

Document of  
The World Bank

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Report No: PAD1108

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF EUR 200 MILLION  
(US\$243.1 MILLION EQUIVALENT)

TO

ROMANIA

FOR

THE ROMANIA SECONDARY EDUCATION PROJECT

February 20, 2015

*Europe and Central Asia  
Education Global Practice*

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2014)

Currency Unit = EUR  
EUR 0.82270 = US\$1

FISCAL YEAR  
January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

|         |   |
|---------|---|
| CCCG    | Center for Career Counseling and Guidance                 |
| CFAA    | Country Financial Accountability Assessment               |
| CPAR    | Country Procurement Assessment Report                     |
| CPIA    | Country Policy and Institutional Assessment               |
| CPS     | Country Partnership Strategy                              |
| DPL     | Development Policy Lending                                |
| EMIS    | Education Management Information System                   |
| ESF     | European Social Funds                                     |
| ESIF    | European Structural and Investment Funds                  |
| EU      | European Union  |
| EUR     | Euros   |
| FM      | Financial Management                                      |
| GDP     | Gross Domestic Product                                    |
| GoR     | Government of Romania                                     |
| IBRD    | International Bank for Reconstruction and Development     |
| ICR     | Implementation Completion and Results Report              |
| IES     | Institute of Education Sciences                           |
| IFR     | Interim Unaudited Financial Report                        |
| IMF     | International Monetary Fund                               |
| IPF     | Investment Project Financing                              |
| IRR     | Internal Rate of Return                                   |
| LHDI    | Local Human Development Index                             |
| M&E     | Monitoring and Evaluation                                 |
| MIS     | Management Information System                             |
| MESR    | Ministry of Education and Scientific Research             |
| MoEF    | Ministry of European Funds                                |
| MoLFSPE | Ministry of Labor, Family, Social Protection, and Elderly |
| MoPF    | Ministry of Public Finance                                |
| NCAE    | National Center for Assessment and Examination            |
| NGO     | Non-Governmental Organization                             |
| NIS     | National Institute of Statistics                          |
| NPV     | Net Present Value   |
| OBI     | Open Budget Index   |
| PAD     | Project Appraisal Document                                |

|        |   |
|--------|---|
| PDO    | Project Development Objective                         |
| PEIR   | Public Expenditure and Institutional Review           |
| PFM    | Public Financial Management                           |
| PFS    | Project Financial Statements                          |
| PIP    | Project Implementation Plan                           |
| PISA   | Programme for International Student Assessment        |
| POM    | Project Operations Manual                             |
| RAS    | Reimbursable Advisory Services                        |
| RON    | New Romanian Lei                                      |
| ROSE   | Romania Secondary Education                           |
| RSE    | Roma Sensitivity Enhancer                             |
| SDP    | School Development Plan                               |
| SOE    | Statement of Expenditures                             |
| SORT   | Systematic Operations Risk-rating Tool                |
| TIMSS  | Trends in International Mathematics and Science Study |
| TOR    | Terms of Reference                                    |
| TTL    | Task Team Leader                                      |
| UEFP   | Unit for Externally Financed Projects                 |
| UNICEF | United Nations Children's Fund                        |
| VET    | Vocational Education and Training                     |

|                                  |                                  |
|----------------------------------|----------------------------------|
| Regional Vice President:         | Laura Tuck                       |
| Country Director:                | Mamta Murthi                     |
| Senior Global Practice Director: | Claudia Maria Costin             |
| Acting Practice Manager:         | Mario Cristian Aedo Inostroza    |
| Task Team Leader:                | Janssen Edelweiss Nunes Teixeira |



**ROMANIA**  
*Romania Secondary Education Project – ROSE Project (P148585)*

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|

**PAD DATA SHEET***Romania**Romania Secondary Education Project (P148585)***PROJECT APPRAISAL DOCUMENT***EUROPE AND CENTRAL ASIA**ECCU5*

Report No.: PAD1108

| Basic Information   |   |  |   |
|---|---|--|---|
| Project ID<br>P148585   | EA Category<br>C - Not Required                         | Team Leader<br>Janssen Edelweiss Nunes<br>Teixeira |   |
| Lending Instrument<br>Investment Project Financing                | Fragile and/or Capacity Constraints [ ]                 |  |   |
|   | Financial Intermediaries [ ]                            |  |   |
|   | Series of Projects [ ]                                  |  |   |
| Project Implementation Start Date<br>17-Mar-2015                  | Project Implementation End Date<br>31-Dec-2022          |  |   |
| Expected Effectiveness Date<br>01-Nov-2015                        | Expected Closing Date<br>31-Dec-2022                    |  |   |
| Joint IFC<br>No   |   |  |   |
| Practice Manager/Manager<br>Mario Cristian Aedo Inostroza         | Senior Global Practice Director<br>Claudia Maria Costin | Country Director<br>Mamta Murthi                   | Regional Vice President<br>Laura Tuck         |
| Borrower: Romania   |   |  |   |
| Responsible Agency: Ministry of Education and Scientific Research |   |  |   |
| Contact:  | Mr. Sorin Cimpeanu                                      | Title:   | Minister of Education and Scientific Research |
| Telephone No.:  | +4021 4056223   | Email:   | sorin.cimpeanu@gov.edu.ro                     |
| Project Financing Data(in EUR Million)                            |   |  |   |
| [ X ] Loan  | [ ] IDA Grant   | [ ] Guarantee                                      |   |
| [ ] Credit  | [ ] Grant   | [ ] Other  |   |

|   |      |      |                     |                       |       |                          |       |                          |
|---|------|------|---------------------|-----------------------|-------|--------------------------|-------|--------------------------|
| Total Project Cost:   |      | 200  |                     | Total Bank Financing: |       | 200                      |       |                          |
| Financing Gap:  |      | 0.00 |                     |                       |       |                          |       |                          |
| <b>Financing Source</b>   |      |      |                     | <b>Amount</b>         |       |                          |       |                          |
| Borrower  |      |      |                     | 0.00                  |       |                          |       |                          |
| International Bank for Reconstruction and Development   |      |      |                     | 200                   |       |                          |       |                          |
| Total   |      |      |                     | 200                   |       |                          |       |                          |
| <b>Expected Disbursements (in EUR Million)</b>  |      |      |                     |                       |       |                          |       |                          |
| Fiscal Year   | 2016 | 2017 | 2018                | 2019                  | 2020  | 2021                     | 2022  | 2023                     |
| Annual  | 1.4  | 12.9 | 36.9                | 49.5                  | 45.1  | 34.8                     | 16.6  | 2.8                      |
| Cumulative  | 1.4  | 14.3 | 51.2                | 100.7                 | 145.8 | 180.6                    | 197.2 | 200                      |
| <b>Institutional Data</b>   |      |      |                     |                       |       |                          |       |                          |
| <b>Practice Area / Cross Cutting Solution Area</b>  |      |      |                     |                       |       |                          |       |                          |
| Education   |      |      |                     |                       |       |                          |       |                          |
| <b>Cross Cutting Areas</b>  |      |      |                     |                       |       |                          |       |                          |
| <input type="checkbox"/> Climate Change<br><input type="checkbox"/> Fragile, Conflict & Violence<br><input type="checkbox"/> Gender<br><input type="checkbox"/> Jobs<br><input type="checkbox"/> Public Private Partnership |      |      |                     |                       |       |                          |       |                          |
| <b>Sectors / Climate Change</b>   |      |      |                     |                       |       |                          |       |                          |
| Sector (Maximum 5 and total % must equal 100)   |      |      |                     |                       |       |                          |       |                          |
| Major Sector  |      |      | Sector              |                       | %     | Adaptation Co-benefits % |       | Mitigation Co-benefits % |
| Education   |      |      | Secondary education |                       | 75    |                          |       |                          |
| Education   |      |      | Tertiary education  |                       | 25    |                          |       |                          |
| Total   |      |      |                     |                       | 100   |                          |       |                          |
| <input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.   |      |      |                     |                       |       |                          |       |                          |
| <b>Themes</b>   |      |      |                     |                       |       |                          |       |                          |
| Theme (Maximum 5 and total % must equal 100)  |      |      |                     |                       |       |                          |       |                          |
| Major theme   |      |      | Theme               |                       |       |                          | %     |                          |
| Human development   |      |      | Education for all   |                       |       |                          | 75    |                          |



