

ANALYSIS OF THE CHILDREN'S BUDGET

- Exploratory study -





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Save the Children Romania

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- Exploratory study -

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Introduction

The concept of the *children's budget* refers to the amounts allocated and spent from public budgets, contributing to the enforcement of children's rights. The elements underlying the analysis of the children's budget are laid out by the UN Committee for the rights of the child, in the *General Comment no. 5 on general measures for the implementation of the Convention on the Rights of the Child*.

The analysis of the children's budget is a difficult process, often considered impossible. Nevertheless, the experience registered in other states, where similar endeavours were achieved, proved that, despite initially having a rather exploratory nature, these studies may provide critical information and may constitute a starting point for the creation of a more comprehensive framework of analysis. In addition, these experiences demonstrate that the analysis of a children's budget is not an impossible process. The first chapter of this report describes the importance of such efforts, and includes examples of analyses carried out in various states such as UK, Jordan, India or South Africa.

Save the Children's pursuit to analyse the extent to which the amounts allocated and spent for children are identifiable began in 2011, in the context of the study *Administrație Publică în beneficiul copiilor (Public administration to the benefit of children)*, when several interviews were conducted with representatives of central and local authorities, with a view to determining whether the data available at that time enabled such an analysis, in their opinion. In 2012, Save the Children hosted in Bucharest a training workshop on this subject, with the participation of experts from various countries where such studies had already been conducted. In addition, as part of the international alliance Save the Children, the topic of a children's budget benefited from a particular focus over the past several years.

In 2014, with the support of the Social and Economic Analysis Group Sociometrics, we conducted a documentary analysis aimed at better understanding the budgetary mechanisms, as well as the relevant legal and institutional framework. In 2015, we continued this endeavour, by performing a more in-depth analysis of public budgets and recent available data. Moreover, in order to better understand the budgetary mechanisms at local level, we carried out a case study in Călărași Municipality.

Thus, this study has an exploratory nature, and analyses at national and local level three general fields – **education, health and social welfare**. The report includes information on the budgetary mechanisms and the main institutions involved, the available data on the amounts allocated and directly or indirectly spent for the benefit of children and, where possible, it also analyses a series of non-budgetary indicators related to the resources assigned to ensure the application of children's rights to education, healthcare and protection. **The period analysed was 2008-2014** (certain data were available only up to 2012 or 2013, facts mentioned within the contents of the report). **This endeavour also proposes an analysis methodology specially drafted for the children's budget applicable to the three fields.**

With reference to the methodology applied in this study, we would like to mention that the analysis of social documents focused on legislative acts, statistical data, financial statements of principal budget holders, various research reports or studies. The data sources included: public institutions (central, devolved, local), international institutions and non-governmental organizations. In addition, both individual and group interviews took place with the participation of representatives of several central, county and local public institutions.

1. Background

1.1. Arguments favouring the analysis of “the children’s budget”

The assessments carried out with respect to public spending for children generate additional know-how on the effects of public policies on children, **as the results of these works may be used as guidelines for the drafting and implementation of the most efficient measures, thus contributing to ensuring the fulfilment of the children’s rights.**

Furthermore, **ensuring visibility and analysing these amounts are part of the responsibilities of authorities, arising from the UN Convention on the Rights of the Child:**

ARTICLE 4: „States parties shall undertake all appropriate legislative, administrative and other measures for the implementation of the rights acknowledged in this Convention. With regard to economic, social and cultural rights states parties shall undertake such measures to the extent of their available resources (...)”

This responsibility is further described in the General Comment no. 5 on the general measures of implementation of the Convention, adopted by the UN Committee for the Rights of the Child in 2003:

„No State can tell whether it is fulfilling children’s economic, social and cultural rights “to the maximum extent of ... available resources”, as it is required to do under article 4, unless it can identify the proportion of national and other budgets allocated to the social sector and, within that, to children, both directly and indirectly. Some States have claimed it is not possible to analyse national budgets in this way. But others have done it and publish annual “children’s budgets”.

Therefore, **the Romanian authorities have the responsibility to analyse the children’s budget**, considering that our country has been a party to the UN Convention on the Rights of the Child since 1990. UN Committee for the rights of the child has also warned Romania for failing to fulfil this responsibility in 2009 and requested the authorities to invest efforts in order to ensure the necessary transparency and to create a system that enables the identification and monitoring of spending dedicated to children:

„The Committee welcomes the efforts invested by the state party with regard to enforcing the final observations regarding its previous report, yet regretfully points out that several of these recommendations have not been put into effect completely (...) urging the state party to take all appropriate measures so as to ensure the application of these recommendations in Final observations on the previous report which were not or were insufficiently implemented. In this context, **the Committee warns the state party on General Comment no. 5”**.

„The Committee **regretfully notes that no explicit budgets are assigned for children and no data on overall public spending intended to meet the requirements provided in the Convention are collected**, thus making it difficult to assess the efficiency of the allocated resources. *The committee also takes note on the concern expressed in the Special UN Report regarding the issue of child sale, prostitution and pornography (...), according to which **the corruption is an issue arising at any level of the administration, which weakens the ability to enforce the law**, the provision of social services and the state’s overall capacity to prevent and tackle violations of human rights.*

The Committee is **assertively recommending (...)** the state to create a monitoring and control mechanism so as to make sure that the resources are assigned and the spending is made as efficiently as possible (...) through **the implementation of a system to track allocations and to use resources dedicated to children at budget level, thus providing visibility with reference to the investments made to the benefit of the children.** (...) in the context of a decentralization process currently under implementation by the state party, to ensure **a transparent and participatory allocation of the budget** through public debates and **the participation of children, in particular, as well as a fair empowerment of local authorities.**”¹

It is our intention to support the authorities in fulfilling the responsibilities they committed to, by proposing, in this study, a methodology for the analysis of the children’s budget, which should be subject to further improvement, by being regularly repeated and by ensuring a wider description of the data sources.

1 UN Committee for the Rights of the Child, Analysis of the regular country report for Romania concerning the implementation of the Convention, 2009, observations and recommendations.

1.2. Examples of analysis of “children’s budget”

Further on, we would like to present the approaches used in several relevant research studies or assessments that reveal the state of various countries or within international institutions.

European Union, 2011

In 2011, Save the Children performed an analysis focused, among others on the budget of the European Union. Save the Children struggled with barriers in analysing the children’s budget, considering the rigid budgetary structures which fail to reveal the direct allocation of funds for children. It was also observed that such an analysis was not a priority at political level at that time.²

United Kingdom of Great Britain and Northern Ireland, 2009

The study “A child’s portion - an analysis of public expenditure on children in the UK”³ undertaken at the initiative of Save the Children UK by Tom Sefton within London School of Economics and Political Science, is aimed at identifying the extent to which the authorities show interest in creating the framework necessary to ensure the compliance with the children’s rights.

The author analyses public spending in UK, cross-referenced to the population number and drafts comparisons between countries within the United Kingdom. The data under analysis are sourced from His Majesty’s Treasury, while the public expenditure are broken down as per the classification of the functions of the government – COFOG.

The issue flagged by the author is shared by other initiatives as well, namely the lack of precise data on spending for children published by the central administrations.

Nevertheless, the data made available for analysis revealed that there are distinctions between the Kingdom’s countries, both in terms of structure, as well as in average value per capita. For instance, England spent 7000 pounds per capita, while in Ireland the amount reached 9000 pounds. As opposed to the average value registered in the United Kingdom, the expenses registered in England were 3% lower, and 23% higher in Wales.

The author also focused on the expenses corresponding to the “Sure Start” program⁴, dedicated to pre-school education and the benefits generated by a decrease of taxes for child care expenses (Child Tax Credit). The analysis compared the total amounts spent by each country, and calculated spending per child. The author also reviews data regarding the impact of such public policies (such as the participation rate to early education, with upwards developments in all countries analysed).

The analysis of spending allocated to education was focused on primary and secondary cycle education, in order to establish whether and to what extent underprivileged children were prioritized.

The highest values corresponding to expenditure for family and children were reported in Wales, accounting for 544 pounds/child, which were effectively doubled since 1998 to 2007. This feature is particularly significant for combating poverty, the study concluding that in 1998/99 the governments leading UK were set to increase the level of spending for families with children.

India, 2010

The study „Children’s budget – A summary report 2004-05 to 2008-09”⁵ conducted by HAQ Centre for Child Rights analysed the extent to which resources allocated to programs targeting children successfully met their needs, as well as the chronologic evolution of the resources allocated and the resources effectively spent.

The methodology underlying this analysis is used by authors for over 10 years and implies the identification of departments with programs targeting children. For instance, the analysis of expenses assigned to education

2 Save the Children (2009), Governance Fit for Children. To what extent have the general measures of implementation of the UNCRC been realised in the EU Institutions?, available at: <http://resourcecentre.savethechildren.se/library/governance-fit-children-what-extent-have-general-measures-implementation-uncrc-been-realised-0>

3 Centre for Analysis of Social Exclusion, London School of Economics and Political Science (2009), A child’s portion - an analysis of public expenditure on children in the UK, available at: https://www.savethechildren.org.uk/sites/default/files/docs/A_Childs_Portion_FINAL_AMENDED.pdf

4 A public policy dedicated to 0-3 year old children, from disadvantaged groups and their families, ensuring healthcare, education and social protection services

5 HAQ Centre for Child Rights (2010), Children’s budget – A summary report 2004-05 to 2008-09, available at http://www.haqcrg.org/sites/default/files/BfC%20Summary%20Report_HAQ_0.pdf

took into consideration 60 programs of over 100 relevant programs, thus selecting only those directly or indirectly targeting the population of 0-18 years of age.

The authors began by compiling a list of relevant ministries and collecting data at central level, of the budget requested (Detailed Demands for Grants) and the expenditure budget, as well as other data available at ministry level.

Authors extracted the amounts allocated to various programs, which were further aggregated at the level of the intervention sector. The amounts calculated at sector level were cumulated, resulting in the budget allocated to children. This is also analysed as a share in the total budget of India, the authors aiming at emphasizing the trends registered (i.e. in 2004-2005 the children's budget accounted for 2.76% of the total budget, up from 5.23% in 2006-2007, and decreased to 4.63% in 2008-2009, in the context of a reduction of amounts allocated for education). The government's capacity to efficiently plan and use budgetary resources is also mirrored in the analysis of resources at various stages of the budgetary cycle (planning, readjustment, expenses made).

Among the limitations specific to an analysis of this type, the authors include: data inconsistencies (which require the review of data in several budget-related documents), the fact that the data available fail to allow the identification of external contributions, as well as the difficulties in breaking down the data specific to children from funding schemes meant for wider categories such as women and children.

Jordan, 2009

Study „Child Budget Analysis - Jordan, 2009”⁶ was carried out by UNICEF in collaboration with the National Council for Family Affairs, with the purpose to analyse policies, plans and budgets associated with fulfilling child's rights. The data used were collected from the Jordan Budget Law for 2009, as well as from the ministries considered relevant for the study. In 2003, Jordan's authorities drafted the National Action Plan representing the methodology to be enforced by administrative units, so as to separate and reflect the financial effort per age group, taking into consideration the child's rights.

The study shows that despite the progress made by the government in supporting the development of children throughout the 10 years subject to analysis, Jordan continues to be affected by a series of issues such as:

- Lack of equity and transparency regarding the funds allocated within regional and central programmes;
- Reduced level of spending on health;
- Insufficient services and spending for children with disabilities;
- Insufficient funds for education, low growth rates, even shrinking for social and sports activities;
- The budget dedicated to professional training has been dropping since 2009.

The authors recommend the creation, implementation and compliance with a long-term commitment strategy on children-orientated budget.

African countries, 2011

The report „Budgeting For Children In Africa – Rhetoric, Reality and the Scorecard” was undertaken by African Child Policy Forum (independent non-profit institution), with the support of Save the Children Sweden, International Child Support and Plan International.

The report dwells on the importance of governmental definition of the children's budget. The children's budget is not aimed at creating a separate budget, but rather at reflecting the efforts invested for children in state budgets. The exercise made by the authors is focused on data throughout 10 years, by comparing 2001 values with 2009 values, as well as by analysing the values of relevant indicators, such as child mortality, rate of immunization, school participation etc.

The methodology used to analyse the child-oriented budget follows the use of public funds for directly solving child-related issues, the authors considering it was necessary to take into account:

- The share in the tax revenues, compared with the national income;
- The amounts sourced from external funds directly dedicated to children;
- The share of budgetary revenues or spending exclusively dedicated to children.

In addition to the amounts invested in programs for children, the budgets must also be reviewed from the perspective of appropriateness to needs, efficiency and efficacy.

The first right assessed is the right to healthcare, reflected by the total volume of budget spending for healthcare in total spending, for 2008. The average value obtained amounts to 9%, which is extremely low,

6 The African Child Policy Forum (2011), Budgeting For Children In Africa – Rhetoric, Reality and the Scorecard, available at <http://resourcecentre.savethechildren.se/library/budgeting-children-africa-rhetoric-reality-and-scorecard-supplement-african-report-child>

with Rwanda ranking at the top of the list with 19%. The analysis determines that approximately 91% of the healthcare system is covered by private funds and, moreover, the external funds allocated to healthcare have significant values, exposing African governments to risks related to the debt level and market volatility.

The second aspect taken into consideration refers to the investments made in the early development of children, determining that preschool education is viewed as a “luxury service” in many states, while education and early development programs are practically absent.

Education is the third pillar analysed, with average spending of 4.2% of GDP, ranging from 13% to less than 1.3%. The Dakar agreement, adopted by the African governments, states that 7-9% of GDP must be assigned to education, yet this level is not complied with in many cases.

The final pillar analysed refers to investments in social protection. As compared to Western Europe where, at the time of the drafting of the report, 25% of GDP was directed to social protection, African countries spend in average less than 3% of GDP (values ranging between close to 0% in case of Kenya and 12.6% in Seychelles). The problem identified is the inability of African governments to develop their own social protection system to safeguard its children.

In the end, the authors divide states depending on the Budgetary Commitment Index taking into account: spending on health of total budgetary expenditure, total education expenses with reference to GDP, percentage of budget dedicated to vaccination, percentage of military expenses reported to GDP and the percentage variation of healthcare spending since 2004 and up to now. As a result, countries such as Tanzania, Mozambique and Nigeria rank first, while the countries less engaged are Central African Republic, Guinea and Angola.

South Africa, 2010

A study⁷ conducted by the University of Cape Town (the University’s Institute for Children) and Community Agency for Social Enquiry, with the financial support of UNICEF South Africa, analysed the extent to which the decisions taken by the government impact the children’s welfare level.

The budget law in South Africa comprises data on the amounts allocated per areas of interest within the “children’s budget” analysis, as well as data on the budget allocated per spending categories, at regional level. The report is focused on the expenses made and the measures adopted by four relevant state departments.

The Justice Department is considered by the authors of the study as the most difficult to be analysed in terms of direct allocation of funds for children. The authors also assessed data corresponding to several sub-programmes and were thus able to observe the tendency of increase or decrease in terms of spending.

As for the Department for Women, Children and Persons with disabilities (recently founded at the time of the study) the authors were able to identify data on the sub-programmes related to the fulfilment of the child’s rights, however, according to the study’s authors’ observations, the department’s mandate was not well-defined, therefore the budget allocated was reduced.

The study reveals data on the budget assigned to the Department for Social Development, which comprises the amounts dedicated to programmes for social protection. In a separate analysis, the authors identified and analysed data on the sub-programmes focused on children, families and aimed at preventing violent or criminal behaviours through social and economic measures.

The analysis centred on the Health Department shows that South Africa spends over 8% of GDP on healthcare, thus meeting the target set for developing countries by the World Health Organization (5% of GDP). The 8% percentage refers to the overall expenses on healthcare and not just governmental funds, which in 2008/2009 reached only 3.7% of GDP. The authors performed a comparative analysis, assessing each region, the level of healthcare spending and the rate of use of healthcare per age category, data which enabled an approach more oriented on children under 5 years of age. The authors emphasized the fact that the healthcare budgets have various structures depending on the region and concluded that there is inappropriate budget allocation per programmes and sub-programmes.

The budget assigned to the Education Department is structured in a manner which accurately reflects the level of expenditure dedicated to children. The authors stated that at central level, as opposed to other areas analysed, the education budget is the easiest to be identified.

In the end, the study insists on the drafting of a budget of the amounts dedicated to children, which would enable a more accurate tracking of the progress made.

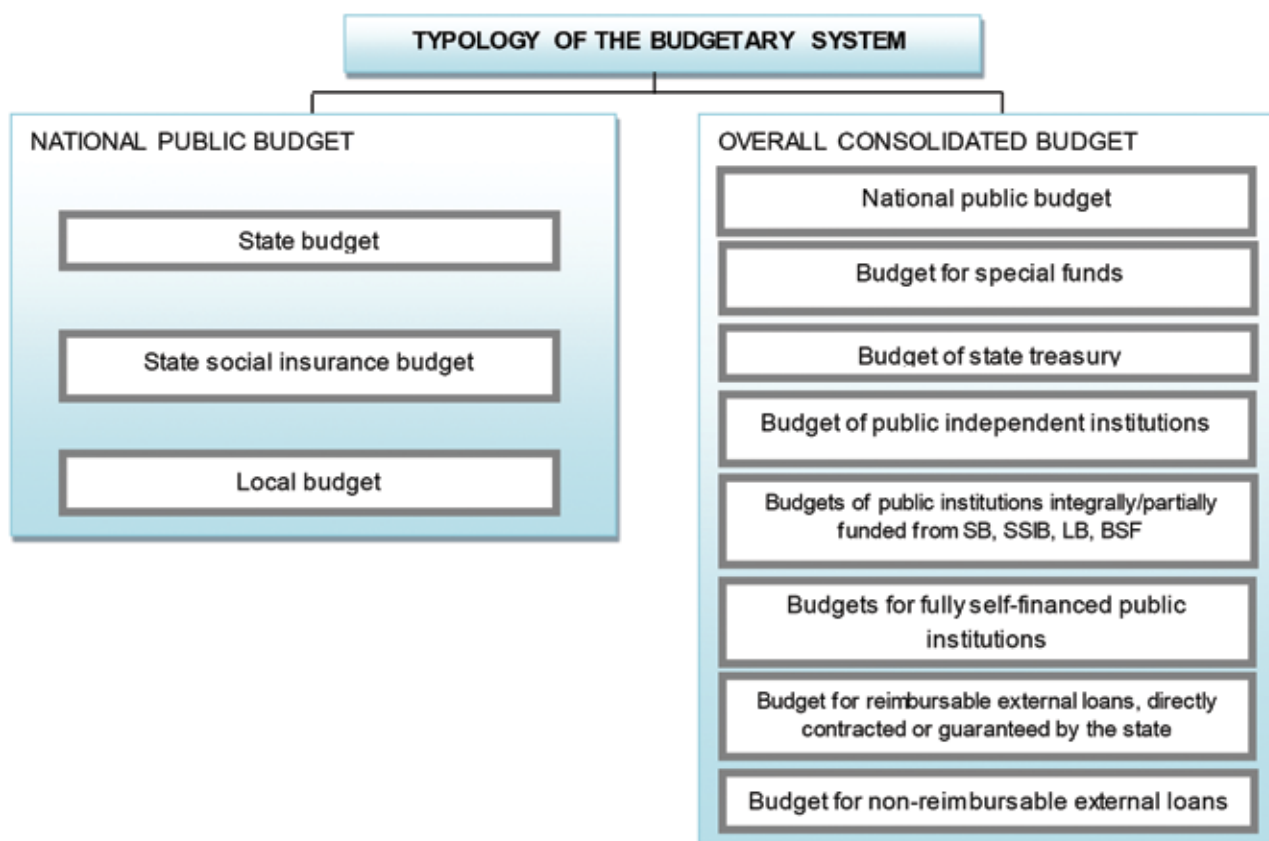
7 Budlender D, Proudlock P. (2010), Child centered analysis of government’s budgets 2010-2012, Children’s Institute, University of Cape Town, available at: http://www.ci.org.za/depts/ci/pubs/pdf/researchreports/child_centred_budget_analysis_2010-2012.pdf

2. Budgetary mechanisms in Romania

2.1. Budgetary system: typology, legal framework and parties involved

In Romania, the public budget is organized in several budget categories, which form the budgetary system. This system is defined by law, the legislative act in force regulating this area being Law no. 500/2000 on public finance. This law sets out the principles, overall framework and the procedures for the composition, management, engagement and use of public funds, as well as the responsibilities of public institutions involved in the budgetary process. This law also introduced the idea of general consolidated budget representing the “entirety of budgets parts of the budgetary system which are aggregated and consolidated so as to form a whole”⁸, consolidation being defined as “the operation eliminating transfers of amounts between two budgets part of the overall consolidated budget with a view to avoiding the highlighting of such budgets twice”⁹. Despite it is not a stand-alone budget, it is a document which is critical for our analysis, contributing to the identification of the public financial effort and particularly of the budgetary deficit.

Figure 1 – Typology of the budgetary system



The structure and concepts related to public finances have been altered throughout time, as currently the typology of the budget system must take into consideration both Law 500/2002 as well as the Romanian Constitution which sets out under article 138 the National Public Budget. This typology is schematically described in figure 1¹⁰.

The drafting of the budget should reflect as realistically as possible the resources that may be collected, as well as their distribution. At the end of the financial year, the budget should also allow a comparison between the revenues collected and the expenses made, and an analysis of the revenues per source and of expenditure per destination.

8 Law 500/2002 published in the Official Journal, Part I no. 597 / 13 August 2002

9 idem

10 Moșteanu, T., Attila, G., – „Buget și Trezorerie Publică”, Editura Universitară 2008

Budgetary principles

Law no. 500/2002 sets forth the following budgetary principles:

The principle of universality, which implies that all revenues and expenses should be included in the budget, in total rough amounts. A significant complementary aspect is the non-influencing of budgetary revenues¹¹, through which the revenues cashed in the budget are stripped of personality, so that the total revenues are used to cover all expenses. This principle forbids for a certain type of budgetary revenue to be allocated so as to cover certain expenses.

The principle of transparency, which is delivered by:

- Subjecting the budget drafts to public debates;
- Subjecting the general annual appropriations for the execution of budgets to public debate;
- Publishing the normative acts approving budgets and annual appropriations for their execution in the Official Journal of Romania, Part I;
- Distributing, through mass media, information on the contents of the budget, with the exception of data that cannot be published according to the law.¹²

The principle of uniformity, stating that the revenues and expenses should be recorded in a unique document, to ensure the efficient monitoring and use of public funds.

The principle of annual execution refers to the clearance for the execution of expenses and collection of revenues as provided by law throughout 12 months, meaning throughout one financial year.

The principle of budgetary specificity, according to which the budgetary revenues should be registered in the budget and approved by the Parliament per sources of origin, and the budgetary appropriations per expenditure categories. Budgetary appropriation means a limited amount, included in the state budget and approved by the Parliament, up to which payments can be made for each public expenditure.

The principle of monetary unit implies that all operations are executed in the national currency.

Competencies and responsibilities in the budgetary process

The budgetary process involves a wide range of central and local public institutions.

The Parliament has the role to adopt the applicable legal framework:

- Annual budgetary laws and the adjustment laws, drafted by the Government in the context of the macro-economic strategy undertaken. In case the annual budgetary laws, submitted within the legal deadline, are not adopted by the Parliament by December 15th of the year previous to the year to which the budget draft refers, the Government shall request the Parliament to apply the emergency procedure. During debates, no amendments to annual budgetary laws leading to an increase of the budgetary deficit may be approved;
- Laws on the annual overall execution account.

The Government's competencies consist of:

- The drafting of the fiscal-budgetary policy, taking into consideration the economic outlooks and the political priorities set out within the Government Program approved by the Parliament;
- The drafting of the report on the macro-economic context for the respective fiscal year and its projection for the next 3 years;
- The drafting and submission for approval before the Parliament of the annual budget draft laws;
- Exercise of general management of the executive activity in the area of public finances, in which capacity it conducts regular inspections of the budgetary execution and sets out measures to maintain or improve the budgetary balance, whichever necessary;
- Submission for adoption before the Parliament of the budget amendment draft laws and the annual overall execution account;
- The use of the budgetary reserve and the contingency fund at its disposal, based on decisions.

11 Văcărel, I. – „Finanțe Publice”, Ediția a VI-a , Editura Didactică și Pedagogică, București, 2007

12 Law 500/2002 published in the Official Journal, Part I no. 597 / 13 August 2002.

The Ministry of Public Finance is assigned with a very complex role:

- Coordinates the actions under the Government's responsibility with reference to the budgetary system, namely: to prepare the annual budget draft laws, the amendment laws, as well as the draft laws approving the annual overall execution account;
- Sets out the measures necessary for the application of the fiscal-budgetary policy;
- Drafts budgetary forecast based on macro-economic outlooks drafted and communicated by the National Committee for Prognosis;
- Issues methodological norms for the drafting of budgets and their form of presentation;
- Issues methodological norms, specifications and guidelines to set out the practices and procedures for the collection of revenues, commitment, liquidation, clearance and settlement of expenditures, internal control and internal audit activities with reference to the manner in which expenses are managed, the closing of the fiscal year, accounting and reporting;
- Requests reports and information from any institution managing public funds;
- Approves budgetary categories, as well as their amendment;
- Analyses budget proposals during the process of budget drafting;
- Provides the Parliament at its request and with the support of the main budget holders with the documents based on which the annual budgetary draft laws are created;
- Ensures the monitoring of the budget execution, and in case it observes deviations of revenues and expenses from the authorized levels, proposes measures to the Government to solve the situation;
- Blocks or reduces the use of budgetary appropriations determined to be without legal ground or justification in the budgets of budget holders;
- Disposes measures necessary for the management and follow-up of the use of public funds meant as co-financing sources, resulting from external financial contribution awarded to the Romanian Government.

Local public administration authorities¹³ – meaning local and county councils, respectively the general council and district councils, as deliberative authorities and mayors and presidents of councils as executive authorities – have the following responsibilities:

- Draft proposals for the transfer of amounts to be consolidated and breakdowns (from the state budget) and communicates them to the Ministry of Public Finance;
- Draft and approve local budgets;
- Set out, determine, control, follow up and collect local taxes and contributions, as well as other revenues from territorial administrative units;
- Follow and report the execution of local budgets, as well as their rectification;
- Efficiently manage local public funds throughout the budget execution;
- Set out options and priorities in approving and executing local public spending;
- Draft, approve, amend and follow up on the implementation of prospective development programs of territorial-administrative units as a basis for the management of annual local budgets.

The budgetary process also emphasizes the role of the budget holder which implies certain competencies and responsibilities. Thus, the main budget holders (ministers, leaders of other specialized bodies within the central public administration, leaders of other public authorities and heads of public institutions) assign the commitment appropriations¹⁴ and budgetary appropriations approved for the institution's internal budget and for the budgets of overseen or coordinating public institutions, whose leaders are secondary or third budget holders. The secondary budget holders (leaders of public institutions legal entities overseen by the main budget holders) assign the approved commitment and budgetary appropriations, for the respective institution's internal budget and for the budgets of public institutions under their coordination whose leaders are third budget holders, in compliance with their tasks and the law. Third budget holders engage expenses in the limit of allocated commitment appropriations and use budgetary appropriations allocated to them only to fulfil the tasks set out for the institutions they govern, as per the provisions of the budgets approved and under the requirements set out by legal provisions.

¹³ Law 273/2006 published in the Official Journal, Part I, no. 618 of 18.07.2006, amended through Law 329/2009

¹⁴ Law 500/2002 – Commitment appropriation: maximum limit within which legal commitments may be concluded (payment obligations based on public funds) during the fiscal year;

Budgetary appropriation – Amount approved in the budget, accounting for the maximum limit up to which payments may be authorized and made during the fiscal year or legal commitments contracted during the fiscal year and/or previous fiscal years

2.2. The stages of the budgetary process

State budget

The law of Public finances 500/2002 describes all stages the budgetary process must go through, from the drafting of the budget draft law and up to the approval of the document for budget execution.

1. Drafting of the budget law

The budget draft law is created by the Government, through the subordinated public institutions. Law no. 500/2002 provides that the drafting of the budget draft law should be made in reference to the outcomes obtained in the social economic areas financed by the budget, while the spending structure per each ministry and governmental agency to be set out through programs specific to their responsibilities and competencies, as well as based on the drafting of real performance criteria, adjusted to the sectorial particularities of activity, in order to assess efficiency, efficacy and cost-effectiveness of the programmes financed from the budget and for the overall budget.

As part of the drafting of the budget draft law, the Ministry of Public Finance has coordination competencies. The starting point of the budget draft law consists in the specific forecasts of macro-economic and social indicators for the targeted fiscal year and for the next 3 years. These indicators are set out by the competent bodies and further communicated to all institutions involved in the drafting of the budget.

2. Examination and approval of the state budget draft law

After it is drafted, the budget draft law is subject to debate and approval before the Parliament. This stage entails:

- Debate at the level of expert committees, where the draft is approved;
- Drafting of the Joint Report;
- General debate during the joint meeting of the two chambers of the Parliament;
- Voting of the State Budget Law;
- Promulgation of the State budget law by the President of the country;
- Publication of the state budget law in the Official Journal.

If budget laws are not adopted at least 3 days prior to the expiration of the fiscal year, the Government exercises actions as per the budget of the previous year. The annual budget laws may be subject to amendments throughout the fiscal year through amendment laws submitted by November 30th, at the latest. These amendment laws are subject to the same procedures as initial annual budget laws.

3. State budget execution

The state budget execution is the process of collection of budgetary revenues and execution of expenditure approved through this budget. These cash-in and payment activities – as we are referring to revenues and expenses – are also called the execution of cash accounts of the budget.

Prior to the effective budget execution, the budget revenues and expenditure are distributed per trimesters and institutions. Thus the revenues and expenses approved through the state budget are assigned per quarters depending on the legal deadlines for the collection of revenues, the deadlines and opportunities to ensure the sources for the financing of the budgetary deficit and the period in which the spending must be executed.

The stages of the execution of budget spending comprise: commitment, liquidation, clearance and settlement, defined as follows:

- Commitment: the act which generates the obligation undertaken by a public institution to pay an amount of money to a third party based on a legal act (law, contract, ministry decision, court decision).
- Liquidation: the stage during the budget execution process when commitments are verified, along with the amounts owed, the enforceability conditions of the commitment, based on justification documents certifying the respective operation.
- Clearance: confirms that the goods and services were delivered or other outstanding debts were checked and the payment can be made.
- Settlement: the final act through which the public institution settles its obligations to third parties.

4. Closure of budget execution

The budget execution is completed on December 31st of each year. Based on the financial statements presented by the main authorising officers, the accounts for the execution of the state budget, the budget for public social insurances and the budget for special funds, presented by the bodies in charge, according to the law, and following their verification and analysis, the Ministry of Public Finance drafts the annual overall account for the execution of the state budget and, respectively the account for the execution of the state social insurances, which enclose as annexes the annual accounts for the execution of budgets for special funds and the budgets of the main budget holders, including the annexes thereto, and presented before the Government.

5. Control of budget execution

After the account for budget execution is received, the Parliament sends it to the superior institution for the control of public finances, in this case the Court of Auditors. The Court of Auditors reports back to the Parliament the results of the controls performed also suggesting measures to improve certain legal provisions so as to increase the efficiency of the use of public funds. In the end, the Court of Auditors presents the report on the control of the account of budget execution before the Parliament with a view to being debated and approved.

6. Approval of the budget execution

Based on the report on the account for budget execution, the Parliament initiates the debate and approval procedure. The law approving the account for budget execution may comprise in addition to the articles on the approval of the respective account, provisions regarding the Court of Auditors' follow up on certain aspects of the budget execution and the reporting of the observations made and applicable legal measures back to the Parliament.

Local budgets

The local budget is the total amount of revenues and expenses of the territorial administrative units drafted for a period of 1 year. The local budget category includes the budgets of localities, cities, municipalities, districts of Bucharest municipality, counties and Bucharest municipality¹⁵.

The complete process of drafting, approving and executing the local budgets is based on the principle of local autonomy¹⁶, nevertheless the role of central authorities remains vital. Thus the local budget revenues account for the institution's own revenues, as well as "amounts broken down from certain revenues to the state budget, subsidies received from the state budget and other budgets, donations and sponsorships, amounts received from the European Union and/or from other donors as payments and pre-funding"¹⁷.

The level of internal revenues and their share in the local budget revenues ensure the pre-requisites of the local autonomy. The domestic revenues consist in local taxes and contributions (their level may be influenced to a certain extent by the local authorities) and "contributions, other payments, other revenues and quotas broken down from the income tax". The category other revenues includes amounts resulting from the capitalization of fix means, material goods, renting or leasing of some goods. In addition, special taxes for the operation of local public services or economic activities account for revenues to local budgets. The quotas broken down from the income tax represent a method of monthly transfer from the state budget to the local budget. Thus Law 273/2006 provides that 41.75%¹⁸ of the income tax collected to the state budget at the level of each territorial administrative units to be transferred to the locality'/city'/municipality's budget, 11.25% to the county's budget, and 18.5% placed at the disposal of the general directorate of county public finances with a view to balancing local budgets (both of localities, cities or municipalities, as well as of counties).

15 Law 273/2006 on local public finances, published in the Official Journal, Part I, no. 618 of 18.7.2006, updated through Law 329/2009

16 Normative framework regulating the drafting, approving and execution of local budgets is represented by: Law of Public finances 500/2002, Law of Local Public Administration 215/2001 and Law of Local public finances no. 273/2006.

17 Law 273/2006.

18 These quotas suffered modifications throughout time. In 2006, at the time of adoption of the law, the quotas were: 47%, 13%, 22% .

The distribution of funds from central budget to the local budgets with a view to balancing the latter is achieved at county level based on the financial capacity criterion (depending on the collected tax income per capita) and the surface of the territorial administrative unit. The distribution within the county, at the level of territorial administrative units, aims at ensuring a minimum income per capita and thus initially distributes amounts to the units registering an average income tax per capita lower than the income tax cashed in at county level, and in a second stage to all territorial administrative units depending on their financial capacity. In order to stimulate local authorities to improve the collection rate of internal revenues, as of 2008 the law has been setting out a decrease of these amounts distributed from the state budget based on a ratio corresponding to the degree of non-collection.

The procedures involved in the adoption of local budgets and their schedule are provided in the same law of local public finances.

- By June 1st of each year, the Ministry of Public Finance sends a framework-letter specifying “the macro-economic context based on which the forecast budget drafts will be drafted, along with the methodologies for their drafting, the ceiling of the amounts broken down from the revenues to the state budgets and the consolidated transfer, at the level of the county and Bucharest municipality, if appropriate”¹⁹. The drafting methodologies sent by the Ministry of Public Finance contribute to the creation of a standardized framework necessary for the formulation of budgetary proposals.
- Within 10 days since the communication of the spending limit approved by the Government, “the main budget holders of the state budget or of other budgets, whose budgets are provided with transfers to local budgets, shall send the corresponding amounts to the local public administration authorities” so as to be comprised within the budget draft laws.
- By July 1st, the mayors of the territorial administrative units (including the general mayor of Bucharest municipality and the mayors of the districts therein) along with the presidents of county councils must draft and submit before the general directorates of public finances the balanced local budget drafts and their annexes for the next fiscal year, as well as outlooks for the next 3 years.
- By July 15th, the general directorates of public finances will send the local budget drafts to the Ministry of Public Finance.
- Within 5 days since the publishing in the Official Journal of Romania of the State Budget Law, the Ministry of Public Finance will send to the general directorates of public finances the amounts broken down from certain state budget revenues and transfers to be consolidated, as approved by the state budget law.
- Within 5 days since notification, the General Directorate of county public finances, as well as the county councils will distribute the amounts broken down from certain state budget revenues, as well as the transfers to be consolidated per territorial administrative units, with a view to completing the local budget drafts.
- Within 15 days since the publishing of the state budget law, based on the internal revenues and the distributed amounts, the main budget holders complete the local budget draft, which will be then published in the local media or posted at the office of the territorial administrative units.
- Within 15 days since the date of publishing or posting of the draft, the residents of the territorial administrative units may submit appeals with reference to the budget draft.
- Within 5 days since the expiration of the deadline for the submission of appeals, the local budget draft is subject to approval by the deliberative authorities (local councils, county councils), the main budget holders (mayors, presidents of county councils).
- Within maximum 10 days since the date of submission for approval of the budget draft, the deliberative authorities must settle appeals and adopt the local budget draft.
- In case the deliberative authorities fail to approve the local budget drafts within the deadline provided (maximum 45 days since the publishing of the State Budget Law), the general directorates of public finances shall dispose the cessation of the quota feed, respectively the amounts broken down from certain state budget revenues and transfers to be consolidated, until the local budgets are approved.
- The main budget holders are obligated to send the local budgets to the general directorates of public finances within 5 days since the approval, and within 10 days, the latter must draft and send to the Ministry of Public Finance the budgets for the entire county, grouped per localities, cities, municipalities (respectively districts of Bucharest municipality).

19 Law 273/2006.

The budgetary execution at the level of local budgets undergoes the following stages: commitment, liquidation, clearance, settlement. The payments shall be made within the limit of the approved budgetary appropriations, and only based on supporting acts, drafted pursuant to the legal provisions, and after they were committed, liquidated and authorized. The closure of the budget execution takes place on December 31st each year. Any income not cashed in and any expense which was not committed, liquidated and authorized as part of the budget provisions and not paid by December 31st shall be cashed in or paid, whichever applicable, in the account of the next year budget. The amounts available from non-reimbursable external funds and public funds for co-funding the financial contribution of the European Commission, which are outstanding at the end of the fiscal year in the accounts of the implementation structures, shall be carried forward to the following year with the same destination.

The main budget holders draft and present for approval by the deliberative authorities the annual accounts for budget execution by May 31st the following year.

It is worth reminding that, according to law 544/2001, information such as that related to funding sources, budget, accounting balance, programs and strategies is information of public interest and free access. Also, “public authorities and institutions have the obligation to publish and update every year an information report comprising information of public interest” specified within the law. In addition to this, “they are obligated to make public a regular activity report, at least on a yearly basis, to be published in the Official Journal of Romania Part II”. Access to information presented above shall be made pursuant to the law by: “posting at the authority’s office, publishing in the Official Journal, mass-media, the institution’s own information means, internet page, or by making these documents available for consultation at the authority’ or public institution’s office.”²⁰

2.3. Budgetary spending

Law 273/2006 on local public finances and the State budget law (adopted each year) contain provisions regarding spending that must be provided within local budget or transfers between various levels of administration. Thus, the Law on local finances encloses at annex 2 the expenses that must be provided in local budgets. The state budget law provides the destination of certain amounts received from the state budget (for financing decentralized spending, for balancing local budgets etc.), as well as the amount allocated for the respective fiscal year.

