REVIEW OF PROGRESS IN VOCATIONAL EDUCATION AND TRAINING REFORM IN ROMANIA 2004
1. OVERALL ASSESSMENT

Important policy changes have taken effect during the past 12 months. The authorisation process of adult training providers came into force, and compulsory education was extended, offering progressive pathways in both general education and vocational streams. As a new concept of vocational schools, the Arts and Trades Schools started their activities. The number of schools has increased significantly. This has had a positive impact on enrolment figures, although the effect was not the same in rural and urban areas. A breakthrough was achieved in establishing a National Qualification Agency, laying the basis for a stronger integration of initial and continuing vocational education and training. But participation in adult learning, secondary and higher education, will need to be further raised, and the generic measures that have been introduced during the reporting period do not seem to reach those most in need to the same extent as other groups of the population.

In 2003 the economy of Romania continued to grow. The annual GDP growth rate at constant prices was 4.9%. GDP per capita represented 28% of the EU-15 average and about 26% of the EU-25 average. The changes in the structure of gross value added were minimal compared to the previous year. In 2003 the structure of the gross value added in the GDP was as follows: services 49%, industry 31%, agriculture 13% and construction 6%1.

Although economic growth is continuing for the fifth consecutive year, employment growth is stagnant. This ‘jobless growth’ seems to be linked, among other things, to the general wage policy, which aims to raise the real value of the salaries of low earners. The small degree of new employment generation seems to be primarily driven by foreign investment in mobile low-skilled, low-wage jobs. While bringing benefits to the ones already in employment, the current economic growth has not contributed greatly to increasing the labour force activity rate (which is on a decreasing trend: 60.3% in 2003, down from 63.4% in 2002), or the reduction of the unemployment rate. The reduction in unemployment can therefore be attributed mainly to a drop in the economic participation of the population. The need to attract a different type of foreign direct investment and productivity growth are emphasised in the National Development Plan 2004-06. These are important considerations for the development of human resources, however the human resource development strategy that is included in the National Development Plan does not elaborate on these conclusions. Apart from developing skills in the ICT area, the human resource development strategy aims mainly at improving access to education and measures for dealing with the consequences of restructuring.

An analysis of the performance of Romania against the European benchmarks on education and training highlights once more that the Romanian education system is traditionally focused on best performers, rather than on overall achievement. It includes the results from PISA (the Programme for International Student Assessment), which evaluated the reading abilities of 15 year-old students and showed that over 40% of all 15 year-olds had a low functional reading ability2 in comparison with the average of the EU participants in PISA 2000 (17.5%). The EU has set itself a benchmark to decrease by at least 20% the number of low achieving 15 year-olds in reading literacy (Level 1 or below in the PISA reading literacy scale) by 2010 compared to the year 2000. The youth education attainment level for the population aged 20 to 24 (73.8%) is below the EU level (76.8%), and a long way from the target of 85% for the age group. On the other hand, the relatively favourable rate of graduates in maths and sciences (almost 25% of all graduates in 2001) places Romanian university graduates in a relatively favourable position in comparison to EU Member States. The EU has set itself a target to increase the total number of graduates in maths, science and technology by at least 15% by 2010. The growing importance of the ICT sector in the Romanian economy (National Development Plan 2004-06) also shows that Romania is profiting from a growing number of highly qualified experts in ICT. However, at the same time the average level of ICT literacy skills across the whole population remains low.

Access to education and lifelong learning remains a major concern. In 2003 the early school leavers’ rate in Romania was well above the EU-25 average at 23.2% following a deteriorating

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1 Eurostat, New Cronos Database and Structural Indicators Webpage, July 2004.
2 Reading literacy proficiency Level 1 and lower in the PISA reading literacy scale.
trend over recent years. Children of Roma origin form the largest share of all dropouts. Inadequate policy attention has been given so far to the development of second chance education for the early school leavers.

Increasing the overall participation in education and especially in compulsory education is an important priority for Romania. Compulsory education has been prolonged from eight to 10 years. In addition, the number of upper secondary schools has been extended recently to provide better coverage. On the other hand, there is evidence showing a recovery in enrolment figures in upper secondary education. In fact, administrative data for the school years 2002/03 and 2003/04 show a recovery in enrolment figures, mainly due to an increase in technical and vocational education and training (TVET). Enrolments in vocational programmes in upper secondary education increased by 10% in the school year 2003/04 compared to the previous school year. However, groups at risk (such as the rural population, Roma and special needs groups) are benefiting less from these universal measures to raise participation than the rest of the youth. Although schools increased by 20% in rural areas, the increase in towns and cities was much higher. Over the past two years the total participation in upper secondary education increased by 8%, but only 2.5% in rural areas. The programmes that have been established with the World Bank and Phare support in order to raise the participation of the rural population, disadvantaged and special needs groups have not had a significant impact yet.