|  |   |  |
|--|---|--|
| Human development  | Education for the knowledge economy         | 25   |
| Total  |   | 100  |
|  |   |  |
| Proposed Development Objective(s)  |   |  |
| The proposed Project Development Objectives are to improve the transition from upper secondary into tertiary education and increase the retention in the first year of tertiary education in project-supported education institutions. |   |  |
|  |   |  |
| Components   |   |  |
| Component Name   | Cost (EUR Millions)                         |  |
| 1 - School-based and Systemic Interventions  | 144.5                                       |  |
| 2 - University-Level Interventions and Bridge Programs   | 49.1  |  |
| 3 - Project Management, Monitoring and Evaluation  | 6.4   |  |
|  |   |  |
| Systematic Operations Risk- Rating Tool (SORT)   |   |  |
| Risk Category  | Rating                                      |  |
| 1. Political and Governance  | Substantial                                 |  |
| 2. Macroeconomic   | Moderate                                    |  |
| 3. Sector Strategies and Policies  | Low   |  |
| 4. Technical Design of Project or Program  | Low   |  |
| 5. Institutional Capacity for Implementation and Sustainability  | Moderate                                    |  |
| 6. Fiduciary   | Substantial                                 |  |
| 7. Environment and Social  | Low   |  |
| 8. Stakeholders  | Moderate                                    |  |
| 9. Other   |   |  |
| OVERALL  | Moderate                                    |  |
|  |   |  |
| Compliance   |   |  |
| Policy   |   |  |
| Does the project depart from the CAS in content or in other significant respects?  | Yes [ <input type="checkbox"/> ]            | No [ <input checked="" type="checkbox"/> ] |
|  |   |  |
| Does the project require any waivers of Bank policies?   | Yes [ <input type="checkbox"/> ]            | No [ <input checked="" type="checkbox"/> ] |
| Have these been approved by Bank management?   | Yes [ <input type="checkbox"/> ]            | No [ <input checked="" type="checkbox"/> ] |
| Is approval for any policy waiver sought from the Board?   | Yes [ <input type="checkbox"/> ]            | No [ <input checked="" type="checkbox"/> ] |
| Does the project meet the Regional criteria for readiness for implementation?  | Yes [ <input checked="" type="checkbox"/> ] | No [ <input type="checkbox"/> ]            |
|  |   |  |
| Safeguard Policies Triggered by the Project  | Yes   | No   |
| Environmental Assessment OP/BP 4.01  |   | X  |

|   |                  |                 |                  |
|---|------------------|-----------------|------------------|
| Natural Habitats OP/BP 4.04   |                  |                 | <b>X</b>         |
| Forests OP/BP 4.36  |                  |                 | <b>X</b>         |
| Pest Management OP 4.09   |                  |                 | <b>X</b>         |
| Physical Cultural Resources OP/BP 4.11  |                  |                 | <b>X</b>         |
| Indigenous Peoples OP/BP 4.10   |                  |                 | <b>X</b>         |
| Involuntary Resettlement OP/BP 4.12   |                  |                 | <b>X</b>         |
| Safety of Dams OP/BP 4.37   |                  |                 | <b>X</b>         |
| Projects on International Waterways OP/BP 7.50  |                  |                 | <b>X</b>         |
| Projects in Disputed Areas OP/BP 7.60   |                  |                 | <b>X</b>         |
| <b>Legal Covenants</b>  |                  |                 |                  |
| <b>Name</b>   | <b>Recurrent</b> | <b>Due Date</b> | <b>Frequency</b> |
| Institutional Arrangements  | X                |                 | Yearly           |
| <b>Description of Covenant</b>  |                  |                 |                  |
| The Borrower, through MESR, shall (i) operate and maintain UEFP within MESR until the completion of the Project; and (ii) ensure that UEFP functions at all times in a manner and with adequate staffing (including a project director, a financial management specialist, a procurement specialist, and two officers to administer the provision of Grants) and budgetary resources, all acceptable to the Bank. |                  |                 |                  |
| <b>Name</b>   | <b>Recurrent</b> | <b>Due Date</b> | <b>Frequency</b> |
| Institutional Arrangements  | X                |                 | Yearly           |
| <b>Description of Covenant</b>  |                  |                 |                  |
| The Borrower, through MESR, shall: (a) maintain the Project Operations Manual in form and content satisfactory to the Bank; (b) carry out the Project in accordance with the provisions set forth in the Project Operations Manual; and (c) not assign, amend, abrogate or waive the Project Operations Manual without obtaining the prior approval of the Bank.  |                  |                 |                  |
| <b>Name</b>   | <b>Recurrent</b> | <b>Due Date</b> | <b>Frequency</b> |
| Project Management Information System   |                  | 06/30/2016      |                  |
| <b>Description of Covenant</b>  |                  |                 |                  |
| The Borrower, through the MESR, shall design and implement a project management information system for enhanced monitoring, reporting and financial management, on terms and in a manner satisfactory to the Bank.  |                  |                 |                  |
| <b>Name</b>   | <b>Recurrent</b> | <b>Due Date</b> | <b>Frequency</b> |
| Provision of Grants   | X                |                 | Yearly           |
| <b>Description of Covenant</b>  |                  |                 |                  |
| The Grants to Beneficiaries pursuant to Part 1(a) and Part 2 of the Project shall be selected, appraised, implemented, monitor and evaluated by the Borrower, through the MESR, in accordance with the principles, procedures and requirements set forth in the Project Operations Manual, the Procurement Guidelines, the Consultant Guidelines, and the Anti-Corruption Guidelines.                             |                  |                 |                  |
| <b>Name</b>   | <b>Recurrent</b> | <b>Due Date</b> | <b>Frequency</b> |

|  |  |                                      |                               |               |
|--|--|--------------------------------------|-------------------------------|---------------|
| Provision of Grants  |  | X                                    |                               | Yearly        |
| <b>Description of Covenant</b><br>The Borrower, through the MESR, shall enter into Grant Agreement with each Beneficiary of a Grant financed by the Project under the terms and conditions of said Grant.  |  |                                      |                               |               |
| Name   |  | Recurrent                            | Due Date                      | Frequency     |
| Safeguards   |  | X                                    |                               | Yearly        |
| <b>Description of Covenant</b><br>The Borrower, through MESR, shall screen all grant applications submitted pursuant to Parts 1(a) and 2 of the Project with a screening checklist acceptable to the Bank in order to ensure that any works to be carried out by Beneficiaries involve existing buildings and are not of a significant nature and will have minimal or no adverse environmental impacts. |  |                                      |                               |               |
|  |  |                                      |                               |               |
| <b>Conditions</b>  |  |                                      |                               |               |
| Source Of Fund   |  | Name                                 |                               | Type          |
|  |  | Project Operations Manual            |                               | Effectiveness |
| <b>Description of Condition</b><br>The MESR has prepared and approved the Project Operations Manual in a manner acceptable to the Bank.  |  |                                      |                               |               |
|  |  |                                      |                               |               |
| <b>Team Composition</b>  |  |                                      |                               |               |
| <b>Bank Staff</b>  |  |                                      |                               |               |
| Name   |  | Title                                | Specialization                | Unit          |
| Jeremie Matthew Amoroso  |  | Junior Professional Associate        | Data Analyst                  | GEDDR         |
| Kosuke Anan  |  | Senior Social Development Specialist | Social Development Specialist | GSURR         |
| Raluca Marina Banioti  |  | Program Assistant                    | Program Assistant             | ECCRO         |
| Roberta Malee Bassett  |  | Senior Education Specialist          | Senior Education Specialist   | GEDDR         |
| Salih Bugra Erdurmus   |  | Procurement Specialist               | Procurement Specialist        | GGODR         |
| Daria Goldstein  |  | Senior Counsel                       | Senior Counsel                | LEGLE         |
| Sachiko Kataoka  |  | Senior Education Economist           | Senior Education Economist    | GEDDR         |
| Carmen F. Laurente   |  | Senior Program Assistant             | Senior Program Assistant      | GEDDR         |
| Mihai Magheru  |  | E T Consultant                       | Social Development Specialist | GSURR         |
| Jasna Mestnik  |  | Finance Officer                      | Finance Officer               | CTRLA         |
| Mariana Doina Moarcas  |  | Senior Operations Officer            | Senior Operations Officer     | GEDDR         |
| Cesar Niculescu  |  | Environmental Specialist             | Environmental Specialist      | GENDR         |
| Valeria Nikolaeva  |  | Procurement Specialist               | Procurement Specialist        | GGODR         |
| Alina Sava   |  | E T Consultant                       | E T Consultant                | GEDDR         |