Below you can find the provisions applicable to the areas analysed (education, health and social protection):

County budgets	Budgets of localities, cities and municipalities
<u>Annex no. 2, Law 273/2006</u>	<u>Annex no. 2, Law 273/2006</u>
Expenditure provided in the counties’ budgets	Spending included in the localities’, cities’, municipalities’ budgets, as well as in the budgets of the districts of Bucharest municipality and Bucharest municipality
4. General transfers between various levels of the administration:	4. General transfers between various levels of the administration:
- transfers from the county councils’ budgets for financing day care centres for child protection.	- transfers from the local budgets for social assistance institutions dedicated to persons with disabilities.
7. Education:	7. Education:
a) preschool and primary cycle education*);	a) Preschool and primary cycle education:
- preschool education*);	- Preschool education;
- primary cycle education*)	- Primary cycle;
b) special education;	b) Secondary cycle:
c) other education-related expenses.	- lower secondary cycle education;
8. Health:	- upper secondary cycle education;
a) healthcare in medical facilities with beds:	- vocational education;
- general hospitals;	c) post-high school education;
	d) special education*);

20 Law 544/2001 on free access to information of public interest, published in the Official Journal no. 663/23 October 2001, amended through Law 188/2007

<p>County budgets (cont.) b) other healthcare-related expenses: - other medical institutions and activities. 10. Social insurances and assistance: a) assistance awarded to elderly persons; b) social assistance in case of diseases and disabilities: - social assistance in case of disabilities; c) social assistance for family and children; d) other insurance and social assistance-related expenses. *) Shall comprise expenditure for the awarding of dairy and bread products, as per the Government Emergency Ordinance no. 96/2002 awarding dairy and bread products for 1st – 4th grade pupils in the public education system, as well as to pre-schoolers in public kindergartens with normal 4 hours schedule, approved and as subsequently amended and supplemented by Law no. 16/2003, as subsequently amended and supplemented.</p>	<p>Budgets of localities, cities and municipalities (cont.) e) subsidiary services related to education: - boarding houses and cafeterias for pupils ; - other subsidiary services; f) other education-related expenses. 8. Healthcare: a) healthcare services in medical facilities with beds: - general hospitals; b) other healthcare-related expenses: - other medical institutions and activities. 10. Social insurance and assistance: a) social assistance in case of diseases and disabilities: - social assistance in case of disability; b) social assistance for family and children*); c) housing aids; d) nurseries; e) prevention of social exclusion: - social aid; - social aid cafeteria; f) other insurance and social assistance-related expenses. *) For budgets of Bucharest municipality districts.</p>
<p><u>State budget law for year 2014</u> Taking into consideration the amounts broken down from VAT for financing decentralized spending at county level Art. 5 a) financing of the child protection system and social assistance for disabled persons; b) financing the rights for the provision of dairy and bread products to state and private primary and gymnasium cycle pupils, as well as to pre-schoolers in state and private kindergartens with normal 4 hours schedule c) financing the rights for the provision of honey as nutritional supplement to pre-schoolers and 1st – 4th grade pupils registered in the public and confessional education system; d) financing of expenses for the implementation of the program encouraging consumption of fresh fruits in schools, e) financing of special education and the county centres of resources and assistance in education;</p>	<p><u>State budget law for 2014</u> Taking into consideration the amounts broken down from VAT for financing decentralized spending at locality, city, municipality level a) basic financing of public pre-university education institutions for expenditure categories provided at art. 104 paragraph (2) of the National Education Law no. 1/2011 c) financing of the rights for personal assistance of persons affected by severe handicap or monthly compensations for persons with severe handicap; d) financing aid for heating housing with wood, coal and oil fuel, for beneficiaries of social aid; f) financing of expenses for nurseries; g) financing of decentralized spending at level of districts and Bucharest municipality, respectively for: child protection system, social assistance centres for handicapped persons, rights for the provisions of dairy and bread products for state and private primary and gymnasium pupils, as well as for pre-schoolers in the state and private kindergartens with regular 4 hours schedule. (4) the amounts broken down from the value added tax dedicated for financing the rights for the provisions of dairy and bread products for state and private primary and gymnasium pupils, as well as for pre-schoolers in state and private kindergartens with normal 4 hours schedule.</p>

When it comes to the budgets of localities, cities and municipalities, throughout the process of distributing these amounts originating from the state budget (the amounts broken down from the value added tax), the decision is made by the general directorates of public finances, after consulting with the county council, mayors or technical assistance of school inspectorates:

„(5) The distribution of the amounts broken down from the value added tax, provided under paragraph (3), per localities, cities, municipalities, districts and Bucharest municipality, whichever applicable, shall be made by decision of the director of the general regional directorate of public finances/head of the county administration of public finances, after consulting with the county council and the mayors, while the financing of state pre-university institutions with the technical expert assistance from the school inspectorate, depending on the number of pupils/pre-schoolers and the corresponding cost standards, as well as the number of beneficiaries of the respective services.

(6) In order to finance expenses provided under paragraph (1) and (3), the local public administration authorities shall allocate amounts from their local budgets, in addition to the amounts broken down from the value added tax.”²¹

2.4. Reporting spending

At the end of the fiscal year the budget execution account must be drafted and contain all operations for the collection of revenues and execution of spending, as well as the balance registered at the end of the fiscal year: surplus or deficit. The Ministry of Public Finance plays a very important role in this case centralizing the financial statements on budget executions sent by the budget holders and drafting the yearly consolidated budget execution account.

Moreover, the main budget holders draft the financial statements on a quarterly basis then further send them to the general directorates of public finances, and after being verified, the directorates send the documents to the Ministry of Public Finance. The latter drafts a centralized situation of local budgets which is then sent to the Ministry of Public Administration.

The budget execution may be reported using various types of classifications, set out by the Ministry of Public Finance, by order of the Minister. These account for “*the group of budget revenues and expenditure in a mandatory order and based on uniform criteria*”²², with the most frequently used as follows:

- Economic classification – sorting expenditure based on their nature and economic effect;
- Functional classification – sorting expenditure based on their destination, in order to assess the allocation of public funds to activities or objectives defining public needs²³.

In 2005, with a view to aligning the system of national accounts to the standards set by international bodies, including to fulfil Romania’s commitments with reference to the implementation of the Community acquis in the area of public finances, the Ministry of Public Finance adopted a new classification of the public budget indicators. The classification of the functions of government (COFOG), developed by OECD and published by UN, was adopted at EU level as well, being considered as a foundation adequate for the analysis of the structure of governmental spending. It defines the state’s major functions such as: education and culture, social sector, healthcare, use of work force, national defence etc. The functional classification is structured on several layers of detailed information: chapter (representing a governmental objective), sub-chapters and paragraphs (presenting in-depth actions enabling the achievement of these objectives). For instance, in the case of education, the expenses are grouped as follows:

65 00 Education
65 00 01 Central administration
65 00 02 Decentralized public education
65 00 03 Preschool and primary cycle education
65 00 03 01 Preschool education
65 00 03 02 Primary education

Order 1954/2005 approving the Classification of public finance indicators provided the fact that the selection and use of a certain degree of detail of the budget depends of the needs of public institutions.

”Art. 3: Economic classification is provided in annex no. 1 in extended form, while public institutions will use only sub-divisions specific to their activity area and for which there is a legal base enabling their implementation.

Art. 4: Public institutions may describe the sub-divisions provided in the economic and functional classification of expenditure, for purposes of analysis, reporting or processing of data.

21 Law no. 356/2013 of state budget for 2014

22 Law 500/2002 on public finances

23 idem

*Art. 5: Depending on the amendments to be brought to the legislation, the classifications provided in the annexes to this order shall be adjusted and supplemented accordingly. These amendments and supplementations shall be published on the Ministry of Public Finance' internet page and the internet pages of other interested institutions.*²⁴

The functional classification is the one delivering the most valuable information for the analysis of the children's budget. At the level of Eurostat there are indicators on the situation of national appropriations using the COFOG methodology. The Ministry of Public Finance and the National Institute of Statistics are the main institutions sending data to Eurostat.

2.5. Mechanisms for the drafting of the education, health and social protection budget

2.5.1. Education

The law of national education, adopted in 2011 introduces a new typology of funding the pre-university education system, using distinct sources, destinations and mechanisms. The standard cost per pupil/pre-schooler is used to establish the basic funding necessary for the pre-university education.

The basic funding is provided on an annual basis in the State budget law which specifies the source of revenues, respectively the amounts broken down from the value added tax (VAT), as well as their destination. For example, the State budget law for 2014 provides at article 4, letter b) the amount allocated for decentralized expenses at locality, city, municipality, district and Bucharest municipality level, according to annex 5, while article 5, paragraph (2) describes in detail these decentralized expenses including the basic funding: *"a) basic funding of state pre-university education institutions for expenditure categories described at article 104 paragraph (2) of the National Education Law no. 1/2011, as subsequently amended and supplemented"*.

Further on, governmental decisions set out the values of these standard costs, applicable for each school year. The legislation also provides the possibility to make amendments to these calculation formulas, in case the standard cost per pupil/pre-schooler does not cover the necessary funds for the basic funding. The current financing mechanism is believed to be defective when establishing financing for small-sized schools or schools which lost their status as independent²⁵.

The basic funding, as suggested in the name, covers the costs which are critical for the education process: human resources expenses (wages and various increments or salary entitlements, as well as expenses for their professional training), expenses for goods and services (which comprise office furniture, utilities, cleaning expenses etc.) and periodic assessments of pupils. As for the sources securing the basic funding, the law first stipulates the state budget (amounts broken down of VAT), with the possibility of local authorities (including county authorities) to contribute.

The complementary funds have the role to ensure capital expenditure (investments, repairs, consolidations), and social expenses or other costs necessary for the education process: subsidies for boarding houses and cafeterias, scholarships and transportation for pupils, national periodic evaluation of pupils, school competitions, expenses for commuting staff, mandatory medical examination of staff (if it is not provided free of charge) and to ensure the occupational health and safety etc. The complementary funds are supported by local budgets and the state budget, using the amounts broken down from the value added tax. The funds necessary for expenses included in the "complementary" category are not calculated based on a standard or average cost, but rather on indicators such as a rough estimates, estimated number of pupils to benefit from scholarships or accommodation in school board houses and meals in cafeterias, number of pupils benefiting from national programs (like croissant and milk).

The law also provides an additional funding with the purpose to reward the education institutions registering outstanding achievements, both in terms of school performance, as well as inclusion. Additional funding is allocated from the budget of the Ministry of Education, as a global amount. Also, local authorities may contribute to the additional funding, through grants awarded based on a methodology set out at local level.

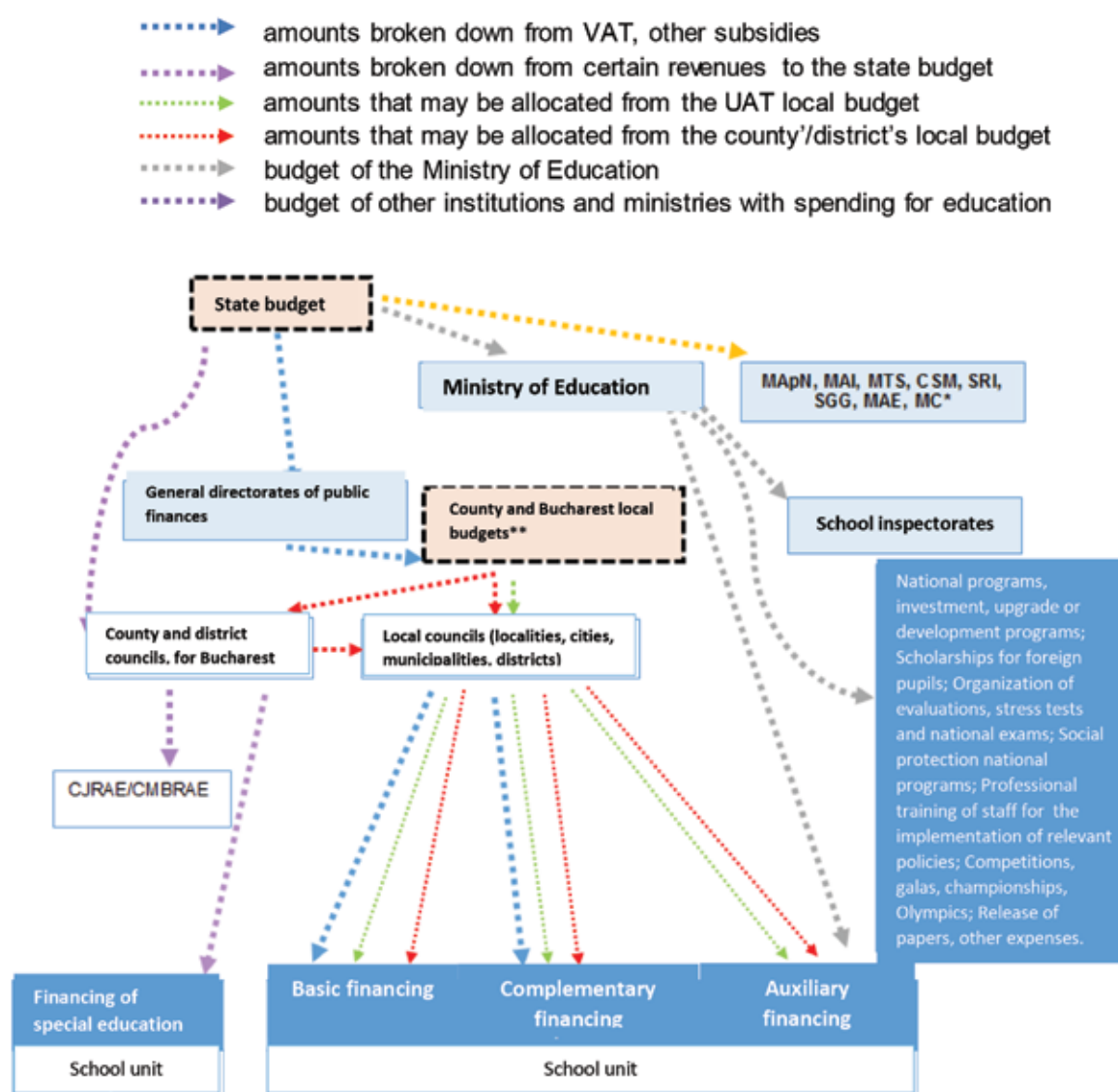
24 Order of the Minister of Public Finances, no. 1954/2005 approving the Classification of indicators for public finances

25 Ciprian Fartușnic (coord.), Institutul de Științe ale Educației, UNICEF, (2014), Finanțarea sistemului de învățământ preuniversitar pe baza standardelor de cost: o evaluare curentă din perspectiva echității, București, Ed. Vanemonde, available at http://www.unicef.ro/wp-content/uploads/Studiu.ISE_RO.pdf, pag. 76

The financing of the ante-preschool education is regulated by GD 1252/2012 approving the Methodology for the organization and functioning of nurseries and other ante-preschool early education institutions. Thus, the public nurseries are financed from: local budgets (which cover staff and nursery organization and functioning expense), amounts broken down from certain revenues collected to the state budget, monthly contributions from parents/legal guardians, donations, sponsorships and other legally constituted sources. Parents pay a monthly contribution (with a value set out by the mayor, taking into consideration the number of children and the family's income). The categories of persons exempted from paying the contribution are those benefiting from a plan of services for the prevention of family separation, in which case the contribution is covered by the local budget. The contribution may be settled through nursery or social vouchers.²⁶

The charts below briefly describe the funding mechanisms, the institutions involved and the circuit of the money allocated to the pre-university education.

Chart 2 – Mechanisms for the financing of pre-university education system

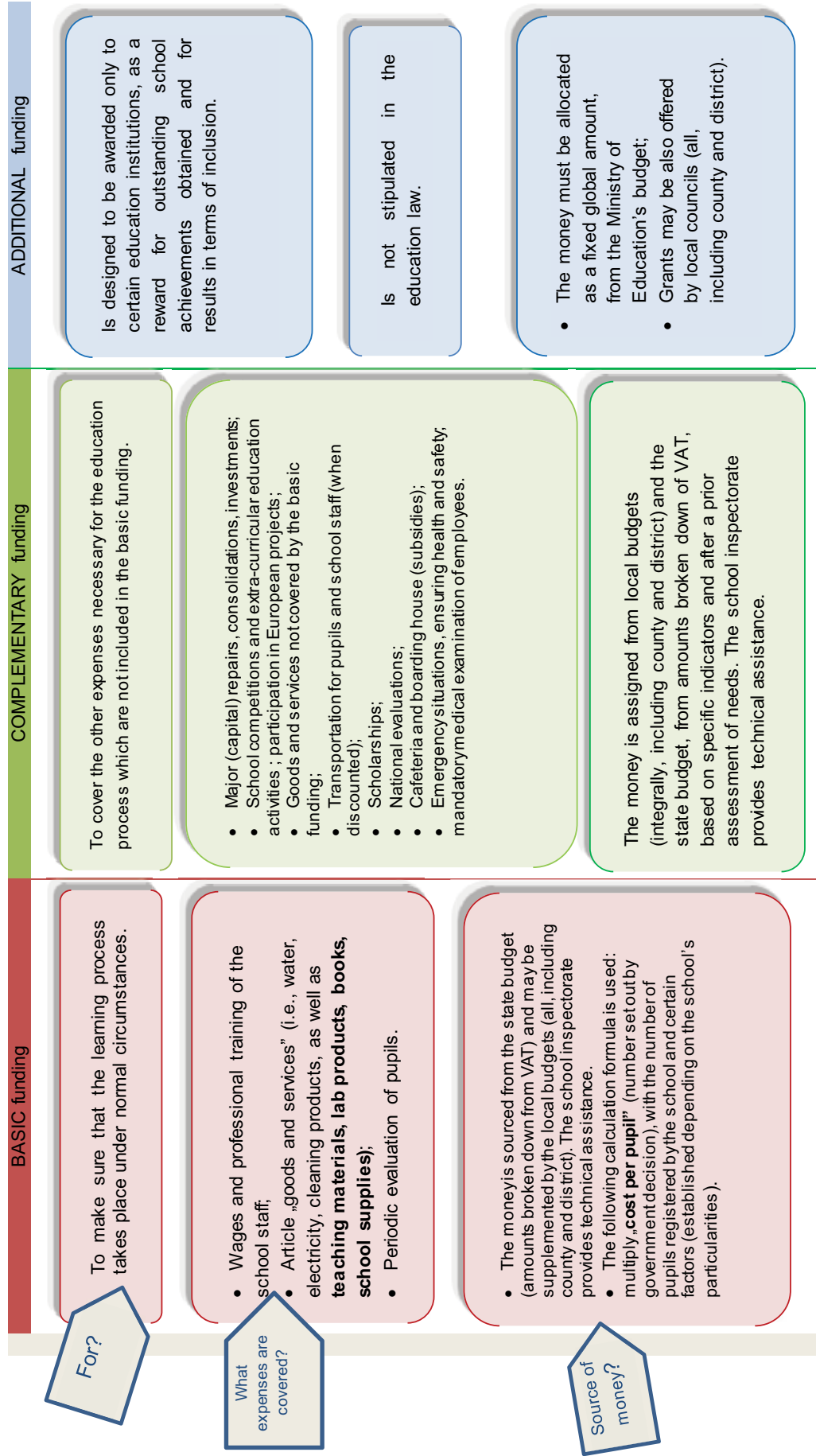


*The budgets of these main budget holders at central level may include spending with direct impact on financing education (few of these costs target however pre-university education).

** Other expenses may arise dedicated to other institutions (such as local libraries, clubs for children etc.) in the local budgets, the "Education" chapter, in addition to expenses to education institutions. These are not described in the chart above, so as to ensure a simpler scheme.

26 GD 1252/2012 approving the Methodology for the organization and functioning of nurseries and other ante-preschool early education institutions, articles 69-72.

Chart 3 – Types of financing for pre-academic education

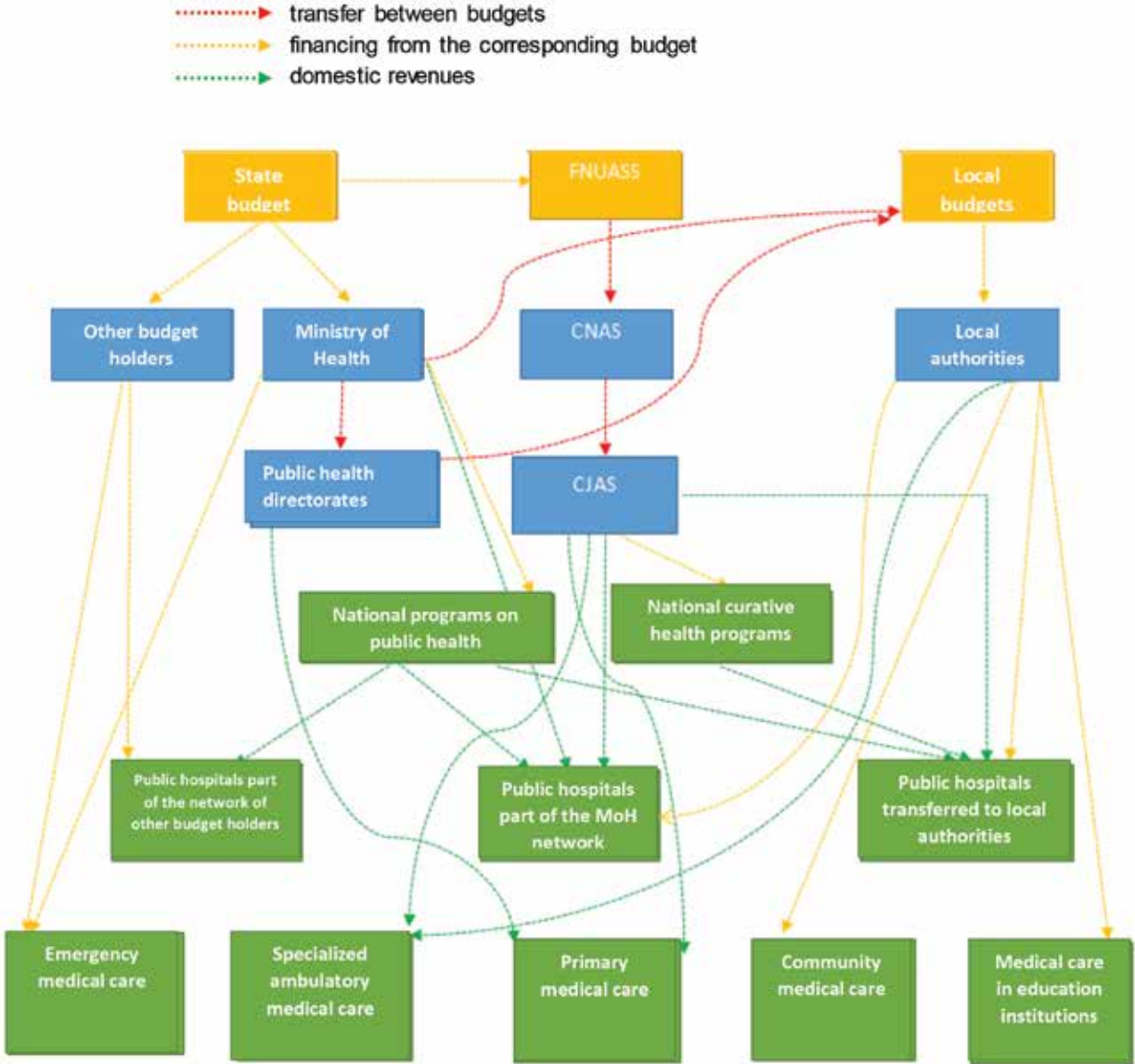


2.5.2. Healthcare

When speaking about public budgets, spending on health is covered by the state budget, the national unique fund for social healthcare insurances (FNUASS) and local budgets

We drafted below a scheme in the attempt to present in a simplified manner the main mechanisms for the financing of public healthcare assistance. Certain elements or exceptions specific to each type of medical service could not be graphically rendered (would have burdened the chart, making it difficult to be construed); therefore, the chart reveals only the main financing procedures. More detailed explanations about financing mechanisms, including exceptions and specific elements are dealt with in the following pages.

Chart 4- Mechanisms for the financing of the healthcare system



This brief presentation does not include private healthcare providers, who may conclude contracts with healthcare insurance houses, public health directorates or, if applicable, public institutions under the Ministry of Health, so as to provide services covered by public funds.

National healthcare programs

According to Law 95/2006 for the reform of the healthcare system, republished, the national healthcare programs are financed from “*the state budget, the budget of the National unique fund of healthcare social insurances, from reimbursable and non-reimbursable external funds, internal revenues, donations and sponsorships, as well as other sources, according to the law*” (art. 9, paragraph 4).

In-depth description of the financing methods is made within the same law, as follows:

„Art. 53

(1) The national public healthcare programmes shall be implemented using amounts allocated from the Ministry of Health’s budget, the state budget and domestic revenues, as follows:

- a) through public institutions and providers of healthcare services under the Ministry of Health;*
- b) through providers of healthcare services part of the network of local public administration authorities and of ministries and institutions with an internal healthcare network, public institutions, as well as private providers of healthcare services, provided the requirements of art. 52 paragraph (2) letter c) are complied with, based on the contracts concluded with the public health directorates or, if applicable, with public institutions under the Ministry of Health.*

(2) The national curative healthcare programmes shall be implemented using the amounts allocated from the National unique fund for healthcare social insurances through providers of medical services, medicines and medical devices subject to evaluation, based on the contracts concluded with the healthcare insurance houses.”

„Art. 58

(1) The national healthcare programmes shall be financed as follows:

- a) from the budget of the Ministry of Health, the state budget and internal revenues, for national public health programmes;*
- b) from the National unique fund of healthcare social insurances for the national curative healthcare programmes;*
- c) from other sources, including donations and sponsorships, in compliance with the law.*

(2) The amounts allocated to the multi-annual national healthcare programmes shall be approved through the state budget law (...).

(4) In case of national curative healthcare programmes, the medicines, medical supplies, medical devices and others, issued through open-circuit pharmacies, awarded to the beneficiaries included in the national curative healthcare programmes, shall be incurred from the budget of the National unique fund of social healthcare insurances at discount price.”

„Art. 61

(1) The Ministry of Health ensures the funds necessary for the financing of national public health programmes at the request of the technical assistance and management units in charge of national healthcare programmes.

(2) CNAS (National Healthcare Insurance House) shall ensure the funds for the financing of national curative healthcare programs at the request of healthcare insurance houses.

(3) The requests for the financing of national healthcare programmes provided under paragraphs (1) and (2) shall be drafted based on the substantiated requests of the expert units, which will request financing depending on the level in which the indicators were delivered and if the request falls within the limit of funds approved for this destination.”

A significant aspect is that Law no. 95/2006 stipulates transparency to a certain degree, thus art. 59 provides that the amounts allocated for the implementation of national programmes shall be published on the Ministry of Health’s website, while the expert units publish the execution of the budget of revenues and spending corresponding to these programs.

Public hospitals

The financing of public hospitals is described at art. 190-208 of Law 95/2006 for the reform of the healthcare system, republished.

In this sense, public hospitals, including those part of the local public administration network, are public institutions financed from internal revenues, respectively the amounts cashed in for the medical services and other services provided, based on the contracts for the provision of medical services signed with the healthcare

insurance houses, as well as from other sources (such as medical, hotel services or other services provided based on contracts concluded with private insurers, economic operators or at the request of third parties, co-payment, rental of spaces of machines, research activities, publications, donations, sponsorships etc.).

Public hospitals part of the local public administration network may receive funding from the state budget and local budget for certain expenses, as follows:

„Art. 198:

(1) Public hospitals part of the local public administration authorities' network may receive amounts from the state budget and the internal revenues of the Ministry of Health, allocated through transfer based on the contracts concluded between the county and Bucharest municipality public health directorate and the local public administration authorities coordinating the respective facilities, for:

a) the completion of the objectives for new investments, undergoing financed investments, prior to the date of transfer of the management of public hospitals, through annual investments programmes implemented by the Ministry of Health;

b) medical equipment, provided that the local public administration authorities participate in their purchasing using funds in the minimum amount of 10% of their value;

c) capital repairs for hospitals, provided that the local public administration authorities participate with funds in the minimum amount of 5% of their value;

d) financing upgrade, transformation and extension of existing construction objectives, as well as examination, design and consolidation of buildings, provided that the local public administration authorities participate in the purchasing with funds in the minimum amount of 10% of their value.”

„Art. 199: *Local public authorities may contribute to the financing of administration and functioning spending, respectively staff expenses, set forth under the law, goods and services, investments, capital repairs, consolidation, extension and upgrade, provision of medical equipment for medical units with transferred beds, in the limit of budget appropriations approved for this purpose in local budgets.”*

These hospitals may also benefit from funding based on a contract signed with the county and Bucharest municipality public health directorate for: the implementation of national public health programmes, staff expenses and expenses for goods and services necessary to certain types of medical practices comprised within hospitals (sports medicine, family planning, HIV/AIDS, persons affected by dystrophy, TBC, LSM), expenses for the staff involved in scientific research, salary entitlements for resident doctors (art. 194), staff expenses and expenses for goods and services necessary for departments of forensic medicine within these hospitals (art. 195).

As mentioned above, public hospitals are mainly financed from medical services provided based on contracts concluded with health insurance houses.

Public hospitals part of the network of the Ministry of Health and other budget holders (ministries and institutions with internal medical network) receive funding from the state budget and local budgets, which may be used only for specific purposes (art. 193). Thus, the resources allocated from the state budget may be used for: implementation of national public health programmes, purchasing of equipment and other tools, capital repairs, consolidation, expansion and upgrade, construction of new hospitals, activities specific to those ministries and institutions in whose network they are part of, research and teaching activities, departmental activities, as well as, where applicable, certain components of emergency medical assistance. The resources allocated from local budgets may be used for: administration and functioning costs (goods and services), investments, capital repairs, consolidation, expansion and upgrade, as well as provision of medical equipment.

The defence, public order, national safety and judicial authority ministries and institutions contribute from their own budget to the financing of certain administration and functioning costs for the hospitals part of their internal medical structure.

A particular situation lies with the Elias Emergency Teaching Hospital. This institution receives its financing from the state budget through the budget of the Romanian Academy and by transfer from the budget of the

Ministry of Health, through the Bucharest Municipality Public Health Directorate, while its teaching activity is also financed through funds transferred from the Ministry of Education. Funding may also be sourced from local budgets.

The emergency healthcare provided in hospital has a distinct funding approach, depending on the hospital's type (emergency hospital or hospital with emergency departments), as described further on.

Public emergency healthcare

As per art. 96 of Law 95/2006 for the reform of the healthcare system, republished, the activity of the qualified first aid teams (including the equipment they are provided with) shall be financed from the state budget, the budget of local public authorities as well as from other financial resources provided by law, including sponsorships and donations.

The other components, including the emergency reception units (UPU) and the emergency reception compartments (CPU) are financed as follows:

„Art. 100:

(1) The funds for the provision of public emergency healthcare shall be offered through the budget of the Ministry of Health from the state budget and from internal revenues, through the budget of the Ministry of Internal Affairs, through the budgets of ministries and institutions with medical network, donations and sponsorships, as well as from other sources provided by law.

(2) The county ambulance services, respectively the Bucharest-Ilfov Ambulance Service shall be financed from the state budget through the budget of the Ministry of Health. The criterion for fund allocation shall be approved by Order of the Minister of Health.

(3) Emergency consults to private residences and unassisted medical transportation may be achieved through private providers with a direct contractual relation with the health insurance house, under the coordination of public ambulance services.

(...)

(5) Funds used for the treatment of critical cases with costs which cannot be covered with the amounts obtained based on contracts with health insurance houses shall be ensured from the state budget, through the budget of the Ministry of Health, as well as from internal funds.

(6) The list of hospitals, sections within their structure, detailed description of expenses, manner of distribution of funds provided at paragraph (5), as well as other terms and conditions shall be set out by order of the minister of health.

(7) UPU and CPU within emergency hospitals shall be financed from the state budget and the internal revenues of the Ministry of Health, from the state budget through the budgets of ministries and institutions with medical network with amounts corresponding to staff expenses, expenses for medicines, reagents and medical supplies, spending arising from para-clinical investigations for cases solved within these structures, where hospitalized care in the medical unit including the respective UPU or CPU was not necessary.

(8) For UPU with SMURD in their structure, in addition to the amount provided at paragraph (7) from the state budget and the internal revenues of the Ministry of Health, amounts shall be allocated for the following type of expenses:

- a) expenses with the staff of the emergency reception unit participating in SMURD interventions;*
- b) costs for medicines and medical supplies for the mobile intensive care and qualified first aid teams;*
- c) expenses for data transmission for mobile intensive care and qualified first aid teams;*
- d) maintenance and inspection costs for medical equipment provided to the mobile intensive care and qualified first aid teams;*
- e) expenses to ensure the necessary means of intervention to the mobile intensive care and qualified first aid teams;*
- f) functioning and maintenance costs for the intervention tools used by qualified first aid teams working in the SMURD system, within the structure of public voluntary services for emergency situations, except for costs for para-*

medical staff assisting these teams. Such costs may be co-financed from the local budget, based on collaboration protocols concluded between the hospital whose structure includes the respective UPU coordinating the medical activity within SMURD, mayoralty or the involved county council and the Inspectorate for Emergency Situations in the respective county or Bucharest municipality;

g) expenses for medicines and medical supplies, as well as maintenance and inspection costs for medical equipment provided to intervention vehicles used for collective accidents or natural disasters, where necessary;

h) expenses used to ensure the functioning and maintenance of the vehicle/vehicles used within the regional coordination and medical intervention structure of SMURD, if the unit is equipped with such vehicle(s).

(9) Detailed description of expenditure provided at paragraph (8) and the methods for their reimbursement shall be set out through norms approved by joint order of the minister of health and the minister of internal affairs.

(10) UPU and CPU within hospitals with emergency structures approved according to legal provisions, other than those provided at paragraph (7), as well as the activities carried out in the emergency room shall be financed from the National unique fund of healthcare social insurances and are comprised in the structure of rate per solved case.

(...)

(12) UPU within county emergency hospitals may include the CPU of medical units within the territorial-administrative range of the respective county in their own structure.

(13) Financing of CPU provided at paragraph (12) shall be ensured from the budget of the Ministry of Health, the state budget and the internal revenues of this ministry, within the limit of the approved budget.

(...)

(16) For county ambulance services, respectively the Bucharest-Ilfov Ambulance Service, it shall be approved, by Government decision, the setting out of an activity integrally financed from its own revenues, respectively medical transportation at request, both internal and external, and services to ensure medical assistance at request for sports manifestations and other manifestations with wide audience.”

Specialized ambulatory care

The structures performing specialized ambulatory care activities may generate revenues, if applicable, from: contracts with healthcare insurance houses, private insurers or local public authorities, research and teaching activities, provision of services paid by third parties, donations, sponsorships and other sources provided by law (art. 140 of Law 95/2006 for the reform of healthcare system, republished).

Primary healthcare

As for financing various components of primary healthcare, Law 95/2006 for the reform of the healthcare system, republished, provides the following:

„Art. 85: Family medicine practice may generate revenues from:

a) contracts concluded with healthcare insurance houses within the healthcare social insurance system, provided they meet the requirements of the Framework-contract;

b) contracts concluded with public health territorial authorities, for family planning services, special counselling services, home healthcare for terminal patients and post-hospital care;

c) contracts concluded with private healthcare insurance companies;

d) contracts concluded with public health territorial authorities or public institutions under the Ministry of Health, for the implementation of national public health programmes;

e) contracts concluded with territorial public health authorities, for community care services;

f) contracts concluded with third parties, for services corresponding to additional competencies;

g) direct payment from consumers, for services not-contracted with third payers;

h) co-payment corresponding to medical activities;

i) research contracts;

j) contracts for teaching activities carried out in higher and post-university education system;
l) other sources, as per the legal provisions, including from the capitalization of its own equipment, physically or morally used.”

„Art. 87.

(1) The state budget, through the budget of the Ministry of Health, may finance expenses for investments in infrastructure, in rural localities, with a view to building, rehabilitating, equipping with the minimum standard equipment of medical and non-medical spaces where primary healthcare activities are carried out.

(2) The Ministry of Health shall allocate the amounts provided at paragraph (1) as transfers through the county public health directorates to the local public administration authorities.”

Community healthcare

The Emergency Ordinance 162/2008 on the transfer of all responsibilities and competencies exercised by the Ministry of Health to the authorities of local public administration stipulates, under art. 10, that the wages of the community medical assistants and medical mediators shall be incurred by the local budget. Art. 21 paragraph (1) of GEO 162/2008 states that “local public authorities are responsible with funding the community healthcare services”, while art. 3 mentions that, in order to ensure local authorities exercise their community healthcare responsibilities, certain amounts shall be transferred from the state budget to the local budgets through the budget of the Ministry of Health, which are set out on an annual basis, in the state budget law, as part of the annex enclosed to the budget of the Ministry of Health. The same article adds that these amounts are distributed per counties and Bucharest Municipality by the public health directorates or national public health institutions/authorities. The revenues necessary for the community healthcare services provided through family medicine practices shall be obtained based on contracts concluded with public health territorial authorities (art. 85 letter e, of Law 95/2006 for the reform of the healthcare system, republished).

Healthcare in teaching institutions

Law 95/2005 for the reforming of the healthcare system, republished, sets out the following clarifications with reference to financing the staff expenses and the costs for equipping with medicines and medical supplies the practices within teaching institutions from the state budget:

„Art. 20

(1) County and Bucharest Municipality public health directorates shall collaborate with the local public administration authorities to ensure healthcare.

(2) Public health directorates shall conclude contracts with the local public administration authorities to cover all staff expenses for doctors, dentists, medical assistants and expenses for the list of medicines and medical supplies in the general and dental practices within teaching units.

