

Inclusive Entrepreneurship Policies,
Country Assessment Notes

Romania

2020



This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

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Foreword

Inclusive entrepreneurship policies seek to ensure that everyone has an opportunity to create a sustainable business for those with realistic potential, regardless of their background. Business creation by people from under-represented and disadvantaged groups (e.g. women, youth, seniors, immigrants, the unemployed, people who experience disability) helps generate jobs, thereby fighting social and financial exclusion while stimulating economic growth.

These policies have become much more relevant with the COVID-19 pandemic, which has led to rapidly increasing unemployment and inactivity. Addressing this jobs crisis is one of the top policy priorities in European Union and OECD countries and inclusive entrepreneurship schemes have strong potential for moving some unemployed people back into work. Moreover, these policies can be leveraged to help re-boot economies as there is untapped growth potential among some of the target groups.

This note is the fourth country assessment note prepared by the Organisation for Economic Co-operation and Development (OECD) in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each EU Member State. Each note provides an overview of the entrepreneurship activities by women, youth, seniors, immigrants and the unemployed. It also provides an assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

The 2020 notes include a special section on entrepreneurship support for people who experience disability. This section provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses. It also contains a new section on entrepreneurship framework conditions to provide additional context for interpreting the tailored policies and programmes.

These country-specific notes are part of a wider programme of work by the OECD and the European Commission that includes “The Missing Entrepreneurs” publications, the Better Entrepreneurship Policy Tool (www.betterentrepreneurship.eu), a series of Policy Briefs on specific target groups, policies and issues, and national policy reviews of youth entrepreneurship and women entrepreneurship. This work stream examines how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice. For more information please refer to: www.oecd.org/employment/leed/inclusive-entrepreneurship.htm.

Acknowledgements

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director, as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme, led by Karen Maguire, Head of Division. They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Catalin Ghinararu, with inputs from Dr. Adriana Davidescu of the Bucharest School of Economics. David Halabisky of the OECD CFE edited the note under the direction of Dr. Jonathan Potter, also of the OECD CFE.

An online seminar was organised to review the draft note on 29 July 2020. Feedback was received from representatives of the Ministry for Business Environment, Commerce and Entrepreneurship, Ministry of Education and Scientific Research, Ministry of Agriculture and Rural Development, National Agency for Employment, National Centre for Technical and Vocational Education and Training Development (NCTVETD), Chamber of Commerce and Industry of Bucharest, General Union of Romania's Industrialists (UGIR), Alliance of Romania's Employers' Confederations (ACPR), National Council of Private Small and Medium Enterprises in Romania (CNIPMMR), and Junior Achievement Romania, and the Bucharest University of Economic Studies.

Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor.

Finally, this note benefited from feedback and suggestions provided by Julien De Beys and Guy Lejeune of the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

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Key messages

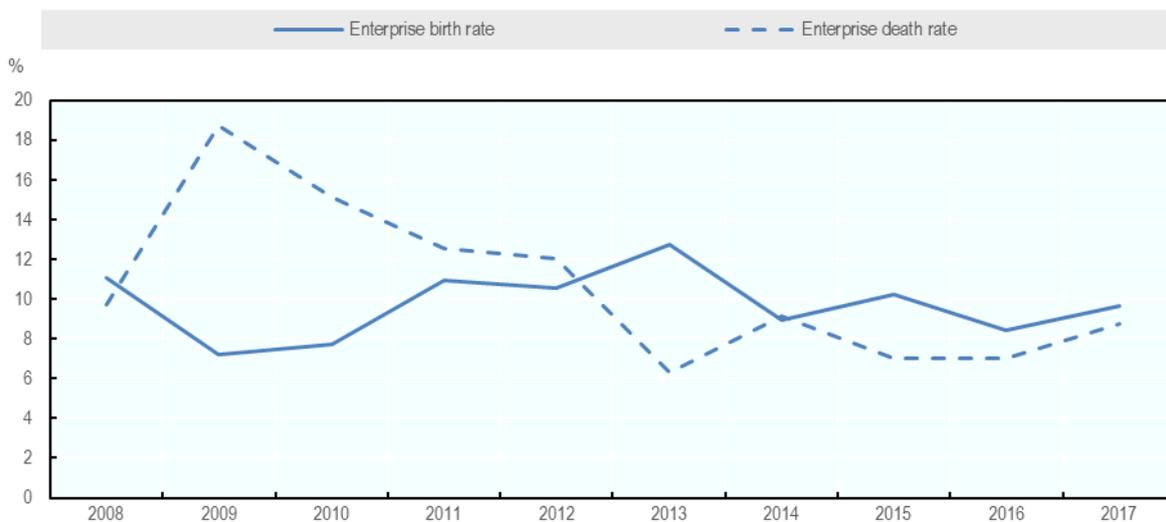
- The framework conditions for entrepreneurship are generally considered to be less favourable than the European Union (EU) average. This includes an above-average level of administrative burden for new start-ups. Despite these conditions, the business entry rate has been above the EU average in recent years and the business population is growing.
- There were about 1.4 million early-stage entrepreneurs in 2020, i.e. people involved in creating a business or managing one that is less than 42 months old. Women, youth and older people are very active in business creation. Over the period 2015-19, 7.2% of women, 11.4% of youth (18-30 years old), 6.2% of older people (50-64 years old) were early-stage entrepreneurs. These proportions were all greater than the EU average for each group.
- High entrepreneurship rates can be partially explained by a high proportion of entrepreneurs who report that they started a business due to a lack of employment opportunities in the labour market. Only a very small proportion of these entrepreneurs are employing another person other than themselves and/or a member of their family in their enterprise(s).
- Eliminating the differences in early-stage entrepreneurship activity rates across these population groups would result in about 577 000 additional entrepreneurs. Of these “missing” entrepreneurs, 85% are female and 62% are 50-65 years old.
- Entrepreneurship policy is guided by an SME and entrepreneurship strategy for 2014-20, which includes entrepreneurship support for population groups that are under-represented or disadvantaged in entrepreneurship. While differentiated schemes are not always offered, many population groups are provided with preferential access to general entrepreneurship programmes (e.g. women, youth, people living in rural areas).
- Nonetheless, a growing number of tailored initiatives complement the general entrepreneurship support offers. While some dedicated schemes are offered for women, most dedicated support has been developed for youth (including students and young farmers), including dedicated training and business advice. Youth are also the greatest beneficiaries of many of the general programmes such as Start-up Nation 2018, where more than half of the beneficiaries were under 35 years old.
- One area for improvement is to strengthen the support for entrepreneurs beyond the initial start-up phase. This calls for a greater use of business consultancy and access to finance to help new start-ups become sustainable and grow.
- The following suggestions could improve inclusive entrepreneurship policies and programmes:
 - Better-align (inclusive) entrepreneurship programmes with economic policy priorities;
 - Develop and deliver business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups through dedicated initiatives;
 - Continue to strengthen the development of funds and micro-credit for inclusive entrepreneurship target groups, ensuring that complementary training and business advice are also offered; and
 - Improve access to entrepreneurship support for those who experience disability.

1 Inclusive entrepreneurship trends

Conditions for entrepreneurship

Business entry rates have exceeded exit rates since 2013, indicating five straight years of growth in the business population (Figure 1.1). For the past three years, business entry rates have been at about 10%, which was above the median for European Union (EU) Member States. The business exit rate has been approximately equal to the EU median in recent years (approximately 7%).

Figure 1.1. Business entry and exit rates



Note: Enterprise birth rate is the share enterprise births in the reference period (t) divided by the number of enterprises active in t. Enterprise death rate is the share enterprise deaths in the reference period (t) divided by the number of enterprises active in t. The construction sector is excluded from these rates.

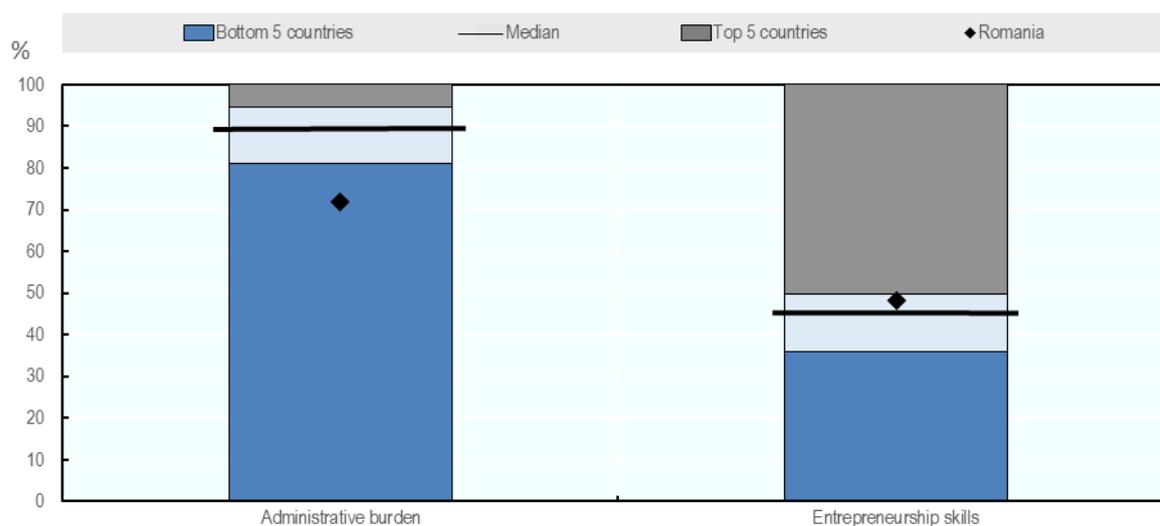
Source: Eurostat (2020), Business demography statistics, <https://ec.europa.eu/eurostat/web/structural-business-statistics/data/main-tables>.

The regulatory environment for start-ups is generally assessed as less favourable than the EU average. For example, the administrative burden on new start-ups ranks among least favourable EU Member States (Figure 1.2). A recent survey conducted in November-December 2019, funded by the Ministry of Research and Innovation (now the Ministry of Education and Research) about business attitudes towards the National Agency for Fiscal Administration found rather negative results. The random stratified sample covered firms with more than five employees. While it found that the majority of firms had a negative attitudes towards the agency, it also showed that 16% of firms agree that they would “cheat” if they had the chance (e.g. cheat on taxes, bribery) and that about one-in-five firms consider that bribery is a tolerated behaviour.

The proportion of people who self-report that they have the skills and knowledge to start a business was slightly above the EU median for the period 2015-19 (Figure 1.2). This is consistent with the business entry rates being above the EU average and may be due in part to the increased government efforts to boost entrepreneurship and digital skills levels through the education system, innovation programmes and new incubator programmes.

Figure 1.2. Conditions for business creation, 2019

Ranking relative to other European Union Member States, 2019



Note: The median score reported represents the median among EU Member States. Administrative burden is a score of 1 to 6 given to a country to reflect the relative scale of the administrative burden that new start-ups face. Entrepreneurship skills is the share of the population who report that they have the skills and knowledge to start a business. This indicator is an average of the period 2015-19.

