

# **OECD Reviews of Labour Market and Social Policies: Romania 2025**





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**Please cite this publication as:**

OECD (2025), *OECD Reviews of Labour Market and Social Policies: Romania 2025*, OECD Reviews of Labour Market and Social Policies, OECD Publishing, Paris, <https://doi.org/10.1787/f0532908-en>.

ISBN 978-92-64-52095-0 (print)  
ISBN 978-92-64-87546-3 (PDF)  
ISBN 978-92-64-97106-6 (HTML)

OECD Reviews of Labour Market and Social Policies  
ISSN 2074-3416 (print)  
ISSN 2074-3408 (online)

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# Foreword

The OECD Council decided to open accession discussions with Romania on 25 January 2022. On 10 June 2022, the Council adopted the Roadmap for the accession of Romania to the OECD Convention [C/M(2022)25/FINAL] (the Roadmap) setting out the terms, conditions and process for accession to the OECD. The Roadmap provides that in order to allow the Council to take an informed decision on the accession of Romania, Romania will undergo in-depth reviews by the OECD technical committees listed in the Roadmap, including the Employment, Labour and Social Affairs Committee.

The background report [DELSA/ELSA/ACS(2024)5/REV] that follows was prepared by the OECD Secretariat to support the accession review discussion of the Employment, Labour and Social Affairs Committee with Romania. The review was prepared by Maciej Lis (project lead, Chapters 1, 2 and 5), Sebastian Königs (Chapter 3) and Jonathan Chaloff (Chapter 4), with statistical support provided by Dana Blumin. Editorial assistance was provided by Hanna Varkki and Marissa Colón-Margolies. Valuable comments were provided by Stefano Scarpetta, Mark Pearson, Jean-Christophe Dumont, Willem Adema and several other colleagues at the OECD.

The Secretariat is grateful for the insights and contributions provided by specialists from a wide range of institutions, including various national authorities, the social partners, non-governmental organisations and research institutions. The report benefited from comments received from the Romanian Ministry of Labour and Social Solidarity.

In accordance with paragraph 28 of the Roadmap and upon request of Romania, the Employment, Labour and Social Affairs Committee agreed to declassify this report and publish it under the authority of the Secretary-General, in order to allow a wider audience to become acquainted with its content. Publication of this document and the analysis and recommendations contained therein do not prejudice in any way the outcome of evaluations conducted as part of Romania's accession process to the OECD.



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# Executive summary

Despite a booming labour market in the years preceding the COVID-19 crisis, employment and labour force participation in Romania are low in comparison to OECD countries. The employment rate in Romania, at 63% in 2023, was substantially lower than the average across OECD countries. The gender employment gap is large and significantly *increased* over the last decades, because the employment rate of men in Romania increased faster than that of women. Low employment among youth and older workers drags down aggregate employment. While in many OECD countries employment has shifted towards high-skilled jobs, in Romania, employment increased faster in low-skill than in high-skill jobs. Informality remains very high compared to OECD countries, and labour market outcomes differ substantially across regions, reflecting disparities in urbanisation, the presence of vulnerable communities in certain areas, and varying average levels of educational attainment. In addition, Romania's working-age population is shrinking rapidly, driven mainly by low past fertility and high emigration, making it even more essential for Romania to effectively use the employment potential of its population.

Large-scale emigration – at higher levels than in any OECD country – has contributed to a contraction of the population, with almost one in five working-age Romanian-born people resident abroad – and to labour shortages. Diaspora engagement has not yet been directed towards drawing on this potential labour supply. Meanwhile, labour migration, benefiting from an open policy relative to most OECD countries, has seen a spike as Asian workers enter to perform low-skill low-wage jobs. Oversight and regulation of recruitment could be strengthened, and there are vulnerabilities both for migrant workers and for the integrity of the system.

Household incomes have improved substantially over the past decade as wages have grown rapidly in Romania, but wages are still about one-third lower than on average across OECD countries, and earnings inequality is high. Poverty has declined substantially, but both income poverty and material deprivation remain much more widespread in Romania than in most OECD countries. Poverty rates in rural areas and cities differ more strongly than in any other EU country. Romania's large Roma community is particularly vulnerable, though the poverty rate is similar to that in other countries with a large Roma minority. Societal tolerance, in particular of ethnic and sexual minorities, is much lower than in many other EU countries. While the underdeveloped monitoring of gender-based violence and violence against women is improving, existing data indicate that violence against women is more widespread in Romania than in most EU countries. In 2016, Romania ratified the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence, the so-called Istanbul convention.

In light of Romania's rapidly shrinking working-age population and low employment rates, particularly among young people and the low-educated, policies to promote training, upskilling and reskilling must be a policy priority. However, too many young people fail to acquire the basic and vocational skills they need to gain a foothold in the labour market, and participation rates in adult learning are lower than in most OECD countries. Spending on active labour market support is also very low and largely focused on subsidising employment for low-educated workers. Romania has taken substantial action to reduce school drop-out, modernise the vocational education and training system, and re-connect out-of-work young people. Greater efforts are needed to shore up participation in adult learning, by encouraging workers to



participate in training, strengthening and better monitoring training requirements for employers, and substantially expanding jobseeker training. Social dialogue in Romania remains weak and ineffective despite a solid institutional framework. Collective bargaining coverage is low, but a major recent reform lowered the hurdles to unionisation and considerably strengthened collective bargaining rights, reversing parts of a controversial reform carried out a decade earlier.

Romania has also taken significant steps to improve social support and pensions.

- In 2024, Romania reformed minimum-income benefits, increasing them from very low levels. As a result, more people are covered and total spending more than tripled.
- Strategies for long-term care, people with disabilities, homelessness and Roma people envisage increasing central government co-financing to local authorities, improving institutional co-ordination, making provisions more effective, e.g. through digitalisation, as well as improving prevention and activation measures.
- To reduce the labour market impact of long leave periods for women with caring responsibilities, Romania implemented the EU Directive on work-life balance for parents and carers in 2023, and doubled the parental leave ascribed solely to fathers, from one to two months.
- To improve access to good-quality early childhood education, the government lowered the starting age for compulsory education to include the last two years of pre-school (ages 4 and 5), issued new curricula and reference standards for the early education system and increased central-government co-financing.
- In 2023, a substantial pension reform was approved, equalising the retirement age between men and women and linking it to life expectancy increases. The reform raised current and future pensions, increased the progressivity of benefits, and simplified their calculation without worsening the long-term financial sustainability of pensions.

Romania has undertaken a comprehensive policy approach to tackle substantial social challenges faced by the Roma community, the National Roma Integration Strategy 2022-2027. The strategy includes various actions supporting the Roma community, including in the areas of education, housing and social services. However, further efforts may be needed to substantially improve the situation.

# 1 Main Assessment

## 1.1. The labour market and social situation in Romania

### ***1.1.1. Remarkable progress in the labour market but regional disparities, low labour market participation and population ageing remain challenges***

Despite the labour market booming in the years preceding the COVID-19 crisis and employment increasing significantly, both employment and labour force participation in Romania remain low in OECD comparison. More recently, the pace of improvement in the labour market has slowed. The employment rate in Romania was 63% in 2023, lower than the average of 70% across OECD countries. Romania's lower employment rate is a consequence of low labour market participation.

The working-age population in Romania is shrinking rapidly. This contraction is due to past low fertility rates and high levels of strong emigration. The shrinking of the working-age population has made more urgent for Romania to fully realise the employment potential of its existing population. As in other countries in the region, emigration has accelerated ageing pressures and added to labour shortages. Total net emigration since 2000 amounts to around 10% of the population and close to 20% of the Romanian-born working-age population resides outside Romania. Following Russia's unprovoked war of aggression against Ukraine and the large flow of humanitarian migrants into Romania, net migration became positive in 2022. At the same time, the projected increase in the share of older people in Romania is much more modest than across OECD countries. The number of people who are 65 and older in Romania is projected to increase by 15% by 2040 in Romania – just half the 31% increase found on average among OECD countries. This is a consequence of relatively low longevity. Current life expectancy is 76.5 years in Romania, as compared to 80.3 years in OECD countries.

Regional disparities are exceptionally large in Romania. In particular, they reflect the large share of agricultural production that occurs in the northern and southern regions, and the fact that metropolitan centres are located in the middle of the country and that the western part of the country enjoys proximity to external markets. Low employment rates in rural areas and high shares of employment in agriculture result in low incomes and high poverty rates. Poverty rates vary substantially across regions, from 2% in Bucharest to more than 30% in the south-west and north-east regions.

### ***1.1.2. Low employment of disadvantaged groups and substantial informality***

Employment is particularly low among young people, older people, people with disabilities and those with low educational attainment. At 19%, the employment rate of young people in Romania amounted to half the OECD average of 41% in 2023. One in five people aged 15-29 was not in employment or engaged in education or training (NEET) in Romania in 2023, the highest share among European OECD countries. Unlike most OECD countries, the share of NEETs among youth in Romania has not declined over the last decade. The employment rate of older workers stood at 51% in Romania compared to 66% in OECD countries on average. Only 46% of people with low education worked in Romania in 2023, compared with 60% on average across OECD countries. Furthermore, people with disabilities have limited access to the labour market in Romania. The employment gap for people with disabilities was

32 percentage points in 2022, while it was 21 percentage points on average across the EU. Belgium, Ireland, Lithuania and Norway are the only countries with a larger employment gap than Romania for people with disabilities.

The gender employment gap is exceptionally large in Romania, and has increased significantly over the last decades, from 11% to 17% between 2000 and 2023, because men's employment has increased faster than women's. Female employment is particularly low among mothers and women in rural areas in Romania. Large gender gaps are found in multiple areas. For example, Romania stands out from OECD countries in terms of few women participating in both public and private top management positions. In Romania, care activities are predominantly performed by women. Enrolment rates in early childhood education (0-2 years) are very low, particularly among children in rural areas. This limits women's ability to participate in the labour market. Broader access to part-time employment could make it easier for all individuals to combine work with care, particularly women. The regulation of part-time work can unnecessarily limit its use, as only 2% of both male and female workers work part-time in Romania, against 8% of men and 23% of women on average in OECD countries. Working overtime is prohibited for part-time workers in Romania, while it is available to full-time workers. In addition, in 2022 the fiscal code increased the floor to the base of social security contributions, setting it at the minimum full-time wage. As a result, anyone earning less than this minimum due to working part-time has a higher effective contribution rate than full-time workers.

Employment outcomes of the large Roma minority group, particularly Roma women, are poor in Romania. The size of the Roma population is estimated to be between 3% and 10% of the total population, with census-based estimates at the bottom and expert assessments around the middle of this range. The employment rate for the Roma stood at 41% of those aged 20-64 in 2021. This employment rate is substantially less than among the general population, whose rate is 71%. That said, this rate is similar to the 43% rate for Roma people living in 10 EU countries with large Roma minorities. Rates vary in these countries from 25% in Spain to 62% in Hungary. The employment rate of Roma women is substantially lower than for men, with Roma women being overwhelmingly responsible for care and domestic tasks.

The share of low-skill jobs in total employment increased by 3.6 percentage points in Romania between 2008 and 2019. Meanwhile, the share of high-skill jobs in employment increased by 1.7 percentage points in Romania, compared to 3.5 percentage points in the EU on average. Romania has experienced a substantial shift of employment out of agriculture and primarily into services, but the share of workers in the agricultural sector remains the largest in the EU. Romania's share of workers in the agricultural sector was 10.8% in 2022, which was much higher than the average among EU countries of 3.5%.

Wages and labour productivity in Romania are both about one-third lower than the OECD average. However, Romania has been catching up with higher-income OECD economies, as labour productivity increased by 60% in the country between 2007 and 2022. Wage growth accelerated substantially between 2015 and 2020 as well, and real wages increased by 43%. As in many countries, in 2021 and 2022, high inflation eroded real wages, but in 2023, robust growth of real wages returned.

The level of earnings dispersion is much greater in Romania than in most OECD countries. Large earnings inequalities reflect unequal educational opportunities across regions and social groups, a large shadow economy, few job opportunities in rural areas, and limited bargaining power of many workers. That said, Romania's gender wage gap of 5.8% in 2021 was around half the average among OECD countries.

Undeclared work in the private sector was estimated at 27.1% of gross value added (GVA) in Romania in 2019, the highest value among EU countries and almost twice the EU average of 14.8%. Undeclared work has increased slightly in Romania from 26.2% in 2013, while it declined in the EU on average from 16.4% to 14.8% between 2013 and 2019. Many people in marginalised communities work informally as occasional workers, mostly in agriculture, construction and the care sector. While employees constitute 81% of undeclared workers, most self-employed workers and domestic family members work informally in Romania. Romania recently introduced a voucher scheme aimed at formalising outsourced household

services. Additionally, the co-operation between Labour Inspection and the National Agency for Fiscal Administration was improved in 2022 in order to better fight informal employment.

### **1.1.3. High rates of poverty and material deprivation**

In Romania, household incomes are low, while income inequalities are average. After adjusting for price-level differences across countries, the median disposable household income in Romania stood at 57% of the OECD average in 2021. Income inequality measured by the Gini coefficient of disposable income was 0.32 in Romania, which is similar to the OECD average.

At 16.2%, the income poverty rate was substantially higher in Romania than the OECD average of 10.9% in 2021. Compared to 2013, income poverty has decreased in Romania by 2 percentage points. This decline was strongest in households with children and adults younger than 25. This decline is linked to improvements in family benefits. Spending on family benefits increased from 1.2% to 1.9% of GDP in Romania between 2013 and 2021. Low average income and widespread income poverty lead to very high material deprivation in Romania, though levels of material deprivation have fallen significantly in recent years. Indeed, 15.2% of the population lived in severe material deprivation in Romania in 2020, versus 29.8% in 2013. The average rate in the EU was 5.9% in 2020.

The difference in poverty rates between rural areas and cities is extreme in Romania and is the largest in the European Union. In Romania, the income poverty rate in rural areas was 34% against 6% in cities, while the averages for the EU were 17.5% in rural areas and 16.3% in cities in 2022. Moreover, severe material deprivation stood at 24% in rural areas compared to only 4% in cities in Romania in 2020.

Romania's large Roma community is particularly vulnerable and face a high risk of poverty. The income poverty rate among the Roma minority group was 78% in 2021, up from 70% in 2016. That said, Romania does not stand out compared to the other 10 EU countries with substantial Roma minority populations. Among these countries the poverty rate of the Roma population varies from 71% in Bulgaria to 98% in Italy and Spain. Spatial segregation is one of the challenges the Roma community faces, and many Roma people live in marginalised communities.

## **1.2. Lifting Romania's workforce potential**

In the context of a rapidly shrinking working-age population and low employment rates, particularly among young people and low-educated workers, policies to promote workforce training, upskilling and reskilling must be a policy priority for Romania, as Chapter 3 outlines. This includes ensuring that all young people – including those from rural areas and low-income communities, and those that are ethnic minorities – leave the education system with the basic skills and vocational skills they need to gain a foothold in the labour market. It also means providing adult workers – both employed and unemployed – with attractive training options that raise their productivity and wages and help them adapt to a changing labour market.

### **1.2.1. Boosting the skills of Romania's workforce**

Too many young people in Romania fail to acquire the basic skills and vocational skills they need to gain a foothold in the labour market. Romania has not yet achieved universal participation in primary education, and enrolment in lower-secondary education is also low. Net enrolment rates at both education levels amounted to around 84% in 2022. According to the 2022 PISA survey, approximately 49% of 15-year-olds in Romania did not achieve baseline levels of proficiency in mathematics. Furthermore, 42% did not achieve these baseline levels in reading, and 44% failed to achieve them in science. These figures are far higher than in the OECD on average. Inequalities in learning outcomes in the country are large. Romania also has the highest rate of early school leaving across EU countries, with 16.6% of Romanian 18-24 year-olds not having completed upper-secondary education in 2023. Among young Roma between

the ages of 20 and 24, only 22% reported having completed upper-secondary education in 2021. Urban-rural disparities in participation and learning outcomes are larger in Romania than in any other Central and Eastern European country.

Modernising the vocational education and training (VET) system would help Romania improve educational outcomes and smooth the school-to-work transition. More than half (57%) of upper-secondary students in Romania were enrolled in vocational programmes in 2022. However, VET in Romania suffers from insufficient financial resources. In addition, access to education and training is unequal, and rates of early leaving are high, particularly in rural and poor communities. Within the first three years of graduation, 61% of young people with a vocational degree who were not in education or training were employed as of 2023. The employment rate of graduates with a general degree in Romania is slightly lower (60%) still, and both rates are among the lowest across EU countries.

Romania launched policy initiatives in various areas in recent years to improve young people's educational outcomes and skills. These initiatives aim to better support young people with the school-to-work transition and reconnect those who are out of education and are not employed. These initiatives have included:

- *Preventing drop-out:* A National Programme to Reduce School Drop-out aims at reducing drop-out in lower-secondary schools with medium-to-high drop-out rates by at least 25%. The programme also aims to raise school completion rates and improve student performance. Its budget is EUR 543 million for 2021-26.
- *Reforming VET and monitoring the school-to-work transition:* Romania has taken substantial steps to modernise its VET system. These steps include measures to improve quality and labour market relevance, broaden VET access, increase flexibility, and raise attractiveness and participation. One notable initiative to improve the provision of VET has been the innovative ReCONNECT project, which introduces mechanisms for forecasting skill needs, tracking the career trajectories of all VET graduates, and monitoring and evaluating the effectiveness of public training policies. Romania is also introducing a new dual model of vocationally oriented tertiary degrees to provide a coherent pathway from upper-secondary vocational programmes to higher education.
- *Providing outreach to NEETs:* In a nationwide initiative Romania reached out to over 200 000 unregistered NEETs between the ages of 16 and 24 with the help of mobile teams. The initiative registered 190 000 of NEETs with the National Agency for Employment (NAE). The NAE provides financial incentives to young people who register as jobseekers after graduation.

Romania will also need to boost adult learning to address its large skill shortages and mismatches, promote workers' employability and raise their productivity and earnings potential. Despite recent increases, participation rates in adult learning remain very low in Romania. In 2023, only 6.7% of 25-64 year-olds reported having participated in formal or non-formal education and training over the last four weeks, a lower share than in any EU OECD country except Greece. Low participation in adult learning reflects in part the lack of investment of many firms in the skill formation of their workers. While Romanian legislation requires all employers to ensure that their employees participate in training every two to three years, the requirement is too vague to effectively promote quality employer-provided training. Furthermore, the provision of training through employers is not systematically monitored. In addition, many workers do not see any professional or personal benefits to engaging in training.

Romania has been developing different strategic framework documents to guide policy efforts aimed at raising participation in adult learning, including the new Adult National Training Strategy and the National Strategy for Adult Continuing Education. Under the European Social Fund Plus (ESF+), Romania funds several initiatives that provide financial support for employer-provided training. Discussions are ongoing about introducing financial support for people who participate in adult learning activities. A pilot programme for a "French-style" individual learning account for workers in the construction sector is currently being developed.

### **1.2.2. Effective employment support to address skill shortages**

Spending on active labour market programmes (ALMPs) is very low in Romania. In 2019, it accounted for only around 0.02% of GDP, one-twentieth of the OECD average of approximately 0.4% of GDP. Consequently, Romania struggles to effectively provide support to all jobseekers, fight high inactivity and address employers' growing skills needs. Only a small share of jobseekers registers with the NAE, as few are entitled to unemployment benefits, payment rates are low, and the available support is limited. Many out-of-work people, including many NEETs, are not actively looking for work. While employers are legally required to communicate their vacancies to the NAE, many fail to do so and recruit through other channels instead.

Given limited resources, the NAE has prioritised helping jobseekers find work through employment subsidies rather than investing in upskilling and reskilling. Over 90% of ALMP spending in 2020 went to employment incentives, mainly in the form of wage subsidies for employers who hired registered jobseekers; only around 7% went to training.<sup>1</sup> Romania's strong reliance on employment incentives as the main instrument of employment support may be adequate given a pool of mostly low-skilled, disadvantaged jobseekers. However, it means that more qualified jobseekers and employers who seek to hire qualified workers often do not get in touch with the NAE for support. In this sense, employment support in Romania does little to address the country's skill shortages.

Romania has begun a number of ongoing policy initiatives to modernise the NAE structures and services, increase capacity, and improve employment service provision, particularly for vulnerable jobseekers. These include initiatives to: digitalise service provision both on the employer and jobseekers' side; investments in the analysis and forecasting of skill needs, and in the monitoring and evaluation of employment support policies through the ReCONNECT project; and investments in the training of NAE staff. The NAE has also started a project to build capacity to better tailor employment services to jobseekers and improve the visibility and public perception of the NAE.

### **1.2.3. Promoting good social dialogue and strengthening collective bargaining**

Romania has a solid institutional framework in place to sustain social dialogue, but social dialogue remains weak and ineffective in practice. This reflects the fragmentation, low representativeness and limited capacity of social partners, as well as a lack of trust and the history of limited social dialogue in the country. In its recent country assessments, the European Commission characterised social dialogue in Romania as "formalistic". It concluded that the established institutional framework of dialogue and consultations in Romania has been used insufficiently to engage with social partners in a meaningful way and involve them in policy design and implementation. Meanwhile, social partners show little interest in engaging in a voluntary dialogue with each other to improve labour market conditions. During the OECD review mission, social partners expressed their discontent with the workings of Romania's two key national tripartite bodies, the Economic and Social Council and the National Tripartite Council for Social Dialogue. In particular, social partners feel that they are given insufficient time to prepare their reactions to draft legislation. Furthermore, they criticised a lack of discussion of key policy issues, and the insufficient frequency of meetings of the National Tripartite Council for Social Dialogue.

Collective bargaining coverage is low in Romania, but the new Social Dialogue Act introduced in December 2022 has lifted major restrictions on social dialogue. In 2011, a far-reaching and controversial reform of the Social Dialogue Act had suspended existing collective agreements, decentralised collective bargaining and raised hurdles to worker representation. Collective bargaining coverage plunged from 98% in 2008 to around 35% in the years following 2011. The most recent OECD data, which are for 2017, give an even lower adjusted bargaining coverage rate of 15% – a figure below the OECD average but broadly in line with the coverage rates in some Central and Eastern European OECD countries. In the context of EU-level efforts to strengthen social dialogue, Romania passed a new Social Dialogue Act in December 2022 that reversed parts of the controversial 2011 reform. This act substantially lowered hurdles



to collective bargaining, reinstated certain collective bargaining rights, reduced the previously high thresholds for strike activity, and broadened workers' information and consultation rights. While the new legislation has not yet fully taken effect, Romania is in the process of drafting an action plan for promoting collective bargaining under the EU 2022 Directive on Adequate Minimum Wages.

Romania has a statutory national-level minimum wage in place. The government determines the minimum wage after non-binding consultations with social partners. Independent experts are not informally involved or consulted, and there is no specific formula to calculate the minimum wage. Since 2019, a separate higher minimum wage has existed for the construction sector. In addition, Romania introduced a differentiated minimum wage for workers in agriculture and food processing in response to the cost-of-living crisis in 2022; employees in construction, agriculture and food processing are exempt under certain conditions from personal income taxes and benefit from reduced social security contributions. Since 2022, the minimum wage may be paid to employees for a maximum of 24 months, after which they are entitled to a salary increase. The magnitude of this increase is not regulated, however.

Romania's minimum wage has been rising over the last decade at a rate above productivity growth and inflation. In the decade leading up to 2023, the net minimum wage more than tripled in nominal terms, while consumer prices rose by a cumulative 43%. Since July 2024, the gross minimum wage stands at around EUR 740 (EUR 920 for workers in the construction sector). Approximately 30% of all employees in Romania earned the minimum wage in 2020 according to estimates. Romania's minimum wage is also relatively high in international comparison. It amounted to about 56% of the national median wage in 2023 – a figure in line with the OECD average, but higher than in most peer countries. Nonetheless, in-work poverty remains widespread, partly because a large share of the in-work-poor live in rural areas where salaried employment is rare. Under its National Reform and Resilience Plan, Romania has committed to introducing, by November 2024, a new mechanism for setting the minimum wage that is based on objective criteria consistent with job creation and competitiveness. A corresponding government decision is being prepared currently.

### **1.3. Increasing return and improving management of labour migration**

#### **1.3.1. Shifting diaspora engagement towards return and employment**

A longstanding challenge in Romania is the fact that it has a higher emigration rate of the working age population than most OECD countries. Close to 20% of the working-age population lives abroad. In the context of a shrinking working-age population and declining youth cohorts, emigrants should be encouraged to return.

Romania's current diaspora engagement framework is oriented mostly towards cultural identity and social assistance. There is no strategy in place to encourage the productive return of Romanians abroad, nor to increase their economic engagement – though small one-off initiatives are in place, and the PES perform a statutory information role. Unlike other OECD countries that have experienced substantial emigration in the past few decades, Romania has no single portal that provides information on return options. Romania should take steps to scale up and adapt its outreach to the working-age diaspora, especially in terms of communication about job opportunities to create businesses at home. Finally, Romania should draw on good practices to create a return-information hub and should co-ordinate related services.

#### **1.3.2. A sharp increase in less-skilled labour migration has created vulnerabilities**

A more recent challenge for Romania in this domain is labour migration. While Romania still has relatively few migrants, the increase in labour migration in the past decade is greater than in most OECD countries. The contribution of labour migrants to total employment rose 94% between 2022 and 2024 alone. In part this is because the labour migration system in Romania is very open – with no skills threshold and few

barriers for employers who wish to use the system. As such, there have been sharp increases in recruitment of labour migrants, which is in line with a tight labour market. The openness of the migration system and rapid increase in labour migration raises the risk of abuse and exploitation of workers, as well as misuse of visas to transit to other countries. Romanian immigration services have suffered from understaffing for years, despite increasing workload. To address this risk, Romania should scale up its inspection capacity by increasing staff, improving interpretation and translation capacities, and improving the complaint mechanism. It should regulate intermediaries more carefully, including with regards to the imposition of fees. Romania should also increase its bilateral engagement with origin countries to fight excessive fee-taking for placement, and to ensure that workers arrive better informed and with clear channels for redress.

Romania sets quotas for annual admission of labour migrants, based on PES vacancies, prior demand and unstructured submissions of positions from stakeholders. The current system of annual quotas on admissions should take into account actual visa issuance rather than authorisation of employment or issuance of work permits. Finally, only real entries should be counted against the quota. The mechanism for determining the quota should be adapted to expanding availability of labour market information, outcomes of migration and employer histories. Processing capacity at Romanian representations abroad should be scaled up in line with the changing demand for work visas.

Placement agencies employ many labour migrants and dispatch them or find them work via platforms. This is unusual in OECD countries and is not aligned with the labour market testing principle. Recruitment for these jobs should be subject to greater scrutiny, and platform work should not be grounds for issuance of work permits.

Romania's statistical reporting system is inadequate for this new reality. To align with OECD standards and best practices, Romania should improve its capacity to produce regular statistics on migration by category, nationality, gender and more. It should also identify first entries separately from changes of status and renewals of status.

### ***1.3.3. The integration framework in Romania is still undeveloped***

Romania has created an integration programme for beneficiaries of international protection, largely with support from earmarked European funds. Romania's general integration programme for other migrants was introduced in preparation for accession to the EU in 2004. Romania adapted its language education framework in 2022 around a 216-hour course programme, but participants – except for beneficiaries of international protection – must pay their own costs. As immigration levels increase, it will be necessary to ensure that an integration infrastructure is in place, especially language-learning. This imperative extends to the retention of international students after graduation. Romania has not made a concerted effort to retain international students despite inclusion of this objective in policy documents. While the asylum reception system has the capacity to handle current inflows, integration services offered to beneficiaries of international protection should be reinforced to improve longer-term integration prospects.

## **1.4. Empowering vulnerable households through social support**

### ***1.4.1. Low social expenditures and limited safety nets insufficient to reduce poverty***

Social expenditures are low in Romania, and social transfers and taxes have the lowest impact on poverty reduction compared to European OECD countries. Social spending was curbed by very low indexation of social benefits for more than a decade. Spending on old-age benefits is in line with the OECD average, while income support for the working-age population is a third lower than in OECD countries on average. Spending on social assistance and unemployment benefits are particularly low, at around five times less than the average across OECD countries.

The eligibility conditions and duration of unemployment benefits in Romania do not stand out compared to OECD countries. The period of payment of the benefits is between 6 and 12 months for a contribution record of between 1 and 10 years. For those who do not meet the eligibility conditions, there are no means-tested unemployment assistance benefits. These types of benefits exist in some OECD countries so that low-income jobseekers without unemployment benefit entitlements have to rely on minimum-income benefits. The amount of the unemployment benefit in Romania is low. It provides little insurance against income loss and does not incentivise reporting full earnings. Only 9.8% of jobseekers in Romania received unemployment benefits 2022.

In 2024, Romania reformed minimum-income benefits and increased them. Previous minimum-income benefit levels were extremely low and inefficient in fighting poverty. The new benefit amounts are substantially higher, weighing in at more than double the previous amount for a single-person household, and around 40% higher for a couple with two children and no other income. As a result of the reform more people are covered and the total spending on minimum-income benefits surged by more than three times. The new benefit maintains previous incentives for job-search efforts by adults and for participation in education by children. Despite the 2024 surge, the level of minimum-income benefits in Romania, as a percent of the median disposable income, remains substantially below the average across OECD countries. As of 2024, minimum-income benefits for a couple with two children without other income are estimated to be 26% of the median disposable income in Romania compared to 38% among OECD countries on average. Households with children also receive unconditional non-taxable benefits. These benefits amount to around 20% of the median disposable income for children aged up to two years old and 8% for older children. People with low incomes may also qualify for a heating allowance. This allowance is subject to means testing and depends on the type of heating.

Social services for older people, people with disabilities, homeless people, children and victims of domestic violence face many challenges in Romania. Limited financing is as an important constraint to supplying adequate value and quality of services. Co-ordination among different levels of governance could be improved. Fragmentation of the provision of services is particularly challenging in rural areas. Public entities supported by NGOs deliver services primarily.

Sectoral strategies for social services envisage increasing central government co-financing, improving co-ordination among institutions, making the provisions more effective, e.g. through digitalisation, and improving activation and prevention measures. Romania's National Long-Term Care and Active Aging Strategy 2023-30 aims to increase the number of older people who manage to live independently for as long as possible, and to improve access to long-term care services for older people. The National Strategy on the Rights of Persons with Disabilities "A fair Romania" 2022-27 adopts a comprehensive approach to improving the situation of people with disabilities. Additionally, the National Strategy on Preventing the Institutionalisation of Adults with Disabilities 2022-30 and the Law on Supporting the Process of Deinstitutionalisation of Adults with Disabilities provide a normative framework to both prevent institutionalisation and help keep adults with disabilities active. The National Strategy on Social Inclusion of Homeless People 2022-27 aims to increase social inclusion of homeless people by improving monitoring and better integrating existing services.

#### **1.4.2. Generous parental leave while underdeveloped childcare infrastructure**

In Romania, parental benefits are available for prolonged periods and are relatively generous. Women can receive maternal and parental leave together for up to two years after having a child, which is very long compared to OECD countries. On average, OECD countries grant paid leave to mothers for about a year. Only three OECD countries grant a longer paid leave than Romania. However, in these three countries the benefit replaces 35% or less of previous earnings, while in Romania it replaces 85%.<sup>2</sup> The average replacement of income among 28 OECD countries is 54%.

Some policy measures aim at reducing the labour market impact of long care leaves on women. In 2023, Romania implemented the EU Directive on work-life balance for parents and carers, and doubled the parental leave ascribed solely to fathers from one to two months. Although almost all parental leave can be claimed by fathers, two months can be used by fathers only on top of two weeks of paternity leave ascribed solely to fathers. Among OECD countries, leave restricted to fathers is slightly less than three months. The total duration of paid leaves for mothers following childbirth in Romania is double the OECD average. Additionally, working parents entitled to paternity leave receive the childcare benefit (so called insertion allowance). At its minimum amount, this benefit is equal to 45% of minimum wage and is paid until the child is six months old. The benefit falls to 20% of minimum wage thereafter and can be claimed until the child turns three years old. Finally, as of 2024, labour income of up to EUR 2 642 a year, does not reduce childcare benefits.

Enrolment of children in early childhood education and care is very low despite the fact that care in kindergarten is free and parents pay only for meals. Only 8% of children aged 0-2 attended childcare facilities in 2020, against the OECD average of 36%. This is related to the shortage of places – particularly in urban areas with high population densities, as well as in remote rural areas – but also to cultural norms about children benefitting from childcare provided at home. As of 2023, the preschool education in Romania became mandatory starting at age four. The mandatory age will decrease to three years old in 2030. Still, the enrolment rates for 3-5 years old stagnated between 2015 and 2017 at around 84% and decreased thereafter to 76% in 2020. Enrolment rates are particularly low among the Roma population and in rural areas. Spending on early childhood education and care is low in Romania. It stood at 0.4% of GDP in 2019, which was half of the OECD average.

Romania has taken steps to improve access to high-quality early childhood education. In 2020, nurseries were transferred from the social protection system to the educational system. That same year, the Ministry of Education lowered the starting age for compulsory education to include the last two years of pre-school (ages 4 and 5). In 2021, new curricula and new reference standards for early education system have been issued. In addition, the central government increased its financing of early childhood education in 2021. Finally, Romania's National Recovery and Resilience Plan envisages projects aimed at increasing capacity for early childhood education.

Extended parental leaves and limited access to childcare contribute to low labour force participation by women. The gender gap in labour market participation is very large in Romania. In 2022, the gender gap in labour participation was 19 percentage points, which is among the highest in OECD countries. This gap results from the 57% labour participation rate for women in Romania, which is very low. Between 2008 and 2020, Romanian women's labour participation rate increased by 4 percentage points. Despite this, the increase was half that of men during this same period. Childcare is often provided by grandparents in Romania, which puts pressure on women to withdraw from the labour market when they become grandmothers. Informal care arrangements, i.e. care provided by grandparents or other family members or friends without pay, is the highest in Romania among the EU countries.

### ***1.4.3. More effort needed to promote gender equality and combat violence against women***

Gender-based violence is one of the most severe forms of gender inequality not only in Romania, but around the world. One in five women experience intimate partner violence in Romania as on average among OECD countries (OECD, 2024<sup>[1]</sup>). Romania lacks key data to properly monitor the magnitude of the problem. The EIGE index does not provide a score in the field of violence for Romania, due to insufficient evidence on violence against women in the country (Băluță and Tufiş, 2022<sup>[2]</sup>). That said, EIGE (2021<sup>[3]</sup>) has estimated that gender-based violence costs Romania 7% of GDP, double the value found on average across the EU.

