



## ROMANIA AND THE BIG CHALLENGE OF IMPLEMENTING THE EUROPE 2020 STRATEGY

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### **Abstract:**

*The evolution and evolvement of the Europe 2020 strategy in each country are subjects, which should interest all European citizens. The investigation on this subject stems from two issues: firstly, the importance of knowing the direction in which Europe is going in the future, and, secondly the wish to assess whether this is the right direction. Unfortunately, due to several possible obstacles, such as level of development, not all countries have the ability to achieve performance in all fields. Romania, just like many other countries, is one example. Being one of the least developed countries, reaching success in implementing the Europe 2020 strategy is, for Romania, a difficult mission.*

**Key words:** *Europe, Europe 2020, strategy, Romania*

### **1. Introduction**

Romania has a difficult mission when it comes to implementing the Europe 2020 strategy. In order to have good results, it is necessary to consider an overview of the existing situation and the real problems that have occurred regarding the implementation of the strategy. An assessment of Romania's position within the EU and its level of performance requires benchmarking its status against the one of other (less developed) countries that are also facing setbacks in reaching own goals.

Europe needed a new strategy, one that is more ambitious and more realistic than its predecessor, the Lisbon strategy. The European Commission has presented on the 3rd of March 2010 an official statement regarding the necessity of elaborating and implementing of a new strategy for Europe. Subsequently, the Europe 2020 strategy (a strategy for 2010-2020) was created as a "strategy for smart, sustainable and inclusive growth." (EC, 2010)

## **2. About Europe 2020**

The Europe 2020 Strategy (EC, 2010) was envisaged as an extension of the Lisbon Agenda, but it has also introduced a series of innovative elements because the Commission aimed to consolidate the entire process. As compared to its predecessor, the strategy has introduced a new dynamism regarding its objectives, specifically a better financial basis, and a better coordination between this strategy and other strategic efforts of the EU. Nonetheless, the Europe 2020 strategy has suggested a new and better division of effort among different member states and the EU. Once implemented, the strategy will introduce new mechanisms that aim towards an increased convergence of the policies.

A difference from the Lisbon Agenda is that Europe 2020 has five targets until 2020, while the former had only two. This stems from the increased interest in education, climate change and poverty reduction. Moreover, in order to support these five objectives, the EC has introduced seven flagship initiatives regarding: innovation, youth, digital agenda, resource efficiency, industrial policies, skills and jobs and a platform against poverty. These initiatives matter in reaching the objectives since they provide specific actions that must be implemented at EU and at national level. (Samardzija, V., Butkonc, H., 2010)

Success in reaching the Europe 2020 targets depends on the national implementation of the structural reforms aimed at boosting a smart, sustainable and inclusive growth. Each member state is responsible for implementing the targets of the Europe 2020 strategy at national level, by correctly applying the national reform programs (NRPs).

The effort of reaching the Europe 2020 targets has been negatively impacted by the financial crisis, both at European and at national level. The most affected areas are labor and poverty prevention. (EC, 2015)

## **3. Europe 2020, a difficult mission for Romania**

Reaching the Europe 2020 targets is a difficult mission for Romania, as it is for other countries. The EU has laid out for this strategy a series of national targets for each member state, which would give them equal chances of developing according to individual possibilities. Unfortunately, due to several factors, some countries, including Romania, are still facing difficulties in reaching these objectives.

Based on the facts above, we aimed at providing, in the following subchapters, a comparison between Romania, Bulgaria, Hungary, the Czech Republic, Slovakia and Poland. The analysis is based on the targets of the Europe 2020 strategy and the national objectives, and shows the degree to which each of these countries has managed in fulfilling them, in the period 2010-2016.

### 3.1. The labor force market

For the labor market, the Europe 2020 strategy targets an employment rate of 75%. Moreover, the strategy aims at an increased involvement on the part of women, of aged citizens and a better integration of migrants on the labor force, by the year 2020. Since the rate of 75% is not achievable for all countries, several individual targets have been set. The national objectives for each country from our comparison and their evolution in the period 2010-2016 are presented in the table and chart below.

