

SUPPLEMENTARY NOTE

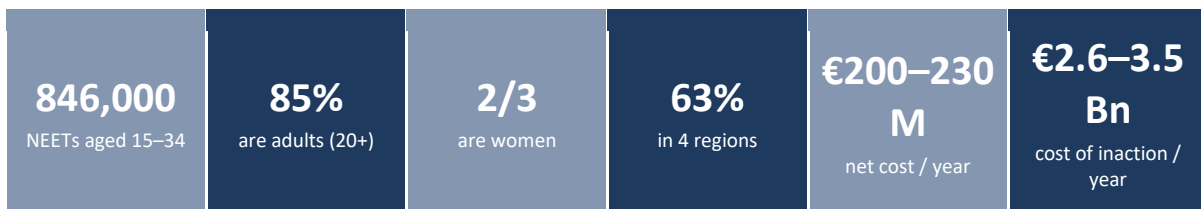
Annex to the CPAG report of April 2026

Transitioning Romanian Youth Between the Educational System and the Labour Market

This supplementary note was prepared by CPAG following the publication of its original analysis on 2 April 2026. The original report remains the main published version; the present annex is intended to complement it by developing several aspects of the analysis in greater detail.

The note expands the evidence base in four areas: the profile and regional distribution of Romania's NEET population, public expenditure on education; the order of magnitude of the budgetary resources required for a credible policy response; a proposed sequencing and prioritisation of the main strategic directions; and selected international precedents from countries that started from similarly high NEET levels and subsequently achieved substantial reductions. Estimation results depend on the underlying assumptions.

The annex was prepared in response to the request received from representatives of the Government of Romania, particularly regarding the budget implications of the proposed measures, the prioritisation of strategic directions, and concrete international examples.



Executive Summary

- Romania has approximately 846,000 NEETs aged 15–34, of whom 85% are over 20 and two-thirds are women. **Four regions — South-East, North-East, South-Muntenia, South-West Oltenia — concentrate 63% of the national total.**
- **Some variables can be measured. Romania devotes 2.9% of GDP to education — the lowest in the EU, against an EU average of ~4.7%** (Bulgaria, for instance has 4.5%). Per-pupil spending at primary level (€1,236) is roughly one-third of Bulgaria's and one-quarter of Slovakia's, and the gap widened between 2012 and 2022. Within Romania's own budget, primary education receives 52% of the national average per pupil while upper-secondary general reaches 128% and tertiary 158% — a distribution tilted away from the early stages where returns for at-risk populations are highest.
- A credible policy response is affordable. **The base scenario across five strategic directions costs EUR 906 million to 1.2 billion per year (≈0.3–0.4% of GDP), below the EU average for active labour market expenditure (0.5%).** Approximately 65% of this could be co-financed through EU instruments (ESF+, ERDF, Erasmus+, European Competitiveness Fund). The net cost to the Romanian state budget is EUR 200–230 million per year — roughly 1.5% of the combined 2024 budgets of the Ministries of Education and Labour — against an estimated EUR 2.6–3.5 billion per year in foregone output under the status quo.
- For comparison, five EU countries — **Bulgaria, Ireland, Spain, Portugal, Greece — reduced their NEET rates by between 7.6 to 12.5 percentage points within a decade, starting from levels comparable to, or higher than, Romania's current 19.3%.** In Romania the reduction in the NEET rate is very slow, it dropped by only 3.2 pp while the experience in the benchmarked countries shows that this process can be much faster. Three mechanisms are common for a successful strategy: **(i) assigned caseworker for each identified NEET, (ii) a single cross-institutional registry, and (iii) a legal duty of re-contact.** Romania currently has none of these.
- A phased implementation starting with Tier 1 **(registry + outreach teams + ANOFM capacity) requires approximately EUR 90–100 million in the first year — the lowest-cost, highest-leverage step and the precondition for everything else.**

01 New Evidence

1. The age and education profile of Romania's NEETs

a. Current situation vs. EU average

The breakdown of Romanian 2024 NEET population by age and educational attainment brings into focus several features that were only partially visible in the original report.

- NEET status in Romania is predominantly an adult phenomenon: approximately 85% of all NEETs aged 15–34 are over the age of 20. It seems to be an unresolved legacy of the early school abandonment in 2010-2019.
- the gap with the EU average widens with age for both male and female.
- the gap with EU average is most pronounced among those with low levels of educational attainment, especially women.
- among men with secondary and post secondary non tertiary education attainment the NEET rate is lower than the EU average.
- among women with secondary and post secondary non tertiary education the NEET rate is lower than the EU average only for the age group 15-19.

Table 1. NEET rates (%) by age group, sex and education — Romania vs EU, 2024

Age group	Total				Less than primary, primary and lower secondary (levels 0–2)				Upper secondary and post-secondary non-tertiary (levels 3–4)				Upper secondary — general (levels 34 & 44)			
	Male		Female		Male		Female		Male		Female		Male		Female	
	EU	RO	EU	RO	EU	RO	EU	RO	EU	RO	EU	RO	EU	RO	EU	RO
15–17	2.9	7.3	2.6	8.3	2.8	9.2	2.5	11.4	—	—	—	—	—	—	—	—
15–19	5.7	10.1	5.2	12.8	4.8	14.0	4.2	19.9	9.4	6.3	8.5	5.6	6.3	—	6.5	—
15–24	9.2	13.5	9.1	20.7	9.1	21.8	9.0	34.9	9.6	9.1	9.4	12.7	6.4	—	6.3	9.6
15–29	10.0	14.0	12.0	25.2	11.8	24.9	13.9	44.1	9.9	9.6	12.8	18.0	7.8	—	8.8	13.0
15–34	10.0	13.4	14.4	27.6	13.8	27.2	18.6	50.1	9.7	9.0	15.7	21.4	8.3	1.9	11.5	6.9

Source: Eurostat, EU Labour Force Survey

Levels 0–2: No schooling, primary, or lower secondary education. Below upper secondary level.

Levels 3–4: Upper secondary and post-secondary non-tertiary, including both general and vocational tracks.

Levels 34 & 44: General (academic) track only within levels 3–4, excluding vocational and technical pathways.

