

# ROMANIA



Key policies to promote longer  
working lives

Country note 2007 to 2017

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## KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN ROMANIA<sup>1</sup>

(Situation 2007 to mid-2017)

According to the Late Career Scoreboard at the end of this report (Table 1), the employment rate of older workers in Romania who are 55-64 years old is low (42.8%), while it is high for those aged 65-69 (16.2%) and 70-74 (13.4%), compared with EU averages (55.3%, 13.4% and 5.5%, respectively). Romania could do more to raise the retirement age; to review retirement conditions for persons working under arduous/hazardous conditions and improve their working conditions; and to promote job mobility. The country could also do more to launch awareness-raising campaigns on age discrimination; remove mandatory retirement rules; encourage social partners to implement appropriate measures to manage an age-diverse workforce; promote lifelong learning and up-skill older workers; offer employment services and appropriate active labour market programmes to older workers; and strengthen workplace safety and health. That said, Romania has taken steps to reward longer careers, restrict access to early retirement establish a mechanism for recognising and validating skills, and improve how employment subsidies to firms hiring older workers are designed.

### 1. Rewarding work and later retirement

#### 1.1. Enhancing incentives to continue working at an older age

##### Introduction

The old-age pension system in Romania consists of three pillars. The first is a Pay-As-You-Go (PAYG) pension scheme, which is mandatory for most types of contracts and employment categories; the exceptions are contracts for lawyers, clergy, notaries and self-employed persons earning less than 35% of the average wage. The second pillar is a privately managed mandatory open pension fund. The fund is compulsory for those born in and after 1973, and optional for those born between 1964 and 1972. The third pillar consists of private voluntary funds, to which only a small fraction of all employed persons contribute. The second and third pillars are defined contribution (DC) schemes, with the pension amount also determined by the return on investments generated by the pension funds. For pensioners receiving amounts below a certain threshold, a minimum benefit (social indemnity for pensioners) is paid from the general budget. That amount was increased in 2017 by 30% over 2014 (to RON 520); in the latter year it was increased by 14% over 2009. Due to high inactivity rates and informal work (assessed at 27.7% of total employment in 2013), inadequate coverage of older workers by pensions is a major issue in Romania (European Commission, 2015).

A pension reform enacted in 2010 and in force since January 2011 contains a number of elements to encourage lengthening working lives (Law No. 263/2010 on the unitary system of public pensions).

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<sup>1</sup> This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

### *Raising the statutory age of retirement*

The minimum contribution period required to become eligible for a pension of the first pillar is 15 years for both men and women. Entitlement to a full pension requires 35 years of contributions for men and 30 years for women. The 2010 pension reform sets rules to equalise the length of contributions for a full pension for men and women by 2030.

In 2016 a separate pension scheme was set up for police officers, penitentiary staff and military personnel. The scheme sets retirement conditions different from those laid down for the public pension system, in terms of the retirement criteria to be met as well as the methodology for pension calculation. This new reform replaces previous reforms from 2010 that had abolished certain sectoral schemes – including for the occupational categories mentioned – and establishes a unified pension system. The number of years required to gain the right to a full pension is generally rather low.

At the end of 2013, the statutory retirement age was 64 years and 8 months for men, and 59 years and 8 months for women. In December 2013 the government proposed to amend the pension by gradually increasing the retirement age for women by 2035 from 63 to 65. The bill was approved in the Senate in April 2014 and submitted for approval to the Chamber of Deputies; since then it is still under debate. Although this reform proposal is in the right direction it does not foresee increasing the retirement age to 67, as is planned in many other European countries.

### *Facilitating phased retirement*

Among European countries, Romania has one of the lowest shares of workers who reduce working time prior to retirement: in 2012 only 3.3% of 55-69 year-olds, compared with the EU average of 6.4% (Labour Force Survey ad hoc module). No specific schemes for phased retirement are in place (Eurofound, 2016).

### *Better combining of pensions and work income*

Previously, only employees employed in the private sector were able to combine pensions with income from work. Public sector employees could only combine the two if their pensions were lower than the national average wage. This restriction was removed by an amendment to the law passed in 2014, except for early retirees.

### *Rewarding longer careers*

The 2010 pension reform has strengthened incentives to continue employment after reaching the statutory pension age. For the insured who have completed the minimum contribution period; have contributed to the public pension system after reaching the statutory retirement age, the monthly pension points shall be increased. The increase pension points shall not be granted for the periods when the pension is combined with wage incomes.

