school but seen as a life-long process.

Housing is also a crucial element for social inclusion as lack of housing / homelessness may cause chain reactions such as losing one's job, broken social networks, poor health, low self esteem and demotivation, consequently requiring additional, sustained efforts to get those people back into society. Support towards the house heating costs is available during the winter months for those on low incomes (differentiated according to income levels) and the authorities

implement programmes for the thermal rehabilitation of residential buildings with support for those in difficult circumstances that can not afford the costs. Availability and affordability of housing remain serious issues not only for those living in poverty but for other groups of population too (those left with no home following the floods, the restitution of houses to former owners, etc.).

The Ministry of Labour, Family and Equal will allocate approximately 1.100 billion Euro (including the beneficiary's co-financing) for the implementation of the Sectoral Operational Programme on Developing Human Resources during 2007-2013 going in line with the European Employment Strategy and aimed at: developing and increasing competitiveness of the human capital, by strengthening links between education, lifelong learning and the labour market and ensuring increased opportunities for participation on a modern, flexible and inclusive labour market through an efficient use of the European Social Fund. Continuing to improve the administrative capacity of central, regional and local public institutions is an important element to reach the proposed goals.

The post-accession non-reimbursable external funds for the Sectoral Operational Programme, Human Resources Development amount 269.1 million lei out of which 240.5 million lei, European Union contribution and 28.5 million lei Romania's contribution.

The funds have been allocated to the priority lines within the Operational Programme for the Development of Human Resources as follows:

- Education to support the development of knowledge based economy: 55.3 million lei, out of which 10.3 million lei, contribution from the state budget
- Connecting life long learning with the labour market: 66.5 million lei, out of which 3.3 million lei, contribution from the state budget
- Increasing the adaptability of the labour force and of enterprises: 43.2 million lei, out of which 1.8 million lei contribution from the state budget
- Modernising the Public Employment Service: 12.2 million lei, with co-financing from the unemployment insurance budget
- Promoting active measures for employment: 37.2 million lei out of which 4.2 million lei contribution from the state budget
- Promoting social inclusion: 43.2 million lei, out of which 6.9 million lei contribution from the state budget
- Technical assistance for the implementation of the Sectoral Operational Programme to develop human resources: 11.3 million lei, out of which 1.6 million lei contribution from the state budget.

3. Governance

Recent policies and reforms taking place in Romania reaffirm the government commitment towards making the transition to functional and client-oriented institutions by promoting decentralisation and good governance from central to local levels, as well as in taking measures to meet EU integration requirements (improving transparency, accountability, and service delivery). The capacity for strategic and multi-annual planning is now improved at central level with existing strategies and action plans, though sustained action is necessary to strengthen capacities (equally for strategic planning and implementation) at local level where the multiple and differing issues related to adaptability, mobility, entrepreneurship and human capital can be better identified and addressed.

Emerging challenges in the area of good governance view continuous support to further improving the local institutional and administrative capacity to become acquainted with the procedural requirements of external partners (essential for both authorities and beneficiaries). Information and training facilitating Romania's alignment with EU standards and rules especially at local level are also important to improve the currently insufficient absorption capacity of EU funds, as well as to help implement and manage EU structural funds.

3.1. Monitoring and assessment of impact policies

The elaboration of the National Reform Programme involved broad consultation of the ministries and institutions within the Working Group for the elaboration of the National Reform Programme which was agreed upon by the Commission for European Affairs within the Parliament and approved by the Romanian Government prior to being submitted to the European Commission in July 2007.

The European Affairs Department holds the coordination role for the Lisbon strategy at national level and the implementation and monitoring process has been initiated involving all structures of the central and local administration and other state institutions.

The framework action plan to implement the National Reform Programme is to be regularly revised to incorporate eventual changes resulting in the course of implementation and other governmental or European priorities.

The framework action plan is to be updated annually on basis of Annual Action Plans to implement Lisbon Strategy drawn up by the implementation agencies following consultations with social partners.

The implementation agencies are to elaborate quarterly progress reports to be corroborated into the Quarterly Implementation Report drawn up by the European Affairs Department and submitted to the Government of Romania for information and eventual corrections.

Issues to be addressed include:

- poor availability of impact studies / analysis to assess the efficiency of the public policies;
- unstable legal framework with frequent amendments;
- unclear criteria to establish representatives of social partners.

3.2. Involvement of stakeholders

Mobilising all stakeholders is more and more seen as a scope and a means towards reaching the social inclusion and social protection objectives. The institutional Social Dialog in Romania has two major components: tripartite social dialogue (Government, unions, employers) and bipartite social dialogue (unions, employers).

