

CPAG Research Report



TRANSITIONING ROMANIAN YOUTH BETWEEN THE EDUCATIONAL SYSTEM AND THE LABOUR MARKET

A comparative analysis in the European Union context



TRANSITIONING ROMANIAN YOUTH

BETWEEN THE EDUCATIONAL SYSTEM AND THE LABOUR MARKET

A comparative analysis in the European Union context

George Stefan, Ella Kallai, Alexandra Irimiea

Disclaimer

The views expressed in this report are those of the authors and do not necessarily reflect the views of the institutions with which they are affiliated.

01

Executive Summary

Key findings on Romanian youth transition to work

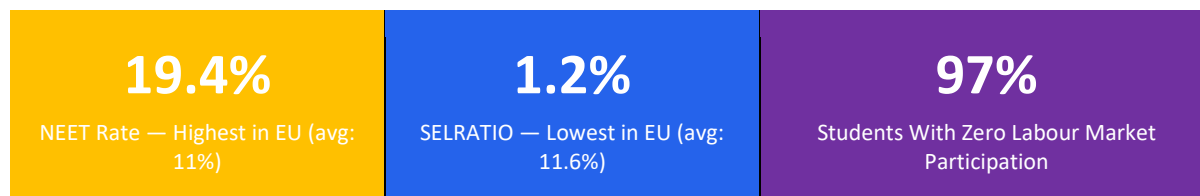
Main Context

This analysis examines how young people in Romania, mainly aged 15 to 34, navigate between the educational system and the labour market, placing this reality in the broader context of the European Union. The data come from the Labour Force Survey (EU-LFS) conducted by Eurostat (Update December 2025).

The main findings are alarming for Romania. With a rate of only 1.2% of students participating simultaneously in formal education and the labour market, our country ranks last in the European Union. This indicator, called SELRATIO (Students in Education and Labour market), contrasts sharply with the EU average of 11.6% and with the performance of Nordic countries such as the Netherlands (36.4%), Denmark (28.1%) or Finland (25.4%). Moreover, Romania also has the highest NEET rate (young people who are neither in education, nor in employment, nor in training) in the EU, at 19.4%, almost double the European average of 11%.

The analysis reveals a rigid separation in Romania between the educational cycle and labour market experience: 97% of young people in formal education have no participation in the labour market, compared to the EU average of 71.4%. This segmentation has profound consequences for the transition to employment and for the accumulation of human capital, practical skills and professional experience before completing studies.

KEY FINDINGS



ALARMING INDICATORS FOR ROMANIA

- Only 1.2% of students work simultaneously with formal education — Romania ranks last in the EU. The Nordic average is +30%.
- 97% of students in formal education have zero participation in the labour market — compared to the EU average of 71.4%.
- Romania has the highest NEET rate: 19.4% of youth aged 15–29 are not in education, employment or training — nearly double the EU average of 11%.
- Gender gap is acute: 25.2% female NEET rate vs 14.0% male (EU avg gap: 2 pp). Women comprise 63% of all NEETs.

- Rural underrepresentation in employment: female employment rate in rural areas is 44%, compared to 65% EU average. The NEET rate for rural women reaches 34.8% — 2.5 times the EU rural female average of 14.2% — and has not declined since 2016.
- Early school leaving remains the upstream driver: 24% of NEETs lack upper secondary education (OECD average: 13%). Among low-educated women, the NEET rate rose from 28.8% to 44.1% between 2016 and 2024, counter to the EU trend.
- Regional disparities are severe: South-East (37.7%) and Center (32.7%) record the highest female NEET rates in the country. North-East's apparently lower rates, corroborated by the largest resident-domiciled population gap nationally, suggest that youth are migrating out rather than finding genuine labour market improvement.

WHAT THIS MEANS

- Rigid separation: Romania's educational system and labour market operate as almost entirely separate spheres.
- Inactivity, not unemployment: 14% of NEETs are inactive; only 5.4% actively seek work. They have stopped looking.
- Almost no re-entry: Only 1 in 100 inactive youth find work each quarter. Once outside the system, young people rarely return.
- Wage dissatisfaction is the primary barrier: 44% cite low pay as the main obstacle. Only 27.5% find wages adequate.
- Emigration as strategy: 66% of youth view working abroad as improving living standards. 27.6% plan to leave within 12 months.
- Location is a structural barrier: Romania converges with EU averages in large cities but diverges sharply in towns, suburbs and rural areas.
- Regional concentration requires targeted response: resources should be prioritised toward South-East and Center, while apparent improvement in high-outmigration regions such as North-East should be interpreted with caution

02

Methodological Framework and Data Sources

EU-LFS microdata — Eurostat, December 2025

Primary data source

The analysis is based on microdata from the European Union Labour Force Survey (EU-LFS), extracted by Eurostat in December 2025. The dataset covers all 27 EU member states, the euro area (20 countries), as well as candidate and associated countries (Iceland, Norway, Switzerland, Turkey, Serbia, North Macedonia, Bosnia and Herzegovina).

Key variables used

Calculations are based on the following variables from the LFS microdata: GEO (reporting geopolitical entity), COEFFQ (quarterly weighting coefficients), SEX (sex), AGE (age), EDUCFED4 (participation in formal education) and ILOSTAT (labour market status according to ILO definition). The combination of these variables allows the construction of a matrix of young people's participation in both the educational system and the labour market. Mainly, the data covers 15–34-year age groups but depending on the topic and available information the age groups changed to 15–29 years of 15–24 years old (i.e. for transition probabilities).

Two synthetic indicators are central to this analysis. SELRATIO (Students in Education and Labour market Ratio) represents the proportion of young people who simultaneously participate in formal education and the labour market out of the total population of young people in formal education. UNEMPRATIO (Unemployment Ratio) measures the unemployment rate among young people. Based on these indicators, countries have been grouped into five distinct clusters, reflecting different models of integration between education and work.

03

Who Are Romania's NEET Youth?

15–29 year-olds not in employment, education or training

Sources: Eurostat EU-LFS (Dec 2025); OECD Reviews of Labour Market and Social Policies: Romania 2025; INSCOP Survey 2025.

19.4% NEET rate — highest in the EU -> Nearly double the EU average of 11%.

WHO THEY ARE

Low education

24% lack upper secondary (OECD avg: 13%)

Among low-educated women, NEET rate rose from 28.8% (2016) to 44.1% (2024) — counter to the EU trend

Tertiary completion fell from 26% to 23% (2019–24)

Early school leaving is the main upstream risk factor

Rural residents

Overrepresented

Rural women employed: 44% vs EU avg 65%

NEET rate for rural women: 34.8% vs EU rural female avg 14.2%

Also: youth under 25

Mostly women

63% of all NEETs

Female rate: 25.2%

Male rate: 14.0%

Gender gap: 11 pp vs EU avg 2 pp

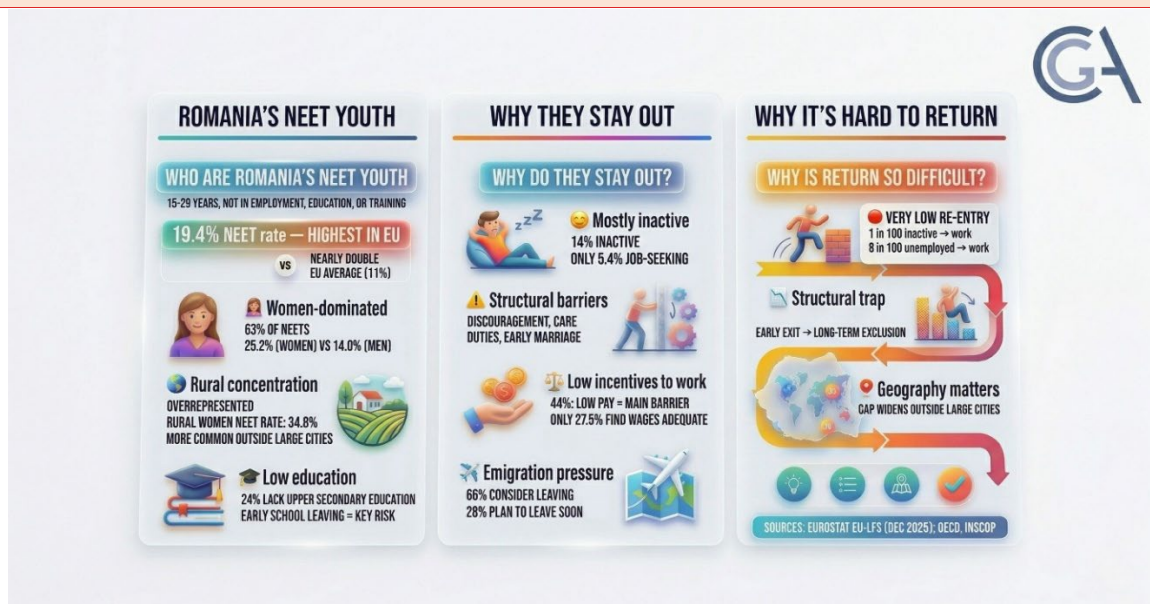
WHY DO THEY STAY OUT

- Mainly inactive, not unemployed: 14% inactive · only 5.4% actively job-seeking
- Have stopped looking for work entirely
- Driven by discouragement, care duties, early marriage
- 44% cite low pay as main barrier
- Only 27.5% find wages adequate
- 66% oriented toward emigration — 28% plan to leave within 12 months

WHY IT IS SO HARD TO GET BACK IN

Almost no way back once outside the system based on the annual average quarterly transition probabilities:

- Only 1 in 100 inactive young people find work each quarter
- Only 8 in 100 unemployed young people find work each quarter
- Lowest re-entry rates in the EU — early exit tends to become permanent
- Location compounds the barrier: NEET rates converge with EU only in large cities — diverging sharply in towns, suburbs and rural areas.