Source: World Bank (2019), Ease of Doing Business Survey; GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Recent labour market trends

At 4.3%, the unemployment rate was at the end of 2019 at its lowest since records have been re-opened for this crucial variable of the labour market in 1991 (Figure 1.3). There was a notable sharp decline in 2018 and 2019, but a sharp increase is expected in the second and third quarters of 2020 due to the COVID-19 pandemic.

Among the different population groups, youth unemployment remains a concern for policy makers despite a decline in the rate from 21.1% in 2010 to 14.0% at the end of 2019. Youth unemployment rates are affected by the transition of young adults from formal education to the labour market two factors are emerging as particularly relevant. The first one points to a majority of youth 15-19 years old being predominantly enrolled in formal education with a steep rise in participation in the labour market for those 20-24 years old. The second trend is the growth in “dual” status of young people, as both in formal education and in employment.

Three important trends have recently had a significant impact on labour markets. The first is emigration to western EU Member States. Nearly one-fifth (19.7%) of the working age population (20-64 years of age) was working and living for a significant part of the time (more than six months in a row) in countries of the EU other than Romania (Eurostat 2018, Ghinararu and Arendt, 2020). As a results, Romania was the EU

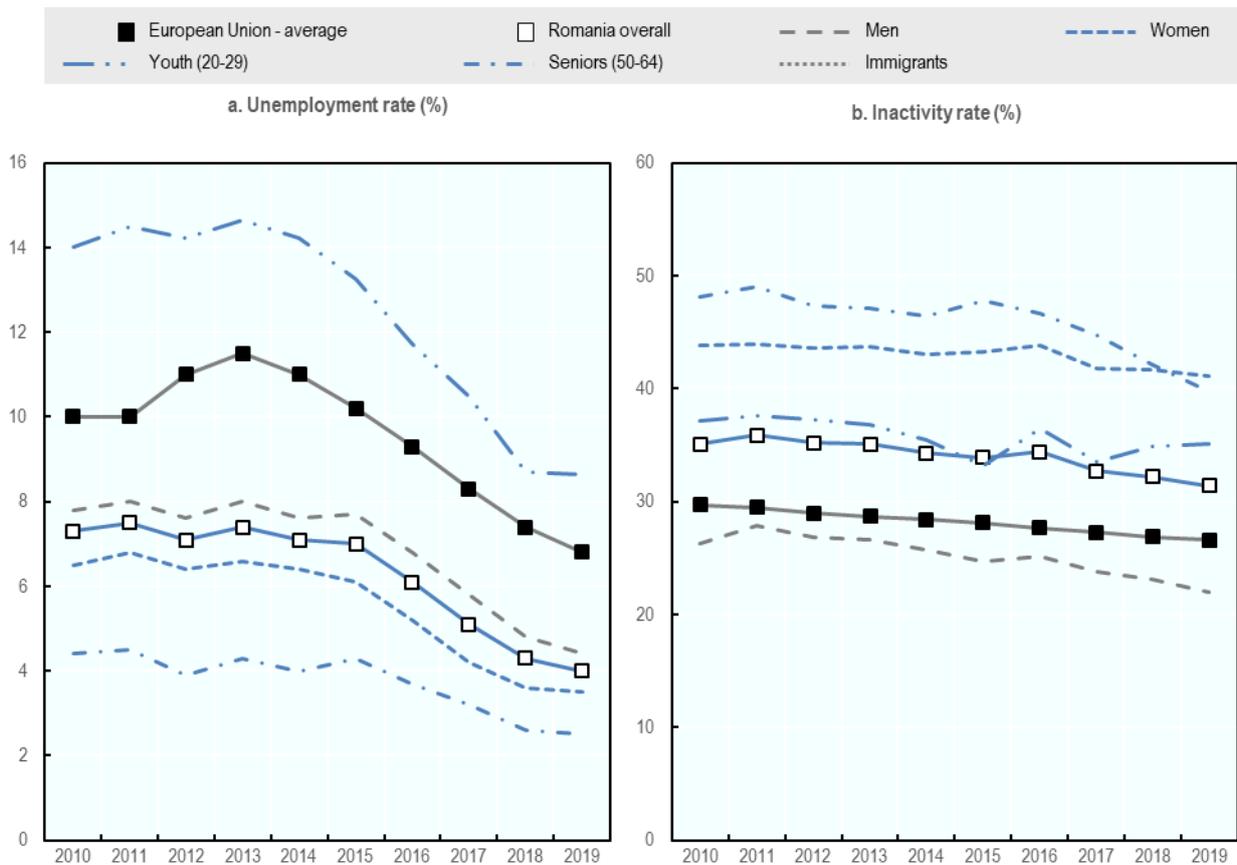
Member State (pre COVID-19) with the largest share of working age population living and working abroad (i.e. outside the borders of the state of origin).

Second, the minimum gross wage has increased by 7.2% since 1 January 2020 – from LEI 2 080 per month (EUR 424) to LEI 2 230 per month (EUR 455). This impacts nearly 1.4 million employees (about 24% of the labour force). The salary for workers with higher education degrees having at least one year of experience remains unchanged. Furthermore, some other adjustments were made, including an increase minimum wages in construction (to LEI 3 000 per month or EUR 612) and adjustments to the method of computing social security contributions for part-time employment contracts.

Third, clearly COVID-19 is having a significant impact on the labour market. Unemployment is expected to increase sharply, and those working abroad are expected to return to Romania in the wake of the COVID-19 crisis and are probably not likely to return or to be able to return to their former workplaces in other countries. The situation on the internal labour market which was one of marked deficit of supply prior to the COVID-19 induced crisis will bounce back to a surplus of supply possibly not seen since the times of the late 1990s. This will likely exasperate the growing unemployment crisis since more than one million contracts have been suspended due to the lock-out in between March and May 2020 (see also article by C. Ghinararu at www.edupedu.ro, Apr.2020) with most of those applying for the scheme of technical emergency unemployment measures.

Figure 1.3. Unemployment and inactivity

Proportion of the labour force that is unemployed and proportion of the working age population that is inactive



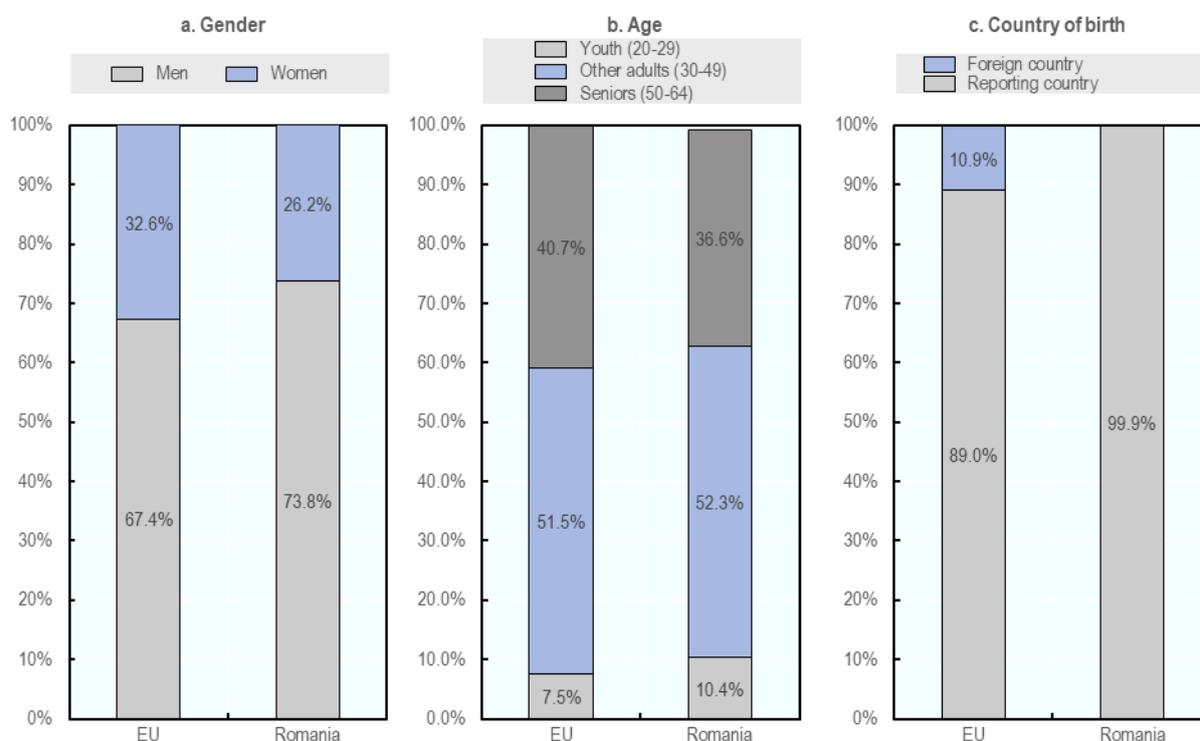
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Self-employment activities

The composition of the self-employed population reveals a greater gender gap than for the EU overall (Figure 1.4). In 2019, about one-quarter of the self-employed were women (26.2%), which was below the EU average (32.6%). The age distribution of the self-employed was more skewed toward young people than the EU average. More than 10% of the self-employed were under 30 years old and only 36.6% were above 50 years old. Finally, it is striking that essentially none of the self-employed were born in another country. Romania is an outlier in this respect relative to other EU Member States.

Figure 1.4. Composition of the self-employed

Proportion of self-employed workers, 2019



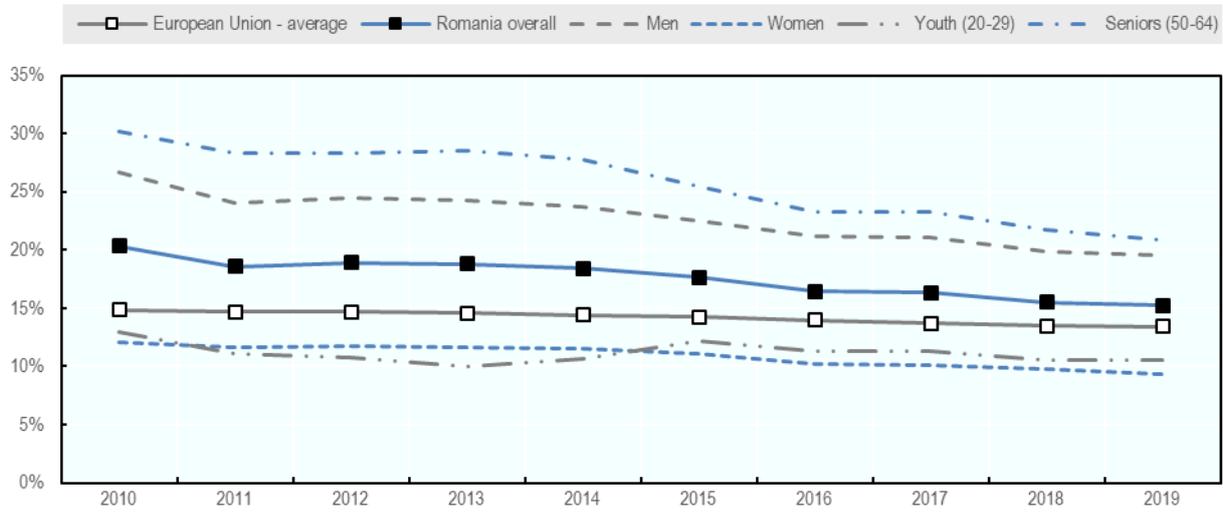
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The self-employment rate reveals both a gender gap and an age gap (Figure 1.5). The self-employment rate of women (9.4%) and young people (10.6%) was lower than the overall rate in Romania (15.2%) in 2019, although still above the EU average of 13.4%. The self-employment rate of older people was more than double the overall self-employment rate in 2019 and stood at 20.9%, with the rate for men at 19.6%.