Among the figures in Table 1, 50.1% of low-educated Romanian women aged 15–34 are classified as NEET, compared with an EU average of 18.6%. For women aged 15–29 with at most lower-secondary education, the rate rose from 28.8% in 2016 to 44.1% in 2024, a trajectory that diverges from the EU trend over the same period. The education-level breakdown points to a marked duality. For men aged 15–34 who completed upper

secondary education, Romania's NEET rate (9.0%) is close to the EU average (9.7%); for men with upper-secondary general education it is 1.9%.

This suggests that the education system delivers labour-market integration for those who complete it. The gap with the EU is concentrated among those who do not: +31.5 percentage points for low-educated women aged 15–34 and +13.4 pp for low-educated men. For women who completed upper secondary, the Romanian rate (21.4%) remains above the EU average (15.7%) by approximately 6 pp, which may point to additional barriers — such as access to childcare and transport — that persist after educational attainment is controlled for.

b. The size of NEET population

Of approximately 846,000 NEETs aged 15–34, around 721,000 (85%) are in the 20–34 bracket. An intervention focused exclusively on school-age youth (15–19) would therefore reach at most 15% of the affected population. The majority of NEETs are adults who left education between five and fifteen years ago, typically with at most a lower-secondary qualifications.

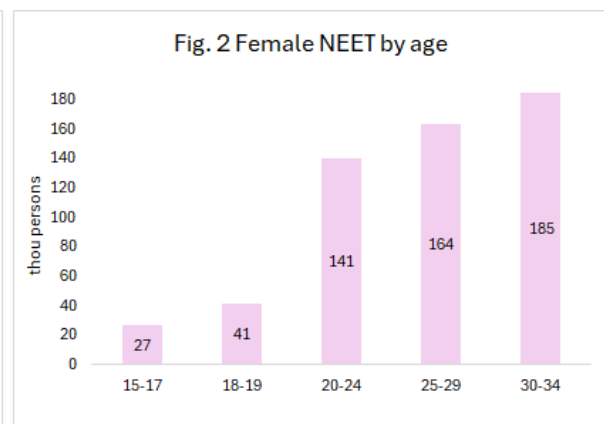
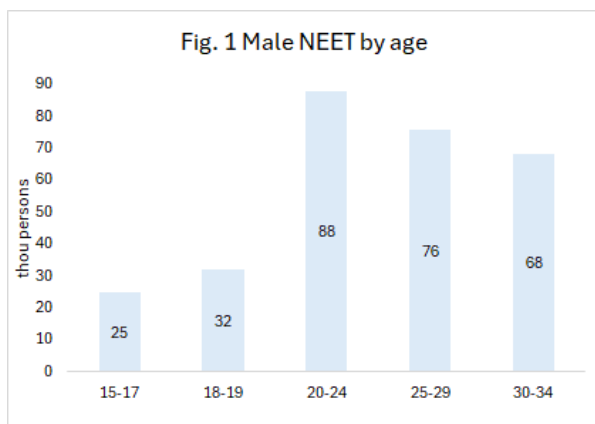
Two-thirds of these adults are women. The challenge is therefore not only educational but also one of access to childcare, transport and trusted local intermediaries — none of which are equitably distributed across Romania's territory.

Table 2. NEET population in Romania by age and sex, 2024 (persons)

Age group	Male		Female		Total	
	number	structure	number	structure	number	structure
15–17	24,888	9%	26,742	5%	51,630	6%
18–19	31,985	11%	41,482	7%	73,467	9%
20–24	87,800	30%	140,798	25%	228,598	27%
25–29	75,671	26%	163,504	29%	239,175	28%
30–34	68,143	24%	185,168	33%	253,311	30%
Total 15–34	288,486	100%	557,694	100%	846,180	100%

Source: Eurostat, EU Labour Force Survey, Romanian National Institute of Statistics, CPAG calculations

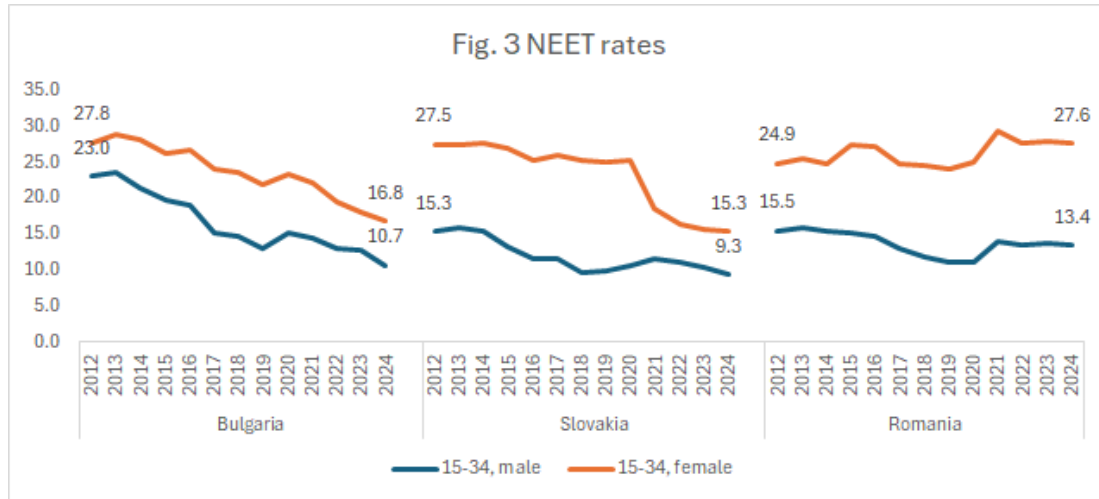
The different evolution of NEET cohorts among men and women is telling. While among men the NEET cohorts is declining with age, among women is increasing. The size of NEET cohorts below 20 is comparable for men and women, but after 20 the cohorts of NEET women (Fig. 2) is the double of the men (Fig. 1).



Source: Eurostat, EU Labour Force Survey

2. Public expenditure on education: Romania, Bulgaria, Slovakia

A suitable benchmark for Romania would be Bulgaria and Slovakia : former centrally planned economies, EU member states since 2007 and 2004, with broadly similar GDP per capita levels (28.3 thou in Bulgaria, 31.1thou in Slovakia, 32.5thou in Romania in 2025 in PPS), succeeding to reduce both male and female NEET rates over the past decade (Fig. 3).



