

**Report on the Follow-Up to the  
Regional Implementation  
Strategy (RIS) of the Madrid  
International Plan of Action on  
Ageing (MIPAA) in ROMANIA**

Country name : ROMANIA

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**Executive Summary**

Romania is situated in geographical center of Europe (south – east of Central Europe) and, having an area of 238,391 sqkm, represents the twelfth country of this continent.

Romania is a republic, having the Parliament as the legislative power and the Government, led by Prime Minister, as the executive one. The President of the country is elected based on general elections

Official language : Romanian

National currency : Leu (ROL); the exchange rate is set on the interbank currency market on daily basis - the reference currency is Euro and in 2010 the average exchange rate leu/euro was 4.2099.

The global economic crisis imposed a range of painful measures for citizens : cuts of wages and social assistance benefits (with 25%), limitation of the employment in budgetary sector, increasing the taxes (VAT) from 19% to 24%. In these circumstances, social protection systems play a major role in assisting the people to preserve their basic conditions of living. Elderly persons represent one of the categories of population with a high dependency to any type of social support, provided by the state and the insurance systems.

Therefore, during the last years, the Romanian Government decided to revise and to promote a set of new laws in the field of social protection, labour market, social dialogue and social assistance.

The most challenging element for the pension system is the **demographic factor**.

Population by aggregate age group :

age	Reference year 2007	Reference year 2010
0-14 years	3,288,439	3,241,295
15-64 years	15,049,402	14,995,129
65 years and over	3,199,722	3,194,874
80 years and over	586,709	675,828

The negative values of natural increase, associated with those of balance of external migration, led to a reduction of the country 's population, during 2007-2010, of about 103.3 thousand persons. The Romanian population is expected to accelerate its decline, from 21.4 million inhabitants in 2008 to 16-17 million in 2050.

In 2010 it was adopted the *Law no. 263 regarding the unitary public pension system* which revise the *Law no. 19/2002 regarding the public pension system and other social insurance rights*. The main domains reformed by the new law are:

- Improving the financial sustainability of the pension system – by introducing more restrictive conditions on access to early partial retirement and disability pension;
- Broadening the scope of compulsory insurance – by integrating the unified public pension system for persons included in special systems (military pensions), and persons who received income from liberal professions;
- Maintaining the pensioners' living standard – by maintaining the purchasing power through linking the pension to the inflation rate (100%) and real growth of average gross earnings (50%), beginning with January 2013;

- Ensuring fair treatment of insured persons, future retirees – by regulating the pension formula ensuring direct correlation with the amount of paid social contributions;
- Discouraging early retirement – by increasing the penalty coefficient to 45% (0,75% for every month of early retirement);
- Increasing the retirement age for women from 60 years to 63 years gradually until 2030 and the equalization of the complete contribution stage for women and men to 35 years, gradually until 2030 ( for men the retirement age remains at 65 years).

In order to develop the complementary private pension systems, the Romanian Government regulated the organization of the *Guarantee Fund of the rights in the private pensions system*, the *organization of private pension payment system*, and the occupational pension funds. To this effect, the *Law No 187/2011 on the establishment, organization and functioning of the Guarantee Fund of the rights in the private pensions system* was adopted, regulating the establishment, legal statute, the terms of Fund use, and the level and frequency of contributions fed into it. In social field, one major step was the new framework law on social assistance *No 292 adopted in 2011*. The law introduced a unitary approach of the social assistance system and its components, namely the social benefit and social service systems, in order to increase the share of services over the social benefits; classification, granting criteria and the organization and administration of benefits and social services; regulation of contracting social services by private providers; regulation of the calculation and setting up the amount of social benefits based on a single indicator – social reference indicator used to determine the unemployment benefits. One intended to simplify the administrative procedures by setting up a single contact point for application, a single application form, and strengthening some social benefits – guaranteed minimum income, allowance for family support and the aid for home heating – focusing them on social categories placed at the highest risk of poverty and social exclusion.

In relation to employment and labour market, it was adopted by Governmental Decision *No 500/2011, the General Electronic Register of the Employees*, which lead to a complete database reflecting as accurately as possible the employees' activity. The intended impact was to reduce the undeclared work and to integrate as many employees as possible in the formal economy.

In order to tackle the undeclared work, the *Law No 52/2011 on activities provided occasionally by the daily labourers* and the law enforcement norms were adopted. Thus, the employment procedures for daily labourers were simplified in order to provide the subsistence income for these persons, and to avoid the tax evasion.

On June 20, 2011, the *Law No 106/2011 on amending and completing the Law No 279/2005 on apprenticeship at work* was published. The new piece of legislation repealed the provisions related to the authorization of the legal entities and individuals who employ apprentices and it become mandatory for the employers to bear the assessment cost of the professional skills acquired in the non-formal vocational training system. Having in view the need of increasing the employment

rate, it was established a National Plan for Jobs, using social dialogue mechanisms, in close cooperation with the social partners. The document is meant to accelerate the efforts to promote the first contact of young people with professional life and their participation into the labour market. The main objectives of the National Plan for Jobs are:

- to ensure a job, a form of education or a training course for every young person within four month from the end of the school;
- to conclude agreements with social partners in order to increase the number of apprenticeships and training;
- to redirect EU structural funds to address with priority youth unemployment;
- to use existing EU support schemes to facilitate the mobility of young people.

In 2011 a new law (*Law No 62/2011*) on social dialogue was adopted. The law got into practice the sectoral labour agreements, eliminating the collective labour agreements. Thus, the wage setting up reflects better the evolution of the sectoral labour productivity, cutting back the effects generated by the former collective agreement at national level that could bring about some economical imbalances due to the financial commitments exceeding the budgetary resources of the companies.

### **1. National ageing situation**

During the last 20 years, population decline in Romania continues to register an ascendant trend. The deterioration of the age structure after many years of low fertility and birth rate has been also influenced by the net external migration. By the existing estimates, more than 1.5 million Romanian people are working now abroad. If, till now, this migration has had a benefic role from an economic perspective, the negative consequences of this process begin to be more visible: shortage of labour force in an increasing number of economic branches. All prospects of the population evolution show a dramatic increase of dependency ratio after 2030, when the working age population will be composed by the small generations born after 1989.

On July 2010 the number of total population was around 21,431,298 inhabitants, of which 48,7% men and 51,3% women. The negative values of natural increase, associated with those of the balance of external migration, led to the reduction of the country population ,during 2007-2010 , of 103,3 thousands inhabitants.

The population structure by age has the specific mark of the demographic ageing process, due to the increase in the share of the elderly population. As compared to July 2007, a decrease in the young population's share (0-14 years ) was registered in 2010, from 15.3% to 15.1%. In the same period, the increase in the elderly population's share(60 years and over) was from 19.4% to 20.3%.

The adult population (15-59 years) represent 64.6% of the total population in 2010, decreasing from 2007 with 227,5 thousands persons.

The population average age increased from 39.0 years in 2007 to 39.7 years in 2010.

In 2010, the number of live-births of 212.2 thousands decrease by 2.5 thousands as compared to 2007, and the birth rate represents 9.9 live-births /1000 inhabitants.

Mortality is still relatively high : a steady and significant growth in the level of this component should be taken into account with a view to the recovery of demographic dynamics. In 2010, 259.7 thousands deaths were recorded, with 7.7 thousands persons more than in 2007. The overall mortality rate was 12.1 deaths/1000 inhabitants in 2010, as compare to 11.7 deaths/1000 inhabitants in 2007.