04

Context & Youth Perceptions

INSCOP Survey 2025 — nationally representative

A 2025 survey data realized by INSCOP¹ reveals a labour market in which the primary obstacle to employment is not scarcity of jobs but the perceived inadequacy of compensation. Among young Romanians aged 18–35, 43.2% are not currently employed — a rate that disproportionately concentrates among those under 25, women, rural residents, and individuals with low educational attainment, confirming the structural vulnerability profiles identified in the NEET and SELRATIO analysis.

Of those actively encountering barriers, 43.6% cite low salaries as the principal obstacle, dwarfing all other responses: lack of experience (25.6%), geographic availability (8.7%), and sectoral mismatch (8.0%) each register at a fraction of the wage dissatisfaction signal.

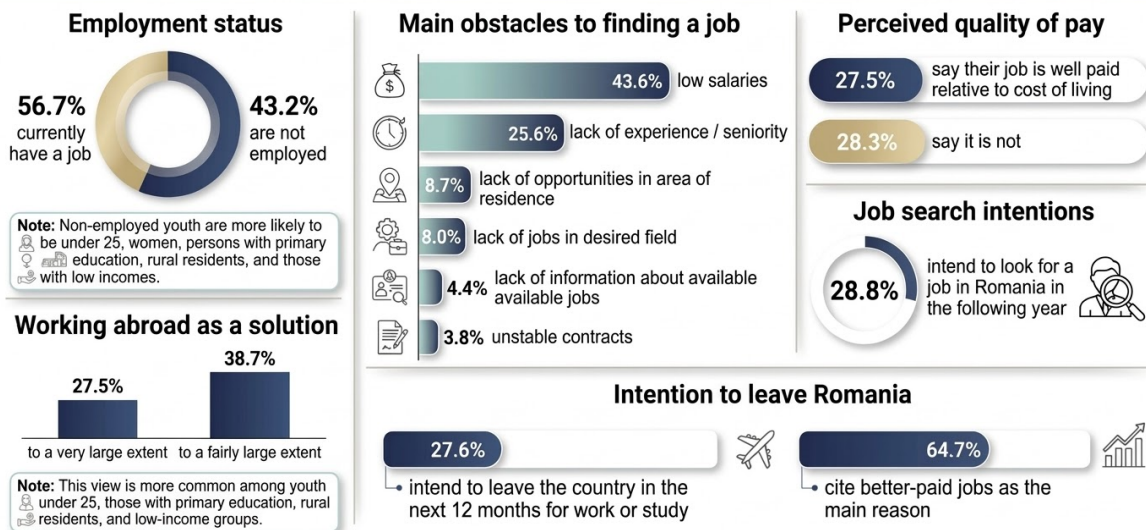
This hierarchy is reinforced by the pay perception data: only 27.5% of those currently employed consider their remuneration adequate relative to the cost of living, while a near-identical share — 28.3% — explicitly considers it insufficient. The result is a labour market that clears in quantitative terms far more easily than in qualitative ones: employment exists, but at wage levels that a substantial share of young workers regard as incompatible with acceptable living standards in Romania.

The migration intention data translates this dissatisfaction into a concrete demographic threat. Over a quarter of respondents (27.5%) believe to a very large extent that working abroad improves living standards, and a further 38.7% share this view to a fairly large extent — a combined 66.2% who are oriented, at least attitudinally, toward emigration as an economic strategy.

Crucially, this orientation is most prevalent precisely among those groups already over-represented among the unemployed and NEETs: youth under 25, persons with primary education, and rural residents. The intention translates into plans: 27.6% say they intend to leave Romania for a longer period within the following 12 months for work or study, with 64.7% of prospective emigrants citing the pursuit of better pay as their primary motivation.

Taken together, the data describes a self-reinforcing dynamic: low domestic wages produce dissatisfaction, dissatisfaction generates emigration intentions, and emigration — particularly of the young and lower-skilled — depletes the labour supply that would otherwise pressure wages upward. In the context of Romania's already acute demographic contraction, these figures underscore that the NEET problem and the emigration problem share a common root — the domestic labour market's inability to offer compensation that young workers consider commensurate with their expectations and with European living cost benchmarks.

Youth perceptions on employment barriers and migration intentions in Romania



Source: INSCOP Research survey, Romania, 20 October–5 November 2025.

¹<https://www.inscop.ro/martie-2026-barometrul-national-al-tinerilor-sondaj-reprezentativ-la-nivel-national-pentru-populatia-romaniei-cu-varsta-de-18-35-de-ani/>

Student participation in the labour market in Europe

Romania presents the lowest level of simultaneous youth participation in education and the labour market in the entire European Union (for the age interval 15-34 years). With a SELRATIO of only 1.2%, Romania is significantly below the EU average of 11.59% and dramatically below the performance of Western and Northern European countries. This indicator places Romania above but close to Bosnia and Herzegovina (0.81%), the only country with a lower score in the entire dataset analysed.

Table 1. Student participation in the labour market (SELRATIO) — European comparison (15-34 years)

Country	SELRATIO (%)	Group
Netherlands	36.4	2
Iceland	29.9	2
Denmark	28.1	4
Finland	25.4	4
EU-27 Average	11.6	—
Italy	3.6	5
Greece	3.4	3
Romania	1.2	5

Source: Eurostat, EU-LFS extraction, December 2025. Author's calculations.

These data suggest the existence of a structural barrier between the educational system and the labour market in Romania. Unlike Western European countries, where combining studies with work is culturally normalised and institutionally facilitated, in Romania these two spheres remain almost separate. This separation does not necessarily reflect an individual choice, but rather a confluence of supply-side and financial factors operating in opposite directions. On the supply side, Romanian students face a deficit of opportunities: the lack of accessible part-time study programs, curricular rigidity, the absence of support infrastructure for working students — including flexible scheduling arrangements, dedicated academic advising, and accessible counselling services — and employer reluctance to offer flexible work arrangements, itself partly reflecting elevated non-wage labour costs: since 2022, social contribution obligations have been calculated on the minimum wage base even for reduced-hours contracts, raising the effective cost of the short-term, low-intensity positions that students typically fill.

On the financial side, the contrast with NW European countries is equally influential: in countries such as the Netherlands, Denmark, or the United Kingdom, higher education carries substantial tuition costs, and student loan systems — while accessible — create obligations that provide a direct financial incentive to work during studies. In Romania, where higher education remains largely state-funded and tuition fees are low by European standards, this financial pressure is largely absent, removing one of the mechanisms that in NW Europe converts institutional flexibility into actual student employment.

Moreover, the accelerating integration of AI into routine business processes is already reshaping the structural foundations of youth employment across advanced economies. In the United States, entry-level job postings have declined by an estimated 35% over eighteen months, driven in significant part by the automation of tasks traditionally assigned to junior workers (Revelio Labs Research, cited in World Economic Forum, 2026²). While comparable EU-wide data remain fragmented, the underlying mechanism — the displacement of repetitive, codifiable tasks from the bottom of the occupational hierarchy — is unlikely to respect continental boundaries. Crucially, however, the emerging consensus is not that entry-level roles will disappear, but that they will be redefined around higher-order competencies: monitoring and evaluating AI outputs, exercising contextual

² <https://www.weforum.org/stories/2026/03/how-ai-is-changing-the-nature-of-entry-level-work/>

judgment, and bridging automated workflows with organizational knowledge. If this reconfiguration materializes, it carries significant implications for the EU's youth labour market, where educational systems vary widely in their capacity to equip graduates with AI-adjacent skills — potentially deepening existing asymmetries between Member States and reinforcing, rather than mitigating, the structural disadvantages facing young workers in the Union's peripheral economies.

Analysis of Participation in Education and Work

Student labour market status (15-29 age group)

A more granular analysis of labour market status for young people in formal education (age interval 15-29 years) confirms and deepens the previous picture. In Romania, only 2.4% of young people in formal education are employed, and 0.6% are looking for a job. The overwhelming remainder of 96.9% are outside the labour force. By comparison, at EU-27 level, 25.4% of students are employed, 3.2% are unemployed and 71.4% are economically inactive.

Table 2. Young people in formal education by labour market status (15-29 years), 2024

Country	Employed (%)	Unemployed (%)	Outside labour force (%)
Netherlands	74.3	7.0	18.7
Denmark	56.4	9.6	34.1
Germany	45.8	2.2	52.0
EU-27 Average	25.4	3.2	71.4
Italy	6.7	1.0	92.3
Romania	2.4	0.6	97.0

Source: Eurostat, EU-LFS microdata, author's calculations.

The gap between Romania and the Netherlands is striking — approximately 30 times fewer Romanian students are active in the labour market. Even compared to Italy or Greece, countries with relatively similar models of separation between education and work, Romania shows significantly lower rates of student participation in the labour force. This situation reflects not only labour market characteristics, but also rigidities in the educational system and perhaps even cultural attitudes towards combining studies with work.

