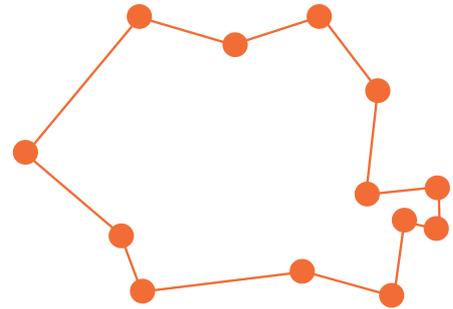




COUNTRY MONITOR



ROMANIA

Social Rights Monitor 2019



Civic space in Romania is under severe pressure. Freedom of assembly and association have both been limited by new laws making it more difficult for civil society organisation to receive donations and organise public gatherings. The collective bargaining system has largely collapsed as collective bargaining at the national level has been banned. Social dialogue has also been limited as the government has an increasingly large influence on the Economic and Social Council. These developments pose a threat to working conditions and social conditions in general. Romania is furthermore faced with very high poverty and in-work-poverty rates. The social security system, which is underfunded, is unable to effectively combat poverty and social exclusion. This is aggravated by a recent tax reform that puts almost the full responsibility for paying social contributions on the employee. Low wages have led many skilled workers to emigrate, which in combination with strong economic growth is resulting in shortages in the labour market. Recent increases in wages for the public sector have contributed to Romania having the lowest gender pay gap of the EU. In contrast, the gender employment gap is above average, largely due to inadequate provisions for childcare. Government spending on education in general is low and the education system insufficiently facilitates social mobility and the transition into the labour market. Finally, access to health-care is also unequal - especially for the Roma minority - and suffers from a lack of funding.



Gini Index: 35.1

Unemployment: 4.2%

Gender equality index: 54.5

Youth unemployment: 16.2%

AROPE: 32.5%

Social welfare spending (as % of GDP): 11.7%

Tax on labour as share of total taxes: 43.0%

In work poverty: 15.3%

CIVICUS civic space monitor: Narrowed

Equal opportunities and fair working conditions

In 2018, the Romanian government introduced a drastic reform to the tax and social security system. The flat-rate income tax was lowered from 16% to 10% and the social security contributions were also slightly decreased. At the same time, the responsibility for paying the social contributions was almost completely transferred to the employee, putting an extra burden on their wages.¹ Our National Strategy Group furthermore reports that workers with part-time contracts now pay healthcare and pension contributions at the rate of the full-time minimum wage. This has forced many to give up their job as in some cases the contributions have become higher than the salary.

Like other countries in the region, Romania is currently experiencing strong economic growth and low unemployment.² In combination with emigration, this has led to shortages in the labour market. The government makes ad hoc decisions to increase the minimum wage without an objective indexation mechanism or consulting social partners. This has resulted in around 40% of the Romanian workforce currently working for the minimum wage. Informal work is another contributor to the precariousness of work; 22% of the Romanian economy is estimated to be informal.³ Working conditions in general are under threat as the social dialogue system has

recently collapsed (more about this later on in the report).

Education

Access to education in Romania is very unequal; especially Roma and young people in rural areas struggle to access quality education. In rural areas 38% of schools still have outside lavatories without sewage or running water, compared to 7% in urban areas.⁴ With a spending of 2.8% of GDP in 2017, Romania is the lowest spender on education in the EU.⁵ Further investments, of up 6% of GDP, have been postponed until at least 2022.⁶ This is reflected in poor outcomes and a low level of basic skills, which is further aggravated by a high number of early school leavers. At 16.4%, Romania has one of the highest early school leaving rates in the EU.⁷ Drop-out rates are especially high for Roma (77%) and young people living in rural areas (27.1%). The school system is furthermore insufficiently able to compensate the social economic circumstances in which children grow up. Both our National Strategy Group and employers point out that the teaching methods used are often out-dated, meaning that recent graduates do not have the skills needed in the job market.⁸

Good practice

Combating youth unemployment

Romania has introduced a number of policy measures to reduce youth unemployment. With the help of the European 'Youth Employment Initiative', the government has introduced grants for internships and to stimulate employers to hire new graduates. To improve internal mobility in the country, bonuses are available for young people who work more than 50km from home of who move for a job. To give early-school-leavers a second chance, a free evaluation system that formally recognises skills learned outside the traditional education system has been set up.⁹



Migration

Romania is faced with large scale outward migration, largely motivated by limited social mobility and better working and living conditions abroad. Since the 1990s, 23% of the Romanian workforce has left the country to find employment elsewhere.¹⁰ Especially after entering the labour market, young Romanians seem to become less optimistic about their future in Romania. In 2018, 30% of young people indicated that they wanted to leave Romania for another EU country, also often citing poverty as one of the main reasons. Although still high, this number has improved significantly since 2014, when 60% of young Romanians were considering emigration.¹¹ Immigration is not enough to counteract the adverse demographic trends, even though the National Strategy Group reports that 30.000 work permits will be issued in 2019, mainly to workers from low-wage countries in Asia.