## ***1.2. Towards restricted use of early retirement schemes***

### *Restricting access to publicly funded early retirement schemes*

Eligibility for retirement with a full or a reduced pension before reaching the statutory pension age depends on the number of years of contribution. Early retirement on a full pension is possible five years before reaching the statutory retirement age if the claimant fulfilled at least eight years more than the contribution period for receiving a full pension: in October 2017, at least 43 years for men and 38 years and 8 months for women. (The 2010 pension reform reduced the number of contributory years for entitlement to early retirement on full benefit to eight years from ten.)

Since 2011, partial early retirement is possible five years before reaching the statutory retirement age if the claimant contributed over a period longer than that required to receive a full pension, but not exceeding additional eight years. Non-contributory periods are not taken into account for the calculation of the early retirement pension or the partial early retirement pension. Before January 2011, a partial early retirement pension was available to those who had completed the full contribution period or exceeded it by up to ten years.

The partial early retirement pension is reduced by 0.75% per month short. The maximum penalty is 45% (compared with 30% before the 2010 pension reform). The reduction is temporary until the standard retirement age is reached. Since July 2016, when an amendment to the 2010 pension law came into force, the monthly penalty has ranged between 0.50% per month for a person who exceeded the full contribution period by up to one year, and 0.15% for a person who exceeded the full contribution period by between seven and eight years. Once they reach the statutory pension age, beneficiaries of the early retirement and partial early retirement pensions become automatically entitled to their full benefit, with non-contributory periods credited along with subsequent contribution periods achieved.

The number of people claiming partial early retirement decreased significantly between 2011 and 2014 (from 123 600 in 2010 to 95 500 in 2014), in particular among women, as a result of the new law and economic recovery. However, the number of people entering the (full) early retirement scheme doubled between 2010 and 2014 (European Commission, 2015). The changes have succeeded in postponing early retirement age, although it does not seem to have reduced retiring below the statutory age in the case of long careers. The reduced penalties in effect since 2016 are likely to increase incentives to claim partial early retirement pensions.

#### *Introducing specific provisions for arduous/hazardous work*

Romania has a long tradition of granting special retirement benefits to persons engaged in arduous/hazardous work (AHW): a lower statutory pension age, shorter working lives, and higher accrual rates. The 2000 and 2010 pension reforms changed the definition of such jobs. The legislation distinguishes between workers in normal, special and difficult working conditions. The definition of “special” working conditions is rather strict. The general criterion is the presence at the workplace of risk factors that could affect workers’ health and security at least 50% of work time. A few occupations are defined as entailing special working conditions (e.g. miners, workers in nuclear industries, some categories of artists and air navigation staff). In addition, the law specifies a list of 51 tasks and activities as a criterion for assessing the arduousness of working conditions. Most of these tasks are carried out in the metal and non-metal manufacturing industry, the petroleum/oil industry, water navigation services and mining. “Difficult” working conditions are by definition found in workplaces where a person can be exposed to risk factors up to 100% of their working hours, subject to a validation process. Difficult working conditions are a temporary category, since all jobs with difficult working conditions were supposed to be “normalised” before 2007, and must be reassessed every five years. It is expected that working conditions will improve. The transition period has been prolonged by law on several occasions (Urse, 2016). An emergency ordinance from 2015 states that workplaces with difficult conditions can be maintained by renewing the classification permits for a maximum period of three years (starting on 1 January 2016), by which time employers must have normalised working conditions.

As a result of the change in the law, many jobs no longer considered to involve AHW were redefined as having “difficult” conditions on a temporary basis. Others have been redefined as having “normal” conditions (e.g. auxiliary personnel in ambulances and drivers on heavy duty vehicles). Although the changes reflected an improvement in working conditions, they triggered discontent among workers and unions (Urse, 2016). The system now in place may not be fully sensitive to the extent of risk found in

certain occupations. For example, the tasks of construction workers are barely represented in the list, yet the results from an ad hoc labour force survey on working conditions would indicate that they are greatly overrepresented among workers perceiving their job as exposing them to risk factors.