**Table 1: Employment rate**

Indicator	Country	National targets for 2020	Year						
			2010	2011	2012	2013	2014	2015	2016
Employment rate (% of population aged 20-64)	Romania	70%	64.8	63.8	64.8	64.7	65.7	66.0	66.3
	Bulgaria	76%	64.7	62.9	63.0	63.5	65.1	67.1	67.7
	Hungary	75%	59.9	60.4	61.6	63.0	66.7	68.9	71.2
	Czech Republic	75%	70.4	70.9	71.5	72.5	73.5	74.8	76.4
	Slovakia	72%	64.6	65.0	65.1	65.0	65.9	67.7	69.7
	Poland	71%	64.3	64.5	64.7	64.9	66.5	67.8	69.1

Source: National Country Reports, OVERVIEW OF EUROPE 2020 TARGETS

All of the countries analyzed have a national objective of 70% or higher, the lowest being 70% in Romania, and the highest being 76% in Bulgaria. The six years of strategy implementation have resulted in an upward trend, as shown in the chart above. The beginning was somewhat slower (2010-2013), as some countries have encountered a yearly decrease as regards to the employment rate. However, in the period 2013-2016, the trend was reversed, and for all the nations the figures have shown a constant increase.

On the one side, the countries with the best performances are the Czech Republic, which started in 2010 with 70.4% and, following a constant growth, has already exceeded the target, reaching 76.4% in 2016, as well as Hungary, with the worst position in 2010, but which managed to reach 71.2% in 2016, only 3.9 pp off the target. On the other side, the worst performers are Romania, with only 1.5% increase between 2010 and 2016 and Bulgaria, with 3% increase. Out of the latter two countries, Romania is still close to reaching the national target, but Bulgaria is 8.3% off their target.

The situation on the labor market is improving, but the countries are still facing challenges such as long term unemployment (LTU), low employment rates among the female population or the elderly population, Roma minorities or the integration of the low-qualified workers.

### 3.2. Youth unemployment

Hiring young people continues to represent a challenge for many European countries. Even if the rates have gone down over the years and the trend is upward, they still represent an important issue to be tackled.

**Table 2: Youth unemployment**

Indicator	Country	Year						
		2010	2011	2012	2013	2014	2015	2016
Youth unemployment rate(%)	Romania	21.1	23.9	22.6	23.7	24.0	21.7	aprox. 20.4
	Bulgaria	21.9	25.0	28.1	28.4	23.8	21.6	17.8
	Hungary	26.4	26.0	28.2	26.6	20.4	17.3	13.4
	Czech Republic	18.3	18.1	19.5	18.9	15.9	12.6	10.6
	Slovakia	33.9	33.7	34.0	33.7	29.7	26.5	22.8
	Poland	23.7	25.8	26.5	27.3	23.9	20.8	18.3

Source: National Country Reports

The country reports indicate several examples of member states with serious delays in this area: Slovakia “has constantly high levels of the youth that are not participating in any form of education, paid labour or professional training” (13.7% in 2015, as compared to 12% in the EU for the age group of 15-24 years); moreover, in Bulgaria “the indicator regarding young persons who are not in education, employment or training (NEET) is far above the EU average” (Country report Bulgaria, p.31). The causes that lead to this could be the low salaries of certain sectors, lack of education or training programs or even the lack of job offers. In order to approach these problems, the countries have implemented several programs – in the case of Romania, the “National Agency for Employment intends to deploy integrated teams with the aim of identifying and registering NEETs. The teams will offer an integration pathway supported by more attractive active labor market policies” (Country report Romania, 2017).

Overall, as shown in the Table 2 regarding the countries with an upward trend regarding youth unemployment, the worst period for most of the countries (except

Romania) has been between 2010 and 2013, while the period 2013-2016 shows a constant decrease. The best performances were achieved again by the Czech Republic (10% in 2016) and Hungary (13.4%). It is also the case of the employment rate. At the same time, the least performing countries are Slovakia, with the highest unemployment rates in all years – 22.8% in 2016, and Romania with 20% in 2016.

### 3.3. Education

#### 3.3.1. Early school abandon

The Europe 2020 target for early school abandon is a less than 10% rate. Since this is a difficult task, several countries have proposed different national objectives. Some of them have a national objective that is above the European level of <10%. The following chart presents the national objectives of the 6 countries analyzed and the progress over the period of 2010-2015.

