



Analysis of the European Commission 2024 European Semester Report for Romania

Introduction

The European Commission released the 2024 Country Report for Romania as part of the accompanying documents for *Recommendation for a Council recommendation on the economic, social, employment, structural and budgetary policies of Romania*. The report includes an economic and employment snapshot, another part dedicated to further priorities ahead, a section dedicated to key findings and a series of annexes. The first part of the document provides a wide and general context, with only few data (that are further elaborated in the annexes) and has a section on the implementation of the European Pillar of Social Rights, where it states that particular attention should be paid to “improving public employment services and the effectiveness of measures to find work or training for women, NEETs and disadvantaged groups such as people with disabilities and marginalized communities, such as Roma.”¹

Overall, the document recognizes the positive developments in Romania over the past year and mentions as strengths: growth by supporting investments in infrastructure, green energy, digitalization, healthcare, and social services. These efforts are reflected in improvements in real GDP growth, labor productivity, and a narrowing current account deficit. Romania's public investment has also expanded significantly, particularly in infrastructure, supported by EU funds. Furthermore, real wage growth and employment rates have risen, and poverty reduction initiatives like the minimum inclusion income programme have targeted vulnerable populations effectively. Key reforms, including those in education and training systems, are aligned with EU goals to improve access to skills and reduce school dropout rates. Additionally, energy-efficiency measures and renewable energy investments signal progress toward the green transition and reduced reliance on fossil fuels.

There are, of course, aspects that need improvement and immediate attention, and the document mentions the fact that structural vulnerabilities persist in the labor market, including high NEET (Not in Education, Employment, or Training) rates among young people, significant gender and disability employment gaps, and a low employment rate for low-skilled workers. The country also struggles with poverty and social inequality, with high risks of poverty, particularly in rural areas, compounded by insufficient social services. Fiscal and current account deficits are high, and public debt remains a concern under the excessive deficit procedure. While Romania has made strides in digitalization, it still lags behind EU averages, and SMEs face challenges accessing finance due to a high cost of bank credit. Administrative and bureaucratic constraints, along with limited local-level administrative capacity, pose further barriers to efficiently implementing EU-funded projects and reforms.

¹ 2024 Country Report – Romania, page 17

Lastly, Romania's decarbonization efforts face setbacks in transport and industrial sectors, compounded by slow grid improvements and regulatory challenges in energy and environmental policies.

In the annexes, we looked at three particular ones that are linked to children, child protection and reducing poverty, but also to youngsters and vulnerable families.

A. Employment, skills and social policy challenges in light of the European Pillar of Social Rights

The annex provides an overview of the progress achieved by Romania in implementing the 20 principles of the Pillar and point out the following:

Children and Poverty

The rate of children at risk of poverty or social exclusion in Romania is high, standing at 41.5% in 2022, which is significantly above the EU average of 24.7% (the latest statistics of the National Institute for Statistics show that for 2023, this rate has decreased slightly and it is now 39%).² This disproportionately affects children in rural areas, those from Roma communities, and children with disabilities. The challenges are particularly notable in areas like early childhood education and formal childcare, with only 12.3% of children under three enrolled in formal childcare, compared to the EU average of 35.7%. The issue is compounded by an early school-leaving rate of 16.6%, one of the highest in the EU, which disproportionately impacts rural youth, Roma children, and those with disabilities. We need to consider this early school leaving rate of 16.6% in the context of the *Strategy for the Reduction of Early School Leaving in Romania*, which states that in 2013 the rate was 17.3% and set as target for 2023 a rate of 11%.³ Unfortunately, the national programmes and strategies aimed to reduce school abandonment - including the one called *Romania educată* (Educated Romania), did not prove as effective as expected and the rate has decreased by only 0.7% over the past 10 years.