Romania has made a substantial commitment to combat gender inequalities in recent years, but there is still room for improvements. In 2016, Romania ratified the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence (also known as the Istanbul Convention). The 2022 recommendation on the implementation of the Istanbul Convention acknowledged Romanian progress in this area (Council of Europe, 2022<sup>[4]</sup>). Gender-related policies in Romania are co-ordinated by the *National Agency for Equal Opportunities between Women and Men*. The *2021-30 Strategy for Preventing and Combating Sexual Violence (SYNERGY)* aims at strengthening prevention and protection measures, including through creating specialised centres for victims of sexual violence (OECD, 2023<sup>[5]</sup>). In 2022, Council of Europe (2022<sup>[4]</sup>) identified many areas for improvements in Romania. In particular, it recommended that Romania: 1) better align definitions of family violence in its criminal code with those set forth in the Istanbul Convention; 2) continue to address multiple forms of discrimination faced by women and girls from Roma community; 3) improve institutional frameworks and co-ordination of actions; 4) improve the monitoring of policies; and 5) improve detection of all forms of violence. Romania is also implementing an information system to centralise data on offences collected by all prosecutor offices. Finally, Romania has outlined the plan for policy actions in the 2022-27 National Strategy for Promoting Equal Opportunities for Men and Women and Preventing and Combating Domestic Violence.

#### **1.4.4. Important pension reform effort to address ageing pressure**

The relative income situation of older people is similar in Romania and OECD countries on average. In 2021, the average disposable income of people aged 65 or more stood at 94% of the total population, which was higher than the 88% average found across OECD countries. The old-age income poverty rate in Romania was at 16% in 2021, equal to the one for the total population.

The Romanian pension system includes two mandatory schemes: a pay-as-you-go earnings related points scheme and a funded scheme. Low-income earners are protected by a minimum pension financed from the state budget. Mandatory funded pensions are maturing because they were introduced in 2008.

In 2023, a substantial pension reform was approved. This reform took effect in September 2024. The reform will equalise the retirement age between men and women and will link the retirement age to life expectancy increases. The statutory retirement age of women, at 62 in 2023, will gradually increase and equalise with that of men at 65, by 2035. After 2035, changes in pension qualifying conditions will be linked to half of increases in life expectancy. Based on UN demographic projections, the links to life expectancy will increase the statutory retirement age in Romania to 67 for people entering the labour market in 2022. Linking retirement ages to life expectancy is increasingly popular among OECD countries and as for 2024 nine OECD countries have established such links. In addition, the reform increased low retirement ages for workers in hazardous or arduous occupations. However, the 2023 reform decreased by three years the contribution period required to access a full pension. As a result, the reform lowered the normal retirement age, i.e. the age at which a person starting an uninterrupted career at age 22 can claim pensions without penalties, from 65 to 62 for men and from 62 to 59 for women. The actual impact of this change is unclear as the reform also excluded some non-work spells from the contribution period. The Romanian Government assesses that – given the current contribution histories of Romanian workers – the narrower definition of the contribution period is likely to outweigh the shorter required contribution period.

The 2023 reform raised current and future pensions, increased the progressivity of the benefits, and simplified their calculation without worsening the long-term financial sustainability of pensions. The average pension is expected to increase from 36% to 43% of the average wage between 2023 and 2025. The EU Ageing Report projects that – after having increased from 8.5% to around 10% of GDP between 2022 and 2025 – pay-as-you-go pension expenditure will remain stable, peak at 10.6% in 2046 and decline thereafter. Including benefits from the mandatory funded scheme, the future net replacement rate for an average-wage earner is high at 77% in Romania, compared to the average of 61% across OECD countries.

### **1.4.5. Strengthening inclusion policies for Roma people**

Supported by the EU, the Romanian Government has shown a relatively strong commitment to improve Roma's social inclusion (World Bank, 2018<sup>[6]</sup>). So far, some progress has been made towards social and economic inclusion of Roma communities, but disparities in living conditions, health, education, and employment between Roma and non-Roma people remain. These inequalities are deep-rooted, perpetuated across generations, and reinforced by discrimination in access to education, employment, healthcare, and housing (FRA, 2019<sup>[7]</sup>).

Romania has undertaken a comprehensive policy approach to tackling the substantial social challenges faced by the Roma community. That said, further effort is needed to radically improve the situation. The National Roma Integration Strategy 2022-27 (NRIS) includes many actions for Roma community, including in education, housing and social services. The strategy aims to better engage local governments in solving issues facing vulnerable Roma communities, while it improves financing of such measures from the central government budget. In the housing area, NRIS highlights the need to secure decent living conditions for Roma people and to regulate informal settlements.

In the area of education, NRIS aims at reducing school dropout, increasing participation in lifelong learning programmes for all age groups, improving basic skills and digital skills, and diversifying professional opportunities. The strategy builds on previous actions. For example, the National School Dropout Reduction Programme is being implemented between 2021 and 2026 to support Roma students and combat school dropout among them. The Programme aims to: reduce the risk of school dropout by at least 25% in the participating schools, improve the test results of students, and increase the rate of students who enter upper secondary education. Participating schools can access grants to finance activities that identify and monitor students at risk of dropping out. These grants also fund pedagogical support, learning activities, counselling and guidance, psychological support, special therapies and extracurricular activities. The programme includes schools with many Roma children, so that 24% of Roma students are covered. In 2019, the government created specialised bodies to reduce school segregation and adopted a methodology to achieve this. Between 2003 and 2022, the programme trained over 1 200 Roma school mediators, who represented Roma communities in schools. Currently, about 450 school mediators (of which 75% are of Roma ethnicity) are working in the educational system. With 170 727 Roma children aged 5-19 years old, according to the 2021 census, there are 380 Roma children per one mediator (NIS, 2023<sup>[8]</sup>).

Additionally, the government supports teaching Roma language and including topics related to Roma history in school curricula. As of 2024, 263 teachers teach Romani language. In addition, 19 486 Roma students study the Romani language, and 918 Roma children learn in Romani in kindergartens and primary, and secondary schools.

European funds have been an important source of financing for the social integration of Roma communities in Romania. Their role is likely to increase because, in the current planning horizon, the EU has explicitly assigned some funds for this purpose. The new government Education and Employment Programme for 2021-27 includes a specific objective to promote the socio-economic integration of marginalised communities like the Roma community.

### **1.4.6. Combating discrimination against LGBTIQ+ individuals**

The situation of members of the LGBTIQ+ community in Romania is marked by conservative societal attitudes, discrimination and the need for more action in favour of LGBTIQ+ rights. LGBTIQ+ individuals still face substantial discrimination both in the workplace and in public life in Romania. Four in ten people living in Romania say they would feel uncomfortable if a colleague at work with whom they are in daily contact were gay, lesbian, bisexual or transgender. This figure is three times the average among EU countries (Box 5.1). Half of people living in Romania say they would feel uncomfortable if a gay, lesbian,



or bisexual person were elected to the highest political office. Only one in four people living in Romania says they would be comfortable with one of their children being in a romantic relationship with a gay, lesbian or bisexual person.

Romania ratified the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence, also known as the Istanbul Convention in 2016, and Romania's labour code bans any discrimination based on gender or sexual orientation, though gender identity is not explicitly mentioned (Art. 59/a). Government Ordinance No. 137/2000 bans all forms of discrimination, and explicitly includes discrimination based on sexual orientation. The National Council for Combating Discrimination is Romania's autonomous institution under parliamentary control that is tasked with guaranteeing the implementation of non-discrimination principles. The National Strategy for Preventing and Combating Sexual Violence (SYNERGY) 2021-30 co-ordinates implementation of broad prevention and protective measures in this area.

NGOs report that in practice the treatment of sexual and hate speech offences varies substantially between local police and prosecutor offices. This issue has received substantial policy action recently. In 2022, the government partnered with the LGBTIQ+ association ACCEPT to implement the project, Partnership for the Equality of LGBTIQ+ Persons: Implementation of the ECHR Case Law on Sexual Orientation and Gender Identity. Between October 2022 and February 2024, 147 prosecutors and 160 police officers received training to ensure a standardised and victim-centred approach in investigations of sexual and hate speech offences. The project also produced a manual called *Investigation of Hate Crimes Based on Sexual Orientation and Gender Identity*, which is a tool both prosecutors and police can use to standardise prosecution processes. The manual defines key concepts in the field of sexual orientation and gender identity, and it describes how to best help LGBTIQ+ victims. Starting in 2019, the prosecutor's office started monitoring cases of gender-based violence for which the European Court of Human Rights observed ineffective reactions by authorities. In addition, the Norwegian Financial Mechanism 2014-21 funded some projects to enhance protection of victims of gender-based violence through improving prosecution procedures. Importantly, some acts of gender-based violence and domestic violence are subject to ex-officio prosecution in Romania, meaning they can be prosecuted without a victim's complaint. In 2024, the government expanded the types of violence that can result in protective orders to include physical, sexual, and psychological violence and harassment, even when the violence is committed online.

Although some political figures exploit resentment of sexual minorities for political purposes, such tendencies have not provoked legislative changes in Romania. The recognition of same-sex marriages and civil unions is an ongoing political and legal debate in the country. Since 2008, there have been a few attempts to introduce civil unions into Romanian legislation, but none has been successful. In 2023, the European Court of Human Rights ruled that Romania breaches the right to private and family life of same-sex couples. As such, the court obliged Romania to provide same-sex couples with legal recognition. In 2018, Romania's constitutional court ruled that residence rights can no longer be refused to foreigners in same-sex relationships who married in another EU state.

### Box 1.1. Main policy recommendations for Romania

The Romanian Government is invited to consider the following items as part of its strategy to cope with the demographic challenge, raise employment, increase job quality and wages, and improve inclusiveness and living standards, including for vulnerable groups:

#### Enhancing employment opportunities, raising job quality, and reducing labour-market disparities

- *Support employment of women* by improving access to good-quality early childhood education and care, and – as the access improves – gradually shifting resources from parental benefits to delivering good-quality early childhood education and care; and reducing barriers to the creation of formal part-time jobs.
- *Reduce informality* by further improving co-ordination between labour and tax inspection, and providing these institutions with adequate resources, enhancing economic incentives to fully declare wages by strengthening the link between wages and unemployment benefits, and improving the coverage of health insurance and pension insurance among the self-employed.
- *Promote longer working lives* by eliminating or increasing the mandatory retirement age for most workers, reducing incentives to retire at an age below the statutory retirement age, and enhancing employability of older workers.
- *Enhance employment of people with disabilities* by broadening the use of tailored activation instruments, and prioritising activation and support for out-of-work people with partial work capacity.
- *Monitor the impact of the recent reform of the Social Dialogue Act* on collective bargaining coverage and the quality of social dialogue; work towards a better functioning of the national tripartite dialogue institutions by ensuring that social partners are systematically consulted on key policy issues and receive sufficient preparation time by arranging more regular meetings of the Tripartite Council for Social Dialogue.
- *Following through on the current initiative to develop a minimum-wage setting mechanism* that ensures that changes in the minimum wage are based on objective criteria and reflect trends in economic fundamentals, ideally by establishing an independent minimum wage commission made up of academic experts and representatives of social partners.

#### Boosting the skills of Romania's workforce

- *Support young people's school-to-work transition* by prioritising the fight against early school leaving, promoting outreach to inactive NEETs, and continuing ongoing efforts to modernise the vocational education and training system.
- *Shore up efforts to increase participation in adult learning* by creating a mechanism to facilitate and encourage participation in training activities (e.g. through a voucher-based system), strengthening and better monitoring requirements for employers to provide on-the-job training, and substantially expanding the training for registered jobseekers.
- *Strengthen employment support* by continuing ongoing efforts to modernise the National Agency for Employment, increasing the insufficient funding available for active labour market policy – and in particular activation and training –, and developing relevant and attractive support options for employers and workers.

### Improving migration policy

- *Reinforce diaspora engagement* by developing a strategy and portal to provide Romanians abroad with information on job vacancies and employment and entrepreneurship conditions in Romania and orientation for their return.
- *Strengthen the labour migration framework* by regulating intermediaries more closely, reinforcing inspection and compliance capacities, co-operating with origin countries to *improve* recruitment channels, develop a more accessible compliance and redress channel for foreign workers, and excluding certain activities from work permit authorisation.
- *Expand capacity for empirical policy development* by improving statistical monitoring of migration flows and integrating additional indicators into the determination of labour migration quotas.

### Improving the labour market and social inclusion of women and minority groups

- *Limit the negative impact of long and generous parental leave on women's labour force participation* by promoting fathers' involvement in the childcare, extending the part of the parental leave ascribed solely to fathers, and making employment incentives for mothers more effective.
- *Equalise career opportunities for men and women* by expanding proactive public policies such as improving pay transparency through requiring companies to report on gender pay gap, introducing mechanisms to improve the gender balance in leadership positions in the public sector, encouraging greater participation and representation of women at all levels of politics and promoting gender diversity in leadership positions in private companies.
- *Intensify efforts to combat gender-based violence* by developing a comprehensive monitoring system, improving legislation on domestic violence, enhancing law enforcement and criminal justice approaches to violence, upgrading services provided to the victims/survivors of violence, ensuring the availability of high-quality, person-centred services and support for those affected by violence, and strengthening efforts to prevent gender-based violence.
- *Reinforce the efforts for the socio-economic integration of Roma people* by increasing financing of initiatives targeted at the Roma community and thoroughly evaluating the effects of these initiatives and expanding measures as needed.
- *Intensify the fight against discrimination of minorities, including LGBTIQ+ people*, by strictly and systematically enforcing the ban on discrimination based on sexual orientation and gender identity, and by launching public awareness campaigns to reduce social stigma.

### Tackling poverty, raising living standards and improving social services

- *Fight poverty and material deprivation* by closely monitoring the impact of the recent reform to the minimum-income benefits and considering further expansion of these benefits, increasing income replacement of the unemployment benefit, and consistently uprating these benefits to reflect increases in prices.
- *Improve access to social services for older people, people with disabilities, Roma people, homeless people and people in rural areas* by making financing more consistent with needs, implementing existing sectoral strategies for long-term care, people with disabilities and Roma people, and reinforcing a comprehensive case management approach.

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## Notes

<sup>1</sup> This high share does not reflect spending on job retention support during the pandemic.

<sup>2</sup> OECD Family Database [www.oecd.org/els/family/database.htm](http://www.oecd.org/els/family/database.htm).

## 2 The labour market and social situation in Romania

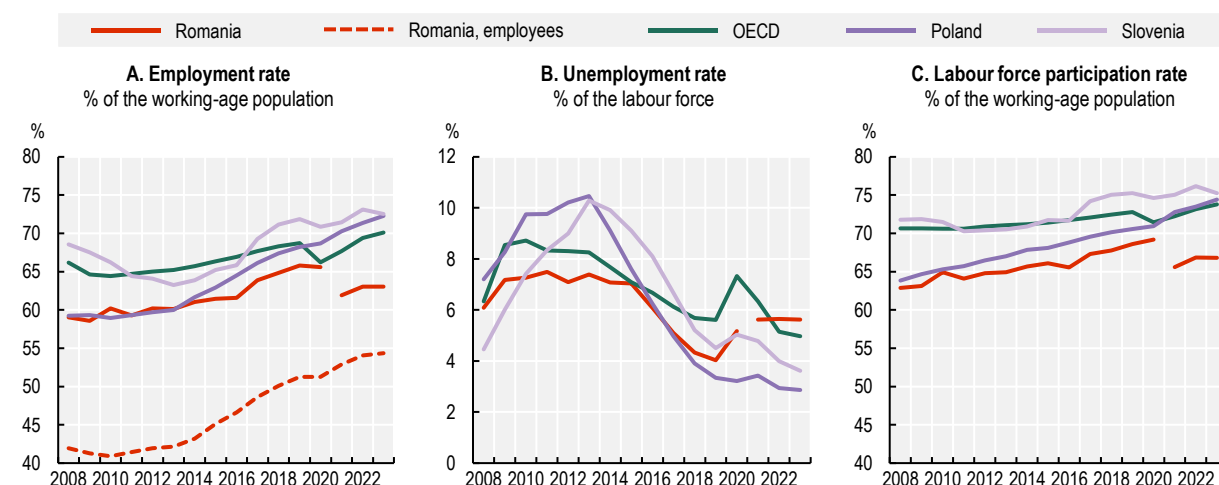
### 2.1. Remarkable progress in the labour market amid regional disparities, low labour market participation and challenges posed by population ageing

#### 2.1.1. *Despite strong improvements, labour market participation is low*

Despite a labour market boom in the years preceding the COVID-19 crisis, employment and labour force participation are low in Romania compared to the OECD average. Furthermore, positive labour market trends have slowed recently. Among people aged 15-64, the employment rate in Romania was 63% in 2023, which is lower than the 70% average across OECD countries. Romania's low employment rate results from low labour market participation (Figure 2.1). Employment has increased systematically over the last 15 years. The period between 2015 and 2019 was particularly positive, as the employment rate grew from 62% to 66%. In addition, the share of employees in the working-age population grew from 45% to 51%, and the unemployment rate dropped sharply from 7% to 4%. During the COVID-19 crisis, the employment rate slowed in 2020 and increased only slightly between 2021 and 2023 while the unemployment rate remained elevated at 6%, which is slightly above the OECD average. In 2021, both the employment rate and labour force participation declined by about 4 percentage points because self-employed and domestic workers producing agricultural goods mainly for their own consumption were reclassified from employment into inactivity. There was indeed no visible break down in the labour market in 2021, as the number of employees increased by around 100 000. A structural change in the Romanian labour market occurred between 2008 and 2023 when the share of employees in the working-age population surged from 42% to 54%.

**Figure 2.1. Slowdown in positive labour market trends after the COVID-19**

Employment, unemployment and labour force participation rates, working-age population (15-64), 2008-23



Note: OECD is an unweighted average. Data on employment, unemployment and labour force participation are not comparable in Romania before and after 2021 when around 0.5 million of self-employed and domestic workers producing agricultural goods mainly for their own consumption were reclassified from employment into inactivity.

Source: [OECD Data Explorer • Employment and unemployment by five-year age group and sex - indicators](#) and calculations based on Eurostat's datasets: [Population by sex, age and educational attainment level](#) and [Employees by sex, age and educational attainment level](#) for employees.

StatLink  <https://stat.link/i6egul>

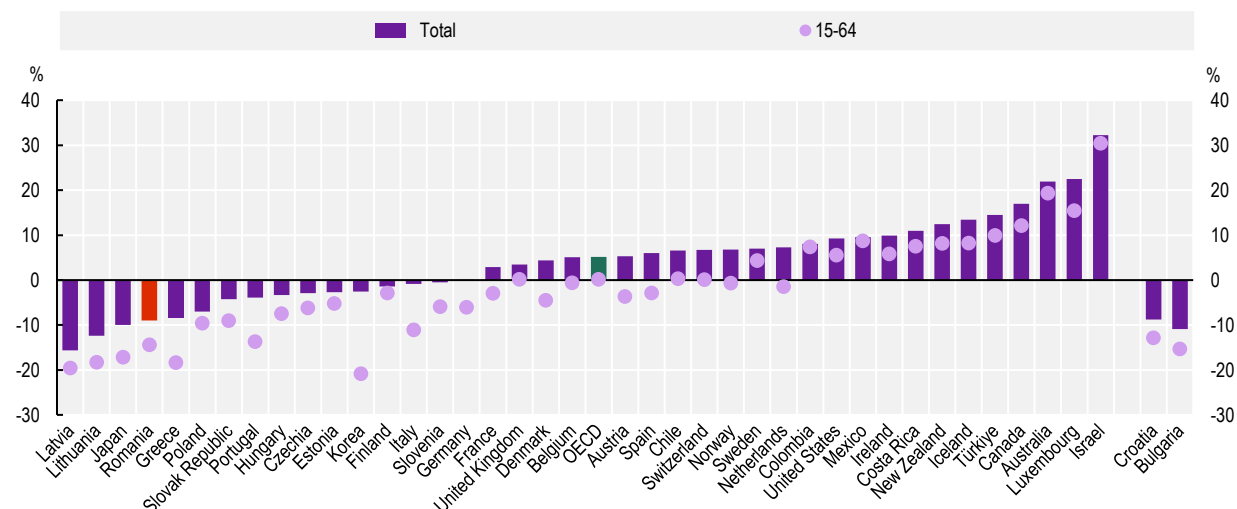
### 2.1.2. The working-age population is shrinking rapidly

The Romanian working-age population is shrinking rapidly. This contraction is due mainly to past low fertility rates and strong emigration. The shrinking of the working-age population makes it more urgent for Romania to tap the employment potential of its existing population. Between 2024 and 2040, the number of people aged 15-64 is projected to decline by 15% in Romania, while this number is projected to remain unchanged in OECD countries on average (Figure 2.2). Concurrently, the Romanian workforce will become older with the median age increasing from 44.5 years to 47.5 between 2024 and 2040. Meanwhile, the projected increase in the share of older people in Romania is much more modest than across OECD countries. The number of people aged 65 and older is projected to increase by 15% by 2040 in Romania, which is substantially less than the 31% average among OECD countries. This results from relatively low longevity, as the current life expectancy in Romania is 76.5 years. Among OECD countries, the average life expectancy is 80.3 years.




**Figure 2.2. Strong projected decline of the working-age population**

Projected change in the total population and working-age population, 2024-40



Note: OECD is a weighted average.

Source: OECD calculations based on [OECD Data Explorer • Population projections](https://data.oecd.org/population/population-projections/).

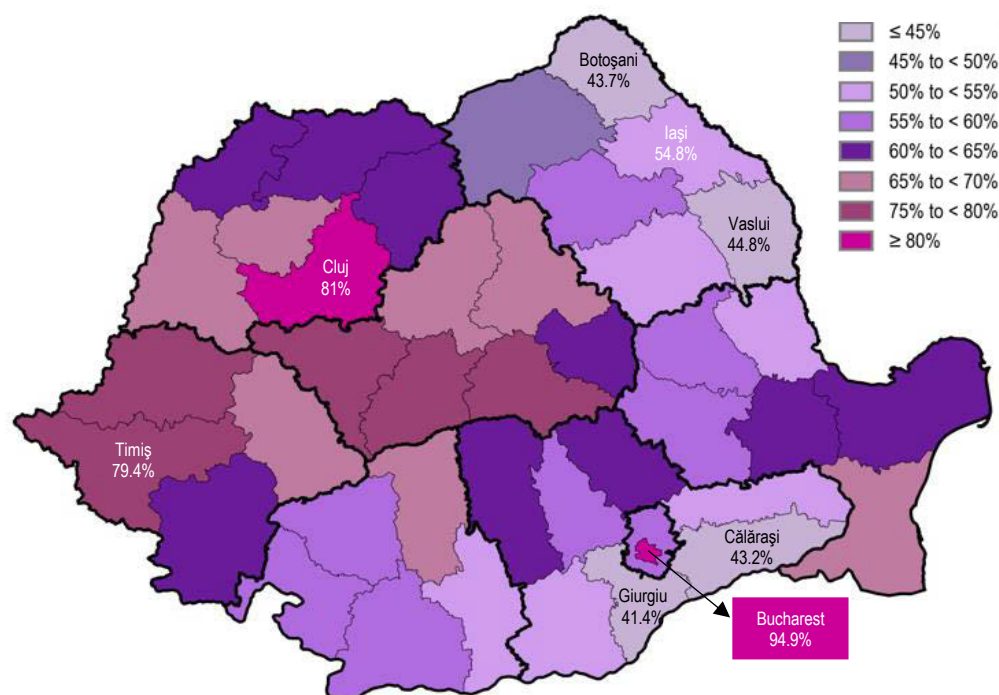
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### 2.1.3. Large regional disparities

Regional disparities are very large in Romania. In particular, they reflect the large share of agricultural production that occurs in the northern and southern regions of the country, the fact that metropolitan centres are located in the middle and the fact that the western part of the country enjoys proximity to external markets. In Romania, the ratio of total employment to the working-age population varied from 41% to 95% between regions in 2022 (Figure 2.3). Romania's metropolitan regions, particularly Bucharest, are prospering with high employment rates and wages. Employers confirm that Bucharest, as well as north-west, centre and western regions of the country see high labour shortages while labour demand remains weak in the eastern regions. Low employment and high shares of agriculture in employment result in low incomes and high poverty rates. Poverty rates also vary substantially across regions, from 2% in Bucharest to more than 30% in the south-west and north-east regions (Eurostat, 2024<sup>[1]</sup>).

## Figure 2.3. Regional employment disparities are large

Ratio of regional employment to the working-age population, 2022



Note: The regions shown in white text refer those with the four largest cities and in black text to the four regions with the lowest rates.

The ratio is calculated as the number of workers divided by the working-age population that is able to work, aged 16-61 for women and 16-65 for men, based on the national definition.

Source: Tempo online, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>, Table FOM116A – Employment rate by gender, macro-regions, development regions and counties.

## 2.2. Low employment of disadvantaged groups and substantial informality

### 2.2.1. Low employment of disadvantaged groups

In Romania, employment is particularly low among young people, older workers and those with low educational attainment. At 19%, the employment rate of young people in Romania was twice lower than the OECD average of 41% in 2023. This rate reflects difficulties with regards to the transition from school to work (Figure 2.4). The employment rate of older workers stood at 51% in Romania and 66% in among OECD countries on average in 2023, signalling that options to retire below the statutory retirement age are used frequently, and older workers face difficulties in finding employment opportunities. Only 46% of people with low education worked in Romania in 2022, while this statistic stood at 59% on average across OECD countries. Meanwhile, people in their prime age (25-54) and those with medium or high educational attainment have employment rates similar to the average across OECD.

The gender employment gap is very large in Romania. The gap has increased significantly over the last decades, from 11% to 17% between 2000 and 2023, because men's employment increased faster than women's (Figure 2.4). On average across OECD countries, the gender gap in employment declined from 21% to 14% between 2000 and 2023. Among EU OECD countries, only Greece and Italy had a higher gender gap than Romania in 2023. Romania's low female employment rate stands out compared to high rates of women's employment in other Central and Eastern European countries, such as Bulgaria, Czechia,

Hungary, Poland, the Slovak Republic and Slovenia. Female employment is particularly low among mothers and women in rural areas in Romania. Indeed, in 2023, the employment rate of women aged 18-64 in households with children stood at 57% in Romania and at 70% on average in the European Union, (Eurostat, 2024<sup>[2]</sup>). In rural areas, 44% of women aged 15-64 were employed in Romania versus 65% in the European Union on average (Eurostat, 2024<sup>[3]</sup>).

**Figure 2.4. Low employment rates for women, young people, older people and those with low education**



Note: Educational attainment based on ISCED 2011. Low: below upper secondary (ISCED Levels 0-2); medium: upper-secondary or post-secondary non-tertiary (ISCED Levels 3-4); and high: tertiary education (ISCED Levels 5-8). OECD is a weighted average. There is a break in series in 2021.

Source: [OECD Data Explorer • Employment and unemployment by five-year age group and sex - indicators](#), [OECD Data Explorer • Employment rates of adults, by educational attainment, age group and gender](#) (for OECD average) and Eurostat dataset: [Employment rates by sex, age and educational attainment](#).

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The large gender employment gap reflects strong gender disparities in Romanian society more broadly. In the European Institute for Gender Equality (EIGE) gender equality index – which combines gender equality

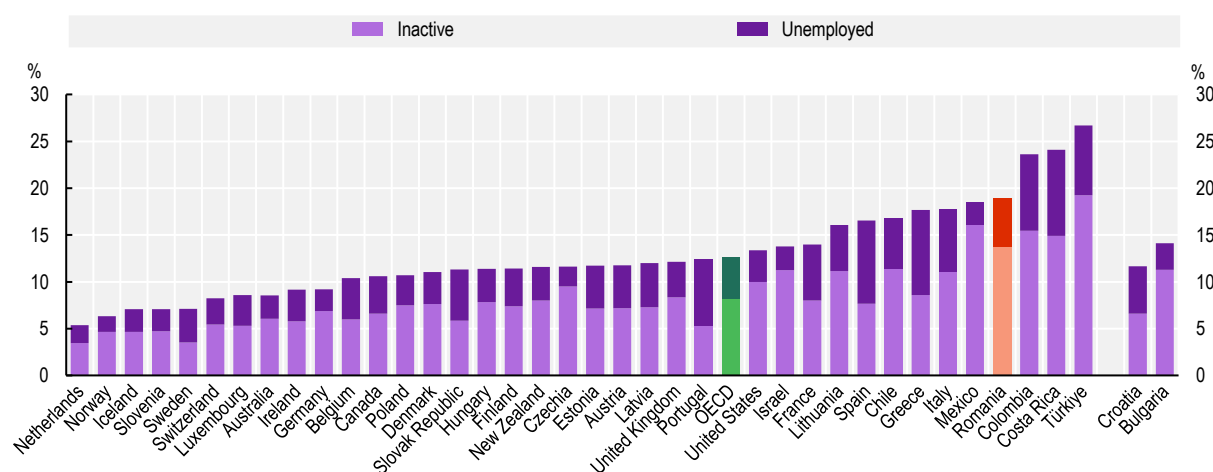
with indicators related to work, income, education, time share, power and health – Romania scored last in the EU in 2023 (EIGE, 2023<sup>[4]</sup>). Romania stands out in terms of women having low incomes compared to men, few women participating in public office or holding top management positions in private companies, and women often reporting unmet medical needs. In Romania, care activities are predominantly performed by women. Enrolment rates in early childhood education (children aged 0-2 years old) are very low, particularly among children in rural areas. These low rates limit women's options for participating in the labour market (Robayo-Abril et al., 2023<sup>[5]</sup>).

### 2.2.2. Very high number of young people not in employment, education or training

Low employment and low educational attainment among young people in Romania are major challenges. In 2023, nearly one in five people aged 15-29 were not in employment, education or training (NEET). This figure represents the highest share among European OECD countries. For comparison, one in eight young people are NEET across OECD countries on average (Figure 2.5). At 25%, the NEET rate among young women in Romania is higher than in any European OECD country. As in many other countries, most NEETs in Romania are not looking for a job, i.e. they are inactive, not unemployed. Unlike in most OECD countries, the share of NEETs among youth in Romania has not declined over the last decade. Across OECD countries on average, the share of NEETs decreased from 16% to 13% between 2013 and 2023. Early school leaving is one of the main factors behind a high share of NEETs, and it is particularly frequent among the Roma population (World Bank, 2023<sup>[6]</sup>).


**Figure 2.5. The NEET rate is very high in Romania**

Share of 15-29 year-olds not in employment, education or training (NEET), by work status 2023



Note: NEET refers to young people who are neither employed nor in formal education or training. OECD is an unweighted average and excludes Chile, Japan and Korea. Data refer to 2022 for Chile.

Source: [OECD Data Explorer • Distribution of young adults' education and work status, for a given level of educational attainment, age group and gender](#) and Eurostat dataset: [Young people neither in employment nor in education and training by sex, age and labour status \(NEET rates\)](#) for Luxembourg.

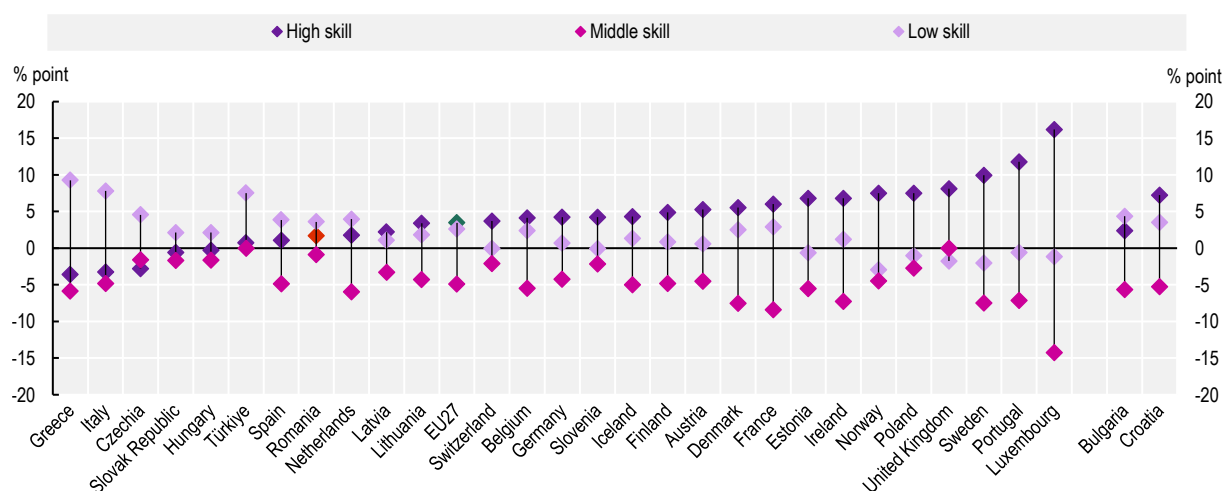
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### 2.2.3. Stronger growth of low-skill jobs than high-skill jobs

The share of low-skill jobs increased by 3.6 percentage points in Romania between 2008 and 2019. Meanwhile, the share of high-skill jobs in employment increased by 1.7 percentage points in Romania, compared to 3.5 percentage points in the EU on average (Figure 2.6). At 24.6% in 2019, the share of the high-skill jobs is the lowest in Romania in the EU. In addition, Romania's share of high-skilled jobs falls much below the EU average of 41.2%. This low share of high-skill jobs reflects both supply and demand factors. Modernisation of VET systems and stronger involvement of employers in providing both training and learning opportunities are needed to secure rapid growth of both productivity and wages.

**Figure 2.6. High-skill jobs increased slower in Romania than in many OECD countries**

Percentage point change in the occupational distribution, 2008-19



Note: Sorted in ascending order of high skill. Total employment refers to civilian employment excluding agricultural workers. High-skill occupations include jobs classified under the ISCO-88 major groups: legislators, senior officials, and managers (group 1), professionals (group 2), and technicians and associate professionals (group 3). Middle skill occupations include clerks (group 4), craft and related trades workers (group 7), and plant and machine operators and assemblers (group 8). Low skill occupations include service workers and shop and market sales workers (group 5), and elementary occupations (group 9).