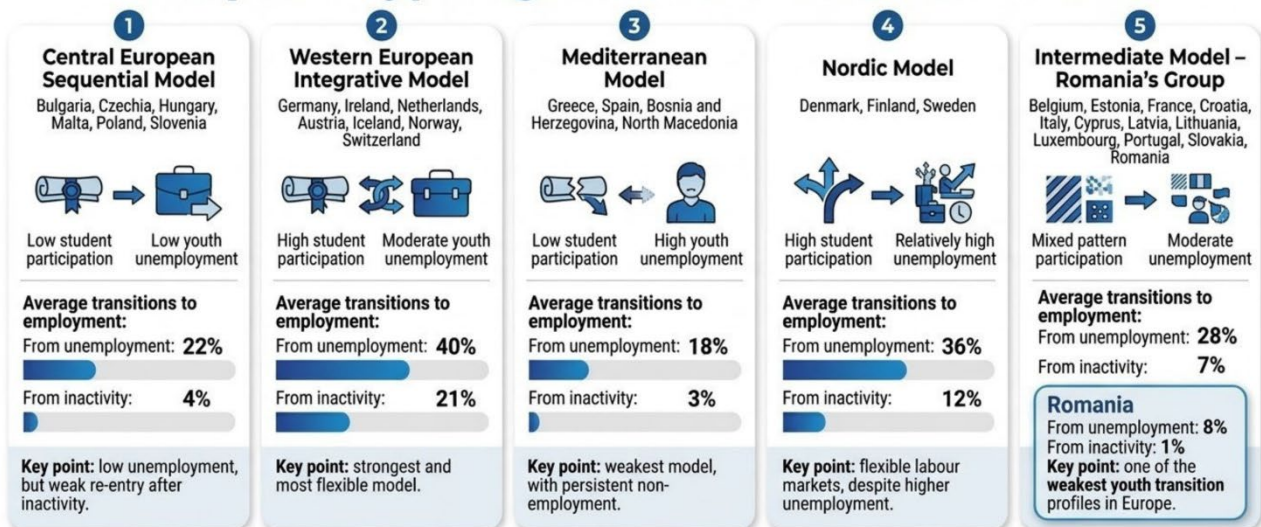
Methodological note

A person enrolled in university who had no paid work during a reference week but was actively looking for a job (say, a part-time or weekend position) and was available to start immediately satisfies all three conditions: student, in the labour force, and unemployed. They are not "outside the labour force" because they are actively searching — which is what distinguishes an unemployed student from the much larger category of students who are simply inactive (not working and not looking). This is also why Sweden registers the highest proportion of students in formal education who are unemployed, at 14.1% a reflection not of educational system failure but of a labour market culture where students routinely seek paid work alongside studies, and some fraction of them are searching but haven't yet found it. In countries like Romania, by contrast, 97.0% of young people in formal education are outside the labour force entirely- they're neither working nor looking, so the "unemployed student" category barely registers (0.6%).

In short, the LFS classification captures labour market behaviour, and not the administrative status. A student who wants work and is actively pursuing it gets counted as unemployed — not because they failed to transition out of education, but because the LFS framework treats job-seeking as a labour force activity regardless of parallel enrolment.

Based on the combination of SELRATIO and UNEMPRATIO, European countries can be classified into five distinct groups, each representing a different model of integration between education and the labour market for young people. This classification provides a useful framework for understanding Romania's position and for identifying relevant reference models. Further, we connected the classification with a probability of quarterly transition on the labor market from an initial status of unemployed or inactive young person (15-24 years) to employment.

European Typologies: Five Transition Models



Best model: Western European Integrative **Weakest model:** Mediterranean
Romania: part of the Intermediate group, but with very weak transition outcomes

Source: Eurostat, 2025

Group 1: The Central European Sequential Model

Bulgaria, Czechia, Hungary, Malta, Poland and Slovenia are characterized by low student participation in the labour market, combined with relatively low unemployment rates among young people. This model suggests a predominantly sequential transition: young people first complete their studies, then enter the labour market. Although this approach may seem inefficient from the perspective of experience accumulation, it coexists with low unemployment rates, suggesting that labour markets in these countries absorb graduates relatively efficiently.

The transition probability data sharpens the characterization of this group considerably. With an average quarterly transition rate from unemployment to employment of 22%, Group 1 countries perform at roughly half the rate of Group 2, yet this is sufficient to produce low NEET rates because, in a sequential model, young people enter unemployment only after completing their studies — the pool of unemployed young job-seekers is smaller and more homogeneous, composed primarily of recent graduates rather than long-term disengaged youth.

The transition rate from inactivity is uniformly low across the group, averaging 4%, with Bulgaria and Hungary essentially at the floor (1–2%). This indicates that once young people in this model withdraw from the labour market, reintegration is difficult — inactivity tends to be absorbing rather than transitory. The internal variation is also instructive: Slovenia's notably higher rates (35% from unemployment, 11% from inactivity) suggest that even within the sequential model, institutional quality matters.

Table 3. Transition probabilities (annual average of quarterly probabilities) to employment of young aged 15-24 in 2025

Country	From unemployment, % of unemployed	From inactivity, % outside labor force
Bulgaria	8	1
Hungary	20	2
Poland	22	2
Czechia	27	2
Slovenia	35	11
Average group 1	22	4

Source: Eurostat

Group 2: The Western European Integrative Model

Germany, Ireland, the Netherlands, Austria, Iceland, Norway and Switzerland show high rates of student participation in the labour market and moderate unemployment rates. This model reflects close integration between the educational system and the labour market, facilitated by robust apprenticeship programmes, normalised part-time work and flexibility in study programmes. The Netherlands represents the extreme of this model, with almost three-quarters of students active in the labour market.

The transition probabilities here are the highest of any group and exhibit a distinctive structural feature: high rates from both unemployment and inactivity, not just from active job search. The group average of 40% from unemployment is elevated, but the 21% transition rate from inactivity is the genuinely differentiating figure — in most other groups, the inactivity-to-employment corridor is essentially closed, suggesting that economic inactivity among young people functions as a near-irreversible state. In Group 2, it does not. Iceland and Norway are extreme cases, with inactivity-to-employment transitions of 44% and 34% respectively, reflecting highly fluid, low-barrier labour markets where part-time and casual employment are sufficiently normalised that movement from non-participation to work is a frequent, low-friction event. Germany and Austria, despite robust apprenticeship systems, show more moderate inactivity transitions (10–12%), consistent with their more formalised dual-system structure, where entry into employment tends to follow defined pathways rather than casual absorption.

Table 4. Transition probabilities (annual average of quarterly transition probabilities) to employment of young aged 15-24 in 2025

Country	From unemployment, % of unemployed	From inactivity, % outside labor force
Norway	35	34
Germany	37	10
Austria	37	12
Ireland	39	13
Switzerland	40	13
Netherlands	46	20
Iceland	49	44
Average group 2	40	21

Source: Eurostat

Group 3: The Mediterranean Model

Greece, Spain, Bosnia and Herzegovina and North Macedonia combine low student participation in the labour market with high unemployment rates among young people. This model is the most problematic, indicating both a rigid separation between education and work and serious difficulties for young people in finding employment.

Young people in these countries face a double disadvantage: they do not accumulate experience during their studies and encounter significant barriers when entering the labour market after graduation.

The transition probability data confirms that Group 3 is the most structurally dysfunctional of the five models, but they also reveal that the dysfunction is not uniform. Spain stands apart from the rest of the group with a 31% transition rate from unemployment — comparable to several Group 5 countries — suggesting that the Spanish labour market, despite its structural segmentation, does absorb unemployed young job-seekers at a reasonable pace. The problem in Spain is that the unemployment pool is very large to begin with: the rate of entry into unemployment is high, not the exit rate. Greece, Bosnia and Herzegovina, and North Macedonia present a more severe picture, with transition rates from unemployment of 13%, 11%, and 15% respectively, and inactivity transitions at or near 1–2%. This combination — low exit from unemployment, near-zero exit from inactivity — indicates a labour market in which non-employment states tend to become embedded. For young people who do not find work quickly after graduation, the probability of remaining outside employment compounds over time, generating the long-term NEET stocks that characterise this model. The near-zero transition from inactivity across the group confirms that discouragement is effectively permanent once it sets in — a dynamic consistent with the low SELRATIO and high NEET rates that define the Mediterranean cluster.

Table 5. Transition probabilities (annual average of quarterly transition probabilities) to employment of young aged 15-24 in 2025

Country	From unemployment, % of unemployed	From inactivity, % outside labor force
Greece	13	2
Spain	31	6
Bosnia Herzegovina	11	1
North Macedonia	15	2
Average group 3	18	3

Source: Eurostat

Group 4: The Nordic Model

Denmark, Finland and Sweden are characterized by high rates of student participation in the labour market, but also relatively high unemployment rates. This apparent paradox reflects the specificity of Nordic labour markets, where broad eligibility criteria for unemployment registration — combined with generous income-replacement systems — allow young people to search more selectively for suitable employment. High rates of student participation in work indicate, however, a strong culture of combining studies with professional experience, reinforced in several Nordic countries by student finance systems that require or incentivize self-funding through part-time work. Moreover, another explication could be related to the fact that these are the most digital and knowledge driven countries that can generate some frictions for entry level jobs.

The Nordic transition probabilities illuminate the contradiction that defines this group — high SELRATIO coexisting with relatively elevated youth unemployment — and resolve it in a specific way. Denmark's 51% quarterly transition from unemployment to employment is the highest figure in the entire dataset, indicating an exceptionally fluid matching process: young unemployed find work rapidly when they seek it. The apparent paradox of high unemployment rates in the presence of high employment fluidity reflects the deliberate architecture of Nordic labour markets, where the combination of generous unemployment benefits and active labour market programs permits young people to remain formally registered as unemployed while searching selectively — a form of institutionalized choosiness that produces short unemployment spells but frequent unemployment episodes. Finland and Sweden, with lower transition rates from unemployment (27% and 31%), show that the Nordic model is internally heterogeneous: the Danish flexicurity model is not fully replicated elsewhere in the group. Transitions from inactivity average 12% across the group, meaningfully higher than Groups 1 and 3, reflecting the lower social stigma and lower financial cost of moving between activity states in systems with strong income floors and universal public services.