Social Transfers and Support Systems

Social transfers, which are critical in reducing poverty, are less effective in Romania compared to the EU average. The impact of these transfers on poverty reduction is only half of the EU average, indicating a pressing need to improve social assistance measures and ensure their accessibility. The minimum inclusion income (VMI) reform under Romania's Recovery and Resilience Plan (RRP) is one of the measures aimed at addressing poverty by providing more efficient social assistance, particularly for low-income and vulnerable families. However, our experience shows that there is still a significant number of children and adults who are left behind and they are not registered as vulnerable, consequently not benefitting of any type of support. This makes them fall through the cracks of the system and has a much wider impact in terms of education (the children cannot attend school/cannot enroll in school), of employment (in many cases adults do not have IDs and cannot access the labour market) and of access to health services. These families are therefore in a chronic state of vulnerability and

² Press Release No. 163 from June 28 2024 of the national Institute for Statistics, page 3. Document in Romanian, available at: https://insse.ro/cms/sites/default/files/com_presa/com_pdf/saracia_si_excluziunea_sociala_r2023_0.pdf

³ Strategia privind reducerea părăsirii timpurii a școlii în România, page 11. Document available in Romanian at: https://www.edu.ro/sites/default/files/_fișiere/Invatamant-Preuniversitar/2015/Strategie-PTS/Strategia-PTS-2015.pdf

need systemic interventions and support, but unfortunately they remain "invisible" for the authorities.

Structural Reforms and Initiatives

Several reforms supported by EU funding aim to address these issues, including the European Social Fund Plus (ESF+), which is backing initiatives like the European Child Guarantee. These measures are intended to reduce child poverty, increase access to social services, and improve conditions for vulnerable children across rural and marginalized communities. Additionally, investments in education reforms and programmes to foster digital skills, particularly in disadvantaged areas, are part of the broader effort to enhance inclusivity and equal opportunities. As stated before in another document produced by Hope and Homes for Children Romania, the National Plan for the implementation of the Child Guarantee has systemic flaws and does not include certain categories of vulnerable persons (young mothers, migrant children from Ukraine), while other categories are treated in "bulk", such as children in state care or children benefitting from the services of Day care centres.

In general, the absorption rate for EU funds from the MFF 2021-2027 is very low for the cohesion funds and for the NRRP, while it is higher (around 20%), there are still significant delays for the reimbursements from the EU (especially due to the fact that some of the milestones have been achieved only partially or not at all).

The challenges highlighted by this part of the report are mostly structural ones in terms of tackling child poverty and improving social inclusion. The high rates of poverty and social exclusion, coupled with limited access to effective social transfers and lack of access to education (together with the actual quality of education and early school abandonment) continue to affect vulnerable populations, including children.

B. Education and training

The annex presents some of the challenges that Romania faces in terms of education, access to education and in terms of training. Regarding vulnerable children and families, we can mention:

Socio-economic disparities

The inequalities in terms of income and socio-economic status result in difficult access to education – first to enrollment in education, but also in terms of staying in school and finishing mandatory studies. Another result is the performance of students coming from vulnerable environments, with 75.4% of students from low-income families underachieving in math, compared to only 18.7% from higher-income backgrounds. This discrepancy underscores the impact of economic factors on educational outcomes and contributes to Romania's highest performance gap in the EU. Our experience also shows that the children in state care, while they have access to school and education, are in many instances underperformers, as they do not see education as a priority and there are no specific programmes (at the level of schools, but also at the level of the child care system) for providing these children with counselling in terms of the importance of education.

Early Childhood Education

Enrollment in early childhood education is low, with only 75.6% of children between age three and primary school participating, significantly below the EU average of 92.5%. Rural areas and Roma communities are disproportionately affected by low enrollment rates, which can impact children's foundational learning experiences and readiness for primary education. While there are programmes and strategy for early intervention and enrollment in education, there are many children who are not taken into account by the authorities, either because of lack of IDs or because the lack of a fixed residence.