A series of mechanisms have been created for consulting individuals and communities (via citizens' committees, consultative councils, public meetings and debates, public opinion polls, referenda, forums, etc.), the existence of which can facilitate a more equitable approach to specific issues:

- Economic and Social Council (set up according to Law nr. 109/1997 on the organisation and functioning of the Economic and Social Council);
- Social Dialogue Department at Government level;
- Sectoral social dialogue commissions (within each ministry);
- Local social dialogue commissions set up at local level through the decentralised structures of the Ministry of Labour, Family and Equal Opportunities;
- Employers and trade unions representatives at national level;
- Representatives of the civil society structures and of academic circles.

The participation of civil society structures in the decision-making process at all levels is improved though needing further support and encouragement and especially training/practice for exercising the rights and responsibilities related to citizen participation.

As concerns advocacy and capacity-building for the protection of the rights of vulnerable groups progress is made too (including various successful campaigns), but many non-governmental organisations need further support in terms of policy formulation and implementation.

3.3. Bringing together economic, employment and social policies

For the period 2007-2013, the European Social Fund intervention in Romania aims to meet the Lisbon objectives and will focus on modernising the education and training systems, increasing access to education and training services, improving the adaptability of employees and businesses, modernising the public sector, and promoting active measures for employment and social inclusion.

The broad priorities of the National Strategic Reference Framework will be implemented through seven operational programmes.

Three programmes will receive funding from the European Regional Development Fund:

- regional operational programme;
- programme for boosting economic competitiveness, and
- technical assistance operational programme.

These programmes will, among other things, help small businesses to find the financing, advice and technical infrastructure they need to grow, create sustainable growth poles in large and medium-sized cities, improve the application of research results to business, and promote energy efficiency and the use of alternative energy sources.

Two programmes will be funded by the European Social Fund. These will focus on:

- human resources development; and
- improvement of administrative capacity as an important prerequisite for the successful implementation of structural funds.

Another two programmes prioritise the improvement of basic infrastructure of the country, especially for transport and environment. They include building or rehabilitating 1400 km of roads.

Conclusions

A variety of policies exist though, so far investments in human resources or research / development activities have principally been made by big multinational companies with well established past experience in the field.

In the end, successful implementation of these policies very much depends on individual employer's decision whether or not to create new jobs, invest in employee training, innovation, etc. whilst considering the additional bureaucratic / administrative tasks it normally involves. For instance, employing a person (belonging to a vulnerable group / at risk of social exclusion) under a subsidised job contract implies extra work with regular reporting on related contributions to social, health, unemployment insurance funds being usually done separately for this type of contracts; in case of a compliance failure / contract breach occurring before the conditioned length of time for a subsidised work contract (currently 2 years) the employer has to pay back the amount spent until date, again with additional administrative tasks which makes many employers give up the idea before even starting.

Furthermore, many companies and decision-makers focus on short-term profits and short-term thinking to the detriment of the labour force relying on low-wage jobs. Overlooking the long term effects means allowing part of the labour force to weaken and struggle, it weighs down the economy for all, resulting in a lower standard of living. At the moment, many qualified people change jobs they have been trained for or are immigrating to other countries in search of better pay and working conditions. The shortage of doctors, nurses, teachers, engineers, IT professionals is holding back the development of business, agriculture, health care and education systems. There is the need to change the short-term thinking and start building good-paying jobs with benefits, and a strong economy for the long term. Encouraging better and responsible economic planning framework of individual companies would help in ensuring growth and prosperity and good-paying jobs for those who work.

It is also important to shift focus from poverty, which implies that meeting a very basic income standard is sufficient to ensure economic security and well-being, by placing extra emphasis on social inclusion which requires more focus on research and policy solutions that recognise simply getting a job may not be enough to ensure that families escape hardships and can fully participate in the social and economic life of their communities.

Extended information with emphasis on the positive effects / mutual benefits of economic and social inclusion policies both in terms of economic growth and social cohesion and increased flexibility of employment arrangements with strict monitoring indicators and impact assessments would help in increasing efficiency of the implementation process.

Designing and implementing successful policies include:

- increasing information / awareness of existing legal, regulatory and policy frameworks that promote social inclusion and consequently economic growth;
- expanding economic opportunities and access to services for socially excluded groups;
- further reducing inequities by ensuring that socially excluded groups benefit from public expenditure as much as other groups;
- promoting participation in society for the excluded persons and their capacity to organise and mobilise themselves;
- increasing accountability to protect rights, tackling prejudice and changing discriminatory attitudes.