The self-employed are much less likely than the EU average to employ others (Figure 1.6). About one-third of the self-employed in the EU have employees but fewer than 10% do in Romania. This significant gap is observed across all of the population groups and the share has been steady over the past decade.

Figure 1.5. Self-employment rate

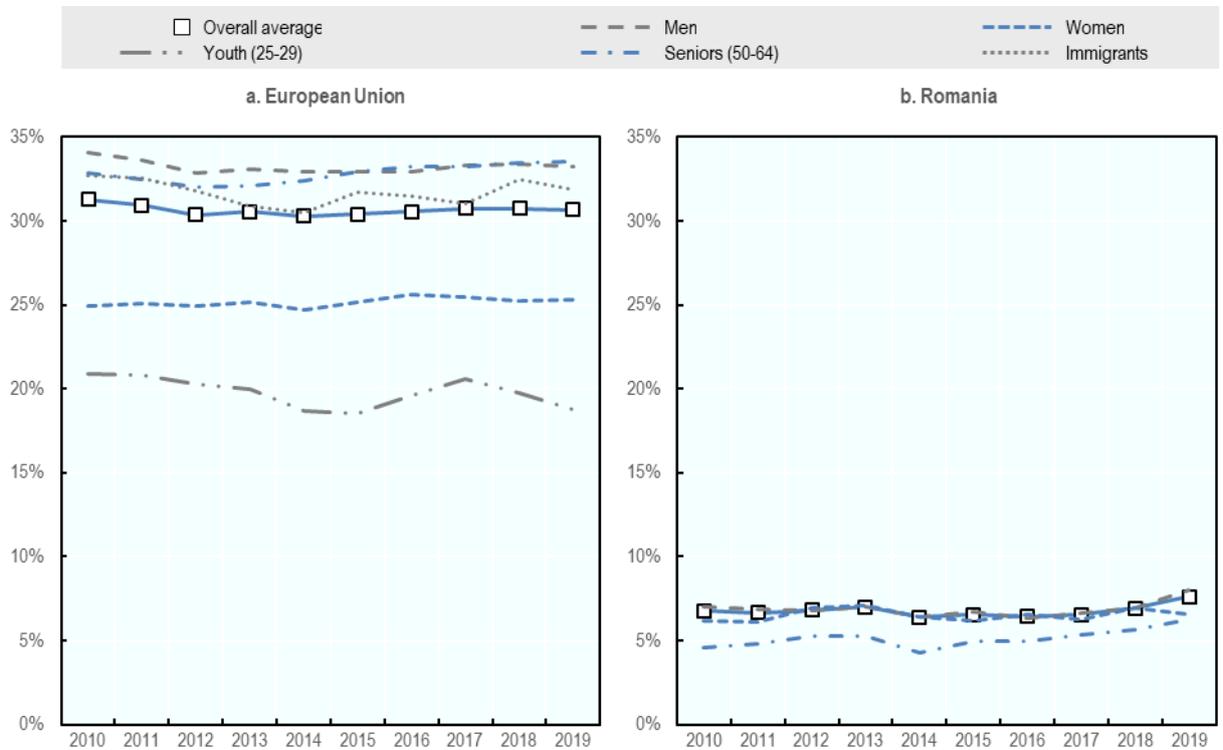
Proportion of employment that is self-employed



Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Figure 1.6. Self-employed as employers

Proportion of the self-employed who employ others



Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Most of the self-employment in Romania remains concentrated in subsistence and semi-subsistence farming (Figure 1.7).¹ Agriculture accounts for around 24% of the total employment, which makes for the largest such share in the EU. This largely consists of self-employed and contributing family workers, with the vast majority in the latter category being made by women. Therefore, if the large share of self-employment that is related to agriculture were removed, the self-employment picture would look fairly similar to the EU average. However, a large share of “gross self-employment” is taking place in the “non-registered/non-observed economy”, known as the “household production for its own final consumption sector.” This form of “self-employment”² is the most common form of “atypical employment”. Workers in this type of work are exempt from mandatory contributions in all of the public run social security/protection schemes such as pensions, health insurance, work accidents and illnesses, and unemployment insurance – which also means that they are not covered.³ It is also home to the largest concentration of “in-work” poverty in the country (Ghinararu, 2014). Inequality of opportunities remains high and preoccupying for this particular group of the population (EC, 2018).

This dominant feature of self-employment also explains many of the characteristics of self-employment in Romania. Youth are more active than core age and older people since large numbers of them are active in IT-related businesses, which is the fastest growing sector in the economy. A large share of the workforce has chosen to undertake the activity in an entrepreneurial type regime, either incorporating as small businesses or acting as authorised licensed individual professionals (“*persoana fizica autorizata*”), which is the simplest form of entrepreneurial-type organisation.⁴

¹ Romania, April 2014 - In-work poverty in Romania - causes and possible solutions , by Catalin Ghinararu, also at: <http://ec.europa.eu/social/main.jsp?catId=1087&langId=en>.

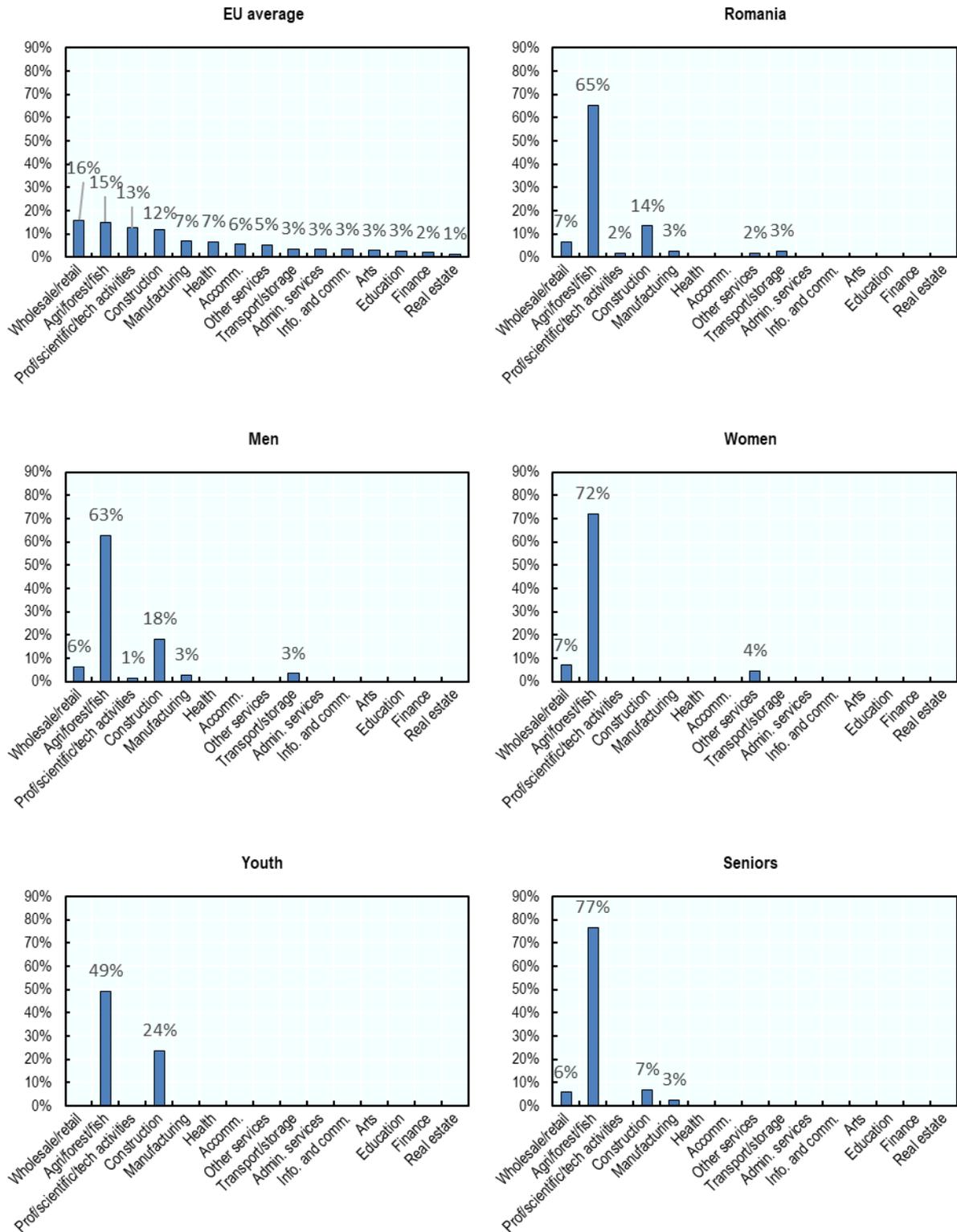
² “Romania, March 2013 - In-depth assessment of the employment situation in Romania in view of achieving the national employment target”, by Catalin Ghinararu, at: <http://ec.europa.eu/social/main.jsp?catId=1087&langId=en>.

³ “Pension Reform in Central and Eastern Europe; the crisis, austerity and beyond”, edited by K. Hiroshie, ILO-CEET-Budapest 2011, country-chapter on Romania by Dr. Catalin Ghinararu (single author).

⁴ See also „Social Pillar – Quantifying atypical employment in the EU Member States, ”, apr.2016, for the European Employment Policies Observatory, written by Catalin Ghinararu;

Figure 1.7. Self-employment by economic activity

Distribution of the self-employed by sector, 2019



Note: Reliable data for men, women, youth and seniors are limited due to the quality of the estimates.