The average life expectancy values continue to rise: 66.8 years for men and 77.3 years for women in 2010.

The external migration recorded similar figures during the last four years. The evolution of the number of the Romanian citizens who established their residence abroad is: 8,830 persons in 2007, 8,739 persons in 2008, 10,211 persons in 2009, 7,906 persons in 2010.

In 2010, more than 50% from the total population were living in the urban area, but the internal migration from rural to urban area continues to keep an ascendant trend each year.

The structure of the total income of households show a high share of money income which increased from 81.1% in 2007 to 83.9% in 2010. In the same period, the income in kind had a downward trend, due to the equivalent value of consumption of agro-food products from own resources .

A major share in households money income is that of social benefits: 30.6% .The lowest share in households money income are represented by the income from independent activities, agricultural and property income.

Romanian economic environment faced with major unbalances caused by inflation. In 2007, the inflation rate reached the lowest level : 4.8%. In 2010, the inflation rate increased till 6.1%. In 2010, the level of gross domestic product was 513.640,8 million lei, in nominal terms, compared with 416.006,8 million lei in 2007. In 2010, gross value added registered represented 88.8% of GDP. GD indices was about 114.2% in 2007 and 113.0% in 2010. GDP/inhabitant reached 23,967 lei in 2010, compared to 19,315 lei in 2007. The decrease of GDP was determined by weak evolution of activity volume from private sector. The weight of the private sector in GDP represented 72.0% in 2007 and 69.2 % in 2010. Yearly average gross earnings in euro was 5,062 in 2007 and 5,221 in 2010.

During the last years labour market experienced a reduction of the economically active population and the employment, with a relatively steady level of the unemployment rate.

## **2. Methodology**

The preparation of this report has been based on the data collected from different ministries, National Institute of Statistics (NIS) and National Institute of Prognosis, as well as on the information provided by the legislation in force and the national documents such as National Program of Reforms, National Plan of Actions, National Social Report, Statistics Publications of the NIS, Report on social risks and social inequities elaborated by the Presidential Commission for social and demographic risk assessment.

The report has had also in view the opinions of the elderly themselves reflected in documents prepared by the National Council of the Elderly Persons and the Committees of Civic Dialogue.

Having in view the main role of civil society organizations in developing programs and services addressed to elderly persons, Ministry of Labour, Family and Social Protection (MoLFPS) with the support of the Romanian office of the United Nation Population Fund organized, in 2011, two workshops with NGO's representatives at national level. The participants discussed especially those themes related to the seniors voluntary movement, the improvement of the present legislation on care services for dependent elderly persons, the cooperation between public authorities and nongovernmental organizations active in the field of ageing.

MoLFPS has had a long and fruitful collaboration with UNFPA and, during the last five years, there were developed a lot of activities related to the demographic issues and the consequences of the ageing process. In 2010 and 2011 UNFPA office in Romania organized some meetings, for journalists and officials from the Parliament and ministries, to debate the MIPAA/RIS commitments and the Governmental objectives regarding the elderly situation.

***RIS Commitment 1 : To mainstream ageing in all policies fields with the aim of bringing societies and economies into harmony with demographic change to achieve a society for all ages***

The legislative system in Romania is an open one, all the projects of laws and other legal norms, national programs, plans and strategies are public, being accessible on the websites of the governmental institutions and of the local authorities also.

Nongovernmental organizations and all social partners are invited to participate in special meetings of debates organized by the responsible ministries, before the adoption of the laws by the Government and the Parliament.

The legal regulations especially addressed to elderly persons represent a subject of discussion during the monthly meetings of the Committee of the National Council of Elderly Persons.

Presently, the young persons and families with many children are in the highest risk of poverty. In Romania, the majority of elderly persons are receiving a pension, including the old farmers who did not contribute to the insurance system during the communist regime. Also, they are the owners of their houses. Having in view the traditional family's model and the strong perception of the parental duties, many elderly persons continue to provide financial support for their children or nephews. In the same time, it is wellknown that the life style of a group and the needs and wishes of a category of population, in a certain period of time, generates the priorities of the policy makers. In these circumstances, the ageing process and its consequences represent a priority for social protection schemes, health and long care system, rather than other policy areas. Unfortunately, the present generation of elderly people, living and experiencing, in a short period of time, two diametrically opposed regimes, has preserved much more the

menthalities of a passive person. Even the opinion of the adult population regarding the work after the retirement age is not favourable for an active model of life. Therefore, the image of elderly as active persons is usually forgotten by all, beginning with younger generation and continuing with media and politicians.

Mainstreaming ageing in all policies is a real challenge for Romania now and this approach cannot be successful without a strong support of the elderly persons themselves. The Romanian Government make efforts to provide the necessary support for all citizens, including older persons, based on the principle of solidarity between generation as a key of a sustainable development. In this respect, Romania is in full process of re-designing a lot of public policies in the area of health, employment, pension, social assistance, and education.

***RIS Commitement 2: To ensure full integration and participation of older persons in society***

***Promotion of elderly involvement***

Romania promotes a policy of recognizing the importance of participation of elderly persons in all social, economic, political and cultural aspects and there are no legal barriers against their active involvement.

In 2000, it was set up, by law, the National Council of Elderly Persons ( NCEP) as an autonomous and consultative organism, having, as main objective, the institutionalization of social dialogue between public authorities and elderly persons. The NCEP comprises the organizations of elderly persons representative at national level. The NCEP has a permanent commission at central level and 42 structures at territorial level. Officials from different ministries are members of the permanent commission and they meet the representatives of the elderly organizations each month in order to discuss the policies and programs promoted by the state authorities and to be informed about the current problems of the elderly. The functioning of the NCEP is sustained, from the state budget, by the Ministry of Labour, Family and Social Protection which also annually provides funds for the celebration of the International Day of Elderly Persons.

In 2004, by the Government Decision no 499, there were organized Consultative Committees for Civil Dialogue, led by the Prefect and functioning at county level. The members of the committees are representatives of the elderly organizations at local level, persons with power of decision from the territorial structures of central authorities and directors of the public services of general interest from the community. Based on a regular timing program, all the members of the committees are discussing the major problems of the community and specific aspects related to the need of the elderly persons. They approved programs of community development and make annually reports to be sent to the Ministry of Labour, Family and Social Protection. The ministry use the information from the reports to elaborate the national strategies and programs addressed to old people.

The legislation in force provides also the obligation of services providers to involve the users of social services in all stages of services` planning and delivery. The residential care centers for elderly must organize consultative bodies, the members being selected from the services` recipients and from the staff of the local public authorities. 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.

### ***Housing policies and transport facilities***

Only a person living in an inclusive society can be active and able to participate to the life of his/her family and to the community life also. Participation and involvement need acces to transport and decent living conditions. The proportion of privately owned houses increased continuously, from 66,8% in 1989 till more than 98% in 2000. Almost all dwellings privatised are small flats in blocks. During the last decade, concurently with the rising of the welfare level of a part of the population , the imobiliary market expoded and expensive houses were built, but the majority of the elderly are living in blocks of flats in urban area or in modest houses in rural areas. Before 2010, the accelarate rhythm in construction was accompanied by a spectacular growth of the dwellings` price.