Further action should focus on:

- developing research by ensuring adequate attention is paid to exclusion, inequality and rights;
- analysing the impact of inclusion and poverty reduction programmes, in order to decide / review priorities at national, regional, local level and increasing accountability for policy implementation by stricter progress evaluation;
- promoting exchanges of best practice;
- extending and intensifying commitment with civil society to strengthen the contribution it can make to tackling exclusion; and
- support socio-economic partnerships to make growth and development work better for the excluded groups.

4. Recent developments

Romania has entered the seventh year of economic growth, though the gap between Romania and the average EU25 remains significant as the GDP per capita of Romania, measured in purchasing power standard, represents 34.1% of the average EU25 GDP per capita in 2005. The service sector (among economic activities contributing to GDP's formation) appears the less unstable component having an increasing contribution, with agriculture being on the opposite side. This fact is a great plus for the financial stability of the economy (National Bank of Romania, Financial Stability Report, 2006) and for the labour market which registers greater employment in the service sector, year by year.

A recent World Bank report shows that in Romania absolute poverty decreased three times since 2000 (from 35.9% to 13.8% in 2006) and the estimated number of poor went down to less than three million people. Throughout the process, Romania has maintained a moderate level of inequality by international standards. Over 70% of the poor live in rural areas where the poverty risk is three times higher compared to urban areas. Although Romania registered economic growth in the past years the poverty level went down mainly in the urban areas where the number of poor decreased by 40% compared to 18% decrease in the rural areas. With respect to the age, children (0-14 years) and youth (15-24 years) are most exposed to poverty. Over one third of the poor children live in families of people involved in agricultural work with a risk of poverty seven times higher than an employee's child. Employers and employees were most favored by the economic growth, a significant reduction of the poverty risk being registered for these groups as well as for those with university education and pensioners. Thus, during 2003-2006 the poverty amongst pensioners decreased by half and the percentage of pensioners in the total number of poor went down. On the other hand, the Roma continue to be a poor segment within ethnic minorities with 60% of Roma living in absolute poverty whilst for Hungarians for instance the risk of poverty is 12%. Single women, women over 65 years and families with many children also belong to vulnerable groups. Economic growth is likely to continue to be the main engine of absolute poverty reduction in Romania in the near future, but special attention will need to be paid to the pockets of poverty in order to continue the pace of poverty decline. World Bank also made a prognosis of the poverty dynamics based on two possible scenarios: for an economic growth between 2-5% in 2010 the absolute poverty indicator could reach 7-9%.

Under current conditions the main challenges in establishing a social model (to reach the real UE convergence coefficients and achieve a long term sustainable development) view: maintaining a global vision of the social model components and prioritising objectives to counteract eventual perverse effects that achieving one goal may have on the others.

Thus, within limited financing sources the pension law needs to be analysed in close relation with the demographic aspects, the increase of the labour force value following taxation and the capacity to expand and modernise the social services.

4.1. Social inclusion

In the course of the year 2007 the Ministry of Labour, Family and Equal Opportunities elaborated a series of regulatory documents for the set up of certain institutions and instruments to support the reform of the social assistance system (National Agency for Social Payments, Social Inspection, etc.).

The 2007 government agenda also included law projects concerning the rights of children and youth within the child protection system, including mothers in maternal centres, social insurance for work accidents or professional illnesses, security and safety at work, ratification of social security agreements with other countries.

The pension law has undergone a series of amendments and additions to ensure a decent income for retired people with special attention being paid to the pensioners from the agricultural sector.

New policy initiatives view the introduction of a dependency allowance for the elderly on small incomes in the near future.

The Social Inclusion Project was launched on June 19, 2007 and its main objective views improving the living standard and social inclusion for the most disadvantaged and vulnerable persons in Romania.

The social inclusion project is to be implemented during 2006-2011 and its budget is 47.2 million Euro.

The project includes:

- Section I – Programme of priority intervention;
- Section II – Programme for inclusive pre-school education;
- Section III – Social assistance programmes – with specific programmes focusing on: people with handicap, youth at risk, victims of domestic violence;
- Section IV – Developing the social inclusion capacity of Roma population.

The Social Payments Agency is now the only institution in charge with the payment of the social benefits with another recently set up agency, the Social Inspection having the responsibility to check up on the way the money is spent.