(3) The amounts necessary for the conclusion of contracts provided at paragraph (2) shall be secured from funds from the state budget, through the budget of the Ministry of Health.”

The Emergency Ordinance 162/2008 on the transfer of all responsibilities and competencies exercised by the Ministry of Health to the local public administration authorities states at art. 21 that “local public authorities are responsible with incurring the costs for goods and services necessary to support and ensure the functioning of medical practices within preschool and school education institutions, as well as for the setting out of new medical practices in education institutions legal entities, using amounts allocated from the local budget for this purpose.”

2.5.3. Social protection of children

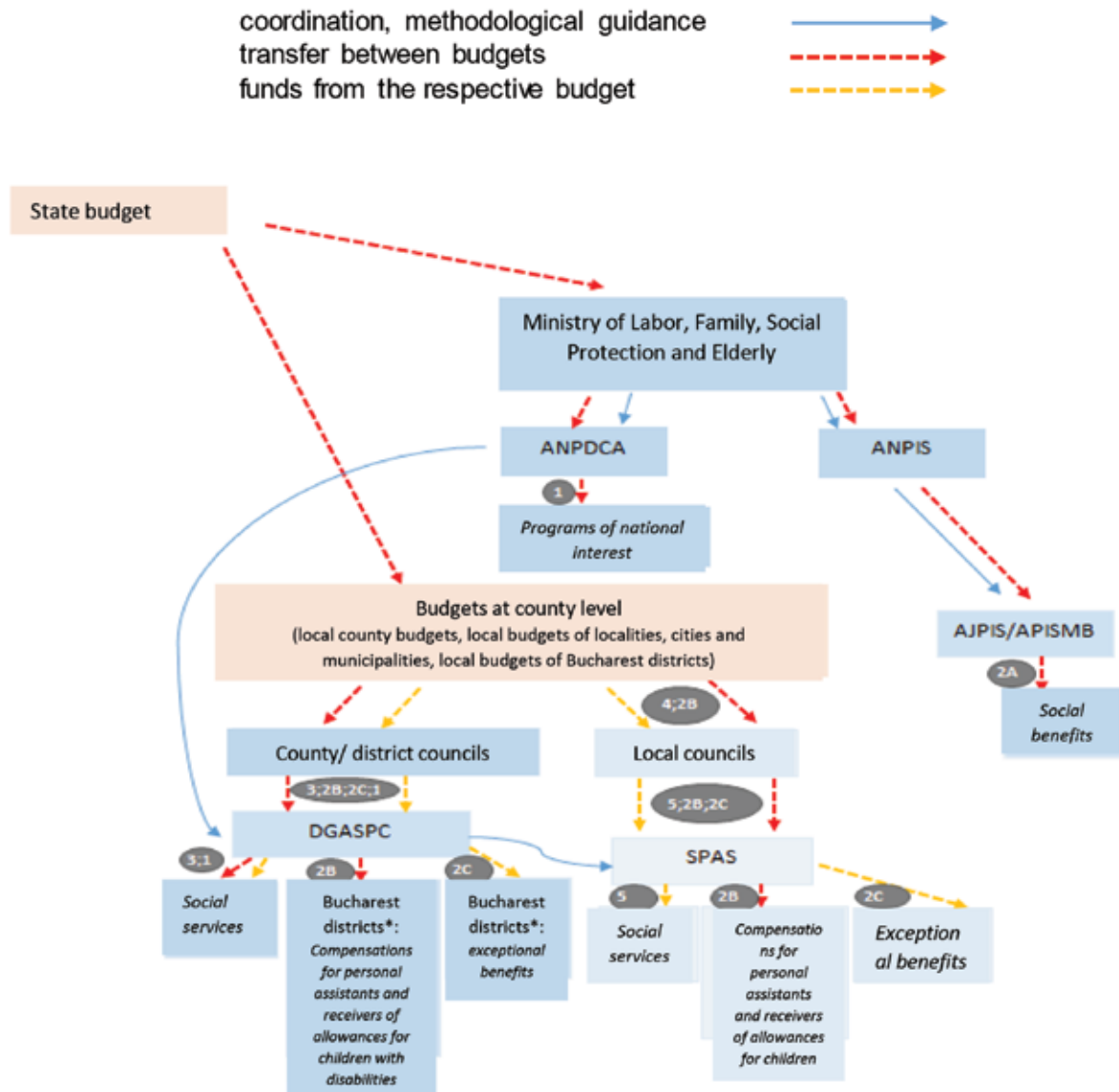
Law 272/2004 on the protection and promotion of the child’s rights, republished, as subsequently amended contains a chapter describing the manner in which the child protection system is financed. The main revenues are constituted from the state budget, the county/Bucharest district budgets and local budgets, to which are added donations, sponsorships, as well as reimbursable and non-reimbursable funds.

The analysis on funds for the child protection system should take into consideration the decentralization

process initiated in 1997, which generated responsibilities in finding the necessary resources at the level of local authorities as well as the cost standardization process underlying the drafting of budgets.

In 2010, the Government Decision no. 23 adopted the cost standards for social services of public providers. The cost standard is the minimum cost for the provision of a social service to a beneficiary throughout one year. As mentioned in the normative act, the cost standards impact the allocation of the amounts broken down from certain state budget revenues for local budgets (art. 1, paragraph 2 of GD 23/2010 approving the cost standards for social services).

Chart 5 – Mechanisms for the financing of the child protection system



Note: * at the level of Bucharest municipality districts, the general directorates for social assistance and child protection also fulfil responsibilities specific to public social assistance services.

This brief presentation does not include private providers of social services, which may receive subsidies from the state budget, through the Ministry of Labour, Family, Social Protection and Elderly or through the local public administration.

Programs of national interest

1 To ensure the promotion and Protection of Child Rights, the Ministry of Labour may finance programs of national interest, using funds allocated from the state budget for this purpose, reimbursable and non-reimbursable external funds, as well as funds from other sources (art. 127 paragraph 2 of Law 272/2004 for the protection and promotion of the child's rights, republished, as subsequently amended). With the re-constitution of the National Authority for the Protection of Child Rights and Adoption, this institution was awarded with the responsibility to finance or co-finance, whichever the case, programmes of national interest (art. 4, paragraph 1, letter d of GD 299/2014 for the organization and functioning of the National Authority for the Protection of Child Rights and Adoption).

Social benefits²⁷

2A County agencies for payments and social inspections (AJPIS), respectively the Bucharest Municipality Agency for Payments and social inspection (APISMB) manage the budgets assigned for social benefits.

2B The financing of the entitlements of personal caretakers and of monthly compensations for persons with severe disabilities is ensured from the amounts broken down from VAT for the financing of decentralized expenditure at the level of localities, cities, municipalities.

2C In addition to the social benefits mentioned above, pursuant to article 130 of Law 272/2004, exceptional financial benefits may be awarded if the family is temporarily facing with financial difficulties caused by extraordinary situation which may endanger the harmonious development of the child. In such cases, the mayor is the one to approve whether to award and the amount or the benefit.

Social services

3 Services set out at county/district level to ensure the special protection of the child or prevent the separation of the child from his/her family benefits from funds from the state budget from amounts broken down from VAT (there are clear provisions in the State budget law and Law 272/2004 for the protection and promotion of the child's rights, republished, as subsequently amended) and from the county/district budget (from internal revenues or amounts broken down from certain revenues to the state budget used to balance local budgets).

The ratio between the amounts allocated for supporting these expenses from the state budget and those from the county/district budget ranged, both throughout time, as well as from one county/district to the other. As of 2014, the share of expenses for the child protection system financed from the state budget has been set out by Emergency Ordinance 103/2013 on remuneration of the staff paid from public funds in 2014, as well as other measures related to public expenditure. The ordinance provides that, as of October 2014, at least 90% of the amount necessary is to be ensured by the state budget, from amounts broken down from VAT:

"Art. 20.

(1) The child protection system and the social care centres for handicapped persons shall be financed from the state budget, using amounts broken down from the value added tax, of at least 90% of the funds needed set out yearly by the Ministry of Labour, Family, Social Protection and Elderly, when drafting the state budget, based on the cost standards calculated for beneficiaries/types of social services, as approved by the Government Decision no. 23/2010 approving the cost standards for social services.

(2) The entitlements of personal caretakers for persons suffering from severe handicap or the monthly compensation for persons with sever handicap, awarded in compliance with the provisions of art. 42 paragraph (4) of Law no. 448/2006 for the protection and promotion of the handicapped persons, republished, as subsequently amended and supplemented, shall be financed from the state budget, from amounts broken down from the value added tax, in the amount of at least 90% of the funds needed set out yearly at the state budget drafting, depending on the number of beneficiaries communicated by the territorial-administrative units.

(3) Local public administration authorities are obligated to allocate additional amounts from their own local budgets to ensure the integral financing of expenses provided at paragraph (1) and (2)."

27 Law 292/2011 on social assistance, as subsequently amended, uses the term "social assistance benefits" in the sense of "measures for financial redistribution/materials dedicated to persons or families meeting the eligibility criteria provided by law" (art. 6, let. c).

The necessary funds set out based on the cost standards account for minimum costs for the functioning of these services, while the additional costs may be incurred from the internal revenues of county/district councils and local councils of municipalities, cities and localities (art. 3 of GD 23/2010).

Law 292/2011 of social assistance, as subsequently amended provides that the local county budgets should incur other expenses as well, such as:

” Art. 135

(1) Funds shall be allocated from local county budgets for:

a) financing social services managed by the institution, contracted or subsidised under the conditions provided by the law, or co-financed based on partnership contracts;

b) financing or co-financing for the setting out, organization and functioning of new social services;

c) co-financing of social services functioning in the rural environment and in disadvantaged localities, based on partnership contracts concluded twice a year;

d) financing of expenses corresponding to the functioning of evaluation committees and complex evaluation services, provided by the law, until the entering into force of the new evaluation system provided at art. 110;

e) financing or, if applicable, co-financing in partnership with local public administration authorities of costs necessary to ensure the continuous training of the staff with responsibilities in the area of social services and operating in the respective county;

f) financing and co-financing in partnership with the local public administration authorities of community-wide actions raising awareness on the needs and social risks identified at county level;

g) co-financing of projects supported from structural funds and other international funds for projects related to social services;

h) financing of subsidies dedicated to social services awarded by private providers;

i) other finances or co-finances provided by law.

(2) County council is obligated to ensure the amounts completing the amount allocated from the state budget, from its own budget.”

4 Law 272/2004 for the protection and promotion of child’s rights, republished, as subsequently amended provides that in case county councils do not have the financial resources necessary to organized services appropriate to the community’s needs, the county council must contribute so as to ensure the necessary funding, by decision of the county council. (art. 124, paragraph 2).

5 In case of services created by local councils, they are supported from the local budget or, as mentioned above, may be supported from the county council budget. Law 292/2011 of social assistance, as subsequently amended specifies the obligations of local authorities with reference to financing social services:

”Art. 136

(1) Funds shall be allocated from the local budgets of localities, cities and municipalities, respectively from the local budgets of Bucharest municipality for: Din

a) financing social services managed by the institution, contracted or subsidised according to the law, or co-financed based on partnership contracts;

b) financing or co-financing for the setting out, organization and functioning of new social services

c) financing or, if applicable, co-financing in partnership with county council of costs necessary to ensure the continuous training of the staff with responsibilities in the area of social services and operating in the respective county;

d) financing and co-financing in partnership with the county council of actions raising awareness on the needs and social risks identified at community level;

e) co-financing of projects supported from structural funds and other international funds for projects related to social services;

f) other finances or co-finances provided by law.

(2) Local public administration authorities are obligated to ensure the amounts to supplement the funds allocated from the state budget, from their own budget.”

3. Methodology to determine the children's budget

Considering the specificity of the budgetary policy in Romania, the analysis of the quantitative and qualitative data part of the research revealed that, based on the current budgetary classification of public finances in Romania, a precise identification of the budgets allocated and spent for children is not possible. Therefore, in addition to highlighting spending in budgetary chapters and sub-chapters which appear to have a direct and indirect impact on the child, we suggest as method of assessment of resources and evolution in time, to relate these amounts to the number of beneficiaries or, where applicable, to the potential beneficiaries of services (for example the number of persons registered in the education system, number of residents and, where possible, the number of children, pupils etc.).

The list of sub-chapters keeps certain types of budgetary expenditure, as per the functional classification, although currently there are no amounts assigned, as a result of a legislative and institutional amendment (such as those generated following the decentralization of services, i.e. spending related to healthcare are not described in detail as per the functional classification, but are addressed as transfers, and thus are found included in another sub-chapter, as the respective services are provided based on contracts). This methodological preference is generated, on one hand, by the need to observe the evolution in time of the types of expenditure include, while, on the other hand, by the coherence of the countering system as per the regulations of the Ministry of Finances.

We will present below the methodology proposed for the three areas to be analysed: education, healthcare and social insurance and assistance.

3.1. Education

The budgetary spending allocated for pupils in the education system are relatively easy to be determine, considering the fact that public policies implemented with the help of the budget allocated have a direct or structural impact on the pupil. The functional classification of expenses includes categories which enable the separation between the education levels mainly, but not exclusively, the children (0-17 years old) have access to. In performing this analysis, it is important to take into account the fact that certain expenses impact only the beneficiaries of the public education system, while other are addressed to all beneficiaries, including those registered in the private educations system.

The analysis's borderline are provided by the fact that, at various levels of the pre-university education, there are also adult pupils (adult persons registered in the primary or secondary cycle of education, evening classes, low attendance education or in "A second chance" classes or groups in the primary and lower secondary cycles). The insufficient split of sub-chapters restricts in turn the analysis.

The calculation method implies:

Code	Source	State budget	Local budgets (county budget, including the local budgets and the county council budget, after consolidation)
Chapter 65	EDUCATION Total = 1 + 2	1	2
	Calculation method	A+B	Total amounts spent/ total number of persons registered in the public pre-university education system located in the territorial administrative unit (UAT)
	A. Determination of average DIRECT spending per beneficiary of pre-university education		

Sub-chapters <i>paragraphs</i>	Method of calculation	Weighted arithmetic mean of the values below (weights corresponding to the number of beneficiaries in each category, to whom are addressed the amounts at each budgetary paragraph):	
65.00.03 65.00.03.01 65.00.03.02	Preschool and primary education Pre-school education; Primary education.	Total amounts spent/ total number of children registered in the public pre-school education system, excluding those in the special education system.	<i>Total amounts spent / Total number of persons registered, per category of public preschool/primary education in UAT</i>
65.00.04 65.00.04.01 65.00.04.02 65.00.04.03	Secondary education Lower secondary cycle; Upper secondary cycle; Vocational education.	Total amounts spent/ total number of persons registered, per secondary cycle category, excluding those in the special education, in the public system (and, for 2008-2011, co-operative upper secondary cycle and vocational education)	<i>Total amounts spent/ total number of persons registered, per secondary cycle category, in the public system (and, for 2008-2011, co-operative upper secondary cycle and vocational education) in UAT</i>
65.00.07 65.00.07.04 (65.00.07.03)	Education not definable through level Special education. (foster homes)	Amounts spent/ total number of beneficiaries of the special education (Amounts spent / total number of children benefiting)	<i>Amounts spent/ total number of beneficiaries of special education in UAT</i>
	B. Determination of average INDIRECT spending per beneficiary of pre-university education		
	Method of calculation	B1+B2	
	B1 – determination of average indirect spending per beneficiaries, from sub-chapters exclusively dedicated to pre-university education		
Sub-chapters <i>paragraphs</i>	Method of calculation	Weighted arithmetic mean of the values below (weights corresponding to the number of beneficiaries in each category, to whom are addressed the amounts at each budgetary paragraph):	
65.00.02	Decentralized public services	Total amounts spent/ total number of persons registered in the pre-university education	<i>Total amounts spent/ total number of persons registered in the pre-university education in UAT</i>
	B2 – determination of average indirect spending per beneficiaries, from sub-chapter exclusively dedicated to pre-university education		
Sub-chapters <i>paragraphs</i>	Method of calculation	Weighted arithmetic mean of the values below (weights corresponding to the number of beneficiaries in each category, to whom are addressed the amounts at each budgetary paragraph):	

65.00.01	Central administration	Total amounts spent/ total number of beneficiaries of education at national level	-
65.00.07 65.00.07.02	Education not definable by level Central university and pedagogic libraries.	Total amounts spent/ total number of beneficiaries of education at national level	<i>Total amounts spent/ total number of persons registered in the pre-university education in UAT</i>
65.00.11 65.00.11.01 65.00.11.02 65.00.11.03 65.00.11.30	Auxiliary education services School camps and tourism; House of the teaching staff; Boarding houses and cafeterias for pupils; Other auxiliary services.	Total amounts spent/ total number of beneficiaries of education at national level	<i>Total amounts spent/ total number of persons registered in the pre-university education in UAT</i>
65.00.25	Research and development activities for education	Total amounts spent/ total number of beneficiaries of the education system at national level	-
65.00.50	Other education-related expenses	Total amounts (transfers between units of public administration)/ total number of beneficiaries of the education system at national level	-

Note: For the purposes of the analysis comprised in this report (conducted based on 2008-2014 data), the use of simple arithmetic average is sufficient to determine average spending at points A, B1 and B2 in the table, as the categories of beneficiaries of costs in the respective budgetary paragraphs do not overlap. There is the possibility to see further on a different detailed description on sub-chapters or budgetary paragraphs, as well as a wider diversity of beneficiary categories, and in that case the weighted arithmetic mean would be more useful to determine the average spending per beneficiary, particularly if higher variations and overlaps in the categories of beneficiaries are determined.

At Eurostat level, the education area is split into 8 categories:

GF0901 – Preschool and primary education

GF0902 – Secondary education

GF0903 – Post-secondary non-tertiary education

GF0904 – Tertiary education

GF0905 – Education no definable by level

GF0906 – Subsidiary services to education

GF0907 – Research and development for education

GF0908 – Other education-related expenditure not included in other categories

3.2. Healthcare

When it comes to healthcare, the budgetary spending for children are more difficult to determine, as the functional classification on healthcare does not allow the breakdown of expenditure made per categories of beneficiaries (which is achieved based on the COFOG classification, used at EU level, therefore the data presented by Eurostat do not generate additional knowledge in this area).

Nevertheless, the manner to ensure the budgetary resources necessary for the healthcare system, as well as the system of contributions implies that these services may be accessible to each insured citizen. Moreover, the legislation on healthcare social insurances provides that, both children, as well as young persons of 26 years of age (under certain circumstances), benefit from healthcare insurance without being obligated to pay the contribution.

Thus the calculation method is based on the assessment of the costs for medical services per citizen, as follows:

Code	Source	State budget	FNUASS (Total – Insurance and social assistance)	Local budgets (county budget, including local budgets and county council budget, after consolidation)		
66	HEALTHCARE Total = 1 + 2 + 3 + 4 + 5	1	2	3	4	5
	Source	Local budgets (cities and municipalities)	Ministry of Health (Total amounts Healthcare – Transfer between units of the public administration)	CJAS	CNAS	Budget of the institutions integrally or partially financed from their own revenues
Sub-chapter	Method of calculation:	Total amounts spent/ UAT population	Total amounts spent/ Population of Romania	Total amounts spent/ County population	Total amounts spent/ Population of Romania	Subsidies from local budgets meant to cover current healthcare-related expenses (code 43.10.10) + capital healthcare-related expenditure (code 43.10.14)/ UAT population
66.00.01	Central administration		Total amounts spent/ Population of Romania		Total amounts spent/ Population of Romania	
66.00.02	Decentralized public services		Total amounts spent/ Population of Romania			
66.00.03	Pharmaceutical products, specific medical supplies and devices			Total amounts spent/county population		
66.00.04	Medical ambulatory services		Total amounts spent/ Population of Romania	Total amounts spent/county population		
66.00.05	Pre-hospital emergency care and medical transportation			Total amounts spent/county population		
66.00.06	Healthcare in medical units with beds		Total amounts spent/ Population of Romania	Total amounts spent/county population		
66.00.07	Out care			Total amounts spent/county population		

66.00.08	Public health services		Total amounts spent/ Population of Romania	Total amounts spent/county population		
66.00.09	Haematology and transfusion safety		Total amounts spent/ Population of Romania	Total amounts spent/county population		
66.00.10	Applied research and experimental development related to healthcare		Total amounts spent/ Population of Romania			
66.00.11	Medical benefits awarded based on international documents					
66.00.50	Other healthcare-related expenditure					
66.00.50. 50	Other medical institutions and actions	Total amounts spent/ UAT population	(Total amounts Healthcare – Transfers between units of public administration)/ Population of Romania			

Eurostat presents healthcare expenditure split on 6 sub-chapters, as follows:

GF0701 – Medical products, appliances and equipment

GF0702 - Outpatient

GF0703 – Hospital services

GF0704 – Public health services

GF0705 – Research and development related to health

GF0706 – Other healthcare services not included in any category

3.3. Insurances and social assistance

Similar to healthcare budgets, many of the spending in the insurance and social assistance budgets cannot be broken down depending on their final beneficiary. However, unlike the healthcare budget, the functional classification for insurances and social assistance enables both the identification of certain areas strictly related to child protection, as well as the exclusion of other chapters whose beneficiaries cannot include children:

Code	Sources	State budget	FNUASS	BAS	Local budgets (county budget, including local budgets and county council budget, after consolidation)
68	INSURANCES AND SOCIAL ASSISTANCE Total = 1 + 2 + 3 + 4	1	2	3	4
	Method of calculation:	Total amounts spent/ population of Romania	Total amounts spent/population of Romania	Total amounts spent/population of Romania	Total amounts spent/population of Romania
68.00.01	Central administration	<i>Total amounts spent/ population of Romania</i>			
68.00.02	Decentralized public services	<i>Total amounts spent/ population of Romania</i>			
68.00.05	Social assistance in case of diseases and disability	<i>Total amounts spent/ population of Romania</i>	<i>Total amounts spent/population of Romania</i>		
68.00.06	Social assistance for family and child				<i>Total amounts spent/ UAT population</i>
68.00.09	Aid for survivors	<i>Total amounts spent/ population of Romania</i>		<i>Total amounts spent/population of Romania</i>	
68.00.10	Housing aids				<i>Total amounts spent/ UAT population</i>
68.00.11	Nurseries				<i>Total amounts spent/ number of children registered in public nurseries, at UAT level</i>
68.00.15	Prevention of social exclusion	<i>Total amounts spent/ population of Romania</i>			<i>Total amounts spent/ UAT population</i>
68.00.25	Research and development related to insurances and social assistance	<i>Total amounts spent/ population of Romania</i>			
68.00.50	Other insurance and social assistance-related expenditure	<i>Total amounts spent/ population of Romania</i>		<i>Total amounts spent/population of Romania</i>	

69	INSURANCES AND SOCIAL ASSISTANCE FOR ACCIDENTS AT WORK AND OCCUPATIONAL DISEASES				
69.00.05	Social assistance in case of disease and disability			<i>Total amounts spent/population of Romania</i>	
69.00.09	Aids for survivors			<i>Total amounts spent/population of Romania</i>	
69.00.50	Other insurance and social assistance-related expenditure			<i>Total amounts spent/population of Romania</i>	

It is possible for occasional spending to occur (for instance, in case of emergency situations), with an impact on child protection, however it is not possible to standardize the method of allocation in such case, considering that these funds are assigned depending on needs.

We presented above the functional classification approved by the Ministry of Public Finance for 2014, with small changes brought each year. Thus, in 2006, when the authorities made a transposition to the new classification of indicators so as to ensure the compliance with international standards for the drafting of statistics on public finances, “social assistance for family and child” included “the support of the system for the protection of child’s rights and nurseries”. After analysing the 2014 classification, we observe that nurseries were assigned with a different code. In 2014, the authorities introduced code “68.00.50.50 Other social assistance-related expenditure”, where according to discussions with representatives of general directorates for social assistance and child protection (DGASPC) are included expenses dedicated to the child protection system, as well as for the protection of disabled persons.

The difficulties in calculating the expenses made for children refer first to the manner in which they are registered. Thus, many of the above-mentioned codes comprise both expenses for children, as well as for adults in vulnerable situations. An alternative to break down these expenses at DGASPC level is to calculate the costs for services, however this method would exclude the wages which are registered separately, while human resources serve both the children and the adults’ component.

At Eurostat level, the data on governmental spending for social protection are structured on the following categories:

GF10 – Social protection

- GF1001 Illness and disability
- GF1002 Elderly
- GF1003 Survivors
- GF1004 Family and children
- GF1005 Unemployment
- GF1006 Housing
- GF1007 Social exclusion not elsewhere classified
- GF1008 Research and development related to social protection
- GF1009 Social protection not elsewhere classified

The “family and children”²⁸ category comprises:

- Provision of social protection as benefits in cash or in kind to households with dependent children;
- Administration, operation or support for social protection schemes;
- Benefits in cash such as maternity allowance, compensation awarded at birth, maternity leave, allowances to families and children, other amounts awarded periodically or globally to support households and help them incur costs for certain needs (such as, single-parent families or families with children with disabilities);
- Benefits in kind such as shelter and food provided to pre-schoolers throughout a day or at a certain moment of the day, financial support to pay a nurse to care the child throughout the day, shelter and food for children or families on a permanent basis (foster homes, maternal assistants etc.), goods and services provided to children at home or their caretakers, various services and goods provided to families, youngsters or children (camps);
- Does not include: family planning services

“Social protection not elsewhere classified” category comprises:

- Administration, operation and support for activities such as drafting, management, coordination and monitoring of social policies in their entirety, plans, programmes and budgets; preparation and enforcement of legislation and standards for the provision of social protection; creation and dissemination of general information, technical documentation and statistics on social protection.
- Includes provisions of social services as benefits in cash and in kind for victims of fires, floods, earthquakes and other disasters occurring during peace time; purchasing and storage of foods, equipment and other supplies for emergency situations occurring during peace time;
- Other social protection measures and services that cannot be included in any of the other categories.

28 Manual on sources and methods for the compilation of COFOG Statistics, (2007), Eurostat, available at <http://ec.europa.eu/eurostat/documents/3859598/5901713/KS-RA-07-022-EN.PDF/42751ae2-aa62-4ed3-ba90-a92ad7d8c6d0?version=1.0>

4. Children's budget – analysis of existing data

This chapter is focused on determining total spending for the three areas under analysis, education, healthcare and social assistance, in the context of the country's general consolidated budget (which includes all budgets and eliminates transfers between them), per capital.

Further on, we also analysed spending made from the three central budgets with related impact: state budget, budget for state social insurances and budget of the sole fund for social healthcare insurances, with an aim to identify the amounts spent for one child.

The overview is followed by an in-depth presentation of each of three areas and the budgetary expenditure at central level, as well as an estimation of the amounts per child, for each of the area.

The analysis is focused on the period between 2008 and 2014 and the data originate from the executions of the respective budgets (final amounts spent).

4.1 Overall spending

4.1.1. Romania from an European view

To gain a more general view of the total amounts spent for governmental functions, we first analysed using the Eurostat data²⁹ the percentage in GDP spent at EU level, at the level of Romania and for the purposes of comparison, in other two member states, Bulgaria and Poland. Although the available data refer only to 2008-2013, they provide a relevant perspective on the funding priorities set in the state's general consolidated budget.

These data revealed that, of all expenses made by the state for all three areas, Romania frequently spends one of the lowest percentages of GDP for education, healthcare and social protection across EU.³⁰

Moreover, if we were to observe the data for the last available year, we would notice that despite the total overall spending of Romania were 27.57% lower than the European average, as percentage of GDP, in the case of the three areas, the expenses accounted for even more than 41% less than the European average.

By comparing Romania and Bulgaria, two countries with relatively close values in terms of overall spending expressed as percentage of GDP (our country benefiting from a small advantage in the four of the six year analysed), it is clear that Romania tends to outspend Bulgaria only in terms of social protection (although considerably ranking below the European average in this case as well, as even below Bulgaria in 2012 and 2013). Romania spent less than the neighbouring country for education, in the four of the six years analysed. As for healthcare, our country spent less than Bulgaria throughout all six years.

29 Eurostat, Database, General government expenditure by function (COFOG), [gov_10a_exp], available at <http://ec.europa.eu/eurostat/web/government-finance-statistics/data/database>, updated on 07.07.2015.

30 Romania ranked last of EU countries in budget allocated to education (as % of GDP) in 2009, 2010, 2012 and 2013 and second last in 2011. As for the healthcare budget, our country was the last but two in four out of the six years analysed. Romania also occupied the same position in 2013 and the fourth position at the bottom of the list in 2012 in terms of budget for social protection.

Table 1 – Total overall spending, expenses for education, health and social protection (% of GDP)

	2008	2009	2010	2011	2012	2013
Total overall spending - % of GDP						
EU28	46,5	50,3	50,0	48,5	49,0	48,6
EU27	46,5	50,3	50,0	48,5	49,0	48,6
Bulgaria	37,7 (↓)	40,6 (↕)	37,4 (↓)	34,7 (↓)	35,2 (↓)	38,3 (↑)
Polonia	44,4	45,2	45,9	43,9	42,9	42,2
România	38,9 (↑)	40,6 (↕)	39,6 (↑)	39,2 (↑)	36,4 (↑)	35,2 (↓)
Educație - % din PIB						
EU28	5,0	5,3	5,3	5,1	5,0	5,0
EU27	5,0	5,3	5,3	5,1	5,0	5,0
Bulgaria	4,0 (↓)	4,2 (↑)	3,7(↑)	3,5(↓)	3,4 (↑)	3,8 (↑)
Polonia	5,7	5,4	5,6	5,5	5,4	5,3
România	4,5 (↑)	4,1 (↓)	3,3 (↓)	4,1 (↑)	3,0(↓)	2,8 (↓)
Health - % of GDP						
EU28	6,8	7,4	7,3	7,1	7,2	7,2
EU27	6,8	7,4	7,3	7,1	7,2	7,2
Bulgaria	4,5 (↑)	4,1 (↑)	4,6 (↑)	4,3 (↑)	4,5 (↑)	4,6 (↑)
Polonia	5,0	5,0	5,0	4,7	4,7	4,6
România	3,2 (↓)	3,8 (↓)	3,3 (↓)	4,1 (↓)	3,8 (↓)	4,0 (↓)
Protecție socială - % din PIB						
EU28	17,5	19,5	19,4	19,1	19,4	19,6
EU27	17,6	19,5	19,4	19,1	19,4	19,6
Bulgaria	10,7 (↓)	13,2(↓)	13,2 (↓)	12,4 (↓)	12,5 (↑)	13,7 (↑)
Polonia	15,8	16,4	16,7	15,8	15,9	16,2
România	11,9 (↑)	14,0 (↑)	14,6 (↑)	12,8 (↑)	12,3 (↓)	11,5 (↓)

(Romania-Bulgaria comparison: ↓ lower value, ↑ higher value, ↕ equal values)

Source: Eurostat.

4.1.2. Overall spending from the general consolidated budget

During 2008-2014, the execution of the general consolidated budget shows different developments for the three areas. We also analysed general spending of the consolidated budget per capita, as well as expressed as percentage of total spending³¹.

An overview of the global amounts shows that, despite there is an increase of total government spending in nominal terms (natural increase, if we were to take into account simply the inflation rate) in 2014 as compared to the baseline year 2008, this trend is not reflected however in education.

Table 2 – Total government spending (mill. Ron)

Expenditure	2008	2009	2010	2011	2012	2013	2014
Total	204.182,40	207.455,60	211.450,50	221.324,10	216.895,00	224.183,50	225.808,10
Overall public services	25.243,00	22.190,50	24.082,80	27.346,10	29.306,20	31.319,80	28.047,50
Defence	7.665,50	7.524,30	7.729,10	4.759,40	4.273,20	5.014,00	5.694,30

31 Data on budgetary executions for 2008-2013 are collected from Eurostat website (available in open format), and the data on 2014 were processed based on the Final report for the budgetary execution on 2014 (available on the Ministry of Public Finances' website). The data on the population number are offered by the National Institute of Statistics – Population residing in Romania (at January 1st).

Expenditure	2008	2009	2010	2011	2012	2013	2014
Public order and safety	11.601,20	10.854,90	12.712,50	12.311,00	12.898,30	14.035,90	15.480,60
Economic activities	42.011,80	40.264,20	37.351,50	39.940,40	39.061,40	39.321,90	35.234,00
Environmental protection	2.586,50	2.880,80	4.035,90	5.239,00	4.637,90	4.735,40	4.757,90
Housing, public services and development	6.751,80	6.948,00	6.841,70	6.860,70	6.548,30	7.362,40	7.982,40
Culture, recreation and religion	5.677,50	5.408,60	5.533,40	5.976,50	5.968,10	5.536,30	6.349,50
Health	16.691,30	19.252,10	17.619,40	23.235,10	22.882,80	25.620,00	26.660,90
Education	23.640,60	20.681,80	17.785,40	23.215,50	17.935,20	18.079,40	20.643,40
Insurances and social assistance	62.313,20	71.450,40	77.758,80	72.440,40	73.383,60	73.158,40	74.957,60

Source: Ministry of Public Finance, expenditure in the General Consolidated Budget.

The same data, reviewed from a different perspective, namely of the percentage in the general consolidated budget (BGC), provide a new indication on the state's position with reference to these areas. The evolution of the percentage in total expenses made for each of the area shows that social protection constantly accounts for the highest share of BGC, at a constant ratio of over 30%, registering a peak of growth in 2010. An increase in percentage is also observed in expenses for healthcare, while spending for education are down 9.14% of the general consolidated budget in 2014 (as compared to 11.58% in 2008).

Table 3 – Spending per area (% of BGC)

% of total spending	2008	2009	2010	2011	2012	2013	2014
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
General public services	12,36%	10,70%	11,39%	12,36%	13,51%	13,97%	12,42%
Defence	3,75%	3,63%	3,66%	2,15%	1,97%	2,24%	2,52%
Public order and safety	5,68%	5,23%	6,01%	5,56%	5,95%	6,26%	6,86%
Economic activities	20,58%	19,41%	17,66%	18,05%	18,01%	17,54%	15,60%
Environmental protection	1,27%	1,39%	1,91%	2,37%	2,14%	2,11%	2,11%
Housing, services and public development	3,31%	3,35%	3,24%	3,10%	3,02%	3,28%	3,54%
Culture, recreation and religion	2,78%	2,61%	2,62%	2,70%	2,75%	2,47%	2,81%
Health	8,17%	9,28%	8,33%	10,50%	10,55%	11,43%	11,81%
Education	11,58%	9,97%	8,41%	10,49%	8,27%	8,06%	9,14%
Insurances and social assistance	30,52%	34,44%	36,77%	32,73%	33,83%	32,63%	33,20%

Source: Ministry of Public Finance, expenditure in the General Consolidated Budget.

An interesting evolution is observed in the allocation of expenses per areas reported to the population number. Thus, we see that during the years affected by economic crisis (2009-2010) there are significant variances in spending per capita for health and education, while social protection benefits from a nominal increase of expenditure in the general consolidated budget

Table 4 – Average government spending per capita in Romania (Ron/capita)

Year	2008	2009	2010	2011	2012	2013	2014
Population (in mill.)							
	20,6	20,4	20,3	20,2	20,1	20,0	19,9
Areas	Cheltuieli per capita						
Total	9.894,70	10.149,30	10.419,00	10.957,10	10.792,90	11.197,90	11.320,20
General public services	1.223,30	1.085,60	1.186,70	1.353,80	1.458,30	1.564,40	1.406,10
Defence	371,50	368,10	380,80	235,60	212,60	250,40	285,50
Public order and safety	562,20	531,10	626,40	609,50	641,80	701,10	776,10
Economic activities	2.035,90	1.969,80	1.840,50	1.977,30	1.943,70	1.964,10	1.766,40
Environmental protection	125,30	140,90	198,90	259,40	230,80	236,50	238,50
Housing, services and public development	327,20	339,90	337,10	339,70	325,90	367,80	400,20
Culture, recreation and religion	275,10	264,60	272,70	295,90	297,00	276,50	318,30
Health	808,90	941,90	868,20	1.150,30	1.138,70	1.279,70	1.336,60
Education	1.145,60	1.011,80	876,40	1.149,30	892,50	903,10	1.034,90
Insurances and social assistance	3.019,70	3.495,60	3.831,50	3.586,30	3.651,70	3.654,30	3.757,80

Source: Ministry of Public Finance, expenditure in the General Consolidated Budget. The amounts are calculated based on the consolidated budgets for each area and include all governmental expenses, regardless whether they occur at local or central level.

Although this type of analysis offers a valuable overview on the priorities of the government in its entirety, it does not provide however details on the impact of these variations on the child. It is clear that the austerity measures generated by the economic crisis mirrored in lower funds for education and health, and also in an increase of expenses for social protection. However, it remains unclear whether the increase of the budget for insurances and social assistance led to a better coverage of children's needs (or at least to the balancing of the effects generated by the austerity measures).

The return to higher amounts allocated to education and health is not necessarily a sign that the state (in its wider sense) reintroduced these areas at the top of its priority list. It is possible for this percentage increase of the amounts for areas like education and social protection to be only the circumstantial outcome of a decrease of the spending percentage for "economic activities" (this chapter includes transportation) which is described by a lack of capacity to spend the money assigned for investments, as shown in the recent years.

To address such assumptions, is necessary to conduct a detailed analysis of each area and the developments within, as well as to isolate the amounts with direct or indirect impact on the child.