Source: Eurostat, EU Labour Force Survey

Eurostat does not publish 2023 figures for all three countries; the comparison therefore uses data from 2022, the latest year with complete coverage. The data are examined along four dimensions: (i) the share of GDP devoted to education; (ii) how the education budget is distributed across levels; (iii) the absolute amount spent per pupil at each level; and (iv) the internal balance of per-pupil spending relative to each country's own average.

Table 3. Public expenditure on education as % of GDP, 2012–2022

Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Romania	2.64	2.67	2.75	2.72	2.58	2.69	2.82	3.16	3.14	2.93	2.89
Bulgaria	3.48	4.06	4.19	3.88	3.81	4.08	4.06	4.22	4.49	4.71	4.50
Slovakia	—	4.01	4.09	4.59	3.89	3.94	3.97	4.29	4.76	4.80	4.66

Source: Eurostat

Over 2012–2022, Romania's education spending remained within a narrow band of 2.58–3.16% of GDP. Bulgaria rose from 3.48% to 4.50% (+1.0 pp) and Slovakia from 4.01% to 4.66% (+0.7 pp). At 2.89% in 2022, Romania is the lowest in the EU (average: ~4.7%). The 1.8 pp gap with Slovakia, applied to Romania's ~€280 billion GDP, translates to roughly €5 billion per year in lower education investment.

Table 3b. Distribution of the education budget by level of education (%), 2022

Education level	Romania	Bulgaria	Slovakia
Pre-primary	12	23	14
Primary	13	21	23
Lower secondary	26	18	23
Upper sec. general	11	10	5
Upper sec. vocational	13	12	14
Tertiary	24	16	21

Source: Eurostat

Romania allocates 12% of its education budget to pre-primary — roughly half the Bulgarian share (23%) and below the EU average. Its primary share (13%) is similarly low. By contrast, Romania's tertiary share (24%) is the highest of the three countries. Pre-primary and primary together receive 25% of the total budget, compared with 44% in Bulgaria and 37% in Slovakia. The 2020 reclassification of upper-secondary programmes improved the statistical appearance of vocational funding but did not alter the underlying distribution at the pre-primary and primary levels. Given that early-stage interventions are generally regarded as the most cost-effective for preventing future NEET status, the relative weight of early education in Romania's budget merits attention.

Table 4. Public expenditure per pupil/student by level, 2022 (EUR, full-time equivalent)

Education level	Romania	Bulgaria	Slovakia
Pre-primary	1,898	4,707	4,007
Primary	1,236	3,437	4,966
Lower secondary	2,876	3,674	4,193
Upper secondary general	3,038	2,999	4,497
Upper secondary vocational	2,259	3,115	5,619
Tertiary	3,762	3,325	8,371
Total	2,374	3,593	5,078

Source: Eurostat

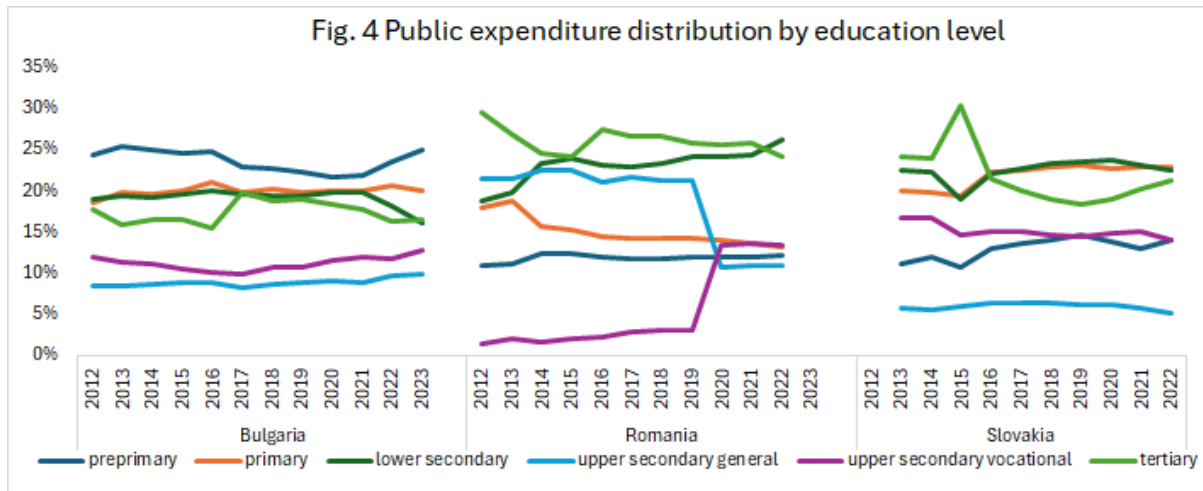
Romania's primary-school spending of €1,236 per pupil is roughly one quarter of Slovakia's level (€4,966) and just over one third of Bulgaria's (€3,437). At pre-primary level, Romania spends €1,898 per child compared with €4,707 in Bulgaria and €4,007 in Slovakia. The level at which Romania most closely approaches its peers is upper-secondary general (€3,038 vs €2,999 in Bulgaria), a segment that predominantly serves students who are already on track to complete secondary education. Vocational upper-secondary spending (€2,259) remains below both Bulgaria (€3,115) and Slovakia (€5,619), notwithstanding the post-2020 statistical reclassification that increased the reported figure.

Table 4b. Per-pupil spending over time — selected years (EUR, FTE)

Level / Country	2012			2016			2022		
	RO	BG	SK	RO	BG	SK	RO	BG	SK
Pre-primary	590	1,520	2,030	986	1,995	2,440	1,898	4,707	4,007
Primary	736	1,080	2,484	677	1,488	3,163	1,236	3,437	4,966
Lower secondary	798	1,221	2,715	1,318	1,718	2,874	2,876	3,674	4,193
Upper sec. general	2,264	918	1,963	2,970	1,273	2,727	3,038	2,999	4,497
Upper sec. vocational	79	1,259	2,849	178	1,488	3,373	2,259	3,115	5,619
Tertiary	1,647	1,136	4,098	2,351	1,320	4,593	3,762	3,325	8,371
Total	896	1,204	2,408	1,230	1,575	3,211	2,374	3,593	5,078

Source: Eurostat. Figures in nominal EUR.

