

## Statements and Comments on active ageing strategies in Romania

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Romania, as a member of the European Union, is fully committed to follow up the rules and recommendations of the European Commission regarding the accomplishment of the Lisbon objectives, paying more attention to the establishment of a comprehensive active ageing strategy as a key issue for further sustainable development.

### A short description of the national ageing situation and demographic indicators

Romania's population decreased from 23,206,720 inhabitants in 1990 to 21,623,849 inhabitants in 2005. From the total number of 21,610,200 inhabitants in 2006, 11,926,200 are living in urban areas and 9,684,000 in rural ones.

Until 2020, the population is expected to decrease to about 1.8 million inhabitants, especially affecting the 10–24 years age groups.

Before 1990, Romania had a positive natural increase, due to the pro-natalist policy of the previous communist regime. After 1990, the trend reversed:

- natural increase became negative : from - 0.2‰ in 1992, to -1.9‰ in 2005 and -2.5‰ in 2007;
- the birth rate decreased from 13.6/‰ inhabitants in 1990 to a minimal value of 9.7/‰ in 2002 and is increasing slightly to 10.2/‰ in 2005; in 2007 it is about 9.9%;
- the mortality rate increased after 1990 from 10.6 death/‰ inhabitants to 12.1 death/‰ in 2005 and 12.4‰ in 2007.

Life expectancy continuously increased to 71.76 years in the period 2003 - 2005, 68.19 years for men and 75.47 years for women (lower than the average European). As a result of the life expectancy increase, international migration and fertility decrease, **the population aged 65+ years increased from 13.0% in 1999 to 14.8% in 2006 (less than the EU-25 average level of 16.5%)**. The population of **60+ years** is about **19%** in 2007 and will increase up to about **23.3 % in 2030**.

The population under the age of 15 is decreasing from 19.0% in 1999 to 15.5% in 2006.

In these circumstances, the demographic "pressure" of the young, as well as the old people (potentially inactive people) on the adults (potentially active people) is of 44 young and old people to 100 people of working age.

## 1. Romanian policies on comprehensive active strategy

The overall policy approach has as target groups: employers, old workers in unemployment (people over 45 years old) and long term unemployed. The goals are: to raise the employment rate of the old workers, to increase the time of working life and to postpone the individual decision of retirement.

The demographic changes and challenges are preconditions for the start of a policy reform for active aging. A comprehensive policy approach is to increase the employment rate among older people, to promote a healthy life style, to maintain a high education level and working in a healthy environment, as well as encouraging participation in all aspects of society.

Therefore, Romania has in view three main priorities on short and medium term:

1. pension adequacy and sustainability of private administrated pension funds;
2. development and modernization of labour market, taking into consideration the growth of the employment rate for aged people;
3. ensuring an appropriate health and long term care services, as well as adequate minimum income schemes and integrated social services.

Recently, the issue of *ageing population* became a priority for public policy and public organizations, despite that Romania could still be considered “younger” than other European countries.

A brief description of the main problems of social exclusion, that are currently in a solving process:

### 1.1 The pension system

The process of the pension system reform in Romania has started on the first day of April 2001, being focused on the improvement of the previous PAYG system.

Taking in consideration the fact that the pension systems do not only aim at ensuring a minimum income for older people, but they have to provide the appropriate arrangements that allow people to maintain the living standards that they have achieved during their working lives, the Government will implement, starting with 2007, the second and the third pillars of pension system: a compulsory component and an optional one.

In 2005, under the control of the Romanian Parliament, the Supervising Commission of the Private Pension System was established, with multiple functions of control, regulation, supervision and information about the optional pensions.

In february 2007, the number of potential active population was approximately 9,000,000, compared to 5,597,400 pensioners. The proportion of the average monthly pension (including farmers) represents 30% from the net average wage.

During the last two years, the reform of the pension system was focused on:

- Establishing the equity within the system by recalculating the pensions` amount for more than half of the total number of pensioners;
- Annually increasing the point of pension value (the value of the pension point was about 32% from the average wage; beginning with November 2007, the point of pension value will be increased till 45% from the average wage, in two stages );
- A permanent growth of the public pension insurance fund and rising the amount of the farmers pensions financed from the state budget;
- Improving the institutional capacity of the system for a better management of the funds.
- Progressive increasing of statutory retirement age until 2015 to reach 60 years for women and 65 for men. Presently, the minimum contribution period is 15 years for men and women and the complete contribution period is 30 years for women and 35 for men. There are penalties in the pension benefits in case of early retirement. The **success factors** could be: the recalculation of pensions` cuantum, in order to eliminate the inequities in the public system and the introduction of a privately managed pension system. The **social partners and other stakeholders** have an active role in the implementation of these measures and awareness raising.