4.2. Education budget – in-depth analysis

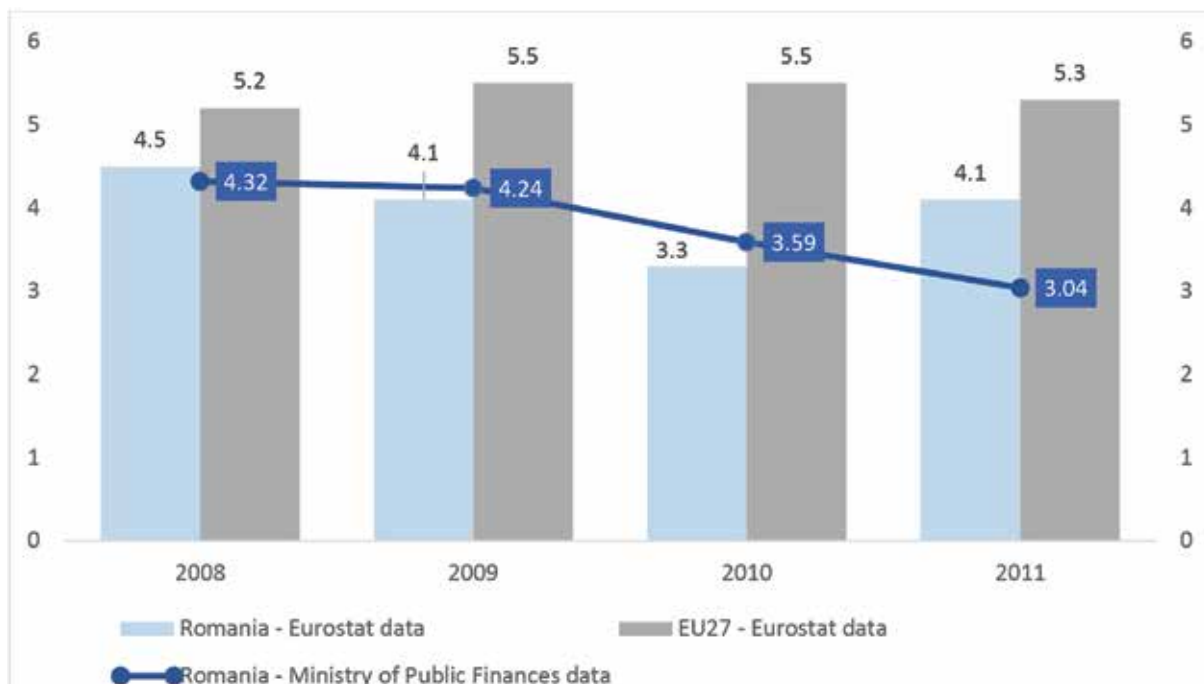
4.2.1. Analogies at European level

Education is the only area where the main law regulating it also provides a minimum level of funding. Thus Law no. 1/2011 states under art. 8 that “Minimum 6% of the gross domestic product registered in the respective year shall be allocated annually from the state budget and the budgets of local public authorities for the financing of national education”. The data revealed in the previous section (see table 1) show that the level of funds for education was significantly below 6% of GDP, throughout the entire period analysed. Therefore, the adoption of Law 1/2011 appears to have had no effect on the funding level, which remained consistent when calculated as a share of GDP, while the enforcement of article 8 was postponed by the Government.

We first determined that there have been small variations throughout this period at European level in terms of average spending for education. By comparing the data reported by Eurostat we observe that, during 2008-2013, education expenditure continued to drop (except 2011), while the decrease was significant, from 4.5% in 2008, to 2.8% in 2013. The past five years generated a gap of differences between the level of funding in Romania and the average level in the European Union.

It is worth stating that there are differences between the data reported by Eurostat and those made available by the Ministry of Public Finance (see the next chart). They can be explained by the use of different methods of calculation (which can be particularly noted in the calculation of the deficit), however our country is undergoing the process of alignment to the European methodology.

Chart 1 – Level of education funds allocated in Romania as opposed to EU (% of GDP)



Source: Ministry of Public Finance and Eurostat

4.2.2. Total spending for Education in Romania

In order to determine the average amount spent for one beneficiary of the pre-university education system we will use the following methodology:

- We will analyse **the amounts spent from the state budget, excluding transfers** to local authorities (expressed as amounts broken down from VAT or other types of subsidies), at “Education” chapter and its sub-chapters. Thus, we will determine both **spending with direct impact** on pre-schoolers and pupils,

as well as **spending with indirect impact** – a part of which is in the benefit of the pupils registered in the pre-university education system (all levels), and the other in the wide benefit of all persons integrated in the education system (considering that the split depending on level could not be analysed), therefore including pre-schoolers and pupils. *This analysis is further detailed under “4.2.3 Funding exclusively from the state budget” section of this report.*

- We will analyse the **amounts spent from the local budgets** (budget executions per counties and Bucharest reflecting, following consolidation, all spending made from the county, local, district and Bucharest municipality budgets), comprising transfers (expressed as amounts broken down from VAT or as other types of subsidies). *The analysis is further detailed under “4.2.4 Local budgets” section of this report.*
- The average amount spent for one beneficiary of the pre-university education system will result from adding up the average amounts spent from the state budget (with direct and indirect impact) with the average amounts spent at local level.

Please find below the result of the calculation for the period 2008-2014.

Chart 2 – Evolution of average spending per beneficiary of pre-university education, 2008-2014 (Ron/capita)

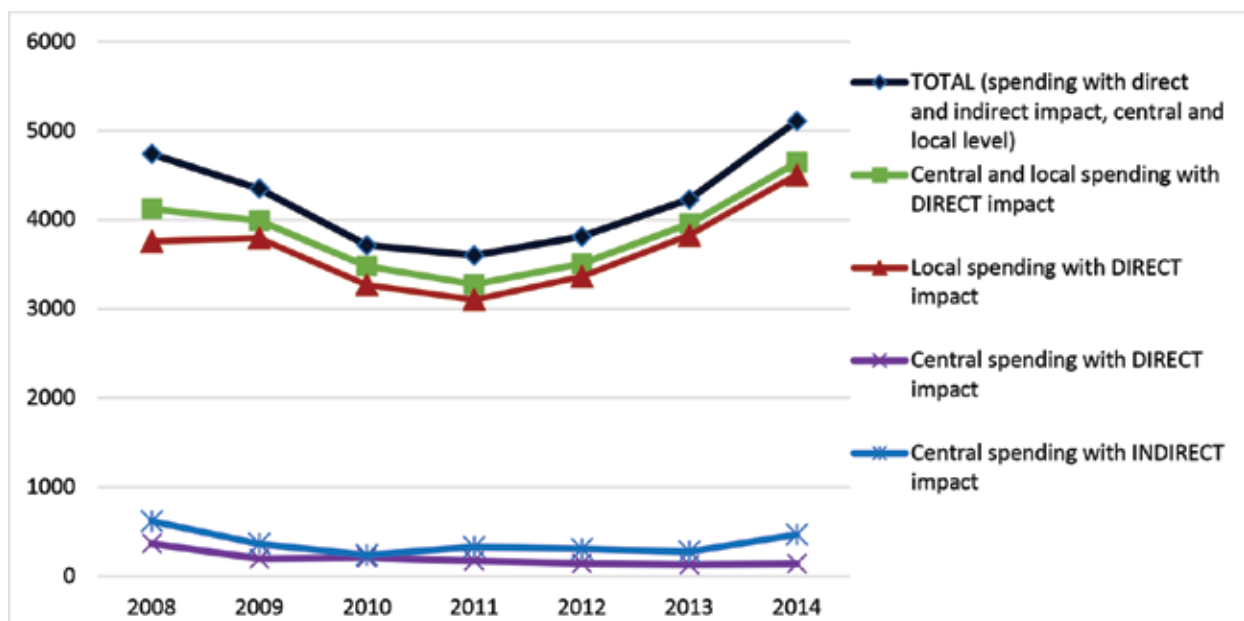


Table 5 – Average spending per beneficiary of pre-university education (Ron/capita)

	2008	2009	2010	2011	2012	2013	2014
TOTAL (spending with direct and indirect impact, at central and local level)	4.737,93	4.350,77	3.713,52	3.601,58	3.811,40	4.228,74	5.108,78
Central and local spending, with DIRECT impact	4.121,07	3.990,21	3.479,06	3.274,81	3.506,47	3.955,56	4.643,46
Local spending, with DIRECT impact	3.757,19	3.795,56	3.270,14	3.103,47	3.363,53	3.826,92	4.504,10
Central spending, with DIRECT impact	363,88	194,65	208,91	171,34	142,93	128,64	139,36
Spending at central level, with INDIRECT impact	616,86	360,56	234,46	326,77	304,94	273,18	465,33

Source: Data processed based on the state budget executions for 2008-2014 (MPF data) and INS statistics on the number of persons registered in the education system. For additional information on the method of calculation, please refer to the tables at 4.2.3. and 4.2.4. sections.

Spending for education, comparison 2008 – 2014



3.338.881

Pre-schoolers and pupils registered pupils in the public and cooperative education system (without post-high school level) in 2008



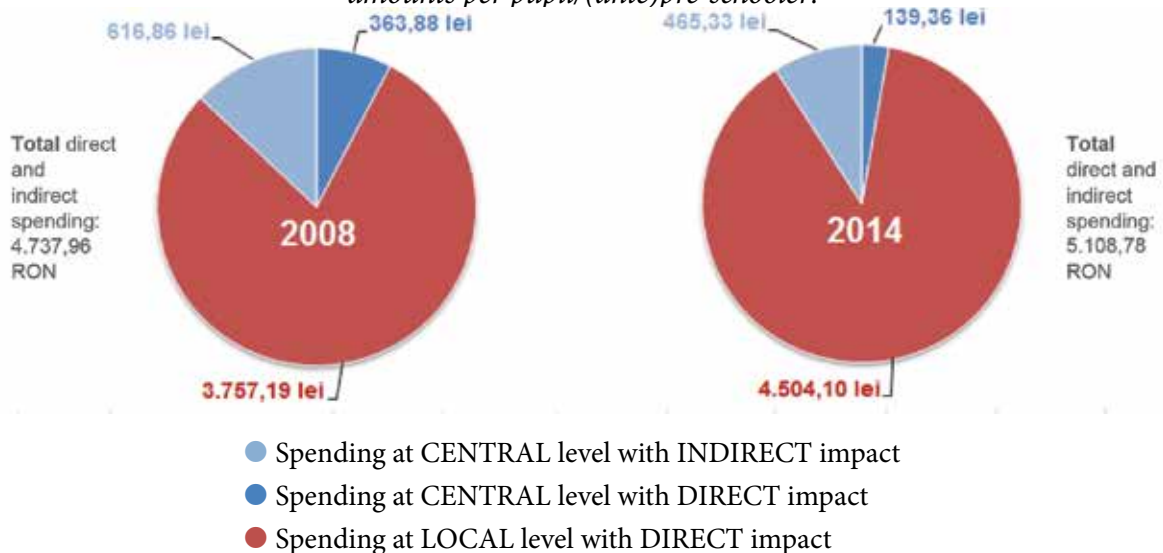
3.042.784

Children in nurseries, pre-schoolers and registered in the public education system (without post-high school level) in 2014

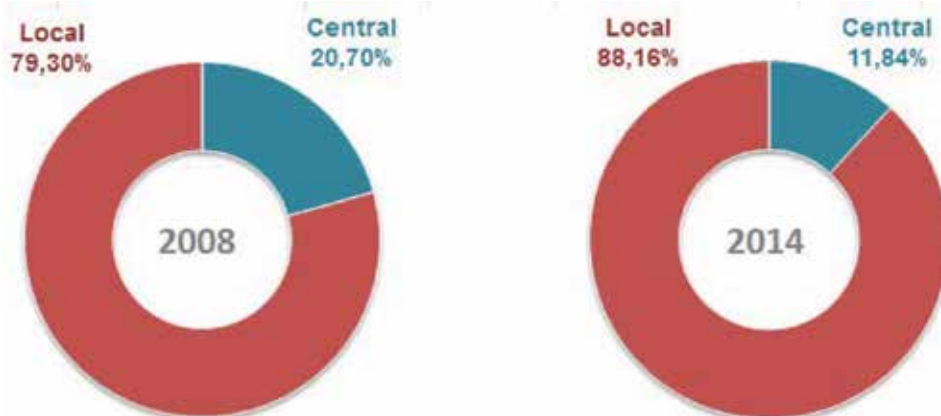
THE EVOLUTION OF EXPENDITURE PER PUPIL/(ANTE)PRE-SCHOOLER IN THE EDUCATION BUDGETS AT CENTRAL AND LOCAL LEVEL – ESTIMATE

Spending estimated at central level include costs with direct impact on the pupil and (ante)pre-schooler (preschool and pre-university education), as well as costs with indirect impact (such as the amounts for central administration). Spending at local level are calculated based on the costs for education registered at county level (all local budgets).

Ratio between DIRECT and INDIRECT average spending at central and local level, amounts per pupil/(ante)pre-schooler:



Total DIRECT and INDIRECT average spending – ratio between local and central level:



Total DIRECT average spending, per pupil/pre-schooler (local + central level)



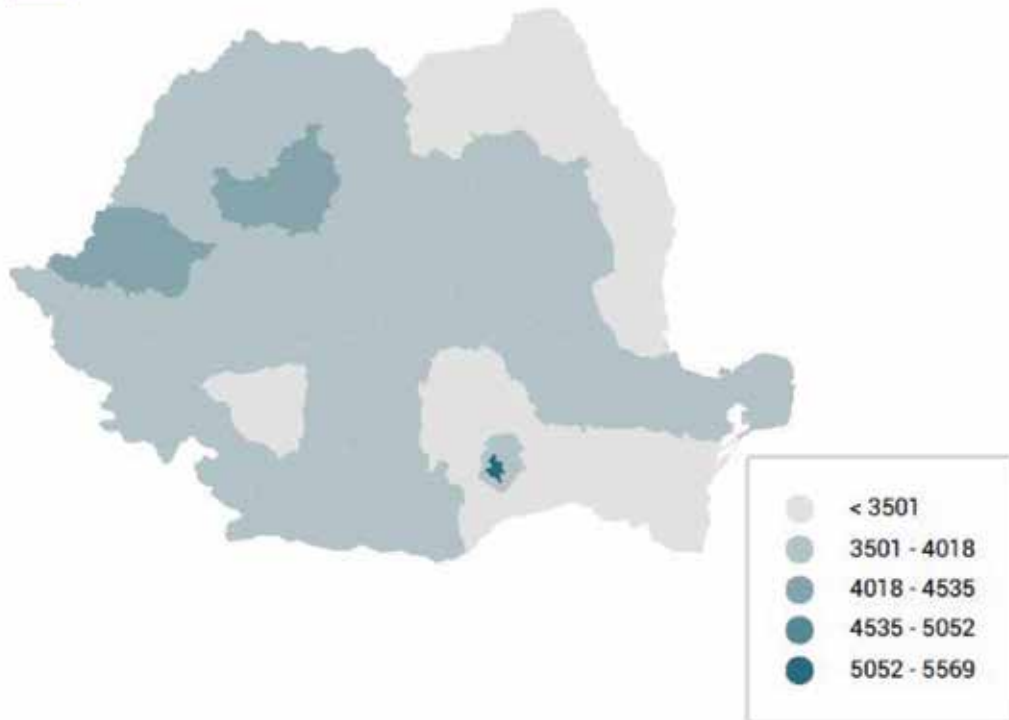
4.121,07 lei in 2008



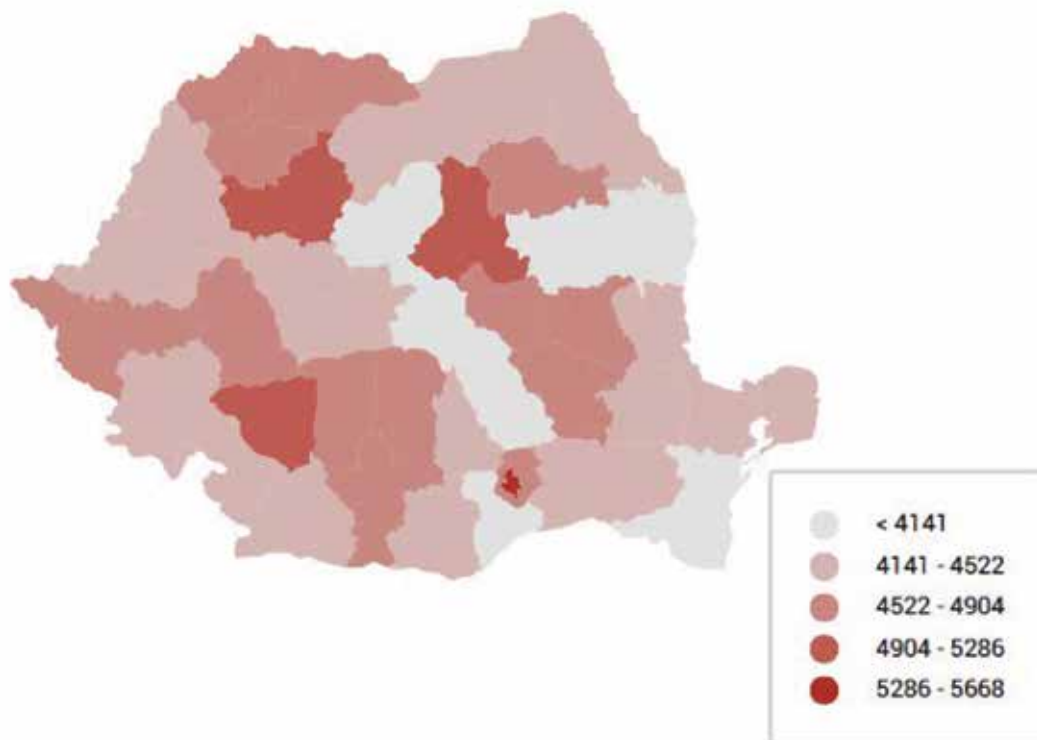
4.643,46 lei in 2014

DIRECT average spending, per pupil/(ante)pre-schooler at the level of counties in Romania:

2008



2014



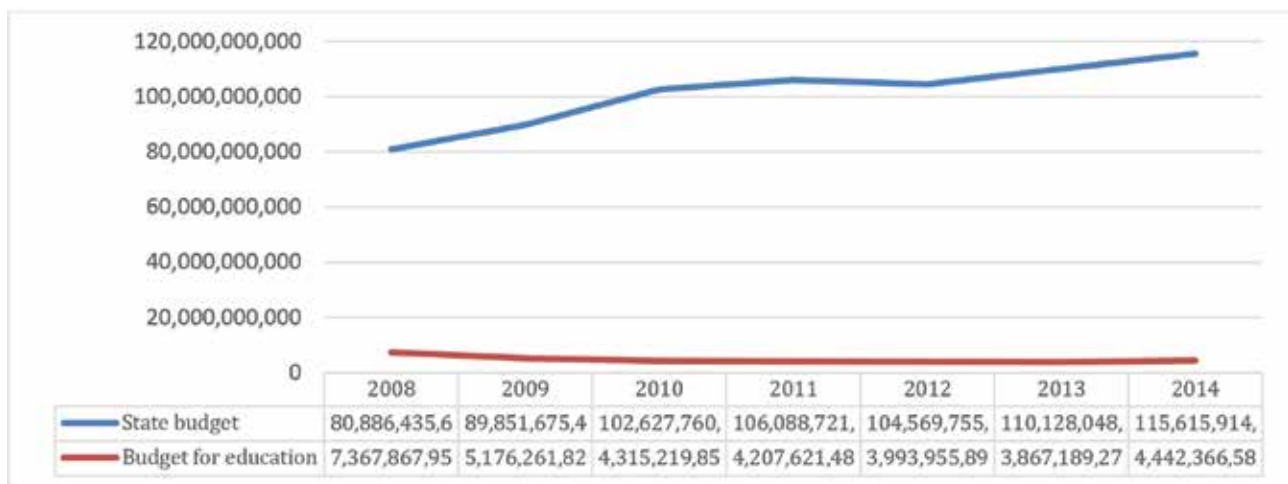
4.2.3. Funding exclusively from the state budget

This section analyses the amounts spent from the state budget, excluding the transfers to local authorities (expressed as amounts broken down from VAT or as other types of subsidies).

Financing for education directly from the state budget may be analysed from the perspective of two types of influences these allocations have on the child. On one hand, there are budget allocations with a direct impact on the child (financing of the primary, secondary education etc.). At the same time, certain budgetary allocations – such as those occurring at the level of central administration – may be considered as supporting the educational policy benefiting the child. We will look into both types of financing, cross referencing these amounts with the data from the National Institute of Statistics on the number of pupils registered at each level of education, or with the total number of beneficiaries of the education system where public services are not located at a certain educational level. We will provide a special focus to the distinction between public and private sectors, as shown in the next pages.

Total spending for education **from the state budget** show a pronounced downwards trend since 2008 to 2014, both in value, as well as in percentage of total spending from the state budget.

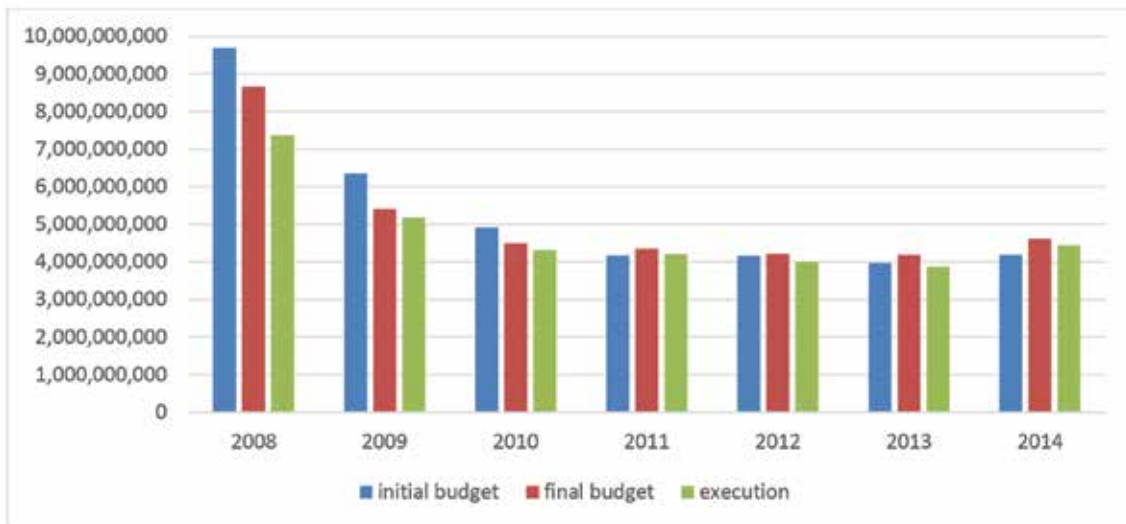
Chart 3 – State budget execution and execution of spending for education from the state budget, during 2008 – 2014 (Ron)



Source: Data from the Ministry of Public Finance on the state budget execution during 2008-2014. Values are expressed in Ron. The amounts comprise expenditure assigned to “Education” chapter with all its sub-chapters (for all education levels) from the state budget, excluding transfers (expressed as amounts broken down from VAT or as other types of subsidies) to local authorities. It is worth mentioning that the budget for education may include other types of revenues (such as the sector’s own revenues from university fees or internal and external loans) which, for the purpose of standardizing the information and comparing the data between the years of reference, were excluded from our analysis, so as to assess only spending from state budget.

Moreover, for each year analysed, the analysis shows that in the execution of the education budget there are always smaller amounts than those initially allocated or following rectifications. We thus observe than in 2011, education receives more as a result of budgetary amendments (here, it should be taken into account the fact that the amounts include salary entitlements settled by court).

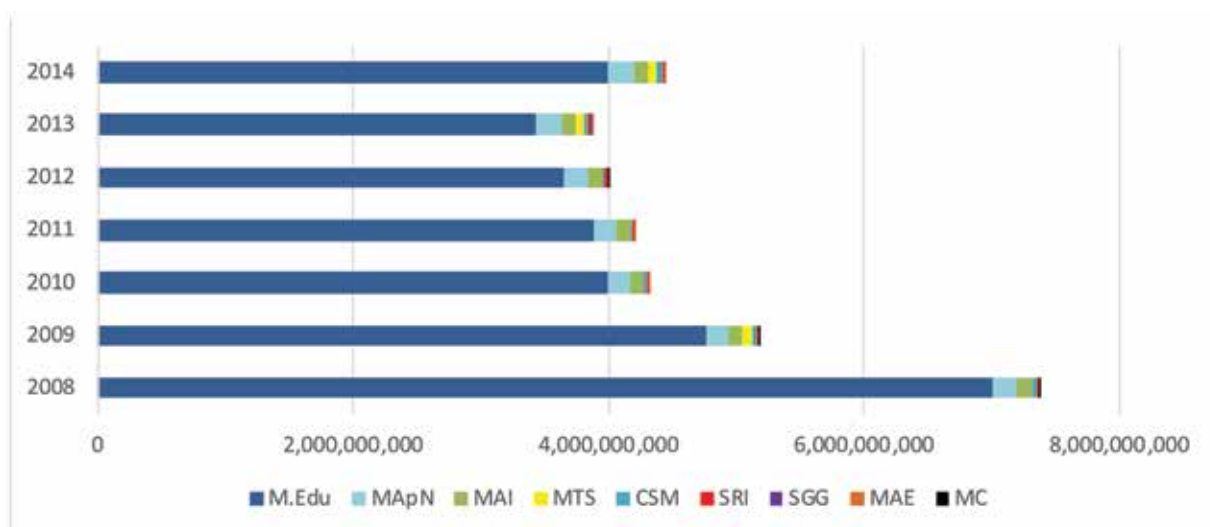
Chart 4 – Differences between the initial budget, the final budget and the budget execution for education from the state budget (Ron)



Source: Data from the Ministry of Public Finance on the state budget execution during 2008-2014. Values are expressed in Ron. The amounts comprise expenditure assigned to “Education” chapter from the state budget, excluding transfers (expressed as amounts broken down from VAT or as other types of subsidies) to local authorities. It is worth mentioning that the budget for education may include other types of revenues (such as the sector’s own revenues from university fees or internal and external loans) which, for the purpose of standardizing the information and comparing the data between the years of reference, were excluded from our analysis, so as to assess only spending from state budget.

It is important to point out that the spending in the state budget for education includes not only the amounts sourced from the budget of the Ministry of Education and Scientific Research, but also the budgets of other main authorizing bodies. If we were to analyse the state budget execution from the perspective of the institutions administrating these amounts, the evolution shows that, despite the largest amounts effectively spent for education from the state budget are found in the budget of the Ministry of Education, there are also other main authorizing bodies implementing activities related to education.

Chart 5 – Budgets spent for education from the state budget, based on main budget holders (Ron)



Year	2008	2009	2010	2011	2012	2013	2014
Ministry of Education	7.007.636.551	4.765.663.084	3.996.134.485	3.889.353.056	3.654.968.434	3.430.218.620	3.990.242.692
Ministry of National Defence	190.686.040	173.022.243	173.792.838	174.267.811	182.844.737	209.096.672	214.570.881
Ministry of Internal Affairs	121.360.703	115.393.785	100.957.123	101.312.873	108.149.677	109.544.902	113.028.756
Ministry of Youth and Sports	-	72.514.452	-	-	-	61.638.967	62.161.827
CSM (Superior Council of Magistracy)	25.120.982	25.430.678	25.410.783	23.839.032	26.109.501	32.584.828	33.603.493
SRI (Romanian Service of Intelligence)	19.333.367	20.497.289	16.001.249	15.292.613	17.686.300	19.834.527	24.256.467
SGG (General Secretariat of Government)	-	-	1.482.328	1.616.969	-	2.176.604	2.442.515
MAE (Ministry of External Affairs)	2.457.304	2.105.898	1.441.051	1.939.134	2.386.151	2.094.155	2.059.953
MC (Ministry of Culture)	1.273.006	1.634.394	-	-	1.811.098	-	-

Source: Data from the Ministry of Public Finance on the state budget execution during 2008-2014. Values are expressed in Ron. The amounts comprise expenditure assigned to “Education” chapter from the state budget, excluding transfers (expressed as amounts broken down from VAT or as other types of subsidies) to local authorities. It is worth mentioning that the budget for education may include other types of revenues (such as the sector’s own revenues from university fees or internal and external loans) which, for the purpose of standardizing the information and comparing the data between the years of reference, were excluded from our analysis, so as to assess only spending from state budget.

Types of expenditure included in the budgets of institutions other than the Ministry of Education (M. Edu – with all its names given during the period of reference) **for education** (all levels of education) are:

- Ministry of National defence (MApN) – includes relatively expenditure for pre-school education (approximately 3 mill. Ron over the last years) and expenditure for upper secondary and university education, as well as transfers to institutions receiving subsidies from MApN;
- Ministry of Internal Affairs (MAI) – constant spending, even when this ministry comprised the Administration portfolio, the majority of the amounts were assigned to post-high school, university and post-university education carried out in institutions which receive subsidies from MAI;
- Ministry of Youth and Sports (MTS) – comprises transfers to county directorates for youth and sports. During the period when the ministry was absent, these amounts are found in the budget of the Ministry of Education (throughout the period of reference, MTS was set out, dissolved and reinstated);
- Superior Council of Magistracy (CSM) – comprises relatively constant amounts for other education-related expenditure, respectively to support the activity of the National Institute of Magistracy;
- Romanian Service of Intelligence (SRI) – shows spending between approximately 15 and 25 million Ron for higher education in the institutions subordinated to this budget holder;
- General Secretariat of the Government (SGG) and the Ministry of Culture (MC) – are comprised expenditure for the payment of wages of the non-clerical staff in the higher education (in 2010-2011 and 2013-2014 these amounts were supported by SGG, in 2008-2009 and 2012 by MC);
- Ministry of External Affairs (MAE) – comprises other education-related expenditure, namely transfers to public institutions such as the Romanian Institute of Diplomacy.

Many of the expenses registered by these institutions do not cover the pre-university level.

The analysis shows that the budgetary executions fail to point out the amounts assigned from the budget of the Ministry of Regional Development and Public Administration (MDRAP) for programs such as the program for the rehabilitation of school infrastructure or for the purchasing of school buses, which are comprised in budgetary segments such as transfers between units of public administration. This shows that these programmes do not appear to benefit from a constant, planned and transparent allocation of funds, as the decision regarding the destination of resources is made by Order of the minister which are less made public.

A. Exclusively central spending with direct impact on the child

Using the functional budgetary classification, we are able to accurately determine how much was spent from the state budget for education for certain activities with a direct impact on the child. Based on the budgetary executions made during 2008-2014, these are:

Table 6 – Spending with direct impact on the beneficiaries of pre-university education, exclusively made from the state budget (Ron)

	2008	2009	2010	2011	2012	2013	2014
TOTAL state budget, of which:	80.886.435.643	89.851.675.470	102.627.760.028	106.088.721.330	104.569.755.353	110.128.048.532	115.615.914.290
TOTAL Education, of which:	7.367.867.953	5.176.261.823	4.315.219.857	4.207.621.488	3.993.955.898	3.867.189.275	4.442.366.584
Preschool and primary education, of which:	154.544.059	86.456.930	101.498.677	39.255.195	27.314.326	18.266.137	9.461.186
Preschool education;	103.155.009	54.095.788	59.099.092	20.527.313	4.897.634	4.873.309	4.805.405
Primary education.	51.389.050	32.361.142	42.399.585	18.727.882	22.416.692	13.392.828	4.655.781
Secondary education of which:	1.050.931.045	555.025.943	575.110.609	500.675.224	418.993.872	374.731.068	411.049.255
Lower secondary education;	493.810.257	201.965.827	203.275.581	132.455.642	56.666.893	48.688.440	29.481.366
Upper secondary education;	494.253.723	309.142.743	334.269.310	347.890.451	349.859.337	306.145.931	348.394.347
Vocational education	62.867.065	43.917.373	37.565.718	20.329.131	12.467.642	19.896.697	33.173.542
Special education.	9.558.315		951.365	1.454.251	1.749.437	2.315.467	3.559.515

Source: Data from the Ministry of Public Finance on the state budget execution during 2008-2014. Values are expressed in Ron. The amounts comprise expenditure assigned to “Education” chapter from the state budget, excluding transfers (expressed as amounts broken down from VAT or as other types of subsidies) to local authorities. This analysis only includes spending from the state budget, and no other types of internal revenues.

When cross-referencing these data to the number of pupils registered in these education cycle, we observe there are still quite significant gaps between various levels of education. For this type of analysis we will use the data available at the National Institute of Statistics (INS).

Table 7 – The number of pupils registered in the education system, per types of education

	2008	2009	2010	2011	2012	2013	2014
Total education beneficiaries registered	4.324.992	4.176.866	4.029.226	3.823.515	3.734.326	3.650.933	3.735.552
Total children in nurseries and kindergartens and pupils in primary, secondary and special education cycles (without post-high school)	3.378.805	3.338.972	3.286.258	3.204.197	3.176.880	3.115.022	3.088.342
- public (and cooperative, for 2008-2011)	3.338.881	3.295.399	3.243.112	3.159.540	3.134.507	3.072.736	3.042.784

Total children registered in nurseries	-	-	-	-	-	-	18.612
- public	-	-	-	-	-	-	17.848
- private							764
Total children registered in kindergartens, including special education	652.855	666.123	673.736	673.641	581.144	568.659	559.565
- public	640.610	653.973	661.428	656.508	565.609	551.920	540.038
- private	12.245	12.150	12.308	17.133	15.535	16.739	19.527
- <i>Special public education</i>	2.156	2.147	2.139	2.324	2.039	1.956	1.956 _*
Total pupils registered in primary, secondary and special education (excluding post-high school)	2.725.950	2.672.849	2.612.522	2.530.556	2.595.736	2.546.363	2.510.165
- public	2.693.498	2.636.579	2.577.370	2.499.593	2.568.898	2.520.816	2.484.898
- private	27.679	31.423	30.838	27.524	26.838	25.547	25.267
- cooperative	4.773	4.847	4.314	3.439	-	-	-
- <i>special public education</i>	25.377	24.012	23.561	22.586	24.069	22.973	23.373
- <i>special private education</i>	13	8	3	35	46	50	59
Pupils in primary and gymnasium cycles (including special ed.)	1.752.335	1.719.676	1.691.441	1.629.406	1.744.192	1.743.254	1.732.305
Pupils in primary cycle (including special ed.)	859.169	845.679	828.853	810.126	931.951	942.747	947.205
Pupils in gymnasium cycles (including special ed.)	893.166	873.997	862.588	819.280	812.241	800.507	785.100
Pupils in high school	784.361	837.728	866.543	888.768	831.810	776.616	727.072
Pupils in vocational education	189.254	115.445	54.538	12.382	19.734	26.493	50.788
Pupils in post-high school cycle	55.089	62.575	69.967	79.466	92.854	102.677	105.557
- public	31.833	34.896	37.901	41.419	47.858	55.296	59.920
- private	22.530	26.994	31.523	37.445	44.996	47.381	45.637
- cooperative	726	685	543	602	-	-	-
- <i>special public education</i>	224	197	183	210	263	323	343
Registered students	891.098	775.319	673.001	539.852	464.592	433.234	541.653

Source: National Institute of Statistics, Tempo-online database, data extracted on 17.09.2015. *Missing data on the number of pre-schoolers in special education system, for 2014; the data registered in the previous year were used.

By dividing the expenses made from the state budget (without the amounts broken down from VAT or other subsidies for local authorities) for each type of education to the number of registered pre-schoolers or pupils, we notice a considerable decrease of the amounts per beneficiary of education. These amounts are associated to major investment projects and other endeavours coordinated at central level (such as the provision of additional funds in the future which currently are not subject to application norms). Thus, we observe the impact of the methodologies for the calculation of funding for pre-university education (methodologies for the application of the National education law in 2011), as well as the inclusion of the zero grade in school (since 2012).

Table 8 – Average spending per beneficiary of pre-university education, exclusively from the state budget, estimated to have a direct impact (Ron/capita)

	2008	2009	2010	2011	2012	2013	2014
A. Total education, of which:	1.703,56	1.239,27	1.070,98	1.100,46	1.069,53	1.059,23	1.189,21
B. Total direct spending	363,88	194,65	208,91	171,34	142,93	128,64	139,36
C. Pre-school cycle, without special education	161,57	82,99	89,64	31,38	8,69	8,86	8,64
D. Primary cycle, without special education	412,41	224,42	241,39	209,40	173,46	155,39	168,89
E. Special education	344,36	0,00	36,76	57,89	66,34	91,69	138,65 _*

Source: Our calculations are based on the MFP data on state budget execution during 2008-2014 and INS data on the number of persons registered in the pre-university education. Values are expressed in Ron. The amounts comprise expenses

included under “Education” chapter from the state budget, excluding **transfers** (expressed as amounts broken down from VAT or as other types of subsidies) **to local authorities**, only spending made by the main budget holders financed from the state budget. The amounts include only expenses from the state budget, and no other types of internal revenues. The calculation method implied the division of the amounts spent for the respective sub-chapters to the number of pupils registered in the respective education cycle. The method was applied as follows: row A – total amounts from “Education” chapter (total amounts for education spent from the state budgets)/ total number of beneficiaries, from pre-schoolers to students; row B – weighted arithmetic mean of the values at rows C, D and E (the weight resulting from the number of children/pupils of each category analysed); row C – amounts from the state budget from “Preschool education” sub-chapter / number of pre-schoolers registered in the public system and, for 2014, including the children from public nurseries, without the children registered in the special education system; row D – amounts from the state budget for “Pre-university education” sub-chapter/ number of pupils registered in the primary and secondary cycle, and for 2008-2011 including those from the cooperative³² pre-university cycle, without pupils in the special education system (and excluding post-high school³³); and row E – amounts from the state budget for “Special education” sub-chapter/ number of pre-schoolers and pupils registered in the special public education system, including the post-high school level³⁴.

*Missing data on the number of pre-schoolers registered in the special education system for 2014; the data collected in the previous year were used instead.

B. Exclusively central spending with indirect impact on the child

Among the chapters of the state budget, with no directly allocated amounts for children, there are certain budgetary directions which, in a wider sense, have an impact on this category. In order to conduct an analysis as accurate as possible, given the low level of breakdown of budgetary information, we will split these indirect expenses in two types, depending on the potential financial beneficiaries.

Thus, one type is given by indirect spending which appear to be dedicated only to pre-university education (the majority of beneficiaries being children), and here we include the “Decentralized public services” sub-chapter (which refers to school inspectorates). We are facing with restrictions resulting from the inability to analyse in detail the expenses (for instance, school inspectorates also have competencies in the area of post-high school pre-university education, and, in the context of our endeavour to determine the children’s budget, it would have been helpful to have had this information that enabled us to exclude expenditure made for this level from our analysis). For this type, the average spending will be given by cross-referencing the amounts from the relevant sub-chapter to the number of pupils registered in the entire pre-university education (there is a possibility in the future to find more sub-chapters or budgetary paragraphs for this type of expenditure, as well as a wider diversity of categories of indirect beneficiaries, in which case the weighted arithmetic mean would be the most useful to determine average spending per beneficiary).