Social Policies

Policies in the social assistance field continue the structural reforms by developing the social service system, the social assistance system for elderly, preventing and fighting domestic violence, reforming the child protection system, social inclusion of youth leaving the child protection system, adjusting the level of the minimum income guarantee and other social benefits. Social protection of people with disabilities is given special attention (professional training of persons with handicap in view of labour integration, restructuring the institutions for people with handicap and set up of alternative residential services in the community) and also improving the legislation for people persecuted for ethnical and political reasons

Recent actions include:

- developing continuous professional training, career information and counselling, job fairs, etc. aiming to decrease the unemployment rate and increase employment;
- monitoring observance of the legislation concerning labour relations (Labour Code);
- reforming the public pension system (recalculation of pensions and protecting the purchasing power of pensions);

- introducing new components of the public pension system (optional private pension schemes, privately administered pension funds);
- increasing the national gross minimum wage.

Priorities include implementing the provisions contained in the:

- National Reform Programme;
- 2005-2010 short and medium term strategy on continuous professional training;
- National Employment Programme;
- Employment Programme for socially marginalised persons;
- National Programme for Professional Training (including reviewing the legislative and institutional framework for continuous professional training);
- National strategy for social service development.

The current Romanian legislation elaborated by the Ministry of Labour, Family and Equal Opportunities ensures the framework for the organisation and management of social services as planned in the National Strategy for the development of social services (Government Decision nr. 1175/2005) and its related Action plan. The necessary infrastructure to support the social service system is to be in place until 2009. In 2013 the national social service network is envisaged to be fully functional with efficient services being accessible to all the potential beneficiaries.

Existing challenges view uneven distribution of services with big differences between regions and counties and rural and urban areas, imbalance between available human and material resources and the needs of beneficiaries, insufficient strategic planning, ineffectual management and reduced number of trained staff to work in this area. Promoting a pro-active and participative culture of the population in general and of the social assistance beneficiaries in particular is of great importance in order to prevent dependency on social benefits.

4.2. Housing

Housing remains a critical issue both in terms of availability and affordability despite various governmental programmes being implemented:

- building houses for families on low income;
- establishing partnerships between the government and local authorities with a view to continue the programme of consolidating multi-storey housing at seismic risk and thermal rehabilitation and refurbishment of multi-storey housing;
- launching the national programme on establishing the water supply system and building the sewage network for rural areas;
- Implementing the national programme to restore the communal roads.

The housing area needs further special attention as an essential element for social inclusion to counteract situations when poverty and accumulation of debts, climate changes (floods, draught, etc.), or restitution of houses to the former owners face more and more people with the risk of becoming homeless.

Statistical data on housing show most private housing being built with little public funds allocated to building social housing:

Year	Total housing	Urban	Rural
2003	29125	14494	14631
2004	30127	15874	14253
2005	32868	15484	17384
2006	38178	17994	20184

Completed housing in semester I 2007, compared to semester I 2006

	Completed housing - number -			Structure - % -	
	sem. I 2007	sem. I 2006	sem. I 2007 compared to sem. I 2006 (+/-)	sem.I 2007	sem.I 2006
TOTAL	16962	11914	+ 5048	100,0	100,0
Urban area	8894	6226	+ 2668	52,4	52,3
Rural area	8068	5688	+ 2380	47,6	47,7
Out of total:					
private funds	16059	10805	+ 5254	94,7	90,7
public funds	903	1109	- 206	5,3	9,3

Source: The National Institute of Statistics - Press release Nr. 165 / September 4, 2007.

4.3. Health

Main policies in the health area include:

- equal access to health care for all citizens no matter their income level;
- increasing life quality by improving the quality and safety of the medical act;
- reforming the health system by strengthening the decisional decentralisation, clarifying the hospital duties and developing outpatient services.

Recent **health** related **legislation** includes:

Order of the Minister of Public Health nr.13/10.01.2007 approving the Framework norms concerning the content, presentation form and structure of the national health programmes;

Government Decision nr. 292/21.03.2007 approving the 2007 national health programmes with subsequent amendments and additions (Official Bulletin nr. 212/28.03.2007);

Order of the Minister of Public Health nr. 569/2007 with subsequent changes and additions approving the list of compensated prices for medicines sold in the open circuit pharmacies for the treatment of patients included in some health sub-programmes;

Government Decision nr. 1842/21.12.2006 approving the framework contract concerning the conditions for medical assistance provision within the health social insurance system for the year 2007;

Order of the Minister of Public Health and National Health Insurance House nr. 570/116 of 29.03.2007 (official Bulletin nr. 225/02.04.2007) approving the technical norms for the implementation, evaluation and financing of the national health programmes, the monitoring and

check up responsibilities, sub-programme and activity details, specific indicators as well as the sanitary units running the programme in 2007;

Law nr. 264/19.07.2007 containing amendments and additions to Law nr.95/2006 concerning the reform of the health system (Official Bulletin nr. 503/27.07.2007);