The main problems of the elderly population are the high costs of utilities in urban area and the lack of utilities in rural area. Romania has a long period of winter time, almost five months/year. From the state budget, through the budget of the Ministry of Labour, Family and Social Protection, the elderly persons are entitled to receive heating allowances. The benefit is a means tested one and it is expected that the financial aid will cover the most vulnerable quintile of population.

After 2000, the homelessness phenomenon begun to be more visible. The real number of the homeless people is not known, but some NGO`s estimated around 12,000 -15,000 persons all over the country. In 2006, by Government Decision no197, it was initiated a program of national interest according with the state will finance the rehabilitation of buildings to be transformed in shelters for homeless persons. The program, based on the selection of local projects, will be finished in 2012. Till now, there were set up 31 shelters, from 40 selected projects.

Taking into consideration the high costs of the rent and dwellings utilities, the Ministry of Labour, Family and Social Protection has in view to revise the Law no.116/2000 regarding social marginalization and the Law no.17/2001 regarding social assistance for elderly persons and to introduce the obligation of local authorities to solve the housing situation of old persons, by providing financial aid to cover part of the costs of the rent and utilities and, for the dependent persons living alone, to support civil works for rehabilitation the houses in order to adapt their living environment to the individual needs.

The intra urban transport is free of charge for pensioners and war veterans. The pensioners are also benefitting by 6 free of charge annually travels on train.

In the same time, many local authorities interested in solving the elderly risk of isolation, in partnership with NGOs, created day clubs and day centres for elderly people in order to facilitate the interaction with other members of their generation or to enhnce the intergenerational relationships.

***RIS Commitment 3:To promote equitable ans sustainable economic growth in response to population ageing***

In 2010, according to EU-SILC the relative poverty rate reached the level of 21.1% as compared to 23.4% in 2008 (source: National Institute of Statistics and Eurostat). The risk of poverty or social exclusion of older people in Romania is high, but is situated on a lower level (10.9%) as compare to the poverty rate of children 0-15 years age (26.5%) or young persons 16-24 years age (22.6%). The majority of elderly persons in Romania are pensioners and they also are the owners of their houses. More than 98.50% of the 70-74 years age persons living in urban are retired. In the same time, a limited number of older persons are economically active, high differences between rural and urban area being registered: 41.41% in rural and 2.09 % only in urban. This situation comes from the characteristics of employment in rural areas, where the labour force is occupied in agriculture. Yet, many old persons have a poor level of income, are living isolated, abandoned in small villages by their children.

Even the majority of elderly persons in Romania are covered by a pension insurance scheme, due to the low amount of revenues, many of them represent, in the same time, recipients of the social assistance schemes. Therefore, the Romanian Government has initiated a set of measures to support elderly persons in risk of social exclusion and to assist those in need of care.

Presently, elderly persons, depending on the nature of the vulnerability, are entitled to receive social assistance benefits (cash transfers from the state or local budgets): minimum income guaranteed, heating aid for winter time, emergency aids to support daily living costs or medical treatment, emergency aid for natural disasters. Some categories of elderly, such as war veterans, their widows and politically persecuted ones are benefiting by special pensions or indemnities. In addition to cash benefits, the elderly persons can receive benefits in kind and other facilities : food or free access to social canteens, discount for inter-urban tickets and seven free annual travels, free access to public transport in urban areas, discount for balneal treatment, access to special food stores with low prices. The pensioners receive also financial aid for burial, subsidized medicine drugs and free access to health care services for persons with low pensions. The amount of the main benefits addressed to elderly persons are:

- minimum income guaranteed: granted as a financial aid in addition to the person`s income till a maximum monthly amount of 125 ROL for single person and 462 ROL for a family with 5 members; for each member plus, the benefit is rising with 31 ROL;
- heating aid for winter time: granted as a financial aid for 5 months of cold season, covering the costs of dwellings for all persons with a maximum income of 1000 ROL for single person and 670 ROL for each member of a household.
- financial aid for burial: 1,702 ROL for pensioners; 851 ROL for family members of the pensioners.
- personal budget for disabled elderly persons ( according to the handicap level): maximum 91 ROL, minimum 33.5 ROL .
- allowances for disabled elderly persons ( according to the handicap level): maximum 202 ROL, minimum 166 ROL .
- care indemnity (for first degree level of handicap only): 461 ROL .
- financial aid for domestic expenditures provided to war veterans and their widows: 111 ROL.

- financial aid for elderly persons, politically persecuted: maximum 200 ROL, minimum 100 ROL.

Social assistance system in Romania is a noncontributory one, financed from the state and local budgets and includes social benefits and social services. The new *Law No 292/2011 on social assistance* try to adapt the system in order to accomplish the following objectives:

- Fiscal savings of an estimated 0.78% of the GDP by 2013;
- Increasing the share of expenses associated with social assistance benefits for the first deciles, to reach about 50% of their total, in other words, focusing social assistance benefits on the persons with the lowest incomes;
- Reducing the beneficiaries' costs of access to social assistance benefits by nearly 20%, by harmonising and simplifying the application and re-certification procedures;
- Budget savings, by reducing errors and fraud found in the social security benefit system by up to 0.1% GDP/year;
- Reducing the number of persons having the age and capacity to work that are dependent on the social security system by at least 100,000 (preliminary estimate);
- Reducing the number of social assistance benefits administered by the MoLFSP from 14 to less, by consolidating the social assistance benefits for low income families into one single program represented by the minimum insertion income, as well as by consolidating the payments to disabled persons.

Social assistance measures are important if we are looking on the evolution of the minimum wage: increased from 600 ROL in 2007 to 700 ROL in 2011 and 740 ROL in 2012.

In 2007, the monthly average net nominal earnings was of 1,042 lei as compared with 1407 lei in 2010.

***RIS Commitment 4 : To adjust social protection systems in response to demographic changes and their social and economic consequences***

For Romania, the main objectives and challenges in the field of social security refer to : ensuring the financial sustainability of the public pension system( based on the contributiveness and social solidarity principles) and eliminating the existing inequalities and stimulating private pension savings.

The present Romanian pension system, set up between 2005-2008, consists of three pillars : public pension system (PAYG scheme, based on intergenerational solidarity), privately administered pension funds (mandatory defined contribution scheme, part of the individual contribution from the public pension system being accumulated in individual accounts) and voluntary private pensions (defined contribution scheme, voluntary participation, individual accounts). Till 2005, Romania has had the PAYG scheme only.

The initial accession to privately administered pension funds (Pillar II) took place in the interval 17 September 2007-17 January 2008, all eligible persons aged up to 35 years having the obligation to choose one of the pension funds authorized by the Supervisory Commission of Private Pension System. On the 20th of May 2008, *the privately administered pension funds received the first contributions from the*

*participants*, namely 2% of the individual social insurance contribution to the public pension system. In 2011, the quota transferred to Pillar 2 represents 3% and it will reach 6% (of monthly gross earnings) in 2016. As regards the number of participants to Pillar 2, in February 2011, 5,24 million persons were registered, an increase of 5, 47% compared to February 2010 and 0, 63% compared to January 2011.