The next type consists in spending which may be construed as serving all those registered in a type of education, including those in pre-university education (but not only). This category includes sub-chapters for “Central administration”, “Other subsidiary services”, “Research and development related to education” and “Libraries” (from which children may benefit as well), along with expenditure for sub-chapter “Other expenses related to education” (which includes subordinated institutions, such as the Romanian Agency ensuring the quality of the pre-university education, which are partially financed from subsidies from the state budget). These amounts should, however, be handled with caution, as in the absence of a more detailed description of the budgetary execution (such as a breakdown per institutions receiving subsidies from the budgets of the main budget holders), it is difficult to accurately identify the amounts with indirect impact on the child. The average spending will be calculated for this type by adding up the amounts from the relevant sub-chapters and dividing them to the total number of beneficiaries of education in Romania, at all levels and regardless of the ownership

32 Wages for a part of the staff in cooperative education were incurred from public funds, from the budget of the Ministry of Education, which requires the inclusion of this type of education in our calculation regarding spending made exclusively from state budget.

33 To calculate average spending for primary and secondary cycle we did not take into account the number of pupils registered in the post-high school education, as the financing of this level is presented in a different section (at a different budgetary sub-chapter), which enables a better refining of data, beneficial to our analysis.

34 As part of the state budget, public special education is assigned with a distinct sub-chapter, as it is not broken down per levels of education (the entire amount is provided). Therefore, the average cost per beneficiary of special education took into account all persons registered in a type of pre-university special education (so, preschool, primary, secondary and post-high school levels).

form (for this calculation, the use of simple arithmetic mean was sufficient, as the beneficiaries of all sub-chapters comprised the same categories, however if higher variations and overlaps of categories of beneficiaries are to be determined in future analyses, it is recommended the use of the weighted arithmetic mean).

We will analyse the amounts spent from the state budget (please see Table 9) and we will use the INS data to reference these amounts to the number of beneficiaries of education. The indirect average spending per beneficiary of pre-university education will be given by the sum of indirect average spending from the two types of spending described above (see Table 10).

The results reveal a significant increase of expenses for central public administration starting with 2011. In 2014, spending dedicated to this sub-chapter reached 461.476.455, almost 4 times higher than expenditure allocated in the previous year (of 123.318.246 Ron) and 15 times higher than in 2008 (29.978.369 Ron). The 2015 data regarding the initial budget showed the allocation of 250.960.000 Ron. These variations are also the result of the differences of classification of certain institutes under the Ministry of Education (for instance, Cantacuzino Institute was transferred under the coordination of the Ministry of Education from the Ministry of Health, which had an impact on the education budget assigned for 2014).

Also in 2014, the inclusion of the amount provided at sub-chapter “Other expenditure related to education” among spending with indirect impact on children should be viewed with great reservations. It was observed that the sub-chapter registered a significant increased as compared to the previous years, reaching in 2014 to 62.10% of total spending from the state budget for education, which requires a more in-depth analysis of potential causes. Thus we determined that this sub-chapter was initially allocated with the amount of 591.455.000 Ron, however following amendments made throughout the year, it received an additional 2.214.518.358 Ron. At the same time, as observed from the analysis of the first amendment, the budget for the sub-chapter “Higher education” was reduced by 2.048.282.000 Ron, obtaining an allocation 10.4 times lower than the initial amount. Considering the state budget’s contribution to financing higher education (as well as the changes brought to the legislative framework in this area³⁵), we may deduce that the budgetary amendments described above referred to aspects related to the financing of this education level and, therefore the corresponding funds cannot be included in the category of those with indirect impact on the child. Thus, we suggest that, for sub-chapter “Other expenditure related to education” for 2014, our analysis takes into consideration a value of the spending calculated by subtracting the allocation lost at the first amendment for the sub-chapter “Higher education”, from the final execution of this sub-chapter. *formele de proprietate (în calculul de față, folosirea mediei aritmetice simple a fost suficientă, pentru că beneficiarii tuturor subcapitolelor au fost aceiași, însă dacă, în analizele viitoare, se vor constata variații mai mari și intersecțiuni ale categoriilor de beneficiari, se recomandă folosirea mediei aritmetice ponderate).*

Table 9 – Spending for education exclusively covered by the state budget, comprised in sub-chapters estimated as having a potential indirect impact on the child (Ron)

	2008	2009	2010	2011	2012	2013	2014
Education, of which:	7.367.867.953	5.176.261.823	4.315.219.857	4.207.621.488	3.993.955.898	3.867.189.275	4.442.366.584
Total sub-chapters analysed	2.352.443.482	1.396.998.079	898.262.906	1.200.195.481	1.094.075.691	955.598.006	3.743.357.608
A. Sub-chapters exclusively dedicated to pre-university education: Decentralized public services	1.176.724.169	458.026.691	223.466.699	284.534.587	293.671.914	290.709.789	250.525.436

35 GED 94/2014 amending and supplementing the Law of National Education no. 1/2011, as well as the amendment of the Government Emergency Ordinance no. 75/2005 ensuring the quality of education, as well as the Order of the Minister of Education no. 668 of 28.11.2014 approving the Methodology for the allocation of budgetary funds for basic additional financing of state higher education institutions in Romania for 2014.

B. Sub-chapters dedicated to the entire education system	1.175.719.313	938.971.388	673.844.842	914.206.643	798.654.340	662.572.750	1.440.990.657
a) Central administration	29.978.369	26.140.228	39.953.039	73.580.500	61.400.520	123.318.246	461.476.455
b) Central, university and pedagogical libraries	76.733.931	42.452.372	35.872.883	27.169.355	25.482.990	28.731.876	35.128.105
c) Other subsidiary services	349.852.940	317.061.618	244.126.241	221.604.659	216.017.983	257.084.055	234.110.932
d) Research and development related to education	59.996	38.993	14.998	-	-	7.999	10.000
e) Other expenditure related to education	719.094.077	553.278.177	353.877.681	591.852.129	495.752.847	253.430.574	Value estimated as potentially having an indirect impact on the child: 710.265.165 (of the total of 2.758.547.165)*

Source: The MFP data on the state budget execution for 2008-2014. Values are expressed in Ron. The amounts comprise the amounts spent included in the chapter "Education" (referring to all levels of education) from the state budget, and **do not include transfers** (expressed as amounts broken down from VAT or as other types of subsidies) **to local authorities**, but only spending made by the main budget holders financed from the state budget. The analysis includes only spending from the state budget, without other types of internal revenues).

* For the sub-chapter „Other expenditure related to education”, spending with indirect impact registered in 2014 were estimated according to the explanation provided at paragraphs preceding this table.

Table 10 – Average spending per beneficiary of pre-university education, exclusively made from the state budget, at sub-chapters estimated as potentially having an indirect impact on the child (Ron/capita)

	2008	2009	2010	2011	2012	2013	2014
Indirect average spending per beneficiary of pre-university education	616,86	360,56	234,46	326,77	304,94	273,18	465,33
A. Sub-chapters exclusively dedicated to pre-university education:							
Decentralized public services	345,02	135,76	67,23	87,67	91,07	91,70	79,58
B. Sub-chapters dedicated to the entire education system:							
a. Central administration	6,93	6,26	9,92	19,24	16,44	33,78	123,54
b. Central, university and pedagogic libraries	17,74	10,16	8,90	7,11	6,82	7,87	9,40
c. Other subsidiary services	80,89	75,91	60,59	57,96	57,85	70,42	62,67
d. Research and development related to education*	0,014	0,01	0,00	-	-	0,00	0,00
e. Other expenses related to education	166,26	132,46	87,83	154,79	132,76	69,42	190,14 **

Source: Our calculation based on MFP data on the state budget execution for 2008-2014 (see table 9) and INS data on the number of persons registered in the education system. Values are expressed in Ron. The amounts comprise the amounts spent included in the chapter "Education" (referring to all levels of education) from the state budget, and **do not include**

transfers (expressed as amounts broken down from VAT or as other types of subsidies) **to local authorities**, but only spending made by the main budget holders financed from the state budget. The analysis includes only spending from the state budget, without other types of internal revenues. The calculation method involved: the total of indirect average spending was given by the sum of indirect average spending at rows A and B; for the spending type A – cross-reference of the amounts at sub-chapter “Decentralized public services” to the total number of beneficiaries of pre-university education, including post-high school (pupils in post-high school, secondary and primary cycles, children in kindergartens and, for 2014, nurseries); for spending type B – cross-reference of the amounts spent for the respective sub-chapters to the total number of beneficiaries of the education system (from pre-schoolers to students).

* The amounts spent at sub-chapter “Research and development related to education” are reduced, so that the average spending per beneficiary of education is close to zero (in 2010: 0.0037 Ron/capita; in 2013: 0.0022 Ron/capita; in 2014: 0.0027 Ron/capita).

** For sub-chapter „Other expenses related to education”, spending with indirect impact made in 2014 were estimated as per the explanation provided in previous pages.

4.2.4. Budgets at local level assigned to education

Unfortunately, data on detailed budgetary executions for each category of beneficiaries of the education system are not available at local level. As mentioned in the chapter’s introduction, the amounts broken down from VAT for financing education are not the only one supporting the education system at local level. In addition, other types of subsidies received from central level of the revenues of the county local authorities or municipality, city, locality authorities may be used to finance education at local level.

In light of this, we will analyse the data on the budgetary execution at country level per counties and Bucharest municipality (accounting for all spending made from the budgets of county and local councils, including districts, after consolidation) and separately, at the level of county councils, for “Education” chapter. The data are collected from the Ministry of Regional Development and Public Administration and will be cross-referenced to the total number of beneficiaries of education registered in the preschool and pre-university public system.

Table 11 – Spending with direct impact on the beneficiaries of pre-university education, made at local level (Ron)

	2008	2009	2010	2011	2012	2013	2014
Total (Ron)	12.646.473.305	12.621.928.811	10.715.276.692	9.923.404.678	10.703.989.350	11.970.736.920	13.974.889.749

Source: Data processed based on the budgetary executions at local level, centralized by the Directorates of Local Public Finances and INS statistics on the number of beneficiaries registered in the preschool and pre-university education public system. The budgetary amounts are expressed in Ron. The amounts represent all spending covered by the county and local budgets after consolidation (for Bucharest, district and general budget) for “Education” chapter. The data broken down per counties and Bucharest municipality are presented in Table 13 and Table 14.

Table 12 – Average spending per beneficiary of pre-university education, made at local level, estimated to have a direct impact (Ron/capita)

	2008	2009	2010	2011	2012	2013	2014
Average spending	3.757,19	3.795,56	3.270,14	3.103,47	3.363,53	3.826,92	4.504,10

Source: Data processed based on the budgetary executions at local level, centralized by the Directorates of Local Public Finances and INS statistics on the number of beneficiaries registered in the preschool and pre-university education public system. The average spending per beneficiary are calculated by dividing the total amounts presented a table 11 to the total number of beneficiaries of the public pre-university education system, including the preschool cycle and, in 2014, the ante-preschool level. The data broken down per counties and Bucharest municipality are presented in Table 13 and Table 14.

Further on, we will use 2008 and 2014 as years of reference to see whether there are distinctions between counties/ Bucharest municipality and over time. The data show that in 2008 the spending made across the counties were relatively constant, with two exceptions all spending more than 3.000 Ron/year/beneficiary of pre-university education, but no more than 4.500 Ron. The two exceptions are in Bucharest municipality,

registering the highest amount allocated (5,569 Ron/year/beneficiary) and Constanța County, with the lowest amount allocated (2,984 Ron/year/beneficiary).

As compared to 2008, following the decentralization of the financing of the education system, it is possible to observe an increase in spending across counties and Bucharest. In 2014, Bucharest continues to register the highest amount allocated (5,668 Ron/year/beneficiary), while Cluj and Harghita counties exceed the threshold of 5,000 Ron/year/beneficiary. Few counties kept spending under 4,000 Ron/year/beneficiary: Vaslui, Prahova, Mureș, Giurgiu, Constanța and Bacău.

These amounts reflect, among others, salary spending, therefore including the level of professional training of human resources, accounting for a significant factor influencing the quality of education provided to pupils. Excluding the staff salaries, the state calculated a standard cost per pre-schooler/pupil (with the exception of those in the post-high school level) ranging in 2013 between 251 and 399 Ron, in 2014 between 255 and 406 Ron and in 2015 between 321 and 414 Ron, covering current expenses of the teaching unit, costs for the professional training of the staff, as well as books, school supplies or teaching materials³⁶. Therefore, considering their wide destination, these amounts appear to cover reduced expenses for the purchasing of teaching resources necessary for a quality education.

The data on spending at local level show that, in fact, **the calculation of the standard cost per pupil in accordance with the relevant methodologies fails to ensure an unprejudiced character for the financing of education and is far from ensuring the carrying out under “normal conditions”³⁷ of the learning process.**

What is particularly concerning is the low level of the total amounts per beneficiaries registered in counties located in poor regions (see particularly Vaslui and Bacău counties).³⁸

Table 13 – Total and average spending per beneficiary of pre-university education, carried out at local level, estimated to have a direct impact, broken down per counties and Bucharest municipality in 2008

A. 2008 Counties and Bucharest Mun.	B. Amounts for education (Ron)		C. No. Of beneficiaries – public system		D. Total spending county/ Bucharest municipality, per beneficiary (Ron/capita)
	B1. Total amounts county/Bucharest Mun.	B2. Total county councils	C1. Preschool	C2. Pre-university	
Total	12.646.473.305	1.005.429.144	640.610	2.725.331	3.757,188
Alba	233.977.934	13.677.599	11.556	47.496	3.962,236
Arad	304.163.721	25.128.177	12.954	56.721	4.365,464
Argeș	382.628.920	19.805.415	19.449	83.840	3.704,450
Bacău	408.355.187	20.729.882	22.786	93.759	3.503,841
Bihor	385.102.189	37.258.630	19.617	83.458	3.736,136
Bistrița - Năsăud	216.667.308	23.941.859	11.630	45.017	3.824,868
Botoșani	250.279.772	17.757.001	15.773	63.158	3.170,868
Brașov	334.086.040	20.719.547	16.425	68.005	3.956,959
Brăila	196.943.913	14.121.349	10.536	42.349	3.724,003
Buzău	298.138.429	21.614.942	14.490	59.786	4.013,927
Caraș - Severin	179.995.406	15.415.875	9.476	41.927	3.501,652
Călărași	158.404.698	7.966.234	9.176	40.962	3.159,374

36 Spending provided under budgetary article “goods and services” and for professional training of staff and periodic evaluation of pupils, as per GD no. 72/2013 approving the methodologic norms for the determination of the standard cost per pupil/preschooler and setting out basic funding of state pre-university education units, which is covered by the state budget, from amounts broken down from VAT, by local budgets, based on the standard cost per pupil/preschooler.

37 Law of National Education 1/2011 states at art. 104 that basic funding, calculated as per the cost per pupil, “ensures the carrying out under normal conditions of the learning process at pre-university level”.

38 According to the data of the Ministry of Labor, the western regions (North-East and South-East) and southern regions (South Oltenia) register the highest rates of relative poverty. See report: Ministerul Muncii, Familiei, Protecției Sociale și Persoanelor Vârștnice (2015), Ministerul Muncii, Familiei, Protecției Sociale și Persoanelor Vârștnice, Setul național de indicatori de incluziune socială corespunzătorii anului 2014, București, available at http://www.mmuncii.ro/j33/images/Documente/2014/2015-07-27_Indicatori_2014.pdf

Cluj	425.901.369	43.069.753	19.912	76.542	4.415,591
Constanța	338.752.194	28.268.203	20.544	92.980	2.983,970
Covasna	146.451.897	7.983.355	8.700	29.820	3.801,970
Dâmbovița	274.856.516	14.757.890	14.850	68.298	3.305,630
Dolj	392.898.055	29.671.585	19.531	88.250	3.645,337
Galați	321.423.700	26.261.871	16.959	77.953	3.386,544
Giurgiu	130.244.609	7.447.344	7.099	33.389	3.216,869
Gorj	233.076.015	12.640.961	12.543	59.290	3.244,693
Harghita	223.365.543	9.617.721	13.076	44.153	3.903,013
Hunedoara	269.162.897	17.787.124	11.957	62.004	3.639,254
Ialomița	159.823.334	6.655.519	8.489	38.283	3.417,073
Iași	484.038.774	36.244.135	27.399	116.021	3.374,974
Ilfov	156.178.745	10.321.491	7.389	33.837	3.788,356
Maramureș	307.725.573	133.531.329	16.838	66.987	3.671,048
Mehedinți	177.053.610	11.978.315	8.691	38.956	3.715,945
Mureș	347.447.988	20.155.866	21.291	72.999	3.684,887
Neamț	313.128.453	25.466.654	15.234	70.695	3.644,037
Olt	273.766.298	98.034.479	13.944	60.280	3.688,380
Prahova	412.884.966	23.107.463	21.524	98.373	3.443,664
Satu Mare	249.107.244	13.515.238	13.804	50.563	3.870,108
Sălaj	167.155.663	8.944.960	9.230	33.161	3.943,188
Sibiu	246.677.903	17.464.836	14.343	54.351	3.590,967
Suceava	447.577.023	51.586.958	24.629	103.871	3.483,090
Teleorman	207.915.836	11.729.265	10.918	46.565	3.616,997
Timiș	393.532.437	38.933.761	19.693	84.168	3.789,030
Tulcea	131.518.232	6.983.834	8.135	29.128	3.529,459
Vaslui	273.947.901	25.093.098	17.193	67.504	3.234,446
Vâlcea	247.665.513	7.669.474	12.413	54.446	3.704,296
Vrancea	207.844.001	22.370.152	10.113	46.275	3.685,962
Bucharest Mun.	1.336.607.499	-	40.301	199.711	5.568,919

Table 14 – Total and average spending per beneficiary of pre-university education, made at local level, estimated to have a direct impact, broken down per counties and Bucharest Mun., in 2014

A. 2014 Counties and Bucharest Mun.	B. Amounts for education (Ron)		C. No. of beneficiaries – public system		D. Total spending counties/Bucharest Mun., per beneficiary (Ron/capita)
	B1. Total amounts county/Bucharest Mun.	B2. Total county council	C1. Preschool and nurseries	C2. Pre-university	
Total	13.974.889.749	986.369.829	557.886	2.544.818	4.504,10
Alba	228.158.230	15.279.425	9.536	43.870	4.272,15
Arad	274.748.948	27.693.674	12.063	52.456	4.258,42
Argeș	443.312.831	25.753.226	17.715	76.209	4.719,91
Bacău	412.044.910	28.592.987	17.504	83.401	4.083,49
Bihor	424.303.989	43.438.088	18.458	77.749	4.410,32
Bistrița - Năsăud	221.264.989	25.936.276	10.024	40.944	4.341,25
Botoșani	305.039.123	20.209.504	11.826	59.916	4.251,89
Brașov	346.034.922	32.334.562	17.401	66.717	4.113,68
Brăila	220.551.198	14.454.704	8.437	40.851	4.474,74
Buzău	323.015.071	25.846.796	12.755	56.242	4.681,58
Caraș - Severin	193.537.441	19.902.983	7.548	36.354	4.408,40
Călărași	188.732.696	9.649.999	7.834	37.390	4.173,29
Cluj	471.947.516	54.953.281	19.629	73.869	5.047,67
Constanța	420.870.446	34.704.959	19.455	89.764	3.853,45
Covasna	169.817.863	10.641.832	7.102	28.293	4.797,79

Dâmbovița	325.636.181	19.635.347	13.057	61.526	4.366,09
Dolj	423.408.082	29.105.522	17.270	79.931	4.356,01
Galați	369.022.479	29.177.847	13.836	70.527	4.374,22
Giurgiu	138.787.003	6.895.182	5.895	30.986	3.763,10
Gorj	293.663.971	16.408.248	9.013	50.729	4.915,54
Harghita	266.827.951	12.210.141	10.615	42.141	5.057,77
Hunedoara	293.198.202	20.581.741	9.796	53.049	4.665,42
Ialomița	180.563.174	9.679.093	6.887	34.121	4.403,12
Iași	569.437.815	52.754.988	22.780	113.302	4.184,52
Ilfov	211.033.733	10.124.088	9.213	36.773	4.589,09
Maramureș	362.518.355	25.547.040	13.632	60.337	4.900,95
Mehedinți	182.952.106	14.013.023	6.579	34.175	4.489,18
Mureș	349.184.268	22.956.380	17.573	71.435	3.923,07
Neamț	361.231.487	33.021.279	12.468	64.431	4.697,48
Olt	305.231.312	16.977.388	11.056	54.984	4.621,92
Prahova	424.856.605	31.120.412	18.853	94.177	3.758,80
Satu Mare	270.910.080	11.824.818	11.722	44.828	4.790,63
Sălaj	184.772.016	11.645.442	7.634	30.291	4.872,04
Sibiu	275.829.695	24.859.262	13.291	51.024	4.288,73
Suceava	530.584.095	60.281.586	20.309	99.145	4.441,74
Teleorman	215.661.470	13.382.046	8.501	41.586	4.305,74
Timiș	452.309.927	50.798.057	19.049	77.665	4.676,78
Tulcea	142.848.524	9.438.130	6.004	26.650	4.374,61
Vaslui	289.986.712	26.011.930	12.718	61.319	3.916,78
Vâlcea	257.518.908	15.473.221	10.048	46.818	4.528,52
Vrancea	237.710.998	23.055.322	8.904	42.933	4.585,74
Bucharest Mun.	1.415.824.427	-	43.896	205.910	5.667,70

Sources for Table 13 and Table 14: Data processed based on the budgetary executions at local level, centralized by the Local Public Finances Directorates and the INS statistics on the number of persons registered in the preschool and pre-university education public system. The budgetary amounts are expressed in Ron. The amounts per total county/Bucharest Mun., column B1, represent all spending made from county and local budgets after consolidation (in Bucharest, district and general budget) corresponding to “Education” chapter. Total county council, column B2, represents the budget spent for the “Education” chapter in the county council budget. Total spending county/Bucharest mun. per beneficiary is calculated by dividing the total amounts per county/Bucharest mun., column B1, to the total number of beneficiaries of the public pre-university education system, including preschool and, for 2014, ante-preschool, namely to the sum of columns C1 and C2 (method of calculation described is used due to a lack of detailed information available on spending per levels of pre-university education – ante preschool, preschool, primary and secondary – from local budgets).

4.3. Healthcare budget – in-depth analysis

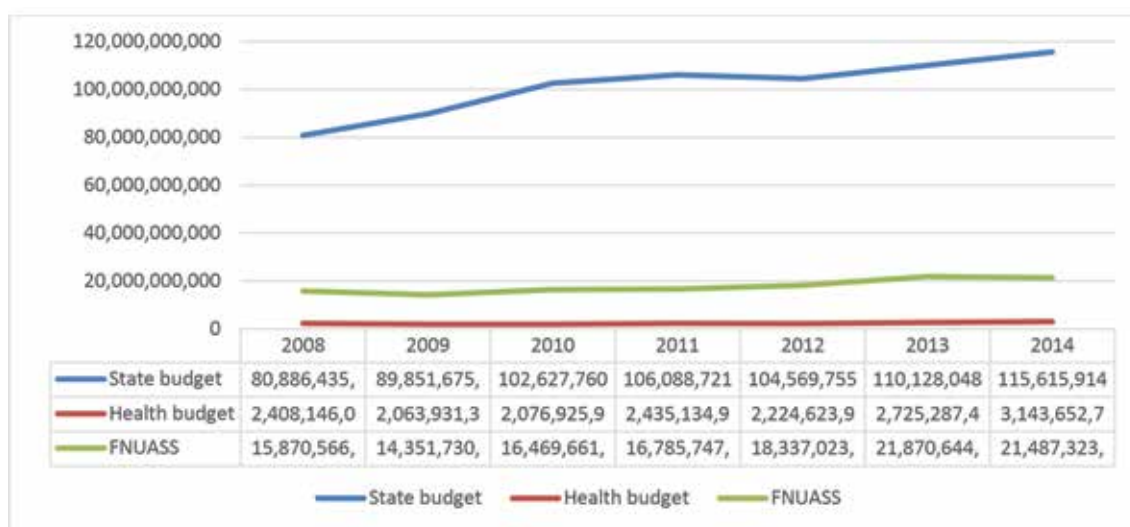
The Eurostat data show that healthcare public spending in Romania, calculated as percentage of GDP, are at a level that is less than half the average registered in the EU, while this difference was maintained throughout the time period analysed, although Romania registered a slight increase of the percentage given to health (see table 1 in section 4.1).

The data from the Ministry of Public Finance indicate an increase of public spending for health after 2011. We will further analyse three types of budgetary funds allocated for health, depending on the source: state budget, National Unique Fund of Social Healthcare Insurances (FNUASS) and local budgets. These will be cross-referenced to the number of habitants impacted by the respective services.

4.3.1. Exclusively central spending – state budget and FNUASS

The percentage of healthcare spending from the central budget is higher as compared to the year of reference 2008, although it had too suffered a slight decrease during the economic crisis. Despite health budgets are higher, this does not necessarily reflect an enhanced focus on health, but may be rather tied to the requirements arising from the agreements with international lenders (settlement of arrears related to healthcare) or to the European directives (payment of benefits for services provided in other EU member states for Romanian citizens).

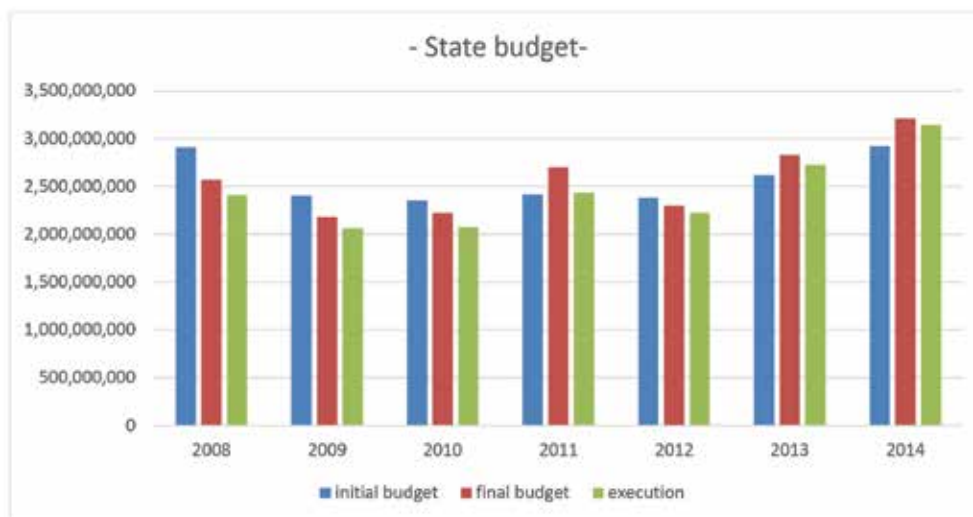
Chart 6 – State budget execution and the execution of healthcare spending covered by the state budget, 2008-2014 (Ron)



Source: MFP data on state budget execution for 2008-2014. Values are expressed in Ron. The amounts comprise spending corresponding to “Healthcare” chapter from the state budget, excluding transfers (expressed as amounts broken down from VAT or as other types of subsidies) to local authorities or amounts transferred to balance the budgets for social healthcare insurances (they are included in FNUASS). It is worth mentioning that the health budget may include other types of revenues (such as internal revenues from donations or internal and external loans) which, for the purpose of standardizing the information and comparing the years of reference, we did not include, as we analysed only spending covered from the state budget, respectively from the budget of the National Unique Fund for Social Healthcare Insurances.

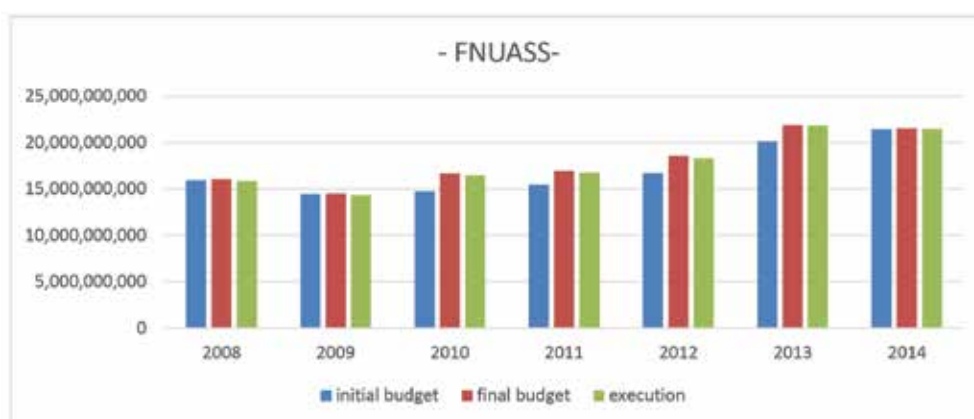
Unlike education, the evolution between the approval of health budgets and their execution show an increase of spending in this area as opposed to amounts allocated over the year, in selected years.

Chart 7 – Distinctions between the initial, the final budget and the budgetary execution for health in spending from the state budget (Ron)



Source: MFP data on state budget execution for 2008-2014. Values are expressed in Ron. The amounts comprise spending corresponding to “Healthcare” chapter from the state budget, excluding transfers (expressed as amounts broken down from VAT or as other types of subsidies) to local authorities or amounts transferred to balance the budgets for social healthcare insurances (they are included in FNUASS). It is worth mentioning that the health budget may include other types of revenues (such as internal revenues from donations or internal and external loans) which, for the purpose of standardizing the information and comparing the years of reference, we did not include, as we analysed only spending covered from the state budget, respectively from the budget of the National Unique Fund for Social Healthcare Insurances.

Chart 8– Distinctions between the initial budget, the final budget and the budgetary execution for health in FNUASS (Ron)



Source: MFP data on FNAUSS budget execution for 2008-2014. Values are expressed in Ron. The amounts comprise spending corresponding to “Healthcare” chapter from the FNUASS budget.

The areas where the money allocated for health are spent do not allow the identification of final beneficiaries, as mentioned before. From the discussions made with representatives of the relevant Ministry we concluded that no data are currently collected that may highlight the costs per services awarded only to children and/or to each child. Nevertheless, there is availability for the drafting of such methodology for the collection of data, as the results may be useful to both competent public institutions, as well as to non-profit organizations interested in this area.

If we were to look into the distribution per capita for the budget sub-chapters, we will gain a wide perspective enabling us to approximate the state’s investment for the health of one citizen. We will thus compare the evolution for the year of reference 2008 vs. 2015 for each of these chapters.

We observe a significant increase of average spending per capita corresponding to healthcare (total average spending) from 885.79 Ron/capita in 2008 to 1,234.80 Ron/capita in 2014.

In 2008, the major average spending per capita occur at the level of medical services provided within medical units with beds (approximately 367 Ron/ capita), followed by expenses for pharmaceutical products, medical supplies and equipment (approx. 237 Ron/capita). In 2014, the same two large categories register the highest amount of spending, yet the ranking is reversed, with expenses for medical products, materials and equipment (approx. 475 Ron/capita) outspending services in medical units with beds (approx. 432.39 Ron/capita). Our attention is drawn by the reduced level of average spending for dental healthcare of 3.82 Ron/capita in 2008 and of 2.39 Ron/capita in 2014 (therefore in decrease).

Table 15 – Amounts allocated, amendments, total and average spending per capita, for health, exclusively covered from the state budget and FNUASS budget, in 2008

2008	State budget (Ron)			FNUASS budget (Ron)			Average spending (Ron/capita)
	Initial budget	Final budget	Execution	Initial budget	Final budget	Execution	
TOTAL Health	2.909.507.000	2.568.557.000	2.408.146.011	15.959.826.000	16.099.394.000	15.870.566.840	885,79
Central administration	26.013.000	19.377.000	16.028.627	549.217.000	135.408.080	90.453.820	5,16
Decentralized public services	243.033.000	206.645.000	200.824.452	286.441.000	178.032.920	159.291.809	17,45
Pharmaceutical products, specific medical supplies and equipment				5.043.477.000	4.973.190.080	4.896.006.540	237,26

2008	State budget (Ron)			FNUASS budget (Ron)			Average spending (Ron/capita)
	Initial budget	Final budget	Execution	Initial budget	Final budget	Execution	
<i>Medicines with or without personal contribution</i>				3.060.931.000	3.097.147.080	3.094.696.743	149,97
<i>Medicines for chronic disorders with increased risk used in national remedial programmes</i>				1.180.000.000	1.168.713.000	1.155.520.428	56,00
<i>Specific medical supplies used in national remedial programmes</i>				118.456.000	130.615.000	116.970.171	5,67
<i>Haemodialysis and peritoneal dialysis medical services</i>				518.090.000	464.657.000	417.943.694	20,25
<i>Medical appliances and equipment</i>				166.000.000	112.058.000	110.875.504	5,37
<i>Other pharmaceutical product, specific medical supplies and appliances</i>							0,00
Ambulatory healthcare	9.622.000	9.058.905	9.023.502	2.861.895.000	2.698.498.600	2.618.592.772	127,33
<i>Primary healthcare</i>				1.555.000.000	1.500.406.000	1.456.551.839	70,58
<i>Healthcare for clinical specialties</i>				395.306.000	395.306.000	389.958.180	18,90
<i>Dental healthcare</i>				86.702.000	78.989.170	78.797.044	3,82
<i>Healthcare for Para clinical specialties</i>				728.351.000	632.999.000	602.872.929	29,22
<i>Healthcare in multi-functional medical centres</i>	9.622.000	9.058.905	9.023.502	96.536.000	90.798.430	90.412.780	4,82
<i>Healthcare services offered within national healthcare programmes</i>							0,00
<i>Pre-hospital emergency care and medical transport</i>				440.453.000	556.169.000	555.574.162	26,92
Healthcare in health facilities with beds	49.587.000	62.609.095	56.152.901	6.601.920.000	7.523.142.320	7.516.658.894	366,98
<i>General hospitals</i>	49.587.000	62.609.095	56.152.901	6.534.605.000	7.453.225.000	7.446.749.909	363,59
<i>Specialized hospitals</i>							0,00

2008	State budget (Ron)			FNUASS budget (Ron)			Average spending (Ron/capita)
	Initial budget	Final budget	Execution	Initial budget	Final budget	Execution	
<i>Health recovery-rehabilitation centres</i>				67.315.000	69.917.320	69.908.985	3,39
Out care				16.858.000	19.484.000	19.272.078	0,93
Public healthcare	127.154.000	72.987.000	65.790.724				3,19
Haematology and transfusion safety	130.857.000	111.612.000	110.745.215				5,37
Applied research and experimental development related to health	7.260.000	6.328.000	6.167.679				0,30
Medical benefits awarded based on international documents				159.565.000	15.469.000	14.716.765	0,71
Other expenses related to health	2.315.981.000	2.079.940.000	1.943.412.911				94,18
Occupational therapy activities in healthcare facilities							0,00
<i>Other medical institutions and activities</i>	2.315.981.000	2.079.940.000	1.943.412.911				94,18

Table 16 – Amounts allocated, amendments, total and average spending per capita, for health, exclusively covered from the state budget and FNUASS budget, in 2014

2014	State budget (Ron)			FNUASS budget (Ron)			Average spending (Ron/capita)
	Initial budget	Final budget	Execution	Initial budget	Final budget	Execution	
TOTAL Health	2.921.401.000	3.210.014.000	3.143.652.702	21.453.336.000	21.520.377.000	21.487.323.499	1.234,80
Central administration	20.460.000	97.134.000	96.286.579	214.854.000	78.384.120	74.897.822	8,58
Decentralized public services	135.896.000	140.214.000	138.359.369	208.995.000	251.309.160	249.352.624	19,44
Pharmaceutical products, specific medical supplies and equipment				9.004.494.000	9.479.131.170	9.470.983.395	474,80
<i>Medicines with or without personal contribution</i>				5.463.973.000	5.759.911.500	5.755.160.125	288,52
<i>Medicines for chronic disorders with increased risk used in national remedial programmes</i>				2.256.746.000	2.544.122.620	2.542.794.001	127,48

2014	State budget (Ron)			FNUASS budget (Ron)			Average spending (Ron/capita)
	Initial budget	Final budget	Execution	Initial budget	Final budget	Execution	
<i>Specific medical supplies used in national remedial programmes</i>				280.665.000	216.965.490	216.935.593	10,88
<i>Haemodialysis and peritoneal dialysis medical services</i>				803.110.000	780.110.000	778.362.023	39,02
<i>Medical appliances and equipment</i>				200.000.000	178.021.560	177.731.653	8,91
<i>Other pharmaceutical product, specific medical supplies and appliances</i>							0,00
Ambulatory healthcare	7.482.000	7.447.000	7.424.212	3.042.404.000	2.738.534.190	2.734.176.102	137,44
<i>Primary healthcare</i>				1.484.600.000	1.425.065.950	1.422.995.106	71,34
<i>Healthcare for clinical specialties</i>				647.768.000	623.341.580	622.073.578	31,19
<i>Dental healthcare</i>				80.000.000	47.740.580	47.699.130	2,39
<i>Healthcare for Para clinical specialties</i>				730.000.000	552.829.490	551.994.930	27,67
<i>Healthcare in multi-functional medical centres</i>	7.482.000	7.447.000	7.424.212	100.036.000	89.556.590	89.413.358	4,85
<i>Healthcare services offered within national healthcare programmes</i>							0,00
<i>Pre-hospital emergency care and medical transport</i>				37.837.000	31.465.890	31.299.294	1,57
Healthcare in health facilities with beds	27.700.000	59.321.000	58.732.090	8.297.561.000	8.578.520.370	8.566.379.875	432,39
<i>General hospitals</i>	27.700.000	59.321.000	58.732.090	8.240.846.000	8.529.451.200	8.517.313.847	429,93
<i>Specialized hospitals</i>							0,00
<i>Health recovery-rehabilitation centres</i>				56.715.000	49.069.170	49.066.028	2,46
<i>Out care</i>				62.126.000	52.667.100	52.468.004	2,63
Public healthcare	39.500.000	50.244.000	45.829.177				2,30
<i>Haematology and transfusion safety</i>	93.707.000	137.643.000	137.016.298				6,87

2014	State budget (Ron)			FNUASS budget (Ron)			Average spending (Ron/capita)
	Initial budget	Final budget	Execution	Initial budget	Final budget	Execution	
Applied research and experimental development related to health	6.211.000	5.296.000	5.244.199				0,26
Medical benefits awarded based on international documents				585.065.000	310.365.000	307.766.383	15,43
Other expenses related to health	2.590.445.000	2.712.715.000	2.654.760.778				133,09
Occupational therapy activities in healthcare facilities							0,00
<i>Other medical institutions and activities</i>	2.590.445.000	2.712.715.000	2.654.760.778				133,09

Source: MFP data on state and FNUASS budget execution for 2008-2014. Values are expressed in Ron. The amounts comprise spending corresponding to “Health” chapter from the state budget, excluding transfers (expressed as amounts broken down from VAT or as other types of subsidies) to local authorities or amounts transferred to balance the budgets for social healthcare insurances (they are included in FNUASS). It is worth mentioning that the health budget may include other types of revenues (such as internal revenues from donations or internal and external loans) which, for the purpose of standardizing the information and comparing the years of reference, we did not include, as we analysed only spending covered from the state budget, respectively from the budget of the National Unique Fund for Social Healthcare Insurances

4.3.2. Local budgets and health

Decentralization of the healthcare system generated a series of new costs for local authorities (particularly for county councils), with the transfer of certain healthcare facilities in their administration. Nevertheless, with few exceptions (such as the amounts for school medical practices), the majority of costs for health appear to be covered from contracts with social healthcare insurance county houses (therefore, through FNUASS), from the amounts broken down from the state budget or from subsidies provided at central level).