Order of the Minister of Public Health nr. 1068/19.06.2007 concerning the set up of the advisory commissions of the Ministry of Public Health with subsequent changes and additions;

Order of the Minister of Public Health and the President of the National Health Insurance House nr. 994/354/04-06,01-06-2007 approving the implementation and reporting methodology for the specific activities within the programme to assess the population state of health within primary medical assistance;

Order nr. 888/270 of 17.05.2007 approving the check up methodology concerning the running of the national health programmes and the activity in the sanitary bed units with in 2007;

The national health programmes are financed from the state budget, own incomes of the Ministry of Public Health, the budget of the National Unique Social Health Insurance Fund and transfers from the approved budget of the Ministry of Public Health towards the National Unique Social Health Insurance Fund. The budget allocated to the national health programmes is over 3,000,000 thousand lei (~1,000,000 thousand Euro).

The Ministry of Public Health states that national programmes are designed taking into account the population needs but also going in line with the policies, strategies and recommendations of international organizations in the health area. There are two broad categories:

I. Programme of prevention and control of diseases having a major impact on the population state of health (8 programmes, each including one or more sub-programmes):

- The national prophylaxis programme
- The national mental health programme
- The national programme for diabetes and nutritional diseases
- The national programme for organs, tissues and cells transplant
- The national programme for treatment abroad
- The national programme of community assistance
- The national programme of the Ministry of Public Health reserve
- The national programme regarding the assessment of the population state of health within primary medical assistance

II. The national health programme with curative purpose financed from the budget of the National Unique Health Insurance Fund.

4.4. Education

In terms of education policies continue to target:

- Increasing school attendance through improved access to education and reducing school drop out rates with special focus on disadvantaged groups (i.e. Roma children, children living in rural areas, etc)
- Reforming pre-school education

- Adjusting school curriculum to the labour market demands

Other priorities viewed:

- Restructuring the school network, including rehabilitating and equipping the schools (with focus on rural areas)
- Expanding the social support programmes for pupils and students (through scholarships, school transport, ensuring school supplies for pupils coming from families on low income, providing milk and pastry products for preschool children and children attending grades I – IV, ensuring a 200 Euro financial support to stimulate students to buy a personal computer, monthly scholarships of 180 lei (54 Euro) for students coming from low income families to encourage them to go on to high school education or arts and crafts schools.
- Ensuring compatibility of the Romanian education system with the European systems

Investments in education have been gradually increased:

Public expenditure on education as % of GDP							
2000	2001	2002	2003	2004	2005	2006	2007
3,4	3,6	3,6	3,5	3,4	3,5	4,52	5,20

Source: Ministry of Public Finances (2000 – 2007); Ministry of Education, Research and Youth (2000-2007)

Recent **legislation in the education** area targeting disadvantaged groups includes:

Order of the Minister of Education, Research and Youth nr. 2268/28.09.2007 concerning the implementation of The second chance programme (encouraging persons that dropped out of school to continue education);

Order of the Minister of Education, Research and Youth nr.1539/19.07.2007 concerning the employment norms for school mediators;

Order of the Minister of Education, Research and Youth nr. 1529/18.07.2007 regarding the development of diversity related issues in the national curriculum;

Order of the Minister of Education, Research and Youth nr. 1540/19.07.2007 concerning the interdiction of school segregation of Roma children and approval of the methodology to prevent and eliminate school segregation of Roma children.

Efforts are still needed towards:

- continuing decentralisation and encouraging school autonomy;
- improving the quality of education (i.e. school infrastructure, equipment, motivation of teaching staff to work in rural areas);
- advancing professional training and expanding lifelong learning opportunities;
- promoting and emphasising the value of cultural diversity in education.

4.5. Inter-ethnic relations

Actions of the Romanian Government Department addressing Inter-ethnic Relations include:

- encouraging inter-ethnic and inter-cultural dialogue through project based funding (i.e. 145 projects worth 11 million lei – approximately 3,340,000 Euro - supporting the development of Romanian journalism outside Romania, education in the Romanian language, promoting cultural and spiritual values of the Romanians outside the country);
- improving the legislative and institutional framework;
- strengthening the sectoral protection of the national minorities rights;
- increasing cooperation at European level in terms of human rights/national minorities rights.

Recent **legislation** addressing ethnic minorities views:

- Government Decision nr 893/2007 regarding the organisation and functioning of the Study Institute for the National Minorities Issues (Official Bulletin nr.553/14.08.2007);
- Project of law nr. 179/2007 ratifying the European Charta of Regional or Minority Languages adopted in Strasbourg on November 5, 1992 (referred to the presidential administration for promulgation on 19.10.2007);
- Project of Law nr. 921/04.12.2006 concerning support for the Romanians outside Romania (currently referred to the Chamber of Deputies for approval).