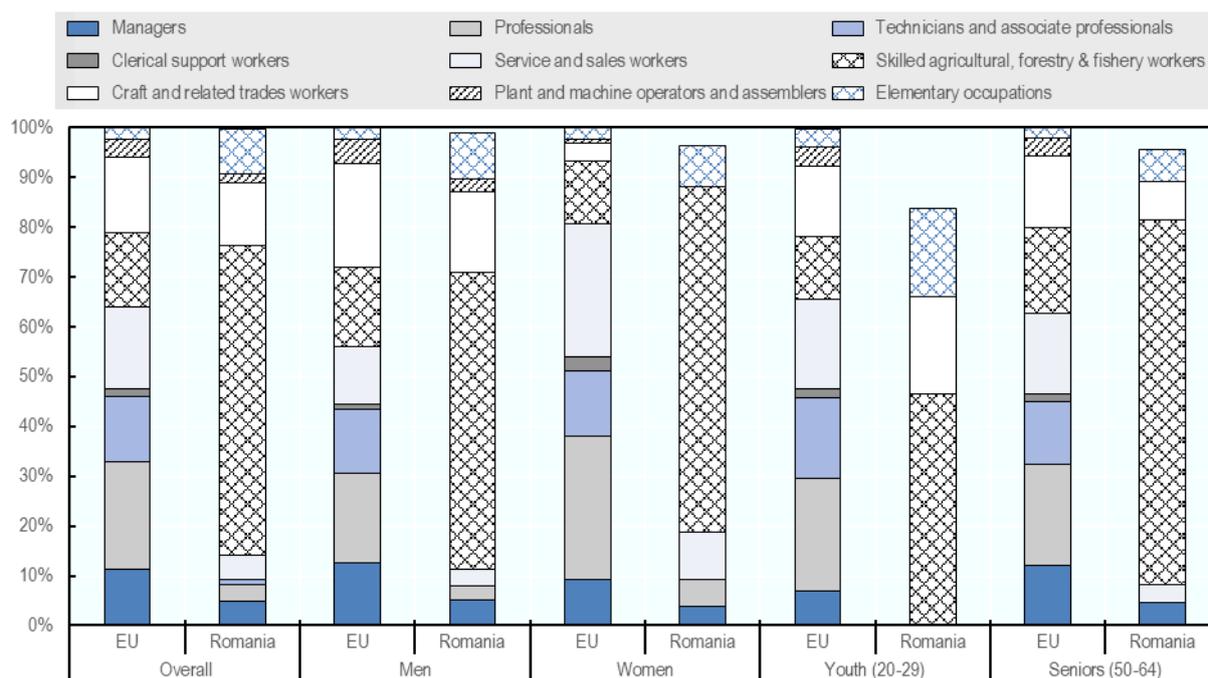
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Consistent with the sector distribution, most self-employed workers are skilled agricultural, forestry and fishery workers (62.1%) whereas most self-employed in the EU are working as professionals (21.6%), service and sales workers (16.6%) and craft and related trades workers (15.1%) (Figure 1.8). Some gender difference can be observed. Both male and female self-employed are mostly skilled agricultural, forestry and fishery workers, with a higher proportion among women (69.3%) compared to men (59.6%). Moreover, nearly half of self-employed youth are skilled agricultural, forestry and fishery workers (47.2%), and a significantly higher proportion of self-employed seniors are (73.4%).

A recent trend has been the growth in self-employment among professional occupations. According to figures of the Register of Commerce compiled by the National Institute of Statistics there were more than 250 000 Romanians registering in this form in entrepreneurial employment in 2018. This type of work is most suitable for individual professionals and experts, and could be considered a form of atypical work at the high-end of the labour market (Ghinararu, 2016; Ghinararu et al., 2017). Since this type of entrepreneurial employment became available ten years ago, there have been more than 2.5 million registrations (Ghinararu, Pasnicu, Ciobanu, 2017). Youth are generally more open to these new forms of flexible, atypical employment than older generation, who typically favour the traditional salaried employment (Ghinararu et al., 2017). However, youth also tend to be more open to entrepreneurship as they are more tech-savvy (Davidescu and Ghinararu, 2014).

Figure 1.8. Self-employment by occupation

Distribution of the self-employed by occupation



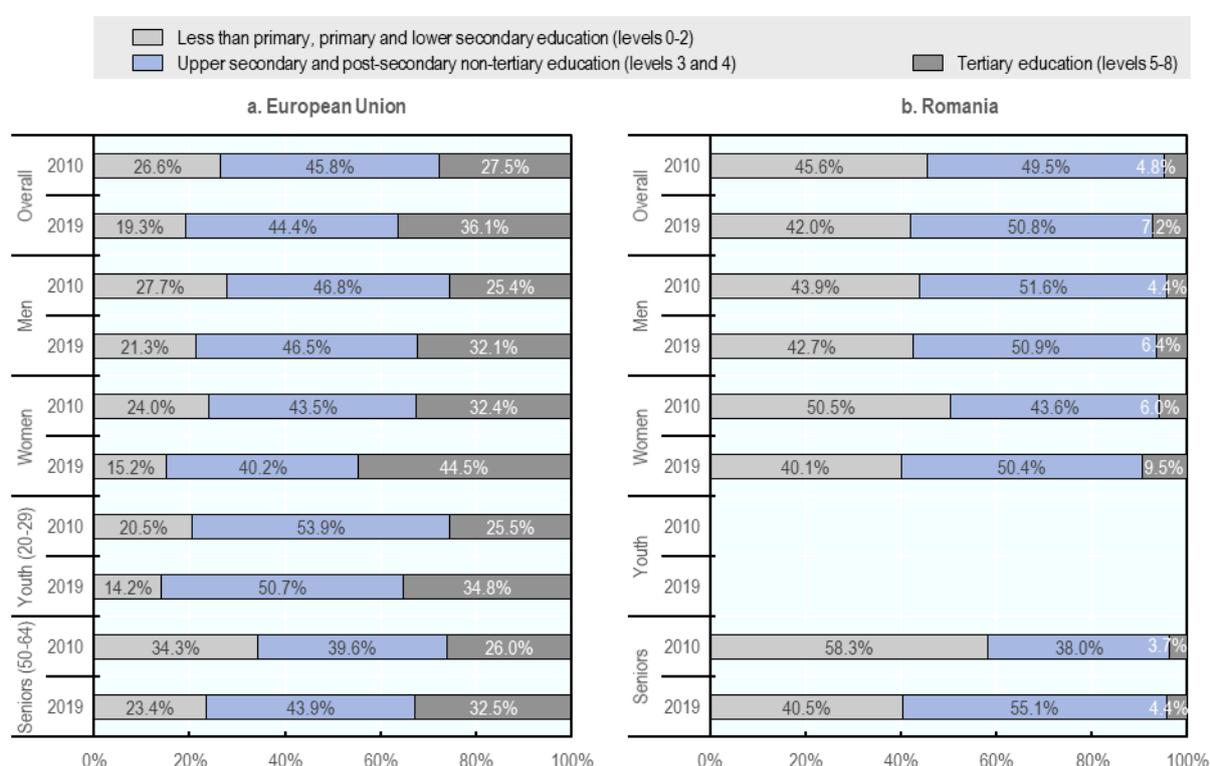
Note: Reliable data for youth is only available for 3 ISCO08 occupations out of 10. Reliable data for women is only available for 5 ISCO08 occupations out of 10. Reliable data for men is available for 7 ISCO08 occupations out of 10. Reliable data for seniors is only available for 5 ISCO08 occupations out of 10.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The distribution of the self-employed by educational attainment reveals significant discrepancies relative to the EU average (Figure 1.9). In Romania, most of self-employed have upper secondary and post-secondary education (50.8%) followed by an overwhelming proportion of self-employed with at most lower secondary education (42%). This is quite different from the EU average, where more than one-third of self-employed people have a tertiary education. Nearly half of the female self-employed in Romania (44.5%) had tertiary education in 2019, while most of men possessed a non-tertiary education (46.5%) and only 32% of them had a tertiary education. These trends are consistent with general educational attainment trends.

Figure 1.9. Self-employment by education level

Distribution of the self-employed by educational attainment



Note: Reliable data for youth is not available.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

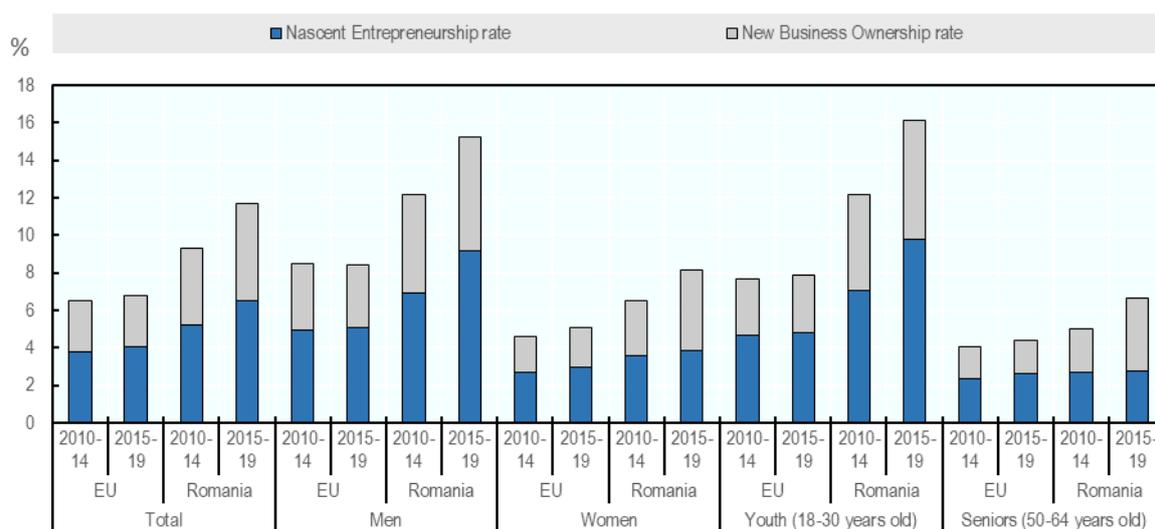
Entrepreneurship activities

Another way to measure entrepreneurship activities is through household surveys that ask about labour market and entrepreneurship activities. One of the most well-known surveys is the international survey managed by the Global Entrepreneurship Monitor. One of its main indicators is the Total early-stage Entrepreneurial Activities (TEA) Rate, which estimates the proportion of the population that is involved in starting a business (i.e. nascent entrepreneurship) or managing a business that is less than 42 months old (i.e. new business ownership). The TEA rate was above the EU average for the period 2015-19 (11.7% vs. 6.8%) (Figure 1.10), which is consistent with the high rate of business entrants noted earlier. The TEA rate for men was more than double the rate for women over this period (15.3% vs. 8.1%) and youth were more active than older people (16.1% vs. 6.6%) in starting a business or operating a new business.

Looking at the sub-components of early-stage entrepreneurship, there was an increase in the rate of new business ownership from 4.1% to 5.2% between the period 2010-14 and 2015-19. This growth was observed across all population groups. Similarly, the nascent entrepreneurship rate also increased. However, this growth was driven by men and youth, while the nascent entrepreneurship rate declined for women.