For people working in special conditions, the statutory pension age is lowered by six months for each year of work, the total reduction ranging from one to thirteen years. The reduction applies to those who have worked at least two years in special conditions. Miners and artists who work for more than 20 years are rewarded with a further decrease in the retirement age (up to a maximum of 20 years for miners, 15 years for artists). Those in the nuclear industry who work for more than 15 or 17 years (depending on the degree of exposure to radiation) are entitled to retire regardless of age. For those having worked for at least six years in difficult conditions, the reduction is six months for every two years, ranging in total from one to eight years.

To calculate the number of years of contributions needed to be entitled to a full pension, each year worked in special conditions is treated as equivalent to 1.5 regular working years, and each year worked in difficult conditions is treated as equivalent to 1.25 years. Longer careers ensure shorter contribution periods for miners, artists and workers exposed to high levels of nuclear radiation. Further, the pension level of workers in special or difficult conditions is higher than those working under normal conditions. When calculating the pension level – which depends on earning levels throughout the working life and number of years of contribution expressed in pension points – the annual score is increased by 50% for the periods working in special conditions and by 25% for the periods working in difficult conditions.

The incentives to work longer appear to be ineffective, which may be due to the fact that occupational mobility is not promoted and phased retirement schemes are not available. The system in place follows a rationale of financial compensation for health problems resulting from the hardship of work, rather than one of active measures that would maintain the employability of workers.

### ***1.3. Preventing welfare benefits from being used as alternative pathways to early retirement***

#### *Unemployment (insurance and assistance) benefits*

Both the coverage and level of unemployment benefits have decreased sharply since 2010. By September 2014, only 28% of all unemployed people received unemployment benefits, and at the end of August 2017 only 18.9% of all unemployed people registered with the public employment service (PES) received unemployment benefits.<sup>2</sup>

At the end of 2013, the unemployment benefit for an unemployed person with work experience amounted to 55.3% of the minimum wage; for unemployed persons without work experience the figure was 29.7%. Given the accelerated increase of the minimum wage in the intervening three years, at the end of 2016 the unemployment benefit for an unemployed person with work experience represented 37.4% of the minimum wage, and for unemployed persons without work experience the benefit represented 19.4%.<sup>3</sup> Unemployment benefit recipients cannot refuse job offers in line with their experience, training or level of education, or participation in active labour market programmes (ALMPs).<sup>4</sup>

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<sup>2</sup> National Employment Agency, available at [www.anofm.ro/4-18%25-rata-%C5%9Fomajului-%C3%AEnregistrat-%C3%AEn-eviden%C5%A3ele-anofm-%C3%AEn-luna-august-2017](http://www.anofm.ro/4-18%25-rata-%C5%9Fomajului-%C3%AEnregistrat-%C3%AEn-eviden%C5%A3ele-anofm-%C3%AEn-luna-august-2017) (accessed 19 March 2018).

<sup>3</sup> National Institute of Statistics, Tempo Database, available at <http://statistici.insse.ro/shop/> (accessed 19 March 2018).

<sup>4</sup> Law No. 76/2002 on the unemployment insurance system and on the stimulation of employment, with subsequent modifications and completions, art. 42, Para. (1).

Unemployment benefits do not seem to have served as a substitute for or pathway to early retirement. On the contrary, it seems that early retirement is a favoured strategy when older workers become unemployed. When unemployment rose as a consequence of the crisis between 2010 and 2011, the number of people drawing partial early retirement increased by roughly 10%.

### *Social aid*

Very few monetary or in-kind benefits are available to unemployed persons in addition to or following termination of the unemployment benefit. They can claim the minimum income guarantee (MIG) under certain conditions. A high majority of able-to-work MIG recipients are unskilled or low-skilled workers, are long-term unemployed, or have never worked in a formal way or completed compulsory education.

The MIG scheme contains activation elements, including the obligation to accept suitable work. According to Law No. 416/2001 on minimum income guarantee, persons able to work from a household entitled to social aid have to provide evidence that they are enrolled at the local agency for employment and that they have not rejected a job or refused to participate in a vocational training course for employment. Failure to comply with this obligation results in suspension of the social aid. Jobs are offered by the public employment services when they are available. If the beneficiary refuses a job offer, the payment will be suspended; if they refuse three times, the payment will be halted. According to MIG legislation, the evidence that the persons able to work are enrolled at the local agency for employment is ensured by a monthly exchange of information between the public employment service and the county agency for payments and social inspection. The obligation to accept rather than refuse a job is not applicable to elderly persons, people with disabilities, people who are in some form of education, or those who take care of children or adults with disabilities or other medical conditions.