Recent legislation includes:

Labour – Working relationships

Law nr. 94/16.04.2007 approving the Government Emergency Ordinance nr. 55/2006 containing amendments and additions to Law nr. 53/2003 – Labour Code (Official Bulletin nr. 264/19.04.2007).

Employment

Government Decision nr. 489/23.05.2007 concerning the organisation of the reunion of the Committee Director of the Organisation for Economic Cooperation and Development by the Ministry of Labour, Family and Equal Opportunities – Programme for economic development and employment at local level and the international conference 'Social enterprises' – Bucharest – June 11-13, 2007 (Official Bulletin nr. 386/30.05.2007);

Government Decision nr. 837/25.07.2007 containing amendments and additions to the Government Decision 855/1998 concerning the set up of the National Centre for Developing the Professional and Technical Training (Official Bulletin nr.575/22-08-2007);

Government Decision nr.1386/2004 approving the 2004-2010 National Employment Strategy (Official Bulletin nr.834/2004);

Government Decision nr. 726/04.07.2007 approving the implementation methodology for the provisions of the Law nr. 72/2007 concerning employment incentives for pupils and students (Official Bulletin nr. 477/17.07.2007);

Order of the President of the National Employment Agency nr.326/11.07.2007 approving the 2007 professional qualifications/competencies for which the amounts included under article 17 of Law nr. 279/2005 concerning apprenticeship are granted (Official Bulletin nr. 551/13.08.2007);

Government Decision nr. 492/23.05.2007 approving the implementation methodology of the Government Emergency Ordinance nr. 116/2006 concerning social protection for persons made redundant by collective dismissal following the restructuring and reorganisation of national companies and commercial companies with major state capital as well as companies subordinated to the local public administration (Official Bulletin nr. 380/05.06.2007);

Law nr. 171/12.06.2007 approving the Government Emergency Ordinance nr. 116/2006 concerning social protection for persons made redundant by collective dismissal following the restructuring and reorganisation of national companies and commercial companies with major state capital as well as companies subordinated to the local public administration (Official Bulletin nr. 406/18.06.2007);

Law nr. 172/12.06.2007 approving the Government Emergency Ordinance nr. 2/2007 containing amendments and additions to the Government Emergency Ordinance nr. 116/2006 concerning social protection for persons made redundant by collective dismissal following the restructuring and reorganisation of national companies and commercial companies with major state capital as

well as companies subordinated to the local public administration (Official Bulletin nr. 406/18.06.2007);

Government Decision nr.312/2006 amending the implementation methodology of Law nr. 76/2002 concerning the unemployment insurance system and stimulating employment, approved by Government Decision nr. 174/2002 (Official Bulletin nr. 235/2006).

Health and safety at work

Government Decision nr. 557/06.06.2007 concerning additional measures to promote improved security and health at work for employees with individual contract for a determined period of time and employees working as temporary agents (Official Bulletin nr. 407/18.06.2007);

Government decision nr. 600/13.06.2007 concerning youth protection at work (Official Bulletin nr. 473/13.07.2007);

Government Decision nr. 601/13.06.2007 concerning amendments and additions to some regulatory documents in the area of health and security at work (Official Bulletin nr. 470/12.07.2007).

Wages

Government Decision nr. 1825/21.12.2006 establishing the guaranteed national minimum gross salary of 390 lei (~130 Euro) starting 01.01.2007 (Official Bulletin nr. 1025/22.12.2006).

Pensions and State social insurance

Government Emergency Ordinance nr. 19/21.03.2007 containing amendments and additions to Law nr. 19/2000 concerning the public pension system and other social insurance entitlements (Official Bulletin nr. 208/28.03.2007);

Law nr. 250/19.07 2007 containing amendments and additions to Law nr.19 concerning the public pension system and other social insurance entitlements (Official Bulletin nr. 486/19.07.2007);

Law nr. 255/19.07.2007 amending Law nr. 578/2004 concerning monthly aid granted for the survivor spouse (Official Bulletin nr. 498/25.07.2007);

Order of the Minister of Labour, Social Solidarity and Family nr. 680/01.08.2007 amending the implementation methodology of Law 19/2000 concerning the public pension system and other social insurance entitlements with subsequent amendments and additions approved through the order of the Minister of Labour and Social Solidarity nr. 340/2001 with subsequent amendments and additions (Official Bulletin nr. 575/22.08.2007);

Law nr. 23/11.01.2007 containing amendments and additions to Law nr. 411/2004 concerning privately administered pension funds (Official Bulletin nr. 61/25.01.2007).

