Romania
Functional Review
PRE–UNIVERSITY EDUCATION SECTOR
(2nd output)

Final Report
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**Acronyms**

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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>MERYS</td>
<td>Ministry of Education, Research, Youth and Sports</td>
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<td>MOF</td>
<td>Ministry of Public Finance</td>
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<td>NDBE</td>
<td>National Education Database</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>PISA</td>
<td>Program for International Student Assessment</td>
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Acknowledgements

This Report on the Functional Review of the Pre-university Education sector focused on education services delivery at local level is part of the broader strategic and functional review of Romania’s central public administration being undertaken by the World Bank on behalf of the European Commission and the Government of Romania (GoR) as per their June 2009 Memorandum of Understanding.

This analysis was carried out during October 2010 - March 2011 and is based upon the results of fact finding visits, discussions with senior politicians and management in the sector, public servants, and analysis of official documents. The World Bank Team would like to express gratitude to the General Secretariat of the Government and the Ministry of Education, Research, Youth and Sport (MERYS) for the excellent working relations established during this assignment and for the cooperation of all senior officials. The team benefited greatly from meetings with heads of general directorates within the MERYS, officials in general school inspectorates in various counties, school principals and representatives of teachers, and county and local authorities.

The report was prepared by a core team comprised of Mariana Moarcas, Task Team Leader, Lars Sondergaard, Sr. Economist, and Eliezer Orbach, International Consultant, with inputs from Harry Patrinos, Lead Education Economist. Also, Emilio Ernesto Porta, Sr. Education Specialist, analyzed PISA 2006 and 2009 data to examine the learning gap between small and large schools, and Marcel Balanuta and Meral Kagitci provided excellent research assistance. The World Bank Team would like to thank the peer reviewers for their excellent comments and suggestions: Juan Manuel Moreno, Sr. Education Specialist, Gelu Calacean Policy Officer, DG Education and Culture, European Commission, Ana Maria Sandi, International Consultant, and Sorin Ionita, Director, Romanian Academic Society. Bernard Myers, Sr. Public Sector Mgmt. Specialist managed the overall Functional Review assignment.

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1 This document is the second output following after the first Report on the Functional Analysis of the Pre-university Education Sector focused on the central level institutions, i.e. Ministry of Education, Research, Youth and Sport and subordinated agencies.
Executive Summary

Sector Status in the Context of EU2020 Strategy

The improvement of education and training system in Romania is a pre-condition to the achievement of its goal of turning Romania into a growth engine in Europe as well as the two EU2020 education-related targets that are to raise enrollment rates in higher education, and to reduce the rate of early school leaving. Both the EU2020 strategy and the Romanian government’s strategy are based on the premise that the skills of the workforce are critical to the achievement of the strategy’s six targets, and four of the seven EU Commission’s “flagship initiatives” are directly or indirectly aimed at raising the skill level of today’s and tomorrow’s work force.2

Together with its neighbors in the EU, Romania is currently emerging from the deepest recession in more than a decade. Restoring and sustaining growth in this context require reforms to boost competitiveness and increase labor productivity.

The challenges in the Romanian education and training sector are large but Romania has a strong basis on which to build. Significant progress has been made with the introduction of per student financing in January 2010, the steps taken at the optimization of the schools’ network, and most recently with the enactment of the new education law which came in force in February 2011. Progress is continuing as the Ministry of Education, Youth and Sports (MERYS) is proceeding in earnest with a process of decentralization and is taking many other measures to improve both the efficiency and the effectiveness of the education system. To take but a few examples, the Ministry is developing a new competency-based curriculum, improving its student-learning assessment system and is significantly reforming teacher training. On OECD’s PISA test, the 2009 results show a significant improvement over the PISA 2006 results in the achievement of Romanian students aged 15 in reading literacy. Yet, the length of the road ahead is reflected in

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2 There are six headline targets (actually there are five but the target focusing directly on education is actually two separate ones: one on higher education enrollment and one on school dropout). The targets which require improving the education of the population are:
(1) If 75% of the population aged 20-64 are going to be employed, we need to make sure that they are employable and remain so for their entire life; (2) If we are going to be investing 3% of our GDP on R&D, we better make sure that we have researchers, skilled scientists and engineers to make good use of these resources; (3) If we want to reduce early school leavers to less than 10%, we need to make sure that no one is left behind in the early grades; and (4) if we are aiming at getting 40% of the younger generation to graduate with a tertiary diploma, let’s make sure that they learn useful skills. And the four EU2020 “Flagship initiatives” which all have large elements of education and training in them are: “Youth on the move” and “An Agenda for New Skills and Jobs (directly related to pre-university education); “Innovation Union”; and “European Platform against Poverty”. More information at: [http://ec.europa.eu/europe2020/index_en.htm](http://ec.europa.eu/europe2020/index_en.htm)
the fact that 40.4 percent of the students at this age are still below the baseline level of reading proficiency\(^3\).

The goals that Romania has for its pre-university sector are very ambitious. They include, among others, ending quality discrepancies between rural and urban education and between vulnerable minority groups and the majority population. Narrowing the gap between students from rural and urban households in learning outcomes and raising the skills and competencies for all students is a challenge for even the best performing education systems in the world. This challenge is unlikely to be met unless fundamental changes are made in the way the sector is managed and financed. To succeed, all role-players in the education system need to shift from complaining about red tape and bureaucracy to taking initiative – formulating new solutions, or replicating successful solutions tried out elsewhere in the world. They need to unleash their creative and innovative potential. This requires, among others, freedom to manage, to make decisions and to err. It requires also a different and more sophisticated partnership between the various stakeholders involved in the sector, from MERYS in Bucharest, to local education departments across the counties, to mayors’ offices, schools, parents and students.

This report follows the first report delivered by the Bank team in October 2010 under the Functional Analysis of the Pre-university education that focused on the capacity within the Ministry and its main agencies at the central level to meet the strategic objectives of the sector. This second report summarizes a review of the delivery of education services at sub-national levels, focusing on the county inspectorate offices, the schools and the county and local authorities. The main chapters include: (i) the objectives of decentralization and the extent of consensus around them, (ii) the roles assigned to the key players at the local level as well as the MERYS in relation to them, (iii) the fiscal arrangements underpinning the decentralized system and (iv) the capacity to decentralize both at the local level and at the Ministry.

**Key Challenges and Recommendations**

The report includes a large number of findings, conclusions and recommendations. Some of the findings and conclusions require no recommendations. They indicate that the review team is happy with what it found in specific areas and they are included in the report since the team was required to cover these areas and since the team wants to give credit where credit is due. There are other findings and conclusions, indicating areas where improvement is necessary and possible and the team is providing recommendations, but on their own, are not likely to bring about major improvement; then, there are findings and conclusions in areas where the team believes is the game-changing potential. If changes for the better occur in these areas, much

\(^3\) Level 2 can be considered a baseline level of proficiency, at which students begin to demonstrate the reading literacy competencies that will enable them to participate effectively and productively in life; according to the 2009 PISA results 23.6% of Romania students at age 15 were at Level 1a, 12.7% were at Level 1b and 4.1% were below Level 1b)
progress will be made irrespective of whether or not other areas change too. This is where the potential for the greatest impact lies. The team will present first in brief four such areas and then move into what needs to be done in these areas, presenting an action plan in table format for the consideration of the Ministry. Following the plan, the executive summary highlights all the conclusions and recommendations in all other areas of the Review, in the order in which they appear in the main body of the report. The action plan focuses on the four game-changing factors and the types of action necessary will be indicated in the recommendations.

The Game Changers

1. The School Boards

_School boards are receiving a new mandate and are becoming the key operator in the schools. The success of the schools in the future will depend critically on the performance of these boards. It is imperative to make sure that their capacity matches their mandate._

School boards have been in existence for quite a while, but were treated rather lightly by the principals, the inspectorates and the Ministry. The Ministry has now decided rightly that empowering them to play a more significant role is a very important key to progress. The Ministry’s seriousness in this matter is reflected in an impressive shift of decision-making power to the board – not to the principal, who is only a member of the board. The opportunity in this move is great, but the risk is as big as the opportunity. The team’s key message here is that the Ministry needs to make a large investment in empowering the boards to assume their new role – not as large an investment of money as an investment of thought and energy. It will be necessary to embark on a large scale, continual training and development exercise for school boards, and it will be necessary to closely monitor and evaluate them, at least for the first few years. The evaluation will have to be formative, not summative. This means that evaluators will accompany school boards from day one, giving them constructive feedback on their operations. An important recommendation made by the team for the future is to set up an entity such as the Scottish School Board Association whose mission is totally dedicated to improving the performance of school boards.

2. Performance contracts

_The Ministry is making a bold move to enhance accountability in the system: it is introducing performance contracts. It is extremely important to ensure that the right definition of performance is introduced._

The content and form of the contracts is yet to be determined. The new education law requires all local authorities to have ‘management contracts’ with the principals of all schools under their
jurisdiction (and these are different to employment contracts). Even bolder is the requirement for all schools to have performance contracts with the parents of their students. The mere introduction of these contracts will not result, however, in progress if the specific content of these contracts is not focused on the right objects – in other words, if performance is not defined clearly and well and, ultimately, focused on learning results. This is not going to happen in a year. It needs to be done in close collaboration with the schools as well as the local authorities in the knowledge that the first few years may be characterized by trial and error. The starting point may be a focus on performance with inputs and processes, but the destination is learning results. The law does not define the content of these contracts. The content and format will be developed by the Ministry in the coming six months in the form of methodologies. It is extremely important to make sure that these methodologies do define the performance well and do introduce the right first elements of accountability. It is necessary to indicate in the methodology that the contract is a contract between two role players and is creating a partnership between them. In this partnership, each must fulfill its obligation. One further comment: The chain of accountability also leads to the inspectorate and the Ministry. The next step is to introduce a performance contract between the Ministry and each county inspectorate. It is extremely important, however, that this will be done only once the inspectorate is conceptually and practically reorganized as is discussed below and once there is full clarity about the mission of the inspectorate and once the jobs of inspectors are clearly defined in terms of purpose, beneficiaries and results.

3. The Inspectorate

The inspectorate is the most strategic tool in the hands of the Ministry with which to implement decentralization, and once decentralization is implemented to be the Ministry’s hands, ears and eyes on the ground. The inspectorate’s capacity is weak and it needs to be empowered.

The inspectorate is the implementer of all of the Ministry’s strategies and plans; it is the organization that will monitor operations in the schools and make sure that the Ministry is not out of touch with them. It is also potentially the Ministry’s most strategic tools to help the schools improve the quality of instruction. Herein rests a big dilemma: the inspectorate is not structured well, and does not have the capacity, to serve as two critically strategic but critically different, tools at the same time. The very concept of what it is doing, and the way it is organized to do what it is doing weaken its capacity. Its human and financial resources have been shrinking over the last five years while its work load has been increasing, to the point that the inspectorate is now grossly under-resourced. There is a need to re-conceptualize the role of the inspectorate, to reorganize it and to better balance work load with resources. Among others, it is necessary to organizationally detach the two strategic arms, ring-fencing those whose job is to provide pedagogical support to the schools and those who provide managerial support to the principals, from those whose job is to implement, monitor and control. Due to a high turnover of
management staff in the inspectorates, as well as lower, but still significant turnover among inspectors, there is a need for continual professional development for both.

4. The Knowledge Gap

Decentralization will increase the demand for information and analysis at the MERYS dramatically with the transfer of action and decision-making power to the schools for two reasons: (i) the ministry is going to attend much more than in the past to matters of policy and strategy and (ii) it is going to require not only more and different reporting, but also much evaluation of the effectiveness of new roles, functions and arrangements. Information and analysis will be critical to the success of decentralization. However, there are currently large gaps in this area.

The gaps can be grouped into three areas: (1) education-specific knowledge gaps (e.g. which students and schools are failing and which are succeeding?), (2) knowledge gaps related to how resources are spent (e.g. how much does it cost to education a child in different circumstances; or how much is spent on “monitoring the system” vs. “providing administrative and pedagogical support to schools”?) and (3) gaps related to the data on inputs (number of students, staff, schools).

This review recommends tackling the problem by seeking to make improvements on three fronts: improving data collection, expanding data usage, and expanding data access, with the bulk of the focus on usage and access which seem particularly neglected at the current juncture; a lot of data are available but it is not being put to use, in part because most of it are not made publicly available.
## The Proposed Action Plan

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<th>Game Changers</th>
<th>What Needs to be Done</th>
<th>Action Plan</th>
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<td><strong>School boards</strong> are becoming the key operator in the schools with a potential to change the face of education. To realize this potential it is imperative to ensure that their capacity matches their new mandate.</td>
<td><strong>The Ministry needs to make a large investment of time, resources and energy in empowering the boards to effectively assume their new role and become educationally powerful instruments in the schools.</strong></td>
<td><strong>By 2013, (a) there will be a significant increase in the number of educationally-substantive matters coming for decision to the school boards, and (b) there will be an increase in the number of educationally-substantive matters coming for decision to the school boards.</strong></td>
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<td><strong>Performance contracts</strong> are being introduced into the system with a potential to profoundly improve the accountability of schools for results. To realize this potential, it is imperative to ensure that the contracts are well designed and their introduction is successful.</td>
<td><strong>The Ministry needs to carefully develop the content and format of the contracts in close collaboration with schools and local authorities, consciously accepting a period of trial and error.</strong></td>
<td><strong>A first version of performance contracts, focusing on inputs and processes, will be introduced into all schools for the school year 2011/12. A second, improved version of performance contracts, focusing on inputs and processes, will be introduced into all schools for the school year 2011/12.</strong></td>
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<td><strong>The inspectorates</strong> are becoming the Ministry’s key strategic tool in implementing decentralization with a potential to ensure success as well as contribute to failure. To succeed it is imperative that the Ministry empower the inspectorates, matching their capacity with the job they need to do.</td>
<td><strong>The Ministry needs to redesign the role of the inspectorate, reorganize its structure and better balance its work load with its resources. It then needs to actively lead – but not run – the inspectorates.</strong></td>
<td><strong>The work of inspectors and the organization structure of the inspectorates will be redesigned by the end of 2010.</strong></td>
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<td><strong>The availability, analysis and use of information</strong> are becoming critical to the now accentuated leadership role of the Ministry. It is imperative to make sure that the current constraints of weak demand for and inadequate supply of information and analysis are removed.</td>
<td><strong>The Ministry needs to boost the demand for information and analysis by its managers, improve the collection of data, conduct much more analysis and provide its managers on-line, user-friendly access to both.</strong></td>
<td><strong>A Ministry decision to expand access to education-related data is made in 2011. To begin with, the following databases could be made available in their entirety on the Ministry’s</strong></td>
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quantity and quality of information used by the boards in making these decisions. By 2015 there will be (a) a higher level of parents, students and community satisfaction with the operation of schools and (b) a visible, initial improvement in learning results and the rate of dropout.

All results will be compared with a baseline established in 2011.

contracts will be introduced in the school year 2013/14. By 2014/15 performance contracts will include a first component relating to outputs and/or outcomes boards, reducing the work load of the inspectorates by +/-20%. The time gained through this action will be devoted to helping school boards with their new responsibilities and helping mayors with performance contracts. By 2013, the content, format and frequency of all types of school inspections will be reviewed and revised. Pilot projects aimed at getting private sector and civic sector for the implementation of various parts of the inspectorates’ current tasks (e.g. specialty inspections (pedagogical support)) will be initiated. By 2015, the Ministry will decide whether or not it will contract out these services

website (subject to privacy considerations): the National Education Database; assessment data; ARACIP’s student risk data base; and all expenditure-related data (for which no database exists but excel files could be cleaned and made public). To expand usage of data, a competitive grant for usage could be launched in 2012 (e.g. to support creating software applications, writing research papers etc). MERYS starts tracking indicators to monitor “usage” of data.

Conclusions and recommendations

The objectives of decentralization are well understood both inside the education system and in its external environment. Generally speaking, there is a full consensus about its objectives both within the education system and in its external environment among key stakeholders. To the extent that there is disagreement, it is mostly about the ‘how’. Local authorities’ officials appreciate the need to decentralize but have concerns about its financial implications. Some of them are not aware that the new law re-centralizes the mobilization of resources for all recurrent expenditures.

*The team recommends that the MERYS conduct an extensive campaign aimed at informing all local authorities of key aspects of the new law (not just those relating directly to them) reaffirming the objectives of decentralization and addressing their concerns, including the concerns about reporting relationships and about the provision of funds for capital investment.*
The team recommends further that representatives of local authorities be invited to participate in the development of methodologies related to their role – particularly the methodology that will develop the guidelines for performance contracts.

The Ministry’s role as described in the law is the appropriate role for a lead agency in the sector. It is well structured and designed. The first seven areas of responsibility, or functions, are closely interlinked and together make up the classical role of leadership. These include the drafting of national education policies and strategies, structuring the sector, mobilizing funds, developing rules for decision-making and coordinate and monitoring. The development of curricula, national examinations and quality assurance are carried out by agencies subordinated to the Ministry.

The role of the inspectorate needs to be better designed and better organized. The rationale for one function within this role - that of clearing debutants for the Definitivat examinations and clearing teachers for promotion tests at university – is very weak. Vouching for the practical skills of teachers needs to be moved out of the inspectors’ role and integrated, together with practical training. Practical training needs to be integrated, in turn, with the theoretical training of teachers at university. There is also an imbalance both in the design and in the implementation of the inspectorate’s role between the function of school support and the function of monitoring, controlling and reporting to the Ministry. The imbalance is exacerbated firstly by a heavy work load which has been increasing at a time when resources are shrinking and by a built-in incentive to respond first to the Ministry’s needs and only then to the needs of the schools. The organization structure of the inspectorates constrains the ability of inspectors to work efficiently and there is no link at all between the work load of the inspectorates and the number of staff at their command. Finally, although it is a key function of the inspectorate to serve the schools when providing pedagogical support to the teachers and managerial support to the principals, the mentality of a service provider is not yet there and it seems that no inspectorate has yet gone to its clients – the schools – to find out objectively how good is the service it is delivering.

- The Ministry needs to re-design the role of the inspectorate, so as to focus much more strongly on its support function. Much attention should be paid to the support that is now needed for the school boards, the nature and scope of which has yet to be defined. The function of testing teachers for clearance, which costs the Ministry about 46.8 million Lei (not including non-salary costs), needs to be abolished, if possible; if it is not possible, or until it is possible, the function needs to be radically changed to consume much less time.

- In this regard, the team recommends that the granting of Definitivat status and the promotion of teachers who have tenure from one grade to another will be given on the basis of continual evaluation carried out by the school principals and the inspectors in their regular visits, and not on the basis of a one-time special test.
The Ministry needs to reorganize the inspectorates so as to separate between the support function and the monitoring/control/reporting and implementation functions. Full-time managers need to be appointed to head the different department and their jobs need to be to formulate new visions and new strategies regarding the improvement of instructional quality and school management to review the design and delivery of each type of inspection, searching for innovative ideas, so as to render them more efficient and more effective.

Among others, it is recommended that when the Ministry re-designs the role of the inspectorate it will review staffing requirements and determine them based on a well-designed work load analysis. Staffing in the future should then be more closely related to the actual work that has to be done.

The team recommends that the Ministry develop a ‘client survey’ and require all inspectorates to conduct the survey periodically as a tool to help them improve their services to the schools. The client survey can also serve as a monitoring tool for the Ministry.

The law represents a well-conceived and bold step towards the introduction of school-based management into the Romanian pre-university education sector: well-conceived because together the functions of the five role players deal with all important aspects of school-based management; bold because there is indeed a genuine and determined transfer of responsibility and authority from the Ministry and the inspectorate to the schools – and within the schools to the governing board.

The law concentrates the power to make all key decisions at school level in the hands of the Board. If fully and successfully implemented, this will significantly change management culture and practices in the schools – a situation that is full of opportunity and promise on one hand, yet subject to risk on the other. The great opportunity will turn into reality only if a number of key constraints to the effectiveness of school boards, where more than a half of all members are not professional educationists, are addressed. One such constraint is the level of interest and quality of involvement of parents and the community in the schools. Given the demands on their time, their preoccupation with other matters, and their relatively high turnover, participation is not guaranteed. It will have to be earned. Given the lack of experience in school matters and the lack of a tradition of involvement and of working with people in authority, effectiveness of participation cannot be guaranteed. It too will have to be gained.

The team recommends that a 5-year action plan be made for the development of school boards into an educationally powerful instrument in the school. The immediate target can be
represented by a larger number of educationally-substantive decisions being brought to the board, an increase in the quantity and quality of information used in making decisions, a healthier debate and better decisions. The final target can be represented by improved learning results, a reduction in the rate of dropout and a higher level of parents, students and community satisfaction with the schools.

To achieve these goals it will be necessary for the Ministry to provide school boards substantive guidance through its methodology and to ensure that the boards receive continual training from effective training providers and much practical support from the inspectorates. The current methodology needs to be carefully reviewed and redesigned. The team recommends further that the Ministry closely watch the process, commissioning action research to accompany the process for the five years and provide formative evaluation.

The role of the teacher is not well defined in the education law. Even though there are in the education law sections dedicated to most other role-players, there is no section dedicated to teachers. An incomplete idea on what is the role of the teacher can be deduced from different sections in the law dealing with items such as the curriculum, but a full coherent conceptual framework for the teacher’s role is missing.

The team recommends that the Ministry develop a more detailed conceptual framework to capture the role of the teacher, assigning this task to one of the teams that are now embarking on the development of methodologies.

The introduction of an education contract between the schools and the parents is a worthwhile and innovative component in the Ministry’s decentralization plan. It has the potential to solidify the relationships between schools and parents. However, it is also a very challenging component which requires much additional thinking and planning.

To improve the chances of success, the team recommends that the Ministry take a close look at the experience of other countries in getting parents involved, both through ‘contractual arrangements’ and through participation in school boards and school-based parent associations, before the methodology containing the substance and form of the contract is finalized. One country which has had a recent experience in involving parents in the context of decentralization is Mexico.

The role given to local authorities in the education law is very significant, consisting of general oversight, provision of resources, managing and organizing some specific aspects of, and operations in, the school system. This is a step in the right direction but it also creates risks. In particular, assigning important responsibilities to local authorities creates a situation whereby the success of the Ministry’s national education strategy depends on the willingness of these
authorities to cooperate with the Ministry and their ability to do so. The challenge for the Ministry is to retain the ability to steer the sector. Cooperation and collaboration depend on two factors: common interest and a relationship of trust. Common interest has to be demonstrated and trust has to be gained. It is the gaining of trust that will be more challenging for the Ministry. The Ministry, both at leadership level and at the level of the inspectorates, needs to acknowledge the fact that people at the local level are often better positioned to tell what is feasible and what is not; they need to acknowledge that people at the local level, who know the situation locally far better, can be much more creative in finding ways to achieve what the national objectives and strategies call for.

One way to mitigate the risks of dependence is to educate the local authorities – to help them understand better educational matters. The team has already recommended that the Ministry embark on an education campaign for the local authorities. The Ministry may also start thinking on what it wants to achieve in the long term if and when it becomes clear that a once-off or intermittent education campaign is not sufficient. It may reach the conclusion that all county authorities and many local authorities need to develop their capacity to operate in the county and local education system by having an education desk staffed by educationists in their own structures. The ultimate goal might be to one day transfer all staff of inspectorate to local authorities and have local authorities manage their schools.