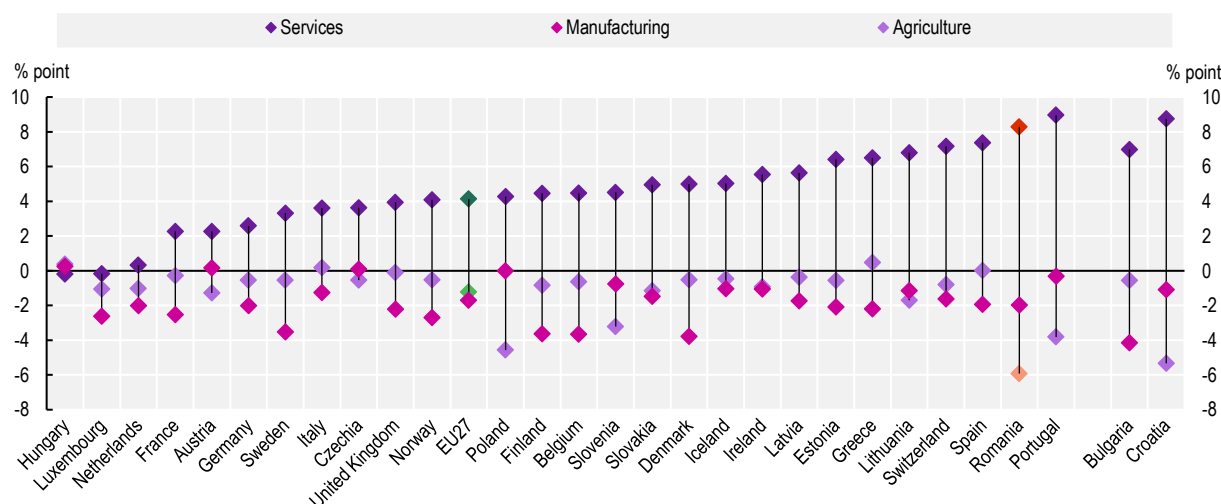
Source: OECD calculations based on the European Union Labour Force Survey (EULFS).

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Meanwhile, Romania has experienced a substantial shift of employment out of agriculture and primarily into services. The share of employment in agriculture shrunk by 5.9 percentage points between 2008 and 2019, while it remained broadly stable in the EU on average (Figure 2.7). During the same period, the share of employment share in services increased by 8.3 percentage points in Romania. Despite this rapid change, Romania's share of workers in the agricultural sector remained the largest in the EU in 2022, at 10.8%. This figure is much higher than the average across EU countries of 3.5%. As of 2022, only 56% of workers are employed in services in Romania, while more than 60% of workers are employed in services in every other EU country.

**Figure 2.7. Romania experienced a massive shift of employment from agriculture to services**

Percentage point change in the sector distribution of employment, 2008-19



Note: Data sorted by increasing change in the service sector.

Source: OECD calculations based on the Eurostat dataset: [Employment by sex, age and economic activity \(from 2008 onwards, NACE Rev. 2\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1).

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## 2.2.4. Low levels but strong increases of wages and productivity

Wages and labour productivity are low in Romania. After accounting for price level differences across countries, hourly labour productivity stood at USD 37 in Romania, which is 33% lower than the OECD average of USD 55 in 2023 (Figure 2.8). Similarly, annual wages were 21% lower in Romania than on average across OECD countries in 2023.

Romania has been catching up with higher-income OECD economies in terms of labour productivity and wages. Between 2007 and 2022, labour productivity increased by 60% in Romania, compared to 15% on average among OECD countries. In the near term, effective deployment of significant EU funds would lift future productivity and living standards. Over longer term, investment in education is the surest way to boost the economy (OECD, 2024<sup>[7]</sup>).


A few years prior to the COVID-19 crisis, the Romanian labour market was growing increasingly tight. Following the crisis, the labour market became less dynamic. Wage growth accelerated substantially between 2015 and 2020 in Romania and gross real wages increased by 73%, while net real wages increased by 43%. At the same time, productivity grew by only 18% (Figure 2.8). Gross wages increased more than net wages because social security contributions were largely shifted from employers to employees in 2018. Gross wages were then raised accordingly in compensation. Meanwhile, between 2015 and 2019, employment increased strongly, and unemployment declined. That said, in 2021 and 2022 high inflation eroded real wages and labour productivity partially caught up. Furthermore, unemployment remained elevated after a jump in 2020. In 2023, strong growth of real wages returned but the unemployment rate did not change.



**Figure 2.8. Wages have grown faster than productivity in recent years, but remain low compared to most OECD countries**

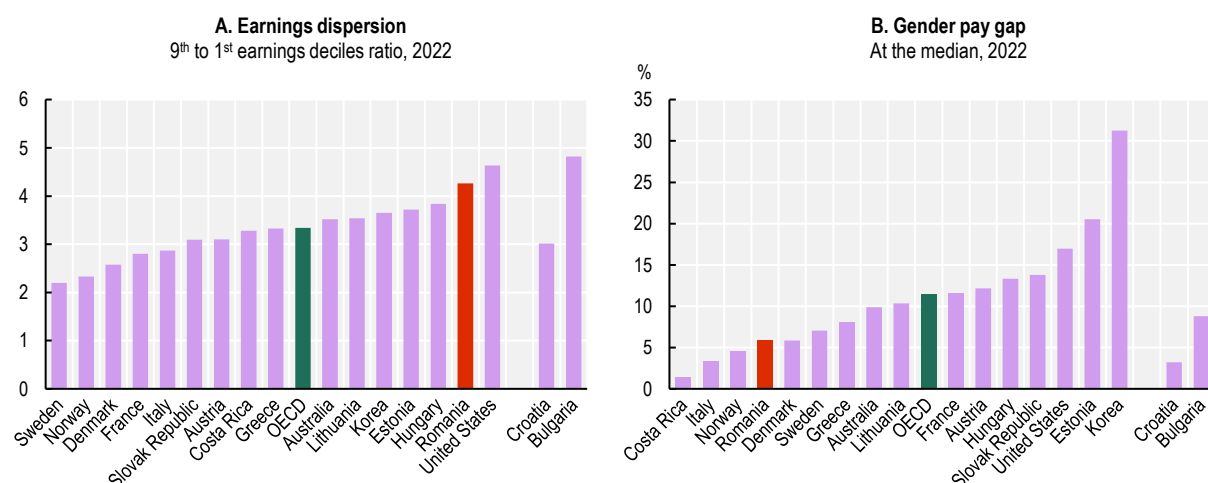


Source: [OECD Data Explorer • Productivity levels](#) (Panel A) [OECD Data Explorer • Average annual wages](#) and unpublished data for Bulgaria, Croatia and Romania (Panel B) and OECD [Tax-Benefit model](#) version 2.6.0. (Panel C) (accessed 23 July 2024).

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### 2.2.5. High earnings inequalities and substantial gender pay gap

Earnings inequalities are high in Romania. The earnings of the highest 10% of earners were 4.3 times higher than those of the lowest 10% in 2022 (Figure 2.9). This level of earnings dispersion is much greater than in most OECD countries. Large earnings inequalities reflect unequal educational opportunities across regions and social groups, a large shadow economy, few job opportunities in rural areas and, potentially, the limited bargaining power of many workers. However, the gender wage gap – at 5.8% in 2021 – was around half the average among OECD countries.

**Figure 2.9. Large earnings inequalities but modest gender pay gap**

Note: The gender wage gap is defined as the difference between median earnings of men and women relative to median earnings of men. All earnings estimates refer to gross earnings of full-time wage and salary workers. Data refer to 2021 for Romania in Panel B. Country-specific variations from this definition as well as national data sources and earnings concepts can be found in the metadata of the sources below.

Source: [OECD Data Explorer • Decile ratios of gross earnings](#) and [OECD Data Explorer • Gender wage gap](#) (accessed 14 October 2024).

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### 2.2.6. High prevalence of informality

Undeclared work in the private sector was estimated to be 27.1% of gross value added (GVA) in Romania in 2019, the highest value among EU countries and almost twice the EU average of 14.8% (Figure 2.10).<sup>1</sup> Undeclared work increased slightly in Romania from 26.2% in 2013, while it declined in the EU on average from 16.4% to 14.8% between 2013 and 2019 (Francic, Horodnic and Williams, 2023<sup>[8]</sup>). Working informally in Romania is particularly widespread in the areas of subsistence agriculture, traditional trades and crafts, domestic work, and seasonal activities in the construction sector or hospitality industry (Pop, 2022<sup>[9]</sup>). In addition, many people in marginalised communities work informally, as occasional workers, mostly in agriculture, construction and in the care sector (Pop, 2019<sup>[10]</sup>). Trade unions signal that a common practice in Romania is the payment of social contributions and taxes on only a part of wages. This practice boosts take-home pay while lowering financing of social benefits. The practice is connected to the fact that workers perceive social services as precarious and public resources as unfairly distributed. Widespread underreporting of wages might explain why the minimum wage is used as the minimum base for calculating social contributions without adjustments for part-time employment. An analysis carried out by the World Bank and the Romanian Ministry of Finances reveals that in Romania in 2020, income reported by households in surveys was 9% higher than income reported to tax authorities. This statistic is twice higher for lower income groups.

While employees make up 81% of undeclared workers, most self-employed workers and domestic family members work informally in Romania (Francic, Horodnic and Williams, 2023<sup>[8]</sup>).<sup>2</sup> In 2022, the self-employed made up 11% of total employment in Romania, slightly less than the 13% average among EU countries (Eurostat, 2024<sup>[11]</sup>). In Romania, more than half of the self-employed work in agriculture, forestry or the fishing sector, versus one in eight on average in the European Union (Eurostat, 2024<sup>[12]</sup>). Many self-employed workers are not covered by pension and health insurance in Romania, as only about 12% of these workers paid pension and health contributions in 2017 (Pop, 2019<sup>[10]</sup>). This reflects the fact that

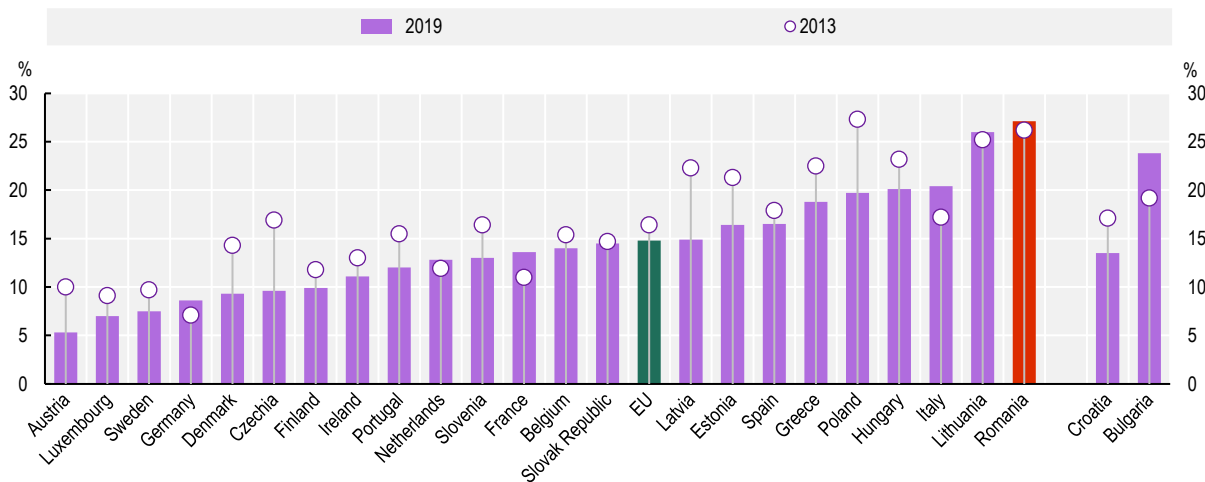
pension and health contributions are compulsory only for self-employed workers whose income exceeds the minimum wage.

Romania recently introduced a voucher scheme aimed at formalising outsourced household services. In April 2022, Romania passed a law that regulates domestic activities such as housekeeping, gardening, cooking etc. The law became effective in 2023. It stipulates the payment of domestic workers with service vouchers, which is similar to the Belgian and French schemes (OECD, 2021<sup>[13]</sup>). Households may buy vouchers with up to a 12.5% discount, depending on the total number of vouchers purchased, and then use these vouchers to pay for household services. Half of the income earned with the vouchers is tax deductible. This income is neither included in the means testing for minimum-income benefits nor affects eligibility for unemployment insurance. The scheme aims to formalise work of 60 000 people by 2026 (Pop, 2022<sup>[9]</sup>).

Additionally, the co-operation between the National Agency for Fiscal Administration and the Labour Inspection was improved in 2022, in order to better fight informal employment (Government of Romania, 2022<sup>[14]</sup>). Trade unions signal, however, that the Labour Inspection lacks sufficient resources in terms of available staff and training options. The Labour Inspection mandate includes verifying employment contracts, but it does not include examining wage reporting or ensuring proper tax or social contribution reporting (these actions fall under the purview of tax inspections). As such, neither underreporting of wages nor informal self-employment are the primary focus of labour inspections.

### Figure 2.10. Undeclared work remains very high in Romania

Undeclared work in the private sector as a percentage of total gross value added, 2013 and 2019



Note: Estimates are based on the labour input method, which calculates the gap between self-reported labour supply in labour force surveys with official employment figures reported by businesses, e.g. in declarations to tax authorities, national statistical offices, or labour or social security authorities.

Source: Franic, J., I. Horodnic and C. Williams (2023), *Extent of undeclared work in the European Union*, [www.ela.europa.eu/sites/default/files/2023-03/Study-on-the-extent-of-undeclared-work-in-the-EU.pdf](http://www.ela.europa.eu/sites/default/files/2023-03/Study-on-the-extent-of-undeclared-work-in-the-EU.pdf).

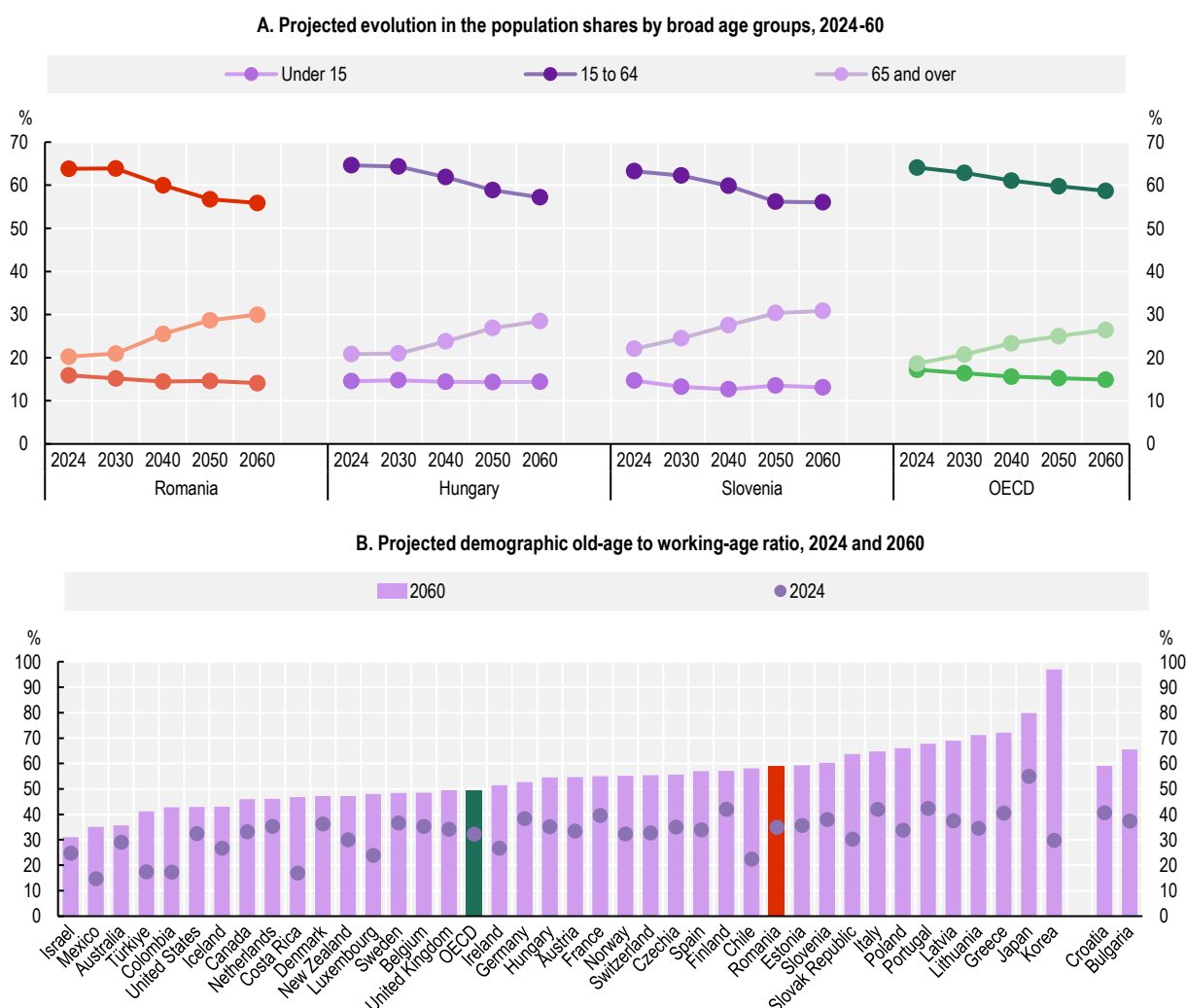
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## 2.3. Declining and ageing population

### 2.3.1. Population ageing is accelerating

As in many other countries, the share of Romania's population that is aged 15 years or younger is shrinking. This segment of the population is projected to decline from 16.1% to 14.5% between 2024 and 2040 (Figure 2.11). This decline is driven by low past fertility, which has remained below 2.1 children per woman (the rate that preserves population size) since 1990. The total fertility rate reached its lowest point of around 1.3 in 2002 in Romania. Subsequently, it increased steadily to around 1.7 in 2016 and has remained at this level since. Romania's fertility rate is higher than the around 1.5 in Hungary and Poland, and similar to that of Denmark, France and Sweden. The share of people older than 65 is expected to increase in Romania from 20.0% in 2024 to 25.5% in 2040 and 30.0% in 2060. The old-age to working-age ratio is projected to increase from 34 to 59 between 2024 and 2060, while a smaller increase from 32 to 50 is expected to occur in OECD countries on average during that same period.

**Figure 2.11. Strong population ageing, but slower than among regional peer countries**



Note: OECD is a weighted average. Demographic old-age to working-age is defined as the number of individuals aged 65 and over per 100 aged 20-64.

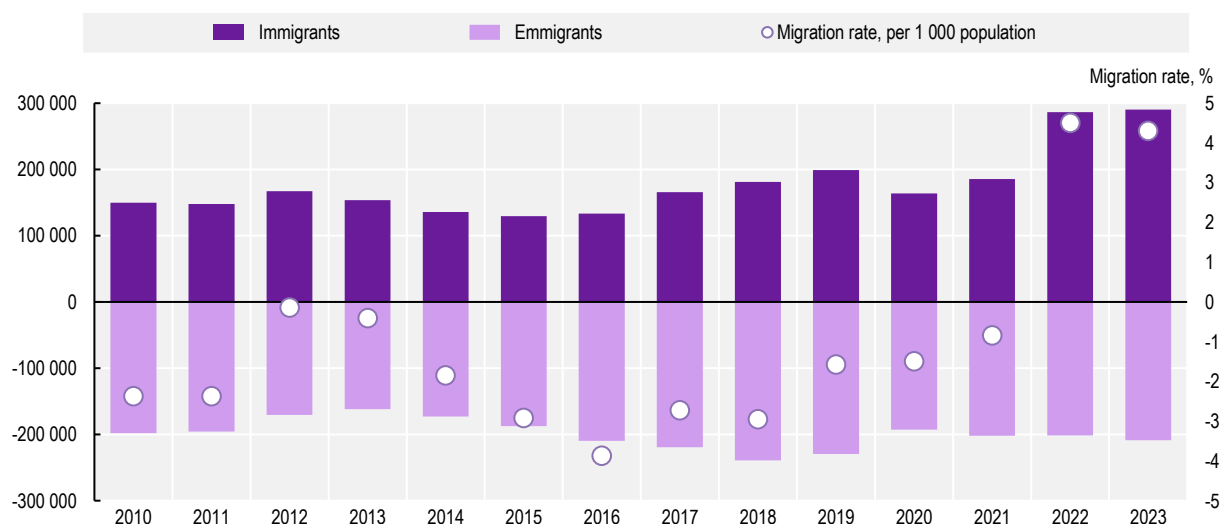
Source: [OECD Data Explorer • Population projections](https://data.oecd.org/population/population-projections/). (accessed March 2025).

### 2.3.2. Emigration has contributed to working-age population decline

Similar to other countries in the region, strong emigration has accelerated ageing pressure and added to labour shortages in Romania. The annual net migration rate was below -0.3% in the whole period after 1990. It fell to below -0.7% between 2005-10, as Romania joined EU in 2007. Total net emigration since 2000 amounts to around 10% of the population. Following Russia's unprovoked war of aggression against Ukraine and the influx of a large number of humanitarian migrants, net migration became positive in 2022 (Figure 2.12).

**Figure 2.12. The inflow of a large number of humanitarian migrants following Russia's unprovoked war of aggression against Ukraine reversed migration trends**

Annual number of immigrants to and emigrants from Romania, and migration rate, 2010-23



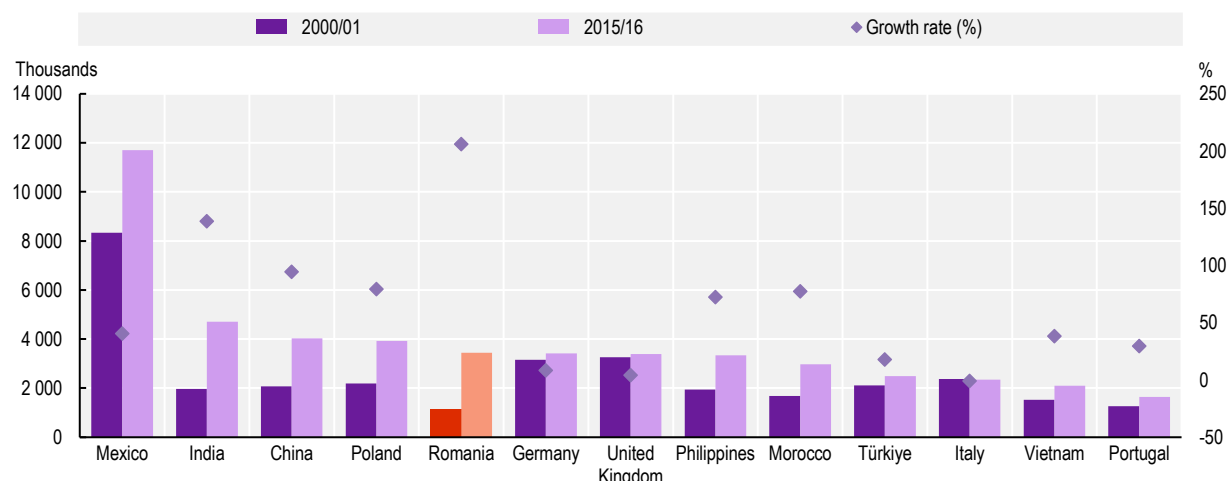
Source: Romanian National Institute of Statistics migration data (<https://insse.ro/cms/en/tags/press-release-resident-population-and-international-migration>), Statistical Yearbooks of Romania (<https://insse.ro/cms/en/content/statistical-yearbooks-romania>) and OECD calculations based on [OECD Data Explorer • Historical population data](#) for the migration rate.

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There were already about 3.4 million Romanian emigrants counted in censuses in OECD countries in 2015-16, more than a 200% increase over 2000-01, and 17% of the total Romanian population. Romania was the country that saw the largest increase in its diaspora over this period. Its emigrant population overtook that of Germany, Italy and Türkiye (Figure 2.13). The largest part of this increase in emigration occurred in the late 2000s, as Romania joined the European Union in 2007. Emigration subsequently slowed in the early 2010s. Women outnumber men in the emigrant population; they comprised about 54% of the total in 2015-16. Italy, Germany, Spain and the United Kingdom were the main destination countries for Romanian emigrants, together comprising almost three-quarters of Romanians in the OECD. The 2010s saw a shift in destination towards the United Kingdom.

**Figure 2.13. The Romanian emigrant population in the OECD grew faster than any other major origin country between 2000 and 2015**

Total emigrant population (ages 15+) and the growth rate by country of origin, 2000/01 and 2015/16



Note: The growth rate is the difference between the levels in 2000/01 and 2015/16, as a percentage of the level in 2000/01.

Source: OECD (2019<sup>[15]</sup>), *Talent Abroad: A Review of Romanian Emigrants*, *Talent Abroad*, <https://doi.org/10.1787/bac53150-en>.

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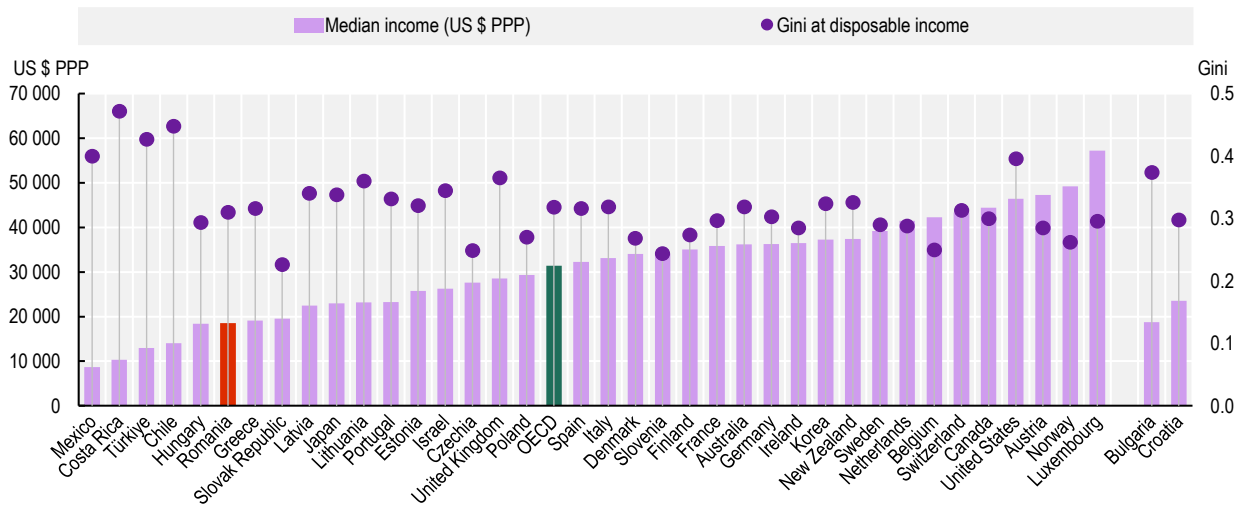
## 2.4. High rates of poverty and material deprivation

### 2.4.1. Low income and average income inequalities

In Romania, household incomes are low, while income inequalities are average. After adjusting for price-level differences across countries, the median disposable household income in Romania stood at 59% of the OECD average in 2022. This figure is similar to that of Hungary, the Slovak Republic and Greece and substantially higher than that of Costa Rica and Mexico (Figure 2.14). Income inequality measured by the Gini coefficient of disposable income was similar in Romania to the OECD average, at 0.31. Income inequalities are lower in many European countries, e.g. in Belgium, Czechia, Slovenia and the Slovak Republic.

**Figure 2.14. Median household income is comparatively low and income inequality is average**

Annual median equivalised disposable income in US dollars at PPP rates and Gini of disposable income, 2022



Note: Household incomes are after taxes and transfers and equivalised using the square root of the household size. Data refer to 2019 (Denmark), 2020 (Australia, Germany) and 2021 (Japan, Switzerland, United Kingdom). OECD is an unweighted average of the 36 countries shown. The value of goods produced for own consumption is excluded from disposable income in Romania, while it is included in most other countries, in line with OECD standards.

Source: OECD calculations based on [OECD Data Explorer • Income distribution database](https://data.oecd.org/income-distribution/).

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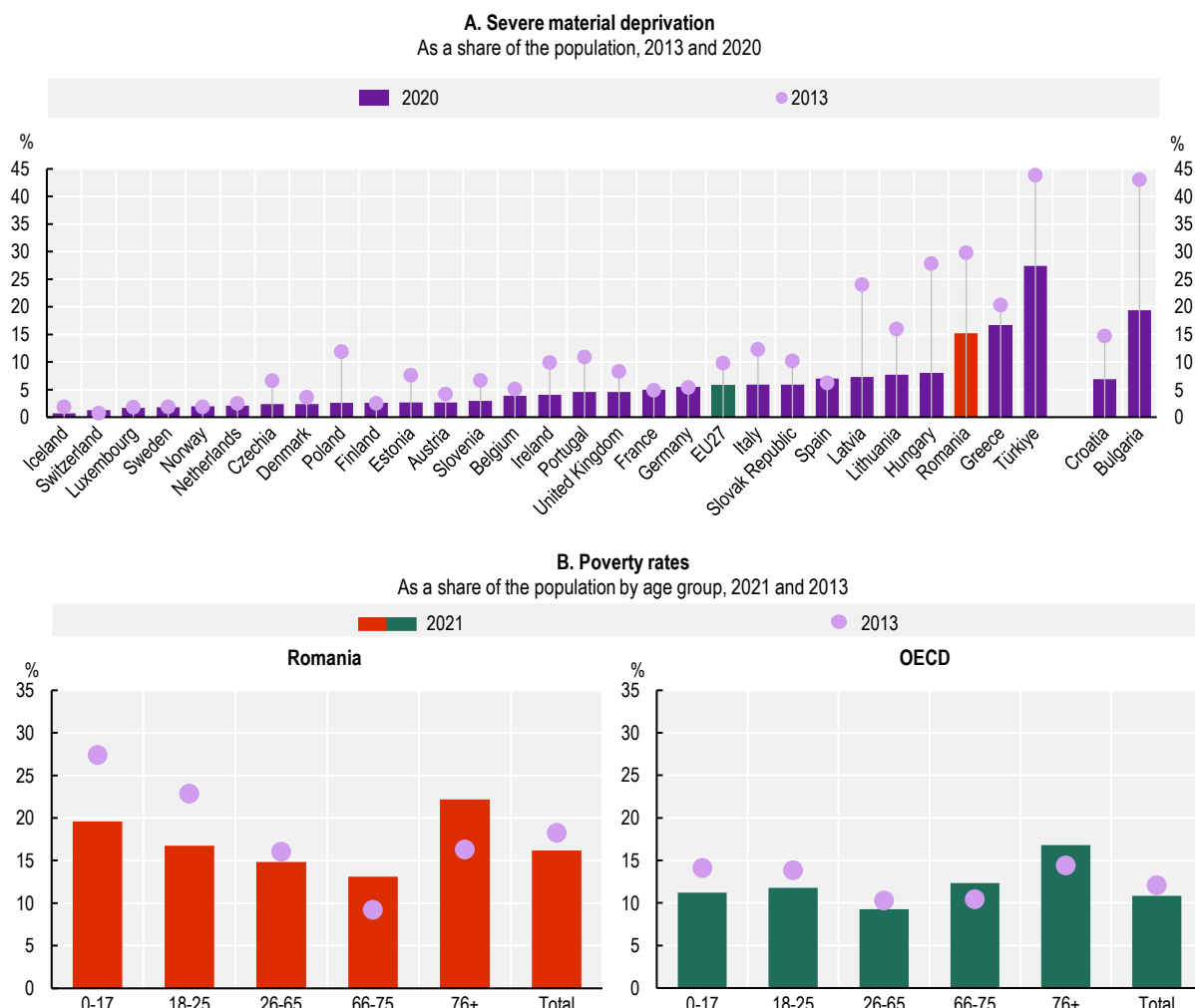
#### 2.4.2. High poverty among children and older people

At 16.2%, the income poverty rate was substantially higher in Romania than the OECD average at 10.9% in 2021 (Figure 2.15). Compared to 2013, income poverty decreased in Romania by 2 percentage points. The decline was strongest in households with children and adults younger than 25. This is linked to improvements in family benefits, as government spending on family benefits increased from 1.2% to 1.9% of GDP between 2013 and 2021 (Eurostat, 2024<sup>[16]</sup>). Despite these general improvements, the poverty rate of people older than 65 has increased.

Low average income and large income poverty lead to very high material deprivation in Romania though levels of material deprivation have fallen significantly of late. Indeed, 15% of the population in Romania lived in severe material deprivation in 2020, as compared the EU average of 6% (Figure 2.15). Severe material deprivation in Romania was much lower in 2020 than it has been historically, however, as 29.8% of the population lived in severe material deprivation in 2013. Regional disparities are substantial in the country, and the severe material deprivation stood at 24% in rural areas in 2020, compared to only 4% in cities. Severe material deprivation is highest among single parents and families with children, particularly with three or more children, for whom it stood at 47% (Eurostat, 2024<sup>[17]</sup>). That said, the severe deprivation rate has halved over the last decade as living conditions have greatly improved in Romania.



**Figure 2.15. Poverty and material deprivation have declined, but remain elevated among the youngest and the oldest age groups**



Note: Severe material deprivation is defined as the enforced inability (rather than choice) to afford at least four of the following nine items: to pay one's rent, mortgage or utility bills; to keep one's home adequately warm; facing unexpected expenses; to eat meat or proteins regularly; to go on holiday; a television set; a washing machine; a car; a telephone. Data refer to 2018 for Iceland and the United Kingdom (Panel A). Poverty rates are the share of people living on less than 50% of median equivalised household income. The value of goods produced for own consumption is excluded from disposable income in Romania, while it is included in most other countries, in line with OECD standards.

Source: Eurostat dataset: [Severe material deprivation rate by age and sex](#) and the [OECD Data Explorer • Income distribution database](#).

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### 2.4.3. Widespread poverty among inhabitants of rural areas, people with disabilities, and the Roma minority

The difference in poverty rates between rural areas and cities is extreme in Romania and is the largest in the European Union. In 2022 in Romania, the poverty rate in rural areas was 34%, while it was 6% in cities. In comparison, average poverty rates among EU countries were 17.5% in rural areas and 16.3% in cities in 2022 (Eurostat, 2024<sup>[18]</sup>). An important dimension of this regional disparity in Romania is that marginalised communities lack access to basic public infrastructure and social services (Pop, 2023<sup>[19]</sup>). Most marginalised communities live in rural areas, while in urban areas social segregation creates an important obstacle to integrating marginalised communities (Government of Romania, 2023<sup>[20]</sup>).