Social assistance

Order of the Minister of Labour, Family and Equal Opportunities nr. 988/20.12.2006 and order of the Minister of Administration and Internal Affairs nr.1.540/28.12.2006 concerning the implementation guidelines of the Government Emergency Ordinance nr. 107/2006 to amend the Government Emergency Ordinance nr. 5/2003 regarding support for the population towards the house heating costs as well as other facilities to cover the thermal energy costs (Official Bulletin nr. 15/10.01.2007);

Law nr. 116/02.05.2007 approving the Government Emergency Ordinance nr. 107/2006 to amend the Government Emergency Ordinance nr. 5/2003 concerning support for the population to cover the house heating cost as well as other facilities towards the thermal energy costs (Official Bulletin nr. 303/07.05.2007);

Order of the Minister of Labour, Family and Equal Opportunities nr. 83/01.02.2007 and order of the Minister of Administration and Internal Affairs nr. 154/19.02.2007 approving the implementation guidelines for the provisions of articles I-IV of the Government ordinance nr. 3/2007 concerning financial-fiscal measures in the social protection area (Official Bulletin nr. 138/26.02.2007);

Law nr. 61/22.09.1993 Republished concerning the state child allowance (Official Bulletin nr. 145/28.02.2007);

Law nr. 16/06.03.2000 *** Republished concerning the set up, organisation and functioning of the National Council of the Elderly (Official Bulletin nr. 191/20.03.2007);

Law nr. 17/06.03.2000 *** Republished concerning the social assistance of the elderly (Official Bulletin nr. 157/06.03.2007);

Law nr. 120/04.05.2007 approving the Government Emergency Ordinance nr. 88/2006 containing amendments and additions to normative documents on social entitlements and measures concerning staff expenditure (Official Bulletin nr. nr.299/04.05.2007).

Social protection

Law nr. 164/12.06.2007 approving the Government Ordinance nr. 3/2007 concerning financial-fiscal measures in the social protection area (Official Bulletin nr. 414/20.06.2007);

Order of the Minister of Labour, Family and Equal Opportunities nr. 652/16.07.2007 establishing the monthly indexed amount of the crèche tickets for the second semester 2007 (Official Bulletin nr. 499/25.07.2007).

Social inclusion

Law nr. 40/02.03.2007 ratifying the loan agreement between Romania and the International Bank for Reconstruction and Development to finance the Social Inclusion Project, signed in Bucharest on July 4, 2006 (Official Bulletin nr. 172/12.03.2007);

Government Decision nr. 710/04.07.2007 concerning the Implementation of the food supply programme for disadvantaged persons in Romania, financed by the European Fund for Agricultural Guarantee, within the 2007 financial exercise (Official Bulletin nr. 471/12.07.2007).

Family and children's rights protection

Law nr. 508/28.12.2006 approving the Government Emergency Ordinance nr. 44/2006 amending and completing the Government Emergency Ordinance nr.148/2005 concerning support for the family for child upbringing and Law 61/1993 concerning the state child allowance (Official Bulletin nr. 8/05.01.2007);

Law nr. 7/09.01.2007 approving the Government Emergency Ordinance nr.148/2005 concerning family support for child upbringing (Official Bulletin nr. 33/17.01.2007);

Order of the Minister of Labour, Social Solidarity and Family nr. 26/12.01.2007 establishing the value of the monthly amount for the crèche tickets for the first semester of 2007 (Official Bulletin nr. 71/30.01.2007);

Government Ordinance nr. 3/17.01.2007 concerning financial-fiscal measures in the social protection area (Official Bulletin nr. 67/29.01.2007);

Government Decision nr. 3/10.01.2007 concerning indexation of the monthly amount of placement allowance (Official Bulletin nr. 21/12.01.2007);

Government Decision nr. 4/10.01.2007 concerning adjustment of the income levels and indexation of the amount of supplementary family allowance and support allowance for single parent family (Official Bulletin nr. 21/12.01.2007);

Government Decision nr. 5/10.01.2007 concerning the indexation of the monthly amount of the minimum income guarantee and the new born allowance regulated by Law nr. 416/2001 on Minimum income guarantee (Official Bulletin nr. 21/12.01.2007);

Government Decision nr. 54/24.01.2007 concerning the indexation of the monthly amount of the state child allowance (Official Bulletin nr. 64/26.01.2007);

Order of the state secretary of the National Authority for the Protection of Children's Rights nr. 14/15.01.2007 approving the Minimum compulsory standards on services to develop independent life skills and the implementation guidelines for these standards (Official Bulletin nr. 146/28.02.2007);