The top objective of the Ministry in decentralizing the education system is to be in a position to hold schools accountable for their performance as a measure to improve quality. It is a strategic move based on the premise that there is a direct relationship between the accountability of schools and the performance of their students. The Ministry’s strategic plan as embedded in the new education law is well-aligned with this objective. The strategic plan is (a) to make the schools legally accountable by stating in the law that they are, (b) to use performance contracts as tools for enforcing accountability and where possible (c) to sanction the breach of these contracts. The Ministry is dealing with each of the role-players in the school individually and each is held, or will be held, accountable through at least one of these measures.

The achievement of a higher level of efficiency is the Ministry’s second key objective of decentralization. This objective is based on a triple-point premise that (a) if schools are given greater autonomy in managing their resources, (b) if they manage these resources with transparency and (c) if direct beneficiaries and other stakeholders are given voice, then better decisions will be made and efficiency is bound to improve. The law does indeed give the schools much greater autonomy than they used to have; it gives beneficiaries and stakeholders much voice and it pushes the schools for greater transparency. It remains to be seen if this will happen on the ground.

The Ministry’s approach to the trade-off between autonomy and risk can greatly improve the alignment of its strategies with its objectives, but this depends on how the methodologies will be written. The methodologies can be easily filled with too many and too rigid rules which will roll
back the transfer of decision-making power to the schools. The team recommends that the Ministry makes sure that this will not happen.

The need for articulation of direction is now very strong, but the capacity of the Ministry to articulate it is rather weak. The Ministry has developed the needed vision, mission and strategies of the sector and the new education law reflects a well formulated direction for action. The implementation of decentralization requires, however, intense articulation of the law’s rationale and clarification of its various provisions at the local level. The high-level direction for action needs to be translated into priorities for action on the ground. For this there is a need for second-tier leadership one level below the Minister. Except for very few people who could carry out the role of leadership, but are currently extremely overloaded with operational work, there is no cadre of leaders in the Ministry. The result is that different inspectorates are going in different directions. This is reflected in their priorities. Thirty three (33) inspectorates reported to the review team eight (8) different top priorities, 19 different 2nd-level priorities and 11 3rd level priorities. No priority was shared by all inspectorates. The variance among the priorities, as well as the types of activities in which the inspectorates engage, are big and, but for a few exceptions, cannot be explained by differences in some basic conditions in the different counties.

The team recommends that the Ministry appoint a full-time dedicated, decentralization manager at head office, whose job will be, among others, to ensure the commonality and full understanding of the vision/mission/priorities of the Ministry. This person would, then, be in charge of developing a common, generic vision/mission statement including a list of, say, 3-year common priorities for action for use by the inspectorates as a model. Inspectorates can then add to the model some county-specific missions and priorities. The team recommends further that the Ministry extend the use of performance contract to the inspectorates. This will help guiding their work.

The importance of providing clear, continual direction for action is accentuated by the fact that Inspectors General are not only followers of the Ministry. They are leader in their own inspectorates and one of their roles is also to help the schools develop school leadership. An analysis of the responses to the questions on mission and priorities suggests that leadership training, with a focus on how to develop visions and missions, and how to set priorities and strategize, could be of much benefit.

The team recommends providing on-going leadership training to senior inspectorate staff.

The team believes that the inspectors general as well as the staff lack strong incentives to continually improve the performance of the inspectorates, to innovate and experiment with better ways of achieving their key objectives. Competition is a powerful driver of performance, but the inspectorates operate under conditions which do not push them to do better than some competitors.
The starting point can be to encourage internal competition among the schools and the inspectorates and the next point can be to introduce external competition by allowing the use of external help in the delivery of some of the functions currently performed exclusively by them. As an example of the first, the team recommends to link competition with the objective of reducing work load. The Ministry can allow the inspectorates to classify their schools into three groups such as schools requiring intensive supervision, schools requiring moderate supervision and schools requiring minimal supervision, and then to vary the frequency of inspection visits to these schools based on the category into which they fall. This will reduce the total number of inspection visits necessary, or alternatively allow the inspectorate to pay less attention to those who don’t need it and more attention to poorly-performing schools.

Classifying schools by the amount of support they need would mark an important shift in the approach to the inspectorates: from a “one-size-fits-all” approach to the support they provide (e.g. all schools need inspections, support, visits etc) to a “risk-based approach” where support is provided to the schools most in need of guidance.

At the same time this will create an incentive in the schools, and a competition among them, to get off the list of ‘intensively-supervised schools’ to the ‘moderately-supervised schools’ and from there to the ‘minimally-supervised’ category.

In addition, it is worth considering whether some of the functions currently being carried out by the inspectorates could be carried out by alternative arrangements, e.g. by contracting out the particular function to external providers (some of which could be inspectorates bidding for particular contracts). For instance, the team did a rough costing exercise and found out that the service of monitoring/controlling/reporting, which is delivered mainly through the thematic inspections, costs the Ministry 36.4 million Lei. The Ministry can give inspectorates this amount of money and let them contract out the conduct of thematic inspections to private-sector or civic-sector agencies on a competitive basis. A few pilots can be conducted first, and if they are successful the Ministry can go to scale with this practice. Alternatively, the Ministry can also stay with the implementation, monitoring and control functions and contract out support services. There is a large number of training and consulting providers in the private and civic sectors who can deliver the needed pedagogical and managerial support.

The Ministry has to develop close to a hundred methodologies which will provide all relevant role players in the pre-university education system the rules by which they will be required to make decisions in the areas where the making of decisions was transferred to them. The methodologies must be developed in a highly participative way and be in place by October 2011, before the various provisions of the law can take effect. This is an extremely challenging
undertaking. Being fully aware of the challenge, the Ministry divided the work among its 42 inspectorates which are now doing the work. Once developed, the draft methodologies will be placed on the Ministry’s website and discussed with a large number of NGOs and professional associations. The team has concluded that the Ministry’s approach to this task is commendable and has three recommendations.

There is a need to ensure that, because the methodologies will be developed by so many different task teams, there will be no contradictions on one hand and there will be complementarities on the other. Knowledgeable staff in the Ministry will have to review all the methodologies once they are written and look for potential contradictions and for opportunities to build upon each other and seek a combined effect that will be higher than the sum total of these methodologies when done independently of each other.

Secondly, some of the methodologies are in areas of particularly high importance where the most effective option for producing a good first draft will be to do them at head office. The team recommends identifying these areas and developing the methodologies initially indeed at head office. However, in most of these cases, it is imperative nevertheless to involve people at the county and local levels in the development of these methodologies and listen to their practical advice. This can be done once a first draft is produced.

Thirdly, some of the methodologies are in areas requiring advanced knowledge, sophisticated techniques, a broad acquaintance with international experience, or an in-depth knowledge of past experience with similar methodologies. The team recommends that the Ministry take advantage of whatever technical assistance it can get to provide an input while the methodologies are being developed or, if this is not possible on such a short notice, to get the input at the time the final review will take place. Also, it recommends involving in the design or review of each methodology persons who were among the implementers of similar methodologies in the past.
I. General Introduction

A. Context and Purpose of the Review

1. The functional review of the pre-university education sector is part of the broader functional review of Romania’s public administration carried out by the World Bank at the request of the Government of Romania and the European Commission. The request is based on a Memorandum of Understanding signed in June 2009, according to which the objective of the Review is to develop an action plan that the Government can use over the short to medium term to strengthen effectiveness and efficiency in the education sector.

2. The review is divided into two phases. In the first phase, for which a final report was submitted in October 2010, the Bank’s team focused horizontally on the national level – the ministry and its five subordinated, external agencies that play key roles at this level. These included the Institute of Education Science (including its Curriculum Center), the National Center for Assessment and Examinations, the National Center for Vocational Education and Training Development, the Romanian Agency for Quality Assurance in Pre-University Education and the National Agency for Community Programs in Education and Training. In the second phase, for which this final report is now being submitted, the team focused predominantly on the vertical structure of the sector - the county inspectorates, the local authorities and the schools.

B. The Objectives of Phase Two Review and its Importance

3. As indicated in the Inception and Final Reports of Phase One, Romania needs to restore economic growth and sustain it, which depends on its ability to increase labor productivity and boost competitiveness. Both of these depend, in turn, on increasing the levels of knowledge and skills in the Romanian workforce. It is the mandate and responsibility of the education system – of which the pre-university sector makes up the largest share – to achieve this goal. The analysis conducted during the first phase of this functional review clearly indicated that the pre-university education system needs to be reformed. Reform at the national level is a required, but not sufficient, condition for success. It can help provide the local authorities, the county inspectorates and the schools with an environment conducive to, and supportive of, success, but the most important players that can fundamentally change education in Romania are the schools, the inspectorates and, to a lesser extent, the local authorities – in this order. For each of these players to effectively play its role, the roles must be clearly, and cleverly, defined and the players must be empowered to play them. The Government and the Ministry are fully aware of these requirements. They have set out to meet them through the instrument of decentralization.
4. Phase 2 focuses, therefore, on decentralization. Its importance lies in its potential to help the Ministry design and carry out a powerful, effective decentralization implementation plan. Turning the focus to the decentralized actors in the education system – inspectors, local authorities and schools – is also important because, as can be seen in the table below, this is where the bulk of the employment in the sector is.

Table 1: Approximate number of staff working in the pre-university sector

<table>
<thead>
<tr>
<th>Approximate number of staff in the sector</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MERRY</td>
<td>400</td>
</tr>
<tr>
<td>Agencies</td>
<td>500</td>
</tr>
<tr>
<td>Inspectors</td>
<td>1,100</td>
</tr>
<tr>
<td>School headmasters</td>
<td>7,000</td>
</tr>
<tr>
<td>Deputy headmasters</td>
<td>20,000</td>
</tr>
<tr>
<td>Teachers (excl. headmasters)</td>
<td>205,000</td>
</tr>
<tr>
<td>Support staff in schools and inspectorates(^4)</td>
<td>65,000</td>
</tr>
</tbody>
</table>

Source: World Bank estimates based on interviews and data received from MERRY and inspectors

The objectives of this report are double: (a) to advise the Ministry of Education, Research, Youth and Sport (MERRY) of the review team’s findings and conclusions, and (b) to present to it a set of recommendations for action.

C. Methodology and Scope of this Review

5. During the first phase of this Functional Review the team defined the education sector as a system consisting of all agencies that play a dedicated and significant role in education. It referred also to the fact that all systems have boundaries and ‘external environments’ where other agencies exist, and that these agencies, while not dedicated to education, may still play significant roles in education systems. The team then identified all the relevant agencies inside and outside the system and divided them into ‘central agencies’ which exist at the national level and ‘local agencies’ which exist at sub-national levels. The first phase of this review was dedicated to the central level, while the second phase was dedicated to two sub-national levels: the county level and the local authority level. The team focused on the county inspectorates and the schools which are agencies within the system and on the local authorities which are in the

\(^4\) Out of the 65,000 support staff, only 500 work in the inspectorates, the rest is in schools. Per student financing will encourage schools to revisit whether they need all the support staff they have.
environment, busy governing cities, towns and villages, but playing very significant roles in education.

6. The data collection techniques used by the team in this phase were identical to those used in the first one. They included documentary analysis, in-depth interviews, focus group discussions and a comprehensive questionnaire sent to all of the 42 Inspectorates. Answers were received from all of them, thus allowing the team to base many of its findings and conclusions on a full census, rather than a sample.

7. Functional analysis focuses on the division of labor among different role players in social systems. The terms ‘task’, ‘function’ and ‘role’ are commonly used in functional analysis, but are often defined vaguely or used interchangeably. In this review the team has defined each of the terms clearly and is distinguishing between them as follows:

   i. Task: a planned sequence of interlinked activities, the outputs of which serve as an input into the performance of a function
   ii. Function: a cluster of interlinked tasks that together produce an integrated, well-defined output or result. All tasks must be present for the function to be carried out well and the outputs/results to be produced; all are often managed in a unified way in one organizational unit (or a cluster of units)
   iii. Role: a cluster of interlinked functions that together produce a set of integrated, defined outputs or results. All functions must be present for the role to be played well and the outputs/results to be produced and all are often managed in a unified way in one organization

8. The documentary analysis in this review included an analysis of the new education law. The law is written in a combination of legal and day-to-day language. It does not distinguish between a ‘task’, ‘function’ and ‘role’ and it uses mostly the term ‘task’. But, although there are articles in the law describing the tasks of each agency in the system using the term ‘task’, there are many other articles that describe tasks without referring to them by this, or any other functional, term. There are no distinctions in the law between ‘task’, ‘function’ and ‘role’. To identify all tasks the team had to identify first action verbs and then determine to what objects these action verbs apply. For the purpose of this review, the team then aggregated tasks into functions and functions into roles, based on the links among them.

   For ease of reading, background documents that were developed for the purpose of this analysis, based on the text of the law, are included in a separate volume (II) of this report.
II. The Objectives of Decentralization

A. What are the Objectives

9. The starting point for reviewing the vision and objectives of decentralization is the new Law of National Education (hereafter referred to as the ‘new law’). The new law is a framework law covering the field of education and training in the national educational system. According to Article 5(1) its provisions prevail over any other provisions and normative acts that existed before its enactment.

10. The overall education vision is found in Articles 2-4 of the General Provisions of the law, which speak of a socially-integrated, harmonious Romanian society made of individuals with autonomous personalities, who nevertheless share a common system of values. Among the values are personal fulfilment and development, a business spirit and active participation in all spheres of life. The vision speaks also of a society that is an integral and coherent part of the European Union and that, with capable, efficient and highly competitive human resources base, is able to flourish in the global economy. The Ministry’s education vision emanates directly from this overall vision. It speaks of education as a national priority and of an education system, with all forms of pre-university, higher education and life-time education, as a system provided by the state and equally accessible to all Romania citizens.

11. An important part of the Ministry’s vision for education has to do with decentralization. According to Article 3(1)(e) and (t) in the General Provisions, two of the key principles governing Romania’s pre-university education and higher education are “the principle of decentralization, based on which the main decisions are made by the stakeholders directly involved in the process,” and “the principle of dialogue and consultation-based decisions.”

12. The immediate objective of letting stakeholders who are directly involved in education make main decisions becomes clear in Article 3(1) (f) of the General Provisions which states that one of the principles governing education in Romania is “the principle of public responsibility, based on which Educational facilities and institutions are publicly responsible for their performance”. There is no specific word for ‘accountability’ in the Romanian language but, as confirmed by many Ministry officials at national and county level, the meaning of ‘publicly responsible’ is ‘accountable’ and the Ministry wants to be in a position to hold schools accountable for their performance. This shifting of at least some accountability to the schools is its top objective – it is a strategic move based on two premises: the premise that there is a direct relationship between accountability and student performance, and the premise that to hold schools accountable it is necessary to give them considerable autonomy.
13. In its vision for education, as stated in the education law, the Ministry states also that it wants the education system to be efficient and to achieve “maximum educational performance, by managing current resources” (Article 3(1)(d). The achievement of a higher level of efficiency is the Ministry’s second key objective of decentralization. This objective is based on triple-point premise that (a) if schools are given greater autonomy in managing their resources, (b) if they manage these resources with transparency and (c) if direct beneficiaries and other stakeholders are given voice, then better decisions will be made and efficiency is bound to improve.

14. Another reason why decentralization is believed by the Ministry to improve efficiency is that it spreads the effort of managing the system and lightens the load of work currently carried by the Ministry at the national level. This does not only allow the Ministry to focus on strategic issues, but also lowers the transaction costs involved in getting all the information from the local to the national level when too many operational decisions have to be made at this level. [As will be seen later, however, this rationale can hold true only if there is sufficient capacity at the local level to undertake all the work being pushed to it from the national level].

15. Finally, the Ministry’s vision for education includes also the wish to let national minorities “keep, develop and express their ethnical, cultural, language and religious identity” (Article 3(1)(j). In the context of decentralization, this can be achieved because the schools are given the power to select 20% of the curriculum in lower secondary education and 30% in upper secondary. Such power gives schools serving minorities the ability to introduce content related to their identity into the curriculum. This may be seen as relating indirectly to the objective of strengthening democracy.

B. The Extent to which the Objectives of Decentralization are Understood and Shared

16. The objectives of decentralization are well understood both inside the education system and in its external environment. Generally speaking, there is a full consensus about its objectives both within the education system and in its external environment among key stakeholders. To the extent that there is disagreement, it is mostly about the ‘how’. Among the 42 Inspectors General there is a high level of understanding of, and agreement with, the Ministry’s decentralization objectives. All agree with the objective of giving greater voice to schools and communities, 90% agree that if schools get greater autonomy they will perform better and that with decentralization it will be possible to achieve a higher level of efficiency as well as accountability. Close to 85% agree that there is a need to shift some of the financial burden to local authorities. The only objective with which there was a lower level of agreement is that of improving equity. Some 25% of the Inspectors General disagree with this objective. Indeed, decentralization does not automatically improve equity and, indeed, there are ways in which decentralization could worsen it. For instance, if the mobilization of financial resources were to be decentralized to local authorities (it is not in the case of Romania), this could have worsened equity (since richer
localities would have been able to spend more than poorer localities). More pertinent to the discussion in Romania, local capacity to hold schools accountability for results (via parents engaged in school boards) is likely to differ between affluent and less affluent communities. Inspectors and school principals seem to recognize that equity is an area that needs special attention to ensure that it does not worsen in the coming years.

17. It is important to note, however, that understanding of, and agreement with, objectives does not automatically translate into priorities for action. It is the role of leadership to make sure that once objectives are understood and agreed action follows. This is the next job of the Ministry. As will be seen later in this report in the section on the need for strong leadership, the priorities that different inspectorates have for action are very different. In the questionnaire sent to all the inspectorates, the responding 33 inspectorates stated 8 different priorities as Priority No. 1, 19 different priorities as Priority No. 2 and 11 different priorities as Priority 3. Only one half of the inspectorates stated that decentralization was a priority (whether 1, 2 or 3) for them.

18. County, city, town and commune officials interviewed expressed appreciation for all of the objectives but many of those interviewed expressed concerns about some of the features of the new law related to how the sector is financed that they thought remain unchanged from the old law. They were not aware that the new law re-centralizes the task of mobilizing resources for (nearly) all recurrent expenditures (in the old law, local authorities had to pay for maintenance and most other recurrent costs), but are right that the task of mobilizing resources for capital expenditures and subsidies for boarding schools remains in the hands of local authorities. According to Article 105(2), these expenditures, called ‘complementary financing’ are supposed to come from local budget (as they were in the old law), “from amounts deducted from the value added tax”. Officials interviewed stated that the local economies and revenue bases of many local authorities are very limited and that amounts deducted from value added taxes may not suffice. Indeed, it is for these very reasons that the new law has recentralized the mobilization of (nearly all) maintenance expenditures. The central government will have to provide additional help from its funds to these authorities and the concern is that it may simply not do so.

19. Another concern was expressed by officials of local authorities before the new law was passed with respect to the objectives of decentralization. It had to do with their ability to effectively carry out their role in a situation where the schools do not report to them. However, the law does open the door widely to a reporting relationship through the use of performance contracts. Key terms of this future relationship have yet to be worked out in details. Although the new law brings clarity in terms of future roles, much work remains to be done to ensure that the roles are clear. In this case, it is important to ensure that a clear accountability relationship, complete with an understanding of what “performance” means is established. Equally, it is necessary to ensure that support systems in case of failure, and ultimate sanctioning tools in case of continued failure, are in place. More generally, it is necessary to indicate in the methodologies...
that the contract is a contract between two role players and is creating a partnership between them. In this partnership, each must fulfill its obligation.

20. The review team met with the National Federation of Associations of Parents from Pre-University Education. This is the largest organization representing parents in the education sector in Romania with a membership of 2.5 million parents. The Federation agrees with the objectives of decentralization and supports it strongly, among others, because of its wish to see the parents much more involved in the management of schools. It maintains that greater involvement of parents in school affairs will ensure not only that their educational concerns are heard, but also that corruption at school level is reduced.

21. Teachers’ unions agree ‘in principle’ with decentralization: “decentralization is OK”, they say, “but not now and not in this shape”. Generally, they prefer to achieve the objectives of decentralization through other means. In talking to the review team, the three unions stated that over the last two to three years they had conducted many discussions with local authorities on the question of decentralization and reached the conclusion that it is not good to decentralize in a time of crisis. Echoing some of the concerns of local authorities, they said that “it is hard to decentralize when you have no money to do so.” The team believes that the unions have additional concerns which were not raised by them in their meeting with the team. Decentralization means that not only the power to hire and fire teachers is devolved to the schools, but also the power to negotiate employment contracts. Teachers’ unions will not be able to conduct contract negotiations on behalf of teachers nationally. This is bound to weaken the power they have.

22. The team recommends that the MERYS conduct an extensive campaign aimed at informing all local authorities of key aspects of the new law (not just those relating directly to them) reaffirming the objectives of decentralization and addressing their concerns, including the concerns about reporting relationships and about the provision of funds for capital investment.

23. The team recommends further that representatives of local authorities be invited to participate in the development of methodologies related to their role – particularly the methodology that will develop the guidelines for performance contracts.
III. The Ministry’s Decentralization Master Plan

A. Introductory Comment

24. Following the 1989 Revolution the Government of Romania embarked on a series of steps to modernize its public sector, including the education sector. Many of these steps were legislative acts aimed at the transfer of responsibility for certain roles and functions, as well as the authority to make decisions in relation to them from the National Government to its sub-national authorities. In the education sector, two laws, several Government Decisions and many Ministerial Orders were promulgated\(^5\) and a gradual, though not systematic, transfer of functions took place. The new Law of National Education, assumed by Government in Parliament in December 2010 embraces the Ministry’s master plan for decentralization. It systematically deals with the division of labor among all the parties involved directly in education, modifying as necessary and consolidating all previous laws, government orders and ministerial orders and completing the transfer of responsibility and authority.

25. The key parties, or role players, in the pre-university education sector, other than external beneficiaries and stakeholders, are the following:

1. *The Ministry of Education*
2. *The County Inspectorates*
3. *The Schools - divided into:*
   4. *The School Board;*
   5. *The Principal; and*
   6. *The Teachers’ Council*
   7. *The Teachers’ Houses*
   8. *The County Authorities*
   9. *The Local Authorities*
10. *The Parents*

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26. All of these role-players are referred to in various sections of the new education law. A description and analysis of their roles, responsibilities and authorities as specified in the law follows.

B. The Roles and Functions of the Ministry of Education

27. As indicated in the section on Methodology, the education law is written in both legal and day-to-day language and not in a language that easily renders itself to functional analysis. The team conducted a content analysis of the law, transforming the legal, day-to-day language into functional language. Having done so, the team identified 11 functions which make up the role of the Ministry in pre-university education. The provisions in the new law which relate to the responsibilities of the Ministry are listed verbatim in Annex 1. The functions of the Ministry as derived from the text of the law are listed in Annex 2. The functions are as follows:

(1) Draft national education policies and strategies
(2) Structure (and, if necessary, restructure) the sector
(3) Mobilize funds
(4) Develop rules for decision-making as well as norms and standards for operation
(5) Coordinate sector operations among all relevant agencies
(6) Monitor ongoing activities and ensure implementation
(7) Evaluate the results of schooling
(8) Develop the content of education and determine qualifications
(9) Assure the quality of schools
(10) Provide textbooks and didactic materials
(11) Set up special projects/programs/activities that are not part of the regular and routine operations in the schools.