|                                  |  |  |         |        |          |
|----------------------------------|--|--|---------|--------|----------|
| Adam Shayne                      | Lead Counsel                           | Lead Counsel                           | LEGLE   |        |          |
| Janssen Edelweiss Nunes Teixeira | Senior Education Specialist            | Team Lead                              | GEDDR   |        |          |
| Anneliese Viorela Voinea         | Financial Management Analyst           | Financial Management                   | GGODR   |        |          |
| Moses Sabuni Wasike              | Senior Financial Management Specialist | Senior Financial Management Specialist | GGODR   |        |          |
| Penelope Jane Aske Williams      | Senior Operations Officer              | Senior Operations Officer              | GSPDR   |        |          |
| Non Bank Staff                   |  |  |         |        |          |
| Name                             | Title                                  | City                                   |         |        |          |
| Chelsea Coffin                   | Consultant                             | Washington                             |         |        |          |
| James Gresham                    | Consultant                             | Washington                             |         |        |          |
| Iulia Maries                     | Consultant                             | Bucharest                              |         |        |          |
| Juan Prawda                      | Consultant                             | Washington                             |         |        |          |
|                                  |  |  |         |        |          |
| Locations                        |  |  |         |        |          |
| Country                          | First Administrative Division          | Location                               | Planned | Actual | Comments |
|                                  |  |  |         |        |          |

## I. STRATEGIC CONTEXT

### A. Country Context

1. **The Romanian economy was severely impacted by the global financial crisis that began in 2008, though significant progress has been made in restoring macroeconomic stability.** Romania recorded some of Europe's highest growth rates in the mid-2000s with several years of strong economic growth accompanied by a rapid increase in Government spending. Economic growth exceeded 6.5 percent per annum during the period from 2003-2008, and public spending accelerated during the same period. However, the Romanian economy faltered due to the global financial crisis that began in 2008. The country's economy contracted significantly in 2009 and 2010, prompting the Government to request support programs with the European Commission, the International Monetary Fund (IMF) and the World Bank to maintain stability. The fiscal deficit hit a high of 7.5 percent of Gross Domestic Product (GDP) in 2009, which compelled the country to implement a demanding fiscal consolidation program during 2010-2013. The fiscal policy has reduced the budget deficit to 2.5 percent of GDP in 2013 and the country exited from the European Union's (EU) Excessive Deficit Procedures in June 2013.<sup>1</sup> Romania has made significant progress in restoring macroeconomic stability, having a growth rate of 3.5 percent in 2013.<sup>2</sup>

2. **Although it declined dramatically between 2000 and 2008, Romania's poverty rate is still among the highest in the EU.** Almost one-third of Romanians live below the ECA absolute poverty line of US\$5 per day (2005 US\$ PPP). Social transfers, especially pension payments, mitigated the impact of the crisis on the bottom 40 percent. Even so, 42 percent of Romanians were at risk of poverty or social exclusion in 2012, the second highest rate in the EU after Bulgaria. Poverty rates declined from 36 percent in 2000 to 5.7 percent in 2008 and 4.4 percent in 2009 due to increased social protection and insurance spending. In recent years, absolute poverty has stalled at around 5 percent.<sup>3</sup>

3. **Reducing poverty in Romania requires tackling social exclusion and empowering marginalized communities, especially among the Roma who live in particularly poor conditions.** Roma comprise between 3 percent and 12 percent of Romania's population, depending on the data source, making Roma either the largest or second largest ethnic minority (after Hungarians) in Romania.<sup>4</sup> The at-risk-of-poverty rate of Romanian Roma, at 84 percent, is almost three times higher than neighboring non-Roma. The rate of Romanian Roma households in severe material deprivation is alarmingly high at 90 percent, and almost half of Roma households have very low work intensity. The vast majority of the Roma population (72 percent) is in the bottom income quintile, with a further 12 percent in the next quintile. In addition, close to 75 percent live without a bathroom or sewer, while half have no piped water. Not surprisingly, this situation directly affects the social and economic opportunities available to Roma children. Only 12 percent of Roma men and 6 percent of Roma women complete secondary school, and less than 5 percent have post-secondary education. The challenges start even earlier in life, with

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<sup>1</sup> The World Bank (2014). *Country Partnership Strategy (CPS) for Romania for the Period 2014-2017*.

<sup>2</sup> The World Bank (2014). *Country Program Snapshot*.

<sup>3</sup> The World Bank (2014). *Country Partnership Strategy (CPS) for Romania for the Period 2014-2017*.

<sup>4</sup> World Bank (2014). *Diagnostics and Policy Advice for Supporting Roma Inclusion in Romania*.

only 32 percent pre-school enrollment rate among Roma, against 77 percent among non-Roma neighbors. The early school leaving<sup>5</sup> rate for Roma is a staggering 95 percent, and 31 percent of Roma adults have never been enrolled in school, compared to 2 percent among non-Roma.

4. **Romania's population has declined significantly in the last two decades and, similar to European peers, Romania has an aging population.** Between 1990 and 2011, Romania's population declined from 23.2 million to around 21.3 million. Complicating matters, over two million people of working age (25 percent of the labor force) are estimated to have emigrated in search of better job opportunities in Europe and elsewhere. If current projections on demographic declines hold, the number of school-aged children and youth in Romania will decline by 40 percent by 2025, compared with 2005 figures. The declining working and student populations have immediate and long-term implications for Romania's growth and development agenda; using all of Romania's human resources at their highest capacity is of utmost importance, and will require providing high quality, relevant and affordable opportunities for enhancing education and skills for every single citizen.

5. **Romania's low absorption of available EU funding between the 2007 and 2013 programming period supports a continued emphasis on strengthening the Government's capacity.** By June 2013, the absorption rate was 26.2 percent, but rose to 33.47 percent by the end of 2013. Romania's European Structural and Investment Funds (ESIF) allocation for the current programming period 2014-2020 amounts to €22.99 billion, of which €4.77 billion is allocated to European Social Funds (ESF). The total indicative allocation for the Thematic Objective – “Investing in education, training, and vocational training for skills and lifelong learning” is €1.59 billion. This objective incorporates future interventions to reduce early school leaving and increase participation in lifelong learning, tertiary education and vocational education and training (VET).

## **B. Sectoral and Institutional Context**

6. **Although enrollment in upper secondary education<sup>6</sup> in Romania is high, the transition to tertiary education is hindered due to increasing dropout and poor performance on the Baccalaureate.<sup>7</sup>** Data from the National Institute of Statistics (NIS) show that the national gross enrollment rate in upper secondary education increased from 75 percent to 94.9 percent, from 2005 to 2012. In the 2012/13 academic year, there were 776,616 students enrolled in 1,605 high schools in Romania. However, the average dropout rate in high schools increased from 2.2 percent to 3.8 percent, from 2009 to 2011, with higher rates in technological high schools (5.3 percent in 2011), as well as in high schools located in rural areas (around 7 percent in grade 11, in 2012). In the same period, the graduation rate of 18-year-old students with Baccalaureate diplomas decreased from 63.4 percent to 39.2 percent, due in large part to changes to the exam and administration procedures. On average, the Baccalaureate pass rate

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<sup>5</sup> The EU defines early school leavers as persons between 18 and 24 years old with only lower secondary education or less and are no longer in education or training.

<sup>6</sup> Grades 9-12 or 9-14, depending on the stream: theoretical, vocational, and technological (see more on the structure of the Romanian education system in Annex 5).

<sup>7</sup> The Baccalaureate is mandatory for Romanian students who wish to enter universities (see information on the strengths and weaknesses of the Baccalaureate exam in Annex 5).

dropped from 78 percent to 58 percent, from 2009 to 2013, with lower rates for graduates from technological high schools (close to 20 percent in some cases).