Government Decision nr. 143/14.02.2007 amending article 27 line (1) and (2) of the Government Decision nr. 1440/2004 concerning conditions and the licensing / inspection procedure for services to prevent separation of child from his family, as well as services for the special protection of children temporary or permanently lacking parental protection (Official Bulletin nr. 126/21.02.2007);

Government Decision nr. 289/21.03.2007 approving the national interest programmes in the children's rights protection area (Official Bulletin nr. 215/29.03.2007);

Law nr. 87/03.04.2007 ratifying the Convention on personal contacts concerning children, adopted in Strasbourg on May 15, 2003 (Official Bulletin nr. 257/17.04.2007);

Government Decision nr. 633/20.06.2007 containing amendments to the Government Decision nr. 289/2007 to approve the national interest programmes in the children's rights protection area (Official Bulletin nr. 419/22.06.2007).

Protection of people with disabilities

Order of the president of the National Authority of Persons with Handicap nr. 31/26.02.2007 approving the check up, inspection and monitoring methodology to be applied in the area of competency of the National Authority of Persons with Handicap (Official Bulletin nr. 180/15.03.2007);

Government Emergency Ordinance nr. 14/07.03.2007 containing amendments and additions to Law nr. 448/2006 concerning protection and promoting the rights of persons with handicap (Official Bulletin nr. 187/19.03.2007);

Government Decision nr. 268/14.03.2007 approving the implementation methodology for the provisions of Law nr. 448/2006 concerning the protection and promoting the rights of people with handicap (Official Bulletin nr. 233/04.04.2007);

Order of the president of the National Authority of Persons with Handicap nr. 60/23.04.2007 approving the authorisation procedure for protected units (Official Bulletin nr. 291/03.05.2007);

Order of the president of the National Authority of Persons with Handicap nr. 62/23.04.2007 approving the guidelines concerning the permit for urban surface means of public transport for people with handicap (Official Bulletin nr. 293/03.05.2007);

Order of the Minister of Labour, Family and Equal Opportunities nr. 432/14.05.2007 approving the procedure of granting the rights provided for under article 12 line (1) letter b), e) – g) and line (2) of Law 448/2006 concerning the protection and promotion of rights of people with handicap with subsequent amendments and additions (Official Bulletin nr. 349/23.05.2007);

Government Decision nr. 680/28.06.2007 approving the methodology of granting the rights to free inter-urban transport for persons with handicap (Official Bulletin nr. 487/20.07 2007);

Order of the president of the National Authority of Persons with Handicap nr. 256/03.08.2007 concerning the organisation and functioning of the Council to analyse the problems of people with handicap (Official Bulletin nr. 561/15.08.2007).

Equal Opportunities

Law nr. 507/28.12.2006 approving the Government Emergency Ordinance nr. 56/2006 containing amendments and additions to Law nr. 202/2002 concerning equal opportunities between women and men (Official Bulletin nr. 10/08.01.2007);

Law nr. 202/19.04.2002 *** Republished concerning Equal opportunities and treatment for women and men (Official Bulletin nr. 150/01.03.2007);

Emergency Ordinance nr. 67/27.06.2007 concerning the use of the equal treatment between women and men within the professional social security schemes (official Bulletin nr. 443/29.06.2007).

Social Dialogue

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Government Ordinance nr. 29 / 2007 concerning the allocation of structural instruments, pre-financing and co-financing from the state budget including the National Development Fund to the budget of the institutions involved in the management of structural instruments and their use for the convergence objective, respectively Law 249/2007 approving the Government Ordinance nr. 29/2007;

Law nr. 47/2006 concerning the social assistance system views a global approach of the social development policies in order to establish a unique mechanism for the organisation of the social assistance system, funding methods, types of benefits, beneficiaries and their needs. In this view article 30 of Law nr. 47/2006 makes provisions on the organisation and functioning of the National Agency for Social Payments subordinated to the Ministry of Labour, Family and Equal Opportunities as a specialised body having a legal entity status with the purpose to set up a unitary system for the administration of social payments. The Agency is to ensure an efficient management of the social payments allocated funds and a global approach regarding social payments by producing the family file providing a complete picture of social payment entitlements, of the family and its members, to facilitate exportability of social benefits according to the European regulations in force.

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Government Decision nr. 1361/2006 concerning the content of the presentation and motivation instrument for the projects of regulatory documents subject to Government's approval;

Government Decision nr. 870/2006 approving the Strategy to improve the system of elaboration, coordination and planning of public policies at the level of the central public administration;

Government Decision nr.775/2005 approving the Regulations concerning the elaboration, monitoring and evaluation procedures for the public policies at central level.

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