In an academic paper, Pop (2023<sup>[21]</sup>) summarises policy analysis on poverty in Romania by pointing to three main poverty risk factors: 1) precarious work among rural residents, a significant proportion of whom are engaged in subsistence agricultural activities; 2) low education attainment; and 3) being a young or older person, part of the Roma minority, or having a disability. People with disabilities faced a poverty rate that is 14 percentage points higher than in the general population in Romania. In comparison, on average in the EU, people with disabilities have a poverty rate that is 11 percentage points higher than other residents (Eurostat, 2024<sup>[22]</sup>).

Romania's large Roma ethnic minority group faces a particularly high risk of poverty. The size of the Roma minority group is estimated to be between 0.6 million (based on 2021 census data) and up to 2 million (based on surveys and expert estimates), hence between 3% and 10% of the total population. The difference in estimates reflects uncertainty about the extent to which ethnicity goes underreported. Many experts assess the size of the Roma minority group to be 1.2-1.5 million, compared to the total population of Romania of 19 million people. Additionally, many people belonging to the Roma ethnic group do not self-identify as such (Government of Romania, 2023<sup>[20]</sup>). The income poverty rate among people belonging to Roma minority group was assessed to be 78% in 2021, up from 70% in 2016 (FRA, 2023<sup>[23]</sup>). Still, Romania does not stand out compared to the other 10 EU countries with substantial Roma minority populations. In these countries, the poverty rate of the Roma population varies from 71% in Bulgaria to 98% in Italy and Spain. One in three Roma individuals in Romania live without running water, and one in ten live without electricity (Government of Romania, 2022<sup>[24]</sup>). In Romania, about half of Roma people live in low-quality housing, versus 10% of non-Roma people (World Bank, 2023<sup>[6]</sup>). More than half of Roma children live in severe material deprivation (FRA, 2023<sup>[23]</sup>). Spatial segregation adds to the challenges, and many Roma people live in marginalised communities. As of 2017, about 3.2% of the overall urban population and 6.2% of the overall rural population were estimated to live in marginalised communities, including in informal settlements (Pop, 2023<sup>[19]</sup>).

## 2.5. Poor labour market outcomes among people belonging to the Roma minority group and among people with disabilities

Employment outcomes for Roma minority group, particularly women, are poor in Romania. The employment rate for 20-64 year-old members of the Roma minority group stood at 41% in 2021 (FRA, 2023<sup>[23]</sup>). This is substantially less than the 71% employment rate for the general population in Romania. That said, it is similar to average rate of 43% for Roma people living in the 10 EU countries with large Roma populations (employment rates vary from 25% in Spain to 62% in Hungary). The employment rate of Roma women is substantially lower than that of men, as Roma women are predominantly responsible for care and domestic tasks (World Bank, 2018<sup>[25]</sup>). Many members of the Roma community work as seasonal labourers while those who are better-off typically work as tradespersons selling cars, carpets or furniture (Matras, 2011<sup>[26]</sup>).

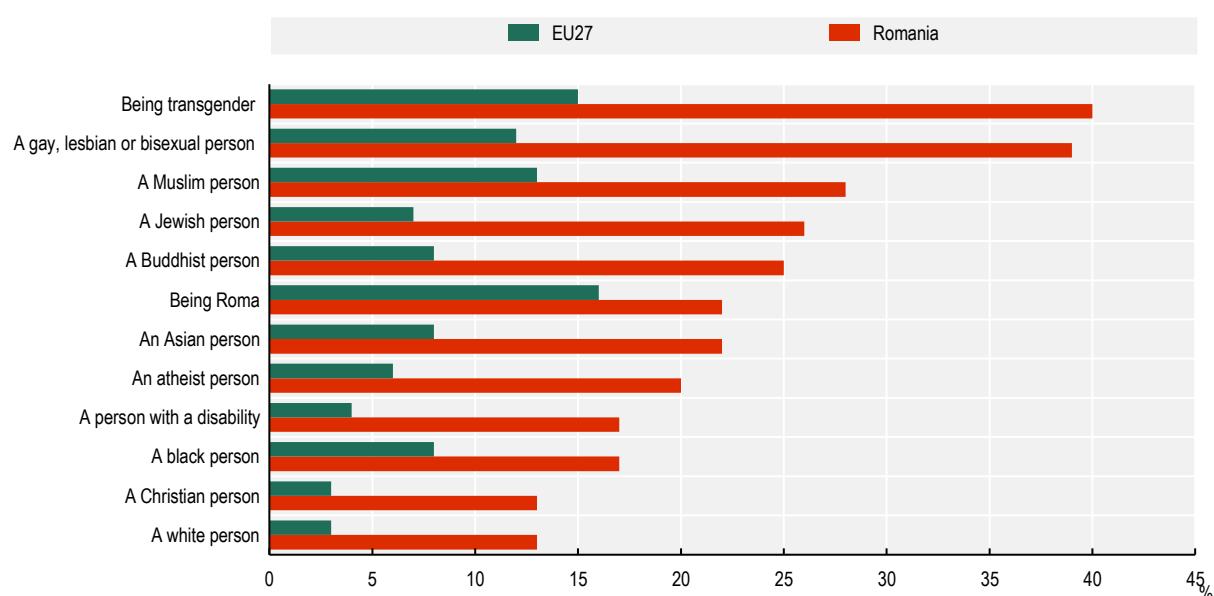
Among other ethnic minorities, the labour market participation rate for people aged 15-64 was substantially lower than the general population. Indeed, the labour market participation rate of minorities in this age group was 54% for Croatians, 48% for Ukrainians and 55% for Turks in 2021, versus 66% for the general population (NIS, 2023<sup>[27]</sup>). Labour market participation was around the population-wide average among most other ethnic minorities, including Hungarians, German, Serbs and Tatars. In terms of population size, the Hungarian ethnic minority is large, as it slightly exceeds 1 million people, based on census data. As of 2021, other minority groups, including German, Russian, Serbian, Slovak, Tatar and Turkish people were smaller, with populations of between 10 000 and 50 000 people. Before the full-scale Russian aggression on Ukraine the number of Ukrainians in Romania was estimated to be slightly less than 50 000, but it has increased substantially in the last two years as discussed in Chapter 4.

People with disabilities have limited access to the labour market in Romania. The employment gap for people with disabilities was 32 percentage points in 2022, while it was 21 percentage points on average across the EU. The gap was higher than in Romania only in Belgium, Ireland, Lithuania and Norway (Eurostat, 2024<sup>[28]</sup>). The employment gap for people with disabilities in Romania has not increased over the last decade. Among people with disabilities, the employment rate is particularly low for those with low education and those living in rural areas (Grigoraş et al., 2021<sup>[29]</sup>).

Attitudes towards minorities are more discriminatory in Romania than in many other countries. Two or three times more people say they would feel uncomfortable having colleagues who hail from religious or ethnic minority groups (Figure 2.16). The most common negative attitude is against LGBTIQ+ people, as almost 40% of Romanians say they would feel “uncomfortable” working with such colleagues. Importantly, 23% of respondents say they would not feel comfortable when working with colleagues belonging to the Roma community, which is substantially more than the average across EU countries. The World Bank (2023<sup>[6]</sup>) assesses that being Roma comes with a strong social stigma in Romania, and spatial segregation and discrimination are severe.

**Figure 2.16. Perceived discrimination is high in Romania**

Share of respondents who would feel “uncomfortable” if a colleague at work with whom they are in daily contact, belonged to the following groups, in Romania and EU27, 2023



Note: Results are based on answers to the question “Regardless of whether you are actually working or not, please tell me how comfortable you would feel, if a colleague at work with whom you are in daily contact, belonged to each of the following groups?”

Source: [Standard Eurobarometer 99 - Spring 2023](#).

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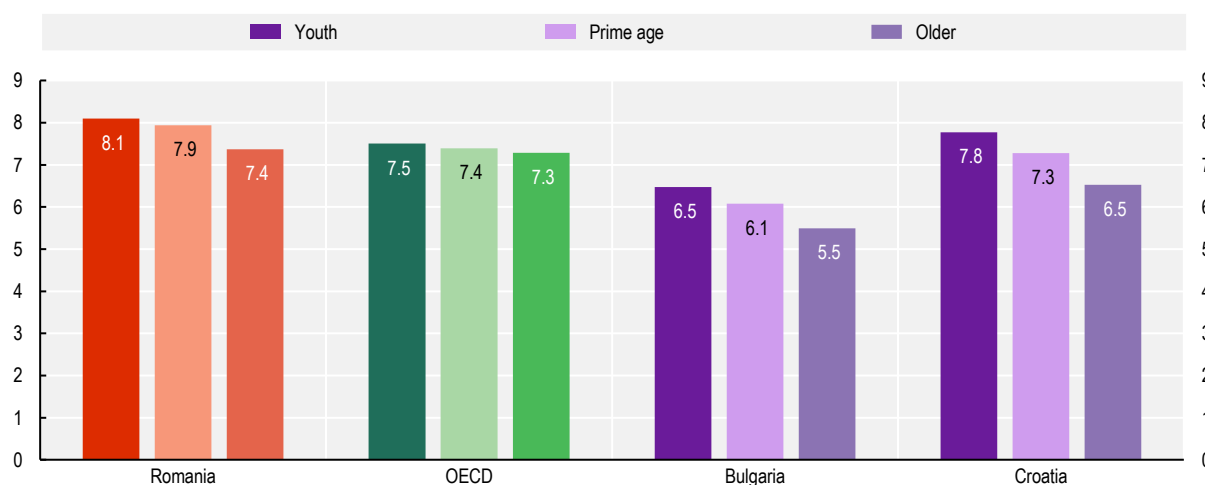
## 2.6. Above-average life satisfaction

Despite all challenges related to labour market and social outcomes, life satisfaction in Romania is higher than in the OECD on average. Asked to grade their life satisfaction on a scale of 0 to 10, prime-age people in Romania gave it a 7.9 in 2022, compared to the OECD average of 7.4 (Figure 2.17). In 2016, the positive self-assessment of Romanians was even higher, at 8.5. People with higher levels of education show

substantially higher levels of life satisfaction, while people who are older than 65 express lower levels of life satisfaction in Romania and many other countries.

### Figure 2.17. People in Romania show high overall life satisfaction

Average life satisfaction (on a scale of 1 to 10), 2022



Note: OECD is an unweighted average which excludes Chile, Costa Rica and the United States. Year exceptions: 2018 (Iceland), 2020 (Australia) and 2021 (Israel, Mexico, New Zealand, the United Kingdom).

Source: [OECD Data Explorer • Current well-being](#).

StatLink  <https://stat.link/ld4esy>

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## Notes

<sup>1</sup> Schneider and Asllani (2022<sub>[30]</sub>) estimate the scope of shadow economy in Romania at 29% of GDP, second only to Bulgaria in the EU and compared to the EU average of 17.3%. ILO (2018<sub>[31]</sub>) estimates the share of informal workers in Romania is 29% in 2018.

<sup>2</sup> Indeed, 62.5% of the self-employed and 60.1% family workers work informally in Romania while this is the case for 18.8% of dependent workers (Frantic, Horodnic and Williams, 2023<sub>[8]</sub>).

# 3 Lifting Romania's workforce potential

Romania's labour market has developed positively over the last decade, with a significant rise in employment and a notable decline in unemployment. However, as Chapter 2 outlines, major challenges remain: labour force participation has risen but remains low in international comparison, with ample scope for Romania to boost employment particularly for women, young people, older workers, low-educated workers and people from the Roma community; employment growth has been somewhat stronger in low-skill than in high-skill occupations, contrary to the trend observed in most European OECD countries; labour productivity has shown robust growth, but remains low in OECD comparison; and undeclared work is widespread.

## 3.1. Boosting the skills of Romania's workforce

In the context of a rapidly shrinking working-age population and low employment rates, particularly among young people and low-educated workers, policies to promote workforce training, upskilling and reskilling must be a policy priority for Romania. This includes ensuring that all young people – including those in rural areas, from low-income communities and from ethnic minorities – leave the education system with the basic skills and vocational skills they need to gain a foothold in the labour market. It also means providing adult workers – both employed and unemployed – with relevant and attractive training options that raise their productivity and wages and help them adapt to a changing labour market (OECD, 2021<sup>[1]</sup>).

### 3.1.1. Too many young people fail to acquire the basic and vocational skills they need to gain a foothold in the labour market

Poor educational outcomes of young people are a major concern in Romania and one main driver of the high share of young people not in employment, education or training (NEET, see Figure 2.5). Romania has not yet achieved universal participation in primary education, and enrolment in lower-secondary education is low: net enrolment rates at both education levels equalled around 84% in 2022 according to national estimates (OECD, 2025<sup>[2]</sup>; UNESCO, 2024<sup>[3]</sup>). In the 2022 PISA survey (OECD, 2023<sup>[4]</sup>; 2023<sup>[5]</sup>), 15-year-olds in Romania performed substantially below the OECD average in mathematics, reading and science. Approximately 49% of Romanian pupils do not achieve baseline levels of proficiency in mathematics (i.e. score below Level 2), 42% in reading, and 44% in science, far more than in the OECD on average (OECD, 2023<sup>[4]</sup>; 2024<sup>[6]</sup>). The World Bank estimates that, pre-pandemic, 41% of school leavers in Romania were functionally illiterate, and that this share may have increased by up to 10 percentage points as a result of the COVID-19 pandemic (World Bank, 2023<sup>[7]</sup>). Inequalities in learning outcomes are also large: the share of pupils' mathematics performance that can be explained by their socio-economic status is greater in Romania than in any other country included in the PISA study (OECD, 2023<sup>[4]</sup>), and urban-rural disparities in participation and learning outcomes are larger than in any other Central and Eastern European country (OECD, 2024<sup>[6]</sup>; 2025<sup>[2]</sup>).



Educational attainment is also low. Romania has the highest rate of early school leaving in the European Union: 16.6% of 18-24 year-olds had not completed upper-secondary education and were not involved in any education or training in 2023 (EU average of 9.5%; Eurostat (2024<sub>[8]</sub>)). Furthermore, the early school leaving rate in Romania has shown no improvement over the last years (see also the discussion in the *Economic Survey 2022* (OECD, 2022<sub>[9]</sub>)). Early school leaving is particularly widespread in rural areas, at a rate of 27.5% (Eurostat, 2024<sub>[10]</sub>). Among young Roma between the ages of 20-24, only about one in five (22%) reported having completed upper-secondary education in 2021 (European Union Agency for Fundamental Rights, 2023<sub>[11]</sub>). Completion rates in tertiary education are only little more than half as high as the OECD average (25% of 25-34 year-olds had a tertiary-level qualification in 2022, compared to 47% in the OECD on average) and have been stagnating over the last decade (Eurostat, 2024<sub>[12]</sub>; OECD, 2024<sub>[13]</sub>).

Modernising the vocational education and training (VET) system is an important lever for Romania to improve educational outcomes and smooth the school-to-work transition, particularly for less academically minded students and those from disadvantaged backgrounds (see also OECD (2022<sub>[9]</sub>; 2025<sub>[2]</sub>)). More than half (57%) of upper-secondary students in Romania were enrolled in vocational programmes in 2022 – a figure above the EU-27 average (49%), though well below the rates of up to 70% seen in Austria, Czechia, the Netherlands and Slovenia (Eurostat, 2024<sub>[14]</sub>).<sup>1</sup> Most of VET programmes in Romania include a substantial work-based component: in three-year professional VET programmes (EQF Level 3), for example, work-based learning should account for around half of programme contents and is provided by professional schools in collaboration with employers.<sup>2</sup> However, in many cases, practical training mainly takes place in workshops and laboratories simulating a workplace environment rather than with employers (OECD, 2025<sub>[2]</sub>). A dual-VET pathway was made available in 2017/18 and accounted for around 16% of all students enrolled in professional VET programmes in 2022/23, up from 5% in 2017/18, with training primarily offered by larger employers. However, VET in Romania suffers from insufficient financial resources, access to education and training is unequal, and rates of early leaving are high, particularly among students from rural and poor communities (Cedefop, 2021<sub>[15]</sub>).<sup>3</sup> Socio-economically disadvantaged students, who are less likely to do well in the academic examination for admission to upper-secondary education, tend to be directed to vocational programmes regardless of their preferences and career goals (OECD, 2025<sub>[2]</sub>). And many VET graduates struggle with the transition to work: within the first three years of graduation, less than two in three (61%) young people with a vocational degree who are not in education or training were in employment in 2023, though the employment rate of graduates with a general degree is slightly lower still (60%). Both rates are among the lowest across EU countries (EU averages of 79% and 65%; Eurostat (2024<sub>[16]</sub>)).

Romania has launched policy initiatives in various areas in recent years to improve young people's educational outcomes and skills, better support them with the school-to-work transition, and reconnect young people who are out of education and work. These efforts have focused on:

- **Preventing drop-out:** A National Programme to Reduce School Drop-out (PNRAS) implemented by the Ministry of Education targets public primary and lower-secondary schools with medium to high drop-out rates. It awards grants of up to EUR 200 000 per school to at least 2 500 schools with a high priority among schools identified by the Early Warning Mechanism in Education. The programme aims to reduce drop-out in participating institutions by at least 25%, raise school completion, and improve student performance. It comes with an overall budget of EUR 543 million over the period 2021-26 financed under Romania's National Recovery and Resilience Plan (NRRP), and funds various expenditures, including teacher training, pedagogical and social support activities – such as remedial courses, after-school activities, school counsellors and mediators in Roma communities, school guidance, and parental education courses –, and equipment and software.
- **Reforming VET:** Romania has taken substantial steps in recent years to modernise its VET system, including measures to improve quality and labour market relevance, broaden access, increase

flexibility, and raise attractiveness and participation (Cedefop, 2024<sup>[17]</sup>). One notable initiative has been the innovative ReCONNECT project, launched in December 2020, which introduced mechanisms for forecasting skill needs, tracking VET graduates, and monitoring and evaluating the effectiveness of public training policies. Romania is also introducing a new dual model of vocationally oriented tertiary degrees to provide a coherent pathway from upper-secondary vocational programmes to higher education (OECD, 2025<sup>[2]</sup>), and 29 regional integrated campuses for dual education will be developed. Other areas of policy action have included investments in teacher training; equipment for practice-oriented training in VET school workshops and IT labs; a reform of the scholarship system for VET students; and information and promotion campaigns.

- *Monitoring the school-to-work transition:* The mechanism for monitoring the labour market integration of young graduates developed under the ReCONNECT project permits tracing the career trajectories of all young people who complete a programme at upper-secondary vocational and higher education institutions for a period of six years after graduation. It relies on a newly established database, finalised in December 2023, that combines administrative records from the Ministry of Education, the National Agency for Fiscal Administration, the NAE, the Labour Inspectorate, and the Registry of Commerce.
- *Providing outreach to NEETs:* In a nationwide initiative that ran until March 2022 Romania reached out to over 200 000 unregistered NEETs aged 16 to 24 years with the help of mobile teams. These teams visited communities, organised face-to-face meetings to inform NEETs about the benefits and services available through the NAE, and registered 190 000 of them with the NAE (European Commission, 2022<sup>[18]</sup>). The NAE moreover provides financial incentives to young people who register as jobseekers within 60 days of their graduation, either through a one-off insertion bonus of RON 1980 (EUR 400) if they find full-time employment, or else by paying them the same sum as a cash out-of-work benefit stretched over a period of six months. Romania also extended the official NEET definition to include young people up to the age of 30 years (previously: 24 years) to make targeted employment support available to a larger number of young people.

In May 2024, Romania adopted a new National Youth Strategy 2024-27 to replace the previous strategy that had expired in 2020. The document aims at strengthening the co-operation and collaboration between national and local public authorities and non-governmental organisations to support young people in various areas, including by facilitating their access to quality education, increasing their employment capacity and supporting entrepreneurship, and creating opportunities for young people from rural areas.

### **3.1.2. Boosting adult learning will be necessary to address Romania's large skill shortages and mismatches**

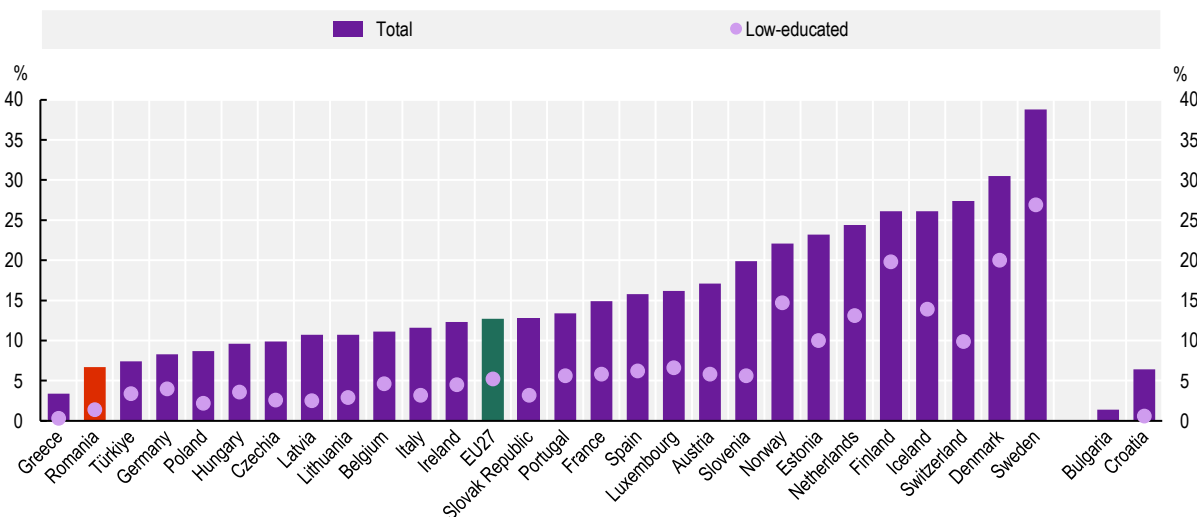
Romania's labour market is characterised by persistent skills shortages and mismatches, which are likely to increase further with the digital and green transitions (see OECD (2025<sup>[2]</sup>)). Horizontal (i.e. field-of-study) mismatch is large in Romania, with close to 40% of workers employed in a field different from the one they are specialised in (OECD, 2022<sup>[9]</sup>). Vertical mismatch is also widespread: in high-skill, blue-collar occupations, the share of undereducated workers is greater than it is in peer countries, while many workers in low-skill, blue-collar occupations are overeducated (Tsoungui Belinga, Butcher and Valerio, 2020<sup>[19]</sup>). Reasons for this widespread mismatch include the insufficient alignment of Romania's upper-secondary education system with labour market needs, and very low, though slowly rising, rates of tertiary education (Eurostat, 2024<sup>[12]</sup>).<sup>4</sup> In the 2019 World Bank Enterprise Surveys, companies in Romania named the lack of adequate workforce skills as their most important constraint for doing business (World Bank, 2023<sup>[7]</sup>). Less than one-in-three working-age adults in Romania have basic digital skills, the lowest share across all EU countries (Eurostat, 2024<sup>[20]</sup>).<sup>5</sup>

In this context, adult learning has an important role to play in promoting workers' employability, boosting their productivity and earnings potential, and ensuring that employers' skill needs are met. However,

despite recent increases, participation rates in adult learning remain very low in Romania. In 2023, only 6.7% of 25-64 year-olds reported having participated in formal or non-formal education and training over the last four weeks. This is little more than half the EU average (12.7%) and lower than in any EU-OECD country, except for Greece (Figure 3.1).<sup>6</sup> The participation rate for low-educated adults is lower still, at 1.4% (EU average of 5.2%), a particular concern given that about one-in-five adults in Romania have not gone beyond lower-secondary education (Eurostat, 2024<sup>[12]</sup>).<sup>7</sup>


**Figure 3.1. Too few workers in Romania participate in adult learning**

Adult participation in formal and/or non-formal education, persons aged 25-64, 2023



Note: Persons who participated in formal and/or non-formal education and training in the previous 4 weeks. Data refer to 2022 for the Slovak Republic.

Source: Eurostat dataset: [Participation rate in education and training \(last 4 weeks\) by sex and educational attainment level](#) (accessed 4 June 2024).

StatLink  <https://stat.link/7nem4l>

Low participation in adult learning reflects in part the lack of investment of many firms in the skill formation of their workers (see also OECD (2025<sup>[2]</sup>)). The Romanian Labour Code requires all employers to ensure that their employees participate in training at least every two years (every three years in firms with fewer than 21 employees), with the costs of this training borne by the employer. If the employer does not meet this requirement, the employee is entitled to a training leave, paid by the employer, of up to 10 working days or up to 80 hours. However, this vocational training requirement is too vague to effectively promote quality employer-provided training. According to the legislation, type and duration of the training are mutually agreed between employer and the worker and fixed in the labour contract. In practice, employers can fulfil the training requirement by providing even very short courses in the workplace at minimal expense, and the training provision through employers is not systematically monitored.<sup>8</sup> The NAE offers limited public financial support to employers who train their workers via two small subsidy programmes for apprenticeships and traineeships out of the unemployment insurance budget.<sup>9</sup> According to survey data, only 17.5% of companies in Romania provided their workers with continuing vocational training in 2020, the lowest share across EU countries and far below the EU average of 67.4% (Eurostat, 2023<sup>[21]</sup>).<sup>10</sup> And since training quality is suboptimal and engaging in training usually does not unlock salary or career progression many workers do not see any professional or personal benefits of engaging in training (IFC, 2023<sup>[22]</sup>; OECD, 2025<sup>[2]</sup>). Meanwhile, training for jobseekers only accounts for a fraction of the resources available for employment support by the NAE (see discussion in the following section).

Romania has been developing different initiatives and strategic framework documents to guide and finance policy efforts aimed at raising participation in adult learning. The government recently adopted a new Adult National Training Strategy (ANTS) for the period 2024-27, prepared by the Ministry of Labour and Social Solidarity, as well as a National Strategy for Adult Continuing Education 2024-30 (NSACE), prepared by the Ministry of Education. The two strategies aim at building capacity and facilitating access to adult learning, assuring training quality, improving equity in training participation, and promoting the development of adults' green and digital competences. As a first concrete measure under the ANTS, the Ministry of Labour and Social Solidarity will carry out an extensive national media campaign to highlight the importance of adult learning, raise awareness of training options, and change public perceptions. Under the European Social Fund Plus (ESF+), Romania funds several initiatives that aim at supporting the training of workers, including two calls for projects, one focusing on training low-qualified workers in seven less-developed regions, a second one on financing the training, upskilling and skill certification of 23 000 employees in competitive economic sectors, research, development and innovation. Discussions are ongoing also about introducing financial support for people who participate in adult learning activities, possibly in the form of loans, grants or tax incentives. A pilot programme for a "French-style" individual learning account for workers in the construction sector is currently being developed jointly with the NAE and the social partners and could still be launched in 2024.

### 3.2. Effective employment support to address skill shortages

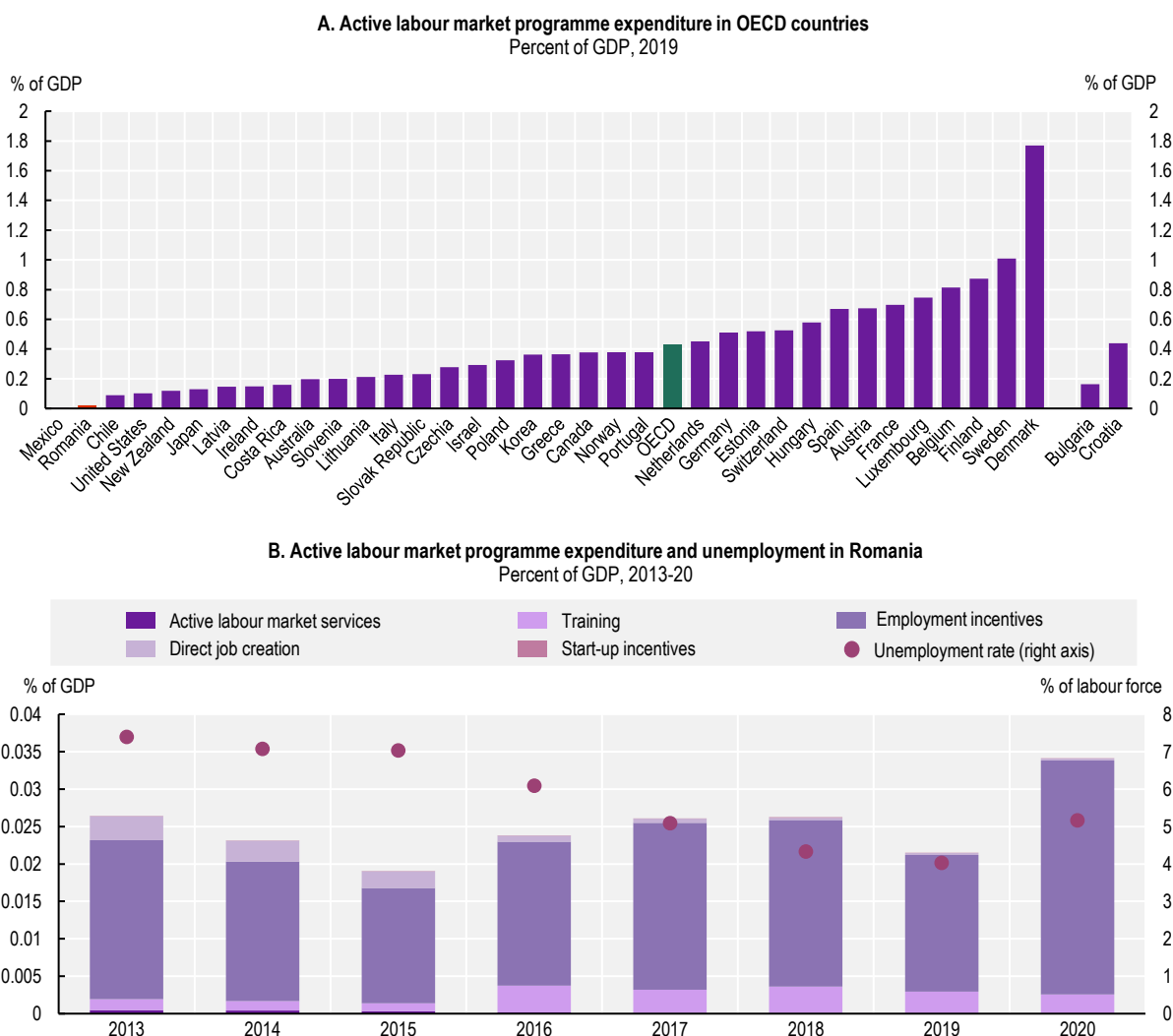
Romania provides employment support through the NAE under the authority of the Ministry of Labour and Social Protection. The NAE has a territorial structure, with agencies in each of Romania's 41 counties plus the city of Bucharest, as well as 230 local agencies or offices. Its primary functions include registering jobseekers and vacancies, administering unemployment benefits, implementing active labour market programmes (ALMPs), and providing guidance, counselling and training. NAE support is available to jobseekers and employed workers alike, and only a minority of currently registered jobseekers – about 18% – receive unemployment benefits.<sup>11</sup> Recipients of Romania's primary minimum-income benefit, the recently introduced Minimum Inclusion Income (MII), must register with the NAE as jobseekers if they are out of work and have at least partial work capacity. For details on the design and coverage of out-of-work benefits in Romania, see Chapter 5.

Spending on ALMPs in Romania is very low in OECD comparison (see also OECD (2022<sup>[9]</sup>; 2025<sup>[2]</sup>)). In 2019, the year prior to the COVID-19 crisis, Romania dedicated only around 0.02% of its GDP to ALMPs. This would place Romania in the penultimate position among OECD countries, ahead only of Mexico and it is less than one-twentieth of the average spending across OECD countries (around 0.4% of GDP; Figure 3.2, Panel A). Up until the COVID-19 crisis, spending levels in Romania largely stagnated relative to GDP, though the resources available *per jobseeker* somewhat increased as unemployment declined (Figure 3.2, Panel B). When the COVID-19 crisis hit in 2020, Romania raised spending by a factor of 1.6, to about 0.035% of GDP, as jobseeker numbers rose. However, also this figure was much below those in most OECD countries. Precise comparisons of ALMP spending during the crisis are hindered by cross-country disparities in how spending on job retention schemes is accounted for. More recent data on ALMP spending across countries were not available yet at the time of drafting.

Consequently, Romania struggles to effectively provide employment support to all jobseekers, fight high inactivity, and contribute to addressing employers' growing skill needs. Only a small share of jobseekers registers with the NAE: few are entitled to unemployment benefits, payment rates are low (see Chapter 5), and the available employment support is limited. Of those who do register, about 80% are low-skilled, including recipients of minimum-income support who have to register with the NAE to meet their activity requirements. Many more out-of-work people in Romania are inactive, i.e. not actively looking for work, including most young NEETs (see Chapter 2). And while employers are legally required to communicate


their vacancies to the NAE within five working days, many fail to do so and recruit through other channels instead.

**Figure 3.2. Spending on active labour market support is very low and largely focused on employment subsidies for low-educated workers**



Note: OECD is an unweighted average of the 34 member countries shown. Category 1.2 (administration of LMP support and measures) is excluded in both Panels for comparative purposes.

Source: Eurostat dataset: [Labour market expenditure](#) (Bulgaria, Croatia, Romania), [OECD Data Explorer • Labour Market Programmes](#) (cat 210) and [OECD Data Explorer • Employment and unemployment by five-year age group and sex - indicators](#) for unemployment.

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Given limited resources and a pool of comparatively disadvantaged registered jobseekers, the NAE has been prioritising bringing people into work as opposed to investing in upskilling and reskilling jobseekers. In 2020, the last year with internationally comparable data, over 90% of ALMP spending went to employment incentives, mainly in the form of wage subsidies to employers who hired registered jobseekers; only around 7% went to training (Figure 3.2, Panel B). For comparison, OECD countries dedicated on average only about 25% of their ALMP spending to employment incentives, while about 33% went to training. More recent national-level data on ALMP participation show a further rise of beneficiaries

of employment incentives, notably hiring subsidies for persons over 45, and a stagnation in training participation numbers since 2020.

Romania's strong reliance on employment incentives as the main instrument of employment support may well be adequate, but it comes with drawbacks. International studies find employment incentives to be among the most effective tools for bringing jobseekers into work, including for low-educated jobseekers and those who may lack the skills required for training participation. However, they produce deadweight losses if they go to employers that would have hired a jobseeker anyway, particularly if – as in Romania – they are quite generous, not strongly targeted and paid in a relatively tight labour market (OECD, 2022<sup>[9]</sup>). And as the NAE primarily focuses on bringing low-skilled workers into employment, qualified workers who look for work or training, and employers who seek to hire qualified workers, often do not get in touch with the NAE for support. In this sense, employment support does relatively little to address Romania's skill shortages.

