



# European Network of Public Employment Services

Benchlearning Initiative External Assessment

Romania ANOFM

2016

Summary report



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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014<sup>1</sup>. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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<sup>1</sup> DECISION No 573/2014/EU

# **Benchlearning Initiative External Assessment**

Summary report – Romania ANOFM



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## **PES of Romania – ANOFM**

### **Summary Report**

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## **Benchlearning Initiative External Assessment**

### **PES of Romania (ANOFM)**

## **Summary Report**

### **1. Introduction**

This report outlines the results of the Benchlearning (BL) external assessment of the public employment service (PES) of Romania (ANOFM) conducted on the 21-23 March 2016. The team of six external assessors comprised two peer PES staff (Slovenian and Danish PES), three PES experts from the European Commission, and two experts from ICON-Institute (the supporting contractor). The programme of the 2.5 day visit included meetings in the PES Head Office with senior management/directorates and a visit to a local PES office (Slatina) about 150 km from the capital, Bucharest.

The time and resources invested in the preparation for the Benchlearning visit by ANOFM, and in particular their internal self-assessment, are gratefully acknowledged and were key to the whole BL external assessment process.

The Romanian PES has a central role in the implementation of the National Strategies for Employment, National Inclusion and Poverty, and also Regional Policy and Industrial/Sustainable Development. ANOFM is an autonomous public institution, operating under the authority of the Ministry of Labour, Family, Social Protection and the Elderly (MLFSPE). It is led by a tripartite Governing Body of 15 members, five of which are appointed by the Government, five members appointed by National Trade Union confederations, and five members appointed by National Employer organisations. This approach is replicated at County level where the tripartite Advisory Boards have five local authority representatives, five members from the trade union confederations, and five members from the employer organisations.

ANOFM objectives, as outlined in their mission statement, are to stimulate employment and increase worker mobility, provide unemployment benefits and protect those in receipt of benefits, encourage participation of jobseekers in vocational training, prevent unemployment, ensure equal opportunities for jobseekers and combat discrimination in the workplace, promote social inclusion and facilitate the free movement of workers. It does this through a network of offices at County and Local levels and through a network of Regional Vocational Training Centres (RVTCs).

ANOFM has a central office that coordinates the activities of 42 County Agencies for Employment (CAE), the 8 RVTCs and one National Staff Training Centre. The CAEs have 71 Local Agencies for Employment and 156 job centres within their structure.

Out of the current total number of PES staff (2175), 150 (6%) work at the PES head office structure, while 1930 (89%) work at the regional/county or local PES offices and their satellite locations (commonly one-person "clinics"). 95 (5%) staff work at the RVTCs and 10 are employed at the ANOFM Staff Training Centre. There have been significant staff reductions (including at Head Office) in recent years as a result of the economic crisis and the austerity measures introduced.

## 2. Strengths

A main strength of ANOFM observed during the assessment visit, is that the PES staff both in the head office and in the county/local offices visited are dedicated to helping the jobseeker and employer clients, despite working in an environment of radically reduced staff and financial resources. Many of the elements of a modern PES are in place and have been developed over the past years using national, ESF and World Bank funds and initiatives. This also includes the RVTCs and the National Staff Training Centre. Some PES initiatives, such as the call centre in Cluj, have been developed by the local PES Region, in the context of individual once-off ESF supported projects.

Currently a change process is underway, assisted by peer PES, and a well-structured concept paper outlines a time-bound roadmap for change, developed through an adapted SWOT analysis and a 2014-20 PES strategy is also in place. The availability this year of non-competitive ESF resources that could *inter alia* support the change process is a significant potential resource to radically further strengthen the PES, building on the already solid foundations. The fact that ANOFM have themselves identified current weaknesses and essential areas for improvement, have developed a plan to address these weaknesses and are in the process of actioning that plan, is in itself a key core strength.

Recently a new IT-system has been launched which integrates the 42 county offices databases into one database. Due to the data exchange with other institutions, data on individual jobseekers appears to be rich and comprehensive and will be a key resource to *inter alia* track jobseeker longitudinal outcomes and thus in the future it can be used to evaluate the effectiveness and efficiency of current ALMP initiatives. This new IT-system is thus a major step in the right direction. Plans are in place to further develop the system and adapt it to the needs of the different user groups and for the future profiling and segmentation approach, as well as the future employer strategy.