The planning mechanism for technical and vocational education and training has been improving with the creation of regional consortia that have developed the Regional Educational Action Plans within a mid-term perspective, with Phare assistance (see below). The impact of this measure should become visible in 2004 and 2005. The priority for teacher and trainer training and retraining has been acknowledged and embedded in law, but implementation is lagging behind.

The Phare TVET RO 0108.01 project has made good progress in assisting the Ministry of Education and Research with the development of Regional Education Action Plans for TVET, the development of qualifications and curricula for the first (compulsory) level of TVET, and improving links between schools and enterprises. The inception report of the project, which was approved in September 2003 by stakeholders from different ministries, social partners and regional representatives, laid the basis for establishing a national system of qualifications and a review of quality assurance arrangements for VET.

A twinning light project to address special needs groups (physically and mentally disadvantaged) has been completed. The project aims to support the restructuring of existing institutions; the integration of children in mainstream education; the prevention of unjustified access; and the development of programmes for integration. The project elaborated instruments, which include a legal, institutional and educational framework for implementation, culminating in a national plan for integration measures.

The Phare project Access to Education of the Disadvantaged Groups (2002-04), focuses on improving the participation of the Roma population in compulsory education. The programme is implemented in 10 counties and will be extended to another 12 to 15 counties. The main objectives are: improving the quality of pre-school education, encouraging students to complete their basic education, and offering second chance education to those having failed to finish compulsory education. The project is part of a national strategy to improve the living conditions of Roma. The strategy has already resulted in appointing minority inspectors in each county as well as nominating local school mediators. More Roma should be encouraged to become teachers. The dropout rate among Roma is very high. Although the national strategy and the Phare project lay the basis for structural changes, their impact on participation is so far quite limited. An important issue, which has not received enough attention in the strategy so far, is the transition from school to work, and the role of second chance schools.

The National Institute for Statistics published the results of a special lifelong learning module as part of the Labour Force Survey (LFS) in 2003 (Lifelong learning characteristics, 2003). The survey shows that one in five Romanians between 15 and 65 years of age participated in at least one type of learning (one in four in urban areas, but only one in six in rural areas). These include 60% of all young people between 15 and 25 years of age (mostly enrolled in formal education). The structural indicators collected through the LFS every three months,
show that only 1.3% of the population aged 25 to 64 received training in the four weeks preceding the survey. The EU benchmark is 12.5% by 2010. According to the special lifelong learning module only one in nine employees participated in lifelong learning and only one in 40 unemployed.

These findings are consistent with the data on the numbers of individuals involved in training, conversion, and refresher courses from the National Agency for Employment. In 2003 less than 24,000 unemployed participated in training programmes, of which more than 30% were aged 25 or less. This means that the very low level of participation in training measures reported in the Joint Assessment Paper (2002) is still not improving.

During the reporting period several regulatory acts were adopted to complete the legislative framework for adult training. The internal regulations of the National Board for Adult Training were brought in line with the provisions of the law of June 2002 (Law 375/2002). Joint orders from the Ministers of Education and Labour were issued in November 2003 to regulate the authorisation of training providers and the methodology for the certification of adult training. In spite of the fact that by 20 May 2004 already 250 training providers were authorised (for 700 programmes), the authorisation process has led to a temporary decrease in adult training activities. Training activities funded by the National Agency for Employment have been delayed and it is unlikely that the agency will succeed in doubling the participation in training in 2004.

One of the most recent initiatives is the Law 107/2004 amending Law 76/2002 on unemployment compensation and stimulation of the labour force. With regard to employers who provide continuing vocational training for their employees (through accredited programmes delivered by authorised service providers), the law stipulates that up to 50% of the employer’s costs for one annual training programme can be covered by the Unemployment Fund if at least 20% of their personnel participate in such training. The amendment also mentions the free-of-charge services for the vocational training of the following categories: the unemployed; those working in rural areas without a monthly income (or an income lower than the unemployment compensation); persons having resumed activity following the end of maternity leave; persons having finished military service; or people whose period until the release from prison is less than nine months.