7. **Beyond compulsory education, the difference in enrollment between Roma and non-Roma individuals is large, with a significant enrollment gap in the 16-19 age group, in which less than 25 percent of Roma youth attend schools, compared to more than 75 percent of non-Roma students (from neighboring areas).** Though exact figures vary, it is estimated that less than one percent of Roma youth complete tertiary education. A 2013 study of “Impreuna Agency” shows that the share of Roma women with tertiary education increased from 0.7 percent to 1.6 percent, from 1998 to 2012<sup>8</sup>. In the case of Roma men, the share of individuals with tertiary education has remained stable around 1 percent. In addition, Roma communities tend to exhibit multiple factors that place them at risk of failure in education, including poverty, rural residence, and low educational attainment among adults. More information on Roma students can be found in Annex 8.

8. **Although there is no significant difference in secondary enrollment between females and males, females are more likely than males to complete upper secondary education, succeed at the Baccalaureate, and enroll in tertiary education.** Around 80 percent of females graduate from high school compared with 73 percent of males. Evidence suggests that boys who leave school during the upper secondary level tend to do so in pursuit of work opportunities, often abroad.<sup>9</sup> In 2013, 71 percent of females successfully passed the Baccalaureate exam, compared with 57 percent for males. As a result, females are more represented in tertiary education; the gross tertiary enrollment rate was 68 percent for females compared with 50 percent for males.<sup>10</sup> More information on gender differences can be found in Annex 8.

9. **There are various reasons why Romanian students drop out of high school or fail to pass the Baccalaureate, which fall into three clusters: pedagogical, financial, and personal causes.** The pedagogical reasons relate to the low quality of education provided by high schools (i.e. schools are not preparing students satisfactorily, leading to failure and drop out, and low performance in the Baccalaureate). The financial reasons have to do with the high direct costs of attending high schools, such as fees, transport and books. The personal reasons include lack of motivation among students to continue studying, real life events like migration of parents, lack of information on the benefits of schooling, discrimination or stigma in the school environment, and myopic preferences, e.g. students preferring wage income, leisure or consumption at present rather than later. A comprehensive explanation of the challenges currently observed in upper secondary education is presented in Annex 5.

10. **Low Baccalaureate pass rates and results of international assessment indicate problems with quality and pedagogy.** Through most of the 2000s, roughly 80 percent of secondary education graduates were able to successfully pass the Baccalaureate exam. Following a revision to the exam in 2011 and the adoption of more stringent anti-cheating procedures, the pass rate fell to a low 58 percent in the academic year 2013/2014. Further, there are significant

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<sup>8</sup> Duminičă, G., and Ivasiuc, A. (coord.) (2013) Romii din România De la ț ap ispăș itor la motor de dezvoltare, Report Agenț ia Împreună, Bucharest.

<sup>9</sup> UNICEF (2012). Romania Country Study: Analyzing the Situation of Out-of-School Children in Romania.

<sup>10</sup> 2013 Little Data Book on Gender.

disparities among counties. In Ilfov (with high shares of declared Roma population) and Teleorman (with high poverty risk rates), pass rates were the lowest observed in Romania, at 29 percent and 43 percent respectively. In the academic year 2013/2014, 82,618 students failed to pass the Baccalaureate. Considering the students who did not take the Baccalaureate or those who did not graduate from secondary education, in 2011/12 there were approximately 100,000 youth without the prospect of transitioning to tertiary education, compared to 74,000 in 2009/10. Additionally, results of the 2012 Programme for International Student Assessment (PISA) show that 37.3 percent of 15-year-old students fail to demonstrate basic reading skills (compared with the 18.1 percent average from the EU-28) and an even higher percentage fail to demonstrate basic numeracy skills (40.8 percent compared to the EU-28 average of 23.5 percent). More information on the performance of Romanian students in PISA can be found in Annex 6.

**11. Financial factors are not sufficiently addressed by existing demand-side programs, mainly for students from disadvantaged groups. Students from disadvantaged groups are considered those who are from low income families, discriminated against on the basis of identity (including Roma), live in rural areas or where schools are not within a commutable distance, or have a disability.** A 2014 study<sup>11</sup> shows that the lack of financial resources is the most important reason why students who live in rural areas do not continue into upper secondary education, as mentioned by 47.3 percent of parents of these students. This finding is consistent with a 2011 study<sup>12</sup> on access and equity in higher education which cites that financial constraints to attending high schools as a reason for dropping out by 38.3 percent of students. Though a series of financial incentive programs exist to encourage high school enrollment and completion (see more information in Annex 6), they have not been analyzed yet so their effectiveness is unknown. Nonetheless, the extent of the problems in upper secondary education indicates that these programs have not been sufficient or effective in addressing the financial constraints of high school students from disadvantaged groups.

**12. Personal reasons complete the set of factors that explain students' failures in upper secondary education.** The above-mentioned study on access to and equity in higher education informs that 38 percent of students pointed out family problems as a key reason for dropping out of high schools. Additionally, consultations carried out in June 2014 by the Bank to understand the challenges in upper secondary education in Romania showed that lack of motivation as one of the most important reasons for failures in high schools. Other studies carried out in Romania point to other personal factors, such as early marriage of students and low levels of parental education.

**13. In addition to the challenges mentioned above, a significant decline in tertiary education enrollment has been observed since 2005.** The decline in the Baccalaureate pass rate, described earlier, in combination with the closure of a large over-enrolled private university and the overall decline in the student-age population, has had a significant impact on tertiary education enrollment. Overall, enrollment in tertiary education has decreased by 35 percent, from 716,464 (in 2005/06) to 464,592 (in 2012/13). According to the NIS, the tertiary enrollment rate for students aged 18 years (i.e. tertiary education entrance age) decreased by 50 percent from 2005/06 to 2012/13.

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<sup>11</sup> Badescu, G., Petre, N. (2014). *Child's Wellbeing in Rural Areas*. World Vision Romania, Cluj-Napoca: Risoprint.

<sup>12</sup> Pricopie, R. et al. (2011). *Equity and Access in Higher Education in Romania*. Bucharest: Comunicare.ro



14. **Even among those students who successfully transition to tertiary education, some are at high risk of dropping out within the first two years of study.** The retention rate in the first year of tertiary education was 82.9 percent in 2012/2013. Additionally, the average number of years in tertiary education for students aged 19-23 has dropped from 1.4 years in 2005/06 to 1.2 in 2012/13, which shows that many students drop out of tertiary education in the initial years. This is consistent with a finding of the study on access to and equity in higher education, which shows that the risk of dropping out was noted by 19.2 percent of respondents. This early drop out problem is mostly confined to students who pass the Baccalaureate but with low marks, representing nearly one in four students in 2013/14.

### **C. Higher Level Objectives to which the Project Contributes**

15. **The objectives of the proposed Project are consistent with the World Bank Group's Country Partnership Strategy (CPS) for Romania (FY14-17) (Report #84830-RO), approved by the Board of Executive Directors in April 2014.** The CPS has a strategic pillar on growth and jobs creation, with a focus on education and skills. Specifically, the Romania Secondary Education Project (ROSE Project) would contribute toward achieving the country goal on inclusive and efficient labor markets through improved education and skills. It would also contribute to the pillar on social inclusion, by instituting policies aimed at rectifying inequalities related to socio-economic status and the marginalization of specific communities, including the Roma population and those living in rural areas. Moreover, the ROSE Project would contribute toward achieving the country goal on the provision of inclusive services, which include education, for marginalized communities.

16. **In addition to national goals articulated in the CPS, the proposed Project is aligned with the World Bank Group's goals of ending extreme poverty and boosting shared prosperity.** Education is a fundamental building block of human capital, and secondary education in particular provides the higher level skills that are required for success in the labor market or in more advanced levels of education. A high quality education is linked with both poverty reduction and productivity growth, both of which contribute to shared prosperity. Also, by supporting interventions targeting high schools and university faculties serving disadvantaged students, the proposed Project would disproportionately benefit those students for whom extreme poverty and other socioeconomic disadvantages represent major constraints to secondary school completion and transition into tertiary education.