Figure 1.10. Nascent entrepreneurship and new business owners

Proportion of the population (18-64 years old) that self-report being engaged in nascent entrepreneurship activities or new business owners



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

How many “missing” entrepreneurs are there?

The gaps in early-stage entrepreneurship rates across population groups suggest that there are many “missing” entrepreneurs. There are currently about 1.4 million early-stage entrepreneurs in Romania (i.e. those starting or managing a business that is less than 42 months old) and this number would increase by about 577 000 if the early-stage entrepreneurship rate for core-age males (30-49 years old) was applied to the whole population.

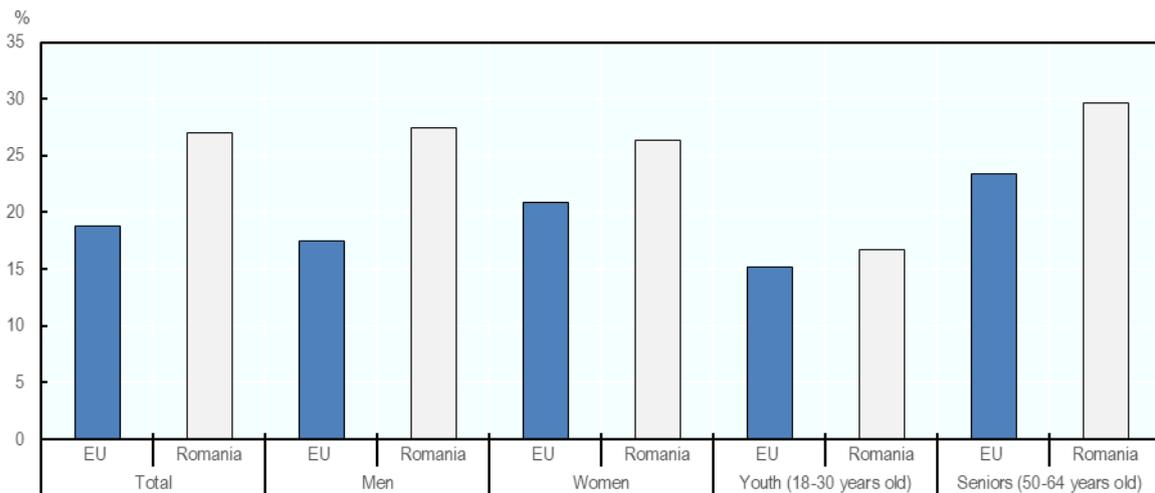
A similar exercise can be done for each population group by applying the rate for core-age males to each group (i.e. women, youth, seniors, immigrants). This shows that about 85% of these “missing” entrepreneurs are female and more than 60% are over 50 years old.

Public policy should not seek to convert all of these “missing” entrepreneurs into actual entrepreneurs. Entrepreneurship is a labour market activity that involves risk and it is not suitable for everyone. Nonetheless, the exercise of estimating the number of “missing” entrepreneurs can illustrate the scale of entrepreneurship gaps and the potential benefits if some of the gaps in activity rates were reduced.

Between 2015 and 2019, nearly three-in-ten early-stage entrepreneurship activities were created because the entrepreneurs did not have any opportunities in the labour market (27.1%) (Figure 1.11). This proportion was above the EU average during this period (18.8%). Older people were the most likely to be active in entrepreneurship during this period due to a lack of job opportunities (29.6%), while fewer than 16.7% of youth started a business because they could not find employment. Both of these proportions were above the EU average. However, unlike the vast majority of EU countries, women were less likely than men to be involved in necessity entrepreneurship (26.4% vs. 27.4%).

Figure 1.11. Necessity entrepreneurship

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that self-report that their entrepreneurship is necessity-driven, 2015-19



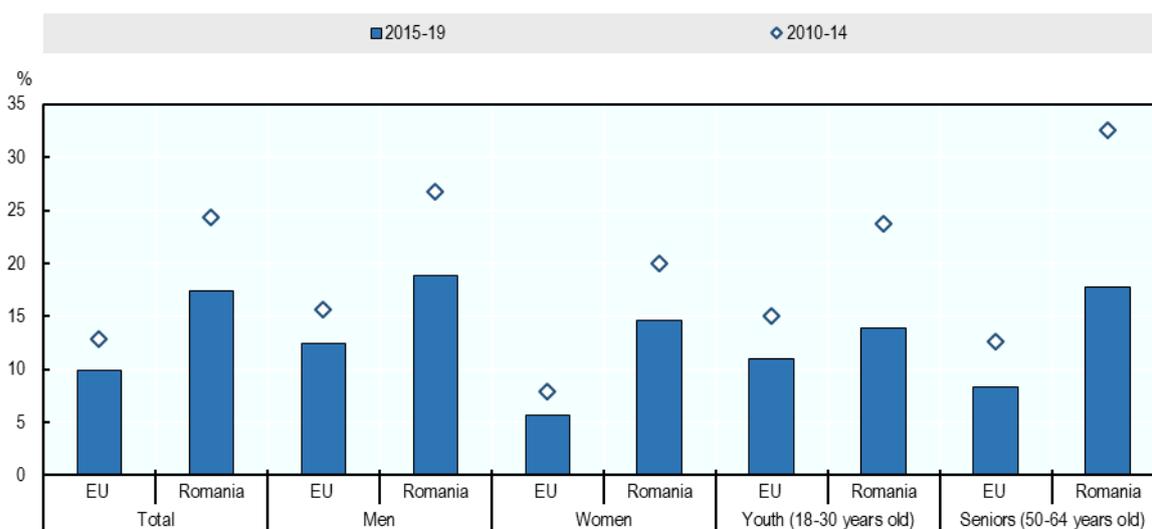
Note: Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Romanians seem to be more confident than the EU average regarding the creation of at least 19 new jobs over the next five years. The proportion of Romanian nascent entrepreneurs and new business owners (18-64 years old) that expect to create at least 19 new jobs over the next five years is almost double comparative with the EU level (Figure 1.12). Male and youth entrepreneurs are more inclined to think that they are able to create these new jobs over the next five years, even if there is a clear difference of perception regarding this outcome between EU and national level.

Figure 1.12. Growth-oriented entrepreneurship

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that expect to create at least 19 new jobs over the next five years



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

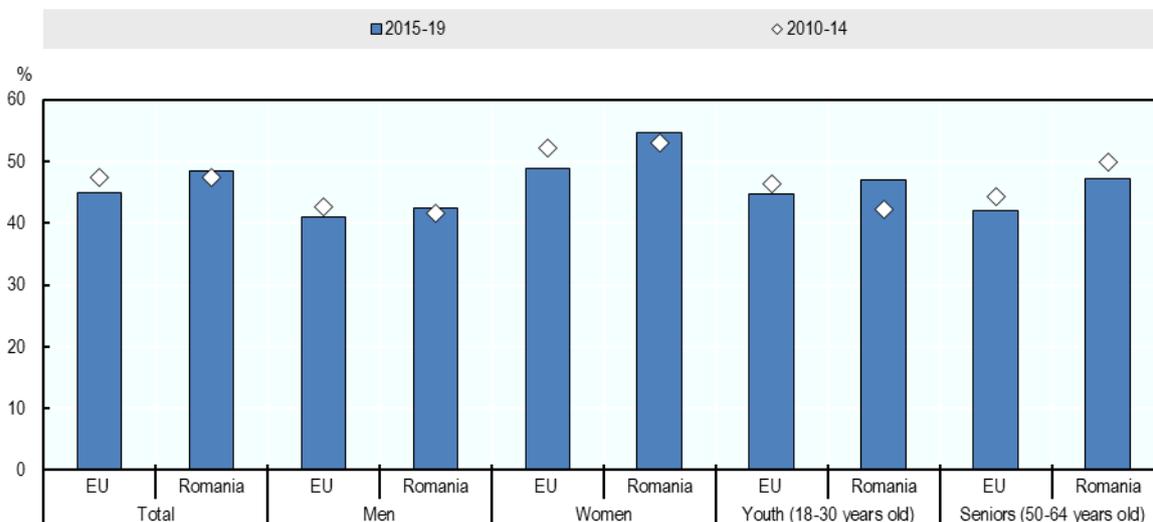
Barriers to business creation

Evidence on the barriers to entrepreneurship can be obtained from several sources. The GEM survey includes some questions about barriers related to a “fear of failure” and entrepreneurship skills, allowing for international comparisons. The most recent data cover the period 2015 to 2019. Relative to the EU average, Romanians appear to have a higher perceived level of “failure fear” relative to the EU average (Figure 1.13). Over the 2015-19 period, 48.6% of the population indicated that this was a barrier to business creation, which was above the EU average of 45.0%. Women and seniors were the most likely to report this barrier.

Romanians were, however, more likely to report that they have the skills needed to start a business. Nearly half of the population (47.6%) self-reported having sufficient entrepreneurship skills to start a business relative to 42.5% for the EU overall (Figure 1.14). This “increased perceived” level of entrepreneurial skills is apparent irrespective of gender and age. Male and youngster seems to have a more entrenched perception of having the right knowledge and skills to start-up in business.

Figure 1.13. Fear of failure

“Does a fear of failure prevent you from starting a business?”
Percentage of population who responded “yes”, 18-64 years old

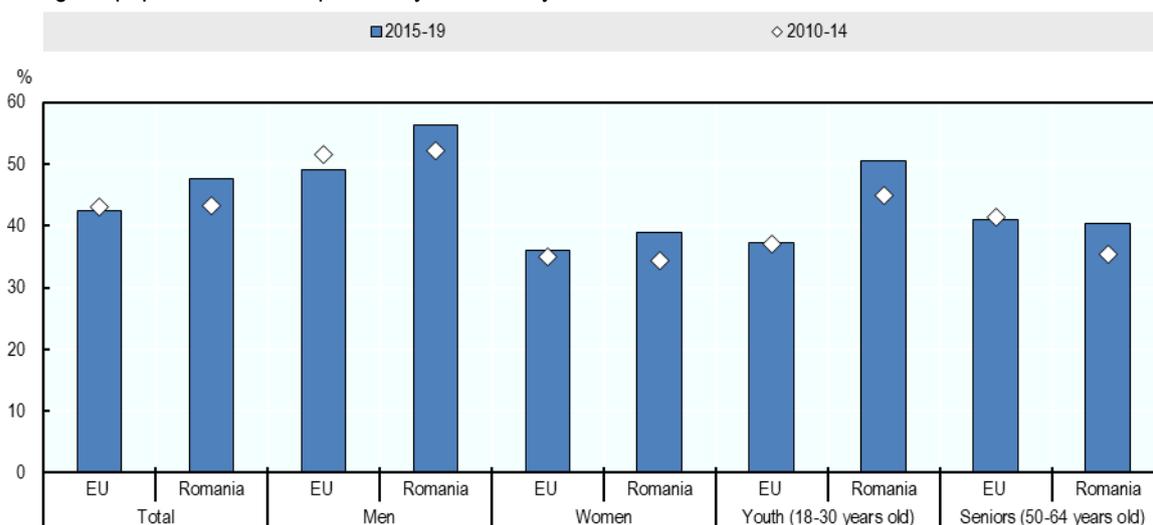


Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Figure 1.14. Entrepreneurship skills