Table 6. Transition probabilities (annual average of quarterly transition probabilities) to employment of young aged 15-24 in 2025

Country	From unemployment, % of unemployed	From inactivity, % outside labor force
Denmark	51	13
Finland	27	13
Sweden	31	11
Average group 4	36	12

Source: Eurostat

Group 5: The Intermediate Model (Romania's Group)

Romania falls into Group 5, along with Belgium, Estonia, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Portugal and Slovakia. This heterogeneous group shows mixed patterns, with variable student participation in the labour market and moderate unemployment rates. However, within this group, Romania occupies the lower extreme in terms of student participation in work, distancing itself significantly even from other countries in the same category.

The heterogeneity of Group 5 is fully visible in the transition probability data, and Romania's position within the group is as extreme as its SELRATIO position: a quarterly transition rate from unemployment of 8% and from inactivity of 1%, matching Bulgaria's floor in Group 1 and placing Romania at the very bottom of the entire European distribution. The group average of 28% from unemployment and 7% from inactivity conceals a wide range: Portugal (37%), Lithuania (35%), and Latvia (33%) perform comparably to mid-range Group 2 countries, while Italy (9%) and Croatia (17%) approach Romania's constrained end of the spectrum.

Romania and Italy share not only low SELRATIO values but also near-identical transition probabilities from both unemployment and inactivity — suggesting a common structural logic in which the labour market offers few re-entry mechanisms once young people exit the active-search state. The 1% quarterly transition from inactivity is the most diagnostic figure: at this rate, a young Romanian who has withdrawn from job search faces an expected duration measured in years before re-employment, making early discouragement effectively self-fulfilling. This near-zero inactivity corridor, combined with the low transition from unemployment, means that Romania's NEET problem is structurally persistent by design — the labour market architecture provides almost no corrective mechanism once young people fall outside the education-employment nexus.

Table 7. Transition probabilities (annual average of quarterly transition probabilities) to employment of young aged 15-24 in 2025

Country	From unemployment, % of unemployed	From inactivity, % outside labor force
Belgium	31	8
Estonia	31	7
France	29	6
Croatia	17	3
Italy	9	2
Cyprus	19	5
Latvia	33	6
Lithuania	35	6
Portugal	37	5
Romania	8	1
Average group 5	28	7

Source: Eurostat

Country grouping according to youth unemployment ratio and share of youth in education and labour market, 2024 (% of the population, people aged 15 to 34)

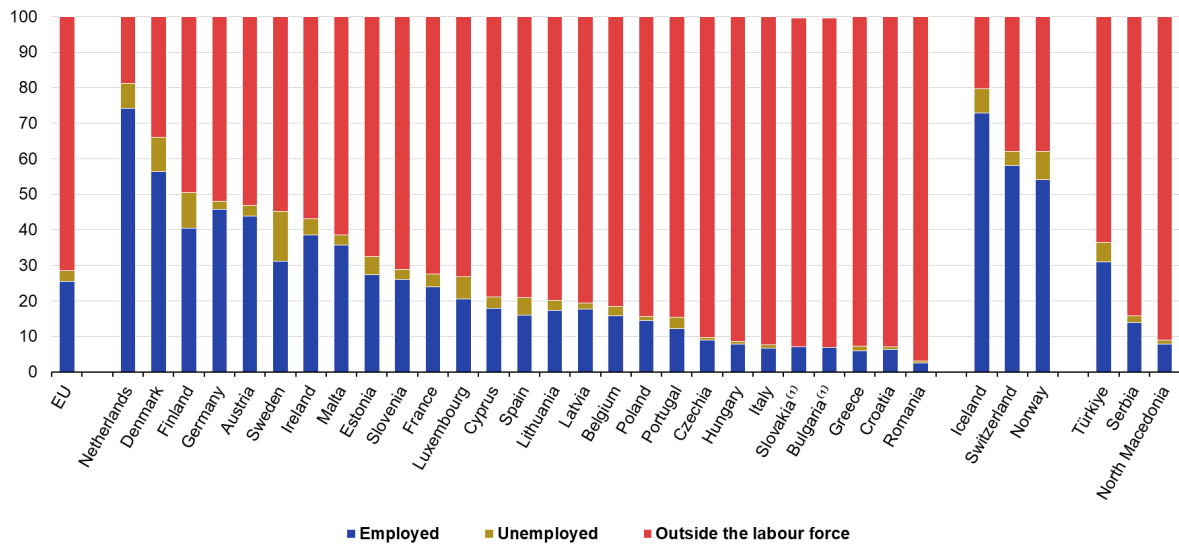


Source: Eurostat (ad hoc EU-LFS extraction)



Young people in formal education by labour status, 2024

(% of the population, people aged 15 to 29)



Note: Low reliability for unemployed persons: Croatia, Latvia, Luxembourg, Malta, Romania, Slovenia and Bosnia and Herzegovina.
(*) Missing value for unemployed persons due to estimated value below publication threshold: Bulgaria and Slovakia.

Source: Eurostat (ad hoc EU-LFS extraction)

07

The NEET Phenomenon: A Structural Failure

Romania's highest NEET rate in the EU

Beyond student participation in the labour market, Romania faces an even more serious problem: the highest NEET rate in the European Union. In 2024, 19.4% of young Romanians aged 15 to 29 were neither in education, nor in employment, nor in vocational training. This figure is almost double the EU average of 11% and contrasts dramatically with the performance of top countries such as the Netherlands (4.9%), Iceland (5.0%) or Sweden (6.3%).

Trends and gender asymmetry. The Eurostat time series reveals two structurally distinct trajectories within Romania's overall NEET decline. Between 2016 and 2024, the total rate fell by 4.9 percentage points, from 24.3% to 19.4%. However, this aggregate improvement conceals a pronounced gender asymmetry: the male NEET rate contracted by 5.9 percentage points (from 19.9% to 14.0%), while the female rate declined by only 3.9 percentage points (from 29.1% to 25.2%). The pace of female improvement has been particularly slow since 2019, with the rate moving within a narrow band of 24.8–26.3% over five years and actually edging upward between 2023 and 2024. In 2024, young women represent 63% of all NEET individuals in Romania (371,000 out of 588,000). The gender gap has not converged: it stood at 9.2 percentage points in 2016 and widened to 11.2 percentage points by 2024. At EU-27 level, the comparable gap is 2.1 percentage points — meaning Romania's gender disparity in NEET incidence is more than five times the European average. This 11 percentage point difference places Romania second in the EU in terms of the gender gap in NEET rate, after Turkey.

Table 6 (report). NEETs: Gender gap evolution

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EU-Males	13.1	12.2	11.5	11.1	12.6	11.8	10.5	10.1	10.0	9.9
EU-Females	16.5	15.8	15.1	14.5	15.4	14.4	13.0	12.5	12.1	12.0
EU-Gender gap	3.4	3.6	3.6	3.4	2.8	2.6	2.5	2.4	2.1	2.1
RO-Males	19.9	17.9	16.6	16.2	15.7	14.6	14.5	14.1	14.0	13.8
RO-Females	29.1	26.5	26.3	25.8	25.9	26.3	25.4	24.8	25.2	25.0
RO-Gender gap	9.2	8.6	9.7	9.6	10.2	11.7	10.9	10.7	11.2	11.2

Source: Eurostat, EU-LFS annual data

The explanations for this disparity are multiple. A significant proportion of young NEET women are outside the labour force (not just unemployed) due to family and care responsibilities. The employment rate of women in households with children is only 57% in Romania, compared to 70% at EU level. In rural areas, the situation is even more difficult, with only 44% of women aged 15-64 employed, compared to the European average of 65%.

Educational attainment and NEET risk. The risk of NEET status is strongly and inversely correlated with educational level: young people who have not completed upper secondary education face dramatically higher NEET probabilities than those with tertiary credentials. In the Romanian context, this link is particularly consequential. As noted in the OECD's 2025 review, 24% of young adults aged 25–34 in Romania lack upper secondary qualifications — nearly twice the OECD average of 13% — and the tertiary completion rate among this cohort regressed from 26% to 23% between 2019 and 2024. These two trends — a large low-education stock and a declining rate of tertiary completion — translate directly into an enlarged structural NEET reservoir, independent of cyclical labour demand conditions. Early school leaving thus functions as the primary upstream determinant of NEET risk in Romania, preceding and conditioning the labour market factors discussed in the following section.