Another key strength is their focus on staff development and the extensive staff training facilities currently available both at national and regional levels. A pool of internal staff trainers is in place that can be called upon to deliver staff training courses as required. The existing suite of courses developed by the staff training centre in Rasnov is impressive and recommendations for the further comprehensive development of such trainings are made further on in this report.

In order to develop a uniform approach to its work and an appropriate quality level for the services delivery, ANOFM developed standard working procedures that cover the range of PES services. These procedures were *inter alia* developed in the context of a standardised Quality Management System (QMS). However, while the QMS itself and its quality audit functions have not been fully maintained for the past 2-3 years, due to the severe staff reductions and allied resourcing issues, the recognition by ANOFM of the importance of quality systems is in itself a key strength that can be further reinforced in the future. Strong standardised procedures are in place for contracting out services, such as the selection of the specialised service providers with whom ANOFM concludes contracts for vocational guidance services, some job placement services for specific target groups, and services to provide self-employment advice.

The availability of a key network of RVTCs within the management structure of ANOFM is a valuable resource for the up-skilling of both the unemployed and employed workforce. Resources are limited at present to re-equip the centres and to bring staffing up to full complement, but the potential for the further development of the RVTCs is significant.

These RUTCs can give ANOFM jobseeker clients immediate and direct referral access to career advancement training supports, developed in line with current and future demands of the local labour markets and delivered in modern training facilities.

### 3. Contextual influences

Funding of ANOFM increased between 2009 and 2010, but then decreased substantially from 2011 onwards. This creates a difficult operating environment for ANOFM and coupled with reduced human resources, creates a significant challenge for management and staff. The main source of funding is unemployment insurance contributions (80-90% of the total budget). The remainder is covered by ESF and government funds. However, the potential availability this year of a tranche of non-competitive ESF resources presents an opportunity for ANOFM to develop additional capacity to support its core activities. It also provides opportunities to push forward planned initiatives on both the demand and supply sides of its operations, in line with the new concept for change approach.

Being part of the public administration, ANOFM has to comply with regulations relating to the employment of civil servants. This creates some limits on ANOFM, such as a recruitment embargo on new staff and this in turn limits the scope to meet labour market challenges. It may however now be possible as indicated above, to harness ESF to support the reinforcement of human resource numbers in the context of the PES modernisation initiatives currently in the planning phases.

According to the Commission country report<sup>2</sup>, the labour market in Romania is tightening in the context of robust economic growth. The unemployment rate has been broadly stable below 7 %, and is expected to decrease somewhat in the coming two years. Employment has been increasing and is forecast to sustain its upward trend, and growth has been concentrated in high value-added sectors. The low unemployment rate is partly influenced by a continuous decline in the working-age population due to ageing and net outward migration.

Access to the labour market for vulnerable groups continues to be problematic. The labour market activation of people on social assistance is low. The percentage of young people not in employment, education or training is above the EU average. The early school-leaving rate is high, in particular for the Roma and the rural population. Prevention and remedial programs are limited. Quality issues persist in relation to vocational education and training, and participation in adult education is very low. Romania also faces very high risks of poverty, social exclusion, and income inequalities. All these factors create significant challenges for ANOFM in placing youth into jobs and activating and re-skilling the long-term unemployed and vulnerable groups, while at the same time providing an income support mechanism and administrative framework.

In their own concept for change paper, ANOFM recognises that radical changes have occurred in the Romanian labour market over the past years and point towards less stable and precarious jobs with multiple transitions over the jobseekers' working lives. ANOFM reports that 'they are now operating in an environment where both jobseekers and employers have different visions of work, different abilities and personal social skills, and different perceptions of the role and behaviours that they expect from a public service such as the PES'<sup>3</sup>.

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<sup>2</sup> COMMISSION STAFF WORKING DOCUMENT Country Report Romania 2016

<sup>3</sup> ANOFM Roadmap for change-Concept Paper

All the above-mentioned factors and influences create a complex contextual environment within which ANOFM operates.

#### **4. Current and potential Good Practices identified during the assessment**

A significant aspect of good practice is the current review process initiated by ANOFM and supported by mutual assistance from partner PES, coupled with the development of a concept paper for change and further development. This currently focuses on the key operational areas of jobseeker holistic profiling and segmentation, employer services and ICT-based development of an 'improved service flow'. These initiatives are based on analyses, are time-bounded and are set out in roadmap for change. Coupled with this approach, a comprehensive PES strategy document for the period 2014-2020 is already in place.