The voluntary pension scheme (Pillar III) is functional starting with June 2007 and it is based on individual accounts and voluntary participation. The participant can take part simultaneously to several voluntary pension funds, but the summed contributions to the funds must be up to 15% of the gross salary. The amount representing the contributions to voluntary pension fund is tax deductible for both participant and employer within the limits of an amount representing ROL equivalent of 400 EUR per fiscal year. As regards the number of participants to Pillar III, 226.347 persons were registered in February 2011

Starting with 2007, the Romanian pension system has undergone numerous reforms, aimed at improving the sustainability of the system, confronted with structural changes of demographic nature, in the sense of an increased share of the aged population. In 2008, it was approved a significant increasing of the pension amount, applied beginning with 2009, first year of the financial crisis. Unfortunately, further evolutions of the economy and labour market have had negative consequences on public pension insurance fund, the Government being obliged to ensure the financial sustainability of the public system with transfers from the state budget.

Therefore, the Romanian Government decided to reform the public pension system. In 2010 the new Law no. 263 on the unitary system of public pensions was adopted, having, as main objectives : ensuring the financial sustainability of the public pension system, elimination of special retirement regimes for some professional categories, harmonization of the national public pension system with the European practice and EU recommendations, stimulating private pension savings.

According to the provisions of the new legislation : the standard retirement age will increase to 63 years age for women and to 65 years age for men, by 2030; it will be used a gradual approach of indexing pensions to inflation rate; the access to early retirement pensions is limited by financial penalties; special pension schemes for certain professional categories (military and public officers) has been integrated in the unitary pension system; more restrictive criteria for granting disability pensions has been regulated; new categories of contributors are compulsory integrated in the unitary public pension system, such as self employed, free lancers and family associations.

The types of pensions granted to beneficiaries, on the basis of the contributiveness principle are: age limit pension, early retirement pension, partial early retirement pension, disability pension, successor pension.

The introduction of the *minimum guaranteed social pension* in 2009 represents another measure adopted by the Romanian Government in order to prevent the risk of social exclusion of the retired persons with low pensions. In 2010, the name of the program was replaced by “*social indemnity for pensioners*”, being regulated as a social aid provided in addition to the individual pension till a defined amount of 350 ROL.

The present legislation establishes also other facilities for the beneficiaries of the public pension system, such as:

*-reductions granted to the pensioners for the internal transport* - the pensioners from the public pensions system annually benefit of 50% reduction of the ticket price, for 6 trips by train without a reservation regime, or by car and by ship second class, for internal routes only;

*-monthly allowance for the survivor spouse* - as a social assistance aid provided by the state;

*-balneal therapy treatment for pensioners* - pensioners are entitled to receive a package of 7 days for treatment and balneal cure, with a subsidized price from the state budget;

In 2007 the total number of pensioners was of 5,726,000 persons, with an average monthly pension of 389 lei/person, as compared to 5,664,000 pensioners in 2010 with an average monthly pension of 717 lei/person, the pension amount increasing by more than 85%.

***RIS Commitment 5 : To enable labour markets to respond to the economic and social consequences of population ageing***

The main challenge Romania has to face is the low level of the activity rate. In 2009, the activity rate share of the population aged 15-64 years was about 63,1%, the average UE-27 rate being about 71,1%. This situation is the result of the low level of activity and the low level of women employment rate with 15 % less than the level of men employment rate. The young persons are affected by the unemployment three times more than the adults.

From the perspective of the national strategic framework, the priority of Romania is the increasing of the employment rate, objective possible to attend through the improvement of professional competences, promoting the mobility of labour force, adopting an active approach and adequate and flexible social policies. The objectives of the national policies in the employment field are correlated with the priorities and objectives of the European Strategy 2020, the national target to be accomplished being a level of employment around 70%, for the population aged 20-64 years. The Government assumed a set of key actions in the labour market field, stipulated in : Annual National Action Plan, a set of programmatic papers comprising the key actions in the labour market field: National Strategy for Employment 2004-2010, National Training Plan of Working Force, National Development Plan 2006-2013, National Strategic Framework 2007-2013 – Operational Sector Program “ Development of human resources”, National Plan of Social Inclusion, Governing Programme 2009-2013.

After a continuous rise of employment till 2007, employment trend begun to be steady : the employment rate was 58.8% both in 2007 and 2010.

***Evolution of the employment rate (15-64 years) during the period 2002-2012***  
%

Year	2007	2008	2009	2010	2011	2012	2013
	58.8	59.0	58.6	58.3	58.9	59.3	59.9

Source: Eurostat 2006 – 2009

Estimation of the National Commission of Prognosis for 2010 - 2012

The number of ILO unemployed was about 725 thousands persons in 2010, in 2007 being around 641 thousands persons. Long term ILO unemployment rate was 2.5% in 2010, as compared to 3.2% in 2007. The unemployment rate was 6.4 in 2007, compared with 7.3 in 2010. The unemployment rate in the urban area is significantly higher than that recorded in the rural area : in 2010 the figures were 9.1% as compared to 5.0% ( 7.7% in urban and 4.9% in rural in 2007). The young persons aged 15-24 years are the most affected by unemployment: in 2010, the unemployment rate was 22.1% among the youth. The monthly average unemployment indemnity was of 470 lei/person in 2010, with 46,4% more than in 2007 (321 lei/person in 2010). From the total expenditures for social protection of unemployed, in 2010 the highest weight was held by the unemployment indemnity ( 63,7%).

The period 2009 -2010 has been characterized by the negative effects of the economic and financial crisis on the labour market, but the impact on the level of employment was not extremely dramatic. Employment rate of the population of 15-64 years age has decreased in 2009 with 0.4 % comparing with the rate in 2008. National Commission of Prognosis estimates a decreasing of the employment rate till 2011 and an increasing tendency after.

As regards the measures implemented in order to facilitate the employment of older workers, the legal framework states that employers are exempt from paying the contribution to unemployment insurance budget for a period of 12 months and receive monthly an amount equal to the social indicator in force (500 lei approximately 120 Euro) for every registered unemployed person over 45 that they employ, they are obliged to maintain employment relationship at least two years.

In order to promote longer working lives the legal framework also provides an incentive equal to the social indicator in force for employers that hire unemployed persons who have three years until they are entitled to early retirement, partial early retirement or standard retirement. (*Law 76/2002 on the unemployment insurance system and employment stimulation, with subsequent amendments*)

In 2008 through active employment measures there were employed 83.094 people aged over 45 years, of which 17.844 people by providing the subsidies to employers who hire people from the above mentioned category. In 2009 there were employed through active measures implemented by the National Agency for Employment 53.207 people aged over 45 years, of which 4.591 people by providing subsidies to employers. In 2010, 13.843 unemployed over 45 years were employed by subsidizing employment.

In order to create alternative jobs for the population resident in rural areas, Ministry of Agriculture and Rural Development provided financial support under EARDF, through the *National Rural Development Programme*, for the investments in non-agricultural activities. 30 contracts aiming at setting-up and developing the business in the non-agricultural, the total number of new set up SMEs counting of 2,168. By March 15, 2012, 4,260 new jobs were created, following the implementation of the above-mentioned projects.

Complementary, ESF supported the long-term sustainability of rural areas. MoLFSP contracted 268 projects. By February 24, 2012, 42,757 people

participated in integrated programs (counselling and vocational training, entrepreneurship courses). The share of persons who were certified as a result of their participation in the training programs and got employed was about 4%.