The distribution of public expenditure in the last decade (Fig. 4) shows that the major change in the education system in Romania was the development of the upper secondary vocational education after 2019, when the expenses allocated exceeded the level of the expenditures allocated to upper secondary general education and converged towards the expenditure shares from Bulgaria and Slovakia.



Source: Eurostat

Over 2012–2022, Romania's total per-pupil spending rose from €896 to €2,374 (+165%), while Bulgaria's rose from €1,204 to €3,593 (+199%) and Slovakia's from €2,408 to €5,078 (+111%). The gap widened in absolute terms: Romania was €308 behind Bulgaria in 2012 and €1,219 behind in 2022. As a share of Bulgaria's per-pupil average, Romania fell from 74% to 66%; the education system operates on approximately two-thirds of Bulgaria's per-pupil level and below half of Slovakia's.

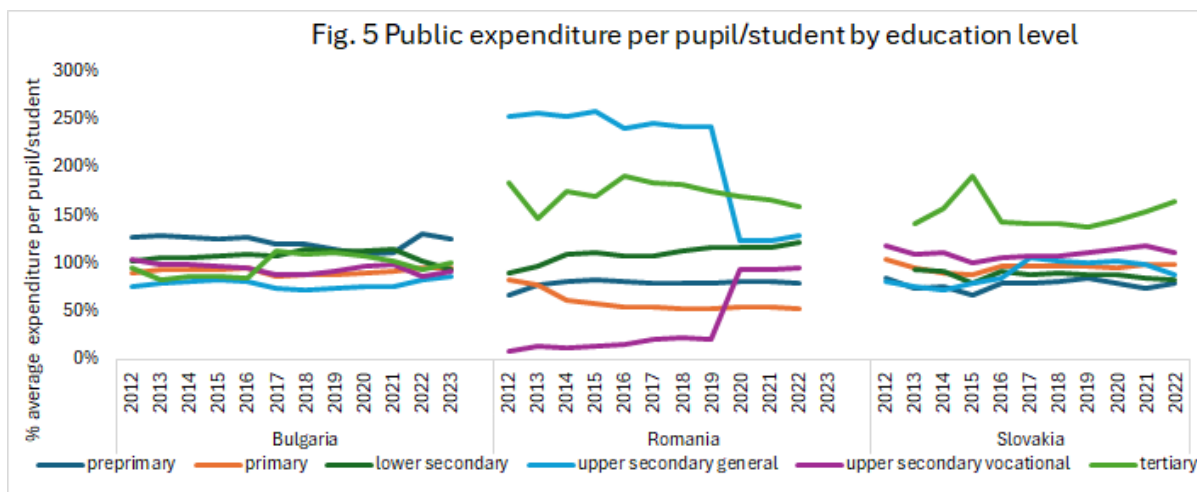
Table 4c below illustrates the internal allocation within each country's education budget. In Romania, primary education receives 52% of the national average per-pupil expense, while upper-secondary general receives 128% and tertiary 158%. In Bulgaria the distribution is more balanced: primary sits at 96% of the average and no level exceeds 131%. Slovakia similarly clusters most levels between 79% and 111%, with tertiary (165%) as the main outlier. Romania's allocation profile directs relatively fewer resources to the early stages of education — the levels at which the population most at risk of future NEET status is concentrated.

Table 4c. Per-pupil spending by level as % of the national average per student

Education level	Romania			Bulgaria			Slovakia		
	2012	2016	2022	2012	2016	2022	2013	2016	2022
Pre-primary	66	80	80	126	127	131	74	80	79
Primary	82	55	52	90	94	96	95	97	98
Lower secondary	89	107	121	101	109	102	94	91	83
Upper secondary general	253	241	128	76	81	83	75	85	89
Upper secondary vocational	9	15	95	105	94	87	110	105	111
Tertiary	184	191	158	94	84	93	141	143	165

Source: CPAG calculations based on Eurostat. Each cell = (per-pupil spending at level / national average per student) × 100.

Romania stands out by its larger dispersion of the expenditure per pupil across education levels from the national average (Fig. 5). Up to 2019 the most expensive education was the upper secondary general level. After 2019, when the expenditure per pupil increased in the upper secondary vocational education, the upper secondary general education level remained the second most expensive education together with the lower secondary education.



Romania devotes the lowest share of GDP to education of any EU member state, allocates a comparatively small share to pre-primary and primary, and spends roughly one-third of Bulgaria's per-pupil amount at primary level — a gap that widened over the past decade. Resources are concentrated at later stages of education, while early-stage levels — where the literature identifies the highest returns to intervention for at-risk populations — receive proportionally less.

3. Regional distribution of NEETs

To inform geographic targeting, NEET counts by NUTS-2 development region are computed using the NEET rates and the population size on 1 Jan. Table 5 reports the absolute number of NEETs in the two age brackets that together account for the great majority of the problem.

Table 5. NEETs by region and age group, 2024 (persons)

Region	18–24	25–29	Combined, 18–29
South-East (SE)	57.8	44.9	102.7
North-East (NE)	52.6	38.1	90.8
South (S)	51.5	30.0	81.4
Center	43.3	39.0	82.3
South-West (SV)	39.9	31.9	71.8
North-West (NV)	34.3	30.8	65.1
Bucharest-Ilfov	14.2	16.7	30.9
West (V)	14.0	22.8	36.8

Source: Eurostat, EU Labour Force Survey, dataset edat_lfse_22 (Young people neither in employment nor in education and training by sex, age and NUTS 2 region), December 2025 extract; CPAG calculations.

Four regions — South-East, North-East, South and Center — together account for approximately 357 thou NEETs in the 18–29 bracket, or roughly two thirds of the national total in that age range. The apparently lower share of the North-East in some indicators should be interpreted with caution: it coincides with the largest gap nationally between resident and domiciled population, suggesting that part of the improvement reflects out-migration rather than genuine labour-market integration. Any geographic targeting should therefore prioritise the South-East and Center first, with the North-East monitored on a population-adjusted basis.