Table 7. NEET aged 15-29 by education attainment

		2016	2017	2018	2019	2020	2021	2022	2023	2024
Less than primary, primary and lower secondary education (levels 0-2)	EU male	14.6	14	13.3	12.9	14.2	14.2	12.5	11.9	11.8
	EU female	18.1	17.5	16.8	16.4	17	16.8	15.3	14.3	13.9
	EU gap	3.5	3.5	3.5	3.5	2.8	2.6	2.8	2.4	2.1
	RO male	16.7	13.7	13.5	13.7	13.1	23.8	24	23	24.9
	RO female	28.8	26.4	25.7	27.6	28.4	42.1	40	40.4	44.1
	RO gap	12.1	12.7	12.2	13.9	15.3	18.3	16	17.4	19.2
Upper secondary and post-secondary non-tertiary education (levels 3 and 4)	EU male	12.5	11.5	10.6	10.2	11.8	11.3	10.2	9.9	9.9
	EU female	17.4	16.7	15.9	15.2	16.5	15.1	13.6	13.2	12.8
	EU gap	4.9	5.2	5.3	5	4.7	3.8	3.4	3.3	2.9
	RO male	15	13.9	11.9	11.5	11.1	11	11	10.6	9.6
	RO female	25.6	22.8	22.7	20.9	20.4	21.3	21.7	18.7	18
	RO gap	10.6	8.9	10.8	9.4	9.3	10.3	10.7	8.1	8.4
Tertiary education (levels 5-8)	EU male	8.6	7.9	7.7	7.6	9.2	8.1	6.9	6.7	6.8
	EU female	12.6	11.7	11.2	10.6	11.8	9.9	8.8	8.6	8.7
	EU gap	4	3.8	3.5	3	2.6	1.8	1.9	1.9	1.9
	RO male	9.6	8.3	6.5	6.4	6	8.7	7		5.4
	RO female	14.9	10.5	11	10.3	10	11.2	9.6	11.9	8.1
	RO gap	5.3	2.2	4.5	3.9	4	2.5	2.6		2.7

Source: Eurostat

While NEET incidence declines at upper secondary and tertiary levels — and Romanian rates at tertiary approach EU averages — the trajectory among young people with at most lower secondary education runs sharply counter to the European trend. The Romanian female NEET rate in this group rose from 28.8% in 2016 to 44.1% in 2024, widening the gender gap from 12.1 to 19.2 percentage points, while the equivalent EU gap narrowed from 3.5 to 2.1 points over the same period. Completing secondary education thus provides meaningful, if still insufficient, labour market protection; early school leaving, by contrast, functions as the primary upstream determinant of concentrated NEET risk, and reducing the stock of young people without upper secondary qualifications — through retention, re-engagement and second-chance pathways — remains the highest-yield structural intervention available.

The structure of the phenomenon: inactivity versus unemployment. In Romania, most young NEETs are not unemployed in active search of a job, but economically inactive — meaning they are not looking for a job at all. Of the total of 19.4% NEET, approximately 14% are inactive and only 5.4% are unemployed in the technical sense — that is, without work, available to start within two weeks, and actively seeking employment, as defined by the ILO. Economic inactivity, by contrast, encompasses those who have withdrawn entirely from job search, whether due to discouragement, care responsibilities, early marriage, or other structural barriers. This structure differs from countries such as Greece or Spain, where the proportions are more balanced between unemployment and inactivity. The predominance of inactivity suggests deep discouragement factors or structural barriers that prevent even job searching.

Spatial distribution: urban convergence, peri-urban and rural divergence, regional concentration, and emigration distortion

The degree-of-urbanisation breakdown reveals a spatial dimension as consequential as the educational one. In large cities, Romania's NEET rate — particularly for men (4.5% in 2024) — is below the EU urban average, representing one of the few domains of genuine convergence; urban women's rate (10.4%) also approximates the EU benchmark (10.6%). Beyond city boundaries, however, the picture reverses sharply: in towns and suburbs, the female NEET rate (28.5%) exceeds the EU average (12.8%) by a factor of more than two, and in

rural areas the female rate (34.8%) is 2.5 times higher than its EU counterpart (14.2%), with a gender gap of nearly 15 percentage points that has shown no tendency to close since 2016. This spatial gradient points to a structural barrier rooted in geographic access rather than individual capacity: young people in non-urban areas face thinner labour markets, fewer training providers, and greater friction in reaching employment opportunities. Addressing it requires targeted investment in commuter transport infrastructure and fare subsidies for young people in rural and peri-urban areas, enabling access to urban labour markets and educational facilities without requiring permanent relocation.

Table 8. NEET aged 15-29 by degree of urbanization

		2016	2017	2018	2019	2020	2021	2022	2023	2024
Cities	EU male	11.9	11.2	10.7	10.6	11.9	11.5	10.3	9.7	9.7
	EU female	14.3	13.7	13.3	12.7	13.8	12.8	11.6	10.9	10.6
	EU gap	2.4	2.5	2.6	2.1	1.9	1.3	1.3	1.2	0.9
	RO male	9.5	8	6.6	6.9	5.7	6.6	5.9	4.7	4.5
	RO female	14.7	11.8	12.2	12	11.5	11.9	9.7	9.5	10.4
	RO gap	5.2	3.8	5.6	5.1	5.8	5.3	3.8	4.8	5.9
Towns and suburbs	EU male	12.9	12.2	11.3	10.9	12.7	12.4	10.6	10.3	10.2
	EU female	17.4	16.7	15.7	15.3	16.2	15.3	13.6	13.2	12.8
	EU gap	4.5	4.5	4.4	4.4	3.5	2.9	3	2.9	2.6
	RO male	18	16	13.8	14	12.5	14.2	15.7	15.3	14.8
	RO female	27.4	26.6	25.8	25.4	24.3	29.2	28.4	28.7	28.5
	RO gap	9.4	10.6	12	11.4	11.8	15	12.7	13.4	13.7
Rural areas	EU male	13.4	12.2	11.5	10.7	11.9	11.3	10.5	10.4	10.6
	EU female	18.8	17.9	17.2	16.5	17.5	16.2	14.9	14.4	14.2
	EU gap	5.4	5.7	5.7	5.8	5.6	4.9	4.4	4	3.6
	RO male	17.5	15.2	14.6	13.7	14.5	19.8	19.4	19.7	19.9
	RO female	32.6	28.7	28.2	27.7	28.8	35.4	35.7	34.8	34.8
	RO gap	15.1	13.5	13.6	14	14.3	15.6	16.3	15.1	14.9

Source: Eurostat

The NUTS2 breakdown reveals that Romania's national NEET average conceals substantial regional divergence. Covid pandemics increased the NEETs rate in 2021 in all regions with varying degrees of persistence. After the spike in 2021, the regions with the lowest NEET rates (Bucuresti-Ilfov and West) registered declining NEET levels such as the NEET rates in 2024 were smaller than before the spike. In the region with the highest NEET rates (South East) an upward trend occurred, while the regions with intermediate NEET levels were characterized by slow declining trends. In North West region with NEET rates below national average the declining trend of NEET rates was interrupted in 2024. Bucharest-Ilfov is the only region approaching EU-level rates (male 6.4%, female 12.4% in 2024). At the other extreme, South-East records a female NEET rate of 37.7% and Center 32.7% — both rising over the period and among the highest concentrations of structural NEET risk in the country. South-Muntenia and South-West Oltenia also remain persistently above the national average, reinforcing the picture of a broad territorial concentration of disadvantages.

At the same time, the regional data must be interpreted with caution because migration can distort the picture. North-East presents an apparent paradox: despite being one of Romania's most structurally disadvantaged regions, it records NEET rates that are only moderate relative to the southern and central regions. This does not necessarily indicate stronger integration into education or employment. Rather, it is closely linked to the region's exceptionally high outmigration. North-East records the largest gap in the country between the usually resident population and the population by permanent domicile (-11% for males and -12% for females), indicating that a