## **II. PROJECT DEVELOPMENT OBJECTIVES**

### **A. Project Development Objective**

17. The proposed Project Development Objectives (PDO) are to improve the transition from upper secondary into tertiary education and increase the retention in the first year of tertiary education in project-supported education institutions.

### **B. Project Beneficiaries**

18. Project beneficiaries are: (i) students enrolled in low-performing public high schools<sup>13</sup>, especially students from disadvantaged groups; (ii) public high school staff, including principals and teachers; (iii) students enrolled in their first year of study in selected public tertiary education institutions, especially students from disadvantaged groups; and (iv) staff of selected public tertiary education institutions. Given the lower secondary education completion rate among Roma students, this Project would pay special attention to the constraints of these students on an explicit, but non-exclusive basis.

### C. PDO Level Results Indicators

19. The key PDO level indicators of the proposed Project, which would be measured disaggregated by gender, are the following (all project-supported education institutions are public institutions):

- Average dropout rate in the final grade in project-supported high schools (baseline = 6.5 percent; final target = 3.5 percent).
  - Percentage of project-supported high schools with dropout rate above 7 percent (*sub-type indicator*; baseline = 23.1 percent; final target = 10 percent).
- Average graduation rate in project-supported high schools (baseline = 86.9 percent; final target = 93 percent).
- Average Baccalaureate passing rate in project-supported high schools (baseline = 49.6 percent; final target = 59 percent).
- Average retention rate in the first year of tertiary education in project-supported faculties (baseline = 82.3 percent; final target = 84.5 percent).<sup>14</sup>

## III. PROJECT DESCRIPTION

### A. Project Components

20. The proposed Project will be implemented over a period of seven years, between 2016 and 2022, and would be financed through an Investment Project Financing (IPF) loan of EUR 200 million. All proposed project activities are supported by the Romanian legal framework. This Project will provide support to the national education program. The ROSE Project is structured in three components, with the first two designed to address the academic and personal reasons for poor student performance in upper secondary as well as in the first year of tertiary education. The third component covers project management and monitoring and evaluation (M&E).

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<sup>13</sup> Low performing high schools are defined as those that have either (i) average Baccalaureate passing rates below 90 percent; (ii) dropout rates greater than 2.5 percent; or (iii) an average upper secondary graduation rate below 85 percent.

<sup>14</sup> The retention rate is also affected by other factors outside the scope of this Project, such as students' ability to continue financing their education or the distance they travel to attend university. Additionally, evidence from OECD countries suggests that the retention rate in tertiary education tends to be relatively stable, moving slowly over time (see RAND Europe's Technical Report on Student Retention in Higher Education Courses). The Ministry of Education and Scientific Research lacks data on tertiary education retention so trends are unknown. For these reasons, the target value of this indicator is a conservative estimate.

## **Component 1- School-based and Systemic Interventions (estimated cost: EUR 144.5 million)**

21. This component will finance supply-side interventions at the school and system levels to address the academic and personal factors hindering Romanian students from transitioning from upper secondary to tertiary education, including dropping out, declining to take the Baccalaureate, or scoring a low mark on the Baccalaureate.

22. **Sub-component 1.1 – School-based Interventions (estimated cost: EUR 127.3 million).** This sub-component would support the transition of students from upper secondary into tertiary education using a decentralized approach based on non-competitive grants to low-performing public high schools. The criteria for selection of eligible high schools, which would be detailed in the Project Operations Manual, would combine the following rates: Baccalaureate passing rate, dropout rate and upper secondary graduation rate. At the end of the Project, it is estimated that approximately 80 percent of Romanian public high schools (1,160) would benefit from this sub-component. The grants allocation formula would be also detailed in the Project Operations Manual (POM), with estimated average grant size of EUR 100,000, with larger grants going to public high schools in greater need. The grant implementation period will be four years.

23. Public high schools would have autonomy to propose activities to facilitate the transition of their students into tertiary education. Up to 10 percent of each grant could be used to cover grant management and incremental operating costs associated with grant management tasks, including salaries of grant implementation team members. Other eligible activities would include *inter alia*: (i) remedial classes, tutoring, counselling, coaching, mediation with Roma communities, activities specifically tailored to students from disadvantaged groups (Roma students, students with special needs or others) on an explicit but non-exclusive basis, and personal development (at least about 50 percent of grant amount); (ii) extracurricular and outreach activities, such as documentary trips/visits, internships, participation in different competitions, and school networking activities (up to about 30 percent of the grant amount); and (iii) minor civil works for renovation of internal spaces/rooms (e.g. laboratories) with minimal or no adverse environmental impacts, and purchase of goods (up to about 20 percent of the grant amount). The grant allocation per high school would be calculated based on a formula incorporating five weighted factors: the poverty index; number of enrolled students from disadvantaged groups, including Roma, students with special needs, or others; total number of students; graduation rate; and Baccalaureate passing rate (see Annex 2).

24. This sub-component would also finance the establishment of a quality assurance mechanism for the public high school grants scheme. This mechanism would encompass four layers: (i) technical assistance for preparation of guidelines on eligible activities (e.g. remedial programs, etc.); (ii) technical assistance for the preparation and evaluation of proposals<sup>15</sup>; (iii) on-site monitoring of implementation of high school improvement plans (derived from approved proposals); and (iv) in-depth technical assistance (mentoring) for implementation of pedagogical activities, as needed. With facilitation from a number of specialists, public high schools will

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<sup>15</sup> A number of specialists (facilitators) would be hired under the Project to provide assistance on both preparation and evaluation of proposals. Each evaluator would analyze proposals different than the ones he/she helped prepare to avoid conflict of interests.

develop grant proposals, from which School Improvement Plans will be derived. The implementation of the grants would be phased in (starting with approximately 25 percent of eligible high schools in the second year of project implementation) to help the Ministry of Education and Scientific Research (MESR) build in an effective learning curve, and would be based on performance requirements to be detailed in the POM.

**25. Sub-component 1.2 – Systemic Interventions (estimated cost: EUR 17.2 million).**

This sub-component would address the systemic challenges faced by all high schools in facilitating the transition into tertiary education, through activities to be centrally implemented by the MESR. Activities to be supported by this sub-component include: (i) revision of the upper secondary education curriculum, with specific consideration for the needs of disadvantaged students including Roma; (ii) training of teachers and public school directors on implementing the revised curriculum, on adapting the curriculum to the needs and abilities of different students (inclusive education), student-centered teaching approaches, intercultural competence<sup>16</sup> and on formative assessment; (iii) improving teaching conditions within Teachers Houses (*Casa Corpului Didactic*); (iv) revising and updating Grade 8 and Baccalaureate<sup>17</sup> exam banks of items, and providing training and improvement of existing information and technologies platform<sup>18</sup>; (v) development and implementation of a Grade 10 learning assessment, to be administered at the end of the compulsory education cycle<sup>19</sup>; (vi) development of digital teaching and learning materials; (vii) development and implementation of campaigns to raise student and teacher awareness, which could be tailored for Roma students; and (viii) strengthening of MESR's capacity to use educational information to monitor upper secondary education and the transition of students into tertiary education.

**Component 2 – University-Level Interventions and Bridge Programs (estimated cost: EUR 49.1 million)**

26. The objective of this component is to support the needs of students who are at risk of dropping out of public faculties in the first year of study. In particular, these students tend to be those who have entered or are likely to enter a faculty with low marks on the Baccalaureate (not greater than seven), are more often from rural communities, lower socioeconomic groups, or are Roma students. This component would finance two grant schemes – one non-competitive and one competitive – for public universities that serve these at-risk students. Public universities would be invited and incentivized to apply for project grants (only one or both schemes) on behalf of their faculties, given the legal status of Romanian faculties. In addition to the grants, this component would finance technical assistance for evaluation of proposals and grants implementation monitoring. Approximately 85 percent of Romanian public faculties would benefit from this component.

27. Public faculties would have autonomy to choose eligible activities to be supported by the non-competitive grant scheme, including but not limited to remedial programs, tutoring,

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<sup>16</sup> Intercultural competence refers to the ability to interact effectively with people of different cultures and socio-economic backgrounds.

<sup>17</sup> See more information on the Baccalaureate exam in Annex 5.