## 1.2 Employment and integration in labour market

Romania is a large south-eastern European country, characterized by a relatively low proportion of older people in the working force and a lower proportion of older than younger people among the unemployed population.

In order to accomplish the Lisbon objectives and to implement the European Employment Strategy, the Government adopted a set of programming papers comprising the key actions in the labour market field. In the same time, the public policies provide a set of initiatives aimed at fostering active ageing and at extending the working lives.

The target is to bring in the labor market more older persons so that the percentage of 39.4% in 2005 will increase to 42.7% in 2008.

The present programs are more oriented to the re-integration of older workers rather than their retention in employment. Therefore, there were initiated incentives for employees. The unemployment insurance contributions for employers are to be reduced for a period of one year, in proportion to the number of unemployed people over 45 years aged that they hired. The employers are also subsidized by an amount equal to the minimum gross wage for the employees that they keep on the payroll for at least two years before the legal retirement age.

In the same time, the *National Agency for Employment is developing a lot of programs in order to support active measures for the unemployed older persons*: personalized action plans, adaptation and vocational training, e-learning, counseling services, identifying suitable jobs, in particular for the old workers from rural areas, organizing labour exchange events.

The current legislation provides financial support for vocational training. Unemployed persons are entitled to benefit from vocational trainings free of charge; this includes transport and meal costs, if necessary.

There are three policy fields:

1. *Active Labour Market Policy*, where the **current state** is the activation of job seekers, subsidies for employers hiring people over 45. The **actions and outcomes** are: vocational training and personal counselling services to job seekers from the national agency for employment, subsidies to employers for hiring under long term contract unemployed over 45, and for employment of people close to statutory retirement age. The **success factors** are: the integration in employment of 121.090 persons over 45 (21.323 with subsidies) and raising the mobility for older workers in manufacturing companies.
2. *Lifelong Learning and Training*, where the **current state** contains a continuous vocational training strategy (2005-2010) and an Annual National plan of vocational training of the National Agency for Employment. The **actions and outcomes** are: 6318 people over 45 in qualification and vocational courses, the integration in employment for 2608 people over 45 involved in graduated vocational courses. The **role of social partners and other stakeholders** is that they are involved in the CVT system and in the assessment of the national program for vocational training.
3. *Working Conditions*, where the **current state** contains: anti-discriminatory labour legislation (including age discrimination), health and security at work with the statute of occupational healthcare (monitoring the employer's health or the working environment and work practices that could affect one's health). The **actions and outcomes** consist in a national plan for fighting against discrimination 2002-2006: prevention and action regarding age related discrimination. The **role of social partners and other stakeholders** was set by a national collective agreement 2007-2010.

### 1.3 The social assistance system and long term care services for old people

During the past two years, there were adopted regulations providing concrete measures and responsibilities, in order to combat the risk of social exclusion of elderly persons and to improve the quality of their lives.

A wide range of social benefits were initiated, particularly for supporting families with children and vulnerable groups: family allowances, indemnity for child rising and parental leaves, maternity indemnity and maternal leave, financial aid for new married couple, incentive for child rising, minimum income guaranteed, allowance for disabled persons and complementary budget for disabled persons, indemnities for war veterans, invalids and their widows, financial aid for refugees, daily nutrition allowance for children and adults infected or affected with HIV/AIDS, social, emergency and financial aids for persons with low income, heating aid for winter time.

The elderly persons in situation of dependency are benefitting by domiciliary and residential care services, protection measures against the risk of eviction, facilities for transport and cultural events, subsidized tickets for medical and balneary cure.

The care and assistance of old persons are still mainly remaining under the responsibility of the family. In order to support the family care givers, the law stipulates that they can benefit by part time arrangements if she/he is employed by the local authorities.

In the same time, with the financial support of the state, a network of domiciliary care services have been developed by the local authorities. The residential care is ensured in public hostels and nursing homes; local authorities provide the financial support for residential care; the assisted person and his/her family will pay a individual contribution. According with the law, the assisted elderly person cannot pay more than 60% of her/his own income.

The state is also financially supporting the NGOs specialized in long term care and is co-financing civil works for the reahabilitation of the hostels and residential centres.

The Ministry of Labour, Family and Equal Opportunities elaborated the National strategy of social assistance development for elderly people, based on the objectives of the International Plan of Action on Ageing –Madrid 2002 and a new project of law concerning the protection of elderly people` rights which is designed as a framework covering: social security and social assistance benefits, social services and long term care services, active and healthy life, housing, participation and involvement, respect of dignity and judicial protection measures, prevention of abuse and neglect, financial sustainability of care services network.