Unemployed beneficiaries of MIG have to complete a monthly number of hours of community work organised by municipalities. Since 2011, all city halls have tried to enforce this obligation, and some municipalities report a significant number of beneficiaries who preferred to give up the benefit rather than perform community work. Very few beneficiaries leave MIG because they have found a job. Further, weak institutional co-operation between the local public social assistance services in charge of MIG and the public employment services limits effective activation of MIG recipients (AUR and RENASIS, 2014).

Reforms of the minimum income scheme are planned. On 30 March 2016, the government adopted a draft law for a new benefit scheme, the “minimum inclusion income” scheme (MII), with a higher budget and improved conditions for integrating recipients into the labour market (Government of Romania, 2016). In October 2016 the Romanian Parliament adopted the Minimum Inclusion Income Law No. 196/2016, which will enter into force from April 2018. This law ensures a minimal level of living, defined as having the costs of basic needs covered. This programme better targets the poorest, and would provide incentives for the working poor to combine earnings with social assistance receipts. Also, the MII program will be better linked to employment services. For purposes of stimulating the participation of beneficiaries on the labour market, 50% of the incomes from formal sources (salaries, self-employed activities, agricultural incomes) will be disregarded, but not more RON 400 per family. The MII will be granted to all families or single persons with low or no income and in need of assistance by the state to help them overcome their situation.

The Operational Action Plan for the period 2016-2020, designed to implement the National Strategy for Promoting Active Ageing and Protection of the Elderly for the period 2015-2020, foresees strengthening the social protection system in order to improve the quality of life of the elderly. In this context, the MII would support the elderly who are without income and not covered by the social security system, especially in rural areas.

## *Disability benefits*

The disability pension can be granted if the person applying for it has one of the three degrees of disability, as determined the medical-psychosocial criteria contained in the Order of the Minister of Labour, Family and Equal Opportunities and of the Minister of Public Health No. 762/1992/2007. That criteria forms the basis for establishing the degree of handicap via disability grades: grade 1 corresponds to a total loss of work capacity and self-care capacity; grade 2 to total loss of work capacity while retaining self-care capacity; and grade 3 to a loss of half of the work capacity, retaining the ability to work from time to time. These degrees of disability are the first and most important condition to be fulfilled for granting the disability pension. Claimants need to have been insured by the social insurance system prior the illness or injury.

The 2010 disability policy reform was intended to discourage abuse of disability allowances and disability pensions by harmonising them and developing a unique set of criteria. Consequently, new regulations, deadlines and penalties were implemented for carrying out medical expertise. In 2017, a draft common framework for assessing disability was elaborated. It has yet to undergo the inter-institutional approving process.

The Law on the Protection and Promotion of Persons with Disabilities of 2006 requires employers to adapt the workplace to the needs of people with disabilities. It would be useful to assess whether this law is being implemented effectively. Several pieces of legislation empower the occupational health services or occupational physician at the workplace to take the lead in the rehabilitation of workers returning to work after a sickness absence, whether work-related or not. However, there does not seem to be any general supporting mechanism to help these services with this task. Most measures relate to medical rehabilitation rather than supporting the return to work (Dogariu and Fries-Tersch, 2016). A number of centres of the National House of Public Pensions (*Casa Nationala de Pensii Publice* – CNPP), established in 2000, provide rehabilitation services to people with disabilities, but these are mostly related to medical rehabilitation and not to vocational rehabilitation.

A number of programmes for vocational rehabilitation are in place, although mainly for those with occupational diseases or people with a recognised disability. From 2008 to 2011, a project entitled “Equal Opportunities on the Labour Market – Vocational Integration of People with Disabilities in the Labour Market”, co-funded by the European Social Fund (ESF), was implemented in the context of the Programme for Social Inclusion. One of the recommendations from the project is the need to develop vocational rehabilitation services for these people, in order to facilitate their integration into the labour market.