<sup>18</sup> The National Center for Assessment and Examination will benefit from this activity.

<sup>19</sup> See additional information about this assessment in Annex 2.

counselling, guidance and support services, coaching services, workshops in specific areas, and awareness raising campaigns. At the end of the Project, it is expected that 60,000 at-risk students would benefit from remediation and counselling activities supported by this grants scheme. Up to 10 percent of each grant could be used to cover grant management and incremental operating costs associated with grant management tasks, including salaries of grant implementation team members. Specialists would be hired to evaluate proposals, in conjunction with the MESR. The allocation of the grants would be determined by a weighted assessment of factors including: number of at-risk students; and academic area of the faculty (allocation formula to be detailed in the POM). Public faculties that teach in fields of potential economic growth in Romania, such as agriculture, engineering, science and medicine, would be prioritized. The estimated average size of the grant is EUR 100,000, for an implementation period of three years.

28. The competitive grants scheme would finance the development of summer bridge programs, to be implemented by public faculties, and learning centers, to be established for the benefit of the whole university. Bridge programs would include tertiary-level campus-based summer courses for public upper secondary education students (approximately 8,000), though other models could also be considered. It is expected that 160 bridge programs would be offered throughout the duration of the Project, as well as the establishment of learning centers in 24 public universities, with the aim of increasing the academic and social support mechanisms available to at-risk students.

### **Component 3 – Project Management, Monitoring and Evaluation (estimated cost: EUR 6.4 million)**

29. This component would finance day-to-day project management activities, M&E activities, project audits, as well as operational and staffing costs of the MESR's Unit for Externally Financed Projects. Project M&E activities would include surveys of high school students attending bridge programs, an impact evaluation of the high school grants program, and an analysis of existing demand-side programs (see below). The impact evaluation would assess the extent to which the high school grant scheme improved student outcomes and school management processes. This evaluation, which would incorporate an experimental design, would support the collection of detailed student-level data in selected high schools, including educational outcomes as well as demographic and socioeconomic data to allow for an analysis of outcomes amongst disadvantaged groups of students. This component would also finance a revision to the existing student loan scheme developed for tertiary education students (see additional information in Annex 2).

30. This component would finance an analysis of demand-side programs addressing the financial needs of disadvantaged upper secondary students that are currently under implementation and, as needed, make recommendations on how to make these programs more integrated, efficient and effective. In particular, the analysis would: (i) review the financial support mechanisms that already exist for high school students: the *Money for High School* Program (managed by the MESR); the various transportation subsidy programs (managed by the MESR, the Ministry of Transportation, and local authorities); other minor cash and in-kind schemes; and the complementarity assistance schemes with education attendance conditionality run by the Ministry of Labor, Family, Social Protection and Elderly (MoLFSPE); and (ii) present

recommendations on increasing the integration, efficiency and effectiveness of such programs. To the extent possible, the outcomes and fiscal implications of the recommendations would be simulated. The analysis would review the access windows for beneficiaries, the possible integration of beneficiaries databases, the target beneficiaries and the targeting mechanisms, subsidy amounts, implementation arrangements, including communications to potential applicants, and outcomes for recipients in terms of secondary education participation and completion. These studies would be informed by, and conducted in alignment with, the Government's ongoing program to harmonize its social assistance programs. These studies will be carried out during the project implementation period and their findings and recommendations would be used to inform decisions by MESR about demand-side policy and programs, including the use of European Structural and Investment Funds (ESIF).

## **B. Project Financing**

31. The proposed Project will be financed by a loan from the International Bank for Reconstruction and Development (IBRD) in the amount of EUR 200 million. No counterpart funds will be allocated for the project implementation.

## **C. Project Cost and Financing (in EUR million)**

| <b>Project Components</b>   | <b>Cost Including Contingencies</b> | <b>IBRD Financing</b> | <b>% Financing</b> |
|---|-------------------------------------|-----------------------|--------------------|
| <b>Component 1 – School-based and Systemic Interventions</b>            | <b>144.5</b>                        | <b>144.5</b>          | <b>100</b>         |
| 1.1 - School-based Interventions  | 127.3                               | 127.3                 | 100                |
| 1.2 - Systemic Interventions  | 17.2                                | 17.2                  | 100                |
| <b>Component 2 – University-Level Interventions and Bridge Programs</b> | <b>49.1</b>                         | <b>49.1</b>           | <b>100</b>         |
| <b>Component 3 - Project Management, Monitoring and Evaluation</b>      | <b>6.4</b>                          | <b>6.4</b>            | <b>100</b>         |
| <b>Total Costs</b>  |                                     |                       |                    |
| Total Project Costs   | 200                                 | 200                   | 100                |
| <b>Total Financing Required</b>   | <b>200</b>                          | <b>200</b>            | <b>100</b>         |

## **D. Lessons Learned and Reflected in the Project Design**

32. The design of the ROSE Project has benefitted from the implementation experience and achievements under previous projects in Romania which have financed grants to education institutions, especially the Rural Education Project (P073967), which provided over 1,500 grants to rural schools, and the Reform of Higher Education and Research Project (P008793), which provided 936 grants across 42 universities. The results of these projects demonstrated that grants allow individual institutions to directly target groups of students and solve problems specific to those groups or a particular locality.

33. A lesson learned from the implementation of the Rural Education Project, as mentioned in its Implementation Completion and Results Report (ICR), is that the participation of

stakeholders in project implementation is critical to achieve the expected impacts. The Rural Education Project succeeded in creating strong links between schools and local stakeholders. These links should be strengthened during the implementation of the high school grants sub-component of the ROSE Project, which would require involvement of local stakeholders.

34. School grant schemes financed by the World Bank and by the Inter-American Development Bank in other countries, for example Chile (P068271), Brazil (P059565), Uruguay (P008171), Barbados (Skills for the Future Program, which was financed by the Inter-American Development Bank), East Timor (P072647) and Uzbekistan (P107845) point to the importance of setting quality assurance mechanisms along the different phases of the school grant cycle, especially when these schemes are not competitive. These quality assurance mechanisms mitigate the risk of converting these schemes into entitlements financing. Another relevant lesson learned is that the transfers of resources to schools should be linked to satisfactory evidence of physical and financial implementation progress, as compared to the school's stated objectives included in the proposals.

35. Lessons learned from school-based management programs implemented across the world in the last 30 years indicate that a combination of managerial autonomy, students' assessment, and accountability tends to contribute to better performance and increased learning. Interventions in these areas can improve learning when implemented in close coordination. These interventions have components that all schools can manage on their own, such as budget management, responsibility for selecting and managing teachers and staff, management of the school's infrastructure, and monitoring and evaluation of teachers' performance and of student learning outcomes.<sup>20</sup>

## **IV. IMPLEMENTATION**

### **A. Institutional and Implementation Arrangements**

36. The ROSE Project would be implemented over seven years. The MESR would be the main implementing agency responsible for the proposed Project. Public high schools and public tertiary education institutions identified as beneficiaries of the grant components would implement their corresponding parts of the Project under a decentralized approach, but with technical assistance of specialists financed under the Project. School Inspectorates<sup>21</sup> would play a role in the transfer of funds to public high schools under the implementation of the Sub-component 1.1 (see additional information in Annex 3).

37. Implementation arrangements will rely on the existing structure of the MESR. The MESR's Unit for Externally Financed Projects (UEFP) has extensive experience with Bank-financed projects, having implemented almost all of the previous operations in Romania, as well as projects financed from other sources. This unit has the adequate capacity to carry out day-to-day project management activities including centralized procurement, financial management

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<sup>20</sup> Bruns, B., D. Filmer and H. A. Patrinos (2011). *Making Schools Work: New Evidence on Accountability Reforms*. Washington D.C.: The World Bank.

<sup>21</sup> School Inspectorates are part of MESR structure and implement education policies at the local level on behalf of this Ministry.

(FM), reporting, and project M&E. The Project would finance the dedicated FM and procurement specialists, as well as other specialists required to assist the MESR with day-to-day project management, including ensuring full compliance with the procedures set forth in the Legal Agreement, the Project Appraisal Document (PAD), and the POM. Given the importance of the grant components for this Project, the UEFP team would include two experienced Grant Officers throughout the project implementation. The UEFP would manage project activities on behalf of the MESR under the strategic guidance of the Minister of Education and Scientific Research and the Under-Secretary of State for Pre-University Education. The UEFP would also ensure the coordination with other relevant departments within the MESR and other agencies/entities responsible for the implementation of the grants including School Inspectorates.