While holistic profiling based on client segmentation is not yet in place, there is a significant and immediate 'first day' approach to jobseekers for completion of the registration process and to develop an outline individual action plan. Immediate referral to jobs and training are also possible in that 'first day' approach.

A Guidance Resource Centre (GRC) for jobseekers is available in some counties, and some of these centres also operate a Job-Club service. Mobility allowances are also available for the LTU and a relocation bonus is available to any jobseeker who takes up a job in another locality and at the same time changes their place of residence (these allowances are not available to jobseekers in many EU PES). The GRC service may also provide for People with Disabilities (PWD), in addition to the dedicated PWD staff available in some ANOFM offices. Most of these resource centres are sparsely staffed, but it is proposed to increase the resources and numbers of such centres in the current National Employment Strategy period 2014-20.

Web tools (both employer and jobseeker) are reasonably well- developed and a national Job Portal service is available on-line. Access to the Romanian language version of European Job Mobility Portal is also available through the ANOFM jobs portal.

As set out in chapter 2 above, a significant element of good practice is the staff training facilities in place at both national and regional levels. A pool of trained trainers is in place and that can be called upon to deliver the existing suite of courses developed by the National Staff Training Centre in Rasnov.

In relation to the Youth Guarantee (YG), ANOFM has developed a very good client-tracking database. The plan to launch a non-competitive project to reach out to non-registered clients currently not in education, employment or training (NEETs) by identifying, registering and counselling this cohort, is encouraging. This is coupled with a plan to launch a package of competitive projects, to offer ALMPs (training, employers subsidies, subsidies for apprenticeships and traineeships, mobility incentives) and other packages of social services and second chance programmes to NEETs.

ANOFM good practices also include delivering ALMPs targeting Roma needs. These include 'Open Days', Job Fairs, and 'Employment Caravans' for communities with a large Roma population and focus on information and personalised actions such as mediation and counselling, as well as on the development of the collaboration between the PES and local Roma representatives. In partnership with civil society organizations, ANOFM county level agencies have also provided supports and programmes designed to meet the specific job-seeking needs of Roma women.



## 5. Areas where improvements may further enhance PES operations and outcomes

ANOFM should work towards a position where it is regarded by the government as the prime conductor of the Romanian labour market. This does not appear to be the perception at present, as evidenced by the fact that resources both monetary and human, have been effectively stripped from the PES over the past few years. ANOFM is aware of this need to move centre-stage in the labour market national institutional structure, as evidenced by the development of the concept for change. There is a clear need to demonstrate to the government the added value of an efficient and effective PES with the concomitant labour market improvements possible through the further development of an agile and customer-focused PES. ANOFM need to demonstrate that they are not just consuming resources, but investing them to support the economy and the jobseekers, and those added value messages need to be clearly communicated also to the general public and other stakeholders. Additionally, there is no overview of the ESF resources for ALMPs or of the ALMPs offered through external providers and portions of the national ALMP budgets are being managed outside the PES (including for the Youth Guarantee). There appears to be a need for ANOFM to gain more control of such activities in order to *inter alia* reinforce its role as prime conductor of the labour market. The development of a strategic marketing campaign to reposition the PES in the 'national psyche' should be actively considered, in parallel with planned operational improvements. This campaign could be launched in the context of the enhanced ICT offer, coupled with properly resourced contact centres (harnessing the existing underutilised call-centre infrastructure).

A spirit of innovation and leadership needs to be encouraged and reinforced and the current mind-set channelled into a more 'can-do' attitude based on the agreed vision. The PES needs to move from a position where it is perceived as built around law, to one with a prime conductor purpose. In line with that set out in the paragraph above, this also implies a focal change from simply executing the law, to a customer-oriented service provision.

Other than a mobility and relocation bonus payment there is not currently an LMP Measure specifically targeting LTU such as Community Employment/Public Works (such a measure was available up to 2010 and is planned to be reintroduced in the new minimum inclusion income law). The new law foresees several ALMPs (training, requalification, second chance, counselling, participation in social economy companies, etc.), with a target of 25% of GMI people to participate in one of these measures within 3 years of a person first benefiting from social assistance, but they are not yet in place. In that regard the cooperation between employment and social services is uneven and needs to be improved in the municipalities. The current lack of LTU-specific measures is anomalous, considering that c.31% of registered jobseekers are classified as LTU. A priority must be to develop a better understanding of the needs of the diverse cohort of LTU and based on that improved analysis of needs, fast-track currently planned redesigned programmes targeting the LTU.