High Dropout and Early School Leaving Rates

As mentioned before, Romania has one of the highest rates of early school abandonment in the EU and the programmes and strategies put in place during the past years had almost no visible effect in decreasing this rate (currently at 16.6%). Higher rates can be identified in rural areas and among Roma students (up to 27.5%), while lower rates are usually identified in urban areas. The Child Guarantee includes programmes that are meant to support children to remain in education (including, but not limited to a hot meal per day in school, a fresh fruit and a morning snack for every child between 1st and 4th grade and financial support for school supplies). However, these programmes are in many situations either delayed or they do not include all children who would need that type of support.

Much like in the previous section, the challenges faced in the area of education are systemic. The programmes and interventions implemented by Romania need to be correlated and synchronized, but at the same time they need time to be effective and to reach the desired results. In this respect, the Child Guarantee has some promising measures and provisions (such as scaling up the programme for school supplies at national level), but the implementation needs to be improved.

C. Health and health systems

This annex provides a picture of the health system in Romania at this time and there are two aspects that are directly linked to vulnerable categories:

Prevention and primary care services

According to the document, the primary care and prevention services are not very well developed and play a limited role in disease prevention, early diagnostics and treatment. Our experience further shows that there are many vulnerable children and families who do not have access to the most basic care services or to the prevention services (as scarce as they are). This, in turn, results in the fact that some diseases either become chronic or in some situations they get to the point where they cannot be treated anymore or can be treated with very poor results. Moreover, in many cases, the cost of the treatment becomes higher and part of it is transferred to the patient, which cannot afford this cost most of the time (specialized medical checkups, specific interventions etc). Our experience also shows that health education is a subject which is tackled in school only to a limited extent and, at the same time, it is treated in the same manner in many families. We also noticed that there is a direct connection in the families we work with between their level of education and the way they discuss (or not) health issues with their children. In many instances, since their level of education is lower, health issues are not among the main subjects discussed.

Access to specialized care and services

According to the document, access to specialized care is uneven, being conditioned by the geographical spread of these services (mostly in urban areas) and by their quality (they tend to be better in larger cities, with larger and more specialized clinics). Furthermore, our experience shows that access to these services is even more difficult for vulnerable families (adults and children alike), since in many cases this is conditioned by access to a general practitioner first. Many children and families are not enrolled on the lists of general practitioners and therefore the only way to access specialized services is to visit the Emergency Rooms in the hospitals, but this leads to longer waiting times and to instances where their condition is not regarded as an emergency, therefore they do not get treatment in due time.

Recommendations

Based on the abovementioned aspects and on the experience that Hope and Homes for Children Romania has at grass-root level in implementing programmes for the most vulnerable children and families, we have the following recommendations:

1. Enhance support for vulnerable families and children

- Strengthen social assistance programmes to reach more vulnerable children and families, especially those in rural areas and marginalized communities. Improve the efficiency and reach of the minimum inclusion income (VMI) and increase coordination across services.
- Implement targeted support measures within the European Child Guarantee, expanding access to essential services, educational supplies, and nutrition programmes to reduce child poverty and improve school attendance.

2. Expand access to quality education

- Address high dropout rates through stronger early intervention programmes, additional support for disadvantaged children, and tailored counseling services for at-risk students.
- Improve access to early childhood education, especially in rural areas, by increasing the availability of facilities and financial incentives for enrollment. This could involve mobile educational units or community partnerships to bridge gaps where formal institutions are lacking.

3. Invest in primary healthcare and prevention

- Increase the coverage of primary care services to include vulnerable children and families. This would improve disease prevention and early detection, particularly for chronic illnesses.
- Expand public health education in schools and communities to raise awareness about preventive healthcare and address behavioral health risks.

4. Optimize EU fund utilization

- Increase administrative capacity in order to improve absorption rates of EU funds, ensuring timely implementation of programmes aimed at poverty reduction, healthcare, and infrastructure development.

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