A number of policy initiatives are ongoing under Romania's National Reform Programme (Government of Romania, 2023<sup>[23]</sup>), supported through ESF+ funding, to modernise the NAE structures and services, increase capacity, and improve employment service provision, particularly for vulnerable jobseekers. These include initiatives to digitalise service provision, both on employer and jobseekers' side; investments in the analysis and forecasting of skill needs, and in the monitoring and evaluation of employment support policies through the ReCONNECT project; and investments in the training of NAE staff. Under Romania's Education and Employment Programme 2021-27, the NAE has started a project to build capacity to better tailor employment services to jobseekers and improve the visibility and public perception of the NAE.

### 3.3. Promoting good social dialogue and strengthening collective bargaining

Strong social dialogue and collective bargaining have an important role to play in raising employment, increasing job quality, and improving the skills and productivity of the Romanian workforce.

#### **3.3.1. Social dialogue in Romania has a solid institutional basis but is weak and ineffective in practice**

Romania has a solid institutional framework in place to sustain social dialogue. At national level, the social partners discuss key economic and social issues with the government and civil-society representatives in the Economic and Social Council (ESC), established in 1997 as a consultative and advisory body to Parliament and government. The ESC meets weekly, or more often, under participation of ministers or their state secretaries to issue advisory opinions on regulatory acts and draft legislation in its fields of competence and provide analysis, insights and recommendations on the general economic and social state of affairs. A second high-level tripartite body, the National Tripartite Council for Social Dialogue (NTCSD), focuses specifically on issues relating to labour relations, social affairs and collective bargaining. It is chaired by the Prime Minister or the Minister of Labour and convenes the presidents of nationally representative employer and trade union confederations, as well as high-level representatives from the government and selected policy institutions. Below national level, social dialogue is formalised through Social Dialogue Committees (SDCs) at sectoral level (in all ministries) and at local level (in the 42 county prefectures).

However, social dialogue remains weak and ineffective in practice, owing to the fragmentation, low representativeness and limited capacity of social partners, and a lack of trust and history of social dialogue in the country. In its recent country assessments, the European Commission characterised social dialogue in Romania as “formalistic”, concluding that the established institutional framework of dialogue and consultations is insufficiently used to meaningfully engage with social partners and involve them in policy design and implementation. Meanwhile, the social partners show little interest in a voluntary dialogue with



each other to improve labour market conditions (European Commission, 2019<sup>[24]</sup>; 2020<sup>[25]</sup>). During the OECD review mission, social partners expressed their discontent with the workings of the two key national tripartite bodies, criticising insufficient time to analyse draft legislation and prepare their reactions in the ESC, and well as the NTCSD's lack of involvement on key policy issues and the insufficient frequency of its meetings.

Romania's new Social Dialogue Act, passed in December 2022 after years of deliberations, has the potential to improve social dialogue, notably by facilitating representation and reducing hurdles to collective bargaining, see the discussion below.

### ***3.3.2. Collective bargaining coverage is low, but Romania's new Social Dialogue Act has lifted major restrictions on social dialogue***

Most workers in Romania are currently not represented through collective bargaining, and – as in many OECD countries – collective bargaining coverage has declined in Romania. Up until 2011, Romania had a single cross-sectoral collective agreement in place that laid down workers' minimum rights and obligations and implied virtually universal collective bargaining coverage, including for workers in small and medium-sized enterprises. A new Social Dialogue Act, introduced in 2011 against the backdrop of the economic crisis, substantially restricted social dialogue by abolishing Romania's national collective agreement and suspending existing sectoral-level agreements, decentralising collective bargaining, raising the hurdles to define representativeness, and redefining economic sectors (Trif, 2013<sup>[26]</sup>; 2014<sup>[27]</sup>; Bernaciak, 2015<sup>[28]</sup>; Vallasek, 2019<sup>[29]</sup>). Collective bargaining coverage plunged, from 98% in 2008 to around 35% in the years following 2011 (Eurofound, 2015<sup>[30]</sup>; Visser, Hayter and Gammarano, 2017<sup>[31]</sup>; Vallasek and Petrovics, 2018<sup>[32]</sup>). More recent estimates are lower still: labour inspectorate data for 2015 indicate a collective bargaining coverage of 23% (Stoiciu, 2017<sup>[33]</sup>). OECD data give an adjusted bargaining coverage rate of 15% in 2017 (OECD/AIAS, 2021<sup>[34]</sup>). These figures are broadly in line with collective bargaining coverage rates in some Central and Eastern European OECD countries, but below the OECD average and much below the levels observed in some other parts of Europe (OECD, 2019<sup>[35]</sup>). Trade union coverage was estimated at around 21% in 2018 (OECD/AIAS, 2021<sup>[34]</sup>).

Following the 2011 reform, and until recently, the highest possible level of collective bargaining in Romania was at sectoral level, though most collective bargaining takes place at company level. Sectoral-level agreements could be negotiated and signed by social partners recognised as representative in a specific sector (Vallasek, 2019<sup>[29]</sup>), while branch-level agreements were no longer possible. For a sectoral-level agreement to be enforceable, half of all employees in the sector had to work in companies that belong to a signatory employer organisation; if this was not the case, the agreement was valid only at the unit group level. Collective bargaining at company level was mandatory in firms with more than 20 employees. In these firms, employers had to initiate negotiations with trade union representatives, or – if there was no trade union or if the trade union federation was not representative – with elected employee representatives. Hurdles for representativeness were high, such that the very large majority of firm-level agreements were negotiated and signed by employee representatives, rather than trade unions, who are less immune from employer influence.<sup>12</sup> Even in firms where collective bargaining is compulsory, there is no legal provision that would make the *signing of a collective agreement* mandatory or that would detail what clauses should be included in such an agreement (Vallasek, 2019<sup>[29]</sup>). During the OECD expert mission, trade union representatives criticised an anti-union stance of many employers and reported of cases of aggressive discriminatory practices against union leaders and members.

In the context of EU-level efforts to strengthen social dialogue, and in line with commitments made in its NRRP, Romania passed a new Social Dialogue Act in December 2022 that substantially lowered hurdles to collective bargaining and reinstated certain collective bargaining rights, hence reversing parts of its controversial 2011 reform. Cross-sectoral bargaining was again made possible. Sectoral-level agreements, which from 2011 had only applied to companies that were members of the negotiating



employer organisation, can again be made legally binding for all employers in a sector.<sup>13</sup> Company-level collective bargaining is now compulsory in firms with more than ten employees (previously more than 20), and it can be initiated by both social partners, not just by the employer. Unionisation within and across companies was facilitated by lowering the minimum number of workers required to form a union to ten within a company (previously: 15). The new law also reduced the previously high thresholds for undertaking strikes, and broadened workers' information and consultation rights.

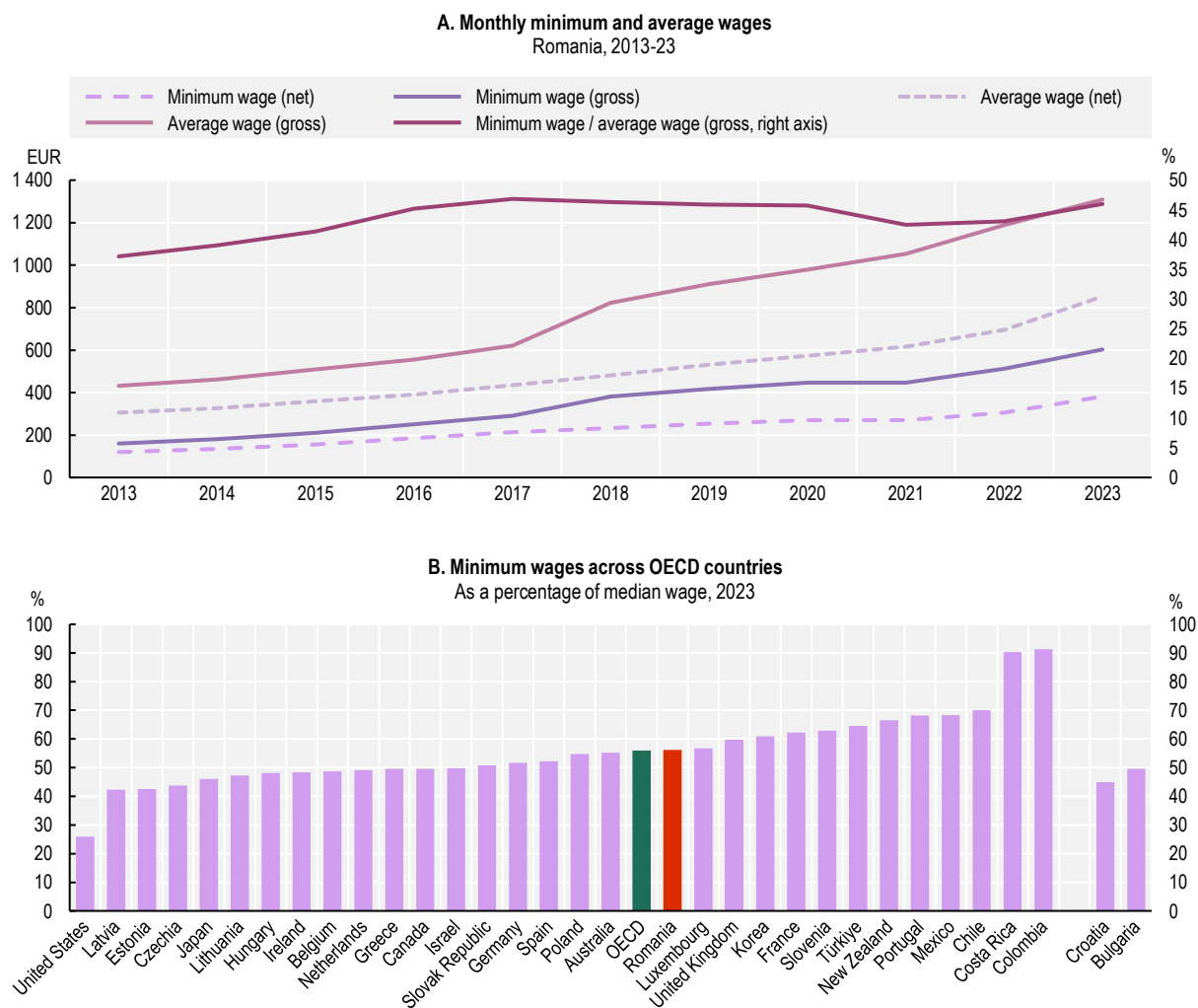
While the new legislation is yet to fully take effect, Romania is also in the process of drafting an action plan for promoting collective bargaining under the EU 2022 Directive on Adequate Minimum Wages. This Directive requires all EU Member States with a collective bargaining coverage below 80% to develop such an action plan by October 2025, including a clear timeline and concrete measures to progressively increase the collective bargaining coverage.

### **3.3.3. Romania rapidly raised its minimum wage**

Romania has a statutory national-level minimum wage in place that is set by government decision, usually in January of each year. A unique rate applied to all workers until January 2019, when Romania introduced a separate, higher minimum wage for the construction sector to address skill shortages. This differentiated rate exceeds the standard minimum wage for workers in other sectors by currently around 24%. In 2022, in response to the cost-of-living crisis, Romania introduced an additional higher minimum wage for workers in agriculture and food processing, which remains in place.<sup>14</sup> Employees in construction, agriculture and food processing are under certain conditions also exempt from personal income taxes and benefit from reduced social security contributions. Since 2022, the minimum wage may be paid to employees for a maximum of 24 months, after which they are entitled to a salary increase, the magnitude of which is however not regulated. The Romanian Government determines the level of the minimum wage based on the country's macroeconomic fundamentals after non-binding consultations with the social partners but without formal involvement of independent expert advice or transparent use of a specific formula (European Commission, 2024<sup>[36]</sup>; OECD, 2024<sup>[37]</sup>).

Romania rapidly raised its minimum wage over the last years, at a rate above productivity growth and inflation (OECD, 2022<sup>[9]</sup>). In the decade leading up to 2023, the gross minimum wage increased nearly fourfold in nominal terms (Figure 3.3, Panel A); after two more recent rises in October 2023 (+10%) and July 2024 (+12%), it now stands at around EUR 740 (EUR 920 for workers in the construction sector). Part of this increase reflects an extraordinary, one-off rise in the gross wage made in 2018 to compensate workers for fully shifting the social contribution burden from the employer to the employee (see Chapter 5 and note to Figure 3.3). Still, the net minimum wage also more than tripled in nominal terms in the decade up to 2023. This increase compares to a cumulative rise in consumer prices of 43% over the same period (Eurostat, 2024<sup>[38]</sup>). Progressive increases in the minimum wage have led to a significant rise in the share of employees who are paid the minimum wage, up to an estimated 30% of labour contracts in 2020, compared to still less than 8% in 2011 (Guga, 2021<sup>[39]</sup>). However, this number needs to be interpreted in a context of widespread undeclared earnings. The rapid rise in the minimum wage has not been enough to effectively tackle widespread in-work poverty,<sup>15</sup> partly because a large share of the in-work poor live in rural areas where salaried employment is rare.

**Figure 3.3. Romania's minimum wage has rapidly risen and lies above that of many peer OECD countries relative to the national median wage**



Note: Panel A: Minimum wage on 1 January. The jump in gross average and minimum wages in 2018 reflects a shift in the social insurance contribution burden from the employer to the employee, which was compensated by a corresponding increase in gross earnings. Net average and minimum wages remained unaffected. Panel B: average monthly minimum wage of full-time workers. The OECD is an unweighted average of the 30 countries with statutory and national minimum wages.

Source: OECD [Tax-Benefit model](#) version 2.6.0. (Panel A) and [OECD Data Explorer • Minimum relative to average wages of full-time workers](#) (Panel B).

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Trends in the minimum wage are reflected also in a corresponding rise in Romania's average wage. The ratio of gross minimum to average wages has remained relatively stable in Romania since 2017, at around 46-47%, except for a temporary drop during the COVID-19 crisis. This is a little below the 50% gross-minimum-to-average wage ratio suggested as a possible reference value to assess minimum-wage adequacy in the EU 2022 Directive on Adequate Minimum Wages.<sup>16</sup>

Romania's minimum wage is relatively high in OECD comparison when measured against the national median wage. In the latest available OECD earnings data for 2023, Romania's minimum wage stood at about 56% of the median wage (Figure 3.3, Panel B). This is in line with the OECD average, but higher

than in most peer countries. A large share of workers in Romania, about 13% in 2022, receive pay close to the minimum wage (OECD, 2024<sup>[37]</sup>).

Under its NRRP, Romania has committed to introducing a new minimum wage setting mechanism based on objective criteria consistent with job creation and competitiveness, and a corresponding government decision is currently under preparation. Such a mechanism could increase the predictability of the wage setting process, ensure that minimum wage increases reflect economic fundamentals, and help balance concerns about worker purchasing power with the need to ensure Romania's competitiveness (see also the discussion in the two recent *Economic Surveys* (OECD, 2022<sup>[9]</sup>; 2024<sup>[37]</sup>)).

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## Notes

<sup>1</sup> Romania offers Initial VET (IVET) at upper-secondary and post-secondary non-tertiary level, and most upper-secondary VET students have direct access to tertiary education upon graduation (Cedefop, 2024<sup>[17]</sup>). However, only a very small share of young people (3% of all 25-34 year-olds) have a post-secondary non-tertiary VET qualification as their highest level of educational attainment (OECD, 2023<sup>[40]</sup>).

<sup>2</sup> The share of work-based learning in four-year technical or vocational programmes is lower (Cedefop, 2021<sup>[15]</sup>).

<sup>3</sup> The latest available data on the perceived attractiveness of VET in Romania are unfortunately quite dated and do not account for recent reforms. In 2016, nearly two-in-three (62%) survey respondents in Romania held a favourable opinion of upper-secondary VET in their country, less than the corresponding figure across EU countries on average (68%; Cerkez (2018<sup>[41]</sup>)).

<sup>4</sup> Among 25-64 year-olds in 2023, only 18.6% had a tertiary qualification in Romania compared to 35.1% across the EU on average (Eurostat, 2024<sup>[12]</sup>).

<sup>5</sup> Among 25-64 year-olds in 2023, only 29.4% of people in Romania had at least basic overall digital skills compared to 58.9% across the EU on average (Eurostat, 2024<sup>[20]</sup>).

<sup>6</sup> By a different measure, in 2022, 19.1% of adults in Romania participated in learning activities in the past 12 months, a figure substantially below the EU-2025 target of 47% (Cedefop, 2024<sup>[17]</sup>).

<sup>7</sup> Among 25-64 year-olds in 2023, 19.6% had at-most lower secondary education in Romania. This rate is higher than in most EU-OECD countries, though much below the rates in Italy and Spain (around 35%), Portugal (40.6%) and Türkiye (54%; (Eurostat, 2024<sup>[12]</sup>)).

<sup>8</sup> The Ministry of Labour and Social Protection monitors training provided by authorised providers, without however collecting data on participants' employment status. In 2022, 300 000 adults completed courses offered by authorised training providers. Employers and non-authorised training providers are formally required to report on their training activity, but this requirement is not being systematically enforced in practice. Romania's National Institute of Statistics carries out a survey on employer-provided training every five years (National Institute of Statistics, 2022<sup>[42]</sup>).

<sup>9</sup> Employers who offer apprenticeships can benefit from a subsidy of RON 2 250 (EUR 450) per month for the entire duration of the apprenticeship contract. To qualify, they need to advertise these apprenticeship positions through the NAE. As a consequence, candidates primarily come from the limited pool of registered unemployed, who are often low-skilled and difficult to integrate into the labour market. This reduces the likelihood that employers will want to retain the person once the apprenticeship contract, and with it the subsidy, has ended (Cedefop, 2021<sup>[43]</sup>). Smaller employers often lack the capacity to deal with the bureaucratic requirements that come with the apprenticeship subsidy, including the monthly reporting and regular controls and inspections. This subsidy programme, which has existed since 2005, is very small with less than 180 participants in the first four months of 2024. It is distinct from the upper-secondary level dual-VET programme mentioned in the main text. An even smaller subsidy programme exists since 2013

for employers who offer traineeships for graduates of higher-education institutions for a period of up to six months, with only a handful of participants in January-April 2024.

<sup>10</sup> This is consistent with results from the 2019 World Bank Enterprise Surveys, according to which 21% of firms in Romania offered formal training to their employees, compared to 31% of companies on average across countries in the Europe and Central Asia region (31%) and 36% of companies in high-income countries (IFC, 2023<sup>[22]</sup>).

<sup>11</sup> These 18% were the average share of registered jobseekers who received unemployment benefits in a given month of 2023, according to NAE statistics.

<sup>12</sup> About 14% of collective agreements agreed in the years 2011 to 2014 were negotiated and signed by trade unions according to data collected by Stoiciu (2017<sup>[33]</sup>). The share may have somewhat increased as a result of an amendment made to the Social Dialogue Act in 2016 (Vallasek, 2019<sup>[29]</sup>). For further information on the criteria for the representativeness of trade unions and employer organisations at national and sectoral level, see Vallasek (2019, pp. 126-127<sup>[29]</sup>).

<sup>13</sup> One side effect of this changed rule is that employers no longer have an incentive to leave an employer organisation to avoid having to stick to a collective agreement.

<sup>14</sup> Between January 2019 and December 2021, a differentiated minimum wage also existed for workers with a tertiary qualification and at least one year of work experience (European Commission, 2024<sup>[36]</sup>).

<sup>15</sup> The share of the working-age population at risk of in-work poverty is higher in Romania than in any other European country, at 15% in 2023 (EU average of 8.3%; Eurostat (2024<sup>[44]</sup>)).

<sup>16</sup> Article 5.4 of Directive (EU) 2022/41 of the European Parliament and of the Council states that “Member States shall use indicative reference values to guide their assessment of adequacy of statutory minimum wages. To that end, they may use indicative reference values commonly used at international level such as 60% of the gross median wage and 50% of the gross average wage, and/or indicative reference values used at national level.” The Directive needs to be implemented by November 2024.



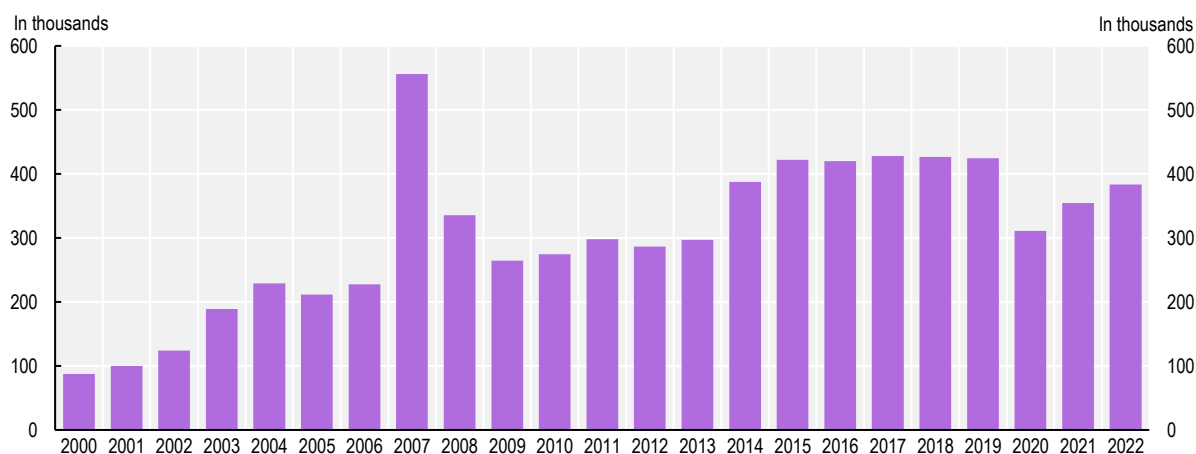
# 4 Increasing return and improving management of labour migration

## 4.1. Romania has lost a large part of its population to emigration

Romania was long an emigration country. Substantial outflows of Romanians towards European OECD countries continued through the 2000s. Accession to the EU in 2007 contributed to a spike in outflows, and gradual lifting of transitional measures in different EU destination countries meant that more opportunities continued to open up in the years which followed. The arrival of Romanians in OECD countries persisted at high levels throughout the 2010s (Figure 4.1). The boom in 2007-08 was largely in Italy and Spain, and in some cases represented emersion of Romanians already resident. Later flows were directly to Germany and the United Kingdom.


**Figure 4.1. Romania has seen constant outflows to OECD countries**

Annual recorded inflows of Romanians to OECD countries, 2000-22



Note: "Inflows" are not strictly comparable across OECD countries. Data for the United Kingdom are unavailable as of 2020 and fell sharply post-Brexit.

Source: [OECD Data Explorer • International migration database](https://data.oecd.org/migration/).

StatLink  <https://stat.link/ic30em>

By 2015, Romanian-born were the fifth largest emigrant population in the OECD, with close to 3.4 million Romanian emigrants aged 15 and above residing in OECD countries in 2015/16 (OECD, 2019<sup>[1]</sup>). This was more than twice the figure in 2000/01. The numbers have increased since 2015. Most of these emigrants are working age; about 20% of the Romanian-born working-age population resides outside Romania.

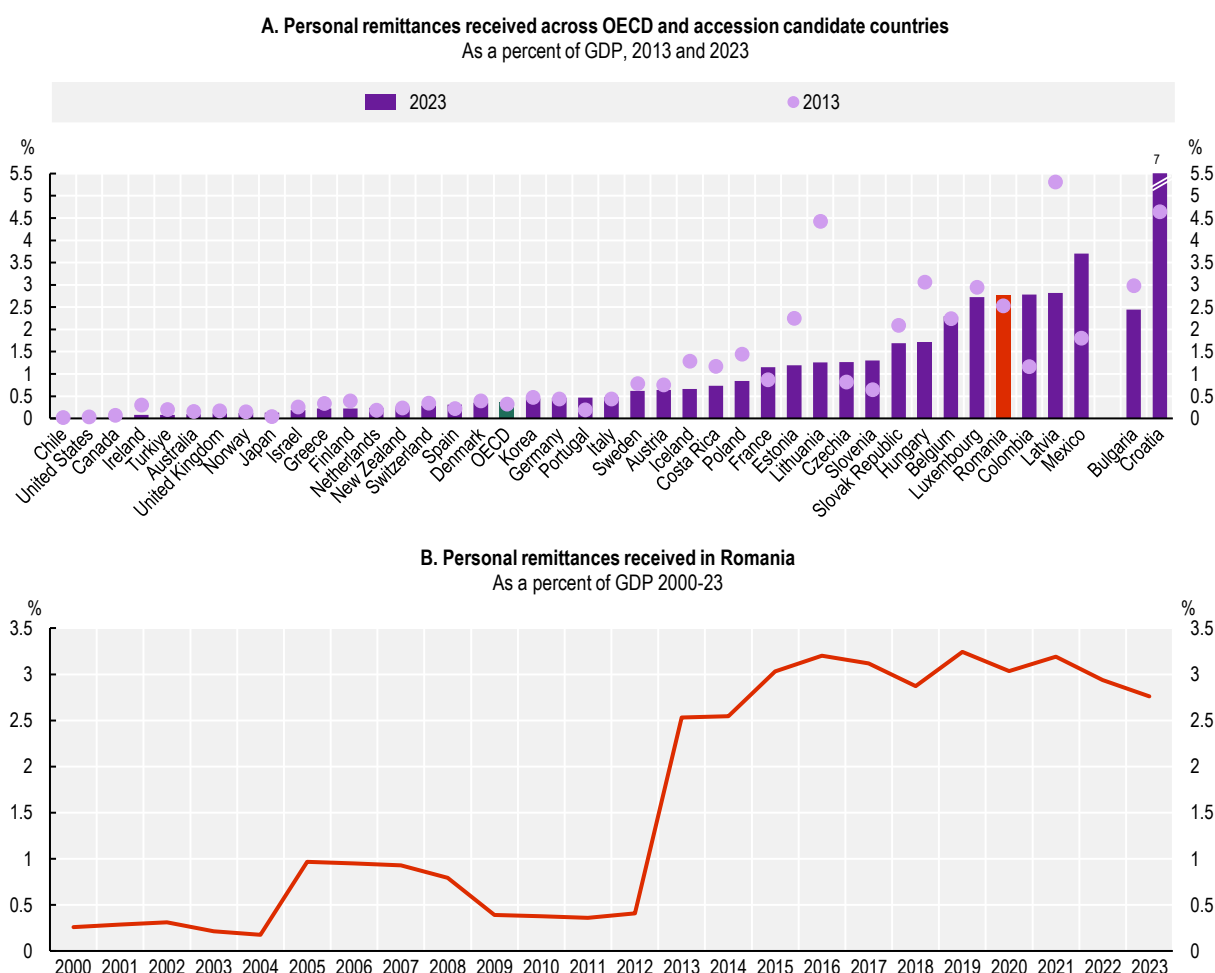
There is no registry of Romanians at foreign representations, so there is no exact count of how many Romanian-born or Romanian citizens reside abroad.

In addition to these settled emigrants who reside stably in the destination country, there are many more who reside in Romania but work for temporary spells abroad, primarily in Europe. In 2022, there were about 5.7 million Romanian citizens who lived at least 12 months in another country, and many others who performed work abroad for shorter periods. The census in April 2022, with reference to December 2021, counted almost half a million Romanians who had been temporarily abroad, of which half had gone abroad for employment.

In light of the tight labour market, Romania no longer seeks to negotiate bilateral agreements for placement of its citizens abroad. A 2014 BLA with Israel for construction workers led to limited placement, since wages and conditions had meanwhile grown more attractive in other destinations. The Romanian PES EURES service provides information on vacancies abroad, and statutory promotion of these positions as required, but the strategy is not to encourage seeking work abroad. EURES understandably tends not to push foreign vacancies in agriculture, ICT and the health sector, while construction and hospitality industry vacancies are promoted more visibly among Romanian job seekers. By now, however, PES mediation is not driving emigration, since job-search channels are well established and most Romanians are going abroad for employment through family and informal networks. The most significant barrier for employment in Europe by Romanians is the lack of language skills.

Emigration has tapered off in the 2020s, although it remains an important consideration and the possibility of employment abroad and expatriation is in the consciousness of Romanians. Remittances to Romania are a significant contribution – about 3% of GDP, according to World Bank Estimates, between 2015 and 2023 (Figure 4.2). Remittances declined following the Global Financial Crisis in 2008, but rebounded in the 2010s and were only interrupted briefly by the COVID-19 pandemic. Most – more than 80% – come from within Europe. There is evidence to suggest that remittance levels fall off quickly as Romanians stay abroad more than one year (Mehedintu, Soava and Sterpu, 2019<sup>[21]</sup>). The long-term prospects for maintaining the high levels of remittances of the past decade will depend on continuing outflows for temporary work abroad, as well as efforts to involve Romanians who have settled abroad in the development of the country.

Figure 4.2. Personal remittances received



Note: OECD is a weighted average.

Source: World Development Indicators, dataset [Personal remittances, received \(% of GDP\)](#), accessed 12 August 2024).

StatLink <https://stat.link/3hbciv>

#### 4.1.1. The policy for emigrants is not oriented towards return for employment

The Law on Romanians Abroad is the main instrument for diaspora engagement, and the main implementing body is the Department for Romanians Abroad (DRA), under the Prime Minister. Prior to the creation of the DRA in 2017, there was a Minister Delegate for Romanians Abroad at the MFA and diaspora engagement was institutionally fragmented (Nica and Moraru, 2020<sup>[3]</sup>). Under Romanian law, a “Romanian Abroad” is defined as someone born in Romania or someone of Romanian ethnicity, and diaspora engagement encompasses these two somewhat distinct groups, although there is no specific difference in the activities of the Department for Romanians Abroad. Romanians Abroad can vote for two Senators and four Deputies in the parliament.

The policy framework within the DRA is not set to deal with all diaspora issues; the Law on Romanians Abroad focuses on protecting the rights of the Romanians abroad and their identity – in the spirit of the EU convention for protection of minorities – rather than attracting Romanians back or increasing the economic return to Romania from its substantial emigrant population. DRA also works to provide assistance – social and legal – to Romanians abroad who are not adequately covered by the social protection in their country.

of residence. The DRA works primarily through civil society bodies abroad, for which it provides capacity building and assistance in building community services. NGOs submit applications for support in these areas, including for purchase of real estate. The DRA also supports traditional diaspora engagement activities, such as direct support for short visits to Romania and summer camp places for children of Romanians abroad. Romanian cultural institutes abroad are part of the MFA and are tasked with promoting cultural diplomacy and mobilizing a wide set of actors, including NGOs, civil society representatives and independent personalities, around cultural projects; they are not meant to provide education to members of Romanian emigrant communities.

In order to develop a new Strategy for Romanians Abroad, the DRA commissioned a study in 2022, with focus groups and surveys, involving NGOs created to represent Romanians in major destination countries. One challenge in ensuring real representation is that many associations of Romanians abroad have been constituted not as grass-roots movements but in response to the need by the host country for representative institutions. Such associations may struggle to communicate the needs of Romanians living in the country due to their loose ties.

A form of consultative body exists in legislation, the “Congress of Romanians Abroad”. This body is constituted of self-nominating delegates approved by a technical parliamentary commission. It met once in 2016 but has since been dormant.

The budget for DRA and the National Strategy is now RON 150 million (about EUR 30 million), in Euro terms about 10 times the budget allocated in 2012 (RON 12.7 million). One proposal to increase resources for the DRA is to peg the budget to remittance volume, in order to provide more services to emigrants. The objective is to provide help and legal assistance, for those who fall between the cracks of social assistance or unemployment coverage in their countries of residence. DRA is not responsible for labour return, even if it can fund media which promotes return opportunities.

Part of the mandate of economic attachés at consulates is to promote investment in Romania, including among emigrants. There is limited evidence on the investment of diaspora. The motivations for diaspora investment in Romania are similar to those in other countries, although one obstacle which has emerged since the 2000s is the relative scarcity of labour in the tighter labour market (Bodocan and Egresi, 2021<sup>[4]</sup>). While there are no specific “diaspora bonds”, the Ministry of Finance does offer retail instruments that could be purchased by Romanians living abroad. An on-line platform under development could be used to promote access to retail government bonds and promote their purchase by emigrants.

The role of the labour and social attachés at Romanian embassies abroad includes contact with the competent central and local institutions and authorities in the field of labour and social protection in Romania and in the state in which they operate, including by joining field visits as observers, in order to facilitate solving the problems of Romanian workers. They are tasked with providing information and awareness actions – together with representatives of Romanian communities – for Romanian workers regarding their rights and obligations, as well as regarding illegal work and lack of social insurance.

#### **4.1.2. Additional measures could be taken to attract emigrants back**

The most important means to attract emigrants back to Romania – and to reduce emigration – is to improve wages and working conditions, and indeed the objective of convergence with European standards is where most of the hope of resolving net emigration currently lies. Some concrete efforts have been to improve relative conditions within specific sectors: in the public medical sector, there has been an increase in salaries for physicians in 2016, which staunched part of the outflow of medical staff, but this has not extended to other public sector roles. Returning Romanians who were registered as unemployed in Romania are eligible to benefit from some mainstream measures – in particular the “instalment premium” if they find employment in Romania and re-establish their residence in Romania after at least 36 months abroad. The premium is a one-time payment of RON 12 500-15 500. However, they must have registered

as unemployed while still resident abroad. An additional relocation premium of up to RON 900/month is available to all Romanians who move more than 50 km to take up employment and residence. Returnees to Romania (“repatriates”) who register for active labour market support are considered a vulnerable group. However, very few are registered. In May 2024, there were only 397 “repatriated” persons among the 236 000 receiving employment support measures.

Under the Start-Up Nation programme, returning Romanians who create businesses are eligible for up to RON 200 000 in subsidy for businesses creating two jobs, and 100 000 for businesses creating at least one job. RON 40 million were allocated for this programme and about 1 600 Romanians abroad applied for this support.

Even without wage increases, there may be interest in return for other reasons, and Romania can do more to provide information about options for return. One task of EURES is to inform Romanians abroad of the opportunities for employment in Romania – especially those emigrants who left many years ago. It collaborates with destination country EURES services to promote vacancies, although there is little support in destination country institutions for Romanian programmes to bring back its nationals. EURES also maintains contact with the labour attachés at Romanian representations abroad. Romanian employers have not been active in attempting to recruit workers back from abroad, even if experience abroad is viewed positively.