28. Following a close analysis of these areas, the team has concluded that the Ministry’s role as described in the law is the appropriate role for a lead agency in the sector. It is well structured and designed. The first seven areas of responsibility, or functions, are closely interconnected and together make up the classical role of leadership. This role is, first and foremost, to provide direction for action, to mobilize resources for the action and to make sure that the action takes place and that the envisioned results are being achieved. Importantly, the action itself is not part of leadership; it is the role of the people and agencies that are being led. Until the passage of the new law the Ministry was in charge of action as well. Much of the operational work was carried out at its national head office and in its field inspectorates. The new law decisively sheds the responsibility for action away. As will be seen later, much of this responsibility is assumed by the schools. Functions 8, 9, 10 and 11 in the list above are not leadership functions. The first three are actually being carried out by subordinated agencies and the last one (No. 11) is carried out, for a good reason that will be discussed below, by the Ministry. One clear conclusion can be
reached at this stage: according to the new education law, the Ministry has one main role - to lead the education sector, to provide direction for action but leave the action to the schools. Below is a discussion of the Ministry’s leadership role.

The Ministry’s Leadership Role

29. **Providing Direction** – At the highest level, the most important tools used by leaders to provide direction for action are vision, mission, policies and strategies. But direction for action usually requires additional, more specific tools: structures, rules, norms and standards. The new education law does not say that the role of the Ministry is to develop a vision or mission for the sector, but by virtue of having drafted the very law, the Ministry has already demonstrated that it sees its role as providing both: the first three articles in the law, starting with “the basic right to a lifetime education under the authority of the Romanian State”, clearly reflect the kind of society the Ministry envisions and the kind of education that it hopes will lead to such a society. The Ministry’s role in developing policies and strategies is then stated unambiguously in Articles 14(1) and 94(2) of the law. The importance of this role is reflected in the fact that the first instance of assigning a role to a specific role-player (rather than the ‘state’ in general) in the law is found in Article 14(1) where it is stated that “The Ministry of Education, Research, Youth, and Sports develops, substantiates and applies national educational strategies”, and in Article 94(2), where the first item on a list of 23 tasks belonging to the Ministry is to “draft, apply, monitor and assess national educational policies.”

30. **Structuring the sector**- The term ‘structure’ refers to the way the sector is set up - the configuration of inter-related organizations (such as ministries, commissions, agencies and councils) the functions carried out by each and the relationships among them. To structure or restructure a sector means to establish, abolish, merge, or split agencies so that they can carry out their respective roles in the most efficient and effective way. The setting up of commissions and councils is a step often followed by ministries with respect to very distinct functions/roles that require a high level of expertise and some insulation from daily operational pressures. Councils and commissions are organs of government with executive or advisory powers. Article 94(3) in the education law states that, “in performing its tasks, the Ministry establishes, organizes and finances national councils and commissions. Their organization and functioning are set by an order of the minister. Moreover, the Ministry of Education proposes the creation of agencies to the government.”

31. The new education law treats all roles played at the national level by external agencies, councils and commission as Ministry roles, even when they are being carried out by organizations outside the Ministry since these organizations are subordinated to the Ministry. See for example Article 65(4) where the law states that “the framework schooling plans and syllabi for the pre-university compulsory and optional subjects, or training modules are elaborated by
competent institutions and organisms of the MERYS, and are approved by order of the minister of education, research, youth and sports.”

32. **Mobilizing funds for the sector** – Leaders who don’t mobilize resources for their followers can hardly lead. Lead agencies in the public sector who don’t mobilize resources for the sector can’t lead. This is a key function in the leadership role of all government ministries. All of them are fighting annually over their share of a national budget, and today in Romania many of them are mobilizing special project funds from European sources. In the case of the Ministry of Education, the function is not written into the law in this language, but its existence can be understood very well from Article 8 where it is stated that “a minimum of 6% of the GDP of the year in question is allotted annually from the state budget and from the budgets of the local authorities in order to finance national education...” There is no mention in the law of the task of generating funds from European sources, but the Ministry is carrying out this task in earnest. The reason why the law does not assign to the Ministry the function of setting up special projects/programs/activities is the recognition that resource mobilization is a function of leadership. It would have not been practical to move this function to the local authorities or the schools, because the European funds would have had to deal directly with too many entities. An important task in the function of mobilization is to improve the sector’s absorptive capacity. It is important to note here that the Ministry’s challenge today is less to find sources for additional funds and more to help improve the capacity of the sector to use mobilized fund fully, timely, efficiently and effectively.

33. **Developing rules for decision-making and norms/standards for operation** - A key function of ministries that are decentralizing the delivery of services, particularly when they devolve decision-making powers to managers spread out in the country, is to develop rules within which these managers can make the specific decisions that will come their way. This is actually an integral part of the provision of direction for action. The rules are aimed at helping managers make sound decisions by pointing at what must be examined and what must be followed in each case. But they are also important in guarding equity and ensuring coherence and some level of standardization in the making of decisions by managers who are dealing with identical or similar situations across different, widely-spread regions and schools.

34. In Romania the sets of rules are called ‘methodologies’. According to Article 94(2) (s) in the law, it is the Ministry’s role to “draft methodologies and regulations in order to ensure a homogenous framework for the implementation of the national educational policies”. The Ministry is indeed required by the law to develop a large number of methodologies. The law refers to 43 methodologies in the area of pre-university education, stating that (a) the Ministry has either developed, or will develop, them and that (b) the inspectorates, schools, and county and local authorities must follow them.
35. An important ‘rule’ that remains in the hand of the MERYS is the formula that will be used to allocate funding to schools. In January 2010, a simple formula was introduced in which all schools received a per student amount (differentiated by their location and type, and by the number of minority language students enrolled) and the new law makes clear that the principle of “money follows the student” will be the guiding principle for future changes to the formula. Nevertheless, MERYS (through a council of financing pre-university to be established according to the law) will be using the formula as a policy instrument to influence behavior of schools and local authorities.

36. **Coordinate sector operations among all relevant agencies** - Coordination is extremely important in complex systems, where many parts are interdependent, working together to produce an integrated end product or result. In sectors such as the education sector, with a large number of agencies and operations, coordination is a process that seeks to (a) clarify and verify what each agency is going to deliver and to whom, (b) ensure synchronization of operations and delivery of outputs, (c) monitor actual operations and delivery and (d) take corrective action if/when necessary. Coordination is a central activity in sector management – not a side show. It can be done only by an agency that has authority over all other agencies, i.e., the Ministry.

37. As expected, the Ministry of Education is the coordinating agency in the education sector in Romania. The education law is very clear on this, stating in section 94(2) in a very general and comprehensive way that in the field of pre-university education, “the Ministry has the task of coordinating and controlling the national education system.” There are many other articles where the Ministry is described as the coordinating agency in specific areas.

38. **Monitor ongoing activities and ensure implementation** - Yet another function of leadership is to keep people and organizations on track, moving in the direction given to them or, if necessary, changing the given direction. Keeping people and organizations on track requires in the first place monitoring; in other words a constant flow of information on progress and problems. Then it requires authority to take, or prescribe, corrective action. In public sectors only ministries can carry out sector monitoring since they are the only ones who have authority over other organizations in their sectors and thus can obtain the necessary information from all of them and can prescribe the corrective action to them.

39. The first item in Article 94(2) (a) of the education law states that the Ministry has the following tasks: to draft, apply, **monitor** and assess national educational policies. This mandates the Ministry to monitor everything that needs monitoring; nevertheless, several more specific monitoring tasks appear in other sections of the law, such as Article 94(2)(b) and (m) referring to the Ministry’s task to “monitor external assessment” and to “…monitor … the qualification and initial and continuous learning process of teaching staff...” With decentralization, the scope of monitoring will increase much beyond today’s scope. Much depends on whether the Ministry will want to monitor mostly final results, that is learning, or also the factors contributing to these
results. At least initially there will be a need for more and better monitoring, because many of the
decisions that were made earlier in the ministry itself are being devolved to managers in the
field. Of particular importance will be the monitoring of the school boards since they are
becoming the key decision-makers in, and for, the schools.

40. **Evaluate the results of schooling** – the function of evaluation is different to monitoring. Its
focus is on the final results of action – the output or outcome – while the focus of monitoring is
on the action itself. The objective of evaluation is to get feedback on the actual output and
outcome, comparing what was achieved to what were the objectives of action, while the
objective of monitoring is to control action, to keep it on track and improve its efficiency. Like
monitoring, evaluation is a leadership function. It serves to confirm, refine or change vision,
mision and strategies; and like monitoring, evaluation of a whole system or sector can be carried
out only by a lead actor. The education law assigns the overall evaluation of the national
education policies to the Ministry in Article 94(2) (a). However, the law is much more specific in
Article 74(2), where it states that at the end of Grade 2 the Ministry “organizes and performs the
evaluation of basic skills acquired”, at the end of Grade 4 the Ministry “performs, by sampling, a
national evaluation of the basic skills acquired” and at end of Grade 9, a “national compulsory
trans-curricular evaluation of all students will be performed.” The national baccalaureate
examinations too serve the Ministry as an evaluation tool for the education system.

41. **Develop the Content of Education, Determine Qualifications and Provide Textbooks and Instructional material** - Three key functions that remain at the national level, even when
countries carry out extensive education decentralization, are (a) designing and structuring
qualifications (b) determining and developing the content of education and (c) assuring the
quality of education delivered. Each of these functions may be carried out by a Ministry of
Education itself or by a national organization subordinated, or not subordinated, to it. From a
management point of view, the three functions are not generic leadership functions, i.e. functions
that all leaders or lead organizations perform, but they are equally not functions that can be
devolved to sub-national levels. The rationale for this has to do with the need to develop a
national, cultural and political identity, achieve social cohesion and maintain national standards
of achievement that will be recognized by all further education institutions as well as employers.

42. In Romania, there is a National Agency for Qualification in Higher Education, but in pre-
university education the function of developing and determining the qualifications framework is
in the Ministry. Several established qualifications exist in the high-school programs. These
include Science and Humanities qualifications, technical, services, natural and environmental
protection qualifications and military, theological, sports, artistic, and pedagogic qualifications.
According to Article 31(2), the Ministry can set additional specialties through the framework
schooling programmes, within this broad qualification structure.
43. The curriculum development function is currently found in the curriculum section of the National Institute of Education Sciences, which is subordinated to, and coordinated by, the Ministry; a Government decision to re-establish the National Council for Curriculum is expected to be issue shortly. Article 65(4) in the education law explains that “the framework schooling plans and syllabi for the pre-university compulsory and optional subjects, or training modules are elaborated by competent institutions and organisms of the Ministry of Education, and are approved by order of the minister of education. Article 94(2) (e) then adds that the Ministry not only “coordinates the elaboration of the national curriculum [by the ‘competent organism’] and approve the national curriculum”, but also “ensures and supervises” its observance. Importantly, the Ministry develops the curriculum even for theological, denominational, military and alternative schools in cooperation with the relevant stakeholders and is the sole approving agency. [See articles 65(9), 65(10) and 69(2) on this matter]

44. Despite centralizing the curriculum development function, the Education Law leaves room to the schools for some level of autonomy in determining the content of education. According to Articles 65(5) and (6) and 66(3) (4) and (5), the curriculum is made up both of mandatory content and of optional content. The optional content amounts to 20% in Grades 1 to 9 and 30% in Grades 9 to 12. This content is developed at the school upon consultation with pupils, parents and other relevant stakeholders and is approved by the School Board. This arrangement represents a trade-off between the need to develop a national identity and work towards social cohesion on one hand, and the need to make education responsive to local needs on the other - which is one of the reasons for decentralization.

45. One way to ensure that the compulsory part of the curriculum is observed is to require Ministry approval for all books and instructional material used in the schools. Article 69(1) in the law states indeed that “only schoolbooks and other school supplies which are approved may be used in public or private educational institutions,” and Article 94(2) (f) assigns this approval role to the Ministry. So the approval of textbooks is a state function as a part of curriculum function.

46. The role of the Ministry actually goes well beyond that of developing the curriculum and approving it. The law requires the Ministry to also finance the acquisition of the books and materials and then to purchase them for the schools (see Article 45(12)). This includes the provision of books and didactical material to minority groups in their minority languages (see Article 45(13)).

47. **Assure the quality of schools** – Quality assurance is an activity aimed at reviewing a final product or service and measuring its actual dimensions or features to see if they conform to design specifications. It is usually carried out by personnel not directly involved in the production process itself. Quality control, on the other hand, is an activity aimed at reviewing the product or service while it is being produced to see if they are produced according to specifications, and is carried out by personnel directly involved in the production process. In
education systems, ministries of education design the services; they determine specifications through the mandatory curriculum, the ‘norms’, ‘standards’ and ‘methodologies’ they give the schools. The schools, in turn, produce the services and are supposed to have their own (internal) quality control mechanisms (e.g. monitor the performance of teachers). In most systems there are autonomous agencies external to both the Ministry and the schools, or agencies subordinated to the ministries, but external to them, which conduct the quality assurance activities.

48. In Romania, the Ministry sets the standards and specifications and there is an agency in charge of quality assurance. This is the Agency for Quality Assurance in Pre-University Education – an agency subordinated to the Ministry that is largely autonomous, having been established by a special law (Government Emergency Ordinance no. 75/2005, approved by Law no. 87/2006) that gave it an independent legal entity and the authority to raise income and determine its own budget. The primary responsibility for achieving and maintaining the standards and specification, many of which relate to quality, in the schools rests with the schools themselves.

49. Though it uses the term ‘quality assurance’ the new law requires the schools to carry out the responsibility of quality control. Article 97(h) states that “the principal of state education institutions yearly presents a report on quality assurance in the facility or in the institution it manages”.

50. **Take charge of in-service teacher training and development** – The responsibility for in-service teacher training and development is split among the Ministry, the Teachers’ Houses, the school principals and the teachers themselves. The Ministry carries the primary overall responsibility by setting the overall objectives and coordinating the action, while the Teachers’ Houses plan and carry out the action. According to Article 244(1), “the Ministry of Education establishes the objectives and coordinates the continuous training of the teaching staff on the level of the pre-university education system, according to the national strategies and policies.” Article 99(3) states that “the House of the Teaching Staff (CDD), acting as a legal entity, operates in each county, being coordinated by the School Inspectorate. The structure and the tasks of the House of the Teaching Staff are decided by an order of the Minister of Education”.

51. **Set up special projects/programs/activities that are not part of the regular and routine operations in the schools** - The education law leaves the door open for the Ministry to optionally assume additional roles or engage in additional activities. Though not explained in the new law, the rationale for this may be the need to introduce into the education system nationally new technologies and new ways of doing things. This cannot be done by individual schools or counties and must be done by a national agency. The introduction of new technologies and ways often requires experimentation on a small scale and, once successful, a push towards full scale application. Much handholding and support is needed initially. A national body can do this efficiently in the form of special projects and programs. It can design the experiments and the
introduction of new technologies and can accompany them until the time is right to hand them over completely to the schools. The article that opens the door for this in the law is Article 26, according to which “the Ministry may establish, through a government resolution, the operation of some pilot, experimental and application units within pre-university education.” Four examples have actually been introduced into the law:

1. The Ministry is responsible for the creation, development, management and continuous enrichment of the Digital School Library and of School E-learning Platform (Article 70(4)).

2. The Ministry develops a national programme for the stimulation of didactic excellence, financed from its own budget...Article 92(3)

3. “The organization of the early ante-preschool education institutions... [will be] decided by Government Decision initiated by the Ministry of Education, within 12 months of the coming into force of the present law.” (Article 27(2))

4. “The National Centre for Differentiated Education is organized and operates according to the methodology drafted by the Ministry of Education, Research, Youth, and Sports within 12 months of the coming into force of the present law. 99(8)

C. The Role of the Inspectorate

52. The provisions in the new education law which relate to the responsibilities of the inspectorate are listed verbatim in Annex3. The roles and functions of the inspectorate as derived from the text of the law are listed in Annex 4. The team identified in the text of the law 32 different tasks for which the inspectorate is responsible. For the sake of brevity, it grouped them into five functional areas: implementation, control, monitoring, support and intermediation.

53. The team found that the new law emphasizes the functions of implementation, control and monitoring and treats them in detail, while it gives scant attention to the function of support. This does not reflect the situation on the ground since support is a significant work activity of all inspectorates, but it does reflect an imbalance both in the design of the role of the inspectorate and in the actual execution of this role on the ground which will be discussed later in this report. Below is a description of the five functions.

54. Implementation - The inspectorate is the Ministry’s arm in the field. It is responsible for the implementation of all of the Ministry’s policies, strategies and plans of action, relating to the establishment of schools; it is responsible also for the delivery of instruction in them at county level. The key article in the law regarding the inspectorate’s implementation responsibility is Article 95(1) which states that the county school inspectorates have the task of ‘applying’ the
policies and strategies of the Ministry at county level. The implementation function includes also a large number of organizational tasks as well as coordination tasks.\textsuperscript{6}

55. **Control** - The new law has a general clause stating that the inspectorate is responsible for controlling virtually everything in implementation. This is found in Article 95(1) (b) where a main task of the inspectorate is described as to “control the implementation of legislation”. The law also has eight (8) other clauses requiring the inspectorate to control specific areas or activities\textsuperscript{7} and seven (7) clauses that require the inspectorate to monitor the schools. Monitoring, which may be regarded as a distinct function on its own is actually an important part of control, since control cannot be exercised without monitoring. The Law requires the inspectorates to monitor virtually everything in the schools from the quality of educational facilities [95(1)(c)] and teaching learning activities [95(1)(b)], to the occupation of teaching positions[95(1)(m)], the auditing of human resources [92(7)], the observance of national standards[95(1)(b), the attendance of students [(95(1)(d) and the implementation of national programs and national and EU projects [95(1)(f)].

56. **Support** - To deliver quality education, most schools in Romania require both pedagogical and managerial support. The Ministry and the Inspectorates describe the role of school inspectors as significantly, a role of support. Yet, in the new education law the role of providing support to the schools receives very limited attention. Article 95 in the law is devoted to the Inspectorate. In this Article, which lists 23 “tasks” there is only one task that refers to the role of the Inspectorate in supporting the schools, and it speaks only of administrative/managerial support to the principals: “Provide education facilities and institutions with counselling and support in managing human resources and jobs...”

57. The action verbs that one finds in Article 95, which describe the role of the inspectorates are: control, monitor, and audit, verify, ensure, evaluate and report, coordinate, manage, mediate,

\textsuperscript{6} For example the organization of home and hospital schooling for children who need it (Articles 51 and 53), the organization of the national examinations for Stage 1 teacher certification at county school level [Article 241(2)] and the provision of resources for Centres of Excellence [Article 57(3)]; also the coordination and controls of activities in all facilities related to the Ministry of Education in the county [Article 95(1)(h)], the management of land and buildings that belong to Ministry, (together with boards of directors of the facilities housed there) [Article 112(4)], the admission of students to high schools, national evaluations and school competitions [Article 95(1)(e)]

\textsuperscript{7} Three of these actually use the word ‘control’: to control the quality of educational facilities [95(1) (c)], to control the activities of ministry-related facilities [95(1) (h)] and to control children’s clubs and palaces [100(3)]. The other five use different words that clearly imply control. They include “approve” the establishment of new preschools, primary schools and secondary schools [95(1) (j)], the organization of the schools’ network [61(2)], the “designation” of high schools that will have vocational and technological program [31(7)], the “verification” of teachers’ use of, and compliance with, national evaluation standards [71(4)], and so on.
approve, provide and apply. None, except for the one mentioned above, reflects even remotely a role of ‘support’.

58. **Intermediation** - The law gives the Inspectorate responsibility for mediating between the schools and the local authorities [see Article 95(1) (g)]. Local authorities have been playing an important role in education at their level and based on the new law will play a number of additional roles. They already provide and manage the land and buildings for the schools in their jurisdiction and they are going to play a significant role in organizing the schools’ network. Administratively, the schools do not report to them, and the extent of their authority over schools have yet to be developed: the new law mentions that the relationship will be based on a performance contract but for this contract to have teeth, much more clarity will need to be added to it. Until such clarity is established (and likely even thereafter), the door is open to the emergence of disagreements and disputes. It is in anticipation of this situation that the function of intermediation has been introduced into the education law.

**D. The role of the Schools**

59. The school is where education happens, and the role of the school is to deliver and manage instruction. Five role-players are involved in the schools and the education law describes in great detail the functions of each player. The players are: the School Boards, the Principal, the Teachers, the Teachers’ Council and the Parents Association. The sections dealing with these role players in the law represent a well-conceived and bold step towards the introduction of school-based management into the Romanian pre-university education sector: well-conceived because together the functions of the five role players deal with all important aspects of school-based management; bold because there is indeed a genuine and determined transfer of responsibility and authority from the Ministry and the inspectorate to the schools – and within the schools to the governing board. The power to make all decisions at school level is concentrated in the hands of the Board, where more than a half of all members are not professional educationists. This has significant implications for management capacity in the schools, a topic that will be discussed later in this review. The responsibilities of each of the role players are discussed below.

1. **The Roles of the School Board and the School Principal**

60. The provisions in the new education law which relate to the responsibilities of the Board and the Principal are listed verbatim in Annex 5. The functions of the Board and the Principal as derived from the text of the law are listed in Annex 6. The texts reveal the Ministry’s determination to widen and consolidate the important power shift in school management in Romania. The power to manage the schools is shifting not just to the ‘school’ but firmly to the
School Boards. Principals, who may have been used to managing the schools in practice, will have to relinquish much of their management power to the boards. Boards, which may have been looked upon as marginally helpful instruments in the hands of principals could become really pivotal in school management. This situation is full of opportunities and promise on one hand, yet subject to risk on the other.

61. The team identified one role consisting of three distinct functions for which the Board is responsible according to the law. The role is to govern the school and the functions are general management, academic management and human resources management. It also identified one role, and a large number of tasks, for which the principal is responsible. The role may be referred to as ‘executive management’ and the tasks may be grouped into four functional areas: development (of plans, programs, courses of action and budgets), organization, coordination, and implementation. Boards manage “the pre-university education facilities that have legal status”. The law states that they do so “together with the principal”, but the role of each in this arrangement is clear: the Boards decide and the principal proposes action and executes it once the Board decides. This is illustrated by their respective inputs in determining the school’s budget: the principal prepares the budget, the board approves it and the principal then executes/manage it. A comparison of the action verbs that refer to the boards and the principals in the text of the law is striking. Boards ‘decide’; principals ‘perform’ and carry out the decisions. Boards ‘approve’; principals ‘submit’ for approval; Boards “establish tasks” and principals “perform” these tasks.

62. The first function of the board – general management - refers to approvals given and decisions made by the Board on matters such as the school’s budget, its development plan and it organizational and operational regulations, all of which are prepared by the principal. The second function - academic management - the second function, refers to approvals given and decisions made by the Board on matters such as the optional curriculum, the extension of school-after-school activities, the criteria for granting, and the actual granting, of high performance, merit, study and social aid scholarships and the annual qualification and merit grants for teachers. The third function - human resources management – refers to decisions on the hiring, disciplining, sanctioning and dismissal of teaching staff and to the approval of employment plans of all staff.