**Table 3: Early leavers from education and training**

Indicator	Country	National target (%)	Year					
			2010	2011	2012	2013	2014	2015
Early leavers from education and training (%)	Romania	11,3	19,3	18,1	17,8	17,3	18,1	19,1
	Bulgaria	11	13,9	11,8	12,5	12,5	12,9	13,4
	Hungary	10	10,8	11,4	11,8	11,9	11,4	11,6
	Czech Republic	5,5	4,9	4,9	5,5	5,4	5,5	6,2
	Slovakia	6	4,7	5,1	5,3	6,4	6,7	6,9
	Poland	4,5	5,4	5,6	5,7	5,6	5,4	5,3

Source: National Country Reports, OVERVIEW OF EUROPE 2020 TARGETS

Overall, the general picture in this field shows several setbacks for the analyzed countries - none of them has reached the target since 2015. As shown in Table 3, the national rates have not improved at all in 2015 as compared to 2010, they have even worsened. For example, two countries have started in 2010 with a rate below the objective, but, in 2015, have rates above the target. A major issue that can be observed in all the countries is the impact of pupils on the general figures. Generally, for the Czech Republic, Slovakia and Poland, the conditions are still positive, since their rates are under the EU average of 11%, while for Romania, Bulgaria and Hungary the situation is not looking bright, since their figures are higher than the EU average.

With an early school abandon rate of 5.3% in 2015, Poland is considered to be one of the most effective of the EU – their rates are under the EU average and only 0.8 points above the national objective of 4.5%. Following an increase of the permanent workplaces in 2015 and a better education and care for preschool children, Poland's position seems optimistic, however the quality of education and inequalities of access raise further issues (Country report of Poland, 2017).

The Czech Republic is a country that started in 2010 with an early school abandon rate lower than the national objective of 5.5%, but reached 2015 with higher figures of 6.2%. Nevertheless, the Czech Republic rates are one of the lowest in the EU. It is also the country with the values closest to the national objectives as compared to the other five countries (0.7 percentage points). Unfortunately, regional differences are still high and follow an upward trend (Country report the Czech Republic 2017, p. 21).

Slovakia is another country that started 2010 with a rate lower than the national objective, but it reached a 6.9% rate in 2015, higher than the target of 5.5%. The rate in 2015 is still lower than in other countries and the EU average of 11%, but regional differences are high and continue to grow (Country report Slovakia 2017, p. 24).

Out of the countries that are above the EU average, Hungary has the best position, with an 11.6% rate in 2015, only 0.6 points over the average. Just like in the case of other countries, an issue that Hungary must face is the social-economic status, which has also a great impact on the students. In the case of Hungary, the highest early school abandon rates are recorded in the North-East of the country since this part is the most affected by poverty (Country report Hungary, 2017).

A situation that is worse than the one in Hungary is Bulgaria, with an early school abandon rate of 13.4% in 2015 and a decline of only 0.5 points since 2010. There is a strategy under development with the aim of tackling this problem, based on European funds aimed at supporting secondary measures in education, training and alphabetization of the adults that left school, but the educational system still shows unfair distributions - 60% of the students coming from the poorer social-economic area not reaching the minimum level of skills in PISA (The Programme for International Student Assessment), according to the Country report Bulgaria 2017, p. 34. This could, furthermore, show the impact of study on the performance of students, which is also the case of other countries.

The country with the highest rates out of the six analyzed is Romania, with 19.1% early school abandon rate in 2015 (third highest in the EU), with 8.1 points over the national objective and a 0.2 pp decrease from 2010. Following a period of fewer actions directed in this direction, and a subsequent period of increased activity in this respect, the trend is affected by poverty and a poor quality in education. The measures were supported by national projects at national level for the European Social Fund (Country report Romania, 2017).

### 3.3.2. Tertiary education

The European plan for tertiary education generated a growth from 31 to 40% of the young persons following tertiary education. Since not all countries are developed equally, some have individual national objectives with lower figures than those of the European Union (for example, Romania has a national objective of 26.7%, or Bulgaria has an objective of 36%), and some countries have target rates over the EU objective (e.g. Poland with 45%).