***RIS Commitment 6 : To promote lifelong learning and adapt the educational system in order to meet the changing economic, social and demographic conditions***

***Professional training***

According to the Law no.76/2002 regarding the insurance system for unemployment and stimulation of the work force employment, the National Agency for the Work Force Employment has in view to rise the opportunities for all persons to be employed on the labour market. The main tasks of the Agency are not only to administrate the insurance fund for unemployemey, to register the unemployed persons and to pay the monthly indemnities, but also to develop information and professional counselling services, work mediation and professional training.

In 2007, 46,999 persons were integrated in free programs of professional training, representing around 85,45% of the total number of people planned to be trained during the year. From the total number, aprox. 42,234 persons were unemployed, from which 4,393 persons over 45 years age and 2,966 over 50 yeras age.

Aprox. 21,891 unemployed persons who finished these training courses were employed in 2007.

The highest number of unemployed who found a job after graduation was registered in 2009, around 15,844 persons. In 2010, from the total number of coursants, only 15% represented persons over 45 years age and 20% in 2011.

Year	2008	2009	2010	2011
Unemployed persons who followed free training courses	39.448	32.329	33.682	33.682

The highest number of unemployed who found a job after the graduation was registered in 2009, around 15,844 persons. In 2010, from the total number of coursants, only 15% represented persons over 45 years age and 20% in 2011.

In order to improve the vocational skills of the labour force, MoLFSP drafted the *Law on amending and completing the GO No 129/2000 on adult vocational training*. The new provisions regulate that the continuous vocational training (CVT) could by carried on by private or public legal and natural persons established in Romania, in other Member States or in EEA countries, irrespective on their legal form, according to *Directive 2006/123/EC of the European Parliament and of the Council on 12 December 2006 on services in the internal market*.

Through ESF, 17 projects were contracted in order to strengthen the capacity of CVT service providers. By February 2012, 25 CVT service providers received the funding, and 36 qualifications were developed. The share of CVT service

providers who were authorized / certified according to quality assurance standards was 11.68%.

Last year only, 50,155 jobseekers were trained by means of CVT programs financed by the UIB, out of which 17,850 people were employed.

Complementary, ESF founded 696 projects dedicated to the continuous vocational training of workers. By February 2012, 107,091 people participated in training courses, out of which 38,255 women. Unfortunately, the output indicators were accomplished in a very low percentage : 33% - for the participants in CVT programs who were certified, 27% - for the participants in training programs who started new businesses, 58% - for the people who were certified in the management and organization of work and 78% - for the persons who were certified for upgrading their skills.

### ***Education***

The national educational system was restructured during the last two years according to the new Law of education no.1/2010. The number of educational institutions decreased by 7.8% in 2010, compared to 2007, as consequence of these reforms. The configuration of the education network has been correlated with the size of the school population, the main priority being the increasing of the quality of the education. In correlation with the reduction of the school population, in 2010 the number of graduates decreased, except for the post high school. Participation in the educational or training programs for persons aged 25-64 years remains at a low level: 1.3% in 2007 and 1.5% in 2010.

Amongst the subsequent legal acts deriving from the *Law No.1/2010 on National Education*, there have been adopted all regulations targeted on the access to education, quality education and efficiency of educational process, opening education to other milieus (economic, social, cultural, etc.). Ministry of Education, Research, Youth and Sports is currently implementing the new legal provisions through education programs and projects, social programs and programs designed for disadvantaged groups, while a significant number of these programmes are co-funded by European funds. Development of vocational education and training (VET), secondary (technological VET route) and the post-secondary education is supported through funding from the state budget of education vacancies for this types of education through teacher training programs in VET education as well as via two projects funded by ESF-SOP HRD, namely: *Correlating VET offer to labour market needs* and *Improving the quality of education and vocational training through partnership networks*. Regarding the opening of school to the community and business environment, particularly in disadvantaged areas, our efforts are focused towards development of key skills as a prerequisite for social inclusion through projects funded by ESF - SOP HRD. With regard to focusing teacher training on areas of impact / change fostering quality school attainment, through ESF projects - SOP HRD, teachers were trained to develop new skills from starting from early education up to upper and post secondary education.

Following the start of measures taken to adapting higher education to labour market and increase access to tertiary education, the share of population aged 30-34 years with tertiary education level recorded in recent years an increase of 4.1 pps since 2008, rising from 16% in 2008 to 18.1% in 2010 and up to 20.5% in



QIII/2011. To create an objective selection framework to attract young people with skills towards qualifications ensuring the implementation of a preset pattern of economic development pattern and in order to match higher education to labour market needs, regular national studies were initiated to link higher education with labour market requirements. Thus, through SOP HRD *Management of matching education with labour market* which will be implemented in November 2010 - October 2013, aims at creating a network for qualitative and quantitative data collection and development of tools, procedures and methodologies to improve and update permanent knowledge and skills provided by the higher education according to labour market demands. At the end of the third year of the project implementation it is expected to achieve an integrated tool for monitoring the insertion of graduates into the labour market, designed to provide a real-time response to those people aiming to graduate university courses.

***Ris Commitment 7: To strive to ensure quality of life at all ages and maintain independent living including health and well-being***

***Long term care***

Besides the huge problems of the pension system sustainability, a major challenge will be the rising needs of health and long term care of older persons.

The increasing need for long term care (LTC) has been accentuated by the changes of the traditional model of extended family, more and more older persons living alone. By consequence, Romania has to adapt health and social assistance systems in a harmonious manner and to find a balance between public protection and private support. The Romanian Government is committed to set up a network of sustainable and accessible LTC services, able to respond to the real needs of elderly persons, to assure a decent level of life, in dignity and full respect.

According to the present legislation, the responsibility of developing residential and domiciliary care services for elderly is decentralized to local authorities, while the state can finance national programs and provide subsidies for NGO`s. The Ministry of Labour, Family and Social Protection (MoLFPS) is implementing, since 1998, the program of subsidies addressed to NGO`s and almost 45% from the total annualy funds are spent for elderly care services. If in 2007 a number of 106 social services ( residential, day care and domiciliary care units) received 4,997,406 ROL from the state budget, granted as subsidies, for an average number of 6,689 old beneficiaries, in 2011 the budget has been doubled and the state spent 11,506,633 ROL for 129 social services provided for an average number of 15,825 elderly persons.

Another national program, ruled by MoLFPS between 2007-2009, has had, as main objective, the development of home care services. The program, sustained from the state budget also, covered, based on local projects submitted by local authorities (27 projects), the training costs of approx.300 caregivers and part of their wages ( more than 60%). During the program implementation 277,876 elderly persons received formal care.

The residential care in hostels is financed from local budgets and from the contribution of the beneficiaries which cannot be higher than 60% of their total income.

For those persons without family and any income, the entire cost of care is supported from local budgets.

Many efforts have been done by the central and local authorities in order to develop the network of social services for elderly people during the last five years. In 2011 there are 109 public hostels with 6,839 beds and 74 private ones with 3,154 beds, as compare to 2007 when there were registered 53 public hostels having a total capacity of 4,589 beds ( there are no data about the private facilities). The number of residential facilities is still reduced in comparison with the waiting lists. In 2011, the Romanian Government has decided to sustain the reorganization of the inefficient health facilities in hostels for elderly persons. According to the National Interest Program, approved by Governmental Decision no.212/2011, 200,000 ROL from the state budget are available to be granted to the local authorities which decide to apply for funds. The program will cover the functioning costs of these hostels till December 2013 ( 23 applications registered). Unfortunately, the system of domiciliary care is extremely less developed. There are no relevant data regarding the real number of formal caregivers, their professional profile (carers with basic education, medical nurses, geriatric nurses, etc). Having in view that in 2010, there were registered 307 public and private providers of domiciliary care services for an average number of 5,255 dependent elderly persons, we can appreciate the existence of aprox. 2500-3000 formal caregivers. Knowing the estimated number of elderly having a high degree level of dependency-around 100,000 - 140,000- we can conclude that domiciliary care still remains as in the responsibility of the family members.