## **2. Encouraging employers to retain and hire older workers**

### ***2.1. Preventing discrimination in employment on the basis of age***

#### *Implementing current or new legislation*

Antidiscrimination legislation was introduced in 2000 with various updates and amendments, transposing the provisions of the existing EU anti-discrimination directives. Ordinance No. 137 of 31 August 2000 on the prevention and punishment of all forms of discrimination, with subsequent modifications and completions, sets the framework of antidiscrimination legislation in Romania. The law includes a distinct chapter on “Equality in economic activity and in issues related to employment and occupation”, which includes references to anti-discrimination on the grounds of age (Labour Code Law No. 53/2003). Furthermore, Law No. 76/2002 on the unemployment insurance system and stimulation of employment, with subsequent modifications and completions, prohibits any sort of discrimination, including by age.

Anti-discrimination provisions on the grounds of age are taken up in other regulatory frameworks. The Government Decision on the “Monitoring of Workers’ Health” of 2007 was updated in 2011 in order to eliminate the condition of age as a restriction to perform “work at high elevations” (above 55) and “work in high atmospheric pressure” (above 45). The initiative was taken at the request of the trade unions, to prolong the working life of ageing workers who carry out activities involving occupational health and safety risks (Dogariu and Fries-Tersch, 2016). The law on the unemployment insurance system and employment stimulation of 2002 forbids any kind of discrimination, including on grounds of age.

#### *Launching public awareness campaigns*

In 2015 the government approved the aforementioned National Strategy for promoting active ageing and the protection of the elderly for the period 2015-2020 and Operational Action Plan for the period 2016-2020, as well as their mechanism for monitoring and integrated assessment, which was amended in 2016. One of their objectives consists of promoting the active and dignified social participation of the elderly. This should be achieved through measures leading to a better social image of older people through promoting participation and social inclusion, including through volunteering use of public spaces and preventing abuse and exclusion of the elderly. Measures to promote volunteering should be implemented during 2017 and 2020.

## **2.2. Taking a balanced approach to employment protection by age**

#### *Implementing age-neutral measures*

The year 2011 saw reform of the Labour Code. As a result, employment protection legislation (EPL) has become substantially less restrictive, according to an estimate by the International Labour Organization (ILO) using OECD methodology on the EPL index (comparing the situation in 2007/8 and 2010/11). The reform mainly involved easing of the conditions for using a fixed-term contract, reducing its maximum length and limiting trade union power in this regard. While it may have a positive impact on hiring older workers, the incidence of temporary work of older workers actually fell slightly between 2006 and 2016 (Table 1). For workers on permanent contracts, the priority given to this group for rehiring after a collective dismissal has been reduced from 9 months to 45 days (ILO, 2012). That may have a negative impact on the re-employment of older workers. No specific action relevant to older workers has been taken.

## **2.3. Discouraging mandatory retirement by employers**

#### *By law in general*

Under the Labour Code (Law No. 49/2010), the employment contract ceases when the worker meets the conditions for claiming a full pension (date of cumulative fulfilment of the standard retirement age and minimum contribution period). After that age any person may continue to work under a new fixed-term contract in the private sector. In the public sector mandatory retirement is the rule, with some exceptions (see below).

#### *By sector/occupation, private/public sector, region*

In December 2012, the government passed a decision on the “Un-retirement Initiative for Teachers and University Professors”. It allows these professionals to go back to work after retirement. This decision was taken to ensure the transfer of their knowledge to their new colleagues, to address the shortage of teachers with required levels of competence. Before, teachers who reached retirement age were only allowed to perform teaching activities paid by hour.

The above-mentioned National Strategy for Promoting Active Ageing and Protection of the Elderly and its Action Plan foresee implementing between 2018 and 2020 an amendment of the law for the employment of civil servants that will encourage maintaining them in employment at the request of the civil servant and upon consent of the employer. It is planned to introduce provisions for implementing flexibility and adjustment programmes for the work organisation of older workers.

#### ***2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers***

##### *For all older workers*

Moreover, the Action Plan of the National Strategy includes a measure for encouraging employers to employ older people, in accordance with Law No. 76/2002, through incentive schemes for employers to adapt and improve working conditions for their older employees. That particular measure should be implemented between 2018 and 2020.

##### *Review of the use of seniority wages*

It would be useful to scrutinise existing regulations and collective agreements to detect whether they contain rules that base wages on age or length of service where the criterion of increased performance does not apply.

