

Annex 3

Sector fiche – Employment and social affairs **December 2001**

Background

The social sector is one of the most affected by the transition process from a centralised towards a market economy. The deep economic restructuring has had a severe social impact, resulting in: unemployment, social exclusion, poverty. Each of these effects must be treated and fought against appropriately.

The Employment and Social Affairs sector covers several policy areas, which will be treated separately further on:

- employment;
- social protection
- labour legislation;
- social dialogue;
- equality of treatment;
- health and safety.

Negotiation chapters

The Employment and Social Affairs chapter was opened for negotiations in October 2001.

This sector receives direct assistance from the EU in total value of **107.7 MEURO**, channeled through the programmes listed below under each chapter.

Employment

Employment continues to be one of the most tensed transition problems. Against the background of restructuring and privatisation of the industrial sector, the period after 1990 has been characterised by massive lay-offs in such sectors as mining, metallurgy, railways. As the reduction of jobs in industrial sectors and state-owned enterprises has not been counterbalanced by job creation in the new private sector, the employment trends continued to be negative until the beginning of the year 2001.

At the end of 2000, unemployment rate stood at 10.5%. It affected all categories of population to a greater or lesser extent: youth aged 15-24 years held a share of 28.9% from the total number of unemployed receiving benefits. Workers represented the majority of those receiving social benefits (71.18%).

Following an increased focus on active employment measures by the Government and measures aimed at entailing economic growth, the trend was reversed in 2001.

Unemployment has constantly decreased in 2001, down to the level of 7.8% during the month of September.

However, if the current employment trends are to be maintained, or even improved, increased efforts need to be made to stimulate job creation, through measures aimed at encouraging the private sector development in economy.

The Government has also started to work on the preparation of a National Plan for Employment, which is due to be adopted in 2002.

Still, progress has to be made to adapt the national employment policies, with a view to Romania's later participation in the EU Employment co-ordination process and the European Employment Strategy. The first stage is the Joint Assessment of Employment Policy Priorities for Romania, prepared jointly by the European Commission and the Romanian Government. This paper is due in the first months of year 2002. It focuses on the fundamental challenges for Romania's labour market. The paper will, later on, form the basis for annual reviews of Romania's employment policies.

In view of its future accession to the EU, Romania has to put in place and strengthen the necessary administrative structures and systems necessary for implementing the European Social Fund-type measures.

On-going programmes

I. Elaboration of the National Action Plan for Employment 1999 – 1 MEURO

This project aims at designing a National Employment Plan, which would contribute to reducing and preventing unemployment, by:

1. implementing active employment measures in a systematic and consistent way
2. improving the competitiveness of the Romanian enterprises through the setting up of a system for the provision of continuing training.

Once designed, the plan needs to be approved by the Romanian government and an institutional framework set-up in order to allow for its implementation.

Current status

Joint teams of German, Dutch and Romanian experts are collecting the necessary data, preparing the elaboration of the Plan and working out proposals for the structures empowered to implement it. Training activities are taking place simultaneously.

II. RICOP programme 1999 – 100 MEURO

The Enterprise Restructuring and employment Conversion Programme (RICOP) was created to relieve part of the financial burden placed on the State's budget as a result of the industrial restructuring process. This would allow the government to go-ahead with the reform process and soften the social impact of the restructuring by encouraging economic activity, creating sustainable employment and providing of a social safety net. Over 40,000 people will directly benefit from the programme and many more from its positive effects.

The EU Phare-RICOP programme will provide up to **€100 million** to support the government's efforts to transfer employment from large, loss-making state owned enterprises into new and sustainable areas of economic activity. One of the most important component

of this programme is the establishment of the single biggest ever financing scheme for start up and expansion of the private SME sector (30MEURO).

The five target areas are:

- Brasov, Covasna
- Gorj, Valcea, Dolj, Olt, Hunedoara
- Arges, Dambovita, Teleorman
- Galati, Braila, Buzau
- Bacau, Vaslui, Neamt, Iasi

The programme includes five components:

1. Small and medium-sized enterprise financing facility (30 MEURO), aimed at providing support for the creation and development of the SME and micro-business sector in the areas hardest hit by industrial restructuring. This scheme will provide grants up to 300,000 Euro for investment projects proposed by the SMEs located in the target-areas. This is particularly important given the potential of the SME sector in Romania for job creation .

2. Redundancy intervention and severance payment (29 MEURO). Up to 28 MEURO are allocated for co-financing of severance payments to those laid-off from state enterprises restructured based on the agreed Restructuring Plan. The remaining funds will be dedicated to Outplacement services which aim at ensuring that workers facing redundancy are offered both financial support and advice to find new jobs and deal with the direct implications of redundancy.