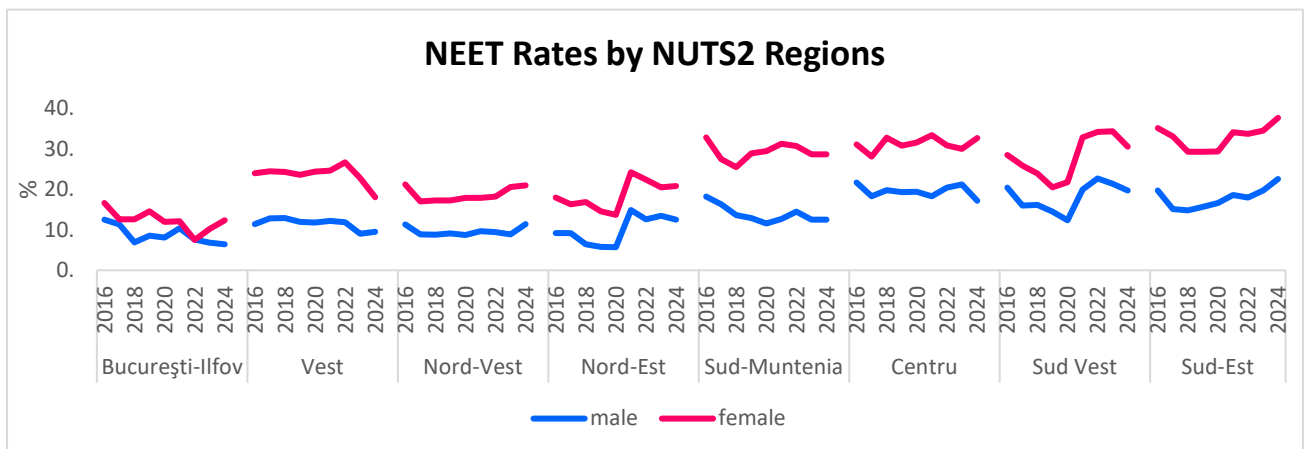
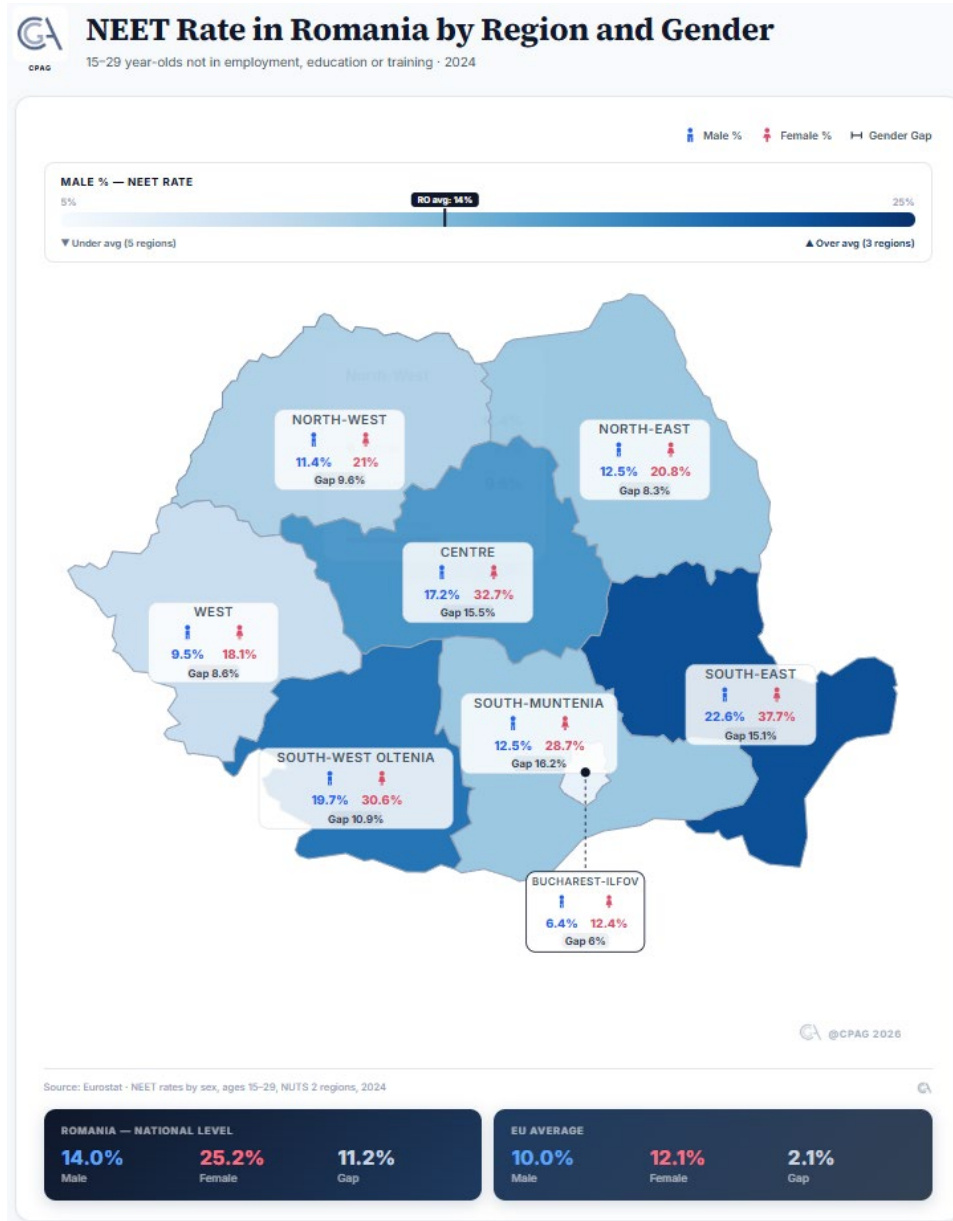
disproportionate share of its young population may have already left through internal or external temporary migration.

Table 9. NEET aged 15-29 by NUTS2

		2016	2017	2018	2019	2020	2021	2022	2023	2024	Difference between the resident population and the domiciled population
Romania	male	15.2	13.2	12.0	11.8	11.4	14.6	14.5	14.1	14.0	-6%
	female	25.5	22.6	22.4	22.1	22.1	26.3	25.4	24.8	25.2	-7%
	gap	10.3	9.4	10.4	10.3	10.7	11.7	10.9	10.7	11.2	
Bucharest-Ilfov	male	12.5	11.3	6.9	8.6	8.1	10.4	7.6	6.8	6.4	-2%
	female	16.6	12.6	12.6	14.6	12.0	12.1	7.5	10.2	12.4	-2%
	gap	4.1	1.3	5.7	6.0	3.9	1.7	-0.1	3.4	6.0	
West	male	11.4	12.8	12.9	12.0	11.8	12.2	11.9	9.0	9.5	-7%
	female	24.0	24.5	24.3	23.6	24.4	24.6	26.7	22.8	18.1	-9%
	gap	12.6	11.7	11.4	11.6	12.6	12.4	14.8	13.8	8.6	
North-West	male	11.3	8.9	8.8	9.1	8.7	9.7	9.4	8.9	11.4	-3%
	female	21.2	17.0	17.3	17.3	17.9	17.9	18.2	20.6	21.0	-3%
	gap	9.9	8.1	8.5	8.2	9.2	8.2	8.8	11.7	9.6	
North-East	male	9.2	9.2	6.4	5.8	5.7	14.9	12.6	13.5	12.5	-11%
	female	18.0	16.3	16.9	14.6	13.7	24.2	22.4	20.5	20.8	-12%
	gap	8.8	7.1	10.5	8.8	8.0	9.3	9.8	7.0	8.3	
South-Muntenia	male	18.2	16.3	13.6	12.9	11.6	12.7	14.5	12.5	12.5	-3%
	female	32.9	27.5	25.5	28.9	29.5	31.3	30.7	28.7	28.7	-5%
	gap	14.7	11.2	11.9	16.0	17.9	18.6	16.2	16.2	16.2	
Center	male	21.7	18.3	19.8	19.3	19.4	18.3	20.4	21.2	17.2	-5%
	female	31.1	28.1	32.8	30.8	31.6	33.4	30.9	30.0	32.7	-6%
	gap	9.4	9.8	13.0	11.5	12.2	15.1	10.5	8.8	15.5	
South-West Oltenia	male	20.4	16.0	16.2	14.5	12.4	20.0	22.7	21.4	19.7	-6%
	female	28.5	25.9	23.9	20.5	21.8	32.9	34.2	34.4	30.6	-8%
	gap	8.1	9.9	7.7	6.0	9.4	12.9	11.5	13.0	10.9	
South-East	male	19.7	15.1	14.8	15.7	16.6	18.6	18.0	19.7	22.6	-8%
	female	35.2	33.1	29.3	29.3	29.4	34.1	33.7	34.5	37.7	-10%
	gap	15.5	18.0	14.5	13.6	12.8	15.5	15.7	14.8	15.1	

Source: Eurostat

This demographic reduction mechanically reduces the number of young people still present in the region and therefore counted as NEET. In such cases, relatively moderate NEET rates may reflect not better performance, but the prior exit of the most mobile youth. Migration can therefore artificially depress NEET indicators in structurally weak regions, masking deterioration rather than indicating inclusion progress.



Source: Eurostat

These patterns imply that policy responses cannot rely on national averages alone. Reducing NEET vulnerability requires territorially differentiated interventions, including stronger retention in education, wider local training provision, and targeted investment in commuter transport infrastructure and fare support for young people in rural and peri-urban areas, so that access to urban labour markets and educational institutions does not depend on permanent relocation.

08

Determining Factors and Explanations

Why Romania's transition gap is structural

Early school leaving and educational deficit

The 2025 OECD report identifies early school leaving as one of the main factors behind the high NEET rate in Romania. The proportion of young adults (25-34 years) without upper secondary education decreased from 26% to 24% between 2019 and 2024 but remains significantly above the OECD average of 13%. More alarmingly, the tertiary education completion rate among the same age group decreased from 26% to 23% in the same period, placing Romania among the few OECD countries where the educational level of young adults has regressed.

Rigidity of the educational system

The Romanian educational system remains predominantly rigid and oriented towards full-time programs. Unlike countries in Groups 2 and 4, where part-time study programs and dual education systems are normalized, in Romania combining studies with work remains a marginal option. Structural barriers include limited curricular flexibility, fixed course schedules, and the absence of support infrastructure for working students. Moreover, alternative formats such as part-time study (*frecvență redusă*) and distance learning exist — they are formally available at the university level and enroll a small minority of students, with “*frecvență redusă*” programs typically comprising evening or weekend classes over compressed academic schedules.

Labour market characteristics

The Romanian labour market has particularities that complicate the transition of young people. The high rate of informal work (significantly above the OECD average) indicates the existence of segments of the economy that operate outside the formal employment framework. The employment rate of the working-age population (63% in 2023) remains 7.4 percentage points below the EU-27 average. For young people aged 15-24, the employment rate of 18.7% is dramatically below the European average, indicating significant barriers to labour market entry and a limited availability of structured entry-level opportunities.

These constraints are amplified by the economic cycle (i.e. low aggregate demand). Youth hiring is typically among the first margins companies adjust during slowdowns: companies may postpone recruitment, freeze entry-level positions, or restructure teams. In some cases, employers may substitute higher-cost senior roles with more junior, lower-paid staff, but the overall effect depends on sectoral conditions and companies' strategies. In general, weaker economic conditions increase uncertainty and reduce the stability and predictability of entry pathways into the labour market.

Technological change and AI transformation

Rapid advances in artificial intelligence are beginning to reshape the structure of entry-level employment. Many tasks traditionally performed by junior workers — particularly routine analytical, administrative or document-based work — are increasingly automated or assisted by AI tools. This trend may reduce the number of traditional “training” positions that historically allowed young people to gain initial professional experience, potentially intensifying existing barriers to labour-market entry for students and recent graduates.