## **B. Results Monitoring and Evaluation**

38. M&E would play a major role in implementation of the Project. Data collected through the M&E system would support high schools and faculties to monitor the implementation of the grants and to better meet the needs of project beneficiaries. The Project would support capacity building for the MESR in utilization of Education Management Information System (EMIS) data to monitor the transition of students from upper secondary to tertiary education, and tertiary education data on retention. The Project M&E mechanism would rely on existing data sources and would generate project-related information through surveys and data collection exercises. The Project M&E will also rely on the existing robust data collection exercise on the Baccalaureate registration and marks. The Project will also support the following studies: (i) the analysis of existing demand-side programs designed to address the financial needs of disadvantaged upper secondary students; (ii) surveys administered for participants in project-supported bridge programs; and (iii) an impact evaluation of the high school grants scheme. The purpose of the impact evaluation is to assess the extent to which the project high school grant scheme has an effect on student outcomes and school management processes. Detailed administrative and student-level data would be collected in both treatment and control high schools including educational outcomes as well as demographic and socioeconomic information, which would allow for an analysis of outcomes amongst disadvantaged groups such as low-income, rural, and Roma students.

39. Citizen engagement will be monitored over the project implementation cycle by measuring the participation of civil society representatives in planning and decision-making concerning the implementation of the high school grants (see Annexes 1 and 3).

## **C. Sustainability**

40. Data show that approximately 100,000 school students either failed to pass or did not take the Baccalaureate in 2013/14, in addition to 20,000 tertiary education students who were at risk of dropping out of universities in the first year of study. The ROSE Project is designed to address the needs of these students, which is fundamental for Romania to face the challenges of sustaining its economic growth with a shrinking and aging population. The ROSE Project is aligned with the Government's priorities and the goals of the Europe 2020 strategy, as evidenced by Romania's access to €1.59 billion for the Thematic Objective – "Investing in education,



training, and vocational training for skills and lifelong learning.” This will further contribute to the project’s sustainability.

41. The objectives of the proposed Project align with and complement EU priorities in several areas, allowing the GoR to leverage ESIF. The ROSE Project and EU priorities both emphasize a focus on disadvantaged populations, an interest in improving education quality and reducing dropouts, and an interest in improving participation in tertiary education. However, the operational programs that are being prepared by the GoR for the programming period 2014-2020 would be mainly implemented to tackle challenges in primary, lower secondary and tertiary education. Although the Thematic Objective 10 of the Partnership Agreement of Romania allows investments in secondary education, these operational programs do not include interventions addressing the challenges in upper secondary education or the transition of students into tertiary education. As the ROSE Project focuses on interventions in these two areas, it would complement EU-funded programs in the period 2014-2020. The complementarity between the EU Early School Leaving agenda, which emphasizes primary and lower secondary education, and the ROSE Project’s focus on upper secondary education completion is an example of this. Another example of such complementarity is the alignment between the ROSE Project’s support for interventions at the level of universities/faculties and the EU Agenda for the Modernization of Higher Education. At a later stage, ESIF could be used to scale up the models proposed under the ROSE Project. Leveraging EU funding and strengthening the Government’s capacity to absorb this funding will ensure that ROSE Project results are sustained.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings Summary Table

| <b>Risk Categories</b>                                       | <b>Rating</b>   |
|--|-----------------|
| Political and governance                                     | Substantial     |
| Macroeconomic  | Moderate        |
| Sector strategies and policies                               | Low             |
| Technical design of project                                  | Low             |
| Institutional capacity for implementation and sustainability | Moderate        |
| Fiduciary  | Substantial     |
| Environmental and social                                     | Low             |
| Stakeholders   | Moderate        |
| <b>Overall</b>   | <b>Moderate</b> |

### B. Overall Risk Rating Explanation

42. **The overall risk rating for the proposed Project is moderate.** There is a substantial risk that *political and governance factors* could impact the achievement of the PDO. Changes in senior management in the MESR and the Ministry of Public Finance (MoPF) could reduce project ownership or delay implementation. At the same time, the proposed Project is grounded on the Government strategies on reducing early school leaving, tertiary education, and lifelong learning, which have been extensively consulted with stakeholders and endorsed by them. Similarly, as these strategies are *ex ante* conditionalities for the utilization of ESIF in the

programming period 2014-2020, they are likely to continue receiving strong Government support. Additionally, the proposed project design relies on grants schemes, which promote more accountability in the education system and strong community participation, so this dimension of the governance risk is considered to be low.

43. There is a low risk that the *technical design of the project* will adversely affect the PDO. The project will phase in the implementation of the high school grants program, starting in the first round with only 25 percent of eligible high schools, to allow the MESR to closely monitor the process and make adjustments as needed, before expanding the grants scheme to the remaining eligible schools. This phased approach will also be coupled with a quality assurance mechanism that will involve various forms of technical assistance to project-supported high schools. As such, the technical design utilizes the MESR's experience and incorporates features that are expected to mitigate the moderate risk associated with limited *institutional capacity* of project-supported high schools. While some high schools that will benefit from the Project have limited experience in planning, managing, and monitoring grant-financed activities, the MESR has extensive experience implementing donor-funded projects including those with large grants components, as in the Rural Education Project. The MESR has an established Project Management Unit (the UEFP), which would support institutional capacity building and monitoring through the above-mentioned quality assurance mechanism.

44. World Bank-financed projects in Romania are usually pre-financed with State Budget funds, rather than loan advances. There is a substantial risk that *fiduciary factors*, specifically deficit targets set by the MoPF, would limit or delay allocation of Government funds for pre-financing ROSE Project activities. As such, deficit targets could reduce the required allocation, negatively affecting project implementation. Although the allocation of Government funds has affected Bank-supported projects in Romania and is considered substantial for the ROSE Project, the UEFP would anticipate and attempt to mitigate this risk by preparing and discussing with the MoPF and the World Bank realistic annual and multi-annual project budgets with quarterly and monthly cash forecasts.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

45. The ROSE Project *cost-benefit analysis* considers quantifiable benefits of cash flows from lifetime earnings of higher numbers of secondary and tertiary education graduates against relevant project costs, considered as the present value of benefits and costs as compared to the counterfactual of no intervention. Lifetime earnings are calculated from wage premia from a Mincerian regression of returns to an additional year of education<sup>22</sup> using the nationally representative 2009 Romania Household Budget Survey. In *financial terms*, the ROSE Project would contribute to Romania's goal of achieving full compulsory secondary education to grade 12 (or 13 or 14) by 2020, which would result in some increases in the Government's education budget related to higher enrollment in upper secondary schools and at the tertiary level. These

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<sup>22</sup> Zgreaban, I. I. (2013). "Education in Romania – How much is it worth?" *Romanian Journal of Economic Forecasting*, Vol. 16, Issue 1, pp. 149-163.

increases would have a minimal impact on the GoR's public expenditure on education associated with one year of educating these students who would not have graduated without the ROSE Project and public and private costs associated with higher numbers of tertiary students.

46. The findings of the economic and financial analysis, which are detailed in Annex 7, indicate that the ROSE Project represents a promising investment, with a Net Present Value (NPV) of US\$681.2 million, an Internal Rate of Return (IRR) of 14.1 percent, and a benefit to cost ratio of 4.4. Even if the Project does not perform as well as anticipated, a positive NPV of US\$ 241.2 million, a benefit-to-cost ratio of 2.2, and an IRR of 8.1 percent are expected in the low case of the sensitivity analysis. Finally, these expected results would require minimal additional investment by the Government of Romania of approximately 1.9 percent of the upper secondary expenditure and 0.4 percent of public and private costs of tertiary education.