Beyond EURES, a more concerted campaign to support return should be considered, both with businesses – to raise awareness of the potential of recruiting among the Romanian diaspora – and with the diaspora. There are other European countries which have taken steps in this direction, through dedicated portals (OECD, 2013<sup>[5]</sup>). Poland has long had a portal for potential returnees, while Latvia has tried to focus on short stays by Latvian emigrants to foster scientific and entrepreneurial co-operation (OECD, 2016<sup>[6]</sup>). A concerted return support policy requires providing information on issues as diverse as employment, school enrolment for children and how to ensure that pension contributions paid abroad will be safeguarded (OECD, 2020<sup>[7]</sup>). DRA has no role in provision of education to the children of returning Romanians abroad, but a return portal operated by DRA could still provide orientation towards options. On the point of pensions, with many Romanians working informally abroad or paying several years contributions into pension systems with which Romania has totalisation agreements, a return policy should also inform about and encourage voluntary contributions to maintain or accumulate pension eligibility in Romania – as allowed under the current legislation.

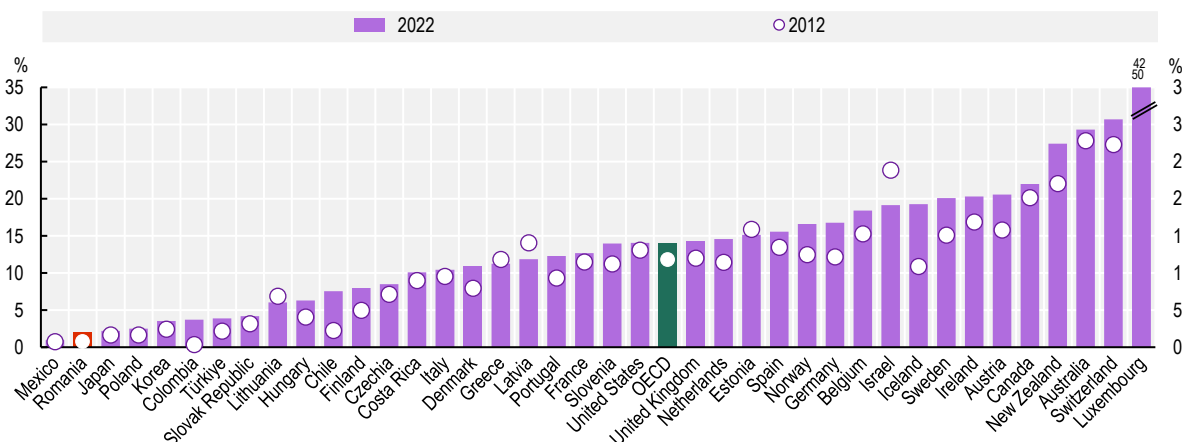
Diaspora engagement can support human resource development even without return. A number of countries have programmes to foster greater ties in business and scientific fields. The Congress of Romanians Abroad could serve in the future as the basis for more economic-focused exchanges, such as the Lithuania World Congress, which include business and innovation ties among its goals (OECD, 2018<sup>[8]</sup>).

## 4.2. Adapting to rapidly increasing labour migration

Romania is a relatively recent destination country for immigration. In 2021, the foreign-born population recorded in the Census was 386 000, or 2% of the population. This is a lower share of the resident population than all OECD countries except for Mexico (Figure 4.3). Three main origin countries accounted for more than half of the total: Italy, the Republic of Moldova and Spain, which each accounted for about 19% of the foreign-born. The Republic of Moldova is a special case, due to close ties (Box 4.1. ). Italy and Spain include immigrants as well as foreign-born children of Romanian emigrants who returned. The share of foreign-born in the population, however, almost tripled between 2011 and 2021, from 0.7% to 2%, a faster increase than almost all OECD countries.

### Figure 4.3. Romania has a small foreign-born population

Foreign-born population as a percentage of the total population in OECD countries, 2012 and 2022



Note: Romanian census data for years 2011 and 2021. Data refer to 2012 or the closest available year, and to 2022 or most recent available year. OECD is an unweighted average. For Japan and Korea, data refer to the foreign population rather than the foreign-born population.

Source: OECD (2023), *International Migration Outlook 2023*, <https://doi.org/10.1787/b0f40584-en>, Figure 1.19.

StatLink  <https://stat.link/wh945i>

Census data does not capture all immigrants and the numbers have risen since 2021, driven mainly by the influx of persons from Ukraine seeking protection and by new labour migrants.

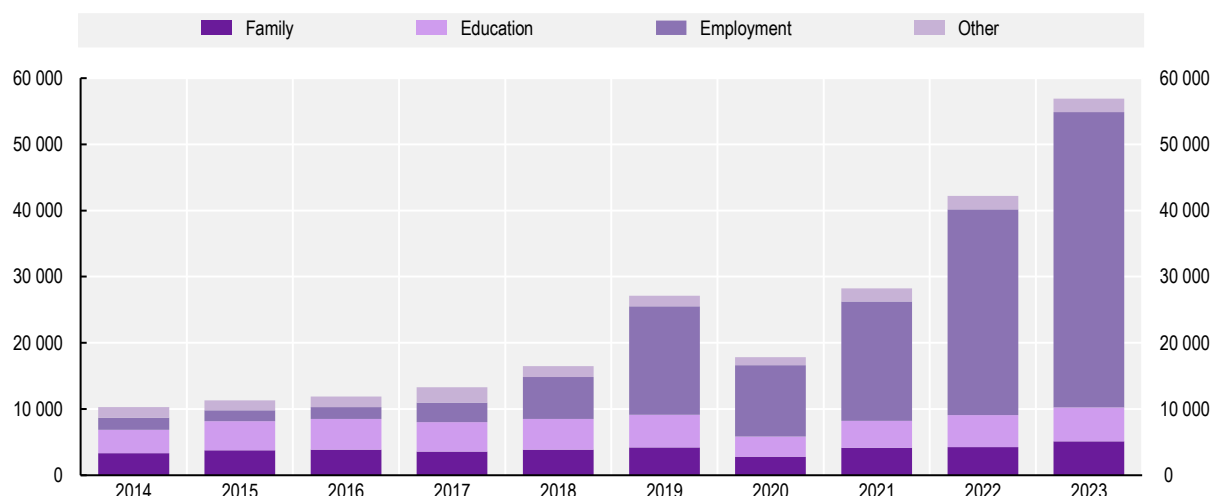
#### Box 4.1. The special case of citizens of the Republic of Moldova in Romania

One possible origin country for labour migrants to Romania is the Republic of Moldova. Indeed, many citizens of the Republic Moldova already work in Romania. Among these, many hold Romanian citizenship, so face no obstacle to employment. Those who do not can benefit from an exemption from the work permit requirement to hold jobs in Romania for 9 out of every 12 months. In addition, they may apply for visas (more than 3 400 applications in 2023). The same conditions are also available for citizens of Serbia and Ukraine, although this is rarely taken up. In light of the dramatic demographic situation in the Republic of Moldova and the fact that dual citizens of the Republic of Moldova and Romania can seek work throughout Europe, the Republic of Moldova is not likely to provide significant additional labour in the future.

Since the mid-2010s, most migration of third country nationals has been for employment (Figure 4.4). In addition to migration for employment, Romania also hosts international students, discussed below.

**Figure 4.4. Labour migration has been increasing steadily**

Inflows of migrants by category, 2014-23



Source: Eurostat dataset: [First permits by reason, length of validity and citizenship](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1).

StatLink  <https://stat.link/iuewtz>

#### 4.2.1. Rising labour migration is driving inflows of third-country nationals

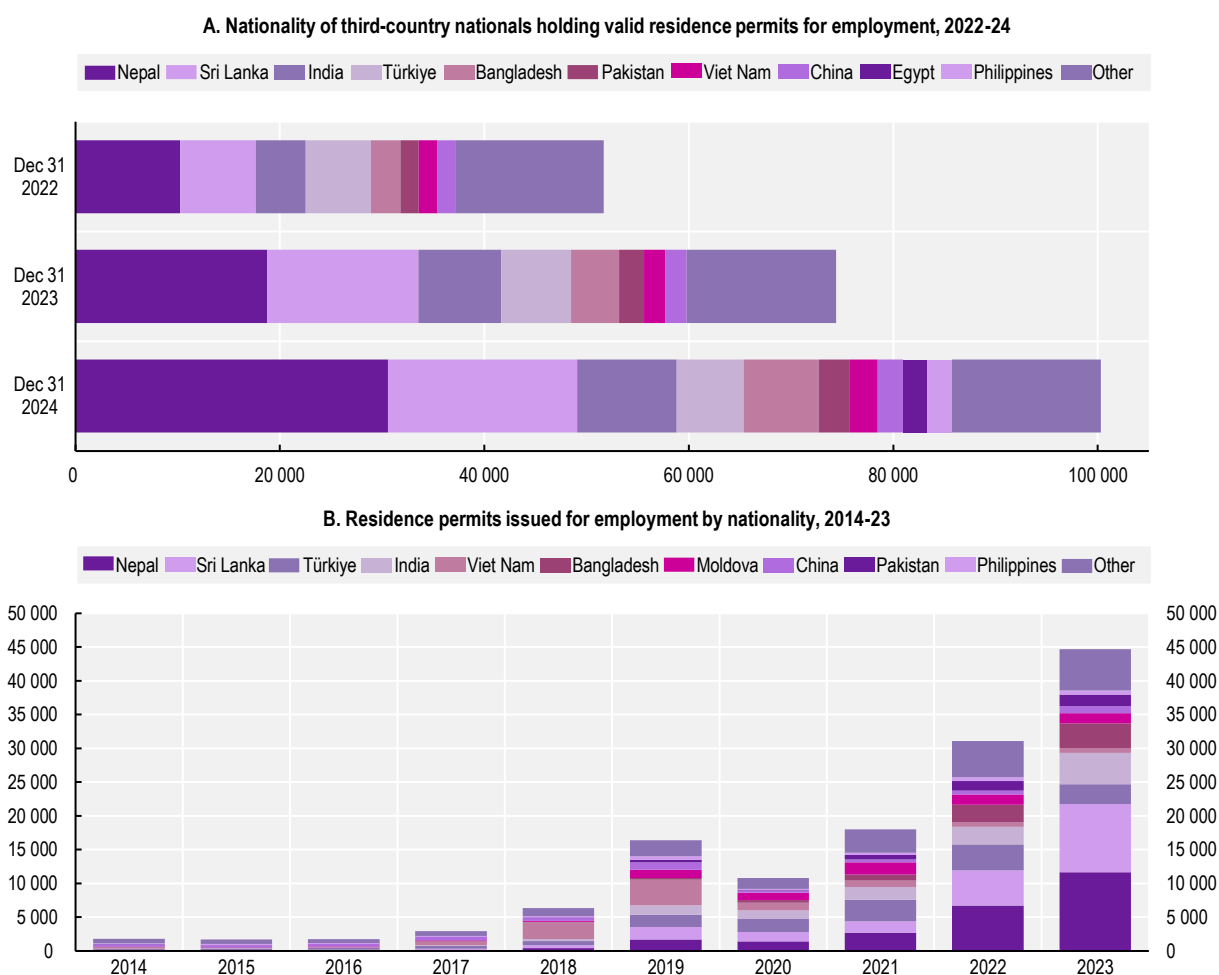
Labour migration has been steadily increasing in recent years. Prior to the pandemic, first permit issuance for employment rose from fewer than 2000 annually in 2014-16 to 16 400 in 2019, and to 31 000 in 2022. Admissions for employment in 2023 were around 45 000. In addition to labour migration from third countries, there are also EU citizens exercising free mobility for employment: in November 2023, about one in three resident EU/EEA nationals – or 17 500 persons – held residence documents for the purpose of work.

In 2022, the GII registered more than 138 000 applications for the issuance of employment permits, and almost 109 000 employment notices were issued during the year. In 2023, there were 124 000 requests for authorisation of employment of third-country nationals – almost all for “permanent employment” – and 101 000 approvals. In 2024, 106 000 work permits were issued.

Despite this increase, the share of total employment comprising non-EU regular labour migrants is still very small. At the end of 2024, there were more than 100 000 third-country nationals holding residence permits for employment, up from 52 000, a 94% increase from 2022 (Figure 4.5). This corresponds to 1.2% of total employment, up from 0.6% of total employment in 2022. Almost half were from Nepal and Sri Lanka. Initial work permit issuance in 2023 was around 45 000 new permits, with Nepal, Sri Lanka and Bangladesh accounting for more than half. The number of third-country nationals holding a valid full-time employment contract – which may include some third-country nationals present in Romania on family or other grounds – rose from 54 000 in 2021 to over 100 000 in 2023 and stood at almost 140 000 in August 2024.



**Figure 4.5. The sharp increase in foreign workers is driven by workers from Nepal and Sri Lanka**



Source: General Inspectorate for Immigration (Panel A) and Eurostat dataset: [First permits issued for remunerated activities by reason, length of validity and citizenship](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1) (Panel B).

StatLink  <https://stat.link/ufia8y>

Most labour migrants come through the channel for general employment, rather than highly qualified workers (EU Blue Card), although the number of EU Blue Card issuances has been increasing and stood at over 200 in 2022. Highly qualified workers accounted for less than 1% of all employment authorisations issued in 2023 and 2024.

#### 4.2.2. The labour migration policy framework is catching up to meet challenges

Migration policy development in Romania sits primarily with the GII, although other actors – primarily the MLSS and the MFA – are involved in developing legislation and strategic documents, in the area of labour migration and other issues as determined by their respective competence. There is no specific migration policy department within GII, the Ministry of Interior or elsewhere in the public administration tasked with evaluation and policy feedback.

Similarly, there is no regular national statistical reporting on migration, whether by category or overall. Migration statistics managed by the National Statistical Institute cover “permanent migrants” (Romanian citizens arriving and departing) and “temporary migrants” (all others, by country of prior/next residence,

rather than nationality). The Labour Force Survey has a small sample and does not pick up foreigners or foreign-born in sufficient numbers to report. Romania provides Eurostat with the required information on residence permits – extracted by GII from its registers – but does not regularly release any additional information. Annual reports focus primarily on performance outcomes (number of documents processed, enforcement actions), with little on the nationality, category, gender, occupation and other characteristics of migrants. The Ministry of Interior issues occasional press releases with information on residence permits issued and work authorisations processed, but there is no annual bulletin on migration. Unlike in many EU countries, the European Migration Network national contact point in Romania does not produce a public Annual report on migration and asylum. Until August 2023, the permit system could not distinguish between residence permits issued in Romania (for example, for graduating students or employer changes at renewal) and first work permits issued on the basis of a visa for persons arriving from abroad.

An Interministerial Council for Home Affairs and Justice first constituted in 2005 co-ordinates the Commission for Immigration Management (CIM), established in 2008. The CIM's role is principally to draft the National Strategy on Immigration (SNI) project and corresponding action plans, to supporting their passing, and to monitor their implementation. Until now, the motivation for developing the SNI has been to satisfy EU requirements, rather than because immigration issues had risen on the political agenda. The SNI remains the main policy document of reference.

The SNI covers a four-year period. The 2021-24 Strategy identified the following issues:

- Insufficient capacity of structures within the Immigration Management Commission to efficiently manage immigration, especially to combat illegal or fraudulent entry and unauthorised overstay.
- Low absorption capacity and lack of attractiveness of the Romanian labour market for foreign citizens.
- Need to consolidate the national asylum system to ensure fundamental rights and liberties of people requiring international protection.
- Inadequate public awareness and widespread misinformation regarding migration.
- Concern over risk of use of legal migration channels by radicalised and dangerous individuals.

In addition to a series of action points on asylum determination and the fight against trafficking and illegal entry, the SNI also calls for improvement in the ability to secure labour force. This includes negotiating BLAs with origin countries, encouraging Romanian employers to hire international students who graduate from Romanian institutions. The SNI also calls to improve reception centres and reinforce the integration infrastructure for immigrants in general, by bolstering language education provision.

### ***4.2.3. The labour migration process is very open***

There is no minimum qualification threshold or occupational skill threshold for labour migration to Romania. Romania authorises employers to recruit from abroad following a labour market test (LMT) and subject to an annual admission ceiling (quota). The LMT requires a five-day publication of the vacancy. All vacancies must be communicated to the PES (under Law 76/2002). Vacancies rarely lead to inquiry from job-seekers. Following this five-day period, employers must request a certificate necessary for recruitment from abroad, which is always granted. At this point, the employer submits the certificate (which is valid 60 days) to the GII requesting employment authorisation. The GII issues an approval, with which the migrant can apply for a long-stay visa at the Romanian representation abroad.

In 2023, the GII processed almost 130 000 requests for employment or posting of foreign workers, of which 78% were approved. This is an increase in applications from 29 000 in 2020 and 60 000 in 2021.

The system is used by both large employers and small employers. Between 2021 and February 2023, 15 000 employers requested foreign workers, three of which filed more than 1 000 applications and 13 of which filed more than 500 applications. The language barrier does not appear to have been a major

obstacle to recruitment; Romanian employers are comfortable hiring workers who don't speak the language, or rely on foremen and intermediators. Most jobs are low-skilled and pay minimum wage.

One important limit on labour migration – and on residence permit processes in general – has been staff capacity. The GII was understaffed for many years, due to unfilled vacancies (14% in 2020 and 17% in 2021), which affected processing times and meant long waits for permit procedures at regional GII offices. With the increase in demand, staff expanded – the GII added 90 staff in November 2023, primarily to process work permits and their extensions.

#### **4.2.4. The quota system is not playing its intended role and exceeds actual entries**

The main instrument for managing labour migration to Romania is a general quota (ceiling) on annual new admissions of workers, first introduced in 2015 (Box 4.2. ). Numerical ceilings are used in a number of OECD countries for different purposes (OECD, 2014<sup>[10]</sup>). In Romania, the quota is an estimate of anticipated demand. For many years was underutilised and primarily served as a signaling mechanism to employers. In years where the number of requests increased, the government issued additional decrees increasing the annual quota. Quotas have started to be exhausted, however. In 2020, 75% of the quota was used; in 2021, 85%. The quota of 100 000 for 2022 was exhausted on 13 December 2022. The quota of 100 000 for 2023 was fully used – with 97 100 individuals authorised, of which 70% were arriving from abroad – and the government considered raising it to 140 000 for 2024, before deciding to keep it at 100 000. Until February 2024, the quota included not just initial entries from abroad but also changes of employer inside Romania. However, when the quota was reached in 2022, additional authorisations were still granted to hire third-country nationals admitted to Romania for employment in previous years.

#### **Box 4.2. The Annual Quotas**

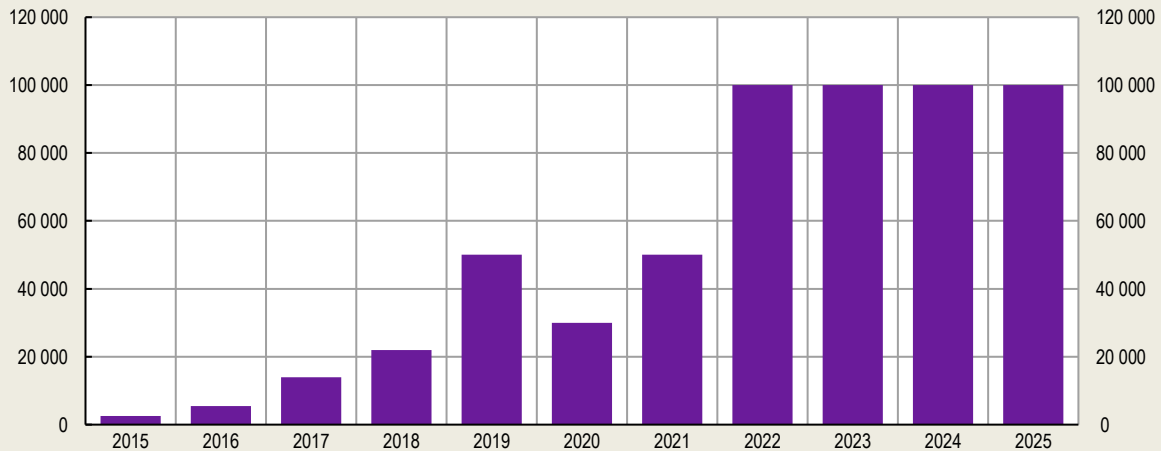
The annual admission quota for new entries for employment with a work permit is established by Government Decision, at the proposal of the Ministry of Labour and Social Solidarity, in accordance with the policy on labour migration and taking into account the situation of the Romanian labour market. Data from the Public Employment Service on vacancies is taken into consideration. The PES identifies “Declared-Repeatedly Vacancies” (“D Vacancies”) which are also considered. Data from the GII on requests and inflows of foreign workers (but not exits) are also analysed by the Ministry of Labour and Social Solidarity, along with information from the labour inspection. On the basis of this review, as well as input from social partners, the Ministry of Labour and Social Solidarity proposes a quota of foreign workers newly admitted to the labour market.

Through 2018, the quotas were established for seven individual categories (permanent workers, trainees, high-skilled workers, etc.), the situation in which in case of exhaustion of the quota for a certain category of foreign workers, it would be necessary to supplement the quota for that category of workers, which implies the resumption of the legislative procedure for the adoption of a new government Decision. This process includes a 30-day publication period, for public consultation, delaying issuance of the quotas.

The quota can be increased by Government Decision during the year. This occurred, for example, in 2018 and 2019.


**Figure 4.6. Admission quotas have risen sharply**

Annual admission ceiling for new foreign workers



Note: For some years, this is the sum of multiple decrees which have adjusted the numbers upwards.

Source: Official Gazette, various years.

StatLink  <https://stat.link/kiorl2>

Basing the quota on vacancies may not capture shortages, since vacancies do not always correspond to shortages, and vacancy data from the PES is partial. For example, in the 2023 ELA EURES Report on labour shortages and surpluses, Romania submitted the fourth highest number of identified shortage occupations (154), but it had the lowest Job Vacancy Rate (with Bulgaria).

Source: Report on labour shortages and surpluses 2023, [www.ela.europa.eu/sites/default/files/2024-05/EURES-Shortages\\_Report-V8.pdf](http://www.ela.europa.eu/sites/default/files/2024-05/EURES-Shortages_Report-V8.pdf).

While authorisations for employment may be issued exhausting the quota, this does not match with the number of workers admitted. In 2023, about one in three approved applications led to an actual entry in Romania. This is due to several reasons. First, not all employers who receive an authorisation proceed to make a job offer to the worker. Second, long delays and processing obstacles at consulates in origin countries may prevent the worker from receiving a visa or from receiving it in the timeframe of validity of the job offer. The time between authorisation and arrival can stretch beyond eight or nine months due to the difficulty of obtaining visa appointments in some Asian origin countries. Some applicants may not be able to travel to the consulate or lack the financial means to cover the costs. Others may find more attractive employment in the meantime. Knowing this, employers may be filing more applications than they truly need, inflating the demand. With the additional of Schengen checks, this process may get longer. Further, refusal rates in the main origin countries are high, even when the work permit has been approved; applicants may turn out not to have the characteristics claimed in their work permit application. Visa processing capacity has not expanded in line with increased labour migration, and the current processing capacity at Romanian consulates is not sufficient to handle an increase in inflows without the delays growing longer. Many of the documents are still in paper format, so digitalisation of some processes could reduce wait times.

Authorisations, rather than visa issuances, are counted against the quota, so even if the visa is never issued, or the worker never arrives in Romania, the quota is reduced. In light of the important role played by the quota system in governing admission, and considering the increase in labour migration, the process

for determining the quota could involve more input, both in terms of data considered and in terms of more formal consultation from stakeholders.

#### **4.2.5. The openness of the labour migration system creates vulnerability to abuse**

In any OECD country, the arrival of low-educated migrants from less developed countries into non-skill jobs at minimum wage, with no proficiency in the local language, and dependency on their employer for information, housing and residence status, is considered a factor of vulnerability. This is accentuated by the recentness of the migration phenomenon in Romania. The capacity for oversight – including interpreters for labour and immigration inspections and for services – is still underdeveloped. The labour inspectorate itself is stretched by its work of covering the large number of small firms and no additional resources have been allocated with the increase in labour migration. Any role of trade unions in ensuring protection or referring cases of abuse is limited by the concentration of labour migrants in small firms or through labour dispatch, in simple labour, where unionisation is very low. There is no dedicated hotline to report exploitation or abuse, and no specific contact e-mail, although workers may go physically to report complaints at the labour inspectorate or GII. Foreign-language information is limited, and the labour inspectorate does not have the resources to produce information in the languages of the new labour migrants. There is no requirement to transfer pay to bank accounts, and signed payroll statements are taken as proof of pay; this has occasionally been an issue in non-payment of salaries, as workers do not always understand what they are signing. The GII can conduct spot-checks of the national contract database (REGIS), in which all employment contracts are electronically filed, to see if labour migrants have a valid labour contract, and can consult the insured status in the social health insurance system (SIUI) to see if contributions are being paid. In practice, GII conducts inspections of high-risk employers or in response to reports. In 2022, the GII conducted more than a thousand inspections, of which about 30% were jointly conducted with the labour inspectorate.

Employers cannot file applications without committing to hire the worker. The work permit authorisation is valid for 180 days when issued and the migrant must apply for the visa within this period, although if the visa is issued later the work permit remains valid. Regardless of the time taken to issue the visa and for the employee to arrive, the employer still has an obligation to employ the worker for whom the permit was issued. From April 2024, employers sponsoring foreign nationals on long-stay visas must now finalise individual employment contracts within 15 business days of entry or receipt of a new work permit. There is a RON 5 000 to 10 000 fine for non-employment, as well as a 6-month ban on requesting work permits. However, employers authorised to provide services can dispatch the worker to another workplace as long as they remain employed by the authorised employer. In the case of platform work, it is difficult to reconcile the requirement to post a specific vacancy with authorisation of employment for platform work. In the absence of strong measures to ensure that minimum wage is paid, and an open question of whether platform work (delivery work, for example) is truly a critical shortage, this kind of employment should not be part of the labour migration system. Employment of foreign workers in posting should also be regulated more closely, since it increases the risk of unpaid wages and obscures responsibility in chain subcontracting for example on construction sites. The relative ease of employer change – on the basis of a new employment authorisation – in the Romanian system should allow foreign workers to be direct employees in most cases of persistent demand by the end-user.

Job changes following arrival prior to 2022 were simple: the worker could change employer as long as the new employer must be authorised to employ the foreigner and must notify GII within 10 days of taking up the new employment. From 2022, however, workers who wish to leave their employer voluntarily within the first year after arrival in Romania must obtain the written consent of the first employer. This condition does not apply in the case of termination or if the employer fails to satisfy legal obligations. Employers must inform GII within 10 days of termination of contract. Workers have 90 days to find a new employer. There is no data on job changes by work permit holders, since the GII only tracks entry and exit, not changes within Romania.

Most incoming workers have longer-term contracts (two years) and receive an initial permit with a duration of one year (from 2024, initial permit duration will be up to two years). However, retention appears relatively low for recent cohorts – the cumulative number of recent long-term admissions exceeds the stock of legal resident permit holders. In part, this is due to rotation, and in part due to mismatch between skills in demand and the actual skills of migrants. The increase in inflows have not led to a corresponding increase in the stock of labour migrants, suggesting that retention is an issue. Whether this is due to onward movements – authorised or unauthorised<sup>1</sup> – to other European countries, illegal overstay, or return, is not yet clear. However, several employment agencies raised concerns that many foreign workers might leave Romania following the partial opening of Schengen, with some employers reporting increased difficulty in retention in Romania.<sup>2</sup> This is also a concern in other lower-wage countries in the Schengen area.

The private sector conducts recruitment and there is little information on its practices. Agencies recruiting third-country nationals are not governed by the same regulations which cover those recruiting for placement from Romania to other EU Member States. Information on intermediation agencies can be gleaned from declared business field of activity (code 78-10 – intermediation) but this may not be the primary activity of the business, or not be listed as the primary activity. There is no regulation of placement fees and intermediaries are allowed to charge whatever fees they wish to employers and migrants. The absence of any legislation requiring employers to cover recruitment fees or limiting recruitment fees should be addressed.

One issue which has emerged in the recruitment process is misrepresentation of job opportunities in Romania by recruiters in origin countries and the taking of substantial placement fees in exchange for the visa. Migration costs are not taken by the Romanian state: fees for issuance of the visa and work permit are low. The visa fee is EUR 120 and the permit RON 259. Total work permit costs are about EUR 300. Yet, there are reports of workers from some origin countries paying very high fees – upwards of EUR 4 000 – to intermediaries in order to obtain offers of employment and work visas, expecting to earn high salaries in European countries, without fully understanding that the work is in Romania.

While high and illegal recruitment fees generally occur in origin countries, bilateral labour agreements can help address the risk of miscommunication, high fees and poor information on actual contract conditions and work locations. The Memorandum of Understanding on labour and social security signed between Romania and Nepal in October 2023 and between Romania and Viet Nam in January 2024 are a step towards better co-operation.

On the Romanian employer side, safeguards have recently improved. Until 2024, it was not possible to blacklist non-compliant firms from recruiting labour migrants; from 2024, firms (legal and physical persons) with prior violations of labour and immigration law face a ban on requesting work authorisations.

The framework for highly qualified migrants is largely determined by the EU Legal Migration Framework: Blue Cards, Researchers and Intra-corporate transfers are all accessible permits in Romania. In addition, there is a Digital Nomad scheme introduced in 2022. A long-stay visa for “other purposes” is granted to foreign individual who is either employed under an employment contract by a company registered outside Romania or who owns such a company that provides services using information and communications technology and who conducts their activities remotely using information and communications technology. The visa is valid for six months and can be extended for an additional six months; after this period, further extensions require proof of Romanian income tax. Residence permits are issued for “Digital Nomads”. This kind of permit in OECD countries has not so far proven its ability to attract talent, and digital nomadism poses tax complications for the countries which offer long-term stay (OECD, 2022<sup>[11]</sup>). Where Romania may benefit more from remote work possibilities is to stem the outflow of higher-educated Romanians, who may be able to work remotely from Romania for employers in other European countries.

#### **4.2.6. The asylum reception and humanitarian migration framework is adequate**

Relative to other European OECD countries, Romania has not been a major destination country for asylum seekers. Its exclusion from the Schengen area prior to the partial opening, and the fact that its only external borders are with Ukraine, Serbia and the Republic of Moldova, made it less attractive for asylum seekers seeking to transit to other destinations. While the number of asylum seekers in 2022 (12 400) was almost 30% higher than in 2021, most (4 400) were Ukrainians and assessed under the temporary protection provisions. In 2023, there were about 10 200 applications, of which more than half from Bangladesh, Syria and Pakistan. Many of the applications are filed at Romania's borders while trying to exit; about one in four claims were filed at the Hungary-Romania border. Most applications are registered at the regional centre in Timisoara. The acceptance rate of asylum applications has historically been low – about 2% of applicants in 2023 received a form of protection. Many of the applicants, however, do not remain in Romania for the decision.

The reception system comprises six regional reception centres with a maximum capacity of 1 100 places, which can be extended with a total additional number of 262 places. These centres are managed by the General Inspectorate for Immigration. In addition to these six reception centres, two centres for the accommodation of vulnerable people (20 places) were established and funded by AMIF in the past and managed by an NGO. Asylum applications are processed on-site. The occupancy rate was 27% in April 2024, suggesting reserve capacity, although asylum seekers can and do also reside in private accommodation. In the administrative phase of the asylum procedure, the time limit to issue the decision is 30 days from the moment the case officer receives the case, with extension possible in certain cases, up to a total of six months. The 30-day period for applicants who are present, is generally respected.

Beneficiaries of international protection may request an integration programme within three months of receiving protection. An integration officer interviews the beneficiary for a needs assessment and, together with other actors in the integration system, develops an individual plan with actions, responsible institutions and contacts, and referral to a specific local community among those where programmes are offered. The plan grants rights such as housing or social benefits. The programme is for 12 months and can be extended by an additional six months. In 2022, about 800 beneficiaries of international protection were enrolled in the integration programme. In 2023, a total of 1 500 participated, and in the first quarter of 2024, about 855 were in the programme.

The Actions foreseen within the governmental integration programme are funded by national budget and are carried out by the institutions with responsibilities in the integration field. Also, the purpose of the support provided by the NGOs through AMIF-funded project is to complement the activities foreseen within the governmental integration programme. In addition to this programme, integration projects funded by AMIF are offered to complement the activities foreseen within the governmental integration programme – according to tender priorities and proposals – in the regional integration centres. These include individually tailored assistance and are one of the main channels through which language education is provided but are not always running in all regions and do not guarantee continuity of support.

Romania hosted about 80 000 Ukrainian beneficiaries of temporary protection in early 2024. About half of all the beneficiaries of temporary protection from Ukraine in Romania are no longer in the country. From 18 March 2022 through 20 June 2024, 166 342 residence permits were issued for beneficiaries of temporary protection. Of those present in Romania in 2024, about two-thirds were working-age and of these 21 000 were registered with the employment services. Many have small children, which is an obstacle to employment. Some of these Ukrainians are likely to remain in Romania longer term – there are about 40 000 Ukrainian schoolchildren in Romanian schools.



#### **4.2.7. The general integration framework is very basic**

The permit framework for labour migrants offers the possibility of family reunification – after one year residence<sup>3</sup> – subject to financial requirements (minimum salary for each family member, or RON 3 300 monthly, currently) and demonstrating available and adequate housing. Most labour migrants earn very low salaries and are unlikely to meet the requirements for family reunification.

Work permit holders who are unemployed are able to use PES services and active employment measures, including training, information and counselling, while their permit is valid. They can also start an apprenticeship, which allows them to extend their residence permit.

Language learning has recently been reformed. The Methodology on Romanian Introductory Courses for Foreign Adults was adopted in 2022.<sup>4</sup> It includes 216 hours of language course to be provided over 36 weeks, to progress to level CEF B1. The course is free for beneficiaries of international protection but fee-based for other migrants. Courses are provided by the public education system and the cost of paying teachers is covered under the national integration law.