02

Estimated Cost of Policy Recommendations

4. Purpose, scope and methodology

This section provides cost estimates for each of the *five strategic directions* recommended in the main report, in two scenarios. The base scenario reflects a phased implementation consistent with Romania's current institutional capacity; the ambitious scenario reflects full deployment at the scale required to close the NEET and SELRATIO gaps within one programme period. All figures are based on ESF unit costs from comparable Romanian programmes (2014–2023), OECD and Eurofound benchmarks, and co-financing ratios applicable to Romania as a less-developed region (85% EU / 15% national).



Key reference point: the total annual cost under the base scenario (approximately EUR 900 million) represents 0.3–0.4% of Romania's GDP — below the EU average for active labour market expenditure of 0.5% of GDP.

The base scenario (EUR 906 million – 1.2 billion/year) is the relevant planning figure for phased implementation starting in 2026–2027, aligned to the MFF 2028–2034 cycle. The ambitious scenario (EUR 1.3–1.7 billion/year) should be treated as a medium-term ceiling. Fiscal costs (contribution waivers) represent foregone revenue, not direct expenditure; one-off investment costs are shown separately. Estimates have been cross-validated against POCU 2018–23 implementation reports, Eurofound's 2023 NEET activation cost assessment, and the OECD's 2025 Romania Labour Market Review.

5. Direction 1 — Flexibilise the Educational System

The largest structural investment under this direction is the expansion of dual education together with private companies, which requires sustained state co-contribution per student alongside employer-borne training costs. Curricular reform and micro-credential infrastructure represent one-off system-level investments with long pay-off horizons.

Table 6. Direction 1 — Cost estimates

Component	Cost type	Base (EUR/yr)	Ambitious (EUR/yr)	Methodological basis
Expansion of dual education (100,000 additional places)	Annual	200–250 M	280–320 M	~2,000–2,500 EUR state co-contribution per student/year; companies bear training costs. Benchmarked against POCU 2014–23 dual education unit costs.
Curricular reform + quality assurance infrastructure	One-off	50–80 M	80–100 M	IT systems, accreditation bodies, equivalence frameworks.
Micro-credentials + modular learning accreditation	Annual	10–15 M	20–30 M	Platform development, validation bodies, employer partnerships. Based on Erasmus+ micro-credential pilot cost structures.
Direction 1 Total (annual)	—	220–265 M	300–500 M	

6. Direction 2 — Stimulate Labour Demand for Students

Direction 2 operates primarily through fiscal instruments (contribution waivers, tax credits) and subsidy programmes. The fiscal cost of contribution waivers is highly sensitive to uptake — the range reflects 50% to 100% of the estimated eligible population of student workers.

Table 7. Direction 2 — Cost estimates

Component	Cost type	Base (EUR/yr)	Ambitious (EUR/yr)	Methodological basis
Social contribution waivers for student part-time work (80,000 beneficiaries)	Fiscal cost	90–130 M	130–180 M	Est. 80,000 students, avg. 600 EUR/month, 20pp employer contribution waiver. Range reflects 50–100% of potential beneficiaries.
Subsidised paid internships (50,000 places, 6 months, 350 EUR/month)	Annual	90–110 M	130–160 M	Benchmarked against POCU internship subsidy unit costs 2018–23; includes social charges. Employer co-funding assumed at 30%.
State contribution to apprenticeship programmes	Annual	30–40 M	50–70 M	Germany/Austria benchmarks scaled to Romanian labour cost levels.
Tax credits / grants for firms creating junior positions	Fiscal cost	20–30 M	30–50 M	Per-head hiring incentive of EUR 1,500–2,500/year for 15,000–20,000 newly created positions.
Direction 2 Total (annual)	—	230–310 M	340–460 M	

7. Direction 3 — Labour Legislation Flexibility for Students

Direction 3 is primarily a normative reform involving changes to the Labour Code, fiscal regulations and administrative procedures. The direct budgetary cost is modest; the primary investments are in digital tooling for employer guidance and initial training of labour inspectors.

Table 8. Direction 3 — Cost estimates

Component	Cost type	Base (EUR)	Ambitious (EUR)	Notes
Digital guidance platform + employer compliance toolkits	One-off	5–8 M	8–12 M	Low-cost normative reform; primary investment is in digital tooling and dissemination.
Training of labour inspectors + awareness campaigns	One-off	3–5 M	5–7 M	National rollout across 8 regional inspectorates.
Ongoing administrative maintenance	Annual	~1 M	~2 M	Primarily normative — recurring cost is marginal.
Direction 3 Total (one-off + annual)	—	8–13 M + 1 M/yr	13–19 M + 2 M/yr	

8. Direction 4 — Combat the NEET Phenomenon Through Targeted Interventions

This direction carries the largest cost and the widest uncertainty range, reflecting the heterogeneity and scale of the NEET population (approximately 590,000 individuals aged 15–29). Integrated support packages for multiply disadvantaged youth are the most expensive per-beneficiary intervention but target the group for

whom standard activation measures have the lowest effectiveness. The ANOFM capacity-building investment is a prerequisite for effective delivery of all other components.

Table 9. Direction 4 — Cost estimates

Component	Cost type	Base (EUR/yr)	Ambitious (EUR/yr)	Methodological basis
Community outreach teams (200 teams, 8 regions)	Annual	20–30 M	35–50 M	100,000–150,000 EUR/team/year. Benchmarked against ANOFM outreach pilot costs 2022–24.
ANOFM capacity building — staff + infrastructure	One-off	40 M	60 M	Facility upgrades, IT systems, ~1,500 additional caseworkers.
ANOFM capacity building — recurrent operational	Annual	30 M	45 M	Salaries for new staff; ongoing IT licensing and operational overhead.
Second-chance education pathways (30,000 places/year)	Annual	60–90 M	90–130 M	Unit cost EUR 2,000–3,000/participant/year. ESF second-chance programme benchmarks in Romania and Bulgaria.
Integrated support for multiply disadvantaged NEET (50,000 beneficiaries)	Annual	150–200 M	200–280 M	EUR 3,000–4,000/beneficiary/year — employment + social services + counselling. Eurofound integrated pathway cost benchmarks.
Youth Guarantee — effective national delivery	Annual	80–120 M	120–180 M	Romania's historical YG expenditure expanded to coverage levels consistent with EU target activation rates. Includes ESF co-funding.
Rural transport subsidies for youth (200,000 beneficiaries)	Annual	50–80 M	80–110 M	~250–400 EUR/beneficiary/year. Modelled on existing rural mobility subsidy schemes in Hungary and Poland.
Direction 4 Total (annual)	—	390–560 M	570–795 M	

9. Direction 5 — Introduce Structured, Mandatory Career Guidance

The dominant cost under Direction 5 is the salary cost of new net counsellor posts. Romania currently has approximately 3,600 school counsellors serving approximately 7,000 school units — a ratio of approximately one per two schools, far below the recommended one-per-school standard.