#### ***2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce***

##### *Tackling a variety of issues*

The Law on Social Dialogue of 2011 abolished collective bargaining at the national level and eliminated the automatic extension of collective agreements to non-signatory parties. The new legislation has also increased the minimum number of workers necessary for the formation of a trade union and raised the threshold of trade unions' representation for concluding collective agreements (ILO, 2012). This reform has weakened trade unions and strongly reduced collective bargaining coverage (Stoiciu, 2016). As a result of the reform, collective bargaining at company level is in principle strengthened, but with weakened social partners it is doubtful whether this will result in improved conditions for negotiating age management issues in a significant number of enterprises. Social partners should be encouraged to implement appropriate tools and measures to promote an age-diverse workforce. It should be ascertained whether single employers implement such measures and share good practices.

### **3. Promoting the employability of workers throughout their working lives**

#### ***3.1. Enhancing participation in training by workers in their mid- to late careers***

##### *Providing guidance services*

In line with the above-mentioned Action Plan to implement the National Strategy, older workers will be provided with information and guidance on training programmes in the area of information and communications technology (ICT) as well as with general knowledge on health. This information and guidance is planned to be implemented in 2018-2020.

### *Providing access to training adjusted to the experience and learning needs of older workers*

Overall, the role of skill-building measures in ALMPs remains marginal, in particular with regard to older workers. The number of participants in training programmes of the PES declined between 2007 and 2015. Nevertheless it can be mentioned that training programmes co-financed by the ESF have included older unemployed people or older workers at risk of becoming unemployed among target groups (Ghinararu, 2015).

The above-mentioned Action Plan also foresees organising training programmes for older people to acquire new skills or improve existing ones, to be implemented between 2017 and 2020.

### *Promoting lifelong learning and development of the adult vocational education and training system*

No specific action relevant to older workers has been taken.

### *Setting up mechanisms for recognising and validating skills*

A mechanism for recognising and validating skills was introduced in 2013 by Law 250/2013, which amended Law No. 76/2002 on the unemployment insurance system and the stimulation of employment, and amending Law No. 116/2002 on preventing and combating social marginalisation. An unemployed person registered with local employment offices may apply for this procedure following an interview with and appraisal from the PES counsellor. The certification procedure is funded by the unemployment insurance fund. Participants receive an allowance to cover transportation, meals and accommodation. Certificates and diplomas accredited through this process hold equal value with those supplied via the formal training procedures. From 2014 to 2016, 144 unemployed persons aged 45 and over participated in the certificate recognition procedure (32.7% of all unemployed who participated in that measure).

People aged 60 or older are a planned target group for support in obtaining recognition and validation of informal learning, again through implementation of the National Strategy. Implementation of this measure is planned for 2018-20.

## **3.2. Providing effective employment assistance to older jobseekers**

### *Promoting an all-age mainstreaming activation approach*

Activities to promote the labour market integration of unemployed people have drastically declined. According to the Eurostat ALMP database, the stock of participants in ALMPs fell from 83 000 in 2007 to 33 000 in 2015. In the latter year the indicator estimating ALMP participants per 100 persons wanting to work was the second lowest in Europe. The budget for ALMPs in 2015 was only a third of the one in 2007, and the share of GDP spent for ALMPs declined from 0.08 to 0.02 between those two years.

There is also an obvious difficulty in reaching out to the older unemployed. The number of unemployed persons who have at most five years before reaching retirement age rarely participated in employment incentive measures (Urse, 2016).

### *Targeting workers most at risk of long-term joblessness*

Long-term unemployed persons – and, as stated above, the older unemployed close to retirement age – rarely participate in ALMPs (Pop, 2015). The Action Plan of the National Strategy foresees providing personalised career guidance and counselling or mediation for seniors looking for a job. The corresponding measures should be implemented between 2017 and 2020.

### *Providing employment/hiring subsidies to firms*

Hiring subsidies in the early 2000s consisted of a combination of wage subsidies and reductions in the mandatory contributions to the state-administered social security schemes. Subsidies were tied to minimum salaries until the end of 2010 (and ever since to the much lower social reference indicator). In practically all cases they are conditional on maintaining the newly created and subsidised employment for a certain period following cessation of the subsidy (generally under the penalty of returning the full amount received). Since 2012 there have been specific subsidies available to employers hiring individuals over the age of 45. For a period of 12 months employers receive a subsidy equal to the social reference indicator (RON 900 since 2016, previously RON 500). The subsidy is conditional on drawing up a permanent contract and an effective employment period of at least 18 months (reduced from a period of two years by the latest amendment of the measure in 2013). Exemptions to contributions to the mandatory social security schemes were removed. The measure also applies to employers hiring disabled persons (Ghinararu, 2014).