#### **4.2.8. International Students could contribute to the skilled labour force**

International students are a significant presence in Romania, where they comprise between 5% and 6% of the half million students in higher education institutions. The number of international students enrolled in higher education stood at 38 000 in the 2023-24 academic year (including Romanian students from abroad), a 38% increase from 2016-17. One factor driving international student enrolment is the affordability and availability of programmes in foreign languages. In the 2022/23 academic year, foreign students comprised 7.4% of undergraduate students (7.8% in state education and 5% in private education), a 4.5% increase from the previous year. There is a ceiling on enrolment for each institution, established by the Romanian Agency for Quality Assurance in Education.

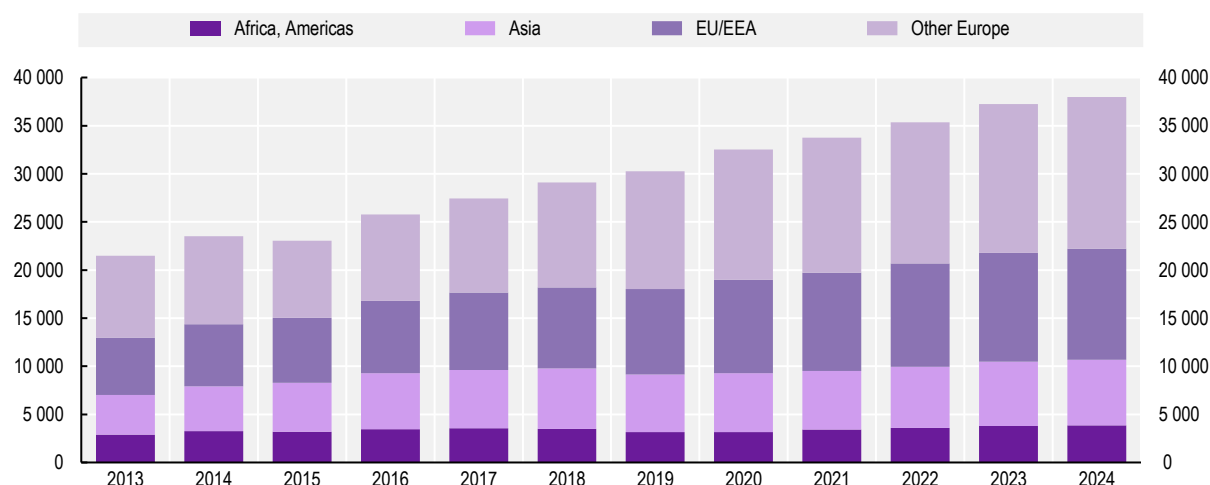
The main origin of international students is non-EU Europe (primarily the Republic of Moldova, but also Serbia), followed by the EU (especially France, Italy, Germany, Greece, Hungary) (Figure 4.7). Other major origin countries are Israel, Morocco, Syria, Tunisia, and Jordan. About 57% were studying in Romanian language, 27% in English-language programmes and 12% in French-language programmes. Almost half were studying in biological and biomedical sciences; medical programmes are a popular course for many international students, and the tuition fees – about EUR 10 000 annually – are low in international comparison but support the education industry in Romania. The Romanian-language medical programme has lower fees (about EUR 8 000). Romanian students from abroad who come to Romania to study tend towards social sciences.

The permit framework is relatively simple: students receive permits for the full duration of their studies and do not have to renew this annually. Host institutions must inform GII of expulsion of students or no-shows or absenteeism. International students can work up to six hours per day without a work permit (increased from four hours/day in February 2024). Most students, however, do not work long hours.

Post-graduate retention is facilitated by a 9-month post-graduation job-search extension (the minimum required under the EU Directive), which is frequently requested. Retention of medical students is not high, since degrees are certified for a number of global destinations (United States and Israel) which are attractive for graduates, and regulated professions in Romania are open only to certain nationalities and holders of EU Blue Cards, permanent residents, or family of EU nationals. Retention is one of the objectives of the 2023-24 Action Plan for the National Migration Strategy (A.2.3 and A.2.4), but results have not been published as of September 2024, so it is difficult to establish a benchmark on retention. Retention varies widely in OECD countries, but retaining one-third of international graduates after graduation would be at the lower end of retention rates (OECD, 2022<sup>[12]</sup>). As foreseen in the action plan, evidence on stay and transition to employment would be useful to help support policy in this area.

**Figure 4.7. The number of international students has been increasing**

International student enrolment, 2013-24, by nationality



Note: Estimates of student origin in 2022-24.

Source: UNESCO, UIS, Ministry of Education (2025).

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Romania has a strategy to attract international students, including a portal ([studyinromania.gov](http://studyinromania.gov)) and active outreach and support for international students. The internationalisation of universities is supported by measures to attract foreign and Romanian students abroad through European and national funding programmes, including scholarships and a dedicated provision in the funding mechanism of TEIs. Scholarships are offered to Romanians Abroad, who are also target of outreach. This approach is one which can inform the broader outreach to the diaspora.

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## Notes

<sup>1</sup> Some of the exits may also be due to trafficking of legal labour migrants from Romania to other European countries by criminal networks.

<sup>2</sup> Newspaper interviews [www.zf.ro/eveniment/pregatiti-va-urmeaza-exodul-muncitorilor-straini-veniti-la-munca-in-22365645](http://www.zf.ro/eveniment/pregatiti-va-urmeaza-exodul-muncitorilor-straini-veniti-la-munca-in-22365645), [www.bursa.ro/aproximativ-35-procente-din-muncitorii-straini-aflati-in-romania-au-fugit-dupa-intrarea-tarii-noastre-in-schengen-86597254?mc\\_cid=19ca8a8aa5&mc\\_eid=cd1f92f96c](http://www.bursa.ro/aproximativ-35-procente-din-muncitorii-straini-aflati-in-romania-au-fugit-dupa-intrarea-tarii-noastre-in-schengen-86597254?mc_cid=19ca8a8aa5&mc_eid=cd1f92f96c).

<sup>3</sup> As required by the Directive, holders of the EU Blue Card can bring accompanying family without waiting one year.

<sup>4</sup> <https://legislatie.just.ro/Public/DetaliuDocument/261382>.

# 5 Empowering vulnerable households through social support

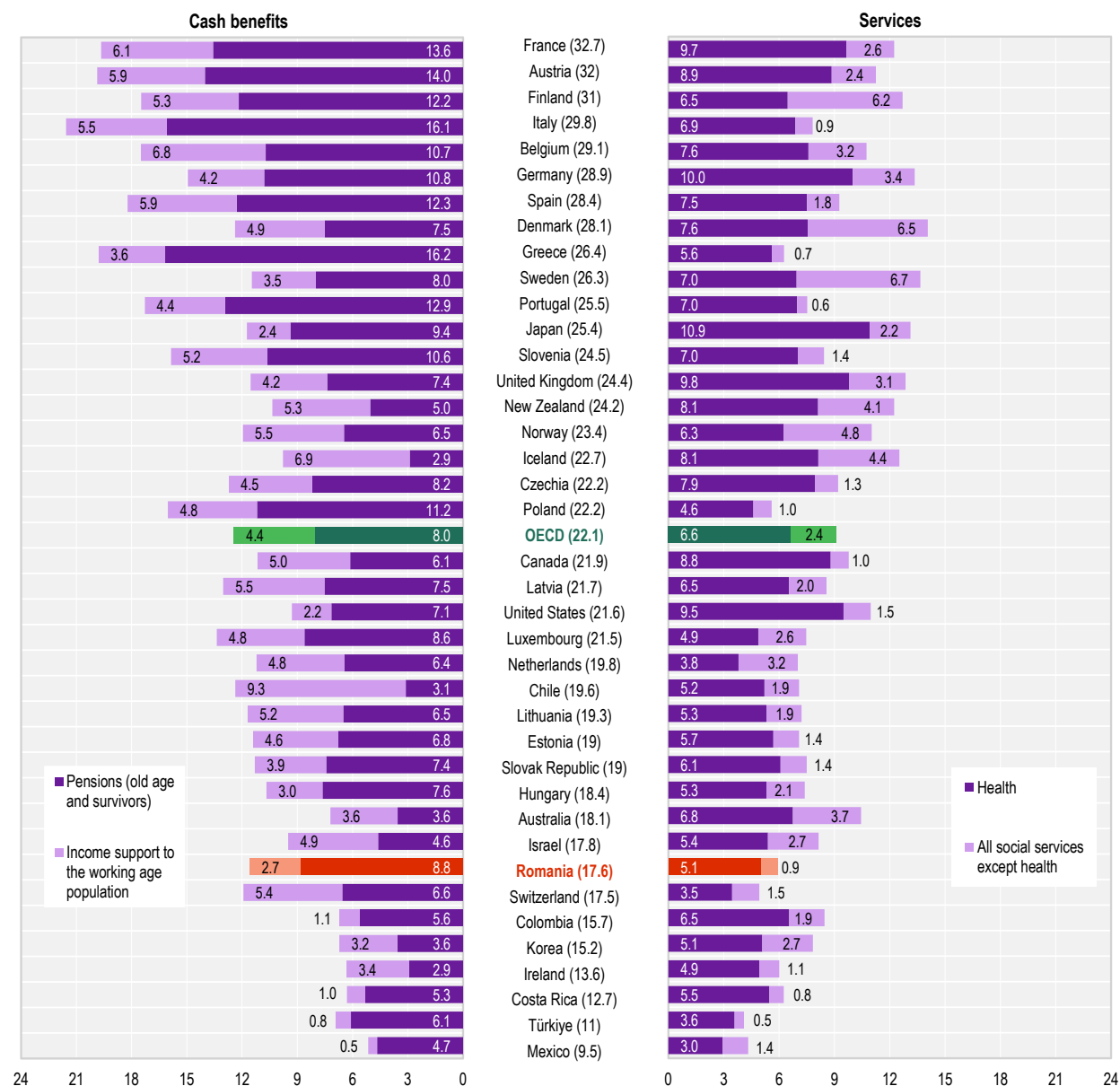
Social expenditures are low in Romania, and social transfers and taxes have the lowest effect on poverty reduction compared to European OECD countries. Very low indexation of social benefits curbed social spending for more than a decade. Inhabitants of rural areas, among them Roma and people with disabilities, face particular social challenges. The government has directed substantial policy effort towards these areas in recent years. In 2023, a reform of Romania's minimum-income scheme increased both benefit amounts and coverage. This reform is likely to reduce poverty. Additionally, current national strategies in the areas of social inclusion, poverty reduction, homelessness, long-term care and active ageing show clearly that improving protection against poverty is a policy priority. Separate strategies focus policy efforts on improving the situation of the Roma minority group, securing equal opportunities for women and men, and preventing and combating domestic violence. Almost a quarter of the allocations made by Romania's National Recovery and Resilience Plan (NRRP) is dedicated to social spending, with much of the focus on disadvantaged groups and poorer regions.

## 5.1. Low social expenditures insufficient to reduce poverty

Social spending is low in Romania, at 17.6% of GDP in 2021. On average, OECD countries spend 22.1% of GDP on social programmes, and no OECD EU country spends less than Romania (Figure 5.1). Spending on old-age benefits in Romania is in line with the OECD average, while income support for the working-age population is a third lower than in OECD countries on average. Spending on social assistance and unemployment benefits was around 0.1% of GDP each in 2021, which is five times less than the average across OECD countries (Figure 5.2). Moreover, spending on social services other than health in Romania was 1% in 2021, which is more than two times lower than the average across OECD countries.

**Figure 5.1. Public social expenditures in Romania are far below the OECD average**

Public social expenditure by broad social policy area as a percentage of GDP, 2021



Note: Countries are ranked by decreasing order of public social expenditure as a percentage of GDP. Spending on active labour market programmes (ALMPs) cannot be split by cash/services breakdown; they are included however in the total public spending (shown in brackets). Income support to the working-age population refers to spending on the following SOCX cash categories: incapacity benefits, family cash benefits, unemployment and other social policy areas categories.

Source: OECD calculations based on [OECD Data Explorer • Social expenditure aggregates](https://data.oecd.org/social/expenditure.aspx).

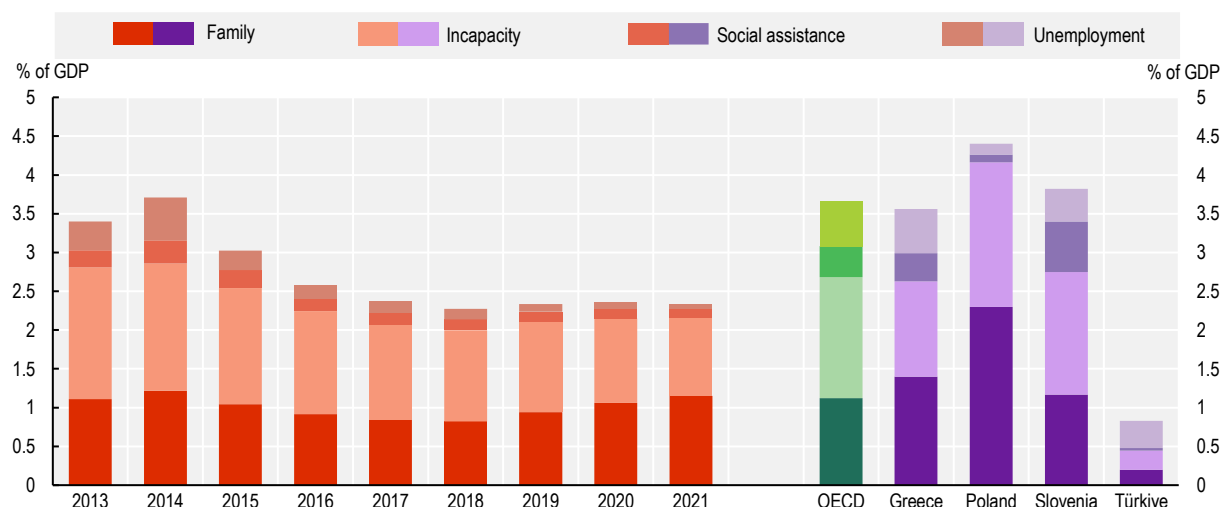
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Spending on unemployment benefits and social assistance relative to GDP declined substantially over the last decade as Romania's labour market improved. Unemployment expenditures were almost six times lower in 2021 than in 2013, while social assistance spending was two times lower in 2021 than in 2013 (Figure 5.2). The unemployment rate declining from 7% to 4% during this period (see Chapter 2) can

explain only part of the drop in expenditures. Romania did not adjust benefit amounts even to account for inflation between 2008 and 2022. Since 2022, however, the country has substantially increased benefit amounts.

### Figure 5.2. Spending on social assistance is very low

Cash social spending for the working-age population by social policy branch, percentage of GDP, Romania (2013-21) and selected OECD countries (2019)



Note: Expenditures in the unemployment and social assistance categories are primarily for unemployment benefits and social benefits. The incapacity category primarily includes spending on disability pensions and paid sick leave. The family category includes maternity, paternity and parental-leave benefits, as well as other family allowances including child benefits. Year 2021 is provisional data.

Source: [OECD Data Explorer • Social expenditure aggregates](#) and unpublished data for Romania.

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Taken together, taxes and public benefits have a lower impact on reducing income poverty of the working-age population in Romania than on average across OECD countries. The income poverty rate based on market income before taxes and transfers was 21% in 2021. After accounting for taxation and benefits this figure is 15% (according to data from the OECD Income Distribution Database). This compares to a substantially larger reduction from 18% to 10% on average across OECD countries. Romania has the lowest relative reduction in poverty by taxes and transfers compared to European OECD countries.

Interventions financed by the EU Social Inclusion and Dignity Programme 2021-27 (SIDP)<sup>1</sup> intend to improve the welfare of the population in Romania's rural communities that have limited or no access to social services. These interventions also aim to support vulnerable groups facing the risk of poverty or social exclusion. Interventions include investments in education infrastructure, measures to address students dropping out of school, and providing cultural and social services to people living in rural areas. The programme aims to cover 100 000 children, 10 000 vulnerable older people, 40 000 people with disabilities, and 400 000 people in rural areas. The EU provides 80% of its financing, which amounted to 1.3% of Romanian GDP in 2023 (Eurostat, 2024<sup>[1]</sup>).

## 5.2. Limited safety nets for the working-age population

### 5.2.1. Unemployment benefits are low and many jobseekers are not covered

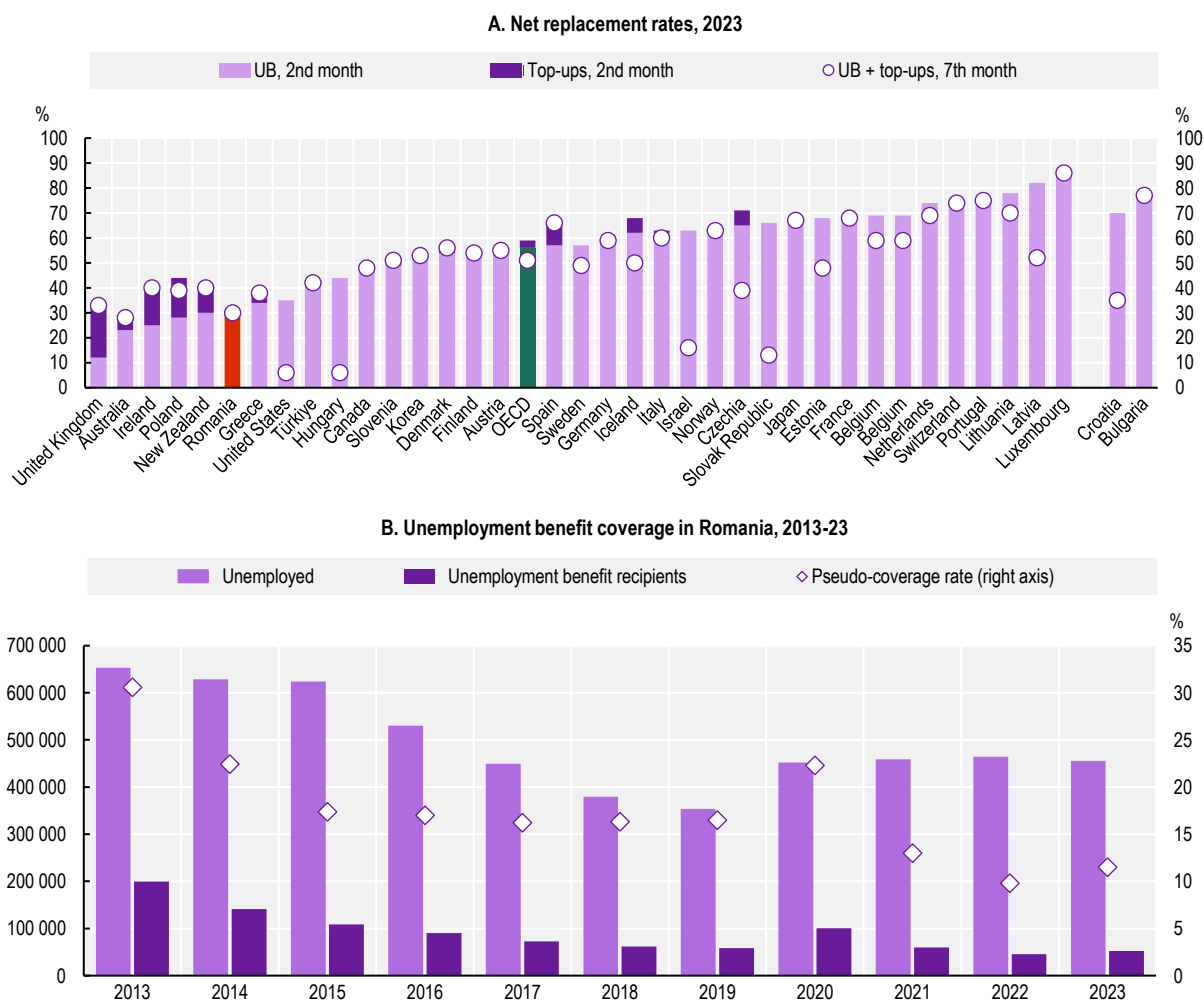
The eligibility conditions and duration of unemployment benefits in Romania are not remarkable compared to OECD countries. Unemployment benefits (called Unemployment Indemnity, *Indemnizatia de Soma*) are paid to individuals who have lost their job for reasons beyond their control or have graduated from education institutions and not found employment. They are available to people from the age of 16 or older who are not eligible for old-age pensions. To receive benefits, an unemployed person must be ready to start working. Unemployment benefits can be combined with income up to a certain threshold. This threshold is equal to the value of the Reference Social Indicator (RSI), which was around 8% of the average wage in 2023. When a jobseeker finds a job, he or she may keep 30% of his or her unemployment benefits until the end of the eligibility period. To be eligible, contributions on earnings must have been made for at least 12 months in the 24 months preceding the claim. The period of payment of the benefits is: six months for one year of contributions; nine months for five years of contributions; and 12 months for 10 years of contributions. Among OECD countries, Canada, Czechia, Hungary, the Slovak Republic, the United Kingdom and the United States pay unemployment benefits for half a year or less, while in Belgium, Denmark, France, Iceland, Italy, the Netherlands, Norway, Portugal and Spain the benefits can be claimed for two years or more. In some OECD countries, individuals who do not qualify for contributory unemployment benefit might receive means-tested unemployment assistance benefits, which is not the case in Romania.

In Romania, the amount of the unemployment benefit is low. This benefit also provides little insurance against income loss and does not incentivise reporting full earnings. It is composed of two elements: first, a flat-rate benefit equal to the RSI, and second, a variable amount that replaces between 3% and 10% of jobseekers' earnings in the preceding year. This variable amount depends on the length of the contribution period, which can vary from 3 to 20 years. For people with unstable careers the unemployment amount is likely to be the lowest, as the contribution requirements restart from zero when a jobseeker finds a job. The unemployment benefits replace only 30% of income for those earning two-thirds of the average wage in Romania, compared to the OECD average of 56% (Figure 5.3). Unemployed graduates from education institutions receive the benefit at 50% of the RSI for six months. Since March 2022, the RSI amount has been linked to inflation. Before, it was adjusted in a discretionary way. The unemployment benefit is neither taxable nor means-tested. Unemployment benefits do not provide comfort to individuals searching for a good job that would be a good fit; rather, the benefits incentivise jobseekers quickly accepting a job offer.

Only 11.5% of jobseekers in Romania received unemployment benefits in 2023 (Figure 5.3, Panel B). This rate was much higher – 30.6% – in 2013, when the unemployment rate was higher and the average unemployment duration was lower. On average among 25 European OECD countries in 2019, 30% of jobseekers received unemployment benefits. The proportion of jobseekers receiving benefits varied between countries with 10% in Poland and the Slovak Republic to more than 50% in Austria, Belgium, Finland and Germany (OECD, 2023<sup>[2]</sup>). Currently, many individuals registered as unemployed do not receive unemployment benefits in Romania because their record of contribution since their previous period of unemployment is too short, or because they have been unemployed for more than a year. Indeed, 40% of all unemployed individuals in Romania were unemployed for more than 12 months in 2023 (Eurostat, 2024<sup>[3]</sup>). Additionally, large informal employment in the country (see Chapter 2) reduces coverage.



**Figure 5.3. Unemployment benefit payment rates are low and only about 1 in 10 jobseekers is covered**



Note: Net replacement rates give the share of previous net income replaced by unemployment benefits and top-ups for a single person with previous earnings at the average wage in the second and seventh month of registered unemployment. Calculations are for a 40-year-old single person without children who has been continuously employed since the age of 18 in full-time employment. Previous earnings are at the median of the national full-time earnings distribution. Data refer to 2022 for Australia, Belgium, Canada, Denmark, Israel, Japan, Portugal and the United States. The pseudo-coverage rate gives the number of unemployed entitled to benefit as a percentage of unemployed (Panel B).

Source: OECD [Tax-Benefit model](#) version 2.6.0, (Panel A), [OECD Data Explorer • Employment and unemployment by five-year age group and sex - levels](#) for the number of unemployed and National Institute for Statistics – ROMANIA ([SOM101C](#)) – Registered unemployed beneficiaries of money rights, by age group, sex and level of preparing) for unemployment benefit recipients (Panel B).

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### 5.2.2. Romania substantially increased minimum-income benefits

In 2024, Romania reformed minimum-income benefits and increased them from very low levels. The Guaranteed Minimum Income (GMI) and the allowance for family support were merged and replaced by the Minimum Inclusion Income (MII). The MII includes two components: 1) a basic component, called inclusion aid; and 2) a top-up for families with children called aid for families with children. The benefit amounts vary according to the household composition and are substantially higher for households with children, as well as for single parents and older people.<sup>2</sup> The benefit amounts are adjusted for inflation every year. Means testing also accounts for assets.

Previous minimum-income benefit levels were extremely low and inefficient in fighting poverty in Romania. The MII amount is substantially higher. It allocates more than double the amount of the previous minimum-income benefit for a single-person household. In addition, it offers around 40% more than the previous minimum-income benefit for a couple with two children, that has no other income. The previous minimum-income benefits increased more steeply for subsequent household members (up to five) and did not increase for older people. The MII amount is linked to the inflation rate. The previous minimum-income benefits were linked to the RSI, which was not adjusted between 2008 and 2022, eroding its real value substantially (Adăscăliței, Raț and Spătari, 2020<sup>[4]</sup>; Pop, 2023<sup>[5]</sup>). On top of MII's higher benefit amount, a higher income threshold implies that more people qualify for the MII.

Romania's new minimum-income benefits cover many more people, and the country's total spending on benefits has increased. The number of beneficiaries of MII in April 2024 was 43% higher than the number of beneficiaries of GMI in April 2023. Total spending on MII was more than three times higher. However, the number of beneficiaries of the MII top-up for families with children was 10% lower in April 2024 compared to the number of beneficiaries of the allowance for family support one year earlier. Meanwhile, total spending quadrupled.

MIl maintains previous incentives for job search effort by adults and for children's participation in education. Individuals are eligible for MII if they register with the National Agency for Employment (NAE) and remain available to accept job offers if they are capable of working. Eligibility for MII also requires participation in so-called socially useful activities administered by local municipalities, as well as children's attendance in school. Non-compliance with these requirements results in the loss of benefits for 12 months. Occasional work and half of labour income, up to around 15% of the minimum wage, are not accounted for in the means testing. When a benefit recipient signs an employment contract for at least 24 months, benefits remain unaffected for six months. However, initial employment with a 24-month contract is not very common in Romania.

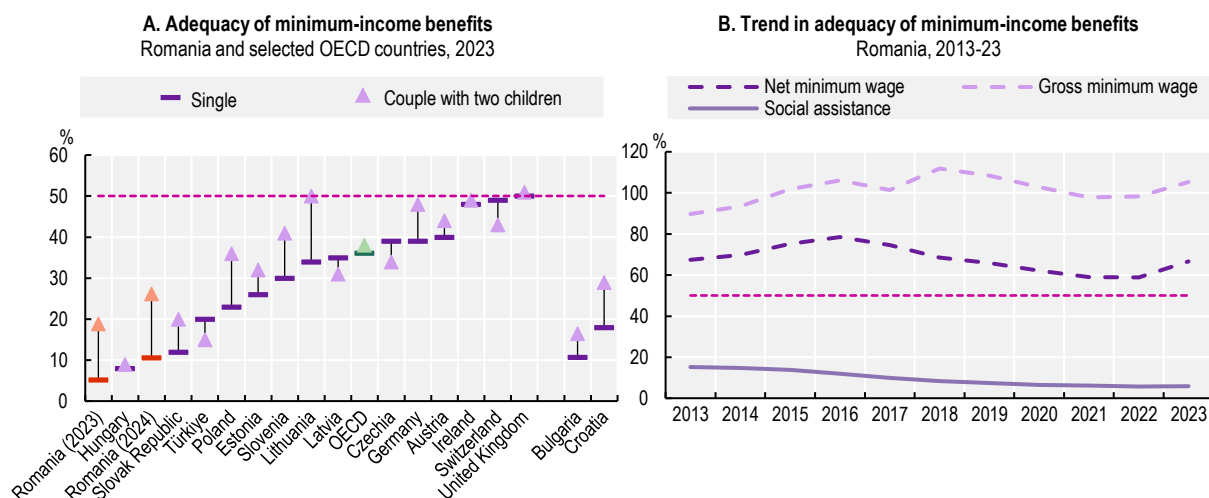
Despite the 2024 increase in spending, the level of minimum-income benefits in Romania as a percent of the median disposable income remains substantially below the average across OECD countries. As of 2024, minimum income benefits for a couple with two children without other income are estimated to be 26% of the median disposable income in Romania, versus 38% among OECD countries on average (Figure 5.4). Moreover, despite doubling the benefit amount in real terms for a single person household, minimum-income benefits are still 11% of the median disposable income, compared to 36% on average among OECD countries.

Households with children also receive unconditional non-taxable benefits called the monthly state allowance for children. As of 2024, the amount is around 20% of the median disposable income for children aged up to two years. The monthly state allowance for children is 8% of median disposable income for children aged 2-18 years or up to age 26 if participating in formal education. The amount of family benefits in Romania relative to the average wage is very similar to the average among OECD countries.<sup>3</sup> People and particularly children from disadvantaged areas also benefit from assistance from the Fund for European Aid to the Most Deprived (FEAD) in the form of food vouchers and financing for basic household materials (Government of Romania, 2022<sup>[6]</sup>).

Romanians with low incomes may also qualify for a heating allowance, which is subject to means testing and depends on the type of heating. The allowance can reach up to around 15% of the median disposable income and is paid for half a year during the heating season. On top of this, an energy consumption support might cover up to 2% of the median disposable income per month of energy consumption bills, depending on the heating source in the household.

**Figure 5.4. Despite a strong increase in 2024 safety net benefits are low in Romania**

Net income from minimum-income benefits as a percentage of the median equivalised household income, Romania and selected OECD countries



Note: The dashed horizontal line in both panels indicates the relative poverty line of 50% of the equivalised median household income.

Panel A: Results are for a single adult without children and a jobless couple with two children aged 4 and 6. The family is assumed to meet the requirements for social assistance and cash housing supplements. \* The 2024 for Romania is an early estimate. Panel B: Results are for a single adult without children.

Source: [OECD Data Explorer • Adequacy of minimum income benefits](#), (Panel A) and OECD calculations based on the OECD [Tax-Benefit model](#) version 2.6.0 and unpublished data for median disposable household income (Panel B).

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### 5.2.3. Provision of social services is improving but a stronger effort is needed

Social services for older people, people with disabilities, homeless people, children and victims of domestic violence face many challenges in Romania. Local governments are primarily responsible for delivering social services while the central government co-finances many of them, partially through some national agencies.<sup>4</sup> A law introduced in 2023 encourages stronger co-operation between local governments in delivering social services. The law provides more flexibility to beneficiaries in choosing service providers, but co-ordination among different levels of government could still be improved (Government of Romania, 2022<sup>[7]</sup>; Pop, 2023<sup>[5]</sup>). Frail older people fall under the responsibility of social assistance, while social protection cares for people with disabilities. Responsibility for people with chronic conditions falls to the health system. So a day care and recovery centre for older people, for example, does not provide services for people with disabilities because different quality standards apply to them. Fragmentation of service provision is particularly challenging in rural areas (European Commission, 2023<sup>[8]</sup>). In addition, recruiting qualified staff is difficult in rural areas (Ministry for Family, Youth and Equal Opportunities, 2022<sup>[9]</sup>). Limited financing is an important constraint to supplying adequate value and quality of services (Grigoraş et al., 2021<sup>[10]</sup>). Services are primarily delivered by public entities supported by NGOs. NGOs delivering services are largely self-financed, partially with tax-deductible donations from businesses and private donors. The current activation framework for people with disabilities requires strong improvements. All firms with at least 50 employees are required to employ at least 4% of workers with disabilities. However, firms often prefer to pay fees instead of complying. Therefore, this instrument has not been proven to be effective. Indeed, the difference between employment in the general population and among people with disabilities has remained 50% higher in Romania than on average among EU countries since 2014 (Eurostat, 2024<sup>[11]</sup>). More frequent use of part-time work contracts might broaden the pool of potential care workers.

Romania's currently implemented sectoral strategies for social services envisage increasing central government co-financing, improving co-ordination among institutions and making the provision of services more effective, e.g. through digitalisation, as well as improving activation and prevention measures. These strategies improve understanding of the current situation and are useful in terms of guiding future actions. That said, they require clear action plans and outcome indicators to be effective, which has been a challenge in the past (Pop, 2023<sup>[5]</sup>). Among recent actions, in 2022 the Minister of Labour and Social Solidarity increased the minimum quality standards required to deliver social services for older people, homeless people, and other categories of vulnerable adults. The Ministry of Labour and Social Solidarity also improved financing of these services.

Romania's National Long-Term Care and Active Aging Strategy 2023-30 aims to increase the number of older people who manage to live independent lives for as long as possible. This strategy also aims to improve access to long-term care services for older people (Government of Romania, 2022<sup>[7]</sup>). Furthermore, it prioritises home and community care, including support for informal carers. In 2024, the law on social assistance for older people was amended so that care services for older people are delivered mainly at their homes and in non-residential care and recovery centres. Access to residential care is exceptional.

The National Strategy on the Rights of Persons with Disability "A fair Romania" for 2022-27 adopts a comprehensive approach to improving the situation of people with disabilities. The strategy aims to further deinstitutionalise care by restructuring large care service centres and providing more non-residential services in more dispersed institutions. The quality of services is reported to be higher in small institutions, which are substantially more expensive. As of 1 January 2031, accredited social service providers will no longer be allowed to establish residential centres for disabled adults, except for crisis centres (Government of Romania, 2023<sup>[12]</sup>). To improve service quality, the government will offer specialised trainings to family carers. The law sets a minimum of at least one highly educated social worker in each local community. Given regional disparities, the government aims to improve access to transport for people with disabilities. Moreover, the strategy mandates the creation of a centralised national platform for the collection, storage and distribution of information on people with disabilities.

The National Strategy on Social Inclusion of Homeless People 2022-27 aims to increase social inclusion of homeless people in several ways. The provisions it outlines include improving monitoring and better integrating existing services. The strategy was preceded by a project called Every Person Counts!, which in 2019-21 evaluated homelessness in Romania, delineated the needs of homeless people and assessed the scope of existing social services for homeless people. Additionally, the National Housing Strategy for 2022-50 proposes building social housing for people from vulnerable groups, creating categories for people at risk of social exclusion and marginalisation, and ensuring access to housing services for people without shelter by increasing the supply of social housing.