63. As stated above, this represents a major shift of power within the school. Experience with school-based management in other countries suggests that this is a very challenging shift and that the performance of school boards vary greatly. A key issue is how to reconcile weak boards with strong principals. Boards can be weak because their members are often not educationists and their turnover is high. Conflicts may arise but their members, as well as the principals are not trained in conflict resolution. Strong principals tend to dominate the decision-making processes in schools. The team recommends that the Ministry arrange for a wide-scale and in-depth training of school boards (including mayors if not on the boards) and adjust (if necessary), and
intensify its training programs for principals; operational guides that go beyond, and are different to, methodologies need to be developed too and distributed to all new board members.

64. One idea to be considered is the establishment of an entity such as the Scottish School Board Association. The association provides guides as well as training and advice to members of school boards, principals and inspectors (called ‘counselors’) on how to run effective board meetings. The guides include Working with your School Board (A guide for Head Teachers), Running an effective School Board meeting (for School Board members, Head Teachers, Councilors and Education Authority personnel), Councilors and their School Boards Head teachers and their School Boards (for both head teachers and the School Boards). Training courses include ‘School Boards – Partnerships and Responsibilities’ and ‘The Effective School Board at Work’. Help and advice are available through a ‘Problem Solving Service’. Quite impressively, the Association has an Executive Board consisting of one representative from each Education Authority in Scotland and, although it serves close to 2000 school boards, it has only one full-time officer with part-time staff. The Association is self-financing. Funding comes from membership fees and from the sale of training courses, publications, conferences, sponsorship and occasional projects.

65. Another idea is to replicate the successful Romanian experience with community and parents’ participation through the School- Community Grants Program gained in the World Bank- financed Rural Education Project. In this program schools received grants topping up their regular budget. However, to receive the grants, the members of school boards had to formulate a school development plan which required them to set priorities, define clear objectives, outcomes and actions, calculate budgets and decide on monitoring and evaluation procedures. The learning by doing approach was so successful that the Romanian Government expanded the grant program to more schools and communities using its own funds. To reduce costs, the program can be targeted only to low performing schools.

66. Missing from the description of the principal’s role is some pedagogically-related function which could range from being able to serve as a model of teaching excellence to being able to provide general, non-subject-based pedagogical advice to teachers. The role of ‘principalship’ is both managerial and pedagogical. In big schools this role can be divided among a principal and a deputy, each assuming predominantly one function, but in smaller schools there is only one principal who must assume both functions. In the new law the role of the principal is presented as managerial only.

67. The team recommends that the Ministry consider this matter and if it regards the role of the principal as including also some pedagogical dimensions, develop a more nuanced conceptual framework and include it in one of the methodologies that are being developed now.
2. The Roles of Teachers and Teachers’ Councils

68. The role of the teacher, who is in the end the most important cog in the instructional machinery, is not well defined in the education law. Even though there are in the law sections dedicated to most other role-players, including a Teachers’ Council, there is no section dedicated to teachers. Section 2 in Chapter 6 which deals with pre-university education staff is mum on the role of teachers, focusing on predominantly personnel management matters. Four articles [Annex 5 articles 66(5), 69 (3), 69 (5) and 74(1)] found in the chapter on the curriculum provide a very cursory idea on the Ministry’s thinking about what is the role of the teacher and, by implication, what is not the role of the teacher. The first gives the teacher the task of deciding what to do in the 20% or 30% of subject allowed for differentiated treatment. The teacher can decide, for example, whether to attend to children with special need who can benefit from extra help or gifted children who can benefit from enrichment. The second and the third give the teacher the tasks of selecting schoolbooks from a Ministry-approved list and auxiliary didactic material, “the content of which is in compliance with the applicable legal conditions”, and the fourth one requires the teacher to “draw up at the end of the preparatory grade a report about the child’s physical, social, emotional and cognitive development in language and communication, as well as the development of learning abilities and attitudes.”

69. What can be understood from these four articles, is that one task the teacher does not have is to select the specific content of instruction (in the pre-determined 70%-80% of the curriculum), while two tasks the teacher does have are to select the methods of instruction and to assess the development of their students. There is much more that can be said about the role of the teacher in today’s school. The selection of teaching methods and materials and the assessment of children’s development are only two of the tasks that make up the role of ‘managing instruction in the classroom’. Compared with the level of detail and comprehensiveness found in the law with respect to most other role-players, the level of detail in describing the role of the teacher is lacking. The team recommends that the Ministry develop a more detailed conceptual framework to capture the role of the teacher, assigning this task to one of the teams that are now embarking on the development of methodologies.

70. The law is much more detailed with respect to the role of the Teachers’ Council. Its provisions which relate to the responsibilities of the Council are listed verbatim in Annex 5 and Annex 6 and their translation into functional language is found in Annex xxx. Article 98 in the law is devoted to the Council. Based on these provisions, if well implemented, the Council can play a very significant role in helping improve the level of professionalism of teachers. As can be seen in the two annexes, the law contains a list of eleven (11) tasks that may be grouped into two distinct and important functions: (a) to provide curricular and didactic advice and support to the principal as well as the board and (b) to promote professional ethics among the teachers. The tasks that make up the first function include, for example, proposing to the Board what to teach
within the 20% to 30% of the discretionary curriculum, how to optimize didactic processes, and what continuing training to provide to teachers. The tasks that make up the second function include, for example, setting up a code of professional ethics, monitoring it, proposing sanctions and even legal action in cases where teachers breach the code of ethics or the law. The Ministry has long been thinking of how to improve the level of professionalism of the teaching force. Based on the content of Article 98, the Teachers’ Councils provides an opportunity to take an important step in this direction.

3. The role of Parents

71. The Ministry has been on a very solid ground in its thinking about the role of parents and only needs to devote even more thinking to it. Parents can play a very significant role in the education of their children at school than they are playing now. They can get involved in the education of their children in the schools by strengthening the incentives to learn, by ensuring that the children have a learning-conducive environment at home and sometime also by helping their children with the material being studied. Parents – and parents associations – have a voice; they can exercise some oversight over what is happening at school and act as watchdogs helping to hold schools, principals and teachers accountable for their work. The Ministry’s is also very innovative in its plan to solidify the relationships between schools and parents by having parents sign mutual educational contracts. The provisions that refer to parents are listed in Annex 5. As can be seen in Article 86 (1), each school must conclude an educational contract with the parents of its students. Other provisions refer to the role of parents in ensuring attendance by their children and being responsible for any damage caused by the children to school property, but the most important provision is the one recognizing that the parties have mutual obligations. Both the content and the form of the contract are yet to be provided by the Ministry and the idea is very challenging. To improve the chances of success, the team recommends that the Ministry take a close look at the experience of other countries in getting parents involved before the methodology containing the substance and form of the contract are finalized. One country which has had a recent experience in involving parents in the context of decentralization is Mexico.

E. The Local and County Authorities

72. The provisions in the education law which relate to the responsibilities of the local authorities and county authorities are listed verbatim in Annex 7. The roles and functions of both as derived from the text of the law are listed in Annex 8. The team identified in the new law four functions which together make up the role that these authorities are required to play in the pre-university education system in their counties. One of the functions is to exercise general oversight on the delivery of pre-university education within their jurisdiction; the other functions are to provide resources, to take part in managing some specific aspects of, and operations in, the school system, and to organize certain operations.
73. Empowering local authorities to play a bigger role in managing this sector is a step in the right direction but it also creates risks. In particular, assigning important responsibilities to county and local authorities creates a situation whereby the success of the Ministry’s national education strategy depends on the willingness of these authorities to cooperate with the Ministry – which is sometimes a political matter - and their ability to do so – which is sometimes a matter of capacity. Neither can be assumed to be there. There is not much that the review team can add to what it has already said in its previous report with respect to the politicization of education in the country. The issue is well-known and can be ameliorated only if there is a will on all sides to do so. More can be said about the capacity of local authorities to cooperate, and collaborate, with the Ministry. Experience with the decentralization of hospitals since 2010 has shown that people at county and local levels are much more skilled than central government is willing to acknowledge. Their capacity may be constrained with respect to the availability of funds and personnel; they may not have as much knowledge of sector-specific – in this case education-specific matters, but they know very well what is practical on the ground, locally, and what is not, and once the right national policies are in place, they can become effective partners in implementing them locally. The challenge for the Ministry is to gain their cooperation, rather than forcing them to cooperate, and thus also retain the ability to steer the sector. Cooperation can be gained only with communication. There is a need for the Ministry to engage county and local authorities in discussion on an on-going basis. As was indicated earlier in this report, with respect to the fact that the new law is recentralizing the mobilization of nearly all maintenance expenditures, important key messages from the Ministry are not always reaching these authorities. It is the role of the inspectorates to make sure that they do.

74. The General Oversight Function – Article 20(1) in the law states that “the local public administration authorities shall ensure the smooth delivery of pre-university education in their jurisdiction”. The law does not specify what is meant by “smooth delivery.” Article 20(2) states that (2) “Local authorities’ failure to fulfil the obligations related to pre-university education is punishable in compliance with the applicable laws.” These two laws reflect both the complexity of matrix operation and management and the seriousness with which the Government sees the role of local authorities in education. The complexity inherent in assigning important roles to county and local authorities is expressed in the situation of dependence that it creates: the Ministry is dependent in the execution of its national education strategy on agencies that do not report to it, and are outside its command and control structure. It is dependent (a) on their willingness to cooperate, which in Romania’s political culture cannot be taken for granted, (b) on the strength of their human – and to a lesser extent financial – resources, which not surprisingly is very limited, and (c) to some extent on their level of acquaintance with, and understanding of,

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8 As mentioned earlier, resource mobilization for virtually all recurrent costs (except transportation and subsidies for boarding) is the task of the MERYS (out of state resources). The only resource mobilization which is required of local authorities is that of funding capital expenditures (and transportation and subsidies).
education matters, which is understandably very limited too. It is because of the first two dependencies listed above that Article 20(2) was introduced into the law as an extra incentive, and it is (among others) because of the third dependency that the Ministry is keeping to itself in many cases the final decision in areas assigned to county and local authorities. It is doing so by subjecting these decisions to the approval of the Inspectorate. The net result is that local authorities are made to assume many responsibilities, but have no power to carry out these responsibilities. This imbalance will make it difficult for local authorities to become effective partners in education. It also reflects an important part of the risk inherent in decentralization: the risk is that the achievement of national objectives will be made more difficult due to real, or perceived, lack of capacity at the local level. Whether real or perceived, this lack of capacity is resulting in a less than full and effective shift of power.

75. Still, the power to approve decisions made by local authorities does not give the Ministry power to carry out certain action if the local authorities don’t want to take that action. For example, Article 61(2) states that “The State and private pre-university educational institutions network is organized by local public authorities with the approvals of the school inspectorates”. In this case the local authorities cannot optimize the network of schools without the approval of the inspectorate, but the inspectorate cannot force the local authorities to optimize, since they have only the power to approve or disapprove what the local authorities decide.

76. One way to mitigate the risks of dependence and resolve this situation is to educate the local authorities, to help them understand better educational matters and gradually empower them to make more serious decisions. The team has already recommended earlier in this report that the Ministry embark on such an education campaign. The Ministry may also start thinking on what it wants to achieve in the long term beyond a once-off or intermittent education campaign. It may reach the conclusion that all county authorities and many local authorities need to develop their capacity to operate in the counties and local education systems by having an education desk staffed by educationists in their own structures. The ultimate might be to one day transfer all staff of inspectorate to local authorities and have local authorities manage their schools.

77. The Resource Provision Function – This function refers to all types of resources - human, material and financial - in many very specific areas. The biggest resource type for the provision of which local authorities remain responsible is the land and buildings for schools (a task which they were given in 2005). As stated in Article 112(2), these are the property of local authorities. But, in addition, local authorities are responsible for providing “the conditions required for the gradual generalization of pre-school education” 28(2), as well as teaching staff for the delivery of ante-pre-school education (this one in cooperation with the Inspectorates) [27(3)]; they are also responsible for providing “all necessary logistics” to students when their original schools are closed due to loss of accreditation and are assigned to other educational institutions [61(6)] and for transport services and board and lodging to pupils from out of town attending compulsory
education (in justified situations and with help of the community) [85(1)]. All of these resources require funding and the source of the local authorities’ value-added tax collection (see article on ‘complementary financing’). But, in addition, the law refers directly to financing when it requires counties (not communes, cities, or municipalities) “to finance the County Centres for Resources and Educational Support 99(5) and to take responsibility for financing state post-high school education [44(2)]. The responsibility is fully born by the local authorities though the funds may also come from “sums provided from the Government Budget incomes.”

78. **The Management Function** – The law states clearly that the local authorities have to manage the land and the buildings provided to the schools, but in addition, by its specific choice of words, it requires local authorities to make decisions which are clearly management decisions in a number of important, some highly strategic, areas. The decision to establish school consortia is one example of this. It is left to the discretion of the local authorities. As per Article 62(1), they “may decide” to establish consortia. But this is also an example of how the Ministry is trying to address the risk involved in transferring power to the county and local authorities - a point made in the paragraph above: Article 62(3) states that “The general framework for the creation, dissolution and functioning of the school consortia shall be regulated by order of the minister of education, research, youth and sports.”

79. A large number of other areas need to be managed – which in most cases includes financing - by local authorities and county authorities. They are as follows:

**Local Authorities**

- Assign students to other schools following the closure of their original schools due to loss of accreditation or rationalization [61(6)]
- Sign performance agreements with them (with content to be determined) [Article 106]
- Take responsibility for providing ante-pre-school as well as pre-school education [Articles 27 (3) and (4) and 28 (2)]
- Establish the units where state arts and sports education are organized [Article 42(2)]
- Take major responsibility for funding post-high school education in their territorial/administrative jurisdiction [Article 44(2)]
- Approve the organization, operation or dissolution of educational structures involved in vocational education and training [19(4)]
- Finance the County Centres for Resources and Educational Support [Article 99(5)]
- Determine the annual number of scholarships given to student in its schools from state budget and partially fund them [Article 82(2)]
- Provide support to out-of-town students [Article 85(1)]
### County Authorities

- Organize the network of special high schools and schools for post-high-school education [Article 61(2)]
- Provide psycho-educational assistance and vocational guidance to children with disabilities and special needs through the County Centre for Resources and Educational Support (CJRAE) [Articles 50(1), 51(1), 99(6)]
- Finance the County Centre for Resources and Educational Support (CJRAE) [Article 99.5]

80. One important note needs to be made at the end of this chapter before moving to the next: all of the roles specified and discussed in the law focus on what the role-players are expected to do in their work. All of the expectation relate to action, but not to its results. Roles are not defined in terms of the results that the role-holders are expected to achieve.

### IV. The Alignment between the Ministry’s Decentralization Strategy and the Objectives of Decentralization

81. The review team faced a methodological challenge when it analyzed the question of alignment between the Ministry’s strategic plan for decentralization and its decentralization objectives: both are included in the new education law. With respect to objectives, the team was able to determine them not just by analyzing the relevant parts in the law, but also through the many interviews it conducted and the questionnaire it administered to the inspectorates. With respect to the strategic plan, however, the team was not able to identify and verify the plan using sources of information other than the law. No other document spelling out the plan has yet been produced and the plan could not be reliably verified through interviews and questionnaires. It was necessary, therefore, to rely heavily on the law, while ensuring that the evidence that there is an alignment – which is indeed the case – is not based on a tautological argument. The team was thus careful to distinguish between those items in the law that represent the Ministry’s general vision and objectives for decentralization and the more specific items that reflect a strategy and a plan to achieve decentralization.

#### A. The alignment between the Ministry’s strategy and its objective of accountability

82. The top objective of the Ministry in decentralizing the education system is to be in a position to hold schools accountable for their performance as a measure to improve quality. It is a strategic move based, as was discussed earlier, on the premise that there is a direct relationship between the accountability of schools and the performance of their students. The Ministry’s strategic plan as embedded in the new education law is well-aligned with this objective. The
strategic plan is (a) to make the schools legally accountable by stating in the law that they are, (b) to use performance contracts as tools for enforcing accountability and where possible (c) to sanction the breach of these contracts. As can be seen in the table below, the Ministry is dealing with each of the role-players in the school individually - each is held, or will be held, accountable through at least one of these measures.

83. The school as a whole is held accountable to the local authority through a ‘performance contract’. The law establishes a link between its basic and compensatory financing and its performance. The link means that there may be financial consequences to non-performance. The school as a whole is also held accountable to the parents through an ‘educational contract’. Sanctions can be imposed on the school by the inspectorate for breaching the contract with the parents.

84. The school board is held accountable to the “public” together with the principal through a simple statement of accountability in the law. There is, however, no contract between the school board and the public, or the inspectorate, the Ministry or the local authority. The principal is held accountable to three role-players: the public (together with the Board), the parents and the local authority to which the school belongs. His/her accountability to the parents is established not only through the contract that the school has with them (which is yet to be developed), but also through a legal obligation to present to the Parents’ Committee annually a report on quality assurance in the school [See Article 97(2) (h)]. Finally, the principal’s accountability to the local authority is established through a performance contract signed at the time of his/her appointment. There is no statement in the law that is directly holding the teacher accountable for teaching, but there are two clauses that introduce into the law teacher accountability nevertheless. One of them requires the Teachers’ Council to develop a code of professional ethics and monitor teachers’ behavior based on it. The other empowers the Teachers’ Council to propose to the Board the imposition of sanctions. Though not explicitly stated, the code of ethics may be a proxy for a performance contract. It is not legally binding, but the authority of the Teachers Council to propose sanctions, based on “bad results”, “poor performance” and the “breaching of professional ethics”, is binding. By requiring the Teachers’ Council to develop the code of ethics, monitor teachers’ behavior and, if necessary, report to the board, the Ministry found a way to hold teachers accountable to the Board.

85. In addition, the Ministry has been thinking of introducing accountability with respect to the role of the students in the schools. As stated in Article 3(2), it is planning to work together with the National Pupils’ Council and other stakeholders in formulating a statute in this regard.

86. With the new law in place providing a framework in which these accountability relationships will play a key role, the time has come to develop the details of what these contracts will eventually contain and set a time-bound action plan for implementing them.
87. Additional clarity is needed particularly on the questions ‘accountability for what?’ and, in the case of the school board, ‘accountability to whom?’ In this last case, accountability to an amorphous ‘public’ is a weak form of accountability, which is further weakened by being shared with the principal. With the almost complete transfer of decision-making and approval power to the Board, this requires additional attention. Likewise, it will be possible to carry out the principle of accountability in practice only when ‘performance’ and ‘bad results’ are defined well in measurable terms and when the nature of sanctions is clarified. Still, the review team regards the treatment of accountability in the law as a very significant step forward and concludes that the Ministry’s strategic plan is fully aligned with its stated objectives in this area.

88. Interestingly, the Ministry has not been thinking of holding the Inspectorate accountable. The closest that it gets to this thinking is when it requires the inspectorate to “present an annual report regarding the education in the county [Article 95(1)(i)].

Table 2: Accountability Measures in the Education Law and the Ministry’s Strategy

<table>
<thead>
<tr>
<th>Role Player</th>
<th>Statement of Accountability</th>
<th>Introduction of Performance Contract</th>
<th>Introduction of Sanctions for Breach of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>School as a whole</td>
<td>Yes.</td>
<td>(a) The (school’s) basic and complementary financing is based on a performance contract concluded between the principal and the mayor [Article 106] (b) An “educational contract” with parents on “mutual obligations” [Article 86(1)]</td>
<td>Yes. (a) By implication there are financial sanctions for non-performance [Article 106] (b) “non-observance... is sanctioned by the school inspectorate” [Article 86(2)]</td>
</tr>
<tr>
<td>School Board</td>
<td>Yes. “The School Board assumes public responsibility for the performance of the educational institution, together with the principal” [Article 96(7) (k)].</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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9 A good resource for accountability issue is a recent World Bank paper by Bruns, Filmer and Patrinos “Making Schools Work: New Evidence on Accountability Reforms” (2010)
Role | Statement of Accountability | Introduction of Performance Contract | Introduction of Sanctions for Breach of Contract
---|---|---|---
Principal | Yes. “...assumes public responsibility for the performance of the educational institution, [Article 96(7) (k)].” | | 
Teachers | Yes. The Teachers’ Council: “Sets the code of professional ethics and monitors its application.” Article 98(b) | Yes. The Teacher Council proposes to the Board sanctioning, initiating legal action for “bad results”, “poor performance”, “breaching professional ethics” [Articles 96(7) (h), 98(g) (h)] | 
Parents | Yes. Obligation to ensure pupil’s attendance “Accountability for the damage caused by the pupil to the school assets [Article 3 86(3) (4)]” | Yes. An “educational contract” with parents on “mutual obligations [Article 86(1)] | 
Children | “The Ministry... together with the National Pupils’ Council and representatives of government and NGOs [will] develop a statute stipulating the pupils’ rights and duties...” Article3(2) | | 

89. Finally, on the multiple accountability relations that the new Law is introducing, no institution or individual professional can be held accountable unless it/he has autonomy. Moreover, autonomy necessarily entails that the institution or the professional (the principal, for instance) has capacity. And, building that capacity and keeping it up necessarily requires resources. Thus, the question is whether or not the new Law is going to enable the necessary capacity building ensuring the required resources at the school and the local level. Without capacity and without resources, schools and principals cannot legitimately be held accountable for student learning results. If principals end up administering scarcity and just making all the
tough firing decisions, if schools do not have the resources to access quality professional
development activities and demand-driven external support, making them accountable for results
would probably not take the system very far in improving quality, equity and efficiency of
education.

B. The alignment between the Ministry’s strategy and the objective of achieving a higher
level of efficiency

90. The achievement of a higher level of efficiency is the Ministry’s second key objective of
decentralization. This objective is based on a triple-point premise that (a) if schools are given
greater autonomy in managing their resources, (b) if they manage these resources with
transparency and (c) if direct beneficiaries and other stakeholders are given voice, then better
decisions will be made and efficiency is bound to improve. To assess the level of alignment
between the strategy and the objective it is necessary, then, to see to what extent the law gives
the schools greater autonomy, gives the beneficiaries/stakeholders voice and pushes the schools
for greater transparency.

91. There is no doubt that the Ministry’s strategy aims at increasing the autonomy of the schools.
This was the case even before the current law was passed, when the per-student funding formula
was introduced. The idea was, and still is, to give the schools basic and supplementary funding,
based on the number of students and some additional parameters, and then let them decide how
to operate with the funding provided. The education law allows the schools to make fully
autonomous decisions in two key functional areas – financial management and human resources
management – and gives them the freedom to select the content for 20% of their curriculum in
the lower secondary schools and 30% for upper secondary schools. Schools can make allocative
decisions with respect to their budgets and design, approve and implement their own development programs; they can adopt employment programs, hire and fire teachers, at their
own discretion and can also design and carry out their own staff development plans. The
inspectorates make no decisions for them.