A specific subsidy for employers hiring individuals close to the statutory retirement age has been available since 2002. Employers receive a subsidy equal to the social reference indicator when hiring individuals with five years left before reaching statutory retirement, provided they do not fulfil criteria for partial early retirement. This subsidy is granted for the entire period until the person hired either reaches the statutory retirement age or fulfils the criteria for partial early retirement. In 2013, for this target group the number of years left to reach retirement was extended from three to five years until the person fulfils the conditions for partial early retirement or the old-age pension. Also, beginning in 2016 the subsidy provided is equal to RON 900 per month.

The number of participants in these two measures varied between 12 400 and 20 000 over the period 2010-2015. In 2013, around 13% of the unemployed over 45 benefited from subsidised work. One of the most vulnerable groups to reach out to is that of unemployed persons over 45 with a low level of education and who live in rural areas or small urban areas with fewer employment opportunities (Pop, 2015).

The Action Plan of the National Strategy for Promoting Active Ageing and Protection of the Elderly (2015-2020) foresees promoting the employment of older workers in social enterprises, by subsidising 10% of the monthly salary for a period of one year. It is planned to implement this measure during the period 2018-2020.

### *Providing other active labour market policies*

For the participation of MIG recipients in public work, see Section 1.3. Vocational rehabilitation – which would be relevant to older workers since they are more likely to have health problems than younger workers – plays a marginal role in Romania.

### **3.3. Enhancing job quality for older workers**

#### *Strengthening workplace safety and physical and mental health*

The Law on Occupational Safety and Health of 2006 requires employers to set up occupational health services for the implementation of rehabilitation measures for workers returning to work following an occupational accident or disease. The rehabilitation measures to be implemented, such as adapting the work station or the working times, are decided by the occupational doctor.

The National Strategy for Occupational Health and Safety (2008-2013) – drafted jointly by the Ministry of Labour, Family, Social Protection and Older People and the Ministry of Health – was not adopted (Dogariu and Fries-Tersch, 2016). The strategy has been elaborated and posted on the website, as part of the procedure for ensuring transparent decision making.

The Action Plan of the National Strategy for Promoting Active Ageing and Protection of the Elderly (2015-2020), foresees organising awareness campaigns in 2018-2020 on reasonable adaptation of jobs carried out by older workers and people with functional limitations.

*Reducing the incidence arduous/hazardous work*

Improvement in working conditions has been slower than expected (see Section 1.2). There are no specific measures to maintain employability, prevent health problems, or promote occupational mobility for workers with special or difficult working conditions.

*Balancing professional and family responsibilities*

One of the objectives of the Action Plan of the National Strategy for Promoting Active Ageing and Protection of the Elderly (2015-2020) is to procure a higher degree of autonomy and security for people in need of long-term care. A unified system of long-term care that integrates benefits and services will be implemented between 2016 and 2020, and the system will receive adequate financial, human and material resources between 2017 and 2020. Improved institutional old-age care and financial support are likely to increase the employment rates of older workers who have to care for old relatives.