“Do you have the knowledge and skills to start a business?”
Percentage of population who responded “yes”, 18-64 years old



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19), Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Other sources of information can be used to obtain a more complete picture of the range of barriers faced in entrepreneurship. A recent survey (National Labour Research Institute/INCSMPS, 2019) assessed the barriers to entrepreneurship by asking entrepreneurs to rate obstacles according to the following scale: 1: no obstacle; 2: minor obstacle; 3: moderate obstacle; 4: severe obstacle; and 5: very severe obstacle. The following were the average scores (from highest to lowest):

- Tax rates: 2.67
- Trade and custom regulation: 2.56
- Tax administration: 2.30
- Corruption: 2.24
- Political instability: 2.20
- Increase the minimum wage: 1.77
- Functioning of the judiciary/courts: 1.75
- Business licencing and permits: 1.61
- Uncertainty about regulation policies: 1.61
- Anti-competitive practices of other competitors: 0.72
- Role of the union in setting the minimum wage: 0.09

2 Inclusive entrepreneurship policy framework

Overview and assessment

Table 2.1. Characterisation of the inclusive entrepreneurship policy context

		Women	Immigrants	Youth	Seniors	Unemployed
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓	✓	✓	✓	✓
	Regional	✓	✓	✓	✓	✓
	Local					
2. A group-specific entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)		✓	✓	✓		✓
3. Clear targets and objectives for entrepreneurship policy have been developed and reported for different target groups						
4. Monitoring and evaluation practices for entrepreneurship support are strong and wide-spread						

Note: A check-mark indicates the level policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

Policy responsibility

The main objective of the Directorate for Entrepreneurship and Programmes for SMEs of the **Ministry of Economy, Energy and Business Environment** is the technical and financial management of the “*minimis*” schemes implemented through national programmes supporting the creation and development of small and medium enterprises. The objectives of this Directorate is creating and preserving new jobs, supporting the unemployed and new graduates in the labour market, increasing the number of new SMEs (including in rural areas), as well as supporting investment in equipment and technologies. These are achieved through the implementation of programmes supporting business creation, as well as supporting the development of existing SMEs at national and local levels.

In addition to the Ministry of Economy, Energy and Business Environment, the following ministries are of importance in designing inclusive entrepreneurship policies: The **Ministry for European Funds** is responsible for programmes under the European Social Fund (ESF) (currently through the Management Authority for the Sector Operational Programme Human Capital) and the **Ministry of Agriculture and Rural Development** for agriculture funds. Also, there are **several agencies** subordinated to **Ministry of Labour, Family, Social Protection and Elderly People** with particular importance for specific target groups: **National Agency for Equal Opportunities between Women and Men** (NAEOWM) for women, **Employers of young entrepreneurs in Romania** (EYER) for youth, **National Agency for Employment**

(NAE) for unemployed, and **National Authority for People with Disabilities** (NAPD) for people with disabilities.

Inclusive entrepreneurship strategies and objectives

Policy priorities on SME and entrepreneurship policy are outlined in the **Romanian Strategy for the Development of Small and Medium Enterprises** (RGSDSMEBE). (In addition, some actions towards improving the business environment are included in **Romania - Horizon 2020** from 2014-20). The Strategy aims to strengthen the institutional and regulatory framework to enable a sustainable development of the SME sector in a transparent and stable business environment. The RGSDSMEBE 2020 includes 32 policy measures addressing all policy areas under the Small Business Act (SBA), focusing on access to finance, responsive administration and entrepreneurship. Priority areas include:

1. Support and promotion of entrepreneurship;
2. SMEs access to adequate funding;
3. Innovative SMEs;
4. Access to markets and internationalisation of SMEs; and
5. Reactivity of public administration to the needs of SMEs.

The Strategy is, however, a general SME and entrepreneurship strategy. There are no clearly defined objectives related to the target groups of inclusive entrepreneurship, but some of the target groups are referenced in the Strategy including women, youth, legal immigrants, the unemployed, people leaving the social welfare system, people with disabilities, and people living in rural areas. Seniors are not identified in the document.

The Strategy is supported and implemented by a number of key stakeholders. DSMEBET is primarily responsible for the strategy at national level and is appointed by the government as a key body to monitor the implementation of the strategy. The assessment of the strategy implementation progress includes the following stages: (i) a first review will take place after two years of implementation, followed by concrete measures for improving outcomes; (ii) a second revision takes place after the next two years; (iii) an *ex-post* evaluation of the results is conducted at the end. At present, there is no public information about the completion of the first revision of the Strategy.

In addition, there are some national programmes that help guide programmes and initiatives for inclusive entrepreneurship that are overseen by the Directorate for Entrepreneurship and Programmes for SMEs. These include:

- The programme for stimulating the establishment of new SMEs (Start-up Nation Romania), as well as its counterpart for returning migrants that are seeking to start a business;
- Programme for the development of entrepreneurial culture among female managers in the SME sector;
- Programme for the development and modernisation of the marketing activities of the market products and services;
- National Programme for Trades and Handicrafts Support;
- Micro-industrialisation national multi-annual programme; and
- Programme for Organising the Small and Medium Enterprises Fair – TIMM 2017.

In addition, the Ministry of Economy also implements several programmes, including:

- The Romanian-Swiss SMEs Programme, financed by the Swiss Contribution and implemented by DEPSME in partnership with CEC Bank, provides loans for SMEs investments
- Romania Hub – Romania, the Country of Young Entrepreneurs Programme, an integrated training program offering information, support, technical assistance and counselling to students, entrepreneurs and potential entrepreneurs, as well as an institutional framework for the development of entrepreneurial capacities and increasing the competitiveness of small and medium-sized enterprises.⁵
- Start-up Nation Programme with its branch for the returning migrants, Start-up Nation Diaspora.

Data made available by a large variety of specialised consultancy websites show that these programmes are relatively well received and the in-take rates are quite impressive with almost 10 000 applications received by the Start-up Nation scheme in 2019, out of which more than 8 000 were approved.

All of these schemes select participants using a selection system that awards “points” according to various criteria. This includes the creation of new jobs and new jobs created for people from defined disadvantaged categories. This includes the registered unemployed, people who experience disability, youth, persons from rural areas, pensioners on minimum pension (provided that they are not on early retirement or on invalidity pension of the 1st and 2nd degree).

Monitoring and evaluation practices

Monitoring is foreseen in most policies and programmes. In the case of programmes financed from the national budget, specific procedures exist for each programme and each procedure contains a monitoring section. Regularly monitored indicators include budget expenditures, the number of participants and expected results. There is no evidence about participant satisfaction monitoring. In the case of programmes financed from EU funds, the 2007-13 programmes are in a continuing monitoring and evaluation phase (ongoing evaluation), which focuses primarily on the results of the programmes and the impact of the projects at completion. Evaluations have been completed by the Ministry for European Funds including for the operational programs Human Capital, Competitiveness (which includes the ITC component and the Environment component) and therefore are contributing with funding for entrepreneurship. However evaluations are not yet into the public domain.

Recent developments

There have been no recent updates to the overall policy framework for inclusive entrepreneurship. However, important labour market reforms do impact inclusive entrepreneurship because they potentially influence a person’s decision to become self-employed. The most important change has been the increases in the minimum statutory national salary. The unemployment rates continued to decline in spite of significant rises of the minimum salary enacted even at a pace of twice per year in 2017 and 2018, including a different minimum wage floor for salaried employees having a tertiary education. None of these measures negatively impacted on job creation although the potential for further and significant rises has been thus exhausted (Ghinararu for the European Employment and Labour Law Network-EELLN, EC DG–EMPL, 2019).

⁵ The programmes as such enumerated here are discussed in more detail in the subsequent chapters and paragraphs of the current country note for Romania (2020);

Policy measures in response to COVID-19 to support entrepreneurs and the self-employed⁶

A range of measures of been implemented to support the self-employed and SMEs during the COVID-19 pandemic. Most of these measure have been taken for the period of the emergency state, which has been declared for 30 days between the mid of March and the middle of April. This was then extended for yet another 30 days till the middle of May and then again for another 30 days.

Support includes several measures to ensure the liquidity of the self-employed and SMEs. The SME Invest Romania programme offers several loans for liquidity purposes, working capital or investments. Three weeks after the launch, the partner banks granted 451 loans totalling LEI 332 million (EUR 67 million). In addition, the Government will launch another support scheme for private companies in the near future. There is also a new guarantee scheme that will support commercial credit by using regressive factoring tools (recourse), discount credit, guarantee-leasing product. Furthermore, any legal entity including the self-employed can postpone the payment of loans until 31 December 2020.

In addition, technical unemployment is made available to those activities that were interrupted in whole or in part, resulting in the inability to continue the activity for a certain period of time. During the period of technical unemployment, employees are entitled to receive a benefit of at least 75% of the basic salary, the employment contracts being, during this period, suspended. On the basis of the emergency ordinance OUG 30/2020 the state will support, from the budget of the National Agency for Employment, the payment of the unemployment benefit for employees of companies affected by the pandemic. On April 2, 2020, the Ministry of Labour and Social Protection (MMPS) presented the data on the situation of suspended employment contracts (technical unemployment) / terminated, registered with the Labour Inspectorate:

- 862 557 suspended individual employment contracts, of which 239 279 were in manufacturing, 171 454 in wholesale and retail trade and repair of motor vehicles and motorcycles, and 115 080 in hotels and restaurants;
- 173 834 individual employment contracts were terminated, of which 34 273 were in wholesale and retail trade and repair of motor vehicles and motorcycles, 30 200 in manufacturing, and 21 431 in construction.

⁶ The text was drafted in May 2020. Policy actions implemented after this date are not covered in this report.

3 Assessment of current and planned inclusive entrepreneurship policies and programmes

Developing entrepreneurship skills

Overview and assessment of policies and programmes

Table 3.1. Characterisation of schemes for developing entrepreneurship skills

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship training	✓	✓	✓	✓	✓		✓		
	2. Entrepreneurship coaching and mentoring	✓		✓	✓	✓		✓		
	3. Business consultancy, including incubators/accelerators	✓			✓	✓				
Immigrants	1. Entrepreneurship training	✓	✓	✓		✓		✓	✓	✓
	2. Entrepreneurship coaching and mentoring	✓	✓	✓		✓		✓	✓	✓
	3. Business consultancy, including incubators/accelerators									
Youth	1. Entrepreneurship training	✓		✓		✓		✓	✓	✓
	2. Entrepreneurship coaching and mentoring	✓		✓		✓		✓	✓	✓
	3. Business consultancy, including incubators/accelerators									
Seniors	1. Entrepreneurship training			✓		✓		✓	✓	
	2. Entrepreneurship coaching and mentoring			✓		✓		✓	✓	
	3. Business consultancy, including incubators/accelerators									
The unemployed	1. Entrepreneurship training	✓	✓		✓	✓		✓	✓	
	2. Entrepreneurship coaching and mentoring	✓	✓		✓	✓		✓	✓	
	3. Business consultancy, including incubators/accelerators	✓	✓							

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Women

Women are supported in acquiring entrepreneurship skills through both general programmes that are open to everyone, as well as through initiatives that are tailored for women. The general programmes include:

- Start-up Nation 2020;
- Micro-industrialisation national multi-annual programme 2020;
- Programme for the development and modernisation of the marketing activities of the market products and services;
- National Programme for Trades and Handicrafts Support 2020; and
- Support for the development of small farms.