92. A striking feature of the Ministry’s strategy is that this level of autonomy and the freedom to
make decisions is not given to the principal, but to the Board. The membership of the Board of a
small school consists of 7 persons: the principal, 2 teachers, 2 parents, the mayor and one
councilman. In a medium size school the Board has 9 persons: the principal, 3 teachers, 2
parents, the mayor and 2 councilmen, and the Board of a large school has 13 persons – the
principal, 5 teachers, 3 parents, the mayor (or a representative) and 3 councilmen. The Board is
where all decisions are made. Irrespective of size, stakeholders participate in all substantive
discussions in them and it is possible for them to influence decisions significantly and even form
a voting majority without the educationists – that is, without the principal and the teachers.
Table 3: The Decision-Making Power of the School Board Compared with that of the Principal

<table>
<thead>
<tr>
<th>Action Verb</th>
<th>Object to which it Applies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manage</strong></td>
<td>The pre-academic education facilities with legal status 96(1)</td>
</tr>
<tr>
<td></td>
<td>The budget of the facility. 97(2)b</td>
</tr>
<tr>
<td><strong>Be in charge of (manage)</strong></td>
<td>The draft budget and the budgetary allocation for approval with the Board of Directors. 97(2)e</td>
</tr>
<tr>
<td><strong>Decide</strong></td>
<td>The position of the school in the relation with third parties. 96(7)d</td>
</tr>
<tr>
<td></td>
<td>To extend their activities with their pupils after classes, by “school after school” type programmes 58(1)</td>
</tr>
<tr>
<td></td>
<td>On the employment, justification, assessment, reward, disciplinary responsibility, and dismissal of teaching staff 93</td>
</tr>
<tr>
<td><strong>Submit</strong></td>
<td>The organizational and operational regulations of the educational institution to the approval of the Board of Directors. 97(2)d</td>
</tr>
<tr>
<td></td>
<td>The draft budget and the budgetary allocation for approval with the Board of Directors. 97(2)e</td>
</tr>
<tr>
<td><strong>Approve</strong></td>
<td>The organizational and operational regulations of the educational institution 97(2)d</td>
</tr>
<tr>
<td></td>
<td>The draft budget and the budgetary allocation 97(2)e</td>
</tr>
<tr>
<td></td>
<td>The institutional development plan drafted by the School Principal of the facility 96(7)b</td>
</tr>
<tr>
<td></td>
<td>Educational contracts with the parent 86(1)</td>
</tr>
<tr>
<td></td>
<td>The examination commissions and validates the results of the exams. 96(7)j</td>
</tr>
<tr>
<td></td>
<td>The schedule of the educational institution 96(7)j</td>
</tr>
<tr>
<td></td>
<td>The curriculum at the proposal of the teacher’s council. 96(7)c, 65(5)</td>
</tr>
<tr>
<td></td>
<td>The employment plan of the teaching staff and auxiliary teaching staff, as well as the non-teaching employment draft. 96(7)f</td>
</tr>
<tr>
<td></td>
<td>The employment of teaching staff from educational institution with legal status is made by the principal of the institution by means of a contract of employment 90(1)</td>
</tr>
<tr>
<td>Action</td>
<td>Description</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The contest commissions for the occupation of the auxiliary teaching and administration posts commissions and the results of the contest.</td>
<td>91(1)</td>
</tr>
<tr>
<td>The professional development programs for the teaching staff at the proposal of the Teacher’s Council.</td>
<td>96(7)g</td>
</tr>
<tr>
<td>The employment by means of a contract of employment of auxiliary teaching and administration staff</td>
<td>91(2)</td>
</tr>
<tr>
<td>Sanction</td>
<td>The disciplinary, ethical or professional breaches of the teaching staff, according to the law</td>
</tr>
<tr>
<td>Grant</td>
<td>[Establish] the specific criteria for granting high performance, merit, study, and social aid scholarships 82(2)</td>
</tr>
<tr>
<td></td>
<td>High performance, merit, study, and social aid scholarships financed from the Government Budget, local budgets or from other sources. 82(1)</td>
</tr>
<tr>
<td></td>
<td>The annual qualification and merit degree. 92(2)</td>
</tr>
<tr>
<td>Assume</td>
<td>Public responsibility for the performance of the educational institution, together with the principle 96(7)k</td>
</tr>
<tr>
<td></td>
<td>Public responsibility for the performance of the educational institution, together with the Board 96(7)k</td>
</tr>
<tr>
<td>Carry out</td>
<td>Any other attributions set by the orders and methodologies of the minister of education, respectively the Ministry of Education. 96(7)l</td>
</tr>
<tr>
<td>Organize</td>
<td>The exams for the position of school principal and deputy principle. 96(7)e</td>
</tr>
</tbody>
</table>

93. Although the participation of direct beneficiaries and stakeholders in the Board is in itself an act of transparency, the law goes beyond it, requiring the principal to present a report on the quality assurance in the school “in front of the Parents’ Committee” and to bring the report to the attention of the school inspectorate [Article 97(2) (h)]. It may be concluded therefore that, under the new law, direct beneficiaries as well as other stakeholders at local level are given much voice.

94. Finally, when central governments decentralize the management of people, money and other resources from national to local levels they often face a trade-off between autonomy and risk. A higher level of autonomy at the local-level means a higher level of risk at the central level. The risk is manifested in three ways: (a) the freedom to make decisions at local level can result in local intended and unintended deviations from the national goals, policies and strategies; it tends
to divide rather than unite; (b) it can result in an unequal application of norms and standards that should apply nationally and thus increase regional and local inequity, and (c) it can lead to the lowering of the quality of decisions (since managers with different levels of knowledge and experience will be making them) or to differences in the treatment of similar issues in different locations. Here is an example:

95. The evaluation and psycho-educational assistance and the educational and vocational guidance of children... with disabilities or with special educational needs are performed by the County Educational Resources and Assistance Centres (CJRAE) and (CMBRAE) through the educational and vocational evaluation and guidance services... [Article 50(1)]

96. In this case the Ministry transferred to the specialized County Centers the power to make three types of decisions: (a) whether or not a child is disabled and in need of psycho-pedagogical assistance, (b) whether or not the child needs educational and vocational guidance, and (c) what specific services will the child be given in each case. The risks are that different centers evaluating children with identical or similar disabilities will not reach identical or similar conclusions on the nature/extent of the disability, and/or that those different centers will not make identical or similar decisions with respect to the psycho-pedagogical and guidance services to which the children qualify. There is also a risk that the services provided in one center will not be of the same quality and standard as that provided in another and so on.

97. In this context, alignment means risk mitigation; it means to strike a balance between autonomy and risk. One of the most effective ways of striking such a balance is to transfer the power to make decisions, but determine the rules within which each transferred decision can be made. This is the way adopted by the Ministry of Education. For almost every type of decision transferred to the inspectorates, the schools and the other facilities the Ministry is providing a set of rules which are called ‘methodology’ and need to be followed by the decision-makers when they make their decisions. This is why Article 50(1) referred to above, ends with the words “based on a methodology elaborated by the Ministry of Education”. The team has identified 43 decision-areas that have already moved, or will soon move, to local role-players, for which the Ministry has already developed, or will now develop, such sets of rules. The amount of work involved in this is enormous: in 14 areas there are currently no methodologies, in 20 areas there are methodologies, but substantial changes are required and in 9 areas changes will be minor. All have to be done within 10 months. The Ministry has a plan to deal with this work by allocating the development of the methodologies to a large number of task teams at county level, thus involving the county inspectorates, the schools and local stakeholders. The county inspectorates are already extremely busy, however, and as will be discussed in the next section, it remains to be seen whether this will be achieved and how. An important point has to be made here: on the Ministry’s approach to the trade-off between autonomy and risk can greatly improve the alignment of its strategies with its objectives, but this depends on how the methodologies will be
written. The methodologies can be easily filled with too many and too rigid rules which will roll back the transfer of decision-making power to the schools. It is necessary to make sure that this will not happen.

V. The Funding of the schools network: one important piece of the puzzle

98. Romania took a major step forward toward decentralizing the management of schools by introducing per student financing, starting January 2010. Starting January 1, 2010 principals received a lump sum amount – based on the number and type of students enrolled in the school – out of which they had to finance all the school’s salary costs. It is difficult to underemphasize how dramatic this shift is from the previous funding system where principals had no influence on budgets whatsoever. In the old system, teachers were essentially a free resource from a school’s perspective: as long as there were enough students to justify opening a class, the teacher (and his or her associated) costs would be paid for by the central government. This implied that principals had no incentives to create bigger classes or worry about the various trade-offs that exists between, say, hiring more inexperienced (but cheaper teachers) vs. fewer but more expenditure (and more expensive) teachers. In the new system, principals are empowered and incentivized to make sure that salary costs match what the school receives according to the per student formula. And principals (together with school boards) are now weighing the trade-offs between pedagogical needs vs. financial needs vs. desires of parents and teachers to have smaller classes.

99. The ultimate objective is to achieve higher quality education (by empowering local actors to take more decisions); the change was brought about to introduce better incentives for schools to improve resource use, also as an important part of the decentralization agenda. MERYS recognized that more flexible financing had to be a core element of a coherent decentralization strategy: greater autonomy to school principals does not amount to much if the way financing is allocated is still tied to rigid norms. The OECD (2004) has recognized that high-performing education systems tend to have local schools and education authorities with a high degree of autonomy. Not surprisingly, most systemic education reforms that have taken place in OECD countries since the 1980s have focused on devolving responsibility for day-to-day decisions to the front lines, that is, to individual schools. The underlying logic behind such devolution is to empower school principals. These principals, who are familiar with their respective staff,
students’ needs, and local conditions, are better suited to make operational decisions than bureaucrats in capital cities. School-based management, moreover, allows for stronger accountability relationships than micromanagement from the center (see, for instance, Barrera-Osorio, Fasih, and Patrinos 2009).

100. Having moved in the direction of school based management, the challenge now for Romania’s education sector is to put in place a new accountability relationship that focuses on improving learning outcomes and to ensure that the financing system is supporting that goal. By itself, the change in the financing system will not improve the quality of education; it will need to be accompanied by a fundamental shift in the accountability relationship in the sector. 11 To that end, policy makers can employ a range of different options some of which are more rudimentary—and can be put in place faster—than others. All of these options entail risks and trade-offs that must be considered to prevent unwanted effects. A cornerstone in whatever accountability relationship will be developed is that assessment of students’ learning outcomes will have to play a more prominent role.

101. To this end, MERYS has already made plans. When the new curriculum is introduced, MERYS is planning on having national assessments to test acquired competencies as defined in the learning goals. The assessments will give students scores, not pass/fail categories. Parents will receive detailed reports on their child’s attainment and on the performance of their child’s school. The new system will include assessments at the end of the preparatory grade, and at the end of grades 2, 4, and 6. There will be national examinations at the end of grade 9 (the end of compulsory education) and the baccalaureate will be taken at end of grade 12. This series of assessments at different stages of the student’s schooling will mean the student progress can be evaluated from one stage to the next, so that schools’ value added to students’ learning can be evaluated.

102. The main challenge moving forward is how to design mechanisms to use effectively the information generated on students’ learning outcomes to strengthen accountability for results without creating perverse incentives (e.g. teaching to the test) or gaming behavior (e.g. not enrolling weak students). And, on the financing system, the challenge is to ensure that schools are empowered to take more financial decisions but ensure that that empowerment is used to improve the quality of education, not just find savings. No country in the world has gotten this right but many countries have years of experience that Romania can use to avoid pitfalls.

103. It is important to stress (both in this review but also by the Ministry in its communication strategy) that switching to per student financing is a policy tool to improve the quality of

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11 In fact, by itself, there is a risk that per student financing will push local actors to focus exclusively on finding savings (through larger classes and more school closures). These are steps which are necessary to reduce wasteful spending and free up resources for quality improvements but will only lead to quality improvements if those savings are re-directed for better use within the sector.
education in its schools; this is not only about creating more transparency, more equity, and better incentives for efficiency. There are several channels through which this financing scheme can lead to better quality schools, including the following two: there is a lot of wasteful spending in Romania’s education sector that, if reallocated, would likely lead to better outcomes. For instance, it is wasteful to spend money heating half-empty buildings, and it is wasteful having qualified teaching teach very few students.

104. More importantly, many of Romania’s small schools are simply not delivering high enough quality education so moving students into better performing schools may help raise quality – at least for these students that are provided with better learning opportunities. As part of this functional review, OECD PISA 2009 data were analyzed to assess the gap in learning between (15 year old) students enrolled in small schools (i.e. the 20 percent smallest of the schools in the PISA sample) vs. all other schools. As expected given the poor state of many of the small schools in Romania, there is a significant learning gap, especially in reading. The figure below shows PISA 2009 scores for OECD partner countries, including Romania. The graph shows that with a country average of 2009, Romania’s score places it around the average of the partner countries, but significantly below the OECD average (at 493). However, Romania’s average masks a much poorer performance of its students enrolled in small schools. As the graph shows, these students, on average, scored only 395.
Part of this learning gap is due to socio-economic differences in the type of students that attend small schools (compared to the general student population) but not all: students in smaller schools are behind by approximately half of an academic year. Students in smaller schools are more likely to come from rural families with less education and less financial resources and these differences need to be controlled for when comparing test scores across schools of different size. One of the strengths of the PISA data set (compared to Romania’s national assessment) is that socio-economic background data is collected for each student to allow analysts to take into account these differences when analyzing learning gaps. The analysis undertaken for this review shows that even when taking into account the differences in the underlying student population, students from small schools score 24 points below their peers in non-small schools. Roughly put, this implies that 15 year olds in small schools are approximately one half of an academic year behind when it comes to reading. Interestingly, these differences are not pronounced when it comes to mathematics and science. And, encouragingly, these learning gaps (between students in small vs. non-small schools) have narrowed since PISA 2006.
106. Given the size of the learning gaps experienced in small schools, the Ministry is rightly trying to address the problem by closing some of them down and moving students to better resources (and higher performing) schools. Given the tight fiscal environment and the past and projected demographic situation, an alternative strategy of directing even more resources to small schools does not seem sensible. Responsibly closing them down (where possible) and providing students with transportation to a better school is likely to be the best strategy to improve the quality of education.

**Models of school based management in other countries**

107. Models of school-based management used in Mexico, the Netherlands and other OECD countries are useful examples to inform policymakers in Romania about the process of designing a model that actively incorporates parents and the community in the school decision-making process. On the range of autonomy reforms, Mexico has made solid efforts to increase community participation and gives communities responsibility for some devolved functions (Box 1). In several OECD countries, local authorities and schools boards have substantial autonomy

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with regard to adapting and implementing educational content and/or allocating and managing resources. Even though there is variation between OECD systems, the devolution of authority is characterized by a high degree of administrative control to the school level and in some countries, such as Australia, Austria, Canada, Ireland, Spain and Switzerland the relationship between school autonomy and student performance is strong and significant. The Netherlands stands as an example of a balanced control model of SBM in which schools are accountable to parents, government and society, while the school board is responsible for implementing regulations in schools (Gertler et al 2008; OECD 2004; Patrinos 2010)

**Box 1: Mexico’s Reform to Increase Parental Participation**

Mexico’s school based management (SBM) programs grew out of a concern for equity and for poor, rural and heavily indigenous schools, which led to a large scale compensatory education program. That program included a small-scale parental participation program that was introduced in 1996, the Support to School Management (or AGE). AGE consists of monetary support and training to parent associations. The parent associations can spend the money for the purpose of their choosing although spending is limited to small civil works and infrastructure improvements. They are not allowed to spend money on wages and salaries for teachers. Despite being a limited version of SBM, the AGEs represent a significant advance in the Mexican education system, where parent associations have tended to play a minor role in school decision-making. The AGE financial support consists of quarterly transfers to APF school accounts, varying from $500 to $700 per year according to the size of the school. AGE helps generate significantly higher levels of school participation and communication – both amongst parents, and with teachers and school principals – because of the projects that parent associations undertake, but more so because of the training they receive and the meetings they undertake. The AGE helps articulate expectations and promotes social participation. Many parents believe that the AGEs put pressure on school principals and teachers to help their children. AGE also motivates parents to follow their children’s progress. In rigorous impact evaluations it has been shown that AGE improves parental participation and improves the school climate (Gertler et al. 2008). It has also been shown that AGE leads to improvements in schooling outcomes such as, reduced grade repetition and failure and better test scores (Shapiro and Moreno 2004; Lopez-Calva and Espinosa 2006).

Mexico’s successful experience with SBM in rural areas led to the creation of an urban, now nation-wide, more advanced program known as the Quality Schools Program (PEC) in 2001 with the goal of expanding autonomy and improving learning in Mexican schools. Participation in PEC entails the following: staff and parents of a school prepare a plan that outlines steps for improvement; schools receive a five-year grant to implement the activities; parental participation in designing and implementing plans; and training of school principals. Several qualitative evaluations find positive effects on test scores with the largest gains made in schools.
that had the poorest students and a positive impact on school climate and processes (Loera 2005). PEC also leads to higher accountability and transparency levels (Patrinos and Kagia 2007). And, after only a few years of implementation, participation in PEC significantly decreases dropout rates, failure rates and repetition rates (Skoufias and Shapiro 2006).


108. Using a range of different instruments, MERYS can strengthen accountability for results using different tools, including:

- The new education law places more responsibility in the hands of school boards. But for these boards to work effectively, MERYS can help by creating incentives for more active participation of school board members in the school decision-making processes, and provide them with adequate capacity and training. Patrinos et al. 2010 provide four concrete suggestions that could be used in Romania:
  
  (i) Delineating clear guidelines that specify the role of school boards in school-level decisions
  (ii) Establishing formal procedures through which parents can discuss with principals and local authorities decisions about budgetary allocations, human resources, infrastructure and support programs, in order to empower school boards to influence decisions at the school (see an example from Mexico in box 1).
  (iii) Supporting the adequate capacity of school boards by providing training and awareness campaigns about the role of parents in promoting school quality.
  (iv) Establishing guidelines and tools for information dissemination in order to ensure the flow of information to parents about school performance relative to other schools and budgetary allocations. Making assessment results more readily available has helped improve state-level accountability and student achievement in the United States (Hanushek and Raymond 2005; Carnoy and Loeb 2002) and Mexico (Alvarez et al. 2007).

- For these school cards to be useful to stakeholders more broadly and school boards in the particular, they need to be easy to understand and provide information, not only about a particular school but also about similar schools. Ideally, such score cards contain information about the “value-added” of a school (e.g., an increase in test scores that takes into consideration students’ socioeconomic background).¹

- One of the most concrete and clear examples of a large-scale information-for-accountability intervention in education was in the Brazilian state of Paraná, which experimented with school report cards between 1999 and 2002. The report card combined the following school data:
  - Test-based performance (fourth- and eighth-grade test scores)
• Student flows (promotion, retention, and dropout rates)
• School characteristics (average class size and teachers’ qualifications)
• Parental opinion and satisfaction with several aspects of the school (facilities, security, teaching practices, quality of education, and parental involvement)
• Parental opinion on the availability of information on school performance and activities

109. The cards also contained comparative municipal and state averages for most of the key indicators so that parents and teachers could make comparisons.

110. And, important parts of defining “smooth delivery” of education (as mentioned earlier) and establishing performance contracts with teeth will involve:

   o Agreeing on criteria that objectively identify “a school in need of improvement” and deciding what actions will be taken to support such schools.
   o Agreeing on what the ultimate sanctions are for continued failure to improve performance, e.g.:
     - Re-constituting the school (i.e. formally closing it down but re-opening it immediately with new management and possibility of having staff re-apply for their jobs).
     - turning the school over to private management
   o Providing rewards to high-performing and/or improving schools. Here care should be taken to avoid characterizing a “high-performing school” simply as one that has high average student scores on a standardized test or a large number of graduates who go on to university, as these indicators may merely reflect the fact that the school attracts high-caliber students (possibly from well-off families). Rather, a high-performing school should be defined as a school that delivers learning to all types of students, including those from low-income and minority households. This is why it is so important that the performance of a school, in terms of student learning outcomes, be disaggregated to show the achievement of different types of students (e.g., low-income and minority students).

111. At the level of the school, the new law already contains a provision which:

   o Requires that principals provide explanations for a school’s performance and this will include providing explanations to possible failures to improve student learning outcomes.

112. The linchpin in this new accountability system though, is the school principal. And for all of this to help improve learning outcomes, Romania’s future principals will not be the same as in the past. Given that a much bigger part of their job will involve managing budgets and talking to
school boards, they will need to have more managerial skills. Not surprisingly, countries that embark toward school based management, invest more resources in recruiting the right type of managers and on training and licensing existing ones.

113. Internationally it is widely acknowledged that the quality of school leadership plays a crucial part in determining learning outcomes for students. While the principal is the key source of effective leadership in a school, leadership needs to be spread further through the school, to senior staff and teachers, as appropriate for the size of the school. ‘However, school leaders can only have an impact on student outcomes if they have enough autonomy and support to make important decisions’ (Pont et al (2008))\(^3\). Analysis of OECD data shows that in countries where school leaders reported greater autonomy in decision-making the average performance of students tended to be higher (OECD, 2007\(^4\)).

114. There are four main elements of school leadership which enable a school to achieve good learning outcomes for students (OECD, 2008): (i) supporting, evaluating and developing effective teachers; (ii) setting learning objectives and assessing their achievement by students; (iii) the strategic use of human and financial resources and aligning them with the school’s teaching and learning priorities; (iv) linking the school to its community and the outside world. All these key aspects of effective school leadership are able to flourish when the school can make its own decisions on how best to use its resources. This can only happen when a school has its own budget to plan, manage and execute. The move to school-based management, if it is to be successful in improving student learning outcomes, requires fundamental changes in the way schools are managed and in the work of the school principal. The principal’s role is considerably more demanding than in a centralized system where it is largely concerned with ensuring school compliance with centrally determined input norms and curriculum content. The key activities of a principal under school-based management are:

- to lead the school improvement process by setting goals and creating and implementing plans in collaboration with the Governing Board and school community;
- motivating teachers to improve and sustain their effectiveness;
- managing the schools’ resources to best effect;
- engaging parents in being involved in their children’s education;
- mobilizing support for the school in the local community;
- being held accountable for the school’s overall performance.

115. We can learn from the experience of other countries that have already adopted school-based management. The OECD’s 2008 report on *Improving School Leadership* summarises the major trends in contemporary education systems:

Many countries have moved towards decentralization, making schools more autonomous in their decision making and holding them more accountable for results. …

\(^3\) Pont et al. *Improving School Leadership, Volume 1*, OECD 2008 p.42.
As a result of these trends, the function of school leadership across OECD countries is now increasingly defined by a demanding set of roles which include financial and human resource management and leadership for learning. …These developments have made school leadership a priority in education systems across the world. Policy makers need to enhance the quality of school leadership and make it sustainable.\textsuperscript{15}

116. OECD’s advice based on experience in other countries shows that “school autonomy on its own does not automatically lead to improvements unless it is well supported”. Unless school principalship under school-based management is made an attractive career, the education system will not have the quality of principal required to improve its schools. To this end the following should be considered:

- recognize school principalship as a socially-valued senior management post;
- define clearly the additional responsibilities of school principals of self-managing schools;
- increase the differential between the salary of a highly qualified and experienced teacher and a school principal to a level which will attract teachers with the appropriate aptitudes to become school principals;
- ensure that principals have time to focus mainly on instructional leadership (leadership for learning) because they are supported for financial administration by a qualified school accountant;
- promote the exercise of school leadership by staff other than the principal (diffused leadership);
- prepare aspiring principals for their future leadership role and support principals in post with continuous professional development by establishing an Institute of School Leadership and Management;
- give principals the assurance of long term careers, provided they perform well;
- ensure that principal appointments and job tenure are free of political influence.

117. The principal will be selected by open competition for a number of years. To be considered for appointment as school principal a candidate should have acquired appropriate professional development.\textsuperscript{16}

118. There are numerous risks related to holding schools accountable for results that MERYS must acknowledge and manage. For example, if an accountability system is based on tests that measure basic skills—and if these “high-stakes” tests carry great weight in school evaluations—the system risks focusing the education system solely on the measurement of basic skills, ignoring the overall goal of creating well-rounded, creative, active citizens and productive workers capable of engaging in lifetime learning.