Labour legislation and entry pathways

The regulatory and fiscal environment can further narrow formal “bridge” options into the labour market and limit the adaptability of work arrangements to the needs of students and entry-level workers. Since 2022, changes to the contribution base for part-time contracts have increased the cost of formal low-hours jobs that often allow students and labour-market entrants to combine study with employment. Although exemptions exist for certain categories, including students under 26, apprentices, and employees whose cumulative earnings across multiple contracts reach at least the minimum wage, the overall incentive for employers to offer such roles has weakened.

In addition, student part-time employment is constrained by a broader full-time bias: employers often prefer full-time contracts, and the current framework provides limited clear rules or incentives to structure reduced-hours arrangements aligned to study schedules. In parallel, the internship framework is widely perceived as overly bureaucratic and rigid (with documentation close to a standard employment contract) and relatively costly given low initial productivity (minimum allowance plus payroll taxes), while overlaps with other regimes (student practice and graduate traineeships) add uncertainty and further reduce uptake.

Demographic factors and migration

Romania faces a rapid contraction of the working-age population, driven by low fertility rates in the past, aging and significant emigration. Between 2024 and 2040, the number of people aged 15-64 is projected to decline by 15% in Romania, while at OECD level this number will remain relatively stable. This demographic dynamic makes it even more urgent to exploit the employment potential of the existing population, especially young people. When labour-market entry is delayed or structurally impeded, the consequences extend well beyond the transition period itself: shortened early careers compress lifetime earnings trajectories, reduce pension contribution records, and increase long-term social protection dependence for a segment of the population whose active participation the economy can least afford to forgo.

09

Implications and Public Policy Recommendations

Strategic directions for structural reform

Implications for human capital and competitiveness

The rigid separation between education and the labour market has long-term consequences for human capital accumulation. Students who have no professional experience before graduation face greater difficulties in transitioning to their first job, risk accepting positions below their education level and may experience prolonged periods of unemployment or underemployment. In a context where technological change is also reshaping entry-level job structures, the lack of early professional exposure may further amplify the risk of skill mismatches and delayed labour market integration. This situation reduces the return on investment in education, both for individuals and for society as a whole.

Systemic Approach Required

These challenges reflect a systemic transition gap and require a systemic approach: coherent objectives, aligned instruments across education and labour-market policy, and coordinated implementation. Rather than isolated measures, policies should aim to build a coherent Learn–Work ecosystem that enables young people to combine education and employment in a structured and predictable way. Effective delivery depends on the involvement of multiple actors — including schools, students and parents, employers, public employment services, and relevant public authorities — rather than isolated measures.

Strategic directions for public policy

Direction 1: Flexibilise the educational system

This should be anchored in a broader Learn–Work framework, with coordinated reforms across education policy, labour regulation and fiscal incentives, so that learning and work reinforce each other through predictable institutional arrangements. Introduction and expansion of part-time study programs, development of the dual education system following the German and Austrian model, and adaptation of university schedules to allow combining studies with work are immediate priorities. Stimulation of part-time programs is likely to be effective only if program design is strengthened — ensuring comparable learning outcomes for equivalent programs (including an appropriate balance between credits, instructional hours and study workload) and improving credibility and quality. The experiences of Group 2 countries demonstrate that this flexibilization does not compromise the quality of education but enriches it through practical skills. In addition, policy could explore the development of modular short-cycle learning, including micro-credentials, increasingly promoted at EU level as a flexible instrument linking education and labour-market needs.

Direction 2: Stimulate labour demand for students

Tax incentive programs for employers who offer flexible work positions for students, development of internship infrastructure, and creation of apprenticeship programs in sectors with labour shortages can contribute to increasing work opportunities for young people still in the educational system. In this context, targeted incentives could also support employers (and, where relevant, education providers) to expand dual education formats, develop structured internship programs, and create junior positions accessible to students and recent graduates. Policies should also encourage companies to combine technological adoption with structured workplace learning. International evidence highlights on-the-job learning as a key mechanism for human capital development, allowing young workers to acquire practical skills that cannot be fully developed through formal

education alone. While AI and digital tools can support efficiency, relying primarily on automation without investing in the development and integration of the future workforce risks weakening companies' long-term skills base.

Direction 3: Increase labour-legislation flexibility for students and upper-secondary pupils

Through simple, predictable and compliant entry-level contract options aligned to academic calendars. This includes short-term and seasonal work (e.g., summer/holiday employment) and reduced-hours arrangements compatible with school timetables, supported by clearer guidance and streamlined procedures for employers. A clearer alignment between study format and work intensity could also be considered — for example, structuring full-time work primarily around part-time/flexible study tracks, while full-time study would normally be combined with reduced-hours work arrangements.

Direction 4: Combat the NEET phenomenon through targeted interventions

NEET youth represent a heterogeneous group and therefore require more differentiated and proactive policy approaches than traditional labour-market activation measures. In Romania, a significant proportion of NEET youth are not registered with public employment services and remain outside institutional support systems, limiting the effectiveness of existing programs and reducing the ability of authorities to intervene early. Public policies should therefore distinguish between different categories of NEET youth depending on their distance from the labour market. Some young people are relatively close to employment and can be integrated rapidly through targeted training, job matching and short work placements. Others face multiple barriers — including educational deficits, social exclusion or family responsibilities — and require longer and more comprehensive support pathways combining employment measures with social services.

Strengthening public employment services for young people, developing second-chance educational programs and creating early identification and intervention mechanisms for young people at risk of dropping out of school are essential. A key priority should therefore be the active identification of NEET youth through community outreach teams, partnerships between public employment services, schools and civil society organizations, and the development of early warning systems identifying young people at risk of educational disengagement. Earlier identification enables timely intervention and reduces the probability that young people will become long-term NEETs.

Effective implementation of the Youth Guarantee remains a priority, with special attention to vulnerable groups, especially young women in rural areas. Geographic access is a binding constraint for this group: NEET rates converge with EU averages only in large cities, diverging sharply in towns, suburbs and rural areas. Investment in commuter transport infrastructure and fare subsidies for youth in rural and peri-urban areas is therefore a direct policy lever. For the most vulnerable groups, employment interventions must be complemented by integrated support services, including psychological counselling, social assistance, access to education or vocational training, and where necessary housing or family support. Such integrated approaches are particularly important for youth leaving institutional care, young parents and individuals from marginalized communities.

Policies should also prioritize flexible and rapid pathways into employment, particularly for young people who find it difficult to access or complete long training programs. Short-cycle vocational training, paid internships, apprenticeship programs and modular learning formats such as micro-credentials can facilitate faster entry into the labour market while allowing gradual skills accumulation. Stronger employer engagement is also essential. Programs targeting NEET youth should be designed in partnership with employers and aligned with sectors experiencing labour shortages, including through work-based learning schemes, company-based training programs and targeted incentives for firms hiring young workers with limited experience.

Direction 5: Introduce structured, mandatory career guidance

As a core component of the education system. This should be designed as a close school–parent–student partnership, with clear responsibilities and regular counselling milestones across lower and upper secondary education. In the context of AI-driven technological change, the objective should not be to channel students into pre-defined occupations, but to identify aptitudes and core competencies early, and translate them into flexible learning and career pathways that build transferable skills and long-term adaptability — so young people can transition across roles and sectors as the labour market evolves, instead of being locked into a rigid career model.

Measures recommendations:

1. Flexibilise the Educational System

German–Austrian dual model as reference

- **Part-time study programs** — Introduce and expand at university and upper-secondary level; an immediate priority.
- **Dual education system** — Develop following the German and Austrian model; expand school–employer partnerships.
- **Flexible university schedules** — Adapt timetables to allow combining studies with part-time employment.
- **Strengthen program quality** — Ensure comparable outcomes for part-time vs. full-time tracks; improve credibility.
- **Modular short-cycle learning** — Develop micro-credentials linked to labour-market needs; recognized at EU level.

2. Stimulate Labour Demand for Students

Employers as active partners

- **Tax incentives for employers** — Reduce costs for firms offering flexible work positions to students.
- **Internship infrastructure** — Structured, paid programs in sectors experiencing labour shortages.
- **Apprenticeship programs** — Create pathways in shortage sectors; expand dual education formats.
- **Junior entry-level positions** — Incentives for firms creating roles accessible to students and recent graduates.
- **Workplace-based learning** — Encourage firms to invest in workforce development alongside automation.

3. Labour Legislation Flexibility for Students

Simple, predictable and compliant entry-level options

- **Simple entry-level contracts** — Predictable and compliant options aligned to academic calendars.
- **Short-term and seasonal work** — Summer and holiday employment contracts designed around school calendars.
- **Reduced-hours arrangements** — Working hours compatible with school and university timetables.
- **Clearer guidance for employers** — Streamlined procedures and clear regulatory guidance for hiring student workers.
- **Align study format with work intensity** — Full-time study = reduced-hours work; part-time study = full-time work.

4. Combat the NEET Phenomenon

Not all NEETs are the same — differentiated approaches

- **Active identification of NEET youth** — Community outreach teams; early warning systems to identify at-risk youth.
- **Strengthen public employment services** — Build capacity to reach unregistered NEETs; develop second-chance education pathways.
- **Youth Guarantee — effective delivery** — Priority focus on young women in rural areas and those under 25.
- **Territorially differentiated interventions** — Tailor policy responses to rural, peri-urban and structurally weak regions, where NEET risks are more concentrated.
- **Transport and mobility** — Commuter infrastructure and fare subsidies for youth in rural and peri-urban areas to reduce the geographic access barrier.
- **Integrated support for vulnerable groups** — Counselling, training, social assistance and housing support where needed.
- **Flexible rapid pathways into employment** — Short-cycle VET, paid internships, micro-credentials; designed with employers.