Over the past years, the government has implemented several policies to slow down the emigration of certain categories of workers. In an attempt to encourage educated workers to stay in the country, in January 2019, the minimum wage for jobs that require higher education was raised to 2350 RON, 300 RON above the national minimum wage. For construction workers, the government has introduced a minimum wage of 3000 RON, which is exempt from most taxes and social security contributions for a period of 10 years.¹²

Gender equality

At 3.5%, Romania has the lowest gender pay gap of Europe.¹³ Our National Strategy Group reports that this is largely the result of a 2017 law that increased the wages in the public sector, including for teachers, medical staff and social services, which are dominated by women. In contrast, Romania has one of the largest gender employment

gaps of the EU (18.3 percentage point), which has increased by 4 points over the last decade.¹⁴ Low enrolment in early childhood education and nurseries are an important contributing factor here. Although the government has expanded the child raising leave in order to encourage men to take on more responsibility for raising their children and for women to return to the labour market, there are no incentives for men to actually take up their leave and entitlements cannot be transferred from one parent to another.¹⁵

Social protection and inclusion

Romania is characterised by high poverty rates. It has the second highest share of people at risk of poverty and social exclusion (32.5%)¹⁶, and the highest rate of in-work-poverty (15.3%) in the EU.¹⁷ At 16.8%, it also has the second highest rate of people facing severe material deprivation in the EU.¹⁸ Social spending levels are among the lowest of the EU¹⁹, and as a result the effect of social transfers on poverty reduction is very limited.²⁰ Plans to combine existing social benefits into one minimum income scheme to more effectively tackle poverty have been postponed to 2021. Poverty also has a strong tendency to be transferred from one generation to the next, as socioeconomic background has a large impact on children's educational outcomes.²¹

Healthcare

Although spending has recently increased, in terms of healthcare, Romania is the lowest spender of the EU, spending only €983 annually per capita; the EU average is €2.773.²² The healthcare sector is faced with increasingly serious staffing problems, aggravated by the mass emigration of qualified professionals. The World Bank estimated that in 2013, more than a fifth of Romanian doctors were working abroad.²³ As a result of these challenges, the health of the Romanian people suffers; the amenable mortality rate in



Romania is 2.5 times higher than the EU average.²⁴ Access to healthcare is furthermore unequal. The National Strategy Group reports that people who are not in possession of identity documents or elderly who do not receive a pension, do not have access to health services or free medicines. As a result, around 60% of elderly do not have access to free medicine and need to cover these costs out-of-pocket. Marginalised groups, such as Roma, face an even greater barrier in accessing medical care. 42% of Roma say they do not seek medical care when they need it and over 80% of the Roma who avoid health services say they do so because of a lack of health insurance and financial means.²⁵

Civic space

Civic space in Romania is 'narrowed' according to the CIVICUS Civic Space Monitor.²⁶ New legislation introducing extra checks and a registry for donations to non-profit organisations is threatening the financing of civil society organisations. The National Strategy Groups warns that this new legislation is an attempt by the government to limit the influence of organisations financed by foreign donors, similar to the actions of the Hungarian government against the Open Society Foundations, founded by Soros.

In 2018, the freedom of assembly has been limited by a new piece of legislation requiring that public meetings, including protests, be announced in advance. Activists worry that this will put an extra responsibility on them to vouch for the behaviour of all attendants of a demonstration. Furthermore, there have been reports from activists in Bucharest of the government offering the use of public spaces to NGOs without any planned activities, just to make it impossible to organise a protest in these areas.²⁷

Reporters without Borders warns that the media landscape in Romania is becoming increasingly more politicised and (self-) censorship is wide-

spread. The financing mechanisms of media outlets are, furthermore, far from transparent. Authorities put pressure on journalists to reveal their sources and to silence criticism of the government. Reporters without Borders has even found that government agents posing as journalists have recently started infiltrating news organisations.²⁸

Social dialogue and collective bargaining

The National Strategy Group warns that the collective bargaining system has all but collapsed, posing a threat to all working conditions covered by collective bargaining agreements, including wages, occupational health and safety and social security provisions. In 2011, collective bargaining at the national level was abolished and the extension of sectoral level agreements was limited. At the same time, more emphasis was put on branch and company level collective bargaining, requiring 50% +1 of a company's employees to be member of a trade union in order to start collective bargaining. This left about 1.2 million employees working in 450,000 companies uncovered. Overall, collective bargaining coverage declined from close to 100% in 2010, to 35% in 2013.²⁹

In 2013, the Economic and Social Council (CES) was transformed from a structure for social dialogue, to one of civil dialogue, which acts as an advisory to the parliament and government. It consists of 45 members; 15 representing employers, 15 representing trade unions and 15 representing civil society. This last group is appointed by the Prime Minister. In October 2018 the government, by decision of the Prime Minister, replaced almost all civil society representatives without warning. The organizations that represented the civil society in the Economic and Social Council pointed out that the change of the 13 members came after CES did not approve several bills, ordinances and government decisions.³⁰



Comparison to Country Specific Recommendations

The Country Specific Recommendations for Romania mention some of the main points also addressed by the National Strategy Group, such as the need to improve the quality and inclusiveness of the education system, increase the coverage and quality of social services, improve the accessibility of health-care and reform the minimum income scheme. They also mention that the ‘functioning’ of social dialogue needs to be improved, but neglect the fact that the government has been taking deliberate steps to limit the influence of the social partners, and trade unions in particular. Furthermore, the tax reform that has put the full responsibility for social security contributions onto the employee is not mentioned in the recommendations at all. Although the excessive poverty rates - that are at the core of many of the inequalities in Romanian society - are briefly mentioned, they are not a core part of the recommendations. Finally, whereas the education, healthcare and social services system are all severely underfunded, the recommendations focus on investments in infrastructure and energy instead.



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SOLIDAR is a European Network of membership based Civil Society organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors: social affairs, lifelong learning and international cooperation.



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