\textsuperscript{15} Pont et al. (2008:p.9) \textit{Improving School Leadership} Volume 1, OECD
\textsuperscript{16} The material on the school principal was largely drawn from Levacic and Sondergaard “Empowering Schools to Achieve High Standards”, The World Bank, 2010
119. A well-functioning accountability instrument requires credible consequences for success and poor performance, recognizing that outside factors also play a role in determining student learning outcomes. In the case of success, schools need to be recognized and rewarded. In the case of poor performance, schools need to be sanctioned in some way. At the very least, if learning outcomes deteriorate at a given school, the principal should provide an explanation for why this has happened (e.g., the composition of the student body changed in such a way that the school now has more students from challenging socioeconomic backgrounds). In the United States, the ultimate sanction is to “reconstitute” a school, which means replacing the principal and asking all teachers to re-apply for their jobs. In most U.S. states that have the power to reconstitute schools, however, schools are first placed on probation for two to four years, during which they receive support and guidance to improve student achievement.2

**How much has changed as a result of the new formula?**

120. The old funding system was flawed in virtually all dimensions in which a funding system can be assessed: it had no incentives to utilize resources efficiently; it provided no flexibility for local actors to reallocate resources to where they were most needed; it was non-transparent; and it was inequitable, both in a horizontal (i.e. similar school should receive the same amount of money) and in a vertical sense (schools facing different circumstances should be financed differently). Before assessing the new system, it seems worthwhile describing how flawed the old system was.

121. The previous funding system, in which the actual numbers of staff positions determined the bulk of funding for the system, was inefficient since it encouraged schools and local governments to organize as many classes and employ as many staff as they could. Most problematically, with student numbers falling (as a result of demographics), local actors (whether school principals and local or county officials) had no financial incentive (whether positive or negative) to close schools: closing schools meant losing teachers which meant losing money. Not surprisingly, the old system resulted in smaller and smaller classes and student-teacher ratios and rising per student costs. In this respect, Romania looks very similar to the rest of Eastern Europe and Central Asia which all inherited the same way of financing education: student teacher ratios were similar to other regions at the beginning of the transitions but have since declined to the lowest in the world. And, despite the smaller classes (and higher costs), Romania’s performance on international tests were falling between 1995 and 2006.17

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17 On a positive note, the results of PISA 2009 suggest that quality improved between 2006 and 2009.
Figure 3: Student teacher ratios, primary education in regions around the world and in Romania

Source: EdStats Database, plus author’s linear interpolations for missing years.

Note: Actual data are marked with dots, squares, triangles, or “Xs.”

One of the problems with international data on student-teacher ratios (in both the World Bank’s EdStats database and other international education databases) is that it is unclear whether or not data for a particular country is reported on a full-time equivalent basis.

Moreover, the old system was non-transparent, leaving too much room for discretionary decision-making. For instance, all decision on how to allocate maintenance expenditure amongst schools within a locality was entirely in the hands of local councils and mayors or, in some instances, regional inspectors and they were made without transparency, and without formulas, leaving plenty of room for local actors to favor one school at the expense of others. To provide one example, more than 2 billion lei worth of capital investments were distributed through regional inspectorates during 2006-2008. According to the Ministry, these funds were distributed “according to needs” but the only trace of these funds which are publicly available outside of the MERYS is one aggregate budget line showing “Financing of the capital expenditures of pre-university educational establishments” (totaling 2.3 billion lei during 2007 and 2008). And, because a lot of these decisions were left in the hands of local authorities and individual inspectors, MERYS also did not have any ability to ensure equitable financing across the country.
Given all of this, not surprisingly, the old financing system did not result in an equitable distribution of funds, irrespective of how equity is defined. For instance, one dimension of an equitable distribution is that poorer counties – arguably, more in need of additional resources to raise learning outcomes – should receive more financing than richer counties (on a per student basis). The old system allowed for exactly the opposite to happen: poorer counties spent less on education than richer counties (see figures 2 and 3 below). As explained above, partly, this was due to the fact that mobilizing resources for most non-salary expenditures (including maintenance expenditures) was a local responsibility. Therefore, richer municipalities could spend more than poorer municipalities (resulting in the more aggregate county level picture shown in figures 2 and 3 below). However, even when focusing only on salary expenditure, the system looked inequitable: poorer localities spent less (on a per student salary cost-basis) than richer localities.\textsuperscript{18}

![Figure 4: Per student spending (2009) and share of poor population (each dot represents a county)](image1)

![Figure 5: Per student spending (2009) and income per capita (each dot represents a county)](image2)

Source: World Bank calculations based on education expenditure (2009) obtained from Ministry of Public Finance and poverty and GDP per capita data obtained from Bureau of Statistics

The old financing system also did not deliver in terms of another dimension of an equitable distribution, namely, whether schools facing similar circumstances (e.g. facing a similar student population and being located in a similar type of location) received the same amount of resources. In fact, there are numerous examples of very similar localities – measured along a range of different indicators – received substantially different amounts of resources on a per student basis.

\textsuperscript{18} All data and excel files used in the analysis of this report (including the one showing that even per student salary costs were distributed inequitably) will be made available to the government as part of this report.
To illustrate both the inefficiencies and the inequities of the old system, consider the following two municipalities – hand-picked from amongst the more than 3000 localities to provide an illustration of the problems of the old system: Drobeta-Turnu Severin in the county of Mehedinți and Suceava in the county of Suceava. These two municipalities are similar in a number of ways: they are roughly the same size in terms of population (about 100,000) and the same population density. Moreover, the education background of adults living in the two areas is roughly the same (in both areas, 87 percent of adults have an upper secondary degree or more education), and they have roughly the same proportion of Roma students and share of students eligible for the government’s “social scholarship”. While they are similar in a number of ways, the educational spending and results of the two municipalities vary widely, suggesting both large inefficiencies and inequities. The inequity is the fact that, despite facing roughly similar circumstances, Suceava spent 30 percent more (on a per student basis) than Drobeta-Turnu Severin in 2009. And the inefficiency is the fact that despite spending twice as much on a per student basis, eight graders Drobeta-Turnu Severin outperformed their peers in Suceava in 2009 (by 17 percent). One cannot help but wonder how much better students in Drobeta-Turnu Severin could do if only they had been provided with 30 percent more resources (to pay for even better teachers, or even better learning materials).

19 The number of students eligible for needs-based assistance is a proxy for the economic well-being of the cities which, in turn, is a proxy for the sophistication of the parental input provided to children.
Figure 6: Spending vs. results: similar localities spent very different amounts of money (on a per student basis) under the old financing system

The only dimension in which the old system was good was that it provided job security and stability. With money tied to the number of classes in the system, a school would only experience a very gradual squeeze of its resources as student numbers dropped. Why? Because class size norms were expressed in a range (with a maximum and minimum allowable class) which meant that student numbers would have to drop by more than 20 percent numbers (from 25 students per class to below 20) before a class would need to be closed. And even then, there seems to be widespread evidence that local authorities found ways to provide exemptions for classes to be formed below the law’s class size norms. In short, the old system protected jobs and schools but did a terrible job encouraging the provision of quality education for the limited resources that Romania has at its disposal.

The new funding system

The new funding system represents a major improvement on the old, as will be discussed below: it is more transparent, it provides more flexibility to schools to manage their resources, it is designed to encourage more efficient allocation of resources both within schools (i.e. to create larger classes) and within geographical locations (i.e. it will encourage school consolidation),
and, initial analysis, suggests that it improves the equity of financing. Table 2 summarizes the strengths and weaknesses of the old and new system.

128. However, the new system is not without drawbacks: cost standards need to be expanded to cover all recurrent costs of running a school (currently they only cover salaries), and more transparency and planning is needed: announcing the new costs standards a week before they come into effect (as was the case with the government decisions in both 2009 and, again, in 2010) is not best practice. In addition, principals and school boards will need training and support managing resources effectively. Romania has experience from higher education (where universities are financed on per student formulas) in how to gradually improve a formula over time. This experience now needs to be transferred into a vision for financing the pre-university sector.

Table 4: Summary of old and new financing system

<table>
<thead>
<tr>
<th></th>
<th>Old system</th>
<th>New system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equitable</td>
<td>Very bad</td>
<td>Promising</td>
</tr>
<tr>
<td>Transparent</td>
<td>Terrible</td>
<td>★</td>
</tr>
<tr>
<td>Incentives for efficiency</td>
<td>Terrible</td>
<td>★★★</td>
</tr>
<tr>
<td>Empower principal to take decisions</td>
<td>None</td>
<td>★★★</td>
</tr>
<tr>
<td>Protect teacher’s jobs and schools</td>
<td>★★★</td>
<td>No protection by formula</td>
</tr>
<tr>
<td>Risk that inequities widen because of incentives build into the financing system</td>
<td>None</td>
<td>Risk exists and will need to be mitigated</td>
</tr>
</tbody>
</table>

Source: Authors’ assessment

129. Although desirable and necessary, the move to per student financing is not without risks. With schools managing lump sum budgets out of which salary costs have to be financed, principals (with oversight by school boards) have to take the difficult decisions facing the Romanian education system: how to lay off an estimated 10–20 percent of excess staff (no longer needed before of much smaller student cohorts). Moreover, a unique feature of the Romanian school system is that each principal manages a small network of schools, with “satellite schools” or “structures” being subordinate to a principal in charge of the main school recognized as a legal entity. As figure 6 shows, while there are only around 7,000 legal entities left in Romania (with a principal in charge of each of them), these 7,000 principals manage a network of more than 21,000 buildings (with the difference being the “satellite schools”). This implies that, in the coming years, the further closing of schools will, essentially, be driven by principals having to close down their subordinate units, a process which involves consultations with communities and
parents, local authorities, and a process which involves thinking about transportation and further layoffs.

130. Another risk of the new financing system is the risk that schools start becoming even more selective in which students to select to enroll. This risk likely existed in the best schools in the old system but there is a risk that this behavior becomes more widespread if care is not taken to mitigate this risk. For instance, if “performance” (in the performance contracts) is not carefully taking into account that some students (and schools) need more support than others (and are, currently, at the lower performance level than others), principals will be less inclined to enroll weaker students (e.g. socio-economically weak, minority students etc). There are several ways to mitigate this risk, including making sure that performance is carefully defined (see below), and providing additional resources to schools (and students) that need additional support.

131. Yet another risk is that the “deviations” to the formula become accepted, thereby re-introducing discretionary decision making and removing the hard budget constraints (that are providing incentives to optimize). There is a risk that this will happen, given the many current examples in Romania (including in the education sector) of laws laying out the rules but actors in the system circumventing them (e.g. minimum class size norms). For this risk to be mitigated, the Ministry of Education and Finance have to be vigilant, insisting that the allocations specified in the formula are binding, with no room for discretionary decision-making.

132. Arguably, the biggest change from the old to the new funding scheme may be that principals have, in effect, been made in charge of rationalizing the school network and laying off excess teachers and non-teaching staff. Having access to information on the ground, principals may be well placed to take these difficult decisions but, undoubtedly, it will distract them from providing pedagogical leadership.

133. Moreover, given how oversized the system was before the current reforms, there is a very real risk that stakeholders will attribute the pain the system needs to go through with the introduction of a bad financing system, and ask for the old (flawed) system to be re-introduced.

134. Another risk to this empowerment of schools is a fiscal risk, stemming from an increase in the number of legal actions taken against schools (with teachers being well-represented by teachers’ unions’ lawyers and schools having to fend for themselves). This danger of this lopsided power relationship was already visible in 2009 when a number of schools lost lawsuits brought on by teachers who challenged the government-imposed delay of parliament-approved wage increase. With schools the employer of teachers, teachers’ unions brought lawsuits against schools who had no or few resources to defend themselves in court.

135. The final risk worth highlighting is that the initial formula which was used in 2010 (and will continue in 2011) is a very simple one that provides no flexibility for local authorities to reallocate resources between schools with different needs. In particular, the cost standards
differentiate between urban and rural schools and schools by the level of education they provided but two rural gymnasiums are supposed to make do with the same amount of money, irrespective of important differences that may affect either the cost of providing education in the two locations, or the types of students that attend the schools. And given that there are 2,860 rural gymnasium (registered as legal entities), with high likelihood they are not all alike. For instance, one gymnasium may be smaller (and, as a result, tend to have smaller average class size) due to being located in a slightly more remote rural area than the other school. Or, one school may have more socio-economically disadvantaged children in need of more intensive support. In short, while the beauty of the current formula is its simplicity and transparency, it risks creating inequities between schools – within of the same type and in the same locality (urban or rural) – but with very different needs.

136. One way to mitigate the risk that the new financing system creates inequities is to introduce cost standards that vary – not by type of school but – by type of student enrolled. For instance, in the Netherlands, schools receive different per student amount based on the educational background of students’ parents (i.e. students that have parents with university degrees receive less resources than students with parents with only a basic education).

137. Other examples of financial aid provided by the state to schools with students from disadvantaged family backgrounds are common in Europe. In Belgium, additional funding is awarded to schools with at least 10 percent of students with social or cultural problems. Upper secondary schools receive extra resources if more than 25 percent of the students are disadvantaged. In Great Britain, the “Educational Priority Areas” and the “Excellence in Cities” programs are also targeted to needy schools. Additional resources can also be supplied in kind, like additional teachers or auxiliary staff, equipment and materials. In France, additional school staff is provided in zones of priority education. In Ireland, schools seek extra resources through the program “Giving Children an Even Break”.

What results can already be attributed to the new financing system?

138. In Romania (as in most places), the initial formula (employed in 2010) was a simple one: the amounts of money allocated to a school was only meant to cover salaries expenses (while local authorities were expected to continue to pay for supplies, maintenance etc) and was determined mainly by the number of students at the school, with coefficients to adjust for the type of students enrolled in the school. Annex 9 provides the technical details on how the flows of funds under the new scheme will differ from the past, how the cost standards were calculated, and what they were in 2009.

139. Overnight, the financing system became more transparent and non-discretionary: cost standards were published in a government decision, allowing every stakeholder in the system to calculate to how much each school was entitled. The first standards were announced on 137. December 23, 2009 and referred only to the salary cost of school’s expenditure (with all other
costs being determined the old way). These cost standards became the basis for how much money each județ received starting January 1, 2010 and were “ear-marked” in the following sense: județs had to pass those exact “lump-sum” amounts (calculated by multiplying the cost standards with student numbers) onwards to local authorities who, in turn, had to pass these same amounts (without adjustments) onward to schools. In short, starting January 1, 2010, principals knew exactly how much money they would receive (for salary expenditure) from the state (although the money was routed via counties and local authorities).

140. The standards were based on MERYS calculations of the current annual cost of providing teaching and non-teaching staff per student and take account of differences in costs for students according to level of education, type of secondary school, location, and minority language (see annex 1 for more details). In the first government decision, the costs differed by 15 types of schools (e.g. one amount for regular kindergartens and another amount for extended hours of kindergarten etc) with higher amounts allowed for rural children (for each of these 15 categories). Moreover, higher cost amounts were provided for education provided to minorities. These 15 categories of schools were expanded by another seven in April of 2010 (e.g. to include higher amounts for students attending music schools). Table 1 lists the evolution in the most important cost standards (i.e. the standards that apply to the vast majority of students). As can be seen, the standards were reduced by more than 20 percent between 2010 and 2011, reflecting the 25 percent nominal wage cut imposed on all teaching staff.

Table 5: Evolution in per student cost standards (to cover salary expenditures) for main categories of students

<table>
<thead>
<tr>
<th></th>
<th>23-Dec-09</th>
<th></th>
<th>14-Apr-10</th>
<th></th>
<th>28-Dec-10</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Urban</td>
<td>Rural</td>
<td>Urban</td>
<td>Rural</td>
<td>Urban</td>
<td>Rural</td>
</tr>
<tr>
<td>Pre-primary</td>
<td>1,895</td>
<td>2,071</td>
<td>1,895</td>
<td>2,071</td>
<td>1,478</td>
<td>1,617</td>
</tr>
<tr>
<td>Primary</td>
<td>2,180</td>
<td>2,597</td>
<td>2,180</td>
<td>2,597</td>
<td>1,701</td>
<td>2,027</td>
</tr>
<tr>
<td>Lower secondary:</td>
<td>2,857</td>
<td>3,494</td>
<td>2,857</td>
<td>3,494</td>
<td>2,230</td>
<td>2,727</td>
</tr>
<tr>
<td>gymnasiu</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper secondary:</td>
<td>2,713</td>
<td>2,713</td>
<td>2,713</td>
<td>2,713</td>
<td>2,119</td>
<td>2,119</td>
</tr>
<tr>
<td>general education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper secondary:</td>
<td>2,953</td>
<td>2,952</td>
<td>2,953</td>
<td>2,952</td>
<td>2,306</td>
<td>2,306</td>
</tr>
<tr>
<td>technical and vocational</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Government decisions

141. With these new cost standards announced and lump sum allocations being distributed based on the number of students, the incentives for more efficient management of resources were embedded in the way resources was distributed: by tying money to the number of student enrolled, not teachers employed – local actors have every incentives to increase class sizes and consolidate schools since, doing so, meant keeping the savings (because they were now tied to
students, not teachers). And with cost standards set low relative to actual costs (i.e. relative to the staff employed in the sector and prevailing salaries) in both 2010 and 2011, local actors were, in fact, forced to downsize to live within the amounts of resources distributed.

142. There are clear signs that the new formula has already encouraged school optimization which, in turn, will lay the foundation for resources being allocated more efficiently in the future. Most importantly, the number of school closures quadrupled in the summer of 2010 compared to the previous summer, as local authorities scrambled to undertake measures to fit within the allocations they were given in 2010 (see figures 5 and 6). As will be discussed elsewhere, the magnitude of the changes to the system has revealed huge information gaps – stemming from a host of problems, from databases that are not populated to a lack of skills to analyze data. One example of this problem is the wide range of estimates of school closures. The figures below are based on a survey of inspectorates where each inspectorate was asked to provide the number of institutions located within the county during the past 5 years. The data in the graph is showing the difference between two years (i.e. a closure is defined as a change in the number of institutions reported by the inspector). However, other data – reportedly also obtained from surveying inspectorates – show that the number of school closures during the summer of 2010 was “only” 900.

143. Irrespective of the uncertainties regarding the number of school closures, what is clear is that the reported number of closures (whether it is 900 or 1500) only captures part of the story: in addition to the physical closures of school buildings a large number (approximately [700]) of schools were re-organized: for instance, schools teaching grades 1-8 were transferred into schools teaching only grades 1-4 (i.e. in effect, the lower secondary part of the school was shut down). This, in turn, resulted in an increase in student-teacher ratios from 12.6 (across all types of schools) in 2008/09 to 13.7 in 2010/11 (one of the first increases in more than 20 years).
There are also signs that the new formula has led to a more equitable allocation of resources. The conclusions on this front are tentative because the team has been unable to obtain the necessary detailed data on actual expenditures and student numbers for 2010 to undertake such analysis. However, using estimates of county level allocations (using the per student cost standards), it appears as if the relatively poorer counties have been cushioned in the shift from the old to the new system. That is, figure 8 shows that almost all counties experienced a decline in allocations (between 2009 and 2010) but the decline was relatively smaller in many of the poorer counties.
145. One important weakness of the new financing system relates to its predictability and transparency. On the one hand, the new financing system is both transparent and predictable because cost standards are published in a government decision, and the discretionary element of the allocation of financing has been eliminated. On the other hand, the new system provides for very little predictability because the new standards are announced in the middle of the school year (i.e. at the turn of the fiscal year) and, for two years in a row, one week before the start of the new fiscal year. To allow school principals to plan ahead, cost standards need to be announced well in advance and ideally an announcement for the coming three years should be made (with amounts consistent with the sector Medium Term Expenditure Framework). Moreover, the principles behind making annual changes need to be clearly specified (e.g. it needs to be clearly communicated how salary increases negotiated centrally with teachers’ unions will be reflected in changes to the cost standards).

146. In addition, transparency is not only about making the cost standards publicly available. For schools to be able to compare their level of funding with similar schools, they need access to school-level expenditure data. Similarly, for civil society and researchers to be able to assess this system and provide feedback on its strengths and weaknesses, a lot more data (on student

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**Figure 9: Difference between 2009 actual spending and 2010 allocation (using per student formula) and poverty rates (World Bank estimates)**

Source: World Bank estimates
numbers and on school level expenditure) need to be made readily available. What matters in this area is not only whether the data can be found, but also whether they are made available in a format that allows researchers an opportunity to assess the system.

147. When it comes to the amount of data available to the public, the education system seems very secretive from the outside, especially when it comes to expenditure data. The analysis in this review would have been impossible if the team had not had the excellent cooperation it had with the head of the budget directory, MFP treasury department, and contact at the company that maintains the education system’s database on student numbers. For other researchers and civil society to help monitor the system, this review proposes that the Ministry adopts an “open data” approach to the wealth of data it collects: MERYS need to move from a culture of releasing information in response to requests to aggressively making data available, including detailed expenditure data of every school. Suggestions related to addressing the information gaps facing this sector is made separately in a section below.

148. Moving forward, it is important to recognize that what may seem like technical modalities of the financing system have important implications in terms of the roles assigned to actors and the accountability system which are in place. Consider the following two examples: first, if MERYS mandates that the cost standards it issues be used to finance all schools – which is currently the case – it takes away an important policy instrument for local authorities: basically, local authorities cannot influence the financing of schools. And because they are not influencing the financing of the schools in their locality, they also do not have a financial incentive to try to optimize the number of schools in the locality. Second, if MERYS announces separate (and much higher) cost standards for, say, music schools or vocational high schools, then MERYS is, in effect, discouraging any local discussions about the appropriate mix of general education vs. more expensive types of education. Why? If MERYS agrees to allocate higher cost standards for music schools or technical high schools, a local authority would have no incentive to re-consider whether those higher costs are well spent. By contrast, if a local authority was receiving the lump sum for education and had to allocate the scarce resources to its schools, it may encourage more local discussion about the merits of supporting high cost special schools vs. increasing support to some of the struggling general education schools.

149. The issue of financing vocational high schools with separate (and higher) cost standards than general education high schools and directly (as opposed to via local authorities) is an important issue that needs further reflection. The reason this issue is particularly important in Romania’s case is that Romania has one of the largest proportion of upper secondary students enrolled in vocational schools in the region (and in the world). As figure 11 shows, only

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20 This is not entirely true because in both 2010 and 2011 the cost standards cover only salary expenditures, leaving decisions about maintenance costs still in the hands of local authorities. However, the law specifies – and the World Bank support this – that the cost standards will cover all recurrent expenses.
Slovakia, the Czech Republic and Croatia had a bigger proportion of its upper secondary students enrolled in vocational schools amongst the new EU member states (in 2007). Having vocational content as part of the curriculum can be an important component in helping students make the transition from school to work (and meeting a employers’ need for skills) but having “vocational content” in the curriculum need not imply having student enrolled in a parallel system of vocational schools.