Table 1. Late Career Scoreboard, Romania, 2006 and 2016

	Romania		EU28 <sup>a</sup>		OECD <sup>a</sup>	
	2006	2016	2006	2016	2006	2016
<b>Demographic situation</b>						
-- Old-age dependency ratio <sup>b</sup>	0.24	0.29	0.28	0.32	0.23	0.28
-- Effective labour force exit age <sup>c</sup> (years) Men	70.0	68.1	62.0	63.4	63.6	65.1
Women	67.8	66.3	60.5	62.0	62.3	63.6
<b>Employment</b>						
-- Employment rate, 50-74 (% of the age group)	41.8	39.2	38.3	45.4	47.0	50.8
of which 50-54	66.2	72.8	73.1	77.9	73.8	75.7
55-64	41.7	42.8	43.3	55.3	52.7	59.2
65-69	24.9	16.2	9.1	12.1	20.3	25.5
70-74	20.9	13.4	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ([men-women]/men)	0.31	0.37	0.34	0.21	0.32	0.25
<b>Job characteristics</b>						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	14.2	13.0	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	78.2	69.9	85.4	78.9	87.3	85.2
Average number of weekly hours worked	22.3	19.7	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	0.9	0.8	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	42.3	24.3	24.1	19.7	38.0	32.8
-- Full-time earnings, 55-64 relative to 25-54 (ratio)	-	-	-	-	1.09	1.10
<b>Dynamics</b>						
-- Retention rate <sup>d</sup> after 60 (% of employees t-5)	26.7	38.2	37.1	48.8	40.3	50.3
-- Hiring rate, <sup>e</sup> 55-64 (% of employees in the age group)	15.9	1.9	6.1	5.8	9.2	9.1
<b>Joblessness</b>						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	2.6	3.2	6.1	6.4	4.3	4.6
-- Incidence of long-term <sup>f</sup> unemployment, 55-64 (% of total unemployment in the age group)	62.8	57.1	49.8	63.7	26.3	44.3
-- Marginally attached workers, <sup>g</sup> 55-64 (% of population in the age group)	1.1	1.3	2.4	1.9	1.2	1.2
<b>Employability</b>						
-- Share of 55-64 with tertiary education (% of population in the age group)	8.9	9.6	17.2	22.9	20.0	26.2
-- Participation in training, <sup>h</sup> 55-74 (% of employed in the age group)	-	-	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	-	-	-	0.66	-	-

a) Weighted averages with the exception of the share with tertiary education.

b) The ratio of the population aged 65 and over to the population aged 20-64.

c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.

d) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously. Year 2006 refers to 2007.

e) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

f) Unemployed for more than one year.

g) Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week.

h) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. Implementing ageing and employment policies in Romania, 2017 to mid-2017

<b>1. Rewarding work and later retirement</b>	
<b>1.1. Enhancing incentives to continue working at an older age</b>	
<i>Raising the statutory age of retirement</i>	/
<i>Facilitating phased retirement</i>	/
<i>Better combining of pensions and work income</i>	+
<i>Rewarding longer careers</i>	+
<b>1.2. Towards restricted use of early retirement schemes</b>	
<i>Restricting access to publicly funded early retirement schemes</i>	+?
<i>Introducing specific provisions for arduous/hazardous work</i>	+?
<b>1.3. Preventing welfare benefits from being used as alternative pathways to early retirement</b>	
<i>Unemployment (insurance and assistance) benefits</i>	/
<i>Social aid</i>	+?
<i>Disability benefits</i>	+
<b>2. Encouraging employers to retain and hire older workers</b>	
<b>2.1. Preventing discrimination in employment on the basis of age</b>	
<i>Implementing current or new legislation</i>	+
<i>Launching public awareness campaigns</i>	/
<b>2.2. Taking a balanced approach to employment protection by age</b>	
<i>Implementing age-neutral measures</i>	/
<b>2.3. Discouraging mandatory retirement by employers</b>	
<i>By law in general</i>	/
<i>By sector/occupation, private/public sector, region</i>	+
<b>2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers</b>	

<i>For all older workers</i>	/
<i>Review of the use of seniority wages</i>	/
<b>2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce</b>	
<i>Tackling a variety of issues</i>	?
<b>3. Promoting the employability of workers throughout their working lives</b>	
<b>3.1. Enhancing participation in training by workers in their mid- to late careers</b>	
<i>Providing guidance services</i>	/
<i>Providing access to training adjusted to the experience and learning needs of older workers</i>	?
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	/
<i>Setting up mechanisms for recognising and validating skills</i>	+
<b>3.2. Providing effective employment assistance to older jobseekers</b>	
<i>Promoting an all-age mainstreaming activation approach</i>	?
<i>Targeting workers most at risk of long-term joblessness</i>	/
<i>Providing employment/hiring subsidies to firms</i>	+
<i>Providing other active labour market policies</i>	/
<b>3.3. Enhancing job quality for older workers</b>	
<i>Strengthening workplace safety and physical and mental health</i>	/
<i>Reducing the incidence of arduous/hazardous work</i>	/
<i>Balancing professional and family responsibilities</i>	/
<p>++ = Substantial action taken.  + = Some action taken, but more could be done.  +? = Some action taken, but requires further assessment.  ? = Some action taken with negative impact.  / = No relevant action taken.  ✓ = No action needed</p> <p><i>Source:</i> Assessment based mainly on answers by Romania to the 2016-2017 OECD questionnaire.</p>	

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