Table 10. Direction 5 — Cost estimates

Component	Cost type	Base (EUR/yr)	Ambitious (EUR/yr)	Methodological basis
Net new career counsellors in schools (~3,500 posts)	Annual	60–65 M	65–75 M	Average gross salary ~18,000 EUR/year including social charges.
Initial training + professionalisation	One-off	15–20 M	20–30 M	Accredited postgraduate training for 3,500 counsellors; curriculum development.
Annual continuing professional development	Annual	5 M	7 M	Mandatory CPD hours (20/year per counsellor); digital platform for resources.
Digital career guidance infrastructure + curriculum	One-off	10–15 M	15–20 M	National platform, aptitude assessment tools, labour market data integration.
Direction 5 Total (annual)	—	~65–70 M	~72–82 M	

10. Aggregate annual cost and financing structure

The net national budget cost of approximately EUR 200–230 million per year under the base scenario is equivalent to roughly 1.5% of the combined 2024 budgets of the Ministry of Education and Research and the Ministry of Labour, Family, Youth and Social Solidarity. This is the figure that should anchor domestic fiscal planning and budget negotiations.

Table 11. Summary — Aggregate annual cost by direction

Strategic Direction	Annual Cost — Base	Annual Cost — Ambitious	Primary one-off investment
D1 — Flexibilise the educational system	~220–265 M EUR	~300–350 M EUR	50–80 M EUR
D2 — Stimulate labour demand for students	~230–310 M EUR	~340–460 M EUR	Negligible (fiscal cost)
D3 — Labour legislation flexibility	~1 M EUR	~2 M EUR	8–13 M EUR
D4 — Combat the NEET phenomenon	~390–560 M EUR	~570–795 M EUR	40–60 M EUR
D5 — Structured, mandatory career guidance	~65–70 M EUR	~72–82 M EUR	25–35 M EUR
TOTAL ANNUAL (recurrent)	~906 M – 1.2 B EUR	~1.3 B – 1.7 B EUR	~123–188 M EUR (one-off)
As % of GDP (Romania 2024 GDP: ~320 B EUR)	~0.28–0.38%	~0.40–0.53%	EU avg. active labour market: ~0.5% GDP

Table 12. Financing structure — National vs. EU co-funding

Source	Share	Base (EUR/yr)	Ambitious (EUR/yr)	Applicable instruments
EU Structural & Thematic Funds	~65%	~590 M	~845 M	ESF+ (D1, D2, D4, D5); ERDF/Cohesion Fund (D4 transport); Erasmus+ (D1, D5); European Competitiveness Fund (D2)
National budget (co-financing + own expenditure)	~25%	~225 M	~325 M	State budget: Education, Labour, Social Protection. Co-financing at 15% for less-developed regions.
Employer contributions	~10%	~90 M	~130 M	Mandatory employer co-investment in dual education and apprenticeship. Voluntary co-funding of internship programmes.
TOTAL	100%	~906 M	~1.3 B	
Net cost from national budget	~25%	~200–230 M EUR/yr	~300–350 M EUR/yr	Equivalent to ~1.5% of combined annual budgets of Ministry of Education and Ministry of Labour (2024).

Table 13. EU financing channels by strategic direction (MFF 2028–2034)

Policy Direction	Recommended MFF Channel	Rationale	Key Romanian Institutions
D1 — Educational flexibilisation	ESF+ National/Regional Partnership Plans; Erasmus+	Dual education and micro-credentials fall within the ESF+ employment and education priority. Erasmus+ covers mobility and curriculum innovation.	Ministry of Education; MIPE
D2 — Labour demand stimulation	European Competitiveness Fund (€409 Bn); ESF+	Quality job creation in strategic sectors is an explicit Competitiveness Fund target. Internship/apprenticeship subsidies eligible under ESF+.	Ministry of Labour; Ministry of Economy; MIPE
D3 — Legislative reform	Technical assistance / national budget	Normative reform does not require EU financing; technical assistance components may draw on ESF+ capacity-building allocations.	Ministry of Labour; Ministry of Finance

D4 — NEET activation	ESF+ (social inclusion strand); ERDF/Cohesion Fund; Catalyst Europe loans	Integrated NEET pathways are a core ESF+ eligible action. Rural transport eligible under ERDF. Catalyst loans (up to €150 B) can complement grants.	Ministry of Labour; ANOFM; Local Authorities; MIPE
D5 — Career guidance	Erasmus+ (€40.8 Bn proposed, +50%); ESF+	Career guidance infrastructure and counsellor training are priority Erasmus+ eligible actions. ESF+ covers recurrent operational costs.	Ministry of Education; MIPE; Schools

These channels are based on the European Commission's 2028–2034 Multiannual Financial Framework proposals (published July–September 2025, currently under negotiation). Romania should seek dedicated allocations under these instruments during the partnership agreement negotiation phase.

11. Contextualising the investment: the cost of inaction

Each NEET year is estimated to cost Romania EUR 4,500–6,000 per individual in foregone output, tax revenue and social transfers. At 590,000 NEET individuals, the annual cost of the status quo is EUR 2.6–3.5 billion — three to four times the gross cost of the base scenario. This cost is compounded by a projected 15% contraction of the working-age population by 2040 and by emigration: the INSCOP 2025 survey shows 27.6% of 18–35 year-olds intend to leave within 12 months, with each skilled emigrant representing an estimated EUR 100,000–200,000 in foregone lifetime human capital (OECD 2025).



The base scenario investment of approximately EUR 900 million per year — of which EUR 200–230 million falls on the national budget — compares favourably with the estimated annual cost of inaction (EUR 2.6–3.5 billion). On a standard cost-benefit basis, the case for intervention is supported by the available evidence.