150. The questions that need further reflection are the following: does it make sense that the local authorities have no financial incentive to reconsider the mix between vocational vs. general education schools? In effect, in the current funding formula MERSYS is agreeing to the current mix of vocational vs. general secondary in the counties, which varies widely (as figure 10 below shows): some counties have more than 60 percent of their upper secondary students enrolled in the relatively more expensive vocational schools while others have significantly fewer. Is this fair, sensible, consistent with the other moves toward greater local decision making? Are local authorities empowered to think creatively about whether they have the right schools to meet their (and Romania’s) need for skills? And is it sensible from an educational perspective: most countries are moving away from the old dichotomized world of vocational vs. general educational schools towards schools that offer both. It is the opinion of this review that this is an issue that needs to be re-designed as the funding formula evolves.

**Figure 10: Share of upper secondary students in general secondary high schools, vocational high schools and music high schools, by county**

Source: MERSYS excel files for 2010 used to calculate per student allocations
Note: Average is the country-wide average, not the average of the individual counties
There are no correct answers to how to design financing systems – only principles and pitfalls to avoid but the important thing to remember is that many of technical modalities are not matters to be decided only by accountants and economists.

Figure 11: Global Comparison of Average Vocational Enrollment of Upper Secondary Students by Region, 1989, 1999, and 2007 (percent)

Note: Percentages represent averages for those countries for which data was available.
What remains to be done?

1) Council for Pre-university education (mentioned in the new education law) will need to be established and staffed. This new team could benefit from being housed together with the Council for financing higher education where staff have more than 10 years of experience designing formulas and simulating the impact of different proposals.

2) Link the financing modalities to the ongoing efforts to strengthen accountability for results, and ensure that the modalities are consistent with the roles assigned to the various actors. On linking financing to performance,

- Develop a three-year plan for gradually turning the “performance contract” (Article 106) between institutions and the mayor of a locality into a contract where performance is measured as improvements in learning outcomes (as measured by standardized tests) and where performing (or failure to perform) has financial implications.
  - For vocational schools, develop contracts that focus on both employability (measured using tracer studies) as well as learning outcomes.
- Introduce the “quality indicators” approach currently employed to finance higher education to encourage certain institutional developments in schools. For instance, provide additional financing to schools that have well-functioning school boards.
3) Expand cost standards to include full recurrent cost of providing education (to ensure that similar school receives similar amounts of financing).

4) Change financing modalities to create a bigger role for local authorities. There are different options for doing this, including:
   - Transfer per student financing (lump sum grant) to local authorities and have them develop formula-based distribution mechanisms to finance the schools located within their territory (i.e. the model introduced in Bulgaria in 2006).
   - Introduce different modalities to finance different types of spending. For instance, use existing modality (per student cost standard disbursed directly to schools) to finance all recurrent costs and introduce another modality to finance “policy initiatives” (e.g. to support school consolidation, to address inequities in education, to encourage excellence etc) and disburse the “policy initiative” funds to local authorities and have them decide on how to allocate these resources.

5) Improve predictability and transparency of new financing system
   - Three year cost standards proposed and consistent with medium-term expenditure framework (e.g. consistent with overall fiscal and macro policy). For such announcement to be credible, it needs to specify what mechanisms would be used to upward or downward adjust the standards.
   - Open data approach to wealth of data is needed (on test scores, school characteristics, and expenditure) for stakeholders (whether schools, civil society, or researcher) to be able to assess the system’s performance, and help identify its strengths and weaknesses. Currently, the system is a black box to outsiders. If you want outsider’s help to analyze system and provide policy recommendations, MERYS need to be proactive in making data available. And not just aggregate data; detailed, school level data should be readily available.

6) Improve the communication and consultation process
   - Create a pamphlet that explains in simple terms the underlying logic of the new financing system and what it is intended to achieve (a similar pamphlet has been created to describe the new law’s implications for students).
   - Commission an evaluation of the large wave of school closures to assess two things: the impact on drop outs and the impact on quality of those students moved from closed down schools to nearby schools.
   - Commission papers that analyze the old vs. new funding scheme to encourage discussion about education financing.
VI. How prepared are the various players for decentralization?

A. Introductory Comments

152. Because there are significant changes in the work of key players, full implementation of decentralization requires strong leadership both at the national level and at the local one. Changes take place not only in the nature of work carried out by these players, but also in their work load. The changes in the nature of work impact, in turn, the skills and competencies needed by the role players, as well as the types of information needed by them. The changes in work load may lead to changes in staffing requirements. The effect of work load is dependent, however, on two additional factors: if people were under-utilized prior to decentralization, or if the change in the nature of work eliminates some of the work they used to do, then work load need not necessarily increase. Only some retraining may be needed. Leadership, work load, the availability of the right skills as well as the right type of information, are then the factors that determine if the various players are ready for decentralization. Each of them represents also an area of risk. The success of decentralization depends on the readiness for decentralization; this means also having all the secondary legislation that adds specificity to the framework education law. The following sections deal with these matters.

B. On the Need for Strong Leadership

153. The team dealt with leadership first. Two very important tasks of leadership are to provide direction for action and to articulate the direction continually. Visions, missions and strategies are the tools leaders use to provide direction. As the lead agency in the sector, it is the Ministry’s job to develop the vision, mission and strategies of the sector. The Ministry has done so and the new education law reflects the direction very well. It is important to note, however, that this is not proof that the Ministry is well prepared to continue to lead decentralization in the sector. The success of designing and passing the law has been very much due to the leadership of the Minister who, indeed, pushed the decentralization agenda through school based management. He was able, with the help of a few people, to provide the direction and articulate it well at the national level. But the implementation of decentralization requires intense articulation of its rationale and clarification of its various provisions at the local level. For this there is a need for second-tier leadership one level below the Minister. Except for very few people who could carry out the role of leadership, but are currently extremely overloaded with operational work, there is no cadre of leaders in the Ministry.

154. The results of this situation can be seen in the data collected from the inspectorates. Two questions in the questionnaire given to them were to write down their missions and to state their three most important priorities for action. Thirty two (32) inspectorates provided mission statements. An analysis of these statements suggests that they were not guided by the Ministry. 155. Although one could find some common themes among them the variance among the
statements is large. The same is true of the statements of priorities. Eight (8) different priorities were given by the 33 inspectorates as priority No. 1, 19 were given as priority No. 2 and 11 were given as priority 3. Altogether, 27 different areas were given as priority. No priority was shared by all inspectorates. The most widely shared priorities were to improve quality (shared by two thirds of the inspectorates and expressed also by many of the mission statements) and to implement decentralization (shared by one half). If we add “to implement the new education law” to “decentralization”, we still have only 23 of the 33 inspectorates. ‘To reorganize the school network’, an item that is on the top of the Ministry’s priority list was mentioned only by one inspectorate as a second priority.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Number who ranked it as</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Priority 1</td>
<td>Priority 2</td>
</tr>
<tr>
<td>Improve quality</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Implement Decentralization</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>HR Development</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Improve Equity</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Improve Efficiency</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Implement the New Education Law</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Implement Curricular Reform</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Access Structural Funds to address fundamental problems</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

The variance among the mission statements and the variance among the priorities are big. But for a few exceptions, the differences among the missions and priorities cannot be explained by differences in some basic conditions in the different counties.

157. There are several possible explanations of this situation. One is that the county inspectorates did not receive sufficient direction from the Ministry, a distinct possibility given how preoccupied the Ministry has been on passing the new law. Another explanation is that no “performance contracts” stating what the priorities are – what outputs they are supposed to deliver and toward the achievement of what shared objectives are not yet in place between the Ministry and the Inspectorates. In their absence, it is perhaps to be expected that different inspectorates will formulate different missions and priorities. One conclusion reached by the team is that the need for articulation of direction is now very strong, but the capacity of the Ministry to articulate it is rather weak. There are different ways to remedy this problem. One way is for the Ministry to appoint a full-time dedicated, decentralization manager at head office, whose job will be, among others, to ensure the commonality and full understanding of the vision/mission/priorities of the Ministry. This person would, then, be in charge of developing a common, generic vision/mission statement including a list of, say, 3-year list of common
priorities for action for use by the inspectorates as a model. Inspectorates can then add to the model some county-specific missions and priorities. Another way is to start using a “performance management” approach to guide the work of the inspectorates. There are numerous examples of moving in this direction (both within the education sector and from other sectors) in other countries. Moving in this direction would involve agreeing on outputs (not just roles and tasks) and outcomes.

158. The importance of providing clear, continual direction for action is accentuated by the fact that Inspectors General are not only followers of the Ministry. They are leader in their own inspectorates and one of their roles is also to help the schools develop school leadership. An analysis of the responses to the questions on mission and priorities suggests that leadership training, with a focus on how to develop visions and missions, and how to set priorities and strategize, could be of much benefit. The team recommends providing leadership training to senior inspectorate staff.

C. The Inspectorate and Decentralization: Role-Related Issues, Work Load and Work Practices

159. Reform is not just about how we deliver services, but also about what services we deliver. There is little sense in changing the ways a service is delivered if the service is not needed or not designed well in the first place. One central message of this report is that the role of the inspectorate needs to be redesigned, among others but not only, because of the push for decentralization. Another central message, linked to this, is that the way the inspectorate is delivering its services needs to be greatly improved. These two messages will be discussed in detail in the following paragraphs.

a. Role-Related Issues

160. As indicated in chapter III on The Ministry’s Decentralization Plan, the inspectorate has five functions: implementation, control, monitoring, support and intermediation. Each inspectorate has a pool of inspectors and the inspectors perform these functions through six types of activities:
i. *Thematic inspections during which they monitor enrolment, attendance and all conditions in the schools including compliance with required practices, norms and methodologies*

ii. *Specialty inspections during which inspectors visit the schools to provide individual teachers, or groups of teachers, pedagogical and professional help*

iii. *Specialty inspections during which inspectors visit the schools to provide principals administrative and managerial advice and support*

iv. *Special inspections during which inspectors visit the schools to test debutants who apply for definitivat, holders of definitivat applying for Grade 2 and (c) holders of Grade 2 applying for Grade 1*

v. *Providing/reporting regular, monitored information to the Ministry*

vi. *Responding to ad-hoc requests for information coming from the Ministry*

161. Each of these types of activities may be regarded as a service that the inspectorate is delivering to a client. The inspectorates are serving two clients: the schools and the Ministry. The services they deliver to the schools are (b) and (c), which may be referred to as ‘support services’. The services they deliver to the Ministry are (a), (d), (e) and (f), in which they implement activities, monitor, control and also report them.

162. From an organizational point of view, the combination of monitoring and support is always problematic and organizationally not healthy. It is a great challenge for the same person – the inspector – dealing with the same client – the teacher, or the principal – to carry out both the monitoring and reporting tasks (which represent the ‘policeman role’) and the guidance and advice tasks (which represent the pedagogical and administrative support role). To be effective, support roles require a relationship of trust: on one hand willingness on the part of the person being advised to raise issues, to ask questions that will expose his weaknesses, without fear, and on the other willingness on the part of the adviser not to report such weaknesses to others. Can a teacher have a trusting relationship today with a pedagogical adviser who is going to test him for the definitivat tomorrow? Even just the title of the role and of the persons who is carrying it out – ‘inspectorate’ and ‘inspector’ respectively, suggest that the person’s job is first and foremost to monitor and control – not to help.

163. The allocation of inspectorate time to its too different clients – the Ministry and the schools – is very much in favor of the Ministry, and the allocation of time to the different types of services is very much in favor of monitoring, control and reporting. One of the questions in the questionnaire focused on the time dedicated by the inspectorates to the six types of activities Though the answers are estimates, they provide a picture that is most probably close enough to reality since they were made by the inspectors general. As can be seen in the chart below, based on these estimates, 18.2% of the inspectorate’s time is devoted to pedagogical support to teachers
and 13.7% of the time is devoted to administrative support to school principals – together 31.9%. Some 41.9% of the time is devoted to monitoring, controlling, and reporting to the Ministry, doing ad-hoc work for it and other work.

**Figure 13: Allocation of inspectorates’ time**

![Pie chart showing allocation of inspectorates' time]

164. The review team believes that this represents a large imbalance between the services the inspectorates provide to the Ministry and the services they provide to the schools. It is also going to be very inadequate with respect to the administrative support to the school now that decentralization is shifting much more responsibility to the schools and is treating the shift very seriously. Much more support will be required from the inspectorate to the school boards and the principals. In most of the interviews conducted by the team the inspectors general and the inspectors were actually uncomfortable with the imbalance. The inspectors in particular were rather reluctant to be seen as “mini-ARACIP”, or monitors and controllers. All of them said that their Number One role is to serve the schools. All are experienced, dedicated teachers who joined the inspectorate “to serve the schools and the teachers and not, as one of them said, “to fill forms on compliance with Ministry rules and regulations.”

165. This allocation of the inspectorate time has financial implications too. The team has made a rough calculation of the cost of each type of activity to the Ministry by calculating first the total inspectorate salary bill and then dividing it into seven sums in proportions equal to those in the table above. The cost of each type of activity can be seen in the chart below:
166. Support to the schools includes pedagogical support to the teachers as well as managerial and administrative support to the principals and is the biggest item. But if all the non-support items are added together, they far exceed the support: the Ministry is spending 30.6 million Lei per annum on supporting the schools and more than twice – 65.8 million Lei – on other activities. Once decentralization takes hold, it may be possible that the amount of work the inspectorates do in responding to requests from the Ministry will go down, but as indicated elsewhere, whether or not this happens will depend much on the methodologies developed by the Ministry, which will hopefully not result in re-increasing the traffic of requests and responses between the Ministry and the inspectorates.

167. A further point, which supports the team’s recommendation to increase the strength and effectiveness of second-tier leadership in the Ministry, may be made here. This has to do with the need of the inspectorates to be better directed in setting their priorities for action. As can be seen in the chart below, the variance in the amount of time given to each type of activity among the inspectorates is great: Maramures devotes 65 percent of its time to school support, while Salaj devotes 5 percent; Teleorman spends 60 percent of its time on monitoring and checking compliance, while Alba and Satu Mare spend less than 5 percent. This suggests that the Ministry does not prioritize time allocation and is not providing direction on priorities in this regard to the inspectorates.
Figure 15: Variance in the amount of time given to each type of activity

Yet another issue with respect to what the inspectors do arises when one observes that 19.2% of the time available to the inspectorates is devoted to the clearing of debutant teachers for the Definitivat examinations, the holders of the Definitivat for Grades 2 and the holders of Grade 2 to Grade 1. This is a very large part of the inspectorate’s overall job as can be seen in the table below.

Table 6: Number of Debutants and tenured Teachers Tested and Cleared for “Definitivat” and Promotion Examinations

<table>
<thead>
<tr>
<th></th>
<th>2007/8</th>
<th>2008/9</th>
<th>2009/10</th>
<th>3-Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>R</td>
<td>A</td>
<td>R</td>
</tr>
<tr>
<td>Debutants for Definitivat</td>
<td>9639</td>
<td>8205</td>
<td>9561</td>
<td>8392</td>
</tr>
<tr>
<td>Definitivat for Grade 2</td>
<td>8245</td>
<td>7064</td>
<td>9240</td>
<td>7961</td>
</tr>
<tr>
<td>Grade 2 for Grade 1</td>
<td>6105</td>
<td>5249</td>
<td>6026</td>
<td>5342</td>
</tr>
<tr>
<td>Total</td>
<td>23989</td>
<td>20518</td>
<td>24827</td>
<td>21695</td>
</tr>
</tbody>
</table>

*Applied; **Received
169. In the years 2007/8, 2008/9 and 2009/10 the numbers of teachers who had to be cleared by the inspectorate were 23989, 24827 and 27449 respectively. All together, 76265 teachers requested clearance – at least 76265 special inspection visits were devoted to them.

170. The team doubts that there is need for such clearance in the first place. It believes that even if there is a need, placing this function in the inspectorate is dysfunctional in the sense that it takes it even further away from the support role and accentuates even more its monitoring role. The team’s position is explained below. When the team asked Ministry officials, inspectors general and inspectors why is it necessary for the inspectorate to test debutants who want to sit for the “definitivat” examination at university, the answer was that the universities focus on theoretical training and do not provide practical training. Practical experience is acquired by the teachers when they start teaching regularly at the schools. Therefore, somebody in the field, in the schools, must confirm that they have acquired the practical experience needed to get tenure. If the confirmation need is concerning practical experience, why do the teachers then go on to sit at an examination at university, where nobody has been delivering or supervising practical training and nobody can test for practical experience? The same is true for promotion to Grade 2 and Grade 1. Promotion too is meant to be based not on the acquisition of further theoretical knowledge, but on excellence in teaching - in the delivery of theoretical material, in which, again, the universities are not in a position to pass judgment since they don’t go to the schools.

171. The team does believe that to get tenure and even to get promoted, teachers need to pass a test, but it believes further that there is need to review and re-design the test. It need not be an isolated, single event, but rather a series of formal and informal observations during the two year probation period, conducted by the principals and helped, if necessary by the inspectors. If a formal test is considered necessary, why not require the universities to take care not only of the theoretical preparation of teachers, but also of their practical preparation. Let the universities produce one fully-baked product rather than half a product. This will require changes in the way teacher training is conducted in Romania today, but it is a change worth considering. The benefit will be (a) an improvement in the design of the inspectorate’s role, (b) a reduction in its work load, which as will be discussed below seems to be too high, allowing it to devote more time to its support role, and (c) improve the teaching of the theoretical component of teacher training at university. The last benefit deserve special attention: at the moment, the universities are focusing on the purely theoretical. They teach aspiring teachers Mathematics and not how to teach mathematics. A disconnect between them and the schools makes it impossible for them to acquire knowledge and experience, to build up research interest in the art or science of teaching mathematics. All this will change if the universities agree to produce the ‘full teacher’. Clearly, many more issues which cannot be dealt with in this report are involved in this topic. The team recommends strongly that the Ministry conduct an in-depth study on the pros and cons of this potential move and, if a decision is reached to make the move, say within 5 years, develop an operational plan for it and start implementing it.
b. **Delivery Issues**

172. Delivery issues relate to organizational structure of the inspectorates, their work load and the incentives that exist in them to perform well.

**Organization structure**

173. There is a close relationship between structures and functions. Structures are optimal when they support functions; in other words, when they make it easier to carry out the functions. In this sense, the organization structure of the inspectorates does not provide optimal support to its functions. All inspectorates have a simple organization structure consisting of an Inspector General, a Deputy Inspector General and three departments: a Department for Curriculum and Quality Assurance, a Department for Decentralization, Institutional Management and Human Resources Development and Department of Administration. These do not correspond at least to the four key, clearly distinct, functional areas in the inspectorate’s role: monitoring & control, pedagogical/managerial support, testing of teachers for tenure and promotion and implementation (all the rest). All of the inspectors in the Department of Curriculum and Quality Assurance are involved in all of the functional areas. There are no full-time, dedicated managers for each of the departments and there is no leader/manager that is focusing on a given functional area and has the mission to improve the efficiency and effectiveness of the area. All of the staff are inspectors and all of the inspectors are involved in monitoring, control, reporting, support, testing and implementation. The team believes that this structure can be improved. Of particular importance is the need to dedicate the inspectors providing pedagogical and managerial support to the function of support and to insulate them from the function of monitoring and control.

**Work Load**

174. The work load of the inspectorates may be too heavy relative to its human and financial resources. It is necessary to lighten and streamline it, as a first option, or to increase the human and financial resources given to the inspectorate. The team is using the word ‘may’ twice advisedly, because the situation is not totally clear. The question of work load was discussed in all of the interviews with Inspectors General and inspectors, and most stated verbally that their work load is (a) heavier than it used to be and (b) greater than their current capacity. In the questionnaire, the inspectorates were asked whether their work has increased, decreased or stayed the same in the last 5 years. Perhaps not surprisingly, all 36 inspectorates who responded said ‘Yes’ in line with what the team heard in the interviews. They were asked also by what

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21 Needless to say, one needs to take these answers with a grain of salt. Perhaps it is not surprising that, in the midst of a crisis where deep public sector cuts were taking place everywhere, inspectors reported (to a World Bank team undertaking a functional review of their sector) that they were overworked and needed more (not fewer) staff. Still,
percentage the work has increased and the answers ranged from 15 to 100, averaging at 44%. They reported that pedagogical support to teachers increased by 34%, administrative and managerial support to principals increased by 39%, and administrative work requested by the Ministry increased by 36%.

175. During the same five-year period, while the amount of work increased, the total number of staff positions and staff in the inspectorates has decreased as can be seen in the table below. The total number of staff went down from 1978 in 2006/7 to 1615 in 2010/11 and the total number of inspectors went down from 1166 to 986. The resulting ratio of teachers to inspector went up from 214 to 220, increasing the number of pedagogical inspection visits to be carried out and loading every inspector with more pedagogical support work. While this work load increased, the number of staff whose job is to support the inspectors has decreased by 26%. At the same time, however, the number of schools was roughly stable (at around 6.5) for every inspector.

Table 7: Total number of staff positions in inspectorates

<table>
<thead>
<tr>
<th></th>
<th>2006/7</th>
<th>2010/11</th>
<th>% Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total No. Positions</td>
<td>1931</td>
<td>1525</td>
<td>21</td>
</tr>
<tr>
<td>Total No. Staff</td>
<td>1978</td>
<td>1615</td>
<td>18</td>
</tr>
<tr>
<td>Total No. Inspector Positions</td>
<td>1166</td>
<td>986</td>
<td>15</td>
</tr>
<tr>
<td>Total No. Inspectors</td>
<td>1230</td>
<td>1061</td>
<td>14</td>
</tr>
<tr>
<td>Total No. of Support Staff</td>
<td>748</td>
<td>554</td>
<td>26</td>
</tr>
<tr>
<td>Ratio Teachers/Inspector</td>
<td>214</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td>Ratio Schools (legal entities)/Inspector</td>
<td>6.5</td>
<td>6.6</td>
<td></td>
</tr>
<tr>
<td>Ratio</td>
<td>2809</td>
<td>3016</td>
<td></td>
</tr>
</tbody>
</table>

the reported increase in work load is significant (44%) and consistent with the impression the team got from taking to MERYS staff.
176. Another question in the questionnaire was whether “generally speaking, the Inspectorate is able to carry out all of the work given to it within the timeframe required?” This question was answered by all 42 inspectors general and, surprisingly, 37 of them said ‘Yes’. They said so despite the fact that their work load has increased by an average of 44%.

177. The team suspects that the answers to one of the two questions were not reliable: either the inspectorates were significantly underutilized before the increase in their workload, or the work load did not increase that much. It could also be that the inspectors general were reluctant to admit that the work cannot be fully done. But the answers to the next question made it clear that the work load did increase. The question was ‘how many school visits were conducted by the inspectorate in the last three years’ and, as can be seen in the table below, the numbers reflect an overall increase of 5.9% and increases of 7.2%, 12.3% and 19.9% respectively in subject-based visits, special visits (clearing teachers for definitivat and Grade 2 and 1) and combined visits.

Table 8: The No. of School Visits Conducted by Inspectors in the Years 2007/8 to 2009/10

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>RODIS</td>
<td>2799</td>
<td>2864</td>
<td>2550</td>
<td>-9</td>
</tr>
<tr>
<td>Thematic</td>
<td>14336</td>
<td>13406</td>
<td>14136</td>
<td>-1</td>
</tr>
<tr>
<td>Subject-Based</td>
<td>22008</td>
<td>20901</td>
<td>23603</td>
<td>7.2</td>
</tr>
<tr>
<td>Special</td>
<td>30195</td>
<td>31631</td>
<td>33915</td>
<td>12.3</td>
</tr>
<tr>
<td>Combined</td>
<td>4309</td>
<td>4295</td>
<td>5167</td>
<td>19.9</td>
</tr>
<tr>
<td>Total</td>
<td>70040</td>
<td>68848</td>
<td>74205</td>
<td>5.9</td>
</tr>
</tbody>
</table>
178. If the work load went up while the number of inspectors and support staff went down, and if 88% of the inspectorates maintain that they are coping with the work load nevertheless, then three possibilities can explain the situation: either the inspectors and their support staff were under-utilized in previous years, or the inspectors managed to significantly increase their efficiency, or the quality of the inspections suffered. The review team did not attempt to determine which of these possibilities did indeed happen.