We will analyse the data on the budgetary execution at county/Bucharest Municipality level as well as at the level of county councils, respectively general council and local district councils in Bucharest. In order to achieve this we will compare the health budgets allocated at the level of the entire county/Bucharest Mun. and the percentage of these budgets returning to county councils, respectively general council and local district councils in Bucharest. The data are collected from the Ministry of Regional Development and Public Administration and will be cross-referenced to the county/Bucharest municipality population. We will use 2008 and 2014 as benchmark points, to see whether there are differences between counties/Bucharest mun. and in time.

The 2008 numbers are consistent with the expenses registered at central level – the lack of financial decentralization determined a considerable reduction of the amount allocated per capita at local level. The evolution until 2014 show however what is the impact of decentralization and the increase of spending at county level. At the same time, there are big gaps between counties. These data should be considered with caution and in correlation with the distribution of the healthcare facility network. The data may also be a starting point in the analysis of availability on behalf of local authorities to invest in healthcare, as well as of the risk that some children are deprived of the opportunity of equal access to quality healthcare.

Table 17 – Total and average spending per capita for health, made at local level, broken down per counties and Bucharest municipality, in 2008.

A. 2008 County/Bucharest mun.	B. Health - spending (Ron)		C. Population (number of inhabitants)	C. Population (number of inhabitants)
	B1. County/Bucharest mun. total	B2. County council total		
Total	244.280.407	97.460.212	22.561.686	10,83
Alba	2.384.817	559.333	393.390	6,06
Arad	2.017.968	85.000	481.638	4,19
Argeş	7.779.255	3.347.151	665.041	11,70
Bacău	25.410.504	4.261.738	760.013	33,43
Bihor	11.276.542	1.625.510	625.611	18,02
Bistriţa - Năsăud	3.310.490	1.953.000	330.903	10,00
Botoşani	3.611.553	1.542.960	475.347	7,60
Braşov	19.745.181	10.330.250	379.622	52,01
Brăila	1.959.948	997.020	624.778	3,14
Buzău	1.423.579	777.292	502.883	2,83
Caraş - Severin	385.900	217.834	329.329	1,17
Călăraşi	142.085	31.500	347.793	0,41
Cluj	16.582.124	10.278.749	707.647	23,43
Constanţa	13.710.824	12.236.387	765.703	17,91
Covasna	267.735	0	232.408	1,15
Dâmboviţa	2.785.258	1.872.000	538.712	5,17
Dolj	9.643.357	6.971.471	728.295	13,24
Galaţi	10.621.611	4.499.149	645.697	16,45
Giurgiu	1.385.202	454.786	286.040	4,84
Gorj	5.536.242	2.673.586	381.300	14,52
Harghita	1.449.850	274.000	338.031	4,29
Hunedoara	4.682.484	303.154	499.521	9,37
Ialomiţa	1.671.228	342.453	305.343	5,47
Iaşi	7.514.999	2.138.544	857.689	8,76
Ifov	12.188.564	7.944.924	298.047	40,89
Maramureş	4.348.690	1.019.011	535.747	8,12
Mehedinţi	4.619.581	4.309.581	305.042	15,14
Mureş	6.473.335	2.290.684	605.092	10,70
Neamţ	3.645.758	1.750.000	592.673	6,15
Olt	2.983.603	469.760	484.604	6,16
Prahova	10.249.647	3.371.936	838.485	12,22
Satu Mare	1.740.449	837.081	254.828	6,83
Sălaj	1.449.366	1.126.457	396.470	3,66
Sibiu	5.101.367	3.578.336	457.417	11,15
Suceava	1.775.519	0	734.036	2,42
Teleorman	1.704.125	497.711	427.564	3,99
Timiş	5.329.690	359.048	720.785	7,39
Tulcea	527.148	200.000	257.108	2,05
Vaslui	2.714.411	1.121.153	416.295	6,52
Vâlcea	1.838.308	769.915	474.483	3,87
Vrancea	1.997.412	41.748	399.405	5,00
Bucharest Mun.	20.294.698*	-	2.160.871	9,39

Table 18 – Total and average spending per capita for health, made at local level, broken down per counties and Bucharest municipality, in 2014

A. 2014 County/Bucharest Mun.	B. Health – spending (Ron)		C. Population (no. of inhabitants)	D. County/Bucharest Mun. total/per capita (in Ron)
	B1. County/Bucharest Mun. total	B2. County council total		
Total	1.250.838.193	516.851.494	19.947.311	62,71
Alba	15.849.255	4.499.791	337.658	46,94
Arad	13.807.873	7.417.912	427.974	32,26
Argeş	28.894.764	17.781.716	604.058	47,83
Bacău	22.075.666	11.733.006	606.589	36,39
Bihor	16.984.483	2.009.047	573.691	29,61
Bistriţa - Năsăud	15.752.198	10.190.378	283.832	55,50
Botoşani	31.849.137	27.408.415	403.088	79,01
Braşov	16.201.320	8.582.030	312.089	51,91
Brăila	23.748.129	18.442.022	550.765	43,12
Buzău	28.283.846	19.140.617	440.931	64,15
Caraş Severin	27.180.735	5.879.157	301.251	90,23
Călăraşi	16.680.362	8.246.525	288.925	57,73
Cluj	30.199.836	5.807.483	698.929	43,21
Constanţa	54.895.608	40.794.372	684.257	80,23
Covasna	5.720.490	3.920.111	208.603	27,42
Dâmboviţa	18.375.678	11.801.969	512.668	35,84
Dolj	35.345.442	12.263.313	650.548	54,33
Galaţi	33.392.473	12.323.560	527.979	63,25
Giurgiu	5.287.635	4.301.750	278.425	18,99
Gorj	9.139.002	2.393.772	334.819	27,30
Harghita	9.142.772	3.853.861	310.336	29,46
Hunedoara	32.261.971	5.469.202	407.892	79,09
Ialomiţa	7.670.293	2.031.932	269.251	28,49
Iaşi	36.403.894	21.808.062	780.948	46,62
Ilfov	29.472.205	25.974.922	417.825	70,54
Maramureş	33.665.935	22.542.717	472.335	71,28
Mehedinţi	16.644.950	10.227.556	259.011	64,26
Mureş	25.537.280	16.581.648	547.757	46,62
Neamţ	23.095.506	15.139.531	461.869	50,00
Olt	24.630.033	11.897.217	423.352	58,18
Prahova	48.295.159	25.330.251	752.322	64,19
Satu Mare	27.194.865	24.169.073	220.447	123,36
Sălaj	4.855.034	2.210.112	340.986	14,24
Sibiu	37.689.202	21.550.160	400.193	94,18
Suceava	17.523.305	4.045.673	631.410	27,75
Teleorman	52.919.340	18.204.110	367.120	144,15
Timiş	31.460.903	2.673.692	693.104	45,39
Tulcea	36.197.220	20.657.015	208.242	173,82
Vaslui	22.973.908	13.584.418	365.630	62,83
Vâlcea	23.136.320	13.963.396	389.463	59,41
Vrancea	13.974.436	0	335.596	41,64
Bucharest Mun.	246.429.730	-	1.865.143	132,12

Source: Data processed based on the budgetary executions at local level, centralized by the Local Public Finances Directories and INS statistics on the number of inhabitants per county/Bucharest municipality. The amounts are expressed in Ron. The amounts per total of the county/Bucharest Mun. (column B1) account for all spending made from county and local budgets after consolidation (in Bucharest, district and general budget) for the “Health” chapter. Total County council (column B2) represents the budget assigned for the “Health” chapter in the county council budget. Total spending per county/Bucharest mun. per beneficiary (column D) is calculated by dividing total amounts per county/Bucharest mun. (column B1) tot the total number of potential beneficiaries (column C).

4.3.3. Indicators for healthcare measures directly addressed to children

According to the data provided by the Ministry of Health, in 2013 there were approximately 740 school medics employed and 2.880 school medical assistants paid from the state budget through transfer from the Ministry of Health to local authorities. The number of school medics or medical assistants paid from local budget is reduced, as these are rather isolated cases (in 2013 there were 17 medics and 28 medical assistants). In 2013, the network of school medics and medical assistants provided healthcare to 2,012,109 pupils from a total of 3,217,699 pupils.

The school dental practices employed in 2013 475 doctors and approximately 280 nurses, whose wages were incurred from the state budget through transfer from the Ministry of Health. They ensured medical assistance for 1,390,704 pupils.

In rural localities where healthcare for pupils and pre-schoolers was not provided by the school or family medic, the community medical assistant is the one ensuring these medical services to the limit of his/her abilities. Thus, the current data revealed that in 2013 approximately 980 community medical assistants were employed and paid from the state budget through transfer from the Ministry of Health.

Both the number of beneficiaries as well as salary expenses for community medical assistants and the staff in school medical and dental practice are available at the level of the Ministry of Health. The total cost of these services should also include the specific medical supplies used. The expenses for their purchasing are incurred by the local authorities, while the situation differs from one community to the other, as currently these costs are not centralized.

„We have no knowledge on the toolkit or medical supplies I use or services. I told you, it is difficult to quantify... whether a bandage, a medicine or other materials were used.. These data are not collected nor do I think they will be. We can say the number of children who benefited from care, but we cannot financially quantify that a certain amount was spent for them during x consult or for a number of other interventions. We are dealing with the same situation in community medical assistance: we provided services for x children, but we provide there many information service, and not bandages for example or surgical interventions, and therefore cannot be quantifiable.” (Representative of the Ministry of Health).

„So we only pay wages, through transfer from the Ministry to local authority, while local authority is in charge with ensuring that the practice runs. However, we do not know...and I believe the situation differs from one mayoralty to the other. Some delivered, purchased medical appliances, other have no money and achieved nothing. There are Mayoralties which involved, and in that case the costs are not incurred only the Ministry of Health, which carries out activities in school practices. They equipped those practice, as they were interested in equipping the school practices. And that is funding addressed to the child”. (representative of the Ministry of Health).

It is also worth mentioning that community medical assistance is not exclusively addressed to children, while costs for this category alone are difficult to estimate, as a specific methodology for calculation is required to be drafted and used.

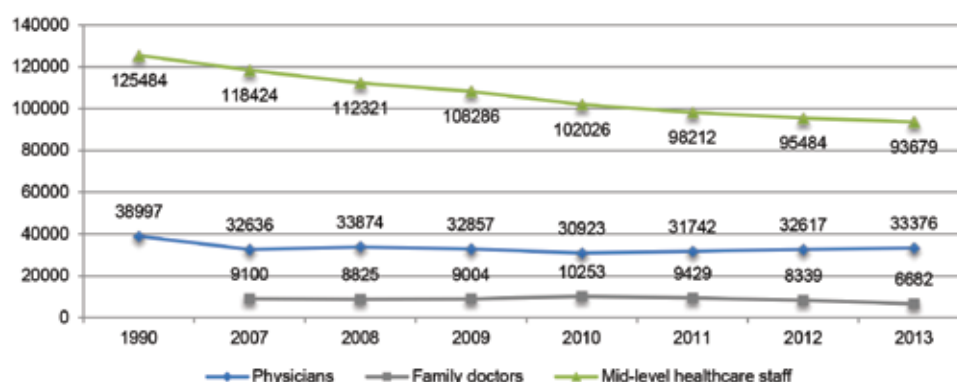
Another dimension for which data may be obtained on spending are national programmes carried out by the Ministry of Health. The programmes clearly targeting the children category are: national program for immunization, national program for woman and child health including the sub-program for the improvement of the nutrition during pregnancy and of the child, the sub-program for child's health, subprogram for woman's health. Nevertheless, children may be beneficiaries of other healthcare-related programmes. To these we add healthcare promotion campaigns carried out through Public Health Directorates, through health promotion departments. The financial resources used for financing national healthcare programs originate from the state budget and the Ministry of Health's own revenues.

A study conducted by the Institute for Public Policies, “National Programs for Health and their impact on Roma communities” reveal data obtained from the Ministry of Health with reference to the budgets allocated for national programmes. Although the aggregated budgets of a national programmes show an increasing evolution, from 1.006.567 thousands Ron in 2011 to 1,722,033 thousands Ron in 2013, the authors state that the data are difficult to be compared: “*The frequent amendments in manner of organization, reporting of the manner in which national health programmes are managed and financed prevent us from drafting linear comparisons, however, as one can determine (...) the distribution of budget allocations for each national program indicates a decrease by over 40% of the budgets allocated in 2013 as compared to 2011.*”³⁹ The same report shows that among the over 18 million patients insured in 2013, 3,933,458 were children from families and 41,725 were children benefiting from special protection measures.

The data regarding the capacity of the healthcare system and the health state of the population are also limited. Nevertheless, the data published by the National Institute of Statistics show that the average volume of medical staff is in a downwards trend while the total number of medics (excluding family doctors) is maintained at a relatively constant level. As for family doctors, they register a negative dynamics within the past three years.

³⁹ Programele Naționale de Sănătate și impactul acestora asupra comunităților rome, Institutul pentru Politici Publice (p. 28), available at www.ipp.ro/protfiles.php?IDfile=222

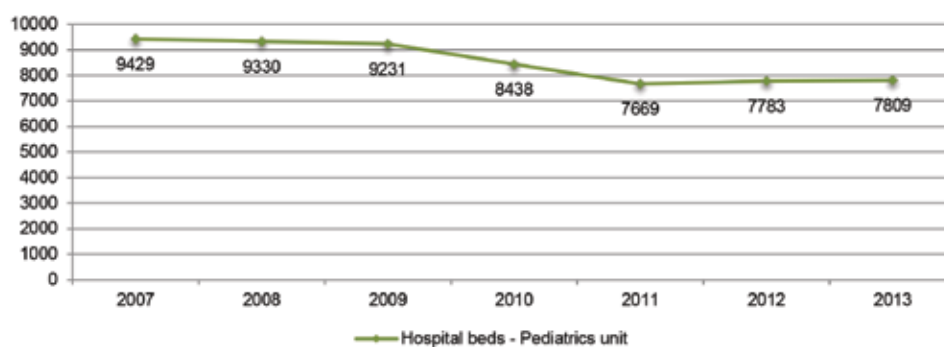
Chart 9 – Evolution of the healthcare staff part of the public system (number of persons)



Source: INS.

The hospital infrastructure specially dedicated to children also experienced a negative development, after it was determined that the number of beds from the paediatrics section experienced a significant decrease as of 2008.

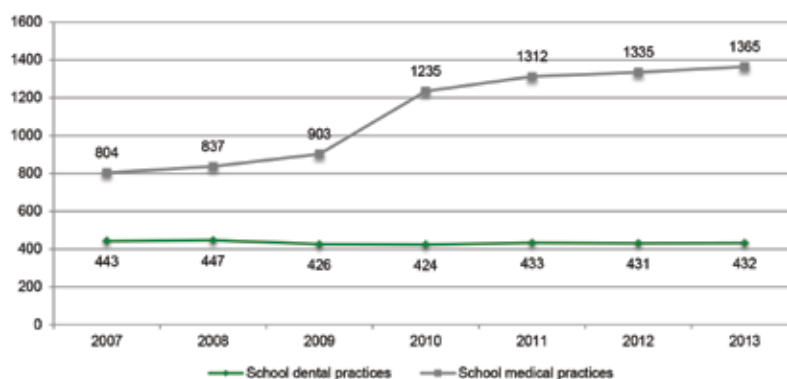
Chart 10 – Evolution of the number of hospital beds in paediatric sections



Source: INS.

If the number of school dental practices remained relatively stagnant over the past few years, the number of school medical practices registered a significant increase. Both indicators show that, with reference to the school population, these services are critically under-developed.

Chart 11 – Evolution of the number of school medical practices⁴⁰



Source: INS.

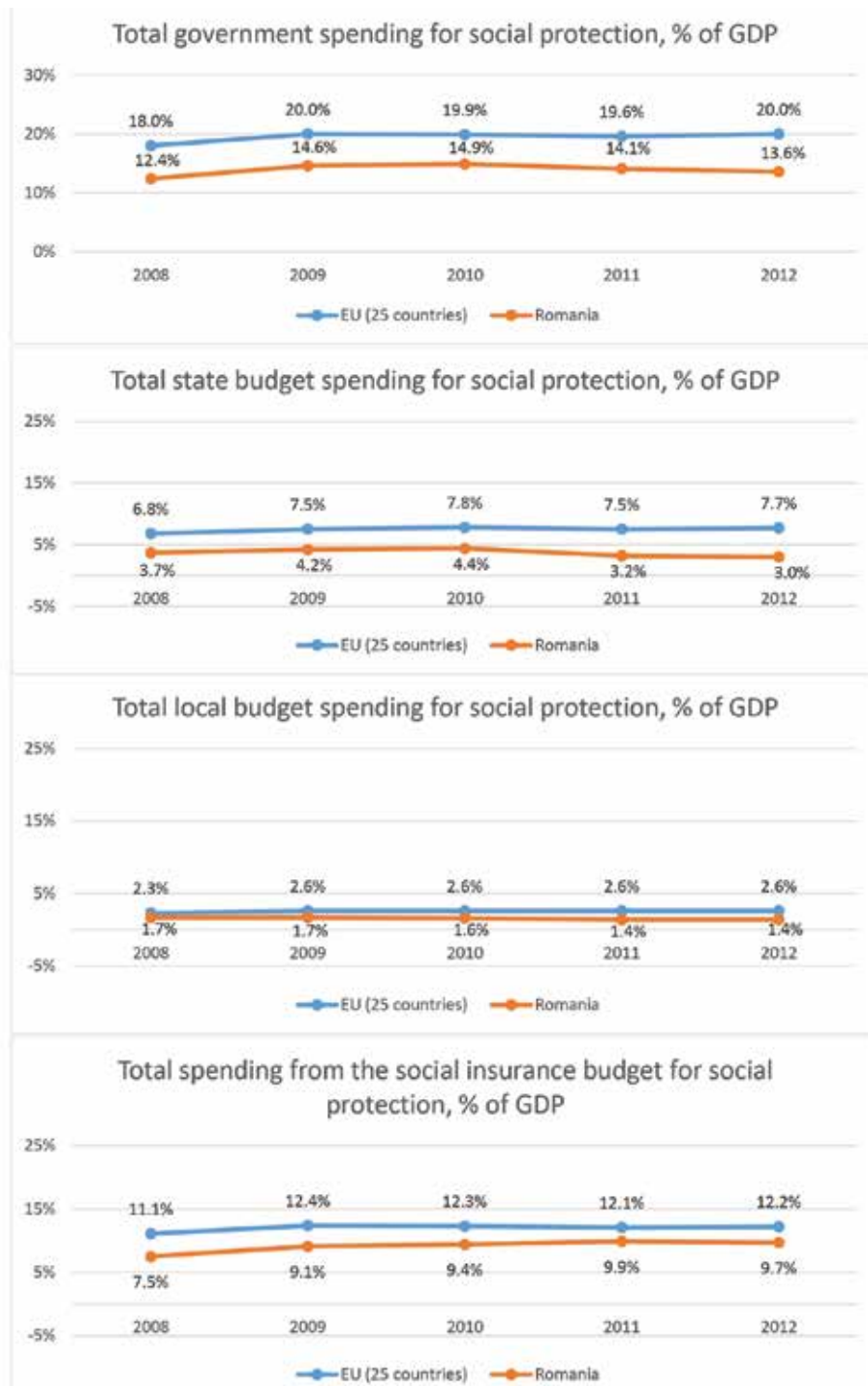
40 According to INS, “School medical practices and healthcare facilities functioning within schools, to provide general preventive, emergency curative healthcare to pupils registered.”

4.4. Social protection budget – in-depth analysis

4.4.1. Analogies at European level

At EU level, the statistics conducted via EUROSTAT include spending for social protection for “Families and children” (representing the best estimation of the financial effort invested by the states to ensure the social protection of children). Unfortunately, not all member states are able to provide such data, among them Romania. We will present, however, comparative data for the entire area of “Social protection” for 2008-2012:

Chart 12– Level of funding of social protection in Romania as compared to EU (% of GDP)

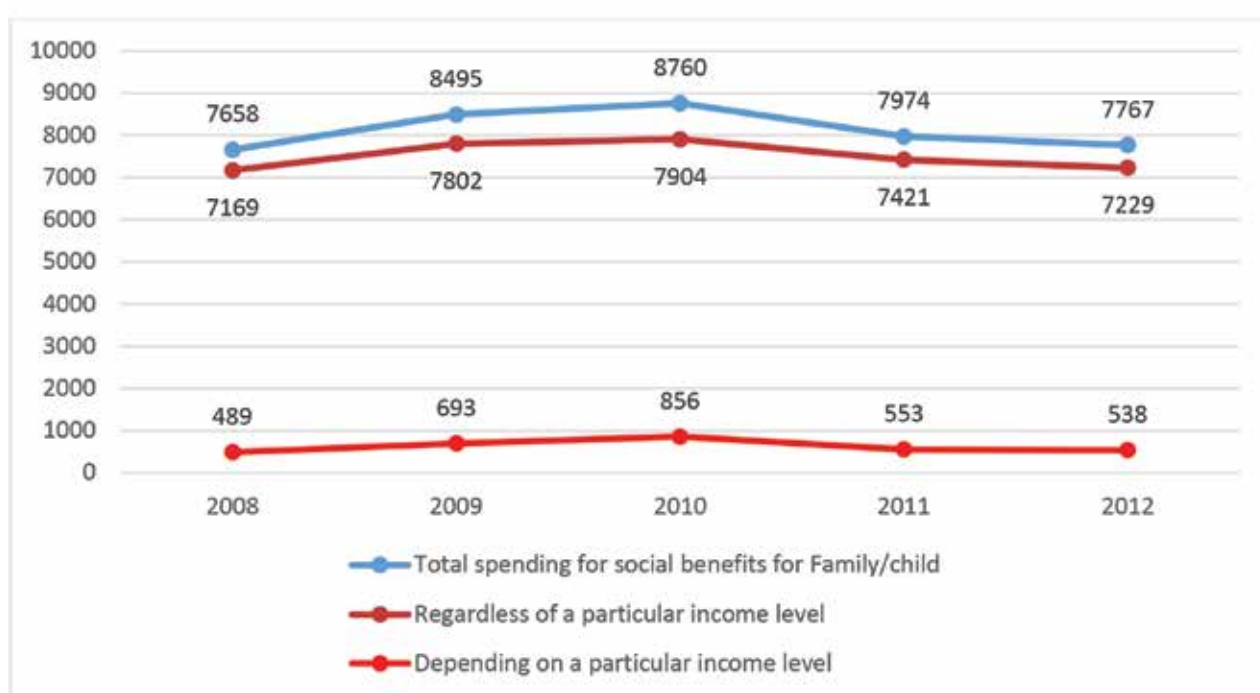


Source: Eurostat.

We notice that Romania is constantly below the average funding level of this sector across the European Union. As for the contribution of various budgets to the expenses registered in this sector, the proportions are similar with the European average: the budget for social insurances contributes the most, followed by the state budget and, to a low degree, by local budgets.

The National Institute of Statistics (INS) presents a series of data which are vital for the topic of this report, namely social protection spending⁴¹, including here only social benefits. The methodology used to calculate these expenses is of European nature – European system of integrated social protection statistics (ESSPROS) – and classifies benefits depending on 8 risk categories, one of them referring to family and children⁴². The data calculated by INS show first of all the evolution of these benefits which registered their highest level in 2010, followed by a dramatic decrease. In 2010, the share of benefits addressed to low-income families also registered an increase (benefits depending on an income threshold), reaching approximately 10% of total benefits.

Chart 13 – Spending for social benefits for Families/children (mill. Ron)



Source: INS.

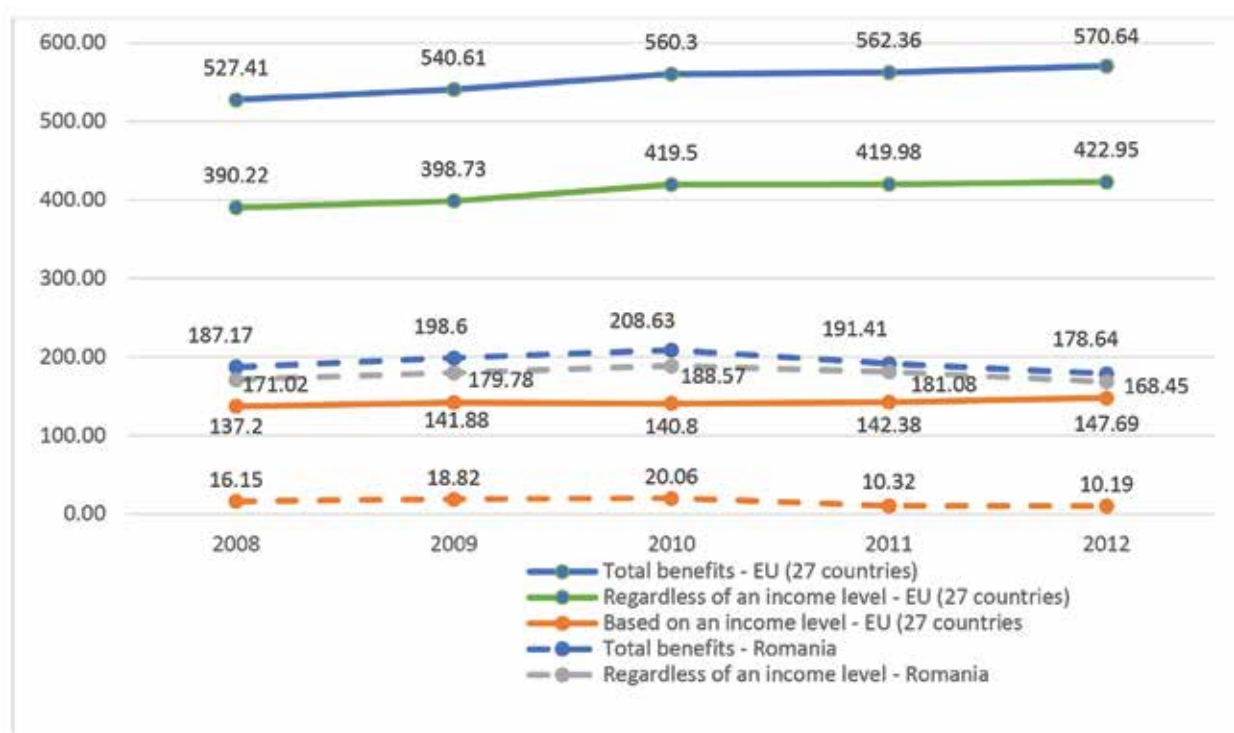
The Eurostat data allow comparisons between Romania and other EU member states with reference to the level of social benefits, including those dedicated to families and children. We present the data as purchase power standards per capita. The next chart reveals that in 2008, the level of social benefits was 2.8 times lower in Romania as compared to the average registered at EU level, while this gap deepened in 2012, when social benefits for families and children were 3.2 times lower in Romania.

41 The definition of this marker is: “Total interventions carried out by public or private bodies so as to protect households and persons against the outcomes of a defined set of social risks or needs, provided that no simultaneous reciprocity or individual arrangement is involved”. Source: INS, TEMPO Online.

42 Spending for social protection comprise: ”expenses for social benefits; administrative costs; other types of expenses (such as: banking interests related to social funds).”

”Benefits for social protection may be classified on eight social protection functions, corresponding to each of the eight major social risks identified by ESSPROS. The social protection functions are: sickness/healthcare; disability; age limit; survivor; family/children; unemployment; housing; social exclusion (not elsewhere classified).” Source: INS, TEMPO Online.

Chart 14 – Spending for social benefits for family/children, Romania vs. EU – purchasing power standard per capita



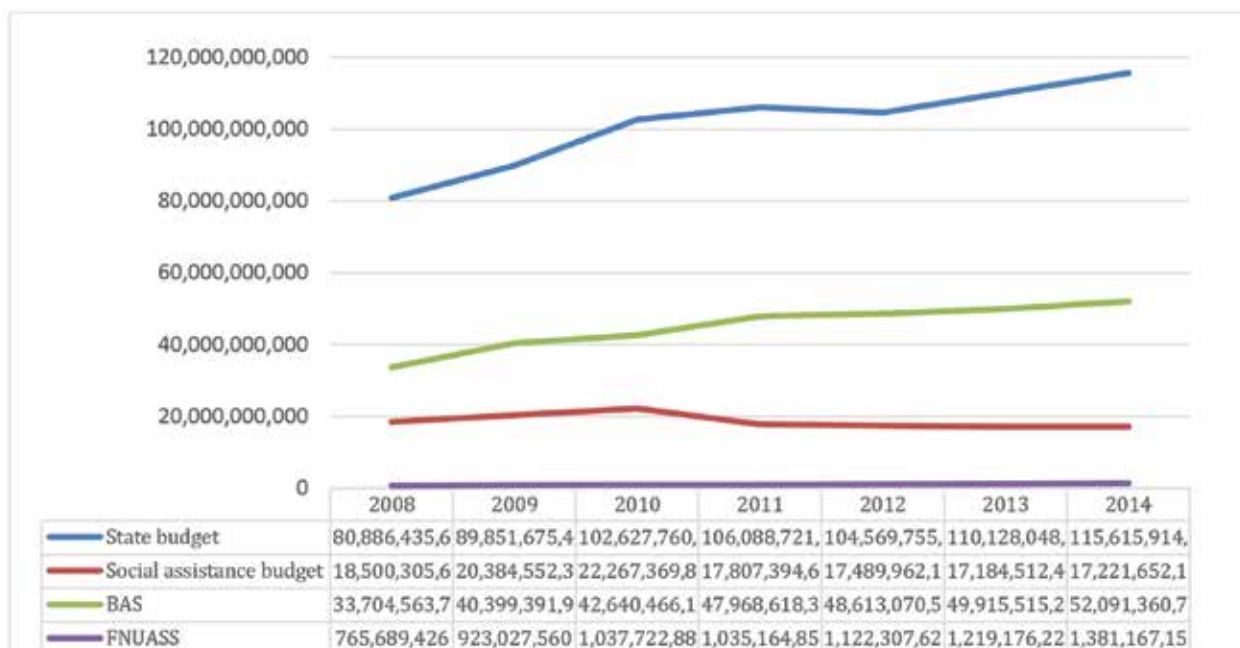
Source: Eurostat

4.4.2. Central budgets and social protection of children

As in the case of education, the financial resources for the social protection of the child may be allocated whether directly for this area, or included in wider policies (in this case, of social assistance) with an indirect impact on the child's welfare. Therefore, this section will analyse both direct financial spending, as well as indirect costs ensuring child protection, so as to obtain a view as comprehensive as possible. However, we do not include spending explicitly dedicated to decentralized services (broken down amounts), which will be analysed within the local budgets section.

Considering that child protection is part of the “insurances and social assistance” policies, from a functional perspective on budgets, we must take into account direct spending from the state budget (through the Ministry of Labour), as well as expenses from the budgets of social insurances. They registered during the period researched an upwards evolution, with a peak in the amount allocated as percentage of GDP during the years of economic crisis.

Chart 15 – Execution of spending from state budget and of budgets for social insurances corresponding to the chapter “Insurances and social assistance” (Ron)

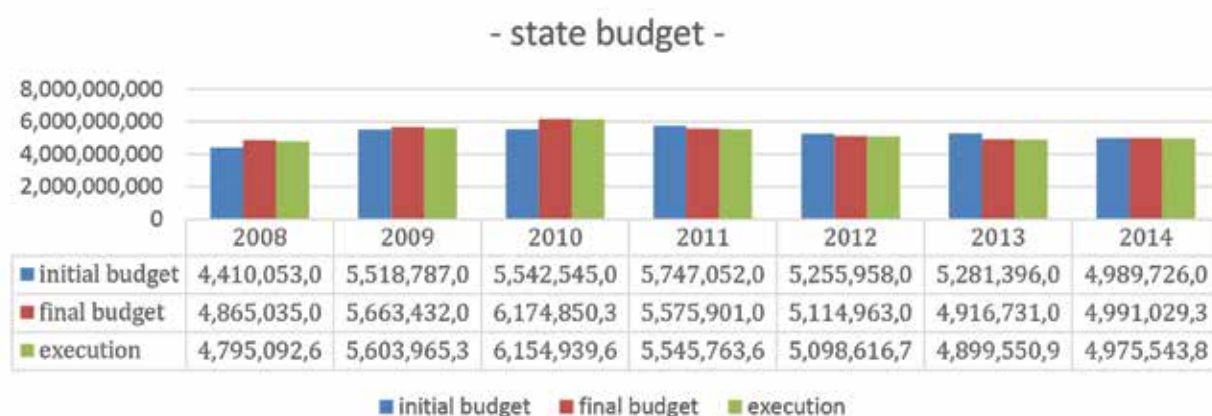


Source: MFP data on the state budget execution, the execution of the budget for social insurances and the budget of the National Unique Fund for Social Healthcare Insurances 2008-2014. Values are expressed in Ron. The amounts comprise the sums at chapter “Insurances and social assistance” from the state budget, and not transfers (expressed as amounts broken down from VAT or other types of subsidies) to local authorities or amounts transferred to balance the budgets for social insurances (they are included in BSS, respectively FNUASS). It is worth specifying that, the budget for “Insurances and social assistance” may include other types of revenues as well (such as internal revenues or internal and external loans) which, for the purpose of standardizing the information and comparing the years analysed, we did not include, so as to analyse only spending from the respective budgets. These amounts are provided to cover all measures on the insurance and social assistance policy (including pensions), and not just spending for child protection, so as to have an overview on the budgetary efforts made by the Romanian state.

Social assistance for family and children

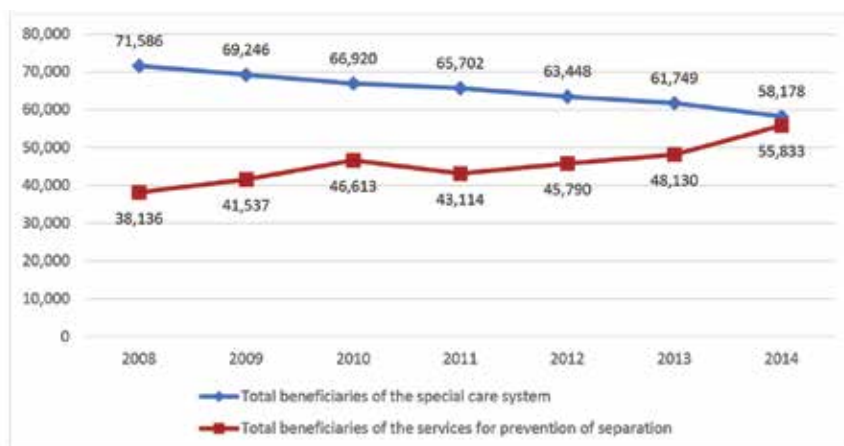
The budgetary chapter explicitly including among its beneficiary the child is “Social assistance for family and children”. It is found both directly in the state budget, as well as in the budget of social healthcare insurances (FNUASS), and for the last several years (2008 and 2012, within the period of reference) in the budget of social insurances (BAS). The development occurring in 2008 and up to 2014 show that, during the majority of years, the initially approved budgets were supplemented for the state budget and FNUASS, which led to an overspent of money for this chapter during the budget execution.

Chart 16 – Evolution of the amounts allocated for „Social assistance for family and children” in the state budget (Ron)



Source: MFP data on the state budget execution for 2008-2014. Values are expressed in Ron and comprise the amounts in chapter “Social assistance for family and children” from the state budget, and not transfers (expressed as amounts broken down from VAT or other types of subsidies) to local authorities or amounts transferred to balance the budgets for social insurances (they are included in BAS, respectively FNUASS). It is worth specifying that, the budget for “Insurances and social assistance” may include other types of revenues as well (such as internal revenues or internal and external loans) which, for the purpose of standardizing the information and comparing the years analysed, we did not include, so as to analyse only spending from the state budget.

Chart 17- Evolution of the amounts allocated for “Social assistance for family and children” in FNUASS (Ron)



Source: MFP data on the execution of the budget of the National Unique Fund for Social Healthcare Insurances for 2008-2014. Values are expressed in Ron and comprise the amounts provided at chapter “Social assistance for family and children” in the FNUASS budget.

In 2008, despite the fact that BAS budget did not include initial amounts allocated for “Social assistance for family and children”, the final execution comprised spending worth of 1,032,118 Ron (less as compared to the amount of 5,000,000 Ron decided during the amendment). The situation was repeated in 2012, when the amounts comprised were even lower – spending of 8,066 Ron from an amount allocated received at rectification of 9,000 Ron.

Other expenses related to insurances and social assistance with potential impact on children

As in the case of education or health the majority of social protection policies have an indirect impact on the child. Despite, in this case it is also impossible to clearly identify the beneficiaries of these policies, some of the areas financed from central budgets may benefit children. Therefore, a more detailed analysis of these areas is critical to determine the dimension closest to reality for the children’s budget.

These insurance and social assistance policies are mainly found in the state budget, as well as in the budgets

for social or healthcare insurances. Among them, the most relevant for child protection are sub-chapters: Central administration, Decentralized public services, Social assistance in case of diseases and disabilities, Health and social care facilities, Prevention of social exclusion, Research and development related to insurances and social assistance, other expenses related to insurances and social assistance.