#### **The health care system:**

In 2006, Law no. 95 was approved, regarding the health reform package. According to the new regulations, the Government is focusing on:

- Improving the quality and security of health care;
- Reducing the present polarization of the access to health care, based on the income and residence of the patients;
- Securing a minimum package of health services for all the members of the community;
- Focusing on preventive services and promoting healthy attitudes and early treatment;
- Increasing the emphasis on health education;
- Developing the social model and providing social services units within hospitals;
- Encouraging medical staff to work in poor regions and in rural areas.

According to the law, the pensioners are entitled to receive health care services without any personal contribution and to benefit by subsidized medicine.

The issue of occupational health care is also a priority. By statute, the occupational health physician has to monitor the employees` health, the work environment and work practices that could affect their health; the employees` working capacity is evaluated periodically and the physician recommends suitable work skills that match the employees` health status and gives advice regarding appropriate working conditions.

The Ministry of Public Health initiated a set of programs in order to increase the access of the population from rural and poor areas to health care services:

- training and payment of the wages for community nurses working in disadvantaged regions;
- training and payment of the wages for Roma mediators for health problems;
- developing the network of social services in hospitals;
- restructuring the inefficient hospitals and setting up socio-medical units;
- setting up programs to finance domiciliary health care after discharge from acute hospitals.

#### 1.4 Elderly participation and gender equalities

The legislation in the social services field is defining the obligation of services providers to involve the users in all stages of services` planning and delivery.

The NGOs develop their own rules in order to facilitate the users` involvement in services provision, this topic being defined as one of the quality standards.

In 2000, the National Council of Elderly Persons ( NCEP) was set up as an autonomous and consultative organism, having, as main objective, the institutionalization of social dialogue between public authorities and elderly persons.

According to the law, the main tasks of the NCEP is to *support the governmental institutions to implement the recommendations of the UN Assembly on Ageing.*

In 2004, there were created by law the Consultative Committees for Civil Dialogue regarding the elderly problems. These committees are organized in each county and their activities are closely related to the Prefect Institution.

In order to implement the principle of gender equality, the efforts were focused on strengthening the institutional capacity of the public administration and, in April 2005, the National Agency for Equal Opportunities for men and women was set up.

Under the Romanian Parliament is functioning the National Council for Fighting against Discrimination, the national authority responsible with monitoring the non-discrimination principle observance.

Romania adopted a set of laws in order to sustain the gender equality and to combat any form of discrimination. These regulations have a direct influence on public policies in the areas of labor, education, health, culture and information, goods and services delivery and access, as well as in other fields.

In 2006, the National Strategy for the equality of opportunities between women and men 2006 - 2009 and the General Plan of Action were adopted.

## 1.5 Conclusions:

There are more similarities rather than differences in the existing situations, in the country strategies and road maps for Romania and Finland:

- In Romania, there is an active ageing dimension approach under the second priority of the National Reform Programme, which sets objectives for short and medium term (until 2010).
- Romania will face, in a short period of time, a decline of the volume of employment, with major problems in the pensions systems, with the increasing of the expenditures for social assistance benefits and long term care.
- To combat the negative consequences of ageing on the labour market and on the security regimes, there will be necessary to provide successfully reforms of pension systems, including preventing measures regarding early retirement.
- Even today, the percentage of old population in Romania is lower comparing with the majority of European countries; the ageing trends are set to continue for the next decades. The migration of young people to other labor markets in Europe has changed both the demoghaphic structure – for the present and future - and the internal labour market.
- The differences are mainly based upon the fact that Romania passed from a communist regime to a democratic society and market economy and the economic and social costs of this transition have suspended an earlier comprehensive active ageing programme. In the mean time, the measures taken by the Romanian Government during the first ten years of transition were targeted on economic development and on combating the massive unemployment and risk of severe poverty which characterized the period between 1990-2000.
- The Finnish documents clearly present that Finland is developing valuable strategies on active aging, which can be succesful lessons and models to be directly implemented or adapted to the specific conditions and cultures of different other countries, including Romania; the most interesting models from Finland are related to: the nongovernmental network working in close cooperation with public services in order to evaluate and offer individualized support for long term unemployed or other persons in difficult situations to be reintegrated on labour market; the interest of research institutes on the process of ageing and it`s consequences.
- An important step for Romania in relation to active ageing` public policies is the continuation and consolidation in practice of the reforms and strategies in the field.