In the same time, the number of vocational training providers is rising continuously: in 2006 there were registered 19 providers of training for caregivers, while in 2010 there are recorded 103.

Elderly persons, evaluated and certificated as persons with handicap, are entitled to receive social benefits granted according to the degree of handicap ( medium , advanced and high) and care services. Persons with the highest level of handicap can choose between a monthly care indemnity or the services of a personal assistant, employed by local authorities. Personal assistant is responsible for the personal care and individual rehabilitation plan of the person assisted and can be recruited from the family members of the beneficiary.

In 2011, there are registered 317 rezidential care centres for 16,977 adults with handicap, 48 neuropsychiatric recovery and rehabilitation centres for 5,586 adults with handicap and 4 respite centres with 27 places.

From the total number of 691,579 disabled persons, 282,961 are persons of 60 years age and over, out of which 277.876 are cared in family and 5085 are institutionalized.

A number of aprox. 92,625 adult persons are suffering by a psychic handicap, out of which 21,298 have 65 years age and over.

### ***Health***

Beginning with 2009, a program of supporting the medical domiciliary care was put in practice by the National House for Health Insurance which pay the costs of care for 90 days/person /year, the services being provided by NGO's only.

A long period of major changes in the field came after the adoption of the Law no. 95 regarding the health reform package, in 2006.

Between 2007-2010 public health expenditure remains around 4% of GDP. The health system continues to be sub-financed and the limited number of contributors determine the health insurance fund to be not able to entirely cover the costs of medical treatment and part of health services.

Specific legal provisions facilitates the access of elderly persons to health care services :

- The framework legislation on health and pension system provides free accessibility to health care services, for the elderly persons with a pension situated under 740 ROL/month, their contributions being covered from the social insurance fund for pensions.
- The old persons beneficiaries of minimum income guaranteed have also free access to health system, their contributions being supported from the state budget;
- The costs of medicines are covered from the health insurance fund in different percentages: 90% or 100%; the list of medicine drugs with subsidized costs is annually approved by the minister of health;
- The war veterans, the elderly who suffered for political or ethnical reasons, the disabled elderly persons have free access to health care units and medical treatment.

The Ministry of Health continues to implement national programs to prevent and combat a range of chronically diseases ( diabetes, cardiovascular, mental and psychic disorders, HIV/AIDS, etc).

In 2010, per 1000 inhabitants, there were 24.2 physicians, 6.1 dentists, 6.3 pharmaceutical chemists and 58.9 ancillary medical staff. Unfortunately, during last three years many physicians and nurses leave the country to work abroad. In 2010, 204.6 thousands persons worked within the sanitary system as against 207.3 thousands in 2007.

In these circumstances Ministry of Health (MH) intend to reform the national healthcare and a range of strategies and a new project of law were elaborated.

Accordingly with the *National Strategy for the Rationalization of Hospital and the Strategy on primary healthcare assistance and medical care services in rural areas* for the period 2012-2020, *it is expected to reduce admissions in hospitals, with concomitant development of ambulatory and primary care, by:*

- *Restructuring the hospital network:* transforming hospitals into multifunctional centres, round-the-clock medical centres, specialized medical centres, the reorganization of 28 hospitals as outer sections and the transformation into homes for elderly of other inefficient hospitals.
- *Reducing excessive hospital admission capacity:* the National Plan for Beds was implemented for 2011-2013 under which the beds will reach a total number of 123,127 in 2013, so that Romania should be approaching the European average.
- *Classification of hospitals:* a clear classification system of hospitals was adopted, in 5 categories that allow a coherent representation of the relations of hospitals and changed the financing of hospitals, depending on their classification.

- Developing multifunctional centres and medical centres of permanence, at primary and ambulatory level, to facilitate the access to health services for people from rural areas especially.

*Other important measures adopted by the Ministry of Health, in order to improve the system efficiency have had in view:*

- *Redefining the basic medical services package* by restricting the use of some drugs for those therapeutic prescriptions which are not in the marketing authorization of the manufacturer, or for which there is not a clear scientific evidence of a positive risk/benefit balance;

- *Introducing the claw-back mechanism for pharmaceuticals* has generated solutions for revenue growth in the health sector and it reduced the financial losses;

- Replacing the original with generic drugs in netted or free list of medicines, this measure allowing more patients to have access to treatment without increasing budgets for various national programs;

- *Computerization of the health system*: implementation of National Health Card and of Electronic Patient Data and e-Prescribing projects.

### ***RIS Commitment 8 : To mainstream a gender approach in an ageing society***

In 2002, it was approved the Law no.202 regarding the equal opportunities for men and women. The main declared objective of the law is to eliminate all the forms of gender discrimination, in all areas of the Romanian society: equal treatment on labour market and maternity protection, full access to education, health care, culture and information.

During the last five years, more regulations have been adopted:

- The Emergency Governmental Ordinance no.67/2007 regarding the application of the principle of equal opportunities between men and women within the professional schemes of social security, approved by the Law no.44/2008;

- The emergency Governmental Ordinance no.61/2008 regarding the implementation of the equal opportunities men and women principle in the area of access and provision of goods and services, approved by the Law no.44/2008;

- The Governmental Decision no.237/2010 regarding the National Strategy for equal opportunities between men and women for 2010- 2012 period.

The Equal Opportunities Directorate, organized within the Ministry of Labour, Family and Social Protection elaborated and implement now many projects, such as: “Women and Men - same opportunities on labour market” which provides training addressed to the members of the national and county commissions of equal opportunities, “ The network of pilot centres for women – ESTHIA” which has in view the setting up of 3 centres of counselling and information for women and 3 mobile centres, The Entrepreneurship and equal opportunities - an interregional model of entrepreneurship school for women” initiated by the Oradea University, “ Partnership for the development of the implementation mechanisms of the equal opportunities principle on labour market” initiated by the

Agency of Community Development which intend to create a center of resources and a library.

Romanian Constitution underlines the unity of the people and the equality between them, regardless the race, nationality, ethnic origin, language, religion, gender, political affiliation, or social origin.

The National Council for Combating the Discrimination represents the state authority, organized under the control of the Parliament, which is responsible with the implementation of the provisions of the Governmental Ordinance no.137/2000, modified and approved by the Law no. 76/2009 regarding the prevention and penalization of all forms of discrimination.

Generally, in Romania, under equal working conditions, salaries are the same for men and women. If in 2009, the gap between gross average salary of women and gross average salary of men was about 8.4% in 2009 and 12.6% in 2010. The fluctuations of the figures are determined by the efficiency of economic activities of different branches and by the share of women in leadership positions or with higher education.

***RIS Commitment 9 : To support families that provide care for older persons and promote intergenerational and intra-generational solidarity among their members***

In Romania, the majority of caregivers are the family members. Elderly persons are cared mostly by their spouses or children, daughters especially. Unfortunately, there are no legal means of support for relatives who care an old member of their family.