Public Works (14 MEURO) About 140 projects are to be funded, which will create short-term employment opportunities, including training in construction works for the local unemployed, help develop the local economy, and improve attractiveness of the targeted locations for inward and outward investment. The output of these projects will be new or refurbished/modernised schools, hospitals, social centres, local transport and environmental infrastructure.

Active Employment Measures (9 MEURO), aimed at the development of human resources through vocational training with a particular focus on the current needs of the labour market, training and re-training of the work force, sustaining the existing and new businesses which offer local solutions for both the development of the local economy and the employment market.

Social Response Measures (10 MEURO), designed to alleviate the distress for the unemployed and their families in the targeted areas, resulting in the creation of 50 social centres, 10 reintegration centres and 10 emergency centres.

Current status:

After the launching of the calls for proposals for all components, except the 2nd one, over 2100 project proposals were received and are currently under evaluation. If funds will not be entirely committed following the first evaluation round, second calls for proposals will be launched during 2002.

B. Social security, aged people and exclusion

The reform of the social security system is necessary in Romania in order: (1) to face the ample structural modifications of the society, the labour market, the demographic and inflationary pressures, and (2) to align and co-ordinate policies in these areas with EU policies.

Since the beginning of the transition towards a market led economy, the government has focussed its efforts on reforming the whole social security system. This would encompass new organisation and functioning principles, compatible with Romania's new Constitution and international clauses regarding fundamental human rights and the main social needs and risks.

Progress registered so far in the field of the pension system and protection of the elderly includes:

- the adoption in 2000 of the public system of pensions and other social insurance rights. The Law entered into force on 1 April 2001. A new institution was also set up to manage the public pension system: the National House for Pensions and other Social Insurance Rights. There is a political commitment to gradually develop the current pension system as to include supplementary pension schemes.
- the establishment of a National Council for the Elderly, an autonomous body that has a consultative role on legislation and policies having implications for this category of population. This body represents the elderly people in the dialogue with the public authorities. A framework law was also adopted that envisages measures to support the elderly without any family or other kind of support.

Still progress needs to be made in a number of areas related to social insurance, such as:

- Adopt the necessary legislation for completing the public pension system and aligning it with the EU acquis, namely the re-correlation of the pension incomes, equal treatment between men and women etc.
- Ensure the administrative capacity of the National House for Pensions and other Social Insurance Rights, in terms of staffing, training of staff, premises, equipment and the provision of information to the public.

On-going programmes:

I. Social Service Institution Building 2001 – 5 MEURO

This project is part of the Economic and Social Cohesion Programme. Its aim is to provide support to the Romanian Government to develop a national social assistance system that meets more effectively the needs of the Romanian people.

The project has four components:

- elaboration of a strategic plan for establishing the new social assistance system which should be elaborated and implemented;
- training for personnel working in the MoLSS Social Assistance Department staff (at both the national and county level) and Local Authority staff; the training will be based on a needs analysis in the context of the new social assistance system, which is expected to be put in place

- design and implementation of an information strategy concerning social services available
- development and diversification of the Community Social Services for vulnerable groups.

Current status

The activities will start at the beginning of 2002.

II. Reform of family and child protection policies in Romania 1999 – 1 MEURO

This twinning project is carried out through a close collaboration among several institutions from Romania and the EU: the Romanian Ministry of Labour and Social Solidarity, the National Authority for Child Protection, the French Ministry of Labour and Social Solidarity and the Swedish Association of Local Authorities. Its objective is to ensure that Romania's overall social protection policies are effective in providing support to families with children at risk and preventing abandonment and institutionalisation.

The project will focus on the following main priorities:

- Revising the family allowance system;
- Clarifying institutional roles and establishing efficient mechanisms of co-operation among the various institutions concerned, particularly at the local level;
- Promoting partnership between the public administration and the civil society

Current status:

The project was officially launched and started its implementation in June 2001.

C. Labour Law

The Romanian legislation has fully transposed the provisions of the EU acquis in the following labour related areas: protection of employees' rights in case of collective redundancies, working hours of seafarers and the manning of ships, holiday leave and other leaves of the employees.

The full transposition of the acquis will be carried out through the new Labour Code, which is currently being drafted. It is the Romanian framework law in the field of labour and it expresses the general principles regulating labour relations, rights and obligations of the employees, and labour jurisdiction. Its approval is scheduled for 2002. The Labour Code is expected to regulate the areas of the acquis that are not partly or entirely covered by the current legislation, including: collective redundancies, posting of workers, set-up of a national guarantee fund for cases of insolvency of employers, part-time work etc.