In general, these programmes are all multi-year programmes that support the development of SMEs through integrated packages of support, addressing both skills development and offering finance. These are complemented by several internationally-supported initiatives such as the UNCTAD / EMPRETEC Romania programme to support the development of small and medium enterprises 2020 and The Romanian-Swiss SMEs Programme. Women typically have favoured access to these supports since the in-take mechanisms tend to award more points to applications from female entrepreneurs.

Furthermore, tailored support for women entrepreneurs is provided through the **Programme for the development of entrepreneurial culture among female managers in the SME sector 2020**. The objective of this programme is to stimulate and support start-ups and economic structures set up by women. A strong focus is placed on the development of entrepreneurship skills. The budget allocated to the “*minimis* scheme” for the budget year 2020, approved by Law no. 5/2020 of the State Budget for 2020 is LEI 1 million (EUR 210 000). It is expected that 160 female entrepreneurs will be supported in 2020.

Immigrants

In Romania, policies to support immigrants are typically aimed at support Romanian workers who are returning after working abroad. Entrepreneurship support is provided to this group through many of the mainstream programmes noted above and returning Romanians are favoured through the awarding of extra points. The support, however, is not differentiated. While attractive this approach offers strong incentives to returning Romanians to create a business, they have been criticized for favouring those who emigrated over people who stayed and contributed to Romania’s economy and society.

In addition, the programme **Innotech Repatriot – Romania is waiting for you** provides grants, training and coaching to returning nationals who start a business. It has a target of training at least 3 000 returning nationals.

Youth

Young entrepreneurs can access the general entrepreneurship programmes as described above and monitoring data suggest that youth are over-represented among the beneficiaries. For example, about 52.7% of the beneficiaries of Start-up Nation 2018 were under 35 years old. These programmes often award more “points” to youth during the in-take process so they therefore have favoured access to the support programmes. The provision of support, however, is not tailored in these programmes.

In addition, several tailored youth entrepreneurship schemes have been implemented. Examples include **Innotech Student**, which provides grants of up to EUR 50 000 to student entrepreneurs, and **Romania Hub – Romania, the country of young entrepreneurs**, which is part of the Romania – Horizon 2020 programme. This programme provides an integrated support package over 12 months, including training,

individual support, and access to entrepreneurship support infrastructure. It is run by the Ministry of Environment, Business, Trade and Entrepreneurship.

Moreover, the development of entrepreneurship skills and mindsets has been strengthened in recent years. At the school-level, entrepreneurship education has been included in the mandatory curriculum for 10th graders since 2006. As of the school year 2020-21, it is also now mandatory for 8th graders. This economic and financial education focusses on building financial skills and literacy. Similarly, entrepreneurship education has been integrated into technical and vocational education through the use of training firms. In higher education, Student Entrepreneurial Societies (SES) have become a common tool for teaching entrepreneurship skills. As of 2017, 54 public higher education institutions (HEIs) and 34 private HEIs had developed SES. These efforts have been further boosted by a new Partnership Agreement for Entrepreneurship Education, which was signed by the Ministry of Education and Research and other interested parties in December 2019. This will lead help engage entrepreneurs and NGOs in developing entrepreneurship education and is expected to lead to a National Strategy for Entrepreneurial Education.

Overall, there is a strong interest in developing and supporting youth entrepreneurship for several reasons. Youth entrepreneurship support schemes can help develop IT-intensive sectors where the technical skills may be lacking among older workers. Furthermore, it can help create jobs for young people and others.

Seniors

In Romania, most programmes consider seniors to be person over the age of 45 years old. There are no tailored training, coaching and mentoring or consultancy schemes for seniors, but they can access the general entrepreneurship programmes that are noted above. However, unlike many of the other groups, seniors are not given preferential access to the support. This suggests that public policy tends to emphasise employment over entrepreneurship for older workers, particularly for those who are unemployed, since they have a higher propensity for falling into inactivity (Ghinararu and Davidescu, 2015).

The unemployed

The unemployed can access general entrepreneurship programmes and have preferential access to the programme since they would be creating a workplace for a registered unemployed person. In addition, the **Creative Romania programme** support unemployed people who start companies in creative industries in less developed regions (North-East, North-West, West, South-West Oltenia, Center, South-East and South Muntenia). It offers financial support with some training.

Entrepreneurship support for the unemployed has been rather modest in recent years because the unemployment rate has been low and declining. However the COVID-19 crisis has altered dramatically this environment with the close to one million labour contracts being “suspended” during the two-month period of “lockdown”. Policy makers will therefore need to reconsider how the unemployed are supported and transitioned back into work, considering the state of public finances.

Financing entrepreneurship

Overview and assessment of policies and programmes

Table 3.2. Characterisation of schemes for facilitating access to finance

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Grants for business creation	✓	✓	✓				✓		
	2. Loan guarantees	✓	✓	✓				✓		
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Immigrants	1. Grants for business creation	✓	✓	✓				✓		
	2. Loan guarantees	✓	✓	✓				✓		
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Youth	1. Grants for business creation	✓	✓	✓				✓		
	2. Loan guarantees	✓	✓	✓				✓		
	3. Microfinance and loans	✓	✓	✓						
	4. Other instruments (e.g. crowdfunding, risk capital)									
Seniors	1. Grants for business creation	✓	✓	✓				✓		
	2. Loan guarantees	✓	✓	✓				✓		
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
The unem- ployed	1. Grants for business creation	✓	✓	✓				✓		
	2. Loan guarantees	✓	✓	✓				✓		
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

The general entrepreneurship programmes often offer grants for new entrepreneurs. Most of these schemes are financed by EU Structural Funds for the programming cycle 2014-20. The funds are distributed according to the economic structure of the economy, so agricultural start-ups receive a substantial allocation of funding. The Start-up National programme is funded by the national budget and offers more flexibility to entrepreneurs in that it can offer bridge loans to entrepreneurs waiting for their application to be assessed. In addition, it offers options to applicants about the structure of the loan and/or

reimbursement of own-funds. However, there is a trend towards the use of credit guarantees over grants and direct loans.

The collection of current schemes are able to provide for quite a range of financing, catering to the needs of most of the groups. This has improved over time, notably due to new elements that have been added to Start-up National, which improve the availability of financial support for many population groups.

Women

In addition to the general entrepreneurship programmes that are open to everyone, financial support for female entrepreneurs is primarily provided through the **Programme for the development of entrepreneurial culture among female managers in the SME**. It offers grants and loan guarantees, with a total budget of LEI 1 million (EUR 210 000). While this programme has achieved positive results, it is a fairly small-scale scheme – about 160 beneficiaries are anticipated for 2020.

Immigrants

Immigrants (i.e. returning nationals) can access financial support for entrepreneurship through the programme **Innotech Repatriot – Romania is waiting for you**. This offers grants of up to EUR 100 000 and has a total budget of EUR 30 million, funded through the Human Capital Operational Program (POCU) 2014-20. This scheme also provides non-financial support such as training and coaching.

Youth

The **Innotech Student** scheme offers grants to student entrepreneurs. It has a total budget of about EUR 20 million. It is generally considered to be a success. In addition, youth can access loan guarantees and microfinance through several of the mainstream programmes for which they have preferential access.

Seniors

There are no tailored entrepreneurship financing schemes for seniors, but they do have preferred access to most of the general entrepreneurship financing schemes.

The unemployed

Start-up financing for the unemployed is offered through the **Creative Romania** programme, which provides financial support for the creation of start-ups in creative industries. This is a rather small programme that supports only a specific profile of firms. More broadly, many of the general entrepreneurship programmes such as Start-up Nation offer preferred access to the unemployed since they create a workplace for a registered unemployed person.

Recent policy developments

The most recent policy development related to inclusive entrepreneurship financing schemes is the implementation of the **Support for the installation of young farmers** scheme. It offers up to EUR 50 000 for new agricultural businesses set-up in a rural by individuals under 40 years old. This scheme has a total budget of EUR 42 million starting in 2020 within the National Rural Development Programme 2014-20.

Entrepreneurship culture and social capital

Overview and assessment policies and programmes

Table 3.3. Characterisation of public policy actions to promote entrepreneurship and develop networks

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship campaigns, including role model initiatives	✓	✓	✓				✓		
	2. Networking initiatives									
Immigrants	1. Entrepreneurship campaigns, including role model initiatives	✓	✓	✓				✓		
	2. Networking initiatives									
Youth	1. Entrepreneurship campaigns, including role model initiatives	✓	✓	✓				✓		
	2. Networking initiatives									
Seniors	1. Entrepreneurship campaigns, including role model initiatives	✓		✓				✓		
	2. Networking initiatives									
The unemployed	1. Entrepreneurship campaigns, including role model initiatives	✓		✓				✓		
	2. Networking initiatives									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Entrepreneurship is widely promoted as a potential career pathway in media through many ESF-supported actions. Women, youth and rural entrepreneurs are widely showcased as success stories and role models. There are numerous examples of messages of inclusion promoted in media (e.g. the national TV station (TVR 10) as well as on private national TV stations such as the PRO TV, ANTENA 1, ANTENA 3, Radio Romania 1, Europa FM), especially related to women entrepreneurship. However, the delayed launch of calls under the new EU funding periods poses a challenge to the continuity of these measures.

In addition, the MRI runs an initiative that promotes entrepreneurs build their businesses on R&D activities with the label “designed in Romania” (*Conceput in Romania*). It aims to raise the profile of entrepreneurship and R&D activities.

Entrepreneurship education in schools is growing, which helps to promote entrepreneurship widely. Schools provide information about entrepreneurship and basic (optional) entrepreneurship education, promoted by the Ministry of National Education. Schools also are required to provide career counselling, which covers entrepreneurship.

Women

In addition to the general media campaigns that promote women in entrepreneurship, the **Programme for the development of entrepreneurial culture among female managers in the SME sector 2020** is also working to raise the profile of female entrepreneurship. This includes outreach initiatives and providing basic information to women interested in entrepreneurship.

Youth

The **Romania Hub** programme works to promote and support students in entrepreneurship. This package of support includes outreach and promotional efforts to potential young entrepreneurs in schools.