5. Introduce Structured, Mandatory Career Guidance

Not pre-defined occupations — aptitudes, transferable skills and long-term adaptability

- **School–parent–student partnership** — Clear responsibilities and regular counselling milestones across lower and upper secondary education.
- **Early identification of aptitudes** — Identify core competencies early, not only at graduation or upper-secondary exit.
- **Flexible learning and career pathways** — Translate aptitudes into pathways that build transferable skills and long-term adaptability.
- **Adaptability over fixed occupations** — Prepare young people to transition across roles and sectors as the labour market evolves.
- **Dedicated counsellors in every school** — Career guidance as a core curriculum component in every school unit — not an optional add-on.

10

EU Funding Opportunities

Next Multiannual Financial Framework 2028–2034

In the negotiations on the next Multiannual Financial Framework, Romania should seek dedicated allocations for measures addressing the structural drivers of NEET vulnerability, prioritising those intervention areas for which the European Commission's 2028–2034 proposal already signals a clear potential financing channel. The financing channels identified below are drawn from Commission proposals published between July and September 2025. They are currently under negotiation between the Council and the European Parliament and may be subject to change before final adoption, expected by end 2027.

Structural Problem	Opportunity for Romania in next MFF	Possible EU Financing Channel (2028–2034)	Main Romanian Institutions
Low employability of NEET youth and weak transition into work	Request dedicated allocations for reskilling, upskilling, short-cycle training and vocational pathways targeted at disengaged youth	European Social Fund delivered through the future National and Regional Partnership Plans	Ministry of Education and Research, Ministry of Labour, Family, Youth and Social Solidarity, ANOFM, MIPE
Weak re-entry pathways into education or training for NEET youth, with particular concentration among young women with at most lower secondary education	Negotiate funding for second-chance, re-entry and flexible education and training pathways for young people who have disconnected from both school and work	European Social Fund delivered through the future National and Regional Partnership Plans	Ministry of Education and Research, MIPE, ANOFM
NEET youth facing multiple barriers beyond employment alone	Seek earmarked social-inclusion allocations for integrated packages combining activation, counselling, education/training access and broader support services	European Social Fund delivered through the future National and Regional Partnership Plans	Ministry of Labour, Family, Youth and Social Solidarity, ANOFM, MIPE, Local Authorities
Geographic access barrier preventing youth in rural and peri-urban areas from reaching labour markets and training facilities	Negotiate allocations for rural and peri-urban transport connectivity infrastructure enabling youth access to employment and training centres	European Regional Development Fund and Cohesion Fund delivered through future National and Regional Partnership Plans	Ministry of Transport, Ministry of Regional Development and Public Administration, MIPE, Local Authorities

Severe vulnerability among some NEET groups linked to unstable living conditions	Request support for social infrastructure connected to inclusion pathways, especially where housing barriers undermine youth activation	EU Facility (approx. €63 billion) covering Union-led social infrastructure initiatives and crisis response; dedicated housing investment should additionally be pursued through the NRPP and ESF framework	Ministry of Development, Public Works and Administration, Ministry of Labour, Family, Youth and Social Solidarity, Local Authorities, MIPE
Weak youth engagement, motivation and connection to institutional support	Seek allocations for youth initiatives, personal development and community engagement projects that can reconnect vulnerable young people with learning and participation pathways	Reinforced Erasmus+ (proposed at approx. €40.8 billion, a roughly 50% increase on the 2021–2027 allocation)	Ministry of Education and Research, National Agency for Community Programmes in the Field of Education and Vocational Training, schools, youth organisations
Weak alignment between skills support and labour-market demand in strategic sectors	Request funding for training projects and apprenticeships linked to quality jobs in sectors with medium- and long-term labour demand	European Competitiveness Fund (€409 billion proposed), explicitly targeting quality jobs in strategic sectors including training, apprenticeships, clean energy, digitalisation and defence	Ministry of Economy, Ministry of Education and Research, Ministry of Labour, Family, Youth and Social Solidarity, employers, sector bodies
Need for larger-scale financing capacity for youth inclusion and skills measures	Explore policy-loan financing to complement grant-based allocations for broader social inclusion and skills-development efforts	Catalyst Europe policy loans (up to €150 billion in EU-backed loans under the NRPPs, explicitly including social inclusion and skills as eligible areas)	Ministry of Finance, MIPE, Ministry of Labour, Family, Youth and Social Solidarity, Ministry of Education and Research

11

Conclusions

Key findings and the path forward

The analysis of Eurostat data on the participation of young people in Romania in education and the labour market reveals a worrying situation. With the lowest rate of simultaneous student participation in education and the labour market in the EU (1.19%) and the highest NEET rate (19.4%), Romania faces a structural crisis of the transition of young people from education to work.

This situation is not inevitable. The experiences of countries in Groups 2 and 4 demonstrate that high rates of student participation in the labour market are compatible with quality educational systems and acceptable unemployment rates among young people. The key to success lies in flexibilising the educational system, developing dual education and apprenticeship programs, and creating a framework that normalizes and facilitates combining studies with professional experience. In this context, building a coherent Learn–Work ecosystem — linking education policy, labour-market regulation and employer incentives — becomes essential for enabling a gradual transition from education to employment.

For Romania, reforms in this area are not optional, but necessary. Rapid demographic contraction, emigration of the skilled workforce and persistence of high NEET rates create an urgent imperative for action. At the same time, technological change and evolving labour-market structures further increase the importance of early professional exposure and flexible learning pathways. Without large-scale structural interventions, the gap with the rest of Europe risks deepening, with negative long-term consequences for the country's economic competitiveness and social cohesion. The cost of inaction is not abstract: every cohort that transitions poorly into the labour market represents a permanent reduction in lifetime earnings, pension contributions and productive capacity that Romania's demographic trajectory can no longer afford.

The main conclusions of this analysis are the following:

- Romania records the lowest rate of simultaneous student participation in education and the labour market in the EU (1.2%), against an EU average of 11.6% and rates exceeding 30% in the Netherlands and Iceland — placing it in a structurally distinct category from all other member states.

- 97% of young Romanians in formal education are economically inactive, compared to the EU average of 71.4% — reflecting deep institutional and regulatory barriers that prevent students from combining studies with work.
- Romania has the highest NEET rate in the EU at 19.4%, affecting approximately 588,000 young people aged 15–29 and nearly double the EU average of 11%.
- Young women are disproportionately affected, representing 63% of all NEETs. The gender gap of 11.2 percentage points is more than five times the EU average and has widened since 2016, driven largely by care responsibilities and structural disadvantages in rural areas.
- The dominant form of NEET status in Romania is economic inactivity, not active unemployment: approximately 14 percentage points are inactive, with only 5.4 points actively seeking work — pointing to deep discouragement rather than a simple lack of available jobs.
- Re-entry into the labour market is structurally impeded: only 1% of inactive young people and 8% of unemployed young people transition to employment each quarter — the lowest rates in the EU and sufficient to make early exit from the labour market effectively self-perpetuating.
- Early school leaving is the primary upstream driver of NEET risk: 24% of young adults lack upper secondary qualifications, nearly twice the OECD average, and the tertiary completion rate declined between 2019 and 2024 — one of the few such regressions recorded across OECD countries. Among young women with at most lower secondary education, the NEET rate rose from 28.8% in 2016 to 44.1% in 2024, running counter to the EU trend where the equivalent rate fell from 18.1% to 13.9%.
- Wage dissatisfaction is the leading self-reported barrier to employment: 44% of young people cite low pay as the main obstacle, and only 27.5% of employed youth consider their remuneration adequate relative to the cost of living.
- Emigration compounds the NEET problem in a self-reinforcing cycle: 66% of young people express emigration-oriented attitudes, 28% intend to leave within 12 months, and those most likely to leave are the same groups already most vulnerable — youth under 25, rural residents and those with low educational attainment.
- NEET risk is sharply differentiated by geography: Romania converges with EU averages only in large cities, where the male rate (4.5%) is actually below the EU urban average. In towns, suburbs and rural areas the gap widens substantially — rural women record a NEET rate of 34.8%, 2.5 times the EU rural female average of 14.2%, with a gender gap that has remained near 15 percentage points since 2016.
- Regional disparities compound the national picture: Bucharest-Ilfov records the lowest rates (male 6.4%, female 12.4% in 2024), confirming urban convergence, while South-East and Center record female NEET rates of 37.7% and 32.7% respectively — among the highest in the country and still rising. North-East's apparently lower rates, corroborated by the largest resident-domiciled population gap nationally, suggest that youth are migrating out rather than finding genuine labour market improvement.

12

Sources and References

- Eurostat (2025). Participation of young people in education and the labour market — Statistics Explained. Extraction from EU Labour Force Survey, December 2025.
- OECD (2025). OECD Reviews of Labour Market and Social Policies: Romania 2025. OECD Publishing, Paris.
- OECD (2025). Education at a Glance 2025: OECD Indicators — Romania Country Note.
- Friedrich Ebert Stiftung Romania (2025). Youth unemployment in Romania is on the rise. Social Monitor.
- EURES — European Employment Services (2024). Labour Market Information: Romania.
- ETUC (2024). Youth Employment Trends & Policies After the COVID-19 Pandemic — Romania.
- INSCOP Survey – National Youth Barometer. Nationally representative survey for Romania's population aged 18–35.