To measure the size of this spending, we will use a comparison between spending made in 2008 and in 2014, determining for each of them, the amount per capita (budgets divided to the total number of inhabitants, based on INS data, assuming that any citizen, and therefore child, is a potential beneficiary of them).

Table 19 – Total and average spending per inhabitant, for insurances and social assistance, exclusively covered from the state budget, FNUASS and BAS, in 2008 and 2014

	2008				2014			
	State budget – expenses – (Ron)	FNUASS – expenses (Ron)	BAS - expenses (Ron)	Average spending (Ron/capita)	State budget - expenses (Ron)	FNUASS – expenses (Ron)	BAS - expenses (Ron)	Average spending (Ron/capita)
Total	10.735.476.000	495.484.302	33.351.573.814	2.160,48	12.232.845.523	803.018.439	51.741.958.895	3.247,45
Chapter. 68	ASIGURĂRI ȘI ASISTENȚĂ SOCIALĂ							
Central administration	94.205.000			4,57	81.444.373			4,08
Decentralized public services	98.608.000			4,78	251.634.497			12,61
Social assistance in case of disease and disabilities:	1.253.352.000	495.484.302	120.444	84,75	2.272.034.307	803.018.439		154,16
<i>Social Assis. in case of disease;</i>		495.484.302	120.444	24,02		803.018.439		40,26
<i>Social Assis. in case of disability.</i>	1.253.352.000			60,74	2.272.034.307			113,90
Aids for survivors	754.000		329.142.332	15,99	792.621		511.605.902	25,69
Prevention of social exclusion:	1.155.594.000			56,00	967.565.111			48,51
<i>Social aid;</i>	1.042.500.000			50,52	930.867.458			46,67
<i>Centres for the reception and accommodation of persons requiring the refugee status;</i>	2.517.000			0,12	1.553.695			0,08
<i>Social services;</i>	34.019.000			1,65				0,00
<i>Other expenses related to the prevention of social exclusion.</i>	76.558.000			3,71	35.143.958			1,76
Research and development related to insurances and social assistance	1.566.000			0,08				0,00
Other expenses related to insurances and social assistance	239.776.000		510.899.266	36,38	649.199.074		547.672.818	60,00

	2008				2014			
	State budget - expenses - (Ron)	FNUASS - expenses (Ron)	BAS - expenses (Ron)	Average spending (Ron/capita)	State budget - expenses (Ron)	FNUASS - expenses (Ron)	BAS - expenses (Ron)	Average spending (Ron/capita)
Chapter. 69	ASIGURĂRI ȘI ASISTENȚĂ SOCIALĂ PENTRU ACCIDENTE DE MUNCĂ ȘI BOLI PROFESIONALE							
Social Assistance in case of diseases and disabilities:			19.310.210	0,94			29.172.809	1,46
Social assist. in case of disease;			11.304.718	0,55			12.627.026	0,63
Social assist. in case of disabilities.			8.005.492	0,39			16.545.783	0,83
Aids for survivors			2.078.538	0,10			2.066.536	0,10
Other expenses related to insurances and social assistance			5.800.811	0,28			7.263.550	0,36

Source: MFP data on the state budget execution, the execution of the budget for social insurances (BAS) and the budget of the National Unique Fund for Social Healthcare Insurances (FNUASS) for 2008-2014. Values are expressed in Ron and comprise the amounts in the sub-chapters selected from chapters 68 “Insurances and social assistance” and 69 “Insurances and social assistance for accidents at work and occupational disease” from the state budget, and not transfers (expressed as amounts broken down from VAT or other types of subsidies) to local authorities or amounts transferred to balance the budgets for social insurances (they are included in BSS, respectively FNUASS). It is worth specifying that, the budget for “Insurances and social assistance” may include other types of revenues as well (such as internal revenues or internal and external loans) which, for the purpose of standardizing the information and comparing the years analysed, we did not include, so as to analyse only spending from the respective budgets. The total amounts from these sub-chapters were divided to the total number of potential beneficiaries (total population).

4.4.3. Local budgets and social protection of children

As in the case of the other two areas analysed, education and health, we were not able to accurately identify for social protection either which are the amounts allocated and spending directly benefiting only children, with the exception of punctual cases and specific budgets, as in the case of Călărași Municipality Mayoralty (see the next chapter). This is the result of decentralization which, beyond its beneficial effects, creates the risk of unequal provision of certain social services.

In the case of allocations made through local budgets, the amounts broken down from VAT or other subsidies allocated from central level are often insufficient to cover the entire amount needed for the providers of social services. Therefore in most cases, local budgets for social protection exceed the amounts assigned from the central budget, and are further compensated by local allocations.

We will analyse the data on the budget execution at county and county council level, and for Bucharest, at district and general budget level. We will compare the distinctions between the social protection budgets at national level, similar to the other two areas. The data are collected from the Ministry of Regional Development and Public Administration and will be cross-referenced to the total number of population in the respective county/Bucharest Municipality. We will use 2008 and 2014 as years of reference, to see whether there are differences between counties/Bucharest Mun. and in time.

Unlike education, yet similar to healthcare, it is possible to observe in this area a more significant burden on county council budgets, which took over the enhanced responsibility to finances these decentralized services. However unfortunately this is also a case lacking detailed data across all localities per sub-chapter within the subject.

In the case of social assistance it is noticeable a higher stability in time of spending per capita, which shows that the decentralization process (including financial) in this area appears to have occurred faster than at healthcare or education level. On the other side, we observe here major distinctions between counties, which may be a sign that there are fewer resources for the protection of many children in counties with a higher risk of poverty.

Table 20 – Total and average spending per capita, for insurances and social assistance, made at local level, broken down per counties and Bucharest municipality, in 2008

A. 2008 Counties and Bucharest Mun.	B. Insurances and social assistance – spending (Ron)		C. Population (no. of inhabitants)	D. Average spending per capita (Ron/capita)
	B1. Total county/ Bucharest municipality	B.2 Total county council		
Total	6.324.947.711	3.011.850.487	22.561.686	280,34
Alba	120.316.303	72.359.923	393.390	305,84
Arad	124.961.417	64.705.088	481.638	259,45
Argeş	200.797.330	123.238.571	665.041	301,93
Bacău	189.278.758	93.438.149	760.013	249,05
Bihor	204.745.380	119.134.064	625.611	327,27
Bistriţa - Năsăud	73.984.440	39.246.550	330.903	223,58
Botoşani	131.925.399	74.458.241	475.347	277,53
Braşov	141.959.835	77.268.167	379.622	373,95
Brăila	95.201.875	46.323.264	624.778	152,38
Buzău	144.219.231	70.160.938	502.883	286,78
Caraş - Severin	108.313.545	62.312.785	329.329	328,89
Călăraşi	103.801.791	55.626.866	347.793	298,46
Cluj	182.785.316	99.330.264	707.647	258,30
Constanţa	179.912.994	83.385.743	765.703	234,96
Covasna	55.044.771	27.440.276	232.408	236,85
Dâmboviţa	163.540.189	78.789.417	538.712	303,58
Dolj	181.760.849	83.106.233	728.295	249,57
Galaţi	158.296.300	80.538.494	645.697	245,16
Giurgiu	85.237.912	44.567.361	286.040	297,99
Gorj	121.161.757	70.682.060	381.300	317,76
Harghita	77.124.484	40.762.770	338.031	228,16
Hunedoara	145.331.733	86.839.237	499.521	290,94
Ialomiţa	81.922.992	41.825.809	305.343	268,30
Iaşi	252.180.639	137.897.611	857.689	294,02
Ilfov	71.459.944	33.865.795	298.047	239,76
Maramureş	139.656.894	21.298.599	535.747	260,68
Mehedinţi	102.840.536	51.744.263	305.042	337,14
Mureş	155.262.334	93.080.106	605.092	256,59
Neamţ	153.747.159	83.358.129	592.673	259,41
Olt	129.647.814	11.155.233	484.604	267,53
Prahova	219.953.609	132.481.865	838.485	262,32
Satu Mare	104.300.550	59.015.253	254.828	409,30
Sălaj	94.460.338	56.633.943	396.470	238,25
Sibiu	134.594.783	83.966.941	457.417	294,25
Suceava	213.570.363	116.884.732	734.036	290,95
Teleorman	100.410.575	44.586.627	427.564	234,84
Timiş	220.065.047	135.551.521	720.785	305,31
Tulcea	76.302.312	44.537.171	257.108	296,77
Vaslui	172.629.786	95.318.508	416.295	414,68
Vâlcea	144.531.428	88.361.485	474.483	304,61
Vrancea	152.000.306	86.572.435	399.405	380,57
Bucharest Mun.	615.708.693	0	2.160.871	284,94

Table 21 – Total and average spending per capita, for insurances and social assistance, made at local level, broken down per counties and Bucharest municipality, in 2014

A. 2014 Counties and Bucharest Mun.	B. Insurances and social assistance – spending (Ron)		C. Population (no. of inhabitants)	D. Average spending per capita (Ron/capita)
	B1. Total county/ Bucharest Mun.	B.2 Total County council		
Total	6.527.463.281	3.611.065.570	19.947.311	327,24
Alba	120.701.405	81.604.127	337.658	357,47
Arad	132.873.859	77.112.427	427.974	310,47
Argeş	186.439.384	128.958.860	604.058	308,64
Bacău	186.391.198	109.476.537	606.589	307,28
Bihor	185.588.454	121.266.708	573.691	323,50
Bistriţa - Năsăud	98.017.190	65.172.217	283.832	345,34
Botoşani	111.251.257	73.316.963	403.088	276,00
Braşov	146.009.905	86.210.324	312.089	467,85
Brăila	97.278.402	51.607.940	550.765	176,62
Buzău	135.221.397	85.201.974	440.931	306,67
Caraş - Severin	107.566.969	68.313.699	301.251	357,07
Călăraşi	115.656.846	78.332.797	288.925	400,30
Cluj	227.316.335	123.858.292	698.929	325,24
Constanţa	199.670.835	99.915.252	684.257	291,81
Covasna	55.468.495	33.669.110	208.603	265,90
Dâmboviţa	157.911.672	79.316.784	512.668	308,02
Dolj	150.312.774	91.086.359	650.548	231,06
Galaţi	139.514.293	78.151.751	527.979	264,24
Giurgiu	87.039.610	53.379.309	278.425	312,61
Gorj	111.583.266	71.765.625	334.819	333,26
Harghita	77.711.419	48.594.082	310.336	250,41
Hunedoara	147.237.389	85.744.903	407.892	360,97
Ialomiţa	70.559.049	44.880.332	269.251	262,06
Iaşi	251.096.887	167.396.353	780.948	321,53
Ilfov	109.557.102	50.529.698	417.825	262,21
Maramureş	150.783.132	87.275.483	472.335	319,23
Mehedinţi	127.862.325	76.425.050	259.011	493,66
Mureş	164.116.110	110.614.798	547.757	299,61
Neamţ	152.922.037	105.167.821	461.869	331,09
Olt	134.651.549	91.786.127	423.352	318,06
Prahova	275.020.698	170.499.098	752.322	365,56
Satu Mare	115.782.784	66.403.366	220.447	525,22
Sălaj	99.604.785	64.472.347	340.986	292,11
Sibiu	135.006.779	92.774.651	400.193	337,35
Suceava	206.296.096	138.299.472	631.410	326,72
Teleorman	96.858.264	54.250.427	367.120	263,83
Timiş	220.039.544	141.690.626	693.104	317,47
Tulcea	82.955.880	54.945.041	208.242	398,36
Vaslui	162.315.231	108.140.982	365.630	443,93
Vâlcea	176.985.752	109.652.258	389.463	454,44
Vrancea	134.106.853	83.805.600	335.596	399,61
Bucharest Mun.	684.180.070	0	1.865.143	366,82

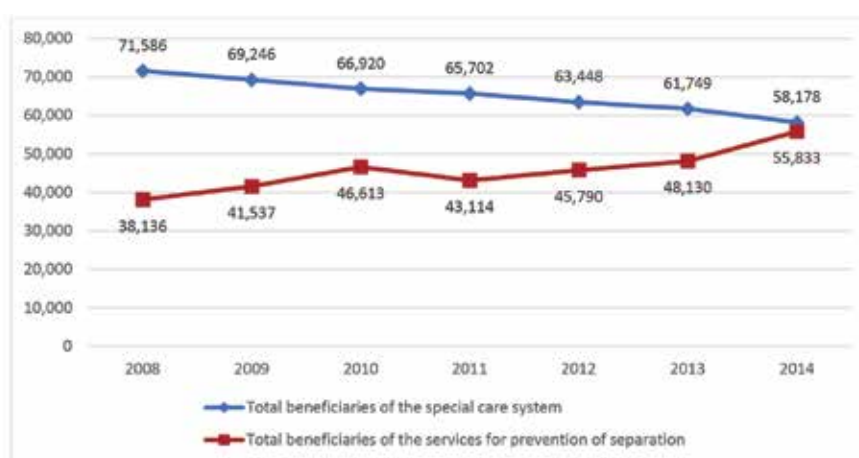
Source for tables 20 and 21: Data processed based on the budgetary executions at local level, centralized by the Local Public Finances Directorates and the INS statistics on the number of potential beneficiaries (county population). The budgetary amounts are expressed in Ron. The amounts per total county/Bucharest Mun., column B1, represent all spending made from county and local budgets after consolidation (in Bucharest, district and general budget) corresponding to “Insurances and social assistance” chapter. Total county council (column B2) represents the budget spent for the “Insurances and social assistance”

chapter in the county council budget. Total spending county/Bucharest mun. per beneficiary (column D) is calculated by dividing the total amounts per county) column B1) to the total number of beneficiaries (column C). (No further detailed information per various sub-chapters at the level of local budgets were available, therefore we use the total amount, namely the amounts for all insurance and social assistance services provided at local level.)

4.4.4. Indicators on the social protection of children

By analysing the data offered by MMFPSPV on the number of children beneficiaries of services for the prevention of separation of the child from parents and of social protection services we first observe a tendency of decrease of the latter category, and an increase in the number of those benefiting from support for prevention of separation. Both the de-institutionalization process, and the strengthening of prevention services were priorities promoted by all stakeholders involved in the child protection system. Nevertheless, a more thorough analysis is necessary to fully understand whether these developments are the effect of an increase in efficiency of prevention services or a consequence of an increase in needs given the financial crisis.

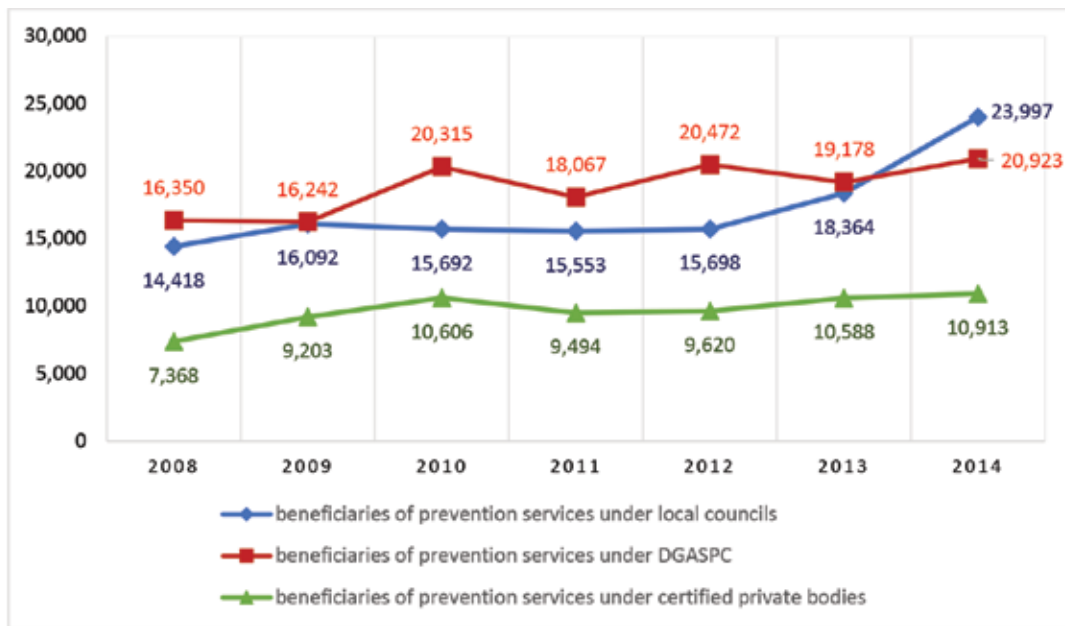
Chart 18 – Number of beneficiaries of the child protection system



Source: MMFPSPV and ANPDCA

As for the prevention of separation of the child from parents, we observe that during 2008 – 2013, most beneficiaries were comprised in the services coordinated by DGASPC, thus compensating the lack of ability on behalf of the local authorities. Only in 2013 and 2014 we can see significant increase in the number of beneficiaries of services coordinated by local authorities.

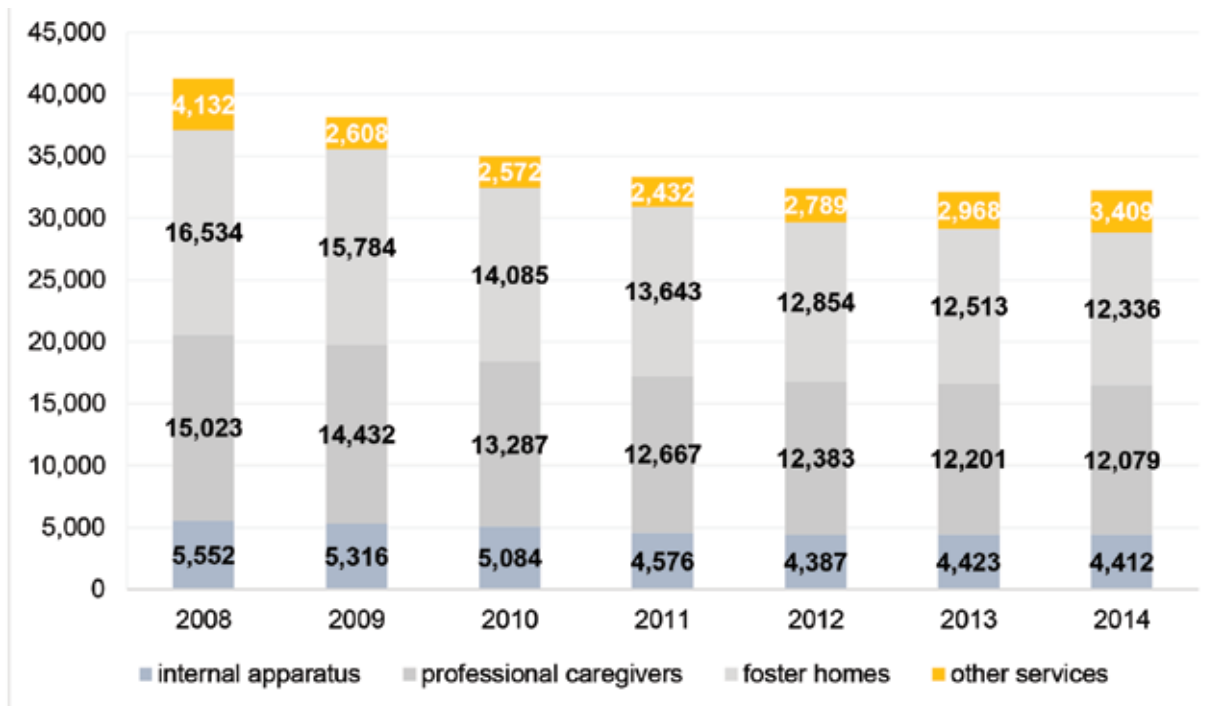
Chart 19 – Number of beneficiaries of services for the prevention of separation from parents



Source: MMFSPV and ANPDCA

The staff employed by the general directorates for social assistance and child protection registered a constant decrease, caused by a series of factor among which we include the measures of austerity with direct impact on the employment rate in the budgetary system. The number of caretakers registered a trend of decrease, more accentuated during 2008-2011, despite the still high number of children attended in residential-type services (their number in 2014 of 18,526 of which 716 children under 3 years of age).

Chart 20 – Staff employed by the general directorates for social assistance and child protection (number of persons)



Source: MMFSPV and ANPDCA

5. Case study – Călărași Municipality

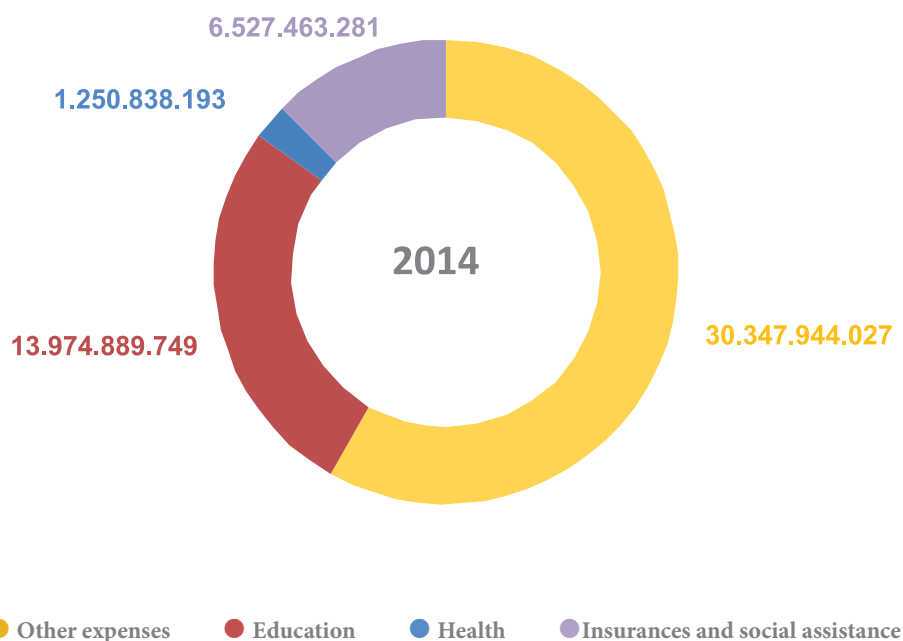
In order to consider the budgetary resources for child protection as a whole in the municipality selected for analysis – Călărași – we must first analyse the wider context of the funds allocated and the budget expenses with an impact on the city.

In order to achieve this, we will look into the budget execution during 2008-2014, on four levels of the local budgets, following the spending for education, health and social assistance in the context of total budgetary spending for:

- The total amount at the level of all local budgets
- Total amount at the level of Călărași county
- The budget of the Călărași county council
- The budget of the Călărași Municipality
-

5.1. Total local budgets

Chart 21 – Total spending for education, health and insurances and social assistance, at the level of all territorial administrative units in Romania (Ron)



Source: Refer to Table 22

At the level of all budgets of territorial-administrative units we were able to identify certain significant developments in the areas covered by the various levels of administration.

Local budgets mainly cover spending related to education, which increased in the period analysed from 12.6 billion Ron to 13.9 billion Ron. Nevertheless, the percentage of education spending dropped as share in the total local budgets.

Thus, the evolution of local budgets shows that, if in 2008 close to a third (30%) of local budgets was dedicated to education, in 2014 this percentage decreased to 27%.

The reduction is not significant, yet indicates a downwards trend that corroborated with the money received from the centre, which is not constant throughout the year, but rather are less and less, may deteriorate the situation of education institutions.

It is possible to observe a significant increase – both in absolute numbers, as well as in percentages – of health spending at local level starting with 2010. From approximately 245 million Ron in 2008, the amount increase approximately 5 time, amounting to over 1 billion Ron in 2013 and 2014. This is potentially due to prioritize this area, which requires constant investments.

Unlike education and health experiencing variations, insurances and social assistance stagnated in terms of funds allocated, despite the fact that at percentage level, they decrease as burden on local budgets. The numbers registered in the period analysed hardly amount to 7 billion Ron, but do not decrease below 6 billion, with the exception of 2011, 2012, which registered a rather significant decrease.

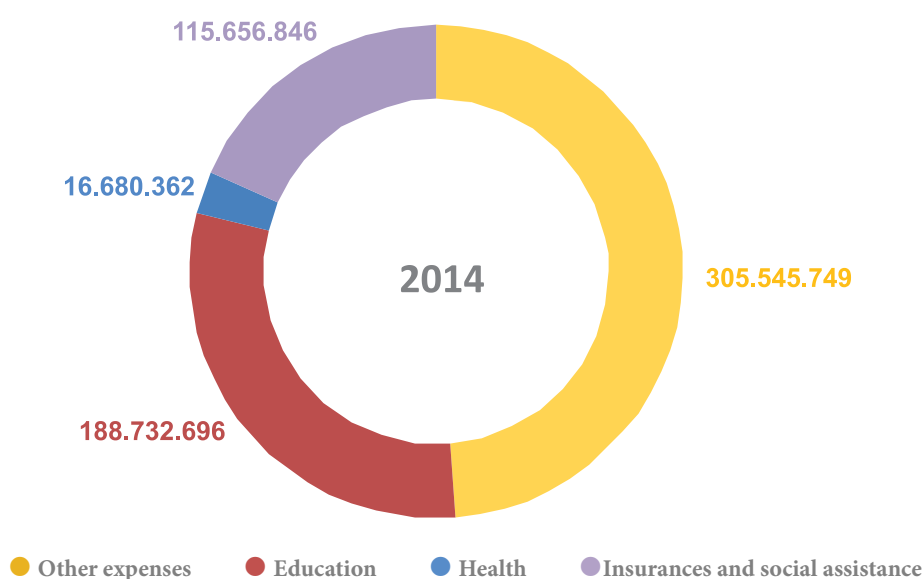
Table 22 – Total spending for education, health and insurances and social assistances, at the level of all territorial administrative units in Romania (Ron)

	2008	2009	2010	2011	2012	2013	2014
Total budget	42.210.198.056	42.074.516.431	41.207.064.453	44.003.827.690	46.333.437.354	47.380.442.383	52.101.135.250
Other expenses	22.994.496.633	22.631.455.223	23.040.400.554	27.363.648.166	28.748.329.989	28.061.107.637	30.347.944.027
Education	12.646.473.305	12.621.928.811	10.715.276.692	9.923.404.678	10.703.989.350	11.970.736.920	13.974.889.749
Health	244.280.407	452.721.332	707.999.958	947.024.030	989.843.633	1.032.155.957	1.250.838.193
Insurances and social assistance	6.324.947.711	6.368.411.065	6.743.387.249	5.769.750.816	5.891.274.382	6.316.441.869	6.527.463.281

Source: Consolidated data on budget executions at local level, centralized by the Local Public Finances Directorates in 2008-2014. The budget amounts are expressed in Ron. Budgets comprise all funds (not only funds dedicated to children) spent for “Education”, “Health” and “Insurances and Social Assistance” chapters, at the level of all administrative territorial units in Romania.

5.2. Total budgets at the level of Călărași County

Chart 22 – Total spending for education, health and insurances and social assistance, at the level of all territorial administrative units in Călărași county (Ron)



Source: Refer to Table 23

We also observed at Călărași county level an exponential increase of health spending starting with 2011, as costs from local budgets tripled since 2010 and up to 2011. Major fluctuations also occurred in 2012-2013-2014, when the health budget featured a reduction of over 50% in 2013, so as to increase 4 times more in 2014. In terms of health, Călărași county shows considerable and relatively sudden differences, which are perhaps not healthy, as the most affected are the direct beneficiaries of the service: citizens, whether children or adults.

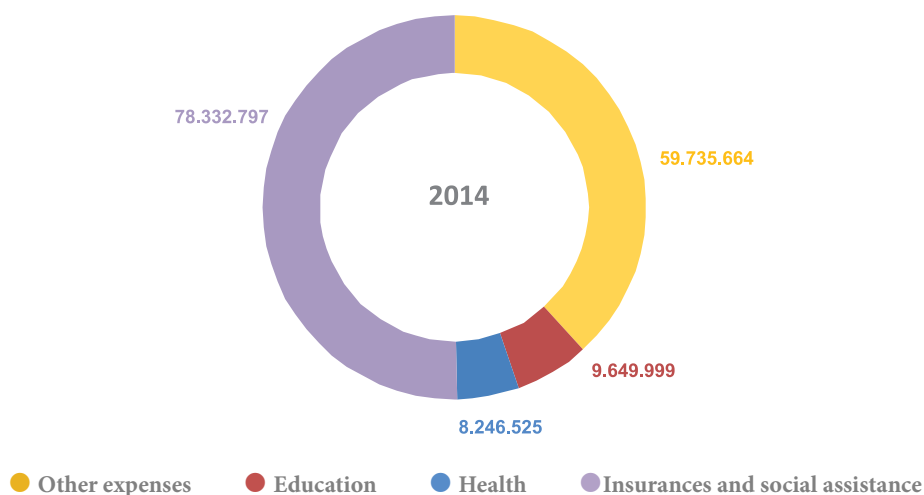
Table 23 – Total spending on education, health and insurances and social assistance, at the level of all administrative territorial units in Călărași county (Ron)

	2008	2009	2010	2011	2012	2013	2014
Total budget	493.433.671	463.416.952	455.153.025	499.177.970	531.841.183	525.605.566	626.615.653
Other expense	231.085.097	206.890.702	197.620.615	270.762.144	293.870.698	260.927.333	305.545.749
Education	158.404.698	150.686.621	131.471.645	123.604.377	132.142.383	152.012.677	188.732.696
Health	142.085	873.459	2.365.662	7.417.721	10.759.256	4.713.454	16.680.362
Insurances and social assistance	103.801.791	104.966.170	123.695.103	97.393.728	95.068.846	107.952.102	115.656.846

Source: Consolidated data on budget executions at local level, centralized by the Local Public Finances Directorates for 2008-2014. The budget amounts are expressed in Ron. Budgets comprise all funds (not only funds dedicated to children) spent for “Education”, “Health” and “Insurances and Social Assistance” chapters, at the level of all administrative territorial units in Călărași county (consolidated budgets calculated after transfers, at county council and all local councils level).

5.3. Budget of Călărași County Council

Chart 23 – Total spending for education, health, insurances and social assistance, at the level of the budget of Călărași county council (Ron)



Source: Refer to Table 24.

The widest share of spending in the budget of Călărași county council registered in the areas analysed is found at the level of insurances and social assistance, a normal tendency considering its responsibility for the General Directorate for Social Assistance.

Spending in insurances and social assistance is maintained in a constant upwards trend, amounting from 55.6 million Ron in 2008 to 78.3 million Ron in 2014.

The health budget registers the most spectacular increase, while the fact that it is reflected in the budget of Călărași County Council influences the trend at consolidated county budget level. Thus from 31.500 Ron in 2008, it amounts to 8.246.525 Ron in 2014. The constant increase in healthcare is maintained at county or local budgets level.

The funds allocated for education are approximately constant, ranging between 7.8 and 9.9 million Ron. This balance may be due to a balance between revenues and spending in this area, even though they do not reflect the real financial needs of the preschool and pre-university education system.

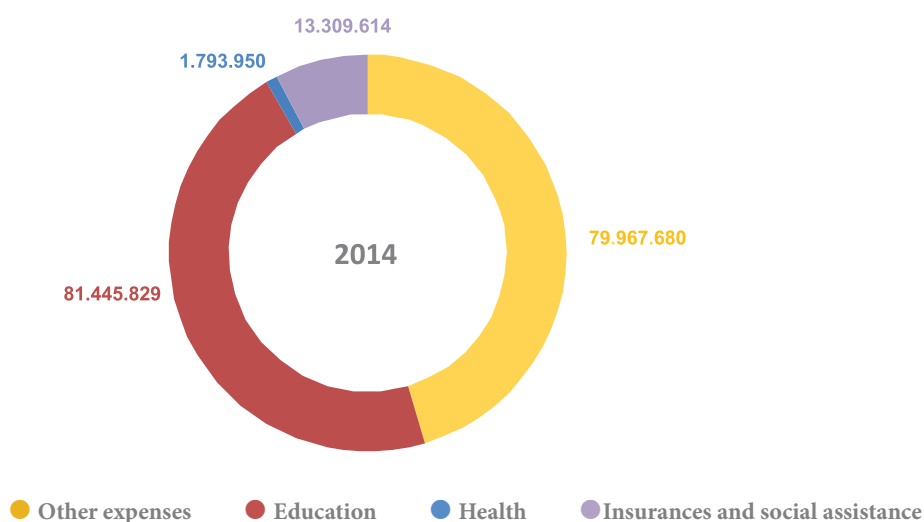
Table 24 – Total spending for education, health and insurances and social assistance, at the level of Călărași County Council budget (Ron)

	2008	2009	2010	2011	2012	2013	2014
Total budget	121.794.005	105.902.294	113.109.584	160.078.391	169.036.696	146.948.039	155.964.985
Other expense	58.169.405	34.018.128	36.941.745	80.024.860	86.539.788	64.322.372	59.735.664
Education	7.966.234	7.795.738	8.532.153	9.402.583	8.923.496	9.906.804	9.649.999
Health	31.500	70.661	996.652	6.117.300	8.577.892	2.295.572	8.246.525
Insurances and social assistance	55.626.866	64.017.767	66.639.034	64.533.648	64.995.520	70.423.291	78.332.797

Source: Consolidated data on budget executions at local level, centralized by the Local Public Finances Directorates for 2008-2014. The budget amounts are expressed in Ron. Budgets comprise all funds (not only funds dedicated to children) spent for “Education”, “Health” and “Insurances and Social Assistance” chapters, at the level of Călărași county council budget.

5.4. Budget of Călărași Municipality

Chart 24 – Total spending for education, health and insurances and social health, at the level of Călărași municipality (Ron)



Source: Please refer to Table 25.

Călărași municipality shows constancy in the significant financing of education – the share of spending in this area accounted for over 40% of total local budget in the period analysed. Thus, even in 2011, when the local budget was reduced, spending in education stagnated at 40% if the local budget. The funds never decreased below 50 million Ron, but also never exceeded 81 million Ron.

A constant allocation of funds is also registered in terms of spending for insurances and social assistance, however only in nominal terms, which maintained at an average of approximately 10 million Ron. The exception occurred in 2014, when the average is exceeded by 3 million Ron.

Spending for health are up as compared to 2008 (an increase of approximately 70 times higher in 2014), yet the majority of these expenses appear to be closely related to education (through payment of school and

community assistants). Despite this growth, the share of funds for health in Municipality's budget is rather low, as compared to the other levels of our case studies. Despite what is mentioned above, an overview reveals a constant upwards trend local, county, municipality-wide in all three areas: health, education, insurances and social assistance. The only period including certain cuts in terms of amounts allocated for programmes is between 2009 and 2011, corresponding to the economic crisis and recession. The differences are not significant, but rather normal for a period described by financial instability.

Table 25 – Total spending for education, health and insurances and social assistance, at the level of Călărași municipality (Ron)

	2008	2009	2010	2011	2012	2013	2014
Total budget	151.499.785	140.745.991	136.224.611	129.690.271	136.312.651	149.752.696	176.517.073
Other expenses	69.280.920	63.594.841	65.865.650	67.542.087	68.818.122	71.783.517	79.967.680
Education	71.355.119	65.077.329	56.783.123	51.931.332	55.689.885	63.909.981	81.445.829
Health	25.400	340.106	737.648	651.901	1.661.082	1.517.662	1.793.950
Insurances and social assistance	10.838.346	11.733.715	12.838.190	9.564.951	10.143.562	12.541.536	13.309.614

Source: Consolidated data on budget executions at local level, centralized by the Local Public Finances Directorates for 2008-2014. The budget amounts are expressed in Ron. Budgets comprise all funds (not only funds dedicated to children) spent for "Education", "Health" and "Insurances and Social Assistance" chapters, at the level of Călărași municipality.

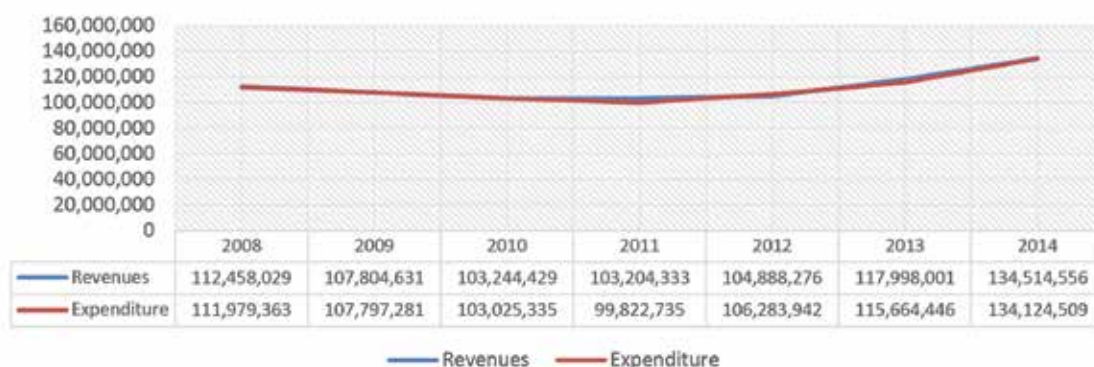
5.5. Budget of Călărași Municipality Mayoralty

The first observation to be made is that the budget of Călărași Municipality Mayoralty is not identified with the municipality's budget in its entirety. The municipality's budget in its entirety includes revenues and expenses sourced from transfers between units of public administration. Therefore the analysis of the budget of Călărași Municipality Mayoralty will be focused, according to the methodology, strictly on the institution's local budget, so as to isolated and analyse as accurately as possible the mechanism for the financing of spending related to children.

5.5.1. Status of revenues and expenses

The revenues and expenses registered by the Călărași Municipality Mayoralty are relatively constant in the period of reference, the budget being described by a balance until 2010. The Municipality even registered a budgetary surplus in 2011, which repeated starting with 2013.

Chart 25 – Evolution of revenues and spending in the budget of Călărași Municipality Mayoralty (Ron)



Source: Budget of Călărași Municipality Mayoralty

The revenues of Călărași Municipality Mayoralty did not increase significantly in 2008-2014 (17%). The main financing sources arise from quotas and amounts broken down from income tax and VAT, and only in the past two years analysed, the revenues attracted by the Mayoralty appear to have a higher share (particularly from European funds).