179. Finally, the team heard a number of comments on the content and methodology of each type of inspection which suggest that both can be improved. Of particular importance were comments relating to the RODIS inspections which are carried out by ARACIP. These may be divided into two categories: (a) comments suggesting that there is a level of overlap between some elements of RODIS and the inspections carried out routinely by the inspectorates and (b) comments that RODIS inspections were too elaborate and time consuming, requiring everybody in the inspectorate to lay aside what they are doing and join the RODIS team for much too long a time. The team had no time to delve deeply into this matter, but only to form an impression that there is much scope for improving the design, conduct and effectiveness of all of the types of inspection visits. The team enquired whether the Ministry has ever conducted a thorough assessment of the contribution of the various types of inspection to the quality of instruction in the schools, or to the management of the schools’ network at local and national levels. The answer was negative. Equally, the team asked each of the inspectorates that it visited whether it has ever conducted a client survey, or a ‘beneficiary assessment’ to find out from the schools how well it is doing in serving them. Here too the answer was negative. The team did ask several of the schools it visited whether they missed the inspectorates were very helpful to them when and the answers were not positive.

Incentives

180. The team believes that the inspectors general as well as the staff lack strong incentives to continually improve the performance of the inspectorates, to innovate and experiment with better ways of achieving their key objectives. Competition is a powerful driver of performance, but the inspectorates operate under monopolistic conditions which do not push them to do better than some competitors. There are different ways that competition could become a force for better performance, some of which could be introduced faster than others. For instance, one way to introduce competition and at the same time also reduce the inspectorates’ work load is to change the rules of inspection. The team recommends that the Ministry allow the inspectorates to classify their schools into, say, three groups such as schools requiring intensive supervision, schools requiring moderate supervision and schools requiring minimal supervision. The frequency of inspection visits to these schools will depend on the category into which they fall. This will hopefully reduce the total number of inspection visits necessary, or alternatively allow
the inspectorate to pay much more attention to poorly-performing schools. At the same time this will create an incentive in the schools, and a competition among them, to get off the list of ‘intensively-supervised schools’ to the ‘moderately-supervised schools’ and from there to the ‘minimally-supervised’ category. To strengthen this incentive even more, the team recommends that school boards of schools that reach the stage of minimally supervised schools, will be given an opportunity to develop school development programs and will get extra grants of money for the implementation of these programs.

181. Competition and innovation can be introduced in many more areas. The team recommends considering opening up some of the functions that the inspectors has a monopoly on performing (e.g. providing pedagogical support to schools) to competition – initially, perhaps, between the inspectorates but eventually with private sector providers.

Several recommendations, in addition to those already mentioned in the text above, emerge from the discussion on the inspectorate:

- The Ministry needs to re-design the role of the inspectorate, so as to focus much more strongly on its support function. Much attention should be paid to the support that is now needed for the school boards, the nature and scope of which has yet to be defined. In line with the recommendation made above to distinguish between schools requiring intensive supervision, schools requiring moderate supervision and schools requiring minimal supervision, it is recommended that the boards of schools requiring intensive supervision will receive priority in the delivery of support.

- The Ministry needs to also look at the design of all types of inspection both from a content point of view and from an implementation point of view. A careful analysis of all types of inspection, as well as a comparison between the content of RODIS and the content of all other inspections should be undertaken with the aim of removing duplications, if any, and ensuring that the results are complementary, building on each other.

- The function of testing teachers for clearance, which costs the Ministry about 46.8 million Lei (not including non-salary costs), needs to be abolished, if possible; if it is not possible, or until it is possible, the function needs to be radically changed to consume much less time.

- In this regard, the team recommends that the granting of “Definitivat” and the promotion of teachers who have it from one grade to another will be given on the basis of continual evaluation carried out by the school principals and the inspectors in their regular visits, and not on the basis of a one-time special test.

- The Ministry needs to reorganize the inspectorates so as to separate between the support function and the monitoring/control/reporting and implementation functions. Full-time managers need to be appointed to head the different department and their jobs need to
be to formulate new visions and new strategies regarding the improvement of instructional quality and school management to review the design and delivery of each type of inspection, searching for innovative ideas, so as to render them more efficient and more effective.

- Among others, it is recommended that when the Ministry re-designs the role of the inspectorate it will review staffing requirements and determine them based on a well-designed work load analysis. Staffing in the future should then be more closely related to the actual work that has to be done.

- The team recommends that the Ministry develop a ‘client survey’ and require all inspectorates to periodically conduct the survey, or contract a private or civic organization to conduct it, as a tool to help them improve their services to the schools. The client survey should serve both as a tool for training needs analysis and as a monitoring tool for the Ministry. It should be used, furthermore, as a tool to gradually refine the role and mission of the inspectorate both conceptually and practically, and even to improve individual job descriptions. Client surveys will make it easier to implement performance contracts since they will help refine the definition of expected performance.

- The new education law requires all aspiring teachers who have not graduated from a pedagogical school to complete a Master degree program at university in order to be certified. In establishing this requirement, the Ministry has in effect come to the universities as a client, requesting them to design and deliver a service – the master program. This is an opportunity for the Ministry to move to the universities the practical training in their teacher education curriculum. The universities will have to develop the capacity to do so, collaborating with the Ministry in at least two important areas: (a) the content and scope of the practical component in the Master program and (b) the identification and mobilization of schools where the practical training will take place. With respect to the first one, care should be taken to make sure that the universities do not treat the practical training of teachers lightly because of their tendency to emphasize theoretical studies. With respect to the second one, care should be taken to provide the universities the best schools for training purposes and the most effective logistical arrangements. The process will take several years. In the meantime, in line with the second recommendation made above, the Ministry needs to do away with the practice of requiring debutants to sit for university examinations in order to get tenure. This practice is not necessary if the purpose of the examination is to test the debutants’ practical accomplishments since the universities are not yet in charge of practical training and do not yet have the capacity to assess the ability of teachers to teach.
c. Putting in Place the Secondary Legislation

182. As discussed earlier in this report, the Ministry has to develop 43 methodologies which will provide all relevant role players in the pre-university education system the rules by which they will be required to make decisions in the areas where the making of decisions was transferred to them. The methodologies must be in place before the various provisions of the law can take effect. The Ministry has decided to fully develop the methodologies by October 2011 – an extremely challenging undertaking. Being fully aware of the challenge, the Ministry decided to divide much of the work among its 42 inspectorates. It has set up teams in many of the inspectorates and allocated to them methodologies to be developed. The first draft of each methodology will be developed by these teams. The teams will consist not only of inspectorate staff but also of principals, teachers, and representatives of local authorities, local communities, NGOs and other stakeholders. Once developed, the drafts will be forwarded to the Ministry for review and initial refinement. They will then be published on the Ministry’s website and the Ministry will invite comments on them. Then it will take a final step in the consultation process by discussing them with professional associations and teachers unions. The Ministry is also preparing an advertising campaign to fully inform the public and all stakeholders of key aspects of the law, which will enhance their ability to comment on the methodologies.

183. The team has concluded that the Ministry’s approach to this task is commendable and has three recommendations. The first one concerns the integration of the methodologies. There is a need to ensure that, because the methodologies will be developed by so many different task teams, there will be no contradictions on one hand and there will be complementarities on the other. Knowledgeable staff in the Ministry will have to review all the methodologies once they are written and look for potential contradictions and for opportunities to build upon each other and seek a combined effect that will be higher than the sum total of these methodologies when done independently of each other.

184. Secondly, some of the methodologies are in areas of particularly high importance where the most effective option for producing a good first draft will be to do them at head office. The team recommends identifying these areas and developing the methodologies initially indeed at head office. However, in most of these cases, it is imperative nevertheless to involve people at the county and local levels in the development of these methodologies and listen to their practical advice. This can be done once a first draft is produced.

185. Thirdly, some of the methodologies are in areas requiring advanced knowledge, sophisticated techniques, a broad acquaintance with international experience, or an in-depth knowledge of past experience with similar methodologies. The team recommends that the Ministry take advantage of whatever technical assistance it can get to provide an input while the methodologies are being developed or, if this is not possible on such a short notice, to get the
input at the time the final review will take place. Also, it recommends involving in the design or review of each methodology persons who were among the implementers of similar methodologies in the past.

VII. Addressing knowledge gaps

186. There are significant knowledge gaps which need addressing to allow MERYS to more effectively steer the sector but also to allow people outside the Ministry – whether school boards, civil society, parents or officials in the Ministry of Public Finance – to put pressure on the sector for better performance. The term “knowledge gaps” is used broadly as a term to indicate that “knowledge” is missing without having to specify why the gap exists.

187. There are numerous examples of knowledge gaps that constraint Ministry staff from designing policies that target problem areas (because the data and analysis to spot problem areas is missing). Below some examples of these gaps are listed, grouped in terms of (1) education-specific knowledge gaps (e.g. which students and schools are failing and which are succeeding?), (2) knowledge gaps related to how resources are spent (e.g. how much does it cost to education a child in different circumstances; or how much is spent on “monitoring the system” vs. “providing administrative and pedagogical support to schools”?) and (3) gaps related to the data on inputs (number of students, staff, schools).

Examples of education-specific knowledge gaps

- What learning outcome gaps exist within the system? For instance, what is the size of the learning gap between urban vs. rural; small school vs. big; ethnic monitories vs. non-ethnic monitories? How have they evolved over time? And, in the case of, for instance, the gap between urban vs. rural schools, how much of the gaps are explained by socio-economic factors?
- What are attendance rates? Currently, only aggregates – e.g. a school average of all children attending grades 1-4, 5-8 etc – are available to MERYS. Such aggregates wash out potentially important variations in particular sub-groups (e.g. attendance rates of Roma students, or students from socio-economically weak backgrounds etc).
- What are drop-out rates? Currently, data on drop out rates are based on principal’s reporting at the beginning of the school year which students are no longer in the school and not on an IT system recording whether an individual student (recognizable in the database by a unique identification number) is no longer in the system.

Examples of expenditure-specific knowledge gaps

- How much does it cost, on average, to provide education to a child (of different socio-economic background and in different areas of Romania?). Nation-wide aggregates are
available (in the Annual Report and in Eurostat (albeit with a three year lag in Eurostat) but such averages are not particularly useful given the heterogeneity in the country. To assess whether education spending is being put to good use, an analyst would want to calculate and track over time the cost per student in similar circumstances (e.g. localities facing similar geographic circumstances, and student demographics). To obtain the data required to do such calculations, a herculean effort is required and inside access to a handful of people in the MERYS and MFP (to get access to their excel files).

- How much does the sector spend on "administrative overhead"? Currently, the functional break-down in the budget classification make it impossible to single out the cost of:
  - Running the inspectorates. This team estimates their cost at 100 million lei per year – a fraction of what is annually recorded under “decentralized public services” – but four times the “central administration cost” which does appear in the budget. Only staff within the Budget Directorates of the MERYS has data showing what each of the 42 inspectorates costs on an annual basis.
  - Running the agencies subordinate to the MERYS. This team suspects that their annual cost is included under the nondescript item “transfer to other public entities”, well hidden under the equally nondescript functional area: “auxiliary services provided”. Running the agencies could cost anywhere between 50-100 million lei per year (again 2-4 times what it cost to run the MERYS).
  - Not only is the total amount spent on the inspectorate and agencies not clear, the team discovered that no one within MERYS has a more detailed functional breakdown of what these sub-ordinate units spend their money. For instance, how much of the budget for inspectorates is spent on “providing support to schools” vs. “clearing debutants”? And, across the various sub-ordinate units, what is the total amount spent on “monitoring” the schools? Without clear knowledge of what it cost to provide different services, it is difficult to assess whether adequate resources are being invested, or whether there is scope to cut.

- How much exactly was spent on capital improvements during the boom years 2006-2008 – and how much of this went to primary vs. secondary school? The official MFP expenditure reports contain a detailed breakdown for 2.2 billion lei (from 2006-2008) (disaggregated by local authority and by level of education and classified by the capital expenditure budget classification code “71.01.01 Building”) but an additional 2.2 billion lei appears separately under a budget classification normally used for recurrent expenditures: “51.02.15 Financing of the capital expenditures of pre-university educational establishments”. For these 2.2 billion lei (which were disbursed via inspectorates), no additional information (outside of MERYS excel files) are available to show which local authorities received these funds, and which type of schools (primary or secondary) received them.
Examples of gaps related to non-financial inputs

- Numbers of students and staff have been collected for years (by the National Bureau of Statistics) but are based on the principal reporting a total headcount, as opposed to having a database that automatically tallies individuals (recognizable by a unique ID number). MERYS have been attempting to supplement the head-count data with a “bottom up” (and more reliable) tally of students and faculty since 2005 but the new system continues to be incomplete. This gap makes the new per student financing system particularly vulnerable to fraud (e.g. principals inflating numbers to attract more resources).

- How many schools closed and/or re-organized this summer?

- How many kids are being transported and how many of those are at risk of dropping out, either because they are from socio-economically disadvantaged families, or because they attended schools that, academically, were so poor that they are now substantially behind their peers in terms of academic achievements?

188. It is important to recognize that gaps can exist for a range of different reasons, which suggests that increasing the amount of financial resources allocated to this problem may not (by itself) solve the problem. For instance, below are examples of different reasons why the gaps exist:

- data are not being collected (e.g. because no one has thought of asking for the information or because the person who has the data are not reporting it);
- data that can help explain other data are not being collected: e.g. socio-economic background of children is critically important for researchers to explain observed differences in test scores. These additional variables may not be collected because too few people are analyzing test score data;
- the integrity of some of the data is called into question: e.g. enrollment numbers are inflated by local actors; or test score results are being manipulated;
- data are not computerized (e.g. teachers keep daily records of students’ attendance in a book kept at the school);
- detailed (and disaggregated) data are being collected but are being aggregated before being computerized (e.g. a school inspectorate may have school level data but are choosing to add up county-level data before computerizing the information. Or, a school may have class level data on student absenteeism but it aggregating the information to school level before reporting it to inspectors);
- data are being collected but are not being analyzed (e.g. because no one is asking for analysis).
- data are collected but are not being made available in a format that allow analysts with easy access to the raw (and complete) data set;
- data are collected but are not being made available in a format that allow civil society with easy access information of which they can make sense;
• data are collected and analysis connected but the results are not presented in a format that decision makers can understand;
• data are collected but IT systems are not yet designed to generate useful reports summarizing the information (e.g. the Ministry of Public Finance’s treasury system captures each payment made of every spending unit but, currently, their IT reporting system only allows them to generate reports for primary spending units (e.g. detailed expenditure data are available for the Ministry and local authorities (counties, communes, cities, municipalities etc) but not on inspectorates, agencies, and schools.

**Recommendation**

189. *The severity of the knowledge gaps and the multiplicity of the underlying causes suggests that the problem need to be addressed on multiple fronts; increased financial resources – or an attempt at only improving data collection – will not solve this problem. This review recommends tackling the problem by seeking to make improvements on three fronts: improving data collection, expanding data usage, and expanding data access, with the bulk of the focus on usage and access which seem particularly neglected at the current juncture; a lot of data are available but it is not being put to use, in part because most of it are not made publicly available.*

**Figure 16: Addressing the knowledge gaps will involve making progress on three fronts**

![Diagram](image)

**Improving the collection of data**

• Built in strong incentives for schools to fill in National Education Database. For instance, an excellent approach is the one currently pursued by the MERSYS: make available a new
application that all schools will be required to use to calculate individual teacher’s pay.
And prevent schools to print out the pay slips (required to make payments) until they
have loaded the database with the data requested.

- Administer a questionnaire to students taking national examinations to gather socio-
  economic information about the students. Such data will allow researchers to take such
differences into account when analyzing the data.
- Provide additional training (where needed) to school administrators on how to enter data
  and on how to access data.
- Set goals for where you want to be within 12 months and monitor progress. Currently,
  there is widespread dissatisfaction with the fact that National Education Database is
  incomplete but no one knows whether the bottom up student (or staff) numbers is 10, 50
  or 95 percent complete – and how that “completion” rate has evolved over time, and
  whether it varies by local authority.
- Increasing usage (see below) as a vehicle to improving the process of collecting data.

Expanding usages

- Monitor usage rates. Currently, no one knows how many MERYS staff access the
database, on a daily, monthly or yearly basis. Similarly, no one knows how many hits the
external version of the database receives, or whether the software application installed in
every school in the country is being used. With no knowledge on usage (e.g. that it is
high in some places but not in others), it is impossible to say whether the problem is lack
of training, lack of access, or some other problem.
- Once data on usage become available, design interventions to increase usage. These
  might include
  o Additional training
  o Design new applications (to generate particular reports, or allow user to use the
data in different ways – only feedback from users can tell what they need)
- Create a competitive fund to finance policy notes and conferences. Require that
researcher relies on data and that the data used in the analysis be made online. Set aside
resources to translate work into English.
- Finance PhD students to write in the field of education economics.
- Create small, one-time grants to software developers to create appealing applications on
top of government data that are already fully available and can be easily converted.
- Expand access: the best way to increase usage is by making data more readily available,
and in many different formats (include entire datasets to allow users the maximum
flexibility to design their own applications).

Expanding access

- Dramatically increase the availability of government data by transforming all education
data collected into “open data.” The goal is to turn public data, into open data with the
aim to encourage more third-party use of the data (e.g. to do more research, create school
report cards, etc). And through the increased use of data (for many different purposes), create further demand for more and better data, analysis and, ultimately, better decision.

“Public data” (or “government data”) refers to factual, non-personal, data generated, collected or commissioned by government. Open data does not include personally identifying information or data crucial to security.

- Viewing data as “open data” would represent a watershed in how education data are treated, placing the initiative for releasing data on the shoulders of the MERYS and the Ministry of Public Finance.

- The default position vis-à-vis all data set should be to release all data (in their entirety), unless privacy concerns are involved. Below are some candidates for data sets which could be released:
  - Budget and spending data (treasury data from Ministry of Public Finance), disaggregated by spending units, and broken down by both functional and economic classification.
  - National Education Database in its entirety (but removing individuals’ personal ID number)
  - National assessment data, student-level data (but removing individuals’ personal ID number)

- Make data available not only in the format that seems most sensible from the MERYS’ perspective but also in the format that best enables diverse third party use.

- Lessons in turning public data into “open data” are available from across the world (see table below on “Examples of Open Data Initiatives in other parts of the world” and box on “Global Best Practices in the area of Open Data”)

<table>
<thead>
<tr>
<th>Country</th>
<th>Open Data Policy</th>
<th>Open Data Initiative(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>YES</td>
<td>Issued Declaration of Open Government. Dept. of Finance and Deregulation created and runs open data portal: <a href="http://data.australia.gov.au">http://data.australia.gov.au</a></td>
</tr>
<tr>
<td>Canada</td>
<td>YES (City govs)</td>
<td>Cities of Vancouver, Edmonton, Ottawa and Toronto collaborating on &quot;Open Data Framework&quot; to create common terms of use and data standards. Federal public consultation on open data policy.</td>
</tr>
<tr>
<td>Denmark</td>
<td>NO</td>
<td>Open Data Innovation Strategy, a “bottom up” effort launched in 2009 run by National IT &amp; Telecom Agency</td>
</tr>
<tr>
<td>Country</td>
<td>Policy Status</td>
<td>Details</td>
</tr>
<tr>
<td>-------------</td>
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</tr>
<tr>
<td>Finland</td>
<td>NO</td>
<td>No national policy yet, but has national <em>Freedom of Information Law</em> and initiatives like Apps for Democracy contests and data catalogue projects.</td>
</tr>
<tr>
<td>India</td>
<td>YES</td>
<td>Dept. of Science &amp; Technology under Prime Minister’s Office will issue an open data policy</td>
</tr>
<tr>
<td>Netherlands</td>
<td>YES (City gov)</td>
<td>Amsterdam enacts <em>Open Data Motion</em> in Nov. 2010, based on idea that open government data for re-use is equivalent to building public infrastructure.</td>
</tr>
<tr>
<td>New Zealand</td>
<td>YES</td>
<td>Issued <em>New Zealand Government Open Access and Licensing Framework</em> (NZGOAL)</td>
</tr>
<tr>
<td>Norway</td>
<td>YES</td>
<td>Ministry for Government Administration directive instructing all national agencies to publish data in machine-readable formats starting January 1, 2011, starting with data inexpensive to publish.</td>
</tr>
<tr>
<td>Spain</td>
<td>YES</td>
<td>Royal Decree on PSI Re-Use to promote and provide maximum availability of PSI for reuse for commercial and non-commercial purposes.</td>
</tr>
<tr>
<td>Sweden</td>
<td>YES</td>
<td>Reuse of PSI was added as a goal of the national e-government policy.</td>
</tr>
<tr>
<td>Uruguay</td>
<td>YES (City gov)</td>
<td>Capital city Montevideo's City Council issued an open government data policy</td>
</tr>
<tr>
<td>US</td>
<td>YES</td>
<td>Data.gov now has over 300,000 data sets; Open Government Directive issued by Office of Management and Budget for all federal agencies. Many state and city policies on open data.</td>
</tr>
<tr>
<td>UK</td>
<td>YES</td>
<td><em>Data.gov.uk, launched in Jan 2010, has datasets and hosted applications</em>: Re-use of Public Sector Information Regulation and <em>Open Data License</em></td>
</tr>
</tbody>
</table>


### Box 2: Global Best Practices in the area of Open Data

- **Data formats**: Government should provide data in the format that best enables robust and diverse third party use. Data should be available for free over the Internet in open, structured, machine-readable formats to anyone who wants to use it.

- **Free to use**: Public data should be freely available to use (and reuse) in any lawful
way, without registration or any need to inform or obtain permission from any public agency.

- **Privacy** must be protected, but it is not a valid excuse for refusing to make government data open and available. There are many tools and approaches that protect personal information while enabling the release of open government data.

- Government data must be **discoverable** and easy to use. In order for people to find it and use it, data must be properly indexed. For this reason, **metadata** (data about data) is vital for every open data initiative.

- **Cost:** The reuse of government data should not be used as a mechanism to finance each public sector agency. Whenever possible, open data should be available at no charge. Alternatively, a public agency should charge based on marginal pricing – the cost of supplying the data for reuse – and any fees must be transparent, pre-disclosed, published and non-discriminatory.

- **Non-discrimination:** Exclusive arrangements that restrict down-stream use should not exist for government data. If any exclusive arrangements exist, these should be phased out over a defined (and limited) time period. An open data policy must also prohibit creation of any new EAs (or other grants of exclusive rights to third parties with respect to public data) by public sector entities.

  Until they are eliminated, all exclusive arrangements should be made transparent. The UK offers a good example of this, posting all EAs online:


- **Licenses:** All public data released as “open data” should be released under the same, easy-to-understand, open license, which enables free reuse, including commercial reuse.