### 5.3. Generous parental leave while underdeveloped childcare infrastructure

#### 5.3.1. Women's labour market participation is very low

Gender inequalities accumulate throughout the lifecycle in all countries. Enrolment in early education is low for both boys and girls in Romania. School dropout rates in lower secondary education are similarly high for boys and girls at 12% while the average among EU countries was 2% in 2021. In upper secondary education, the dropout rate reached 24% for men and 22% for women in Romania, while 7% of men and 6% of women dropped out in the EU in 2021. At age 15, PISA survey does not reveal statistically significant gender differences in mathematics or science. That said, PISA survey shows significantly higher results for women in reading, a result that is similar in many other countries. Like in all EU countries, vocational and tertiary education choices reveal a clear gender pattern: 44% of upper secondary vocational students

are women in Romania, and women make up 43% of tertiary education STEM field graduates. In addition, 55% of tertiary education students are women (Eurostat, 2024<sup>[13]</sup>). Finally, the share of women among graduates of STEM fields in tertiary education is the highest in Romania among EU countries.

The gender gap in labour market participation is very large in Romania. In 2023, the gender gap in labour participation rate was 19 points in Romania. This rate was higher in only four OECD countries. It results from the very low workforce participation rate of women (57%). Compared to 2008, the workforce participation rate increased substantially less for women than for men. The gap appears to start early. Between the ages of 15-24, labour market participation rates are 19% for women compared to 32% for men in Romania (OECD, 2024<sup>[14]</sup>). Women's labour market participation is particularly low in rural areas (OECD, 2024<sup>[15]</sup>).

More opportunities for part-time employment could help increase women's employment and better reconcile work with caregiving responsibilities. Only 2% of both male and female workers work part-time in Romania, versus 8% of male workers and 23% of female workers on average in OECD countries (OECD, 2024<sup>[16]</sup>). The regulation of part-time work can unnecessarily limit its use, and part-time jobs remain rare in Romania (OECD, 2024<sup>[15]</sup>). Working overtime is prohibited for part-time workers while it is available to full-time workers. In addition, in 2022, the fiscal code increased the floor for social security contributions, setting it at the minimum wage. As a result, for anyone earning less than this minimum due to working part-time the effective contribution rate is higher than for full-time workers. These measures seem to be aimed at reducing tax evasion, but they might limit part-time work opportunities.

Gender wage disparities are low in Romania, and women earned at median 5.8% less than men in 2022, which was around half the OECD average of 11.4%. Still, Romanian women earn less even though more of them graduate from tertiary education. Unequal treatment of workers is banned, and women do not face legal obstacles for work or promotions. That said, public policies could be deployed more proactively to promote equal career opportunities for men and women. Example policies could include mandating that companies report gender pay gaps, introducing mechanisms to improve the gender balance in leadership positions in the public sector, encouraging greater participation and representation of women at all levels of politics and promoting gender diversity in leadership positions in private companies.

### ***5.3.2. Improving access to early childhood education requires further policy efforts***

Raising low labour market participation of women requires better balancing of care responsibilities between men and women. As in other countries, mothers stop working to care for children more often than fathers. Indeed, women spend on average 230% more time than men on childcare in Romania, which is the highest figure among EU countries for which data exist (Eurostat, 2024<sup>[17]</sup>). Prolonged career breaks make it more difficult to return to employment and might reduce future earnings and career opportunities. In addition, the employment rate is particularly low for mothers of children aged less than three and those of more than one child in Romania. In these cases, the employment rates are more than 15 points lower in Romania than in OECD countries on average.<sup>5</sup>

Parental benefits are available for prolonged periods and are relatively generous in Romania. Women can receive maternal and parental leave together for up to two years after having a child,<sup>6</sup> which is very long compared to OECD countries. On average, OECD countries grant paid leave of about a year to mothers, and only three OECD countries grant a longer paid leave than Romania. However, in these three countries the benefit replaces 35% or less of previous earnings, while in Romania it replaces 85%.<sup>7</sup> The average replacement of income among 28 OECD countries is 54%. Only Chile, Estonia and Slovenia offer replacement rates that are higher than Romania. That said, this income is offered for substantially shorter periods: 3 months for Chile, 16 months for Estonia and 8 months for Slovenia.

Some policy measures aim to reduce the labour market impact of long caregiving leaves on women. In 2023, Romania implemented the EU Directive on Work-life balance for Parents and Carers (European

Union, 2019<sup>[18]</sup>), and doubled the parental leave ascribed solely to fathers from one to two months. Although almost all parental leave can be claimed by fathers in Romania, two and a half months can be used by fathers only. This two and a half months consists of two months of parental leave and two weeks of paternity leave. On average among OECD countries, fathers benefit from slightly less than three months of this type of leave. The total duration of paid leave for mothers following childbirth is twice longer in Romania than the OECD average. In the first quarter of 2024, only one man for every six women took parental leave in Romania, and only one in four men took parental leave at all. Between the first quarters of 2013 and 2024, the ratio of men to women taking parental leave increased very slightly from 14% to 15%. To improve labour market participation of parents, working parents entitled to parental leave receive a childcare benefit (called an insertion incentive). At its minimum amount, the insertion incentive is equal to 41% of minimum wage until the child is six months old (though the amount is not automatically linked to the minimum wage). The insertion incentive is equal to 18% of minimum wage until the child turns three years old. Despite the insertion incentive being operational since 2010<sup>8</sup> and being widely used by almost 90 000 beneficiaries in 2020 (Government of Romania, 2021<sup>[19]</sup>), the gender employment gap has not diminished in the last 15 years. In 2021, the amount of the benefit increased, and its duration was prolonged from one to two years (Government of Romania, 2021<sup>[19]</sup>). Romania's labour code protects jobs during maternity, paternity and parental leaves.

Enrolment of children in early childhood education and care is very low in Romania even though care in kindergarten is free (parents pay only for meals). Only 8% of children aged 0-2 attended childcare facilities in 2020 versus 36% in OECD countries on average (Figure 5.5). This is related to the shortage of childcare providers – particularly in urban areas with high population density and in remote rural areas – but also to long parental leaves and cultural norms about children benefitting from childcare provided at home (OECD, 2024<sup>[15]</sup>). Preschool education became mandatory from age four in Romania in 2023. Prior to this, preschool was mandatory at age five. In 2030, preschool will be mandatory starting at age three. Within three-to-five-year-old age group, participation was higher at 76% in 2020 but still below the OECD average of 87%. Still, since 2015 enrolment rates for three- to five-year-olds stagnated between 2015 and 2017 at around 84% and decreased thereafter to 76% in 2020. The enrolment rates are particularly low among the Roma population and in rural areas. For example, within the Roma community the participation rate is merely 27% (World Bank, 2023<sup>[20]</sup>). Additionally, discrepancies between rural and urban areas and between Roma children and non-Roma children have been persistent. These discrepancies have increased recently as early childhood education services have not been very successful in addressing the specific needs of children from vulnerable families (Pop, 2023<sup>[5]</sup>).

Childcare is often provided by grandparents in Romania (OECD, 2024<sup>[15]</sup>). This pattern potentially puts pressure on women to withdraw from the labour market when they become grandmothers. Informal care arrangements (i.e. care provided by grandparents or other family members or friends without pay) is highest in Romania compared with 25% of children on average in the EU. In no other country in the EU are more than 50% of children this age cared for through informal care arrangements.<sup>9</sup> This dynamic has been reinforced in Romania by lower retirement ages for women. That said, the lower retirement age for women will be gradually eliminated by 2035.

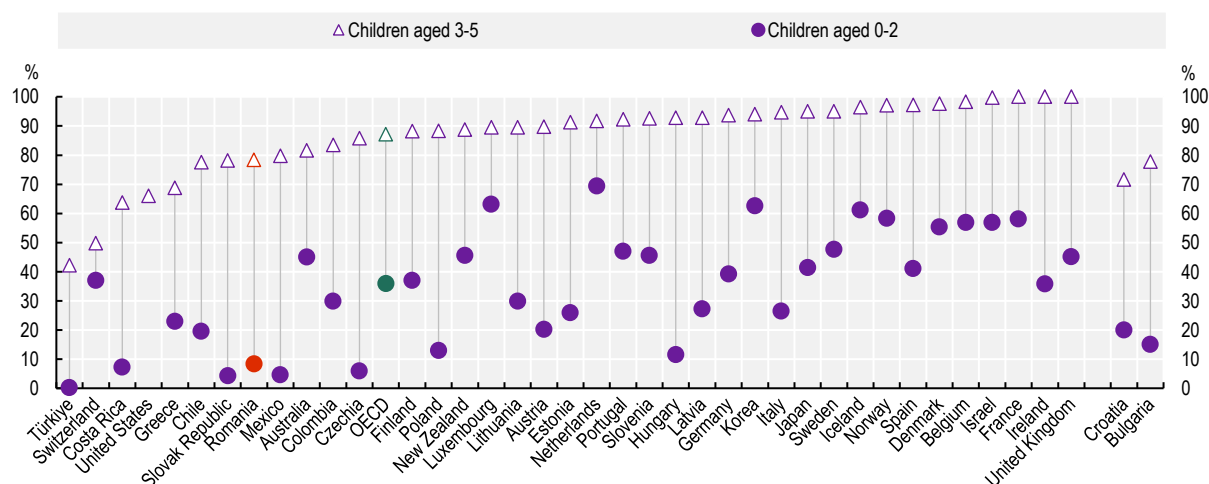
Improving access to childcare and early education requires financial outlays, particularly in rural areas. Spending on early childhood education and care is low in Romania and it stood at 0.4% of GDP in 2019 which was half of the OECD average.<sup>10</sup> Maintenance of and investments in nurseries, kindergartens and schools are the responsibility of local authorities, but they are partially financed by the state budget (Pop, 2023<sup>[5]</sup>).

Romania has taken steps to improve access to high quality early childhood education. In 2020, the government moved administration of nurseries from the social protection system into the educational system. That same year, the Ministry of Education lowered the starting age for compulsory education to include the last two years of pre-school (ages four and five) (OECD, 2024<sup>[15]</sup>). In 2021, the government

issued new curricula and new reference standards for the early education system. In addition, in 2021, central-government co-financing of early childhood education was increased. Romania's National Recovery and Resilience Plan envisages projects aimed at increasing capacity with regards to early childhood education for approximately 20 600 children in disadvantaged areas. Between 2009 and 2023, 336 kindergartens were built. As of 2023, additional 466 kindergartens are under construction or planned.<sup>11</sup>

**Figure 5.5. Participation in early childhood education in Romania is low**

Share of children enrolled in early childhood education and care services or primary education by age, 2020



Note: Early childhood education and care services (ISCED level 0 and other registered services) or primary education (ISCED 2011 Level 1). Data refer to 2018 (Costa Rica, Iceland, the United Kingdom) and 2019 (Japan).

Source: [OECD Family Database](https://data.oecd.org/family/PF3.2-Enrolment-in-childcare-and-pre-school.htm), indicator PF3.2 Enrolment in childcare and pre-school.

StatLink  <https://stat.link/14rai6>

### Box 5.1. More action is needed to fight discrimination against LGBTIQ+ individuals

The situation of members of the LGBTIQ+ community in Romania is marked by conservative societal attitudes, discrimination and the need for more action in favour of LGBTIQ+ rights. LGBTIQ+ individuals still face substantial discrimination both in the workplace and in public life. Surveys point to low acceptance of LGBTIQ+ individuals in Romania, and negative attitudes towards the LGBTIQ+ community are more widespread than in the EU on average. Four in ten people living in Romania say they would feel uncomfortable if a colleague at work with whom they are in daily contact were gay, lesbian, bisexual or transgender – which is three times the average among EU countries (Figure 2.16). Half of people living in Romania say they would feel uncomfortable if a gay, lesbian, or bisexual person were elected to the highest political office. Only one in four people living in Romania says they would be comfortable with one of their children being in a romantic relationship with a gay, lesbian or bisexual person (European Commission, 2023<sup>[21]</sup>).

Romania ratified the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence (also known as the Istanbul Convention) in 2016. Romania's labour code explicitly bans any discrimination based on gender or sexual orientation, though gender identity is not explicitly mentioned (Art. 59/a). Romania's Government Ordinance No. 137/2000 bans all forms of



discrimination, and it explicitly includes discrimination based on sexual orientation. The National Council for Combating Discrimination is the autonomous institution under parliamentary control that guarantees the implementation of the non-discrimination principle in accordance with domestic legislation and international law. The National Strategy for Preventing and Combating Sexual Violence (SYNERGY) 2021-30 co-ordinates implementation of broad prevention and protective measures in this area.

NGOs report that, in practice, the treatment of sexual and hate-speech offences varies substantially between local police and prosecutor offices. Romania has initiated substantial policy actions on this issue recently. In 2022, the government partnered with the LGBTIQ+ association, ACCEPT, to implement a project called Partnership for the Equality of LGBTI Persons: Implementation of the ECHR Case Law on Sexual Orientation and Gender Identity. The project trained 147 prosecutors and 160 police officers to ensure a standardised and victim-centred approach to investigations of sexual and hate speech offences between October 2022 and February 2024. The project also produced a manual *Investigation of Hate Crimes Based on Sexual Orientation and Gender Identity*. This manual is a tool for both prosecutors and police to ensure a systematic and standardised approach to criminal prosecutions in cases involving such offences. The manual defines key concepts in the field of sexual orientation and gender identity, and it describes how to best help LGBTIQ+ victims. Beginning in 2019, the prosecutor's office started monitoring cases of gender-based violence for which the European Court of Human Rights observed ineffective reactions by Romanian authorities. The Norwegian Financial Mechanism 2014-21 funded some projects to enhance protection for victims of gender-based violence through improving prosecution procedures. Importantly, some acts of gender-based violence and domestic violence are subject to ex-officio prosecution in Romania, which means that victims are not required to file a complaint. In 2024, the government expanded the types of violence that can result in protective orders to include of all forms of violence – physical, sexual, psychological and harassment by any means, including online.

Although some political figures have been exploiting resentment against sexual minorities for political purposes, such tendencies have not provoked legislative change. In 2020, the Romanian Parliament initially passed a law prohibiting all teaching institutions (including those that provide extracurricular education) from any activity aimed at spreading the theory or opinion of gender identity. However, the Romania's president refused to sign the law. Furthermore, the country's constitutional court rejected the law on the basis that Romanian legislation: 1) prohibits discrimination on the grounds of sexual orientation; 2) provides legal recognition for people who change sex; and 3) recognises sex and gender as distinct concepts (Safta, 2023<sup>[22]</sup>).

The recognition of same-sex marriages and civil unions is an ongoing political and legal debate in Romania. Since 2008, there have been a few attempts to introduce civil unions into Romanian law, but none of these attempts were successful. In 2015, an initiative to hold a referendum on prohibiting same-sex marriage in the constitution gained over 3 million signatures. The referendum that resulted was held in 2018. Only 21% voters turned out to vote in the referendum, less than the 30% required for it to be binding. In 2018, Romania's constitutional court ruled that residence rights in the country can no longer be refused to foreigners in same-sex relationships who married in another EU country. In 2019, a legal representation option was added to patients' right legislation in Romania allowing partners in same-sex relationships to visit their partners in hospital and make decisions on their behalf, though the legislation did not explicitly mention same-sex marriages. In 2023, the European Court of Human Rights ruled that Romania breaches the right to private and family life of same-sex couples and obliged Romania to provide same-sex couples with legal recognition (Prundea, 2023<sup>[23]</sup>).

## 5.4. More efforts needed to promote gender equality and combat violence against women

Gender-based violence is one of the most severe forms of gender inequality not only in Romania, but around the world. One in five women experience intimate partner violence both in Romania and on average among OECD countries (OECD, 2024<sup>[24]</sup>). Yet, Romania lacks key data to properly monitor the magnitude of the problem. The European Institute for Gender Equality (EIGE) index does not provide a score in the area of violence for Romania, due to insufficient evidence on violence against women (Băluță and Tufiş, 2022<sup>[25]</sup>). The last survey to collect data on gender-based violence was conducted in 2014 (FRA, 2014<sup>[26]</sup>). Such surveys effectively produce low-bound estimates, as violence is regularly underreported (OECD, 2023<sup>[27]</sup>). EIGE (2021<sup>[28]</sup>) has estimated that gender-based violence costs Romania 7% of GDP, double the value found on average across the EU. These costs are due to the physical and emotional effects of this violence on victims, lost economic output, and utilisation of both the health system and criminal justice system. Romania shows the highest incidence of early marriages in the EU, and it is a leading country of origins for human trafficking (Wes and Chilera, 2023<sup>[29]</sup>).

Existing data show that out of the 45 504 victims of domestic violence who reported violence reported to the police, only 1 512 (3%) had their case brought to court in 2020 (Robayo-Abril et al., 2023<sup>[30]</sup>). The government reports less pessimistic data. This data show that police issued provisional protective (restraining) orders for 13 009 female victims of domestic violence in 2023, and that the courts dispensed 11 083 protective orders that same year. In Romania, a victim of domestic violence can apply for a provisional protective order to be issued by the police and confirmed by the courts, but victims of domestic violence do not always file criminal charges against perpetrators. Since 2020, a person applying for a protective order must receive legal assistance from the state. Before that date, in order to receive legal assistance, individuals must have filed an additional request first. Improved access to legal assistance might improve the situation over time, as of 2020, only 2 000 women survivors of domestic violence received services from public and NGO-based providers (Robayo-Abril et al., 2023<sup>[30]</sup>).

Romania has made substantial commitment to promote gender equality but there is substantial area for further improvements. In 2016, Romania ratified the Council of Europe Convention on preventing and combating violence against women and domestic violence (also known as the Istanbul Convention). The 2022 Recommendation on Implementation of the Istanbul Convention acknowledged Romanian progress in this area (Council of Europe, 2022<sup>[31]</sup>). Gender-related policies are co-ordinated by the *National Agency for Equal Opportunities between Women and Men*. A *2021-30 Strategy for Prevention and Combating Sexual Violence (SYNERGY)* assumes responsibility for strengthening prevention and protection measures. The strategy includes creating specialised centres for victims of sexual violence (OECD, 2023<sup>[27]</sup>). In 2018, the definition of domestic violence was amended to fully comply with the Convention. In 2022, Romania's High Court of Cassation and Justice recommended including new guidelines on the treatment of rape and sexual assault offences in annual prosecutor training programmes. In 2022, the Council of Europe (2022<sup>[31]</sup>) identified many areas for improvement in Romania. In particular, the council recommended that Romania: 1) better align definitions of family violence in the criminal code in accordance with the Istanbul Convention; 2) continue to address multiple forms of discrimination faced by women and girls from the Roma community; 3) improve the institutional framework; 4) improve the monitoring of policies related to gender-based violence; and 5) improve detection of all forms of violence. Romania is also implementing an information system to centralise data on offences collected by all prosecutor offices. This will allow quick and flexible statistical reporting on existing investigations, including by prosecution status, as well as preventive and precautionary measures. The implementation of this system is included in the government's working programme for 2024.

Romania has outlined its plan for policy actions in the 2022-27 National Strategy for Promoting Equal Opportunities for Men and Women and Preventing and Combating Domestic Violence. It includes actions meant to raise awareness about work-life balance and promote the uptake of paternity leaves. It also

includes specific actions to prevent and combat gender stereotypes in the education system. The strategy also aims at increasing the provision of services for workers and the unemployed so that individuals can better balance their work and private life. To encourage women's participation in STEM education, the government has undertaken communication campaigns, supported guidance and counselling services in schools and universities, and has financed educational fairs and tutoring programmes in companies. Additionally, the government has added STEM elements to the curriculum for primary and secondary education. The strategy also contains objectives related to gender equality in the labour market, including employment opportunities, participation in leadership and decision-making, and equal pay through improved transparency. The strategy envisages implementing the European Commission (EC) recommendation on strengthening the principle of equal pay between men and women, undertaking trainings for employment services and labour inspections, and carrying out public awareness campaigns.

## 5.5. Important pension reform to address ageing pressure

Currently, the relative income situation of older people is similar in Romania and OECD countries on average. In 2021, the average disposable income of people aged 65 or more in Romania stood at 94% of the total population, which was higher than 88% on average among OECD countries (OECD, 2023<sup>[32]</sup>). The old-age income poverty rate in Romania stood at 16% in 2021, which was equal to the poverty rate of the population as a whole. Among OECD countries, the old-age poverty is slightly higher, at 14%, while the poverty rate for the overall population is 13% (OECD, 2024<sup>[33]</sup>).

The Romanian pension system includes two mandatory schemes: a pay-as-you-go earnings-related points scheme and a funded scheme. Low-income earners are protected by a minimum pension financed by the state budget and a means-tested Minimum Inclusion Income benefit. Mandatory funded pensions are maturing because they were introduced in 2008 and are compulsory for people born after 1973 and for those who join labour market at 35 or younger.

In 2023, a substantial pension reform was approved. This reform came into effect in September 2024. The reform equalises the retirement ages of men and women and links retirement age adjustments to life expectancy increases. The statutory retirement age of women at 62 in 2023 was set to gradually increase and equalise with that of men at 65 by 2035. While having been more widespread in the past, based on current legislation, only six OECD countries will have lower retirement ages for women than for men (OECD, 2023<sup>[32]</sup>). After 2035 in Romania, changes in pension qualifying conditions will be linked to half of increases in life expectancy. Based on UN demographic projections, this implies that the statutory retirement age would reach 67 for those entering labour market at 22 in 2022. The links between pension qualifying conditions and life expectancy will also apply to both the 15-year minimum contribution period workers must complete to access any earning-related pensions and full-pension contribution period condition at 35 years for men and 32 years for women in 2023. Linking retirement ages to life expectancy is increasingly popular among OECD countries, and as of 2024, nine OECD countries have established such links. Finally, Romania's reform increased low retirement ages for workers in hazardous or arduous occupations.

While the 2023 reform increased the statutory retirement age, it decreased the normal retirement age, i.e. the age at which a person starting an uninterrupted career at age 22 can claim pensions without penalties (OECD, 2023<sup>[32]</sup>). Indeed, the reform decreased the normal retirement age for men from 65 to 62 and for women from 62 to 59. A full pension at the statutory retirement age without any penalties is accessible after a 35-year career for men and 32-year career for women. At five years below the statutory retirement age, a full pension is available to men after a 40-year career and to women after a 37-year career. Before the 2023 reform, men were required to make a 43-year contribution, while women had to make a 40-year contribution to access the full pension at age 60 for men and 57 for women. That said, this contribution period included some so-called assimilated periods, e.g. years of higher education. The

Romanian Government assesses that – given the current contribution histories of Romanian workers – narrower definition of the contribution period is likely to outbalance the shorter required contribution period. Based on UN demographic projections, the links to life expectancy will increase the normal retirement age in Romania to 64 for people starting their careers at age 22 in 2022. On average across OECD countries, the normal retirement age will remain higher as the current legislations envisages it to increase from 64 to 66 over the next four decades (OECD, 2023<sup>[32]</sup>).

Individuals with shorter careers of at least 35 years for men and 32 years for women who wish to retire no earlier than five years below the statutory retirement age face a penalty of up to 24% on pension benefits. Unlike many OECD countries however, the reduction in benefits is temporary and expires upon reaching the statutory retirement age. Hence, people with long careers can claim pensions very early – at age 57 for women and 60 for men. Accessing pensions below the statutory retirement age might become increasing popular as the average contributory period of new pensioners is projected to increase from 35 to 39 years between 2022 and 2040 (Gavril and Na, 2023<sup>[34]</sup>).

Romania's 2023 reform has increased current and future pensions, increased the progressivity of the benefits and simplified their calculation. The benefit calculation has remained based on accumulated pension points, similar to the benefits design in Estonia, Germany, Lithuania and the Slovak Republic. Contribution-based points are proportional to earnings and accumulate for every month of work. Based on the 2023 reform, additional points are granted for working more than 25 years and for time outside the workforce spent studying, completing military service and taking parental leave. Additional points also apply for working in hazardous or arduous jobs. All of these additional points are independent from individual earnings, which increase progressivity of the system. The 2023 changes in pension calculation are supposed to increase all current pensions and accumulated pension entitlements. The average pension is expected to increase from 36% to 43% of the average wage between 2023 and 2025 (Gavril and Na, 2023<sup>[34]</sup>).

Indexing pension points to less than the average wage growth will help stabilise pension expenditure over time, but will create risks to pension adequacy. As was the case with the previous law, the value of a pension point is indexed to inflation plus 50% of the real wage growth. Upper and lower bounds to indexation apply, and they are set at inflation and the growth rate of total contributions, respectively. Accordingly, the EU Ageing Report projects that – after having increased from 8.5% to around 10% of GDP between 2022 and 2025 – pay-as-you-go pension expenditure will remain stable, peak at 10.6% in 2046 and decline thereafter. Yet, the ratio of the average pay-as-you-go pension to the average wage in Romania is projected to decline steadily from 41% to 28% between 2024 and 2070 (Gavril and Na, 2023<sup>[34]</sup>).

However, the mandatory defined-contribution (DC) scheme in Romania will mature and improve pension adequacy in the coming decades. Contributions to the DC scheme are deducted from the total social security contribution rate (25% in 2024), hence lowering both current revenues of the pay-as-you-go scheme and future pay-as-you-go pensions because benefits are prorated for the reduced contribution rate. The contribution rate to the DC scheme varied over the past 16 years. It was set at 2% in 2008 and was scheduled to increase to 6% by 2016, but the implementation did not follow suite, and the contribution rate reached 5.1% in 2016. Then, as a part of a broader fiscal reform which, among others, increased gross wages by shifting employers' contribution to employees, the contribution rate decreased to 3.75% in 2018 and then increased to 4.75% in 2024. At present, no further adjustments are planned. As a result, a person who entered labour market in 2022 at 22, earns the average wage throughout their career and retires at the normal retirement age of 64, the DC scheme would increase the net replacement rate by 20 percentage points, to 77% in total, based on standard Pensions-at-a-Glance assumptions. This calculation assumes that the DC scheme provides lifetime income to its members while the current legislation envisages that the DC scheme pays out savings as lump sums or as monthly instalments for up to five years. Existing payment schedules increase the risks of inadequate income at older ages.

The future net replacement rate from all mandatory pension schemes in Romania is high for the average wage earners at 77% and very high for low earners at 95% (Figure 5.6). On average across OECD countries, the net future replacement rates are 61% for average wage earners and 73% for low wage earners. The 2023 reform has increased pensions of low earners more than for average earners because the additional points granted for longer careers are independent from individual earnings and thereby increase low pensions relatively more.

**Figure 5.6. High future replacement rates after full career**

Net pension replacement rates as a percentage of previous earnings, 2022



Note: Net replacement rates give the theoretical future entitlements of a person entering the labour market in 2022 at age 22 and retiring at the earliest possible age without penalty. They assume that all legislated changes to the pension system have been implemented, and do not account for the recent high rates of inflation.

Source: OECD (2023), *Pensions at a Glance 2023: OECD and G20 Indicators*, <https://doi.org/10.1787/678055dd-en>, Table 4.4, and OECD calculations for Romania.

StatLink  <https://stat.link/b4sz6c>

## 5.6. Strengthening inclusion policies for Roma people

Supported by the EU, the Romanian Government has shown a strong commitment to improve the social inclusion of persons belonging to the Roma minority group (World Bank, 2018<sup>[35]</sup>). So far, some progress has been made towards social and economic inclusion of Roma communities, but disparities in living conditions, health, education, and employment between Roma and non-Roma remain staggering. In Romania and other countries, these inequalities are deep-rooted, perpetuated across generations and reinforced by discrimination in access to education, employment, healthcare and housing (FRA, 2019<sup>[36]</sup>).

Romania has undertaken a comprehensive policy approach to tackle social challenges faced by persons belonging to Roma community. But further effort is needed to radically improve the situation. The *National Roma Integration Strategy 2022-27* (NRIS) assumes many actions for persons belonging to the Roma community, including in education, housing and social services. To better co-ordinate the implementation of the strategy, an inter-ministerial body has been created. The strategy aims to better engage local governments in solving issues affecting vulnerable Roma communities, while improving financing of such measures from the central government budget.

In the area of education, NRIS aims at reducing school dropout, increasing participation in lifelong learning programmes for all age groups, improving basic and digital skills, and diversifying professional opportunities. The strategy builds on previous actions. For example, in 2016, the government extended the criteria for targeting school segregation to disability and special educational needs, family socio-economic status, place of residence and school performance criteria, in addition to ethnicity. In 2019, the government created a specialised expert body – the National Commission for School Desegregation – and adopted a methodology for monitoring school segregation. In 2022, the methodology was piloted in 42 educational establishments at all levels of education to collect data. In the period 2003-22, the government trained over 1 200 Roma school mediators, who represent Roma communities in schools. Currently, about 450 school mediators (of which 75% are of Roma ethnicity) are working in the educational system. This compares to 170 727 Roma children aged 5-19 years according to the 2021 census, which implies 380 Roma children per one mediator (NIS, 2023<sup>[37]</sup>). The Pre-University Education Act, amended in 2023, prohibits segregation in education on the basis of belonging to the Roma minority, disability status, socio-economic status, residential background or academic performance.

To support educational achievement of Roma students and to combat school dropout among them the National School Dropout Reduction Programme is being implemented over the course of 2021-26. The Programme aims to: reduce the risk of school dropout by at least 25% in the participating schools, improve the test results of students, and increase the transition rate to upper secondary education. Participating schools are able to access grants to finance activities that identify and monitor students at risk of dropping out. The grant also funds pedagogical support, learning activities, counselling and guidance, psychological and special therapies and extracurricular activities. The programme includes schools with a large number of Roma children so that 24% of Roma students are covered. Additionally, the government supports teaching Roma language and topics related to Roma history by including them in school curricula. As of 2024, 263 teachers teach Romani language, 19 486 Roma students study the Romani language, and 918 Roma children learn in Romani in kindergartens and primary and secondary schools.

With regards to housing, NRIS highlights the need to secure decent living conditions for people belonging to the Roma minority group, as well as the need to regulate informal settlements (Government of Romania, 2023<sup>[12]</sup>). NRIS is charged with improving both the supply of community-based social services and access to social housing. Romania has developed a pilot project for building 300 houses for people belonging to the Roma minority group and living in vulnerable communities. As of 2024, the pilot project is being evaluated.

European funds have been important for financing social integration of Roma communities. The role of these funds is likely to increase because current plans explicitly assign funds for this purpose. The new *Education and Employment Programme for 2021-27* has a specific objective dedicated to promoting the socio-economic integration of marginalised communities such as the Roma. In 2014-20, people belonging to the Roma minority group made up more than one-third of approximately 80 000 beneficiaries of EU-funded projects targeted at social and economic integration of people from marginalised communities. Moreover, people belonging to the Roma minority group made up 75% of approximately 40 000 beneficiaries of EU projects for people at risk of poverty or social exclusion from marginalised communities.

The process of appointing political representatives from Roma community is contested by some Roma organisations. Like other ethnic minorities, one seat in Romanian Parliament is reserved for persons belonging to the Roma minority group. In all elections since 1992, this seat has been won by a representative of the same organisation: *Partida Romilor Pro Europa*. Legal constraints on an organisation willing to compete for this seat are substantial. First, an organisation needs to be granted the status of “organisation of public utility”. Despite a few applications, no Roma organisation has been granted such status in the recent years, while no organisation has contested the rejection in the courts. Second, the law requires that the organisation has at least 15% of the community as members, which means almost 90 000



of people in the case of the Roma ethnic minority. These constraints do not apply to the incumbent Roma party. In the case of the Italian ethnic minority group in Romania, a ruling by the European Court of Human Rights in 2020 confirmed that such requirements result in an unjustified disparity in treatment of ethnic minority organisations (HUDOC, 2020<sup>[38]</sup>).

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## Notes

<sup>1</sup> [https://ec.europa.eu/regional\\_policy/in-your-country/programmes/2021-2027/ro/2021ro05ffpr001\\_en](https://ec.europa.eu/regional_policy/in-your-country/programmes/2021-2027/ro/2021ro05ffpr001_en).

<sup>2</sup> The amount of the MII is given by the difference between the total household income and the income threshold, which varies by household size. For a single-person household, the income threshold is 9% of the median disposable income per equivalent person younger than 65 and 14% for an adult aged 65 or over in 2024 (As the median income for 2024 is not known, it is estimated based the median disposable income in 2021 in IDD multiplied by growth of the average wage set in the State Budget Law, which increased by 41% between 2021 and 2024.). For every consecutive household member, the income threshold is increased by 50% of the income threshold for a single person. The second component of the

MII is equal up to 4% of median disposable income per first through fourth child. The income threshold to qualify for this benefit is roughly 2.5 times higher than in the case of the basic component of MII. The amount is lowered for household not qualifying for the basic component and it is increased for lone parents.

<sup>3</sup> [www.oecd.org/els/soc/benefits-and-wages/tax-benefit-web-calculator](http://www.oecd.org/els/soc/benefits-and-wages/tax-benefit-web-calculator).

<sup>4</sup> <https://eurocarers.org/country-profiles/romania/>.

<sup>5</sup> OECD Family Database.

<sup>6</sup> It is up to three years in the case of a child with disability.

<sup>7</sup> OECD Family Database [www.oecd.org/els/family/database.htm](http://www.oecd.org/els/family/database.htm).

<sup>8</sup>

[www.worldbank.org/content/dam/Worldbank/document/eca/croatia/efc%20conference/russian/EFC%20Workshop%20Opatija%20Brief%20on%20Romania%20Benefits.pdf](http://www.worldbank.org/content/dam/Worldbank/document/eca/croatia/efc%20conference/russian/EFC%20Workshop%20Opatija%20Brief%20on%20Romania%20Benefits.pdf).

<sup>9</sup> OECD Family Database.

<sup>10</sup> OECD Family Database,  
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<sup>11</sup> <https://eurydice.eacea.ec.europa.eu/national-education-systems/romania/national-reforms-early-childhood-education-and-care>.

# OECD Reviews of Labour Market and Social Policies: Romania 2025

Romania has made significant labour market and social progress in recent years. However, employment remains low by OECD standards, especially for women, and a rapidly declining and ageing population will have important implications for the labour market and the economy. In addition, large labour market disparities persist, and informal employment remains very high compared to OECD countries. Too many young people do not acquire the basic and vocational skills they need to enter the labour market, and participation rates in adult education are lower than in most OECD countries. Despite rising living standards, poverty remains more common than in most OECD countries, and minorities are particularly disadvantaged. This report provides an overview of the main labour market and social challenges facing Romania, as well as a comprehensive analysis of Romania's policies and practices compared with best practice in OECD countries in the areas of labour, social and migration policies. It also gives recommendations on how Romania can address key challenges.



PRINT ISBN 978-92-64-52095-0  
PDF ISBN 978-92-64-87546-3