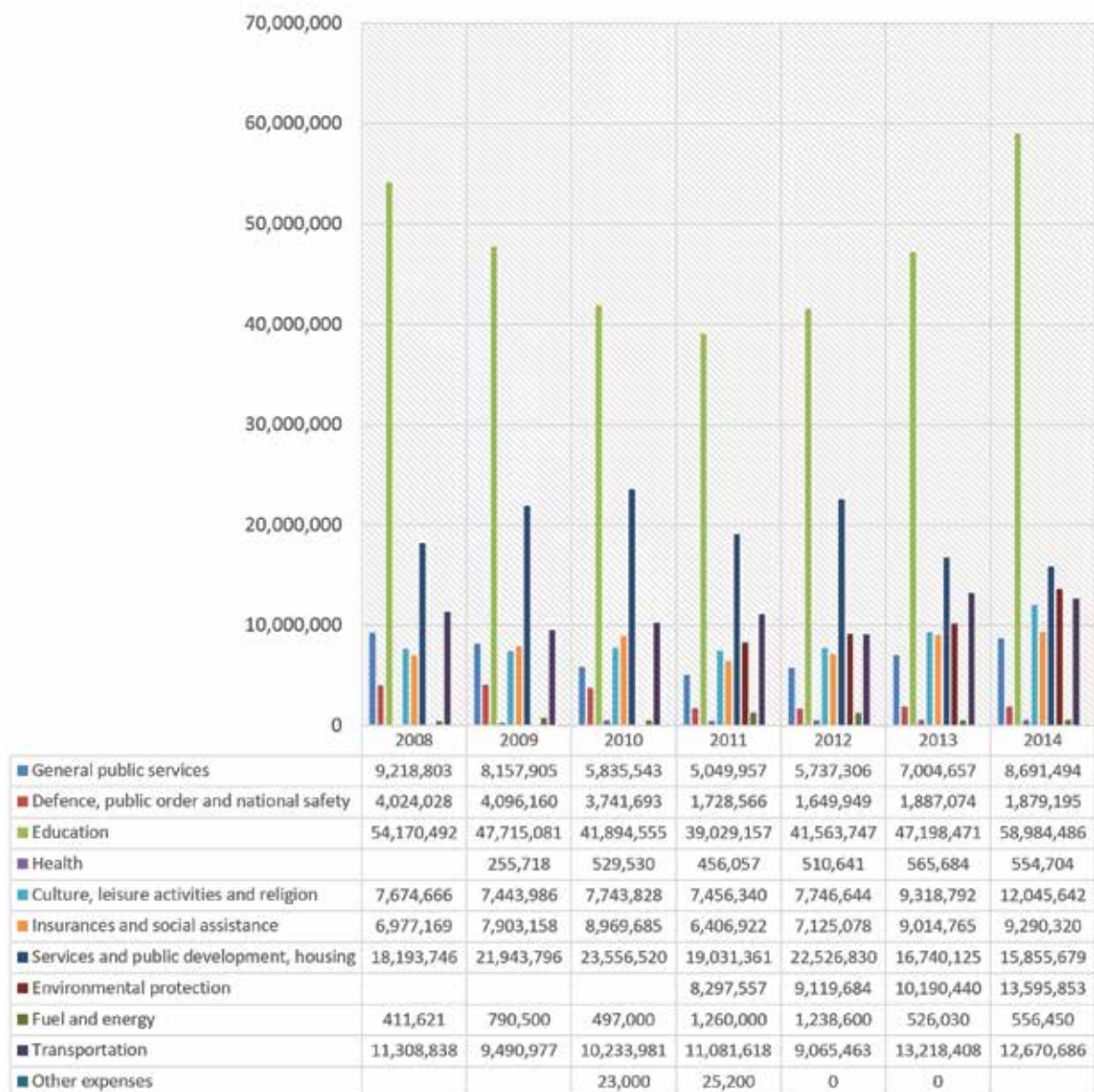
Chart 26 – Evolution of revenues in the budget of Călărași Municipality Mayoralty (Ron)



Sursa: Bugetul Primăriei Municipiului Călărași

Spending per areas made by Călărași Municipality Mayoralty register significant variations: for example, no spending was registered in 2008 for health and environment. Also, certain areas – such as public order – registered significant reductions:

Chart 27 – Evolution of spending in the budget of Călărași Municipality Mayoralty (Ron)

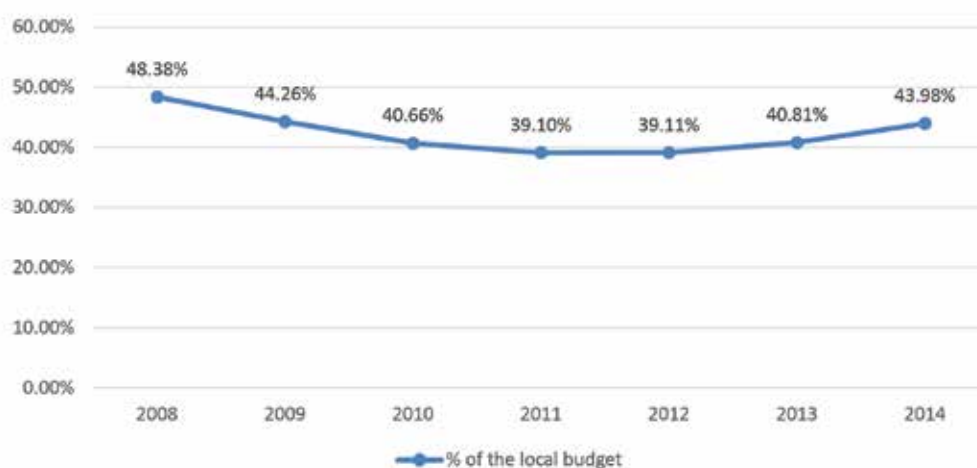


Source: Budget of Călărași Municipality Mayoralty

5.5.2. Financing education

Education funds is an area described by a consistency throughout the years analysed in the study. The lowest level of financing as percentage from the local budget was in 2011 and 2012, but did not fall below 39%.

Chart 28 – Report of spending for education in the budget of Călărași Mun. Mayoralty (% of the budget of Călărași Mayoralty)



Source: *Budget of Călărași Municipality Mayoralty*

Most expenses in the area are registered in staff spending and costs for goods and services. Investment spending, despite permanent, are not very high:

Table 26 – Total spending for education, broken down per type of spending, at the level of the budget of Călărași Municipality Mayoralty (Ron)

Expenses	2008	2009	2010	2011	2012	2013	2014
Total	47.952.000	54.412.000	48.058.000	36.542.000	42.647.550	47.472.522	59.467.786
Expenses with the staff	37.473.000	45.311.000	37.099.000	26.613.000	30.144.000	35.166.000	49.088.000
Expenses with the staff (civil court decisions)					2.696.000	2.554.000	
Goods and services	7.376.000	4.990.000	7.946.000	8.255.000	8.451.050	9.085.900	8.468.500
Scholarships	137.000	143.000					
Projects		28.000	7.000	112.000	113.500	150.000	139.910
Co-financing European projects							501.000
Capital spending	2.961.000	3.940.000	3.006.000	1.562.000	1.243.000	516.622	1.270.376

Sursa: *Bugetul Primăriei Municipiului Călărași.*

The high percentage of expenses in staff is a constant concern for local authorities. Moreover, the expenses for the staff increased even more due to the final court decisions based on which members of the teaching staff obtained salary entitlements cut.

In terms of education, two interviews were conducted: one individual interview which took place at the Călărași School Inspectorate (institution with responsibilities in ensuring a relation including in terms of financing between local and central level) and a group interview at the Economic College (a teaching structure

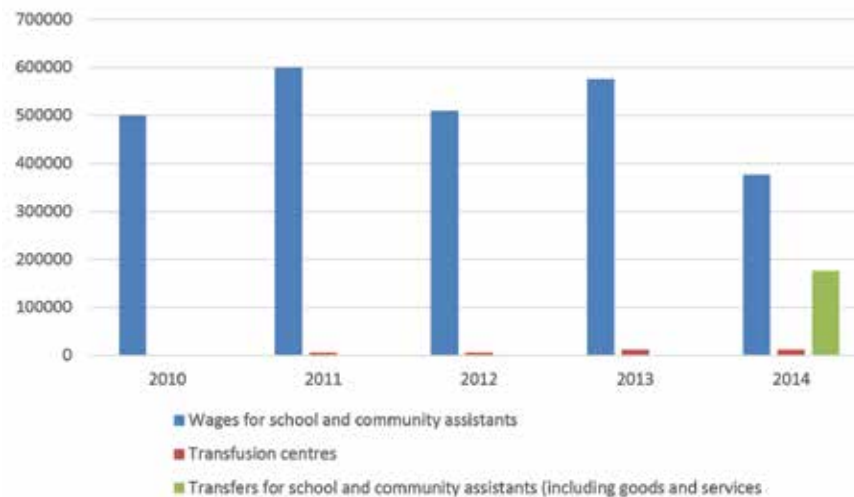
comprising in its structure all groups of education – from the zero grade to post-high school). The main conclusions of the interviews conducted with these resource-persons are:

- The amounts allocated at central level are insufficient. Although there is a standard cost per pupil, meant to cover a large share of the funds necessary for education, the method of calculation shows serious shortcomings and frequently causes for funds received in this manner to not be sufficient so as to meet all basic needs of the education institution.
- The issue of insufficient coverage of minimum costs for the functioning of learning institutions became more acute with the court decisions on the income of members of the teaching staff.
- Both representatives of the School Inspectorate, as well as of the Economic College (registering children who commute from neighbouring localities), pointed out that the lack of financing is felt mainly in the rural environment, considering that the potential gaps in financing at the level of urban teaching institutions are supplemented by the Mayoralty, from the local budget.
- Investments in education infrastructure suffered throughout the years of economic crisis. Despite some of the investments were resumed, even with EU funds, there is a continuous real need for additional funds for investments.
- Lack of investments is reflected in additional costs for maintenance services, as well as in heating, affecting financial resources of the learning units.
- The financing-related problems appear to be similar regardless of the level of education, although we noticed a need for additional preschool structure, particularly of fulltime kindergartens.
- The salary level never raised big issues for the persons interviewed, although it was pointed out that professors, particularly debutants, continue to face issues regarding financial motivations.
- The socio-economic structure of the municipality and of the neighbouring areas particularly affect the child – poverty, as well as a large number of parents left abroad to work affect the learning process. The resources allocated (money to support high school, subsidised transportation) are not sufficient to prevent school dropout.
- The problem of children whose parents left to work abroad is reflected including in the failure to implement programmes to support them – amounts of 200 Euro for the purchasing of computers did not reach some of these children, for reasons related to bureaucracy (the legal representatives was supposed to sign, but was not present).
- Direct interaction with the family helps member of the teaching staff to observe that benefits such as allowances or scholarship do not go directly to the child, particularly in families struggling with poverty, forced to allocate these money to cover basic needs.
- School psychologists work with children, yet there is a reluctance in completely capitalizing on this resources. In addition, they lack the mechanisms to interfere to a higher extent in the child's life, particularly when the parents are gone abroad.
- Some school directors improved their performance in attracting additional financing sources, both from sponsorships from private companies, as well as from non-reimbursable European funds. These funds help them equip the teaching institutions with technology, however not all schools benefit from dedicated staff to manage such European projects (for instance in Călărași, only two projects were initiated, one has been implemented, and the other is in the process of being implemented).
- Not all schools adequately make their needs public at the level of mayoralty, some being more active than the others (for example, there are school directors frequently communicating with the mayoralty, while others are more passive).

5.5.3. Financing health

The Călărași Municipality Mayoralty has no hospital in its management, and therefore the amounts allocated in this area are limited. In the period analysed, amounts have been spent to finance healthcare were allocated only starting with 2010, and are mainly directed to fund school medical assistants (other smaller amounts for blood donors and the transfusion centre). The distribution is as follows:

Graficul 29– Cheltuielile pentru sănătate în bugetul Primăriei Mun. Călărași (lei)



Source: Budget of Călărași Mun. Mayoralty

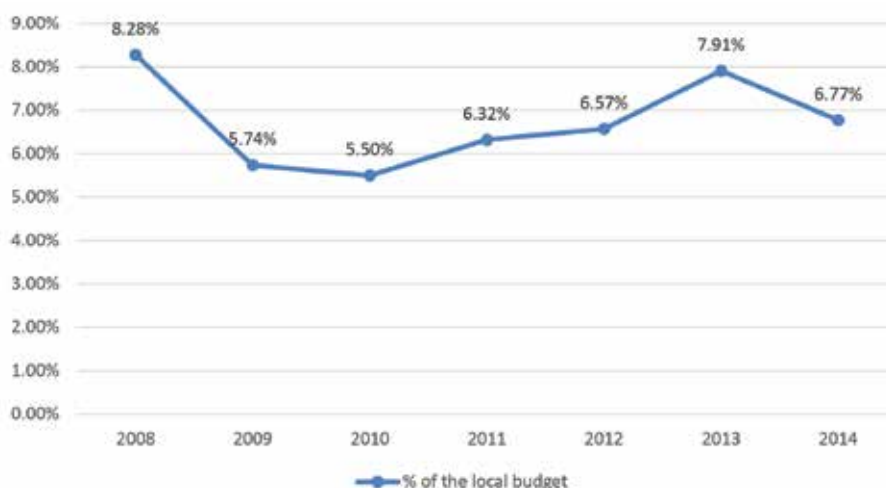
Potriviți interviurilor realizate cu reprezentanții din domeniul învățământului, cabinetele școlare au suficiente resurse, problema apărând însă mai mult la nivelul serviciilor pe care acestea le pot oferi copiilor. De cele mai multe ori, este vorba despre mici intervenții în situații punctuale.

5.5.4. Financing social assistance

Călărași Municipality Mayoralty coordinates a Directorate for Social Assistance, with limited responsibilities, most of these responsibilities in this area being fulfilled by the Directorate for Social Assistance and Child Protection at county level.

Although the amounts for insurances and social assistance in 2014 amounted to approximately 9.5 million Ron, their value in the period analysed never exceeded 10%.

Chart 30 – Report on spending for social assistance in the budget of Călărași Mun. Mayoralty (% of budget)



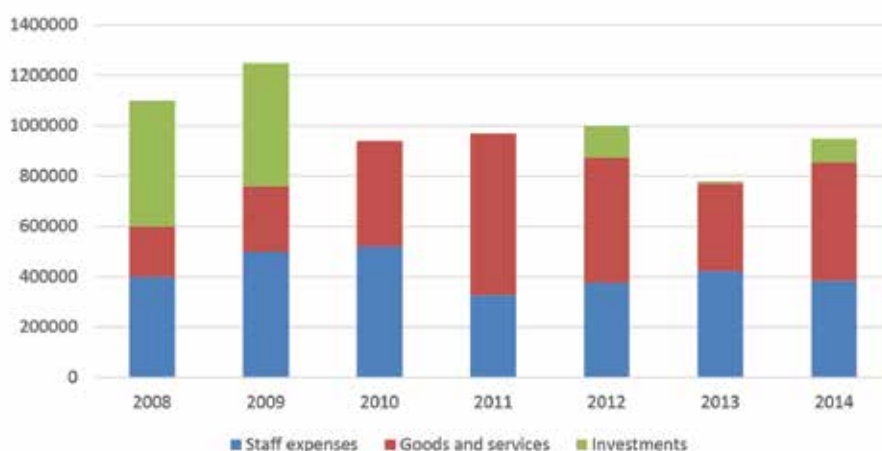
Source: Budget of Călărași Municipality Mayoralty

The expenses relevant for child protection are mainly found in two categories of budgetary funds: those for the Directorate of Social Assistance and funds for the weekly nursery. Assistance provided to persons with severe disabilities has also an impact in the area of child protection, as part of the beneficiaries are children with disabilities.

The involvement of local authorities in the policy for family support has been limited starting with the budget for 2011. Thus, if the budgets for 2008-2010 included amounts allocated for layettes for new-born children (between 150.000 and 200.000 Ron) or financial support for family formation (approximately 400.000 Ron), starting with the adoption of Law no. 118/2010 on certain measures necessary with a view to re-instating budgetary balance, these allocations disappear, as the Law no. 482/2006 awarding layettes for new-born children and Law no. 396/2006 awarding financial support for family formation being repealed.

Interviews with the persons responsible in the Mayoralty and the Directorate for Social Assistance showed, however, that local revenues in the area are reduced and the Mayoralty has not control as the financial resources are not only limited, but also dependent from the central structure. A relevant example in this sense refers to allocations for weekly nursery, where a part of the annual budget comprises amounts allocated by the Ministry of Public Finance, lacking objective criteria to justify this budgetary decisions.

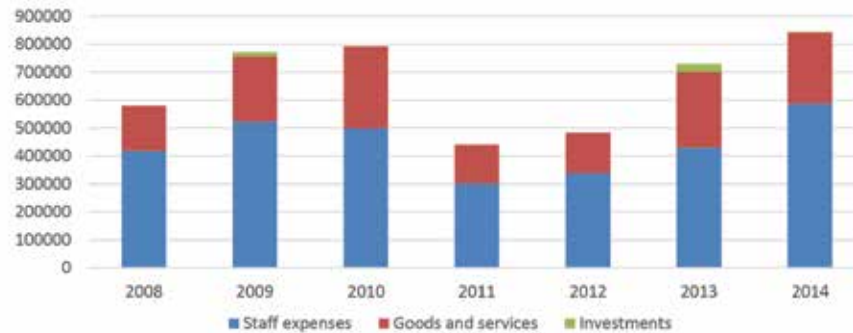
Chart 31– Spending on nurseries in the budget of Călărași Municipality Mayoralty, broken down on type of expenses (Ron)



Source: Budget of Călărași Municipality Mayoralty

As for the activity of the public service of social assistance (found under the name Directorate for Social Assistance), where the main issues identified are related to the low funding from the state budget, as well as to wages for the social workers. The issue of school dropout and children from families with parents gone abroad was also emphasized in this area (and the difficulty to identify the number of children coming from such families).

Chart 32 – Spending on the Directorate for Social Assistance in the budget of Călărași Municipality Mayoralty, broken down on types of expenses (Ron)



Source: Budget of Călărași Municipality Mayoralty

From the perspective of the persons interviewed, the fact that limit public financing has a significant impact is also due to a lack of non-governmental organizations or other local private factors with high financial capacity, which could compensate the shortcomings through alternative funding.

6. Conclusions and recommendations

Conclusions on the analysis results

All three areas analysed – education, healthcare and social protection – have a mixed financing formula, based on complementarity between budgetary resources at central and local level. Although all areas comprise decentralized public services, the resources assigned from central level account for the largest share. Therefore, from a budgetary perspective, the decentralization is not yet complete, **financial resources failing to cover all responsibilities local authorities were tasked with.**

Although the formula for the allocation of amounts broken down from central budget by local authorities is meant to cover the financial resources necessary to ensure public services in these areas, **in most cases the budgets are not sufficient to ensure the sustenance in the competent institutions.** Moreover, the insufficient budgetary allocation is accentuated by the fact that **territorial administrative units at local level have limited capacity and sources to attract internal revenues** – for most local authorities, their dependency of the amounts allocated at central level exceeds 80%⁴³. Even when revenues from other sources such as non-reimbursable external funds are attracted, this type of funding is strongly dependent of the local authorities' capacity to ensure a capital flow sufficiently stable to advance spending for the co-financing of these projects.

The insufficient resources allocated from central level for these three areas makes children in disadvantaged areas extremely vulnerable – the financing formula causes the budgets allocated for these areas to depend on the good will of local authorities or their financial capacity, instead of the real needs of the community. This aspect may be observed particularly following the implementation of decentralization measures of budgetary resources, as the gaps between the amounts per capita at local level for these areas are wider. Thus the analysed data reveal that **in Romania, children do not benefit from equal opportunities in accessing basic services of education, healthcare and protection.**

It is essential that the budgetary policy should be aligned to the public policies and obligations committed by the Romanian state. Currently, the application of the legislation on education, healthcare and social assistance is rather dependent on public finances. The funds allocated for these areas lack predictability and suffer from significant fluctuations (increases and decreases) each year, thus failing to ensure the resources necessary for the fulfilment of the obligations undertaken by the local and central authorities in these areas.

Education:

Annual spending on education, expressed as a percentage of the GDP, as well as of the general consolidated budget, **is characterized by significant year-to-year fluctuations⁴⁴. The lack of predictability of the available resources affects the continuity and efficiency of the measures meant to address the chronic issues of the education system** (rates of school non-inclusion, poor results registered by Romanian pupils at PISA international tests, major differences in terms of school inclusion and achievements of the pupils from urban/rural environment, insufficient adjustment of the system so as to provide a real inclusive education to children with special learning requirements, costs incurred by families for their children's "free of charge" education etc.)

We noticed that the **funds allocated per pupil (from basic funding), which remain available for "goods and services", are extremely low, as compared to the teaching materials and school supplies necessary to ensure a quality education for all children.** Thus, different from the expenses with the staff, the state applied a cost per pre-schooler/pupil (except for post high school cycle) ranging in 2015 between 32 and 414 Ron⁴⁵ to cover current spending of the education institution, professional training of the staff and periodic evaluation of pupils, as well as costs for books, school supplies or teaching materials. Considering their wide destination,

43 Data processed from local budget executions 2008-2014 (percentage of revenues allocated at central level in total revenues).

44 Increases and decreases which may even exceed 2% of the general consolidated budget or close to 1% of the GDP. See tables 1 and 3.

45 GD no. 72/2013 approving the methodological rules on the determination of the standard cost per pupil/preschooler and of the basic financing of state pre-university education institutions, covered from the state budget, from amounts broken down from VAT through the local budgets, based on the standard cost per pupil/preschooler.

these amounts enable only reduced expenses for the purchasing of the teaching resources necessary to ensure a quality education and, in the absence of a significant contribution on behalf of complementary financing, even the most stringent needs for current repairs, basic goods and services are difficult to cover⁴⁶.

In addition, the methods to determine the complementary financing for pre-university education remain unclear or lack transparency, causing this area to be extremely vulnerable to the capacity and availability of each local authorities to ensure the minimum or maximum funds for education.

Differences between average spending per pupil among counties across the country, including Bucharest, are significant, and in some cases even double, while the most disadvantaged pupils from this perspective reside in counties with a high level of poverty. Based on the current method of calculation of the basic funding, no adjustment are provided for expenses on professional training of the staff, periodic evaluation of pupils and “goods and services” article depending on the economic development of the area.⁴⁷

All these elements show that **the methods currently used to set out funding depending on the standard cost per pre-schooler/pupil are not able to guarantee the basic needs of the system, or to correct the reduced opportunities of children in poor areas.**

Recommendations for financing necessary to ensure the right to quality education for all children:

- Ensuring predictability of the resources allocated and spent for education, by allocating at least 6% of GDP for education, as per art. 8 of Law 1/2011 of national education.
- Revising the formulas and values used to calculate funding depending on the standard cost per pre-schooler/pupil, so as to ensure that basic funding is sufficient to guarantee the normal conditions of education for all children. In this sense, we recommend:
 - Significant increase of cost per pupil/pre-schooler for expenses with “goods and service” and the introduction of a minimum level of allocation, exclusively dedicated to goods necessary for the teaching-learning process (teaching materials and lab supplies, school supplies, books etc.)
 - Supplementation of criteria of calculation so that the correction coefficient to reduce disadvantages various categories of vulnerable children are dealing with. For instance, a new calculation criteria should look into the economic development of the area (with correction coefficients for areas affected by poverty, in correlation with the values of social inclusion indicators published each year by the Ministry of Labour).
- Drafting methodologies for the allocation of additional funds.
- Increasing transparency with reference to school’s budget.
- Ensuring a better information of all stakeholders, pupils, parents, teaching staff and decision makers on funds for education, particularly with reference to determination and allocation of complementary financing.
- Enhancing management training opportunities, particularly in financial management, addressed to directors of education institutions.
- Determining the priorities and needs at school level by consulting with all stakeholders, including pupils, parents and teaching staff.
- A more detailed presentation of budgetary sub-chapters, for a better identification of spending for education, addressed to children.

46 We would also like to refer to the results of a national research conducted by Save the Children in 2010, which showed that families incurred significant expenses directly related to their children’s education. More precisely, these expenses were related to school supplies, amounting to 266 Ron on an average, books, special notebooks, manuals and educational software, amounting to 201 Ron on an average; moreover, families also spent 255 Ron on an average on sports equipment and school uniforms. Families also paid 39 Ron for the class fund and 38 Ron for the school fund. Source: Save the Children Organization, *Învățământul gratuit costă – Cercetare cu privire la ”costurile ascunse” din educație*, București, 2010 (Free education costs – Research on the “hidden costs” in education, Bucharest, 2010)

47 For these expenses, the calculation criteria allowing for adjustments (as per GD 72/2013) refer to: rural/urban environment (this criterion no longer applies for 2015, as the rural coefficients have been aligned to the urban ones; however, different (lower) coefficients were applied in the rural areas in the period 2013-2014), the number of preschoolers and pupils (numerical ceilings) the types of educational institutions (broken down into levels – kindergarten, secondary school, high school etc.) and temperature areas.

Health:

With reference to healthcare, the budget does not follow the financial beneficiary, while the algorithm based on which various social categories have access to essential healthcare, regardless of their place of residence is unclear. Thus, our analysis was not able to calculate spending per child, and used, instead, a reference per capita.

During 2008-2014, the budget spent on health, expressed as percentage of GDP suffered successive increase and decreases, from one year to the other. Another is the situation when analysing spending for health as percentage from the General consolidated budget, where, starting with 2011, a slight upwards trend is observed.

Decentralization in the healthcare system generated a series of new costs for local authorities (particularly for county councils), with the transfer of new healthcare facilities in their administration (thus average costs at local level increase from 10.83 Ron/capita in 2008 to 62.71 Ron/capita In 2014). Nevertheless, with few exceptions, **the majority of spending on health continue to be dependent of the central budgets** (a significant increase of average spending per capita for health from central budgets – state budget and FNUASS –, from 885.79 Ron/capita in 2008 to 1,234.80 Ron/capita in 2014 is observed).

The analysis of the amounts per capita spent from local budgets for health **also reveals significant gaps between counties, which draws attention on inequities affecting the rights of children to health** (the risk for some children to not benefit from the chance of equal access to quality healthcare is, therefore, highlighted).

The analysis of the few available indicators, regarding the healthcare services provided to pupils through school dental and medical practices, shows that these services are chronically underdeveloped with reference to the school population.

Recommendations for financing necessary to ensure the right to health for all children:

- Further increasing the budget spent for health and implementing measures to reduce the risk for some children to not benefit from access to quality healthcare.
- Developing the network of school dental and medical practices, including ensuring medical materials and medicines, as well as sufficient medical staff, available throughout the entire school program.
- Developing means to identify spending for health, with children as beneficiaries, capitalizing on the existing opportunities (computerization of the healthcare system could be a prerequisite for the collection of data on the healthcare provided to children).

Social protection:

As for the “social protection” area, Romania is constantly ranking below the average level of funding in the European Union. The Eurostat data on the level of social benefits, including dedicated to families and children, expressed as purchasing powers standards per capita show that in 2008, the level of social benefits was 2.8 times lower in Romania versus the EU average. This difference was accentuated in 2012, when social benefits for children and families decrease 3.2 times in Romania.

The data calculated by INS with reference to **benefits for family and children (as per the ESSPROS⁴⁸ system) show that these benefits registered a peak level in 2010 (in the context of the financial crisis), followed by a dramatic drop.**

It is easy to notice at the level of spending from local budgets for insurances and social assistance a higher stability over time for spending per capita, which is a sign that the decentralization process (including financial) in this area appears to have been implemented faster than in the case of health or education. On the other hand, we also observe in this area **major differences between counties, in terms of average spending per capita.** The list of lowest level of expenses includes counties from regions with high rates of poverty (for instance, Botoşani County, in 2014).

The relevant statistical indicators show that country-wide, **the number of maternal assistants register an alarming tendency to decrease**, more pronounced during 2008-2011, **despite the increasingly high number of children benefiting from care in residential-type services** (18,526 children, among which 716 of up to 3 years of age, in 2014). As for the prevention of separation of the child from parents, we see that during 2008-2013, most beneficiaries were comprised in services coordinated by general directorates for social assistance and child protection, at county level, which thus compensated the lack of ability of specialized public services for social assistance, at locality level. Only in 2013 and 2014, we see a growth in the number of beneficiaries of services coordinated by local authorities.

48 European system of integrated social protection statistics.

Recommendations for financing social assistance for children:

- Monitoring spending from local budgets and supporting the development of social assistance measures dedicated to children, particularly for those in counties with an increase rate of the poverty and social exclusion risk (ensuring the resources necessary for their protection).
- Supporting public administration authorities at local level, with a view to developing the network of prevention services addressed to vulnerable children and families.
- Taking steps to reverse the decreasing trend in the number of professional caretakers.
- Increasing the detail level of the chapters regarding insurances and social assistance, by referring to the beneficiaries of measures within sub-chapters and budgetary paragraphs, so as to identify spending exclusively dedicated to children and families with children.

Conclusions on the analysis methodology

Our endeavour to conduct this analysis proved to be rather difficult considering the multitude of existing legislative acts, the changes in the manner to report financial statements and reduced availability of detailed public documents. Nevertheless, our efforts revealed significant aspects, which generate knowledge on the impact of the legislation and public measures and the opportunities benefiting children from Romania. We therefore demonstrated that such an endeavour is useful and has the potential to make the shift towards an analysis of budgets not only based on financial-accounting needs, but also as significant landmarks in drafting and improving public policies with impact on children.

This analysis used budgetary data from three types of documents – initially approved budgets, final budgets as a result of budgetary amendments and budget executions. Only the 2014 data on approved state budgets were found in a format available for processing, while all the other data were available in closed formats. From this perspective, a serious and comprehensive analysis initially struggled with the difficulty to process such documents. Moreover, few local authorities publish this type of information on local budgets in an open format, and most of them fail to make a clear distinction between the final approved budgets at the level of the territorial administrative unit. Therefore, one of the arguments underlying the selection of Călărași Municipality for the case study was the availability of data, on the internet page of Călărași Mayoralty, in a manner that enables processing and transparency.

The data available on the final amounts spent from central and local budgets are difficult to identify, as the manner in which they are published on official internet pages is most of the time not structured or incomplete. For instance, in publishing the budget executions from the General consolidated budget, the internet page of the Ministry of Public Finance fails to provide, under the dedicated section, more than the overall reports comprising global amounts spent for wider areas, and frequently prefers the economic classification, instead of the functional classification of spending without detailing the sub-chapters and budgetary articles. The information, despite being available in the archive “Decisional Transparency”, is not presented in a structured and detailed form.

The level of detailing of budget spending for the areas analysed is scarce, although it is worth mentioning that Romania has made significant steps in ensuring a standard as close as the relevant European standard. Although it has been adopted for over two years, GED no. 88/2013 adopting fiscal budgetary measures to ensure the fulfilment of commitments and modifying and amending certain normative acts, and ordinance which was supposed to enhance the transparency in terms of reporting and publishing budgetary data, fails to make its effects visible. In terms of central budgets, the amounts spent for various areas are not sufficiently detailed and explicit, while in most cases, the budget execution does not include the amounts corresponding to the institutions coordinated by the Ministry. From this perspective, it is impossible to determine for certain analysed budgetary chapters, based on public documents, which amounts are allocated and spent to institutions with significant direct and indirect impact on child protection.

Reporting of allocations and budgetary spending in its current form makes it difficult or even impossible to determine which are the final beneficiaries of the amounts certain areas receive from public budgets. Thus, particularly in the case of healthcare and social protection, the amounts dedicated to certain budgetary functions cannot be directly connected to the final beneficiaries of those resources. For example, in the case of health, no budgets of hospitals have been published (all the more so budgets broken down on categories of services or hospital units) since 2011. In terms of social protection, there are no detailed reports on the various forms of social assistance and their beneficiaries, but rather global reports that makes the determination of the amounts invested in the social protection of the child difficult.

At the level of local budgets there are deficiencies in the consistent reporting of budgetary data, particularly with reference to the list of public investments. Although the Ministry of Public Finance was provided by law with a critical methodological role in drafting and publishing local budgets, there are various methods to present the budgets at the level of various territorial administrative units. This gives room to each authority to decide on the manner of presentation of some of the information which should be published on the official internet pages and blocks the comparison between institutions or fiscal year. The level of detailing on various areas is also minimum, as many of the local authorities preferred to publish large amounts, per areas, or to include a large share of the amounts under “other expenses for goods and services” sub-chapter, despite the budgetary classification and Law 273/2006 provided their obligation to describe these amounts in detail.

In light of the above data, as part of our research effort, we concluded that the current data on the on budget expenses for education, health and social protection of children in Romania are insufficiently detailed and allow only rough estimates. Of the three areas analysed, the healthcare system is the poorest in terms of data on children (this is also valid at European level, as the Eurostat data fail to generate additional knowledge). The functional classification, as well as the institutional structure of the child protection system in the current form, the determination of spending strictly made for child protection may be achieved only by punctual research. There are services and resources allocated at local level, both for child, as well as adult social protection in vulnerable situations, while the estimation of expenses for the component of child protection would be possible with the help of distinctive records kept on a period of time by the experts involved. On the other side, education is the area facilitating the identification of spending dedicated to children (considering the orientation of funding per beneficiary), yet including limitations we faced related to the fact that in the category of pupils from pre-university education includes adults beneficiary of education, as well as insufficient details on sub-chapters for spending with indirect impact on children.

Recommendations for a more detailed analysis of the children’s budget in Romania:

- Increasing transparency and the degree of detail of public budgets; All three areas analysed, education, health and social protection, would benefit from a higher level of detailing of budget information. The budgets of central and local authorities should be published in a more transparent and detailed manner, by aligning to the European and international reporting standards. Data availability should also aim at following transparency not for the sake of transparency (publishing on the internet), but transparency which may contribute to more thorough and friendly analyses for the relevant stakeholders. Since 2011 Romania has been committed to publishing budget data in a more open format (editable, reusable), a commitment which has not been yet completely fulfilled, particularly at local level. The methodological role of the Ministry of Public Finance is essential, as it is recommended for this ministry to provide more specific guidance on the drafting and publishing of local budgets, thus contributing an enhanced coherence on this matter.
- Setting out methods for cross-institutional cooperation on the children’s budget: Fulfilment by the Romanian state of the responsibilities to determine the children’s budget will imply the collaboration between multiple central and local institutions. As for the children beneficiaries of education, health and social assistance services, we would like to highlight the methodological role of the Ministry of Labour, through the National Authority for the protection of rights and adoption, which has the responsibility to monitor the fulfilment of children’s rights (therefore, including the impact of applicable public policies). Thus, ANPDCA would coordinate a process for detailed description of budget information from the perspective of child’s rights, with the support and involvement of other relevant ministries, capitalizing on the existing opportunities (for example, computerization of the healthcare system). We would like to take this opportunity to reiterate the recommendations on the strengthening of the mandate of the institution responsible with the coordination of the efforts to ensure and fulfil the child’s rights, as per the requirements of UN Committee for the rights of the child. Thus, we would recommend the positioning of this institution under the coordination of the Prime Minister. It is also necessary to establish the responsible bodies at county, respectively local level, for the coordination of efforts regarding the child’s rights.
- The improvement of the methodology for the analysis of the children’s budget, based on an in-depth description of public budgets.
- Regularly drafting a children-oriented budget analysis, with a view to following up on the developments, measuring the impact of legislation and public policies, better understanding the state of the child’s rights, as well as improving measures with an impact on children, taken by the Romanian state.

List of abbreviations and acronyms

ANPDCA	Autoritatea Națională pentru Protecția Drepturilor Copilului și Adopție (National Authority for the Protection of Child Rights and Adoption)
ANPIS	Agenția Națională pentru Plăți și Inspecție Socială (National Agency for Payments and Social Inspection)
AJPIS	Agenție județeană pentru plăți și inspecție socială (County agency for payments and social inspection)
Art.	Article
Alin.	Paragraph
APISMB	Agenția pentru Plăți și Inspecție Socială a Municipiului București (Bucharest Municipality agency for payments and social inspection)
BAS	Bugetul Asigurărilor Sociale (Budget for social insurances)
BGC	Bugetul General Consolidat (General consolidated budget)
BS	Bugetul de Stat (State budget)
CE	European Commission
CJ	County council
CJRAE	Centru județean de resurse și asistență educațională (County council for resources and assistance in education)
CJSA	Casă județeană de asigurări de sănătate (County healthcare insurance house)
CL	Local council
CMBRAE	Centrul Municipiului București de Resurse și Asistență Educațională (Bucharest Municipality centre for resources and assistance in education)
CNAS	Casa Națională de Asigurări de Sănătate (National healthcare insurance house)
COFOG	Classification of governmental functions
Convenția	UN Convention on the Rights of the Child
CPU	Emergency reception compartment
CSM	Superior magistracy council
DGASPC	Direcția Generală de Asistență Socială și Protecția Copilului (General Directorate of social assistance and child protection)
DSP	Direcția de Sănătate Publică (Public health directorate)
ESSPROS	European system of integrated social protection statistics
FNUASS	Fondul Național Unic al Asigurărilor Sociale de Sănătate (National Unique Fund for Social Healthcare Insurances)
HG	Government decision
INS	National Institute of Statistics
Înv.	Education
Lit.	Letter
MAE	Ministry of External Affairs
MAI	Ministry of Internal Affairs
MApN	Ministry of National Defence
MC	Ministry of Culture
MDRAP	Ministry of Regional Development and Public Administration
MEdu	Ministry of Education and Scientific Research (with its following names)
MFP	Ministry of Public Finance
Mil.	Millions
MMFPSPV or Ministry of Labour	Ministry of Labour, Family, Social Protection and Elderly (with its previous names)
MS	Ministry of Health
MTS	Ministry of Youth and Sports
Mun.	Municipality
OECD	Organizația pentru Cooperare și Dezvoltare Economică (Organization for Economic Cooperation and Development)
ONU	United Nations Organization
OUG	Government Emergency Ordinance
PIB	Gross Domestic Product
Ro.	Romania
SGG	General Secretariat of the Government
SPAS	Serviciu public de asistență socială (Public service for social assistance)
SRI	Romanian Intelligence Service
TVA	Value added tax
UAT	Territorial administrative units
UE	European Union
UPU	Emergency reception units