03 International Precedents

12. International precedents

The five cases below were selected because each country started from a NEET level comparable to or higher than Romania's current 19.4% and reduced it substantially within a decade.

Table 14. NEET rate (15–29, both sexes), 2013 vs 2023, %

Country	2013	2023	Change (pp)
Spain	22.5	12.3	-10.2
Bulgaria	25.7	13.8	-11.9
Greece	28.5	16.0	-12.5
Ireland	18.8	8.5	-10.3
Portugal	16.5	8.9	-7.6
Romania (for reference)	22.5	19.3	-3.2

Source: Eurostat

All five comparator countries reduced their NEET rate by between 7.6 and 12.5 percentage points over the decade. Romania, starting from the same level as Spain in 2013, fell by only 3.2 percentage points over the same period.

Table 14b. Education spending (% of GDP) and NEET trajectory in the comparator countries

Country	Ed. spend 2013	Ed. spend 2022	Change (pp)	NEET 2013	NEET 2023	NEET Δ (pp)
Bulgaria	4.06	4.50	+0.44	25.7	13.8	-11.9
Ireland	4.93	3.47	-1.46	18.8	8.5	-10.3
Spain	4.31	4.67	+0.36	22.5	12.3	-10.2
Portugal	5.07	4.74	-0.33	16.5	8.9	-7.6
Greece	4.53	4.37	-0.16	28.5	16.0	-12.5
Romania	2.67	2.89	+0.22	22.5	19.3	-3.2

Sources: Education spending — Eurostat. NEET rates — Eurostat. Ireland 2022 education figure from Eurostat (includes high tertiary share); Ireland's NEET reduction was driven primarily by targeted youth programmes rather than aggregate spending increases.

There is no single spending path to NEET reduction — Ireland achieved a 10.3 pp reduction while its education-to-GDP ratio fell. However, each comparator was already spending 4–5% of GDP on education at the outset; Romania is the only country that combined a NEET rate above 20% with education spending below 3% of GDP. Bulgaria, the closest structural analogue, increased education spending by 0.4 pp of GDP while deploying targeted instruments (youth mediators, single registry, mandatory referral), achieving an 11.9 pp NEET reduction. Romania's spending increase was half as large (0.22 pp) and partly reversed after 2019; its NEET reduction was 3.2 pp. The comparison suggests that both system-level investment and targeted instruments matter, and that both have so far been deployed at a limited scale in Romania.

Two of these cases are particularly relevant to Romania's specific profile — a NEET population that is disproportionately rural, female, over 20, and out of school for five to fifteen years.

- Ireland's combination of mobile outreach units and statutory follow-up directly addresses the question of how to remain in contact with NEETs in rural and peri-urban areas. Tusla caseworkers maintain a personal record for every dropout; mobile units visit the most remote areas on a fixed schedule. The model is exportable because it does not depend on dense urban infrastructure.
- Bulgaria's youth-mediator programme and single NEET registry are the closest cultural and institutional analogue to Romania. Bulgaria achieved a near twelve-percentage-point reduction on a budget that Romania could realistically match, and did so without requiring a prior reform of the education ministry.

Table 15. Key instruments deployed in the comparator countries

Country	Key instruments
Ireland	Youthreach (full-stipend second-chance centres, ages 15–20); statutory follow-up of every school leaver via Tusla, the Child and Family Agency; mobile outreach units in rural counties; substantial ESF co-financing.
Bulgaria	Youth mediators in municipalities (door-to-door registration of NEETs, including in Roma communities); single national NEET registry held by the Employment Agency; mandatory referral within four months of identification.
Portugal	Programa Escolhas (community-based, currently in its 13th generation, run by the High Commission for Migration); Qualifica adult re-qualification centres; dual-certification vocational pathways.
Spain	Garantía Juvenil with single-window enrolment; dual-VET reform inspired by the German model; employer hiring credits tied to NEET status.
Greece	Voucher-funded training combined with paid internships in SMEs; Youth Guarantee implemented through DYPA (formerly OAED).

Sources: European Commission, Youth Guarantee country fiches and implementation reports (2014–2024 series); Indecon, Evaluation of the Youthreach Programme, Department of Education, Ireland, 2019; Bulgarian Employment Agency, National Action Plan on Employment (annual editions); ANQEP, Programa Qualifica — Annual Reports (Portugal); OECD, Investing in Youth — country reviews for Spain (2015), Portugal (2018) and Bulgaria (2021).

A common feature of all five precedents is that none relied on isolated programmes. The recurrent elements are: (i) a named individual responsible for each identified NEET; (ii) a single registry that tracks the person across institutions; and (iii) a legal obligation to re-establish contact. These three mechanisms are not yet in place in Romania.

04 Proposed Sequencing and Prioritisation

The cost estimates in Part II and the international evidence in Part III point to a natural sequencing of the five strategic directions. Not all measures can or should be launched simultaneously: some are prerequisites for others, and the evidence base is stronger for certain instruments than for the rest. The table below ranks the ten main budget lines according to three criteria: (i) alignment with the instruments used by all five comparator countries; (ii) direct reach to the core NEET population (adults, women, rural); and (iii) cost-effectiveness as indicated by the available evidence.

The sequencing logic follows directly from the annex's own findings. The three mechanisms identified in every successful comparator — a named caseworker, a single registry, and a legal duty of re-contact — correspond to measures 1–3 above, with a combined recurring cost of approximately €50–60 million per year. These should be operational before the larger-scale programmes in Tier 2 are deployed, so that activated NEETs can be tracked and referred. Tier 2 adds the substantive programmes (second-chance education, integrated support, dual education) that absorb the bulk of the budget. Tier 3 measures are complementary: they address transport barriers, improve career guidance for those still in school, and create demand-side incentives — all of which become more effective once the supply-side activation pipeline is in place.

Under this sequencing, the first-year national budget commitment (Tier 1 only) would be approximately €90–100 million — including one-off investments — before scaling to the full base scenario of €200–230 million per year as Tier 2 programmes reach operational maturity.