The majority of social benefits are focused on supporting families with children: state allowances for children, family allowance, support allowance for mono-parental families, indemnity for child rising and parental leaving, incentive for child rising, allowances for foster care. The total expenditures for these benefits represented 4,329,806 thousands ROL in 2007 and 5,542,953 thousands ROL in 2010.

In 2009, the expenditure for allowances granted from the state budget accounted for 59.9% of the total expenditure incurred from the state budget and the local budgets. In addition to these allowances, the parents are benefiting by other measures of support in order to make the most appropriate arrangements to reconcile the family life with working time:

- maternity leave of 126 days, from which 42 days are mandatory after birth;
- paternal leave of 5 working days, granted during the first 8 weeks after the child's birth; if the father have certified knowledge in child care , he can benefit of a paternal leave of 15 working days;
- maternity risk leave - in certain conditions, according to the law no.25/2004 regarding the maternity protection at labour' place, the pregnant women has the right to a maternity risk leave of maximum 120 days or part time work with the maintainance of the initial wage;

- parental leave - for each of the first 3 new born children , till 2 years age of the child and 3 years age of the disabled child; for the same period of time, the parent is entitled to receive the indemnity for child rising;
  - financial supplement for the parent who decide to return on labour market during the legal period of the parental leave.
  - indemnity and parental leave for persons with disabilities : families (mother or father) with disabled children and families where one parent is disabled are entitled to receive parental leave and a monthly indemnity till the child will have 7 years age.
  - tickets for crèche: granted by the employers in order to support the costs of the child care of their employees
- Social services* : creches for children between 3 months and 3 years aged, day centres for children between 3 and 7 years aged, day centres of counselling and parental education for families.
- All children have free access to kindergardens; the parents with a certain income pay the meals only ;the admission in kindergardens begins at 3 years age of the child

The new law of education no 1/2010 has in view to reform the system, beginning with the early education and the need of development of creches and kindergardens. In order to **grant the necessary support to prevent early school leaving**, Ministry of Education, Research, Youth and Sport has already elaborated and issued the implementation methodologies for *School after school* program which will be implemented at the beginning of each school year, based on the decisions made by school management boards.

In addition, some services and social programmes supporting children at school are already implemented:

- Financial aid for school - granted to the children coming from poor families and for those being under a protection measure;
- Food supply program for children in primary education stage- daily granted to all children in primary schools ( milk and bread) and recently fruits;
- Social scholarships for children and youngsters from poor families - monthly granted to children and youngsters from families benefiting of minimum income guaranteed.

***RIS Commitment 10 : To promote the implementation and follow-up of the regional implementation strategy through regional cooperation***

Romania collaborated with the UNFPA for a long period of time, more than 35 years. With the aim to intensify the cooperation with Romania, UNFPA started a dedicated country programme for 5 years, 2005-09 which was prolonged till 2011. Some of the outstanding accomplishments have included: elaborating a comprehensive national family-planning programme that ensured access to family planning services at primary health care level, including modern contraception in 85% of geographical areas; setting up the logistic management information system to monitor reproductive health commodities implemented at national scale; strengthening the national capacity to conduct reproductive health and gender and generation surveys to monitor progress and develop adequate policies; preparation on the Green Paper of Population in 2006 covering emerging trends,

implications to social development and recommending way forward; supporting the establishment of the National Commission for Population and Development and facilitating the activities of the Senate Sub-Commission on Population and Development.

The ultimate goal of this cooperation framework was to have the national institutions own the ICPD agenda beyond UNFPA's presence in a long run and to have the capacity to sustain and build on the gains made during the last five years. Even the main areas of cooperation have been oriented on population development, especially on reproductive health and domestic violence, UNFPA offered a substantial support to the Ministry of Labour, Family and Social Protection in order to prepare the monitoring process of the MIPAA/RIS during the last 7 years, till the office in Romania was closed at the end of 2011. UNFPA facilitated the workshops and meetings between experts of the ministry and representatives of NGO's and other institutions as the Research Institute on Demographic Issues "Vladimir Trebici" of Romanian Academy, National Institute of Statistics, National Institute of Prognosis. Also, UNFPA organized in collaboration with MoLFSP and Sub Commission of the Senate on Demography seminars and conferences for journalists, politicians, experts, representatives of public institutions and civil society.

A major support was provided by UNFPA in setting up the National Commission for Development and Population which has, as main objective, the elaboration of a national strategy regarding the population development from a demographic perspective.

During the last five years, a range of projects regarding elderly persons and their rights have been initiated by NGO's and professional associations, such as the Alzheimer Foundation, Romanian Alzheimer Society, Romania-Caritas Federation, Princess Margareta Foundation, Red Cross, Geron Foundation, National Council of Elderly Persons.

For the next period, it will be necessary to consider regional cooperation as a basic condition in order to accomplish the objectives of MIPAA and the commitments assumed by the Romanian Government.

#### **4. Conclusions and Priorities for the Future**

The economic and financial crisis led to a dramatic decrease of the Romanian economy. In the same time, the birth rate continues its decline and the external migration still register high levels. Considering that, in the short or medium term, mortality cannot be expected to bring a significant contribution to the reduction of the demographic decrease, it will be difficult to stop the ageing process. Some specialists estimated that the birth rate remains the only issue that can be addressed efficiently and a revigorated natality could have positive effects in the long run.

The present and the future of the country will be characterised by a different social context, the economic crisis having negative effects both on the incomes of the population which will decrease and social protection needs (unemployment subventions, guaranteed minimum income, social dwellings, social assistance services etc.) which will follow an ascendent trend.

The major problem in Romania now is the economic performance. A minority of salaried employees are supporting the economy of Romania, the state budget and the rest of the population. An important number of the active population is still working in agriculture (30% of the employed population), while the agriculture contribution to GDP is limited.

In comparison to other European environments, Romania stands out through an increased share of the health and family expenditure, detrimental to unemployment, dwelling and social exclusion expenditure.

One of the problems with severe consequences in the long term is the precarious old-age pension coverage among working-age population. Today, *less than half of the active population is pension-covered*. 25-35 years from now, those who are working „black” or are not working at all (the number is significantly large) will reach the retirement age without having a pension cover, and will burden the social assistance system ( farmers especially). In the medium and long term, the ratio of pensioners to salaried employees will remain high, as the population structure of Romania is atypical, with very large cohorts/ generations aged 19 to 41 (as a result of the aggressive pro-natalist policies within the communist regime) and very small generations aged 0 to 18 (the transition generations). As a result, the future generations entering the labour market will be small and the number of employees will not have the possibility to grow much, even in the perspective of economic growth. As for pensioners, the number of non-agricultural pensioners will remain constant for a period of time, while the number of agricultural pensioners will decrease becoming insignificant in the next 10 years. After 2032 (when the generations born after 1967 will reach 65 years of age) an additional wave of pensioners will occur, turning from contributors into beneficiaries, which will severely affect the dependence rate for the following 22 years. Only in 2050 the pension system will stabilize with regard to its demographic component, its balance depending only on its economic component.

The social benefit system is characterized by the predominance of contributory benefits, the most important of them – pensions and health insurances – cumulating circa 78% of the total social expenditure of Romania.