The finalisation of the Labour Code is the main priority of the Government in this sub-sector.

On going programmes:

This sub-sector has not yet benefited from EU assistance.

D. Social dialogue

In Romania, the social dialogue legislation is in line with the EU acquis. Notable efforts have been made in order to institutionalise social dialogue at all levels and in all sectors. Worth mentioning are the following developments:

- the establishment of the Economic and Social Council, as a tripartite consultative body at central level;
- the adoption of legislation on collective bargaining, involving social partners at national, branch and enterprise level;
- the adoption of legislation on the organisation and functioning of trade unions;
- the adoption of legislation on the organisation and functioning of employer organisations;
- the involvement of social partners in the elaboration and implementation of policies in the field of employment, adult training, pensions, health insurance, through specialised institutions;
- the establishment of sectoral and local social dialogue consultative structures.
- the establishment of the Joint Consultative Committee between the European Economic and Social Committee and the Economic and Social Council of Romania that promotes dialogue between the economic and social interest groups in the European Union and those in Romania.

However, further efforts are necessary in order to amend the current legislation (particularly on trade unions, collective bargaining, the Economic and Social Council) and review current practices for establishing a sound basis for social dialogue. The administrative capacity of the social partners will need to be improved in view of their role in the implementation of the European Commission employment and social policy, including the European Social Fund. Efforts will also have to be made to strengthen bipartite social dialogue and workers' participation at enterprise level.

On-going programmes:

The EU supports this sector through some programmes which are of a more general orientation, such as:

- **EUROPA** programme (finances projects for public information on EU accession issues and for complementing the existing EU financing programmes as regards the implementation of the acquis). This programme has an yearly budget of about 550,000 Euro and addresses non-profit entities.
- **Rroma Partnership Fund** (which promotes partnerships between local authorities and Rroma organisations in view of improving the life of Rroma communities). (Among the projects financed under this fund there was one which promoted social dialogue in the sector of bakery industry sector.)

Social dialogue/partnership is also the underlying principle of other EU programmes that are relevant for the economic and social development of the country.

E. Equal treatment

The Romanian legislation does not contain discriminatory provisions on grounds of gender. In the field of equal opportunities and equal treatment for women and men, the legislation is in conformity with the fundamental provisions of the EU acquis.

An inter-ministerial consultative body (CODES) was set up in 1999, with the following responsibilities: monitoring the situation, disseminating information regarding the equal treatment, ensuring an exchange of information, assessing the current legislation and providing advice on draft legislation.

A National Action Plan for equal opportunities between men and women was adopted by the Romanian Government in 2000.

The plan identifies a number of areas of intervention and a number of operational objectives, as follows:

- Adopting new legislation on equal opportunities for men and women
- Speeding up efforts to eliminate discrimination on gender criteria
- Gender equality in social protection
- Developing strategies to integrate gender equality into economic policies
- Including gender dimension into employment strategies
- Reconciling professional life with family life
- Setting up national and territorial structure to implement the principle of equal treatment for men and women
- Co-ordination of intervention aimed at raising public awareness regarding gender equality
- Eliminating cultural prejudices and stereotypes

The main priority of the government in this sector is to adopt new legislation on equal opportunities for women and men and to set up an independent body, which will have the responsibility to implement and monitor the new legislation. The efficient implementation of the National Action Plan for Equal Opportunities will require adequate budgetary resources, training of jurists and civil servants, the provision of adequate information at national/regional/local levels to public authorities, social partners and NGOs. The role and responsibilities of CODES will have to be clarified in the new context.

On-going programmes:

This sub-sector has not yet benefited from EU assistance.

F. Health and Safety

Regarding the *health and safety at work* (H&SW) sector, the situation was also of great concern. At the beginning of the 1990s, HSW sector was characterised by a high incidence of occupational diseases and work accidents, especially in the mining sector, and a poor physical status of individual protection equipment. The inspection methods, called frequently by people as "paper and pencil" methods, were obsolete, having a predominant post-accident nature rather than a preventive one. The possibilities for safety inspectors to undertake rapid ad-hoc checking of the working environment parameters were almost non-existent. There was no adequate system for encouraging the enterprises to improve the working conditions through relevant capital investments.

In the absence of an awareness mechanism concerning the H&SW risks associated with each economic activity, the attractiveness for workers to get a job in the most hazardous sectors, given the facilities related to wage levels and retirement age, developed. At enterprise level,

the dialogue and co-operation between employers and workers' representatives was only formal, as it was the case for the relevant inter-ministerial relationships.