Strengthening the analysis of needs and segmentation of provisions for different groups of young jobseekers is also **crucial**. It is worthwhile reconsidering the 75 % target for including young people in YG measures (the EU YG target is that 100% are offered a relevant quality guarantee offer). Strengthening of follow-up on the quality and performance of providers contracted (using national funds or ESF) to deliver the YG is essential. Allied to that, the evaluation of existing YG provisions **is essential** before continuing with the present YG programmes. The counselling of young people should be handled in-house, and to a greater extent by the local PES, based on their knowledge of the local and national labour markets and future skills needs. The use and effect of EU

ESF YG funds should be more transparent and the PES should be central to the control of the targeted disbursement of YG funds.

In relation to Guaranteed Minimum Income Benefit (GMI) clients, there is no direct continuous live connectivity between the ANOFM database of jobseekers and the Social Assistance (SAA) services and only paper/pdf case note files pass between the two agencies (some basic excel data is transferred to ANOFM service but containing very minimal information without any case notes). The unevenness of working protocols in relation to GMI recipient jobseekers between the two agencies at the local level may also be a contributory factor for the apparent lack of positive outcomes for GMI clients. Some counties have, however, put such protocols in place for specific client groups such as disadvantaged young people leaving institutional care. This very regionalised nature of responses to GMI client needs means that there are divergent approaches to the issue. A stronger central coordination between the two authorities (ANOFM and SAA) at the national level is essential to improve processes and outcomes

## 6. Recommendations

The main general recommendation must be for ANOFM, like many other PES, to accelerate the current path of change and innovation. Investment in a well-functioning and performing PES pays off in terms of labour market and economic development. Matching by PES of jobseekers with jobs, engagement with employers, improved career perspectives for jobseekers; all contribute to a well-functioning labour market. It is therefore important that the MLFSPE provide an adequate budget to support and fund ANOFM resources, both staffing and operational and that there is a degree of freedom for PES to invest this budget as it sees fit, in order to enhance PES performance. As already indicated, ANOFM management and staff know the key issues, have developed a concept for change and a national strategy, and are taking steps in the right direction towards a fully modernised PES.

These recommendations are made in the context of a series of joint Commission and Heads of PES Network initiatives with ANOFM since 2014. These include the first pilot BL visit in 2014 when we had the opportunity to test the original BL methodology. That was followed by technical assistance from the PES Network to assist, *inter alia*, in the development of the ANOFM concept for change. The current BL exercise rounds off and builds on those initiatives and in a spirit of solidarity develops recommendations informed by that extensive Commission and Heads of PES Network collaboration with ANOFM since 2014.

The recommendations in detail are as follows:

1. Establish a performance dialogue at all levels of the PES by translating national targets and objectives into measurable individual or team actions at the local level. Adjust county and local targets based on well-defined and standardised local contextual adjustments, thus establishing a fair benchmarking system to compare performance, identify best practice, and promote additional operational efforts. Allied to those activities, consider developing more non-monetary incentives for staff.
2. Complete the change agenda and start implementation now through the engagement of staff in a strong bottom-up process. Aim at a full description and standardisation of all operational process by identifying (i) core processes, confine

them to (ii) support and (iii) management processes and (iv) define the process interfaces. Create a structure with responsibilities for the management of processes, i.e. (i) define process owners, (ii) introduce regular process reviews and process interface analyses and (iii) make the full process model transparent for all employees. This is a fundamental prerequisite for the launching of a continuous improvement process since it supports the assessment of the potential consequences of organizational changes for different services. Furthermore, it provides a good basis for the development of a full-fledged quality management system.