On top of everything there are medium and long-term problems related to population ageing, migration and other socio-demographical unbalances. In these circumstances, *only fair, coherent, well-focused and effective policies will manage to reduce the risks and maintain budgetary balance and social order*.

In these circumstances, the main areas of actions, related to the MIPAA/RIS commitments also, will be focused on the economic growth and improvement of social protection systems. Labour market and employment, pension sustainability, health and social care are still considered priorities for the policy makers during the next medium term period

These three areas of concern can be identified in the programmatic papers of the Government. The decision related to the future actions must have in view the following data:

- the population aged 60+ years about 19% in 2007 which will increase till about 23.3 % in 2030;
- the life expectancy related to the age of retirement will rise from 15.8 (male) and 19.2 (female) in 2000 to 20.2 (male) and 23.1(female) in 2050;



- lack of performance of the PAYG pension system when there is a high number of pensioners related to total active population and total population in economy;
- the risk of poverty due to the low amount of pension comparing to average wage;
- the demographic pressure of the elderly and young persons on the active adults of 44 elderly + young /100 adults;
- the dependency rate of the elderly expected to increase from 13.4% in 2000 to 50.9 % in 2050.
- the active population of 15-64 years old will increase, the activity rate reaching about 63% in 2010.

Two major policies will be developed in order to avoid the decline in individual replacement rates at a given age: promoting longer working lives and sustaining or increasing the development of private pensions.

It will be also important to design a more comprehensive reform strategy taking into account all taxes, social contributions, in work benefits, benefits levels, enforcement of eligibility criteria and stimuli for activation.

The issue of the ageing population begun to be reconsidered on the agenda of public policy makers. Romania is fully aware of the importance of using the older persons` potential, particularly today when the country is confronted with the emigration of younger people to other countries to search of higher wages.

For the future, one of the major challenges remains how to grant to older persons financial independency and appropriate services to keep them active physically and mentally as longer as possible, in order to give the opportunity to enjoy life till the end.

Romania, as is fully committed to follow up objectives of the MIPAA/RIS as well as the rules and recommendations of the European Commission regarding the accomplishment of the Lisbon targets, giving more attention to the establishment of a comprehensive active ageing strategy as a key issue for further sustainable development.

Romania is interested also in strengthening the international cooperation through common projects related to successful pension schemes, performant management of long term care services and innovative models for retaining the older workers in labour market.

**Implementation Regional Strategy (RIS)  
Available indicators**

**1. Demographic indicators**

*Indicators under the responsibility of INS*

Indicator	Reference Year		Data source	Observations/explanatory notes
	2007	2010		
Population size (inhabitants)	21537563	21431298	INS – demographical data	
Masculin	10496720	10434143		
Feminin	11040843	10997155		
Population by aggregate age group (persons)			INS – demographical data	
Persons aged of :				
<b>0 – 14 years</b>	3288439	3241295		
Masculin	1687078	1664478		
Feminin	1601361	1576817		
<b>15 – 64 years</b>	15049402	14995129		
Masculin	7503700	7478747		
Feminin	7545702	7516382		
<b>65 years and over</b>	3199722	3194874		
Masculin	1305942	1290918		
Feminin	1893780	1903956		
<b>80 ani and over</b>	586709	675828		
Masculin	210191	244459		
Feminin	376518	431369		
Demographic dependency ratios	43	43	INS – demographical data	Young and old persons at 100 adult (growth) person
Natural increase/natural growth	- 37237	-47524	INS – demographical data	persons
Overall growth	-36492		INS – demographical data	For 2010 no data concerning extern migration.
Total Fertility Rate	1.3	1.3	INS – demographical data	Children per woman

Indicator	Reference Year		Data source	Observations/explanatory notes
	2007	2010		
Life expectancy at birth	72.61	73.47	NSI – demographical data	years
Masculin	69.17	69.76		
Feminin	76.14	77.30		
Life expectancy at 65 by sex	15.17	15.67	INS – demographical data	years
Masculin	13.61	13.91		
Feminin	16.44	17.13		
Health adjusted life expectancy (HALE/DFLE)			Eurostat – Public Health	years
Masculin	60.4	59.5		
Feminin	62.3	61.4		
Health adjusted life expectancy (HALE/DFLE) at age 65 by sex			Eurostat-Public Health	years
Masculin	7.6	7.2		
Feminin	7.7	7.0		

## 2. Income and wealth indicators

### Indicators under the responsibility of INS

Indicator	Reference Year		Data source	Observations/explanatory notes
	2007	2010		
<b>Mean disposable income by age groups (i.e. 25-54, 55-64, 65-74, 75+)</b>			Household Budgets Survey (HBS), 2007 and 2010	Mean disposable income are evaluated base don the prices from January each year
Persons aged of:				
25 – 54 years	750,18	1000,27		
55 – 64 years	735,43	1041,13		
65 – 74 years	631,94	967,71		
75 years and over	577,08	926,64		
<b>Relative disposable income %</b>			Household Budgets Survey (HBS), 2007 and 2010	
Persons aged of:				
25 – 54 years	107,6	105,7		
55 – 64 years	105,5	110,0		
65 – 74 years	90,7	102,3		
75 years and over	82,8	97,9		
<b>Relative income poverty rate, at</b>			Household Budgets Survey	

<b>60% median threshold, by age group %</b>			(HBS), 2007 and 2010	
Persons aged of:				
25 – 54 years	16,3	16,6		
55 – 64 years	14,6	10,7		
65 – 74 years	16,8	8,4		
75 years and over	23,4	12,7		

**B. Indicators out of the responsibility of INS**

Existence of minimum income guarantee for older people : minimum income guaranteed :125 ROL/month and minimum social pension : 350 ROL/month

**3. Labour market participation indicators**

**Indicators under the responsibility of INS**

Indicator	Reference Year		Data source	Observations/explanatory notes
	2007	2010		
Labour force participation rates of persons aged 55-64 years %	42,4	42,5	Household Labour Force Survey	
Labour force participation rates of persons aged 25-54 years%	79,0	79,5	Household Labour Force Survey	
Employment rates of persons aged 55-64 years%	41,4	41,1	Household Labour Force Survey	
Employment rates of persons aged 25-54 years%	74,6	74,4	Household Labour Force Survey	
Unemployment rates of persons aged 55-64 years%	2,3	3,3	Household Labour Force Survey	
Unemployment rates of persons aged 25-54 years%	5,6	6,4	Household Labour Force Survey	
Average effective labour market exit age	...	...		Only on Eurostat 2003-2006

#### 4. Social protection and financial sustainability indicators

##### A. Indicators under the responsibility of INS

Indicator	Reference Year		Data source	Observations/explanatory notes
	2007	2009 (2010)		
Public pension spending as % of GDP	7,0	10,1	Based on ESSPROS, European System of Integrated Social Protection Statistics	Data for 2007, 2009.
Public pension spending as % of all social expenditures	51,9	58,0	Based on ESSPROS, European System of Integrated Social Protection Statistics	Data for 2007, 2009.
System dependency ratio (SDR) in public pension schemes	0,9	1,0	Based on number of pensioners from state social insurance provided by the National House of Public Pension Based on the average number of employees from Wages and Salaries Statistics	Data for 2007, 2010.
Public pension benefit ratio (%)	52,3	69,2	Based on number of pensioners from state social insurance provided by the National House of Public Pension Based on the average number of employees from Wages and Salaries Statistics	Data for 2007, 2010.