Regulatory measures

Overview and assessment of regulatory environment

Table 3.4. Characterisation of regulatory measures used to support entrepreneurship

			Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Maternity leave and benefits for the self-employed Access to childcare	✓								
Immigrants	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Entrepreneurship visa Administrative and tax obligations can be met in several languages	✓		✓	✓					
Youth	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Student business legal form Reduced tax and/or social security contributions for new graduates									
Seniors	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Medical leave schemes for the self-employed									
The unemployed	1. Support with understanding and complying with administrative procedures		✓							✓	✓
	2. Measures to address group-specific regulatory challenges	Welfare bridge to support those moving into self-employment Mechanisms for regaining access to unemployment benefits if business is not successful	✓								

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Administrative procedures and requirements have been simplified for all businesses and self-employed people and general information on how to comply with administrative requirements is provided to all entrepreneurs through the **Ministry of Economy, Energy and Business Environment**. There are several agencies of particular importance regarding the provision of information to special target groups: NAEOWM provides information for women, EYER for youth, NAE for the unemployed, and NAPD for people with disabilities. As of 2016, through an amendment to the Unemployment Insurance Act, the NAE has started offering profiling services, especially for the long-term unemployed and the NEETs.

The Romanian social protection system does not treat entrepreneurs, including from under-represented and disadvantaged groups, any different to employees as far as coverage by mandatory social security schemes. While self-employed persons are eligible for unemployment insurance via voluntary contributions, they are fully covered by all social security schemes available to employees, e.g. health insurance, pension scheme, parental allowances, and the illness, work injuries and accidents scheme. The only exceptions that is made by all of the main acts on social insurance are for the self-employed working in agriculture and contributing family workers, which are exempt from any such contributory obligation. These workers are not covered but may opt for voluntary coverage, which is possible in all major social protection systems.

In most of the cases the scale of support offered through regulatory instruments is not significant. The only exception which is notable is the support for new mothers which amounts to a scheme designed to encourage the increase of the birth rate.

Women

Maternity leave in Romania is highly generous. A period of two years paid leave is offered to the mother irrespective of her employment status or to the number of children a woman has (i.e. a women who has two children may stay at home on paid leave for up to four years). The payment received is 85% of the average payment (earnings or salary) for the last 12 months previous to the leave.

Immigrants

Apart from the facilities already mentioned under the various schemes which encourage the return of Romanians working abroad there are business visas for investors above a certain amount. To be also noted that immigrants granted the status of refugees can be registered with the employment offices and receive services on the same footing with Romanian citizens. However, for all non-EU nationals, work permits are necessary. Once this received, they are also eligible for the services of the National Agency for Employment, including of course, if legal conditions fulfilled, unemployment benefit.

The unemployed

In accordance with the Unemployment insurance act, Art. 86, there are investment loans available for starting up a business, for corporate units, family associations and ANPs creating new jobs. The maximum period is three years with an interest rate of half of the reference rate of the National Bank of Romania.⁷ Under this facility, loans are granted based on feasibility studies, conditioned by the number of jobs that would be created. Further, under the same jurisdiction, grants are available for SMEs, co-operative units, family associations and ANPs if they create jobs for unemployed and keep them in business at least for four years.⁸

⁷ Law no. 76/2002 on the unemployment insurance system and employment stimulation with subsequent amendments, [on-line], <http://www.anofm.ro/legea-nr-762002>. However, this facility is seldom used and even more seldom actually budgeted. It was launched in the 1990s when credit was scarce but remains in the law.

⁸ Idem.

4 Supporting people who experience disability in entrepreneurship

Self-employment and entrepreneurship activities

According to data provided by the National Authority for Persons with Disabilities and stemming from the source of the National Institute for Statistics of Romania, the total number of registered persons with disabilities in Romania was of 846 354 (2019). This accounts for about 3.8% of the total population. Women account for more than half of the total number of persons with disabilities (53.1%). Moreover, the age group structure points to a disproportionate share of individuals above the age of 50 (72.5%) and therefore includes those nearing statutory retirement age (currently at 65 years of age for men and at 61 for women, set to rise to 63 by 2030; Law 127/2019 for the public pension system).

The structure on the severity of the handicap or disability shows 39% having a “severe” disability or handicap, 48% having an “aggravated” disability and 11.28% counting for a “medium and light” disability. Therefore around 88% would count for persons having practically little to no “residual” work capacity left while only a “fringe” of around 11% would count as persons with disability having a significant residual work capacity left and thus able and available for work.

Accordingly it should be considered that around 87% of those registering in Romania as having a disability or in absolute numbers 736 327 persons are practically outside the labour resources in spite of half of them being within the working age population. Therefore only the remaining 13%, or about 93 000 people, would maybe count as persons able and available for work. This number accounts for 1% of the active population.

Policy framework

Table 4.1. Characterisation of the entrepreneurship policy context for people who experience disability

		People who experience disability
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓
	Regional	
	Local	
2. A dedicated entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)		
3. Clear targets and objectives for entrepreneurship policy have been developed and reported		

Note: A check-mark indicates the level of policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

The sole body responsible for policy making in this area is the **National Authority for Persons with Disabilities, Children and Adoptions**. Apart from this in terms of employment policies the responsibility falls within the remit of the **National Agency for Employment** while for projects implemented with the co-financing of the EU the responsibility remains with the various management authorities under the Ministry of European Funds. The **Ministry of Economy**, energy and business environment exercises however the overall authority for programmes whereby the persons with disability are targeted but which fall under its authority such as the facilities offered by the Start-up Nation programme for entrepreneurs.

While persons with disabilities are clearly marked out as a target group for various policies and programmes, there is to date no particular entrepreneurship support scheme tailored for this group. The only exceptions are a small number of pilot projects that were co-financed by EU Structural Funds.

Overview and assessment of policies and programmes

Table 4.2. Characterisation of the entrepreneurship schemes for people who experience disability

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Skills	1. Entrepreneurship training	✓		✓	✓					
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators									
Finance	1. Grants for business creation	✓		✓	✓					
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Culture	1. Entrepreneurship campaigns, including role models	✓		✓	✓					
	2. Networking initiatives									
Regulations	1. Support with understanding and complying with administrative procedures	✓		✓	✓					
	2. Measures to address group-specific regulatory challenges									
		Mechanisms to move back into disability benefit system if business is not successful								
	Mechanisms to move regain access to other social security supports (e.g. housing benefits) if business is not successful									
	Medical leave schemes for the self-employed									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

The National Authority for the Rights of Persons with Disabilities, Children and Adoptions, in partnership with the National Agency for Employment, implements the project “Facilitating the introduction of disabled staff on the city hall”, projects co-financed within the Human Capital Operational Programme 2014-20 (Axis Priority 3 - Jobs for all, specific Objective 3.1). The duration of the project is 36 months, and the general objective is to ensure access for people with disabilities, on an equal footing with others, to the physical, informational and communication environment, in order to increase employment opportunities and the share of people with disabilities employed in the free market. While the programme is heavily focused on supporting people with disabilities in employment, a small number of entrepreneurship supports are provided including measures related to workplace adaptation, financial support for acquiring assistive products and discounted vouchers of various other support services.

Most of the current support programmes offer financial support to entrepreneurs who create employment for people who experience disability. The small number of people in this group of potential entrepreneurs is very small, so it is not clear that there is sufficient demand for tailored entrepreneurship support initiatives. However, access to some of the general programmes could be further enhanced.

5 Policy recommendations

Romania has made progress in strengthening inclusive entrepreneurship support through adjusted in-take mechanisms in general entrepreneurship programmes and an increased number of tailored entrepreneurship schemes. However many challenges remain in both the short- and long-term. To strengthen inclusive entrepreneurship policies and programmes, the following actions are recommended:

1. ***Better-align (inclusive) entrepreneurship programmes with economic policy priorities.*** Entrepreneurship support schemes can be refreshed to provide more support tailored towards economic priority areas, notably innovative start-ups that utilise new technologies (e.g. digital, greentech, biotech, eco-agriculture and food production). Entrepreneurs from inclusive entrepreneurship target groups can be encouraged to launch start-ups in these areas through an adaptation of the in-take process, i.e. more points could be awarded for these types of business start-ups.
2. ***Develop and deliver business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups through dedicated initiatives.*** General schemes appear to be, overall, reasonably effective at supporting priority groups in business creation. However more tailored support is needed to support these new businesses in the post start-up phase when business failure rates are high.
3. ***Continue and strengthen the development of funds and micro-credit for inclusive entrepreneurship target groups, ensuring that complementary training and business advice are also offered.*** This will help the recipients of financial build sustainable businesses that have a greater likelihood of creating employment for others.
4. ***Improve access to entrepreneurship support for those who experience disability.*** Many people who experience disability have the potential to succeed as entrepreneurs while managing their personal situation. Although this target group is small in size, access to general support programmes could be enhanced through the awarding of points during in-take. Moreover, programme managers can be trained about the challenges and potential of entrepreneurs who experience disability to improve the delivery of support. Finally, it is important to improve the accessibility of government websites so that they are more compatible with assistive technologies.

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Annex A. Methodology

Each country report was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with policy officers, entrepreneurship support organisations and other stakeholders. The information was then verified by government ministries, programme managers and other inclusive entrepreneurship stakeholders, including through the circulation of draft reports for comment and online seminars that were organised between June and September 2020.

The reports are based on a common assessment framework that was developed by the OECD Secretariat. The framework contains five pillars:

1. Policy framework
2. Entrepreneurship skills
3. Financing entrepreneurship
4. Entrepreneurial culture and social capital
5. Government regulations

The reports provide an overview of the current inclusive entrepreneurship policies and programmes. They also notes assess programmes against the following international good practice criteria, considering the “typical” entrepreneur in each of the different target groups (i.e. women, immigrants, seniors, youth, the unemployed, people who experience disability), in the “typical” region in the country. It covers schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. The international good practice criteria used in the assessment are:

- **Tailored:** Are public programmes tailored for the target group (i.e. dedicated)?
- **Consultation:** Are the targeted entrepreneurs consulted during the design of programmes?
- **Outreach:** Are appropriate outreach methods used for different target groups?
- **Delivery:** Are specialist organisations used to deliver programmes?
- **Take-up:** Does the support have high take-up among target group?
- **Scale:** Is the scale of available support sufficient?
- **Impact:** Does evaluation evidence show a positive impact?
- **Integrated:** Is the programme delivered linked other related supports?
- **Links:** Do tailored programmes link to mainstream support programmes?

A focus is placed on the most commonly targeted population groups, namely women, immigrants, youth, seniors and the unemployed. Other groups such as the Roma are covered by the report when relevant. A special thematic section was added on entrepreneurship support for people who experience disability (Section 4) to highlight their potential as entrepreneurs and to showcase the variety of tailored entrepreneurship schemes that are in place around the European Union.