3. Use the existing QM elements to develop a systematic approach towards service quality and its management. This implies relating a clearly defined quality objective such as customer satisfaction, to clearly defined and measurable indicators and include these indicators into the list of KPIs. Communicate this objective down to the level of frontline staff. Introduce specific requirements that are necessary to achieve the quality targets at the local level for each and every employee in his/her daily work. Make use of quality assurance tools like "supervised interviews" mandatory at the local level. Such an approach does not necessarily need a renewing of the certification, which is very expensive. However, it can help very much to improve the quality of service provision at the "front end" and to increase performance since it can be used to initiate a constant improvement process.
4. With regard to channel management, the new eCard-system is a major development step in the right direction. To support this development, it appears advisable to develop a clear strategy as to which channel has what priority for which (sub-) group of customers. This strategy can be translated into a clear marketing plan for the different channels so that customer sub-groups are directed towards the most efficient channel. Furthermore, this approach will reduce the administrative burden for frontline staff.
5. As already outlined in the ANOFM 'concept for change' paper, implement a holistic profiling system and increase the number of staff in guidance and counselling roles to reinforce the identification of client needs/action planning and also to reduce caseloads to the EU average. Coupled with this, start implementing the existing plans for improving and strengthening the segmentation of jobseekers based on the segmentation methodology outlined in the concept for change. Back up and support both of these actions with the provision of supportive and comprehensive ICT-based case-management systems.
6. The development of a well-designed Employer Strategy is planned in the 'concept for change' paper. A challenge for ANOFM is to overcome stereotyping as dealing only with lower level jobs (even though ANOFM do collect a wide range of vacancies, albeit based on a legislative imperative on employers to notify the PES) and become a real force across all segments of the vacancy market in order to improve the functioning of the labour market and provide the maximum number of opportunities for unemployed jobseekers. It is recommended that ANOFM start shaping the framework for dedicated units for employer services with a clear vision of tasks and goals. Not as a silo, but as an integrated function of PES with close relations and collaboration to other PES units. Engage in dialogue with Employer Organisations and representatives as to what services are needed and in demand from the employers' side.

- 7.** Evaluate the current extensive range of ALMPs, reinforce those that work and provide additional innovative ALMPs targeted at youth, disadvantaged groups, and LTU. Specifically in relation to the YG, and as already outlined in chapter 6 above, evaluate current and past contracted provision of the YG measures. Based on that evaluation, decide which measures work and are worthwhile continuing. Coupled with that, further develop the personalised approach to NEETs, and bring back such activity into the core operational and counselling processes of PES.
- 8.** The strategic objective of strengthening ANOFM collaboration with partners needs to be transferred into targets and activities in the annual action plan, at all levels of the PES.
- 9.** The HR approach which was developed in the past needs to be reviewed and then rebuilt with a strong staff-development strategy focusing on the advisers' roles on both supply and demand sides. The national staff-development role within the head office would need to be reinforced and have a wider national vision and detailed operational brief. There is also a case for the professionalisation of the adviser staff through a long-term career development offering that could be developed in partnership with a national university (e.g. for professional 3<sup>rd</sup> level certification). This could be delivered both through remote means and face to face training anchored in the staff training centre in Rasnov. This renewed strong focus on staff development should be part of an overall coherent HR strategy. It may also be useful to examine critically the salary levels for PES staff compared with other civil service staff, with a view to improving motivation and encouraging recruitment of well-qualified staff. The overall vision for staff restructuring could usefully include a review of the scope for moving more back-office staff towards client engagement roles.
- 10.** Considering that non-competitive ESF funding is now available to the PES on a national basis, it is important to develop a unified overall budgetary conceptual framework to include ESF and national budgets, so that there is a clear funding plan for the next 5 years, linked to the overall PES concept for change and the PES strategy (this should be backed up by an integrated overview of ALMP measures financed with ESF and national budgets). This new approach will allow for the coherent funding of the restructuring plan for PES and a greatly enhanced ALMP offer, particularly for LTU, NEETs and GMI recipients. This funding should also extend to the development of a sophisticated skills forecasting system linked to the provision of an agile set of future-focused skills training options in the RVTCS managed by PES.
- 11.** Given that discrimination is a barrier to employment prospects, ANOFM has a key bridging role between employers and prospective Roma jobseekers, and as outlined above has been active in this area of service delivery. Other actors that can provide a bridging function for employment services include municipal authorities, churches, community based organizations, NGOs, social workers, community mediators and Roma mediators. It is important to set realistic, but ambitious targets for Roma inclusion in the labour market and provide adequate human and financial resources to ANOFM in order to meet those targets. Strengthening cooperation with the above actors is also important for supporting inclusion of GMI recipients and those living in rural areas.