Table 16. Proposed implementation sequence

	Measure	Direction	Est. cost	Tier	International precedent	Rationale
1	Single NEET registry + mandatory re-contact legislation	D4 + D3	€40 M (one-off)	Tier 1	Bulgaria: single national NEET registry held by the Employment Agency, with mandatory referral within 4 months. Ireland: Tusla maintains a personal record for every school leaver.	Present in all 5 comparators. Zero recurring cost. Prerequisite for targeted activation.
2	Community outreach teams (200 teams across 8 regions)	D4	€20–30 M/yr	Tier 1	Bulgaria: youth mediators in municipalities — door-to-door registration, including Roma communities. Ireland: mobile outreach units on fixed schedules in rural counties.	Directly reaches the 85% of NEETs who are out of school. Bulgaria's single most effective instrument.
3	ANOFM capacity building (1,500 staff + IT systems)	D4	€40 M (one-off) + €30 M/yr	Tier 1	Ireland: Tusla agency with statutory mandate + dedicated caseworker capacity. Bulgaria: Employment Agency staffing expansion to deliver youth mediator programme.	Without delivery infrastructure, no programme operates at scale.
4	Second-chance education pathways (30,000 places/yr)	D4	€60–90 M/yr	Tier 2	Ireland: Youthreach — full-stipend second-chance centres for ages 15–20 (evaluated by Indecon 2019). Portugal: Qualifica centres offering dual-certification adult re-qualification.	Addresses the 85% who left education. Youthreach showed measurable re-entry rates.

5	Integrated support for multiply disadvantaged NEETs	D4	€150–200 M/yr	Tier 2	Portugal: Programa Escolhas — community-based, now in its 13th generation, combining employment, social and counselling services. Greece: voucher-funded training + paid SME internships via DYPA.	Highest per-head cost, but targets the hardest-to-reach. Effective only once outreach and registry are operational.
6	Dual education expansion (100,000 places)	D1	€200–250 M/yr	Tier 2	Spain: dual-VET reform modelled on the German system. Portugal: dual-certification vocational pathways under Qualifica.	Prevents future NEETs. 3–5 year lag before measurable impact on the NEET rate.
7	Rural transport subsidies (200,000 beneficiaries)	D4	€50–80 M/yr	Tier 3	Hungary and Poland: rural mobility subsidy schemes for youth accessing training and employment centres.	Removes a binding constraint, especially for women in the four high-NEET regions.
8	Career counsellors in schools (3,500 new posts)	D5	€65–70 M/yr	Tier 3	Ireland: statutory follow-up of every school leaver by Tusla caseworkers. Spain: Garantía Juvenil single-window enrolment combining guidance with activation.	Prevention-oriented. Reaches those still in school (~15% of NEET population).
9	Subsidised internships + employer incentives	D2	€230–310 M/yr	Tier 3	Spain: employer hiring credits tied to NEET status under Garantía Juvenil. Greece: voucher-funded paid internships in SMEs.	Most effective once D4 pipeline feeds activated NEETs into the labour market.
10	Labour Code reform + digital guidance platform	D3	~€1 M/yr + €8–13 M (one-off)	Tier 3	No direct single-country precedent; normative reforms were embedded within broader packages in all 5 comparators.	Low cost, limited standalone evidence, but no downside risk.

Source: CPAG assessment based on the cost estimates in Part II and the international precedents in Part III. Tiers reflect implementation sequence, not importance: Tier 3 measures remain valuable but deliver higher returns once Tier 1 and Tier 2 infrastructure is in place.

05 Conclusions

The evidence assembled in this supplementary note points to five key findings:

- **The portrait of a NEET is adult, female and geographically concentrated.** 85% of Romania's 846,000 NEETs aged 15–34 are over 20. Two-thirds are women. Four NUTS-2 regions (South-East, North-East, South-Muntenia, South-West Oltenia) account for 63% of the national total.
- **Education is chronically underfunded.** At 2.89% of GDP, Romania has the lowest education spending in the EU. Pre-primary and primary — the levels with the highest returns for at-risk populations — receive a disproportionately small share. Per-pupil spending is roughly one-third of Bulgaria's at primary level, and the gap widened over 2012–2022.
- **A credible response is affordable.** The base scenario requires EUR 906 million – 1.2 billion per year, of which ~65% is co-financeable through EU instruments (ESF+, ERDF, Erasmus+). The net cost to the national budget is EUR 200–230 million per year — 1.5% of the combined Education and Labour ministry budgets — against an estimated EUR 2.6–3.5 billion per year in foregone output from the status quo.
- **Other countries have done it.** Bulgaria, Ireland, Spain, Portugal and Greece each reduced their NEET rate by 7.6 to 12.5 percentage points within a decade. The common ingredients: a named caseworker for each NEET, a single cross-institutional registry, and a legal duty of re-contact. Romania currently has none of the three.

- **Regional targeting matters.** The four highest-NEET regions also exhibit the weakest socio-economic indicators. Prioritising investment in these regions would address both labour-market outcomes and territorial disparities.

On the basis of the available evidence, a phased implementation of the proposed interventions would represent a cost-effective use of public resources relative to the fiscal and economic cost of inaction.

Sources and data files

- Eurostat, EU Labour Force Survey: edat_lfse_20 (NEET by sex, age and labour status); edat_lfse_21 (NEET by sex, age and educational attainment); edat_lfse_22 (NEET by sex, age and NUTS 2 region). All values cross-checked against the December 2025 microdata extract used in the original CPAG report.
- Eurostat, education finance: educ_uoe_fine06 (public expenditure as % of GDP); educ_uoe_fine04 (distribution by level of education); educ_uoe_fine09 (per pupil/student, FTE basis). All three datasets are referenced explicitly in the underlying CPAG dataset.
- Romanian National Institute of Statistics (INS), Tempo-Online, table POP107D — resident population by age and sex.
- OECD, Investing in Youth: Romania, 2025; OECD Reviews of Labour Market and Social Policies: Romania, 2025.
- European Commission, Reinforcing the Youth Guarantee — Council Recommendation 2020/C 372/01, and Youth Guarantee country implementation reports, 2014–2024 series.
- Eurofound, NEETs — Young people not in employment, education or training: characteristics, costs and policy responses, 2016 and 2021 updates.
- Indecon International Research Economists, Evaluation of the Youthreach Programme, Department of Education (Ireland), 2019.
- Bulgarian Employment Agency, National Action Plan on Employment (annual editions); ANQEP, Programa Qualifica — Annual Reports (Portugal).