The 2003 Skills Audit that was organised by the National Observatory in the form of in-depth interviews with 100 companies revealed that almost half of the surveyed companies prefer to fill skill gaps with their own staff resources. ‘Fresh blood’ is entering companies at a low pace. On average three graduates were hired per company in the last three years, which is 85% below the share of graduates entering the labour market. Although Romanian enterprises are experiencing new skill needs and pressure for productivity gains, they tend to resort to passive strategies (laying off surplus labour, solving skill gaps with existing internal resources) rather than promoting active development of existing staff and recruitment of new staff. This suggests that enterprises may have limited confidence in the education and training system to supply the skills they require in their workforce. More than half of the companies have no links at all with education institutions3. In addition, skill development decisions seem to be playing a minor role in the business decisions of Romanian enterprises, which may lead to low skill equilibrium in the labour force with serious long-term consequences for the competitiveness of the Romanian economy and structural adjustment.

The education system remains under-financed. Provisional data for 2002 shows that only 3% of the GDP went to education (down from 3.28% in 2001) – the lowest level among new Member States and candidate countries (EU average was 5.1%). The spending patterns may vary considerably by county and areas of residence but, in general, education is not seen as a priority, that is, the local authorities tend to spend less than 10% of the revenue collected locally on education. At present, a modification of the Law of Education is being debated in the parliament, especially on two important issues: increasing the budget allocation to education to 6% of GDP, and changing the per capita-based financing system and criteria, including education level and learning environment. It is hoped that the abovementioned recent incentives granted to companies will stimulate company funding of training programmes and partnerships between the private and public sectors.

3 Skills Audit Romania, Romanian National Observatory, 2003.
Cooperation between public bodies as well as between public bodies and social partners is advancing at national, regional and local levels. The Ministry of Education and Research and the Ministry of Labour, Social Solidarity and Family have recently established a partnership aimed at analysing the training needs in the medium and long-term. The ministries have also improved cooperation in the field of adult training. At county level authorisation committees have been established with participation from the Ministry of Labour Social Dialogue Department, the County Employment Agency, the School Inspectorate and the social partners. Regional consortia and local development committees actively participate in the planning of technical and vocational education and training, but the role of social partners in these bodies should be further enhanced. One of the most promising developments in the field of cooperation at national level is the transformation of the tripartite National Adult Training Board into the National Qualifications Agency, which will be supported in its activities by sectoral committees and representatives from social partners. Although there is general agreement on the establishment of the National Qualifications Agency, legislation will still need to be prepared and may not pass parliament before the general elections foreseen in November 2004.

The ETF is raising awareness and it supports institution building among local social partner representatives in addressing human resource development issues through seminars on human resource management, building on good practices in Romania and involving personnel managers of local companies. The ETF Peer Review that was carried out to study the existing and possible role of social partners in continuing vocational training showed that social partners rarely play a proactive role in promoting human resource development. Bipartite cooperation is still in an embryonic phase in spite of the fact that training is an issue of growing importance for collective labour agreements and the labour code even obliges staff consultation on company training plans. At national level a major breakthrough was achieved to strengthen employers’ organisations when, in March 2004, eight of Romania’s 12 ‘nationally representative’ employers’ organisations merged into two new separate top-level structures: the Alliance of Employers’ Confederations of Romania (ACPR) brings together two of these organisations, while the other six have created the Union of Romanian Employers (UPR).

The Phare 2002 grant scheme for pre-ESF HRD measures was launched in early 2004 making available €16 million. It is expected that the interest in human resource development measures will grow. There is a much clearer differentiation than before between measures to support continuing vocational training for employees and the training and retraining of the unemployed and jobseekers. From next year onwards (Phare 2003-06) there will be annual separate grant schemes for the training of employees and for jobseekers. The Ministry of Labour will be the managing authority for all human resource development activities and the National Agency for Employment the implementing authority. In order to prepare, the Ministry of Labour, Social Solidarity and Family and the National Agency for Employment will be involved progressively in the 2002 scheme, and they will also receive technical assistance support from the 2003 Phare programme.
2. KEY PRIORITY AREAS FOR FUTURE ASSISTANCE

- Additional support should be provided in preparation for the European Social Fund, in particular the strengthening of institutional capacity and coordination, and the integration of human resource development policies in a common human resource development strategy that takes into account the prospective needs of the workforce.

- Ensure the design and implementation of various human resource development measures at regional/local levels in an integrated way, through effective partnerships between all relevant stakeholders and closer coordination between employment and education action plans. It is also necessary to analyse how the effectiveness of training activities can be increased.

- Institution building of the National Qualification Agency and sectoral committees for the implementation of the National System of Qualifications.