**Table 4: Tertiary educational attainment**

Indicator	Country	National target	Years					
			2010	2011	2012	2013	2014	2015
Tertiary educational attainment (% of population aged 30-34 having successfully completed tertiary education)	<b>Romania</b>	26,7	18,3	20,3	21,7	22,9	25,0	25,6
	<b>Bulgaria</b>	36	27,7	27,3	26,9	29,4	30,9	32,1
	<b>Hungary</b>	30,3	26,1	28,2	29,8	32,3	34,1	34,3
	<b>Czech Republic</b>	32	20,4	23,7	25,6	26,7	28,2	30,1
	<b>Slovakia</b>	40	22,1	23,2	23,7	26,9	26,9	28,4
	<b>Poland</b>	45	34,8	36,5	39,1	40,5	42,1	43,4

Source: National Country Reports, OVERVIEW OF EUROPE 2020 TARGETS

As shown in the Table 4, the general trend is upward, with all the figures increasing from 2010 to 2015. Out of the six countries, the only one that registered a decline was Bulgaria between 2010 and 2015, Hungary is the only one that reached the target, Slovakia is far from the target, and the other four are close to reaching the objective.

Hungary, the only country analyzed that has already reached its national target, has managed to do so in 2013, with a rate of 32.3% and has shown an increase in the following years. However, despite the 34.3% rate in 2015, Hungary is below the EU 2015 average of 38.7%. Regardless of the increase, the difficulties that Hungary is facing come from a decrease in the school rates and school demand for the tertiary level since 2011, doubled by an even higher increase of school abandon. One of the main challenges facing the Research and Innovation system is the relatively low number of researchers and graduates of tertiary education (Country report Hungary, 2017).

Out of the countries that failed to reach their target, but are running close, Romania is the country that is closest to its objective, with a rate of 25.6% in 2015, only 1.1% far from its objective of 26.7%. Ranking below Romania is Poland with 43.4% in 2015 (the only country analyzed that managed to grow over the EU average) and a gap of 1.6 pp from its target, and the Czech Republic, which registered 30.1% in 2015,

a deviation of 1.9 pp from its objective. Both Poland and the Czech Republic have had a rapid growth regarding this indicator. The last country that falls short of reaching the target, but is still close to it, is Bulgaria, with 32.1% in 2015 and a gap of 3.9 pp. Slovakia is furthest away from its objective, with a rate of 28.4% in 2015 and a gap of 11.6 pp. The challenges for Slovakia stem from the fact that graduate tracking and performance agreements with higher education institutions are lacking at present and that 10% of recent university graduates have left Slovakia (Country report Slovakia, 2017)

#### **4. Conclusions and recommendations**

This paper is aimed at identifying Romania's status within the Europe 2020 strategy, due to the fact that this subject has raised much interest in today's society. Moreover, researching the evolution of a country under the Europe 2020 strategy can lead to concluding whether this country is, indeed, capable of reaching the objectives stated in the strategy. In order to better develop the main theme, this paper has been structured in two parts –a theoretical and a practical one. The theoretical part is aimed at presenting the Europe 2020 strategy, its objectives and targets, as well as presenting some information regarding the current status of Romania within the strategy.

The second part of the paper focuses on presenting the current status of several countries regarding the implementation of the national objectives of Europe 2020, starting from the year 2010. The countries are Bulgaria, Hungary, the Czech Republic, Slovakia and Poland and were chosen because their development is the closest to that of Romania. Countries such as Germany or France cannot be included in the comparison due to their highly developed economies. The conclusion is that each member state of the EU must be fully determined to achieve success within the Europe 2020 strategy and to improve their current situation. However, not all countries are prepared enough to reach the objectives.

As shown in this paper, Romania is one of the countries for which Europe 2020 is a difficult mission. The national objectives may be adapted to the current context, however, there are still obstacles that interfere with reaching these objectives. Nevertheless, a good evolution does not necessarily lead to success, because maintaining the target levels can also pose problems. All the objectives are of real concern, since they are not achieved in the present and it is possible that they may not be achieved by 2020.

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