An important number of the EC Directives have so far been transposed in the Romanian legislation and Romania has committed itself to fully transposing the *acquis communautaire* in the field of HSW, by the time of accession.

The Labour Inspection, a newly created institution, has important responsibilities regarding the application of the legislation applicable to HSW conditions. Still its administrative capacity needs to be reinforced. Further clarifications regarding the institutional responsibilities in the field of the health and safety of workers are expected.

The ongoing structural reforms will have to be continued and strengthened, so as to improve the employers' and the workers' awareness of the necessity to observe HSW legislation. The adoption of the law on the creation of a national insurance fund for work accidents and occupational diseases will be an important development.

On-going programmes

Phare

I. Designing a protection system for workers exposed to hazardous agents at work 1999– 700,000 EURO

This programme is designed to support the accomplishment of the function of Labour Inspection related to health and safety at work and includes:

- transposition of the EU Directives on dangerous agents at work;
- drafting of a national policy for prevention of workers from risks of exposure to dangerous agents at work;
- implementation of a pilot project in the sanitary field on exposure of workers to dangerous agents, followed by expanding its results to other fields of activity.

Current status

Project activities started in July 2001. The French and Romanian experts worked together on the transposition texts for the EU directives on dangerous agents at work and the draft of General Norms is ready to be submitted for approval. 30 labour inspectors have been also selected for training and training materials are under preparation. Two risk assessments were elaborated in the pilot center – the National Institute for Infectious Diseases MATEI BALS, and a report including the findings of these two assessments was drafted and presented in a reunion organised in September 2001.

Previous assistance

The 1991 GTAP allocated 2 MEURO for the establishment of more effective *labour market* institutions and programmes to promote employment. Most activities concerned advice to the Ministry of Labour on policy matters, preparation for the setting up of a National Agency for Employment and Training, staff training courses including study visits to EU countries, assistance on communication techniques and information management and for a range of activities to support effective local employment services in selected pilot labour offices, retraining programmes for the unemployed, grant aid scheme for the unemployed to help them establish their own business.

The main component of the **1992** Programme (10 MEURO) provided support for decentralised pro-active employment measures by local partnership involving all relevant actors in the local community. A special team supported by foreign TA worked on this programme under the co-ordination of an NGO. To date 21 local programmes of active employment measures (PAEMs) have been launched and implemented as part of a local development plan and the pilot phase has come to an end. The following phase involved the identification and implementation of 40 more programmes. This part of the programme had an effective and efficient impact (can we be more specific: how many people retrained/e,mployed, advised etc.), the result of a long and careful preparation.

In the area of *social dialogue* the **1992** Programme provided 2 MEURO to support the establishment and work of the tripartite secretariat between the social partners. Programme has also contributed to the establishment of the legal base, structures and processes of social dialogue, the organisation of training programmes and the establishment of an information network and resource base.

For *social policy and social services* 1.5 MEURO was allocated in **1992** with a further 4 MEURO under GTAP **1993**. For execution purposes the allocations were merged, the project started in 1995.. The programme focused on introducing innovative approaches in service delivery particularly as regards partnership with NGOs at local level, on enhancing professional skills and assisting the Ministry in the elaboration of a broader strategy on decentralisation.

The **1993** GTAP also had a 4 MEURO component for *health and safety at work*. The programme assisted the Government to move towards better protection of workers mainly through the approximation of existing and future legislation to that of European Union as one of the major preconditions for Romania's accession to the EU.

The **1992** *Childhood Protection Programme* (12 MEURO) provided support to the Romanian Government in the implementation of the National Plan of Action in Favour of Children. The programme assisted in the development of a new legislative framework, the staff training, prevention of institutionalisation and development of family-type care alternatives, rehabilitation of some children institutions. Technical and financial support was provided for Romanian NGOs developing projects in the field of child protection.

The **SESAM Phare project** (1994-1997, Total budget 5.5 Meuro) aimed at contributing to the development of the social sector with particular emphasis on decentralisation and quality improvement of social services. The 4 components of this project included: development in partnership of decentralised, innovative and diversified social services; a new approach to managing the 19 institutions for the elderly belonging to MoLSS; establishment of an informational network to facilitate consultation and exchange of ideas among actors; and, formulation of strategic proposals in the social services field. 41 projects were co-financed by this project, including 26 for elderly people.

Sources of information:

- web page of the **European Commission (Directorate for Employment and Social Affairs)**: http://europa.eu.int/comm/dgs/employment_social/index_en.htm
- **Information Centre of the European Commission**
Internet page: www.infoeuropa.ro