## **B. Technical**

47. The PDO would be achieved through the implementation of a technically sound project design, which focuses on school-based management supported by grants, systemic interventions, and institutional capacity building. The ROSE Project builds on Romania's experience with school grants as an instrument for improving quality at the school level. Additionally, evidence from international student assessments indicates that most countries whose students perform well also give their local authorities and schools substantial autonomy over adapting and implementing educational content and allocating and managing resources. Grants would provide high schools and university faculties with greater autonomy and resources to meet the diverse needs of their students, especially those from disadvantaged backgrounds. Technical assistance would also be provided to strengthen the ability of the MESR to implement and monitor these initiatives.

## **C. Financial Management**

48. The FM arrangements of the Project would build upon the existing systems in place at the UEFP, which are generally sound, with good internal controls and effective contract monitoring. Given the large grants components that would require adequate oversight mechanisms to be instituted within beneficiaries and UEFP, and potential limitations in the availability of counterparts pre-financing, the overall FM risk of the Project is assessed as substantial. This risk is expected to be reduced to moderate after implementation of mitigation measures. In order to further consolidate the existing FM arrangements, the UEFP should complete two actions. First, the UEFP should implement a project Management Information System (MIS) for enhanced monitoring, reporting, and FM, no later than June 30, 2016, so the MIS will be operational in advance of the first round of grants, expected for the start of the 2016-2017 academic year. Second, the UEFP should prepare and approve an acceptable financial manual, as an integral part of the POM, as a condition of effectiveness. The UEFP has specialists who are well-familiarized with World Bank FM and disbursement procedures, at present.

49. The Project would be implemented in accordance with existing disbursement procedures, whereby expenditures are initially pre-financed from State Budget funds and later, the eligible expenditures are reimbursed from the Project. Appropriate annual project budget needs would be requested in a timely manner by MESR to MoPF in order to be included in the State Budget for

2015 and beyond. Appropriate project accounting records would be maintained by MESR, and at grantees level. The FM procedures instituted for the Project would be detailed in a separate chapter of the POM, reflecting specific references to the fiduciary arrangements instituted for the grants schemes including the role of School Inspectorates for the high school one. The UEFP would submit to the Bank quarterly Interim un-audited Financial Reports (IFRs) in a format acceptable to the Bank and according to pre-agreed due dates. The format of these reports would be developed and agreed with the counterparts. An independent audit on the use of project funds would be conducted on an annual basis, by independent auditors and based on audit terms of reference acceptable to the Bank, which would be agreed upon. More detailed information on FM for the Project is presented in Annex 3.

#### **D. Procurement**

50. The procurement arrangements for the Project would draw from the experience of the previous similar projects implemented by MESR. Procurement for the proposed Project would be carried out in accordance with the World Bank's *Guidelines for Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers* published in January 2011, revised in July 2014 (Consultants Guidelines); and *Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers* published in January 2011, revised in July 2014 (Procurement Guidelines), as well as the provisions of the *World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credit and Grants* dated October 15, 2006 and revised in January 2011, and of the Loan Agreement. In addition procurement conducted by all grant beneficiaries (public high schools and public tertiary education institutions) would be ruled by simple agreed procedures reflected in the Project Operations Manual. A project procurement capacity and risk assessment was conducted in July 2014 and updated in December, 2014. The capacity of the grant beneficiaries at the high school level was assessed to be weak and necessary capacity building and support measures will be undertaken at all stages of the grants cycle, including grant preparation. Due to the scope of the Project, its procurement risk is rated *substantial*. More detailed findings of the assessment, the proposed procurement arrangements, and the mitigation measures to address the identified risks are presented in Annex 3. The Procurement Plan covering the first 18 months of project implementation was prepared by the UEFP.

#### **E. Social (including Safeguards)**

51. The ROSE Project targets socioeconomically disadvantaged students and, as such, its social impact is expected to be positive. For the grants program under sub-component 1.1, the eligibility criteria for selecting the beneficiary high schools focuses on educational outcomes, but the underlying evidence indicates that vulnerable and disadvantaged groups are often those with poorer educational outcomes. Within eligible schools, the number of disadvantaged students will be a significant factor in determining the amount of funds allocated per high school. Activities such as tutoring, counselling and coaching are also expected to help increase the inclusion of vulnerable and disadvantaged groups in upper secondary education. Some of these activities can be tailored to the context and needs of specific groups, considering gender differences, and for disadvantaged groups, including students of low-income families or of parents with low education, in order to address their specific challenges.

52. The proposed Project is sensitive to Roma related challenges, and it is expected that a substantial share of beneficiaries will be Roma students (see Annex 8). The Project would address various challenges that Roma students may face in accessing and continuing secondary education, as well as during the first year of tertiary education, through activities such as: remedial programs, tutoring, counselling and guidance services, promotion of job fairs, workshops, and awareness raising campaigns, mostly dedicated to vulnerable groups. Bridge programs supported under Component 2 will also prioritize disadvantaged students. Moreover, within the early stages of the Project, various dissemination and awareness raising events are envisioned, which are also opportunities to consult with stakeholders on the key challenges with which they are confronted, and which could be addressed through the Project. *The ROSE Project does not trigger the Bank's social safeguards policies*, as no form of involuntary resettlement or impacts on indigenous peoples is envisaged.

#### **F. Environment (including Safeguards)**

53. No adverse or only minimal environmental impacts are anticipated under the proposed Project, given the small size of the civil works to be financed by grants to high schools, which will only apply to existing buildings. No new structures or works of significant size are envisaged under the Project, and therefore the environmental or resettlement risks are expected to be negligible. *No safeguards are being triggered, and the environmental category for the proposed project is C*, with no Environmental Management Plan (EMP) necessary to be prepared. However, as an added precaution, the UEFP will be expected to use an environmental and social screening check-list for evaluation of grants to screen out any potentially non-conforming activities, and this will be included in the POM. The UEFP has the required capacity to carry out environmental and social protection screening activities related to the Project. This environmental and social screening check-list will be applied to all grant applications that include rehabilitation works or purchasing of laboratory equipment and materials or consumables. During the project implementation, the UEFP will carry out periodic monitoring and evaluation of the environmental performance of the high school, to observe potential impact, and to recommend remedial actions.

## Annex 1: Results Framework and Monitoring

### ROMANIA: Secondary Education Project

| <b>Project Development Objective:</b> the Project Development Objectives are to improve the transition from upper secondary into tertiary education and increase the retention in the first year of tertiary education in project-supported education institutions. |          |                          |       |       |     |       |      |       |            |
|---|----------|--------------------------|-------|-------|-----|-------|------|-------|------------|
| <b>Project Development Objective Indicators (*)</b>   |          |                          |       |       |     |       |      |       |            |
| Indicator Name  | Baseline | Cumulative Target Values |       |       |     |       |      |       |            |
|   |          | YR1                      | YR2   | YR3   | YR4 | YR5   | YR6  | YR7   | End Target |
| Average dropout rate in the final grade in project-supported high schools   | 6.5%     | 6.5%                     | 6.2%  | 5.8%  | 5%  | 4%    | 3.8% | 3.5%  | 3.5%       |
| <i>Sub-type indicator:</i><br>Percentage of project-supported high schools with dropout rate above 7 percent  | 23.1%    | 23.1%                    | 22%   | 19%   | 16% | 13%   | 11%  | 10%   | 10%        |
| Average graduation rate in project-supported high schools   | 86.9%    | 86.9%                    | 88%   | 89%   | 90% | 91%   | 92%  | 93%   | 93%        |
| Average Baccalaureate passing rate in project-supported high schools  | 49.6%    | 49.6%                    | 50%   | 52%   | 54% | 56%   | 58%  | 59%   | 59%        |
| Average retention rate in the first year of tertiary education in project-supported faculties   | 82.3%    | 82.3%                    | 82.3% | 82.5% | 83% | 83.5% | 84%  | 84.5% | 84.5%      |
| <b>Intermediate Results Indicators</b>  |          |                          |       |       |     |       |      |       |            |
| <b>Component 1 – School-based and Systemic Interventions</b>  |          |                          |       |       |     |       |      |       |            |
| Percentage of eligible high schools benefitting from the project grants   | 0%       | 0%                       | 25%   | 90%   | 90% | 90%   | 90%  | 90%   | 90%        |
| Percentage of project-supported high schools that implement the grants in compliance with grant   | 0%       | 0%                       | 50%   | 60%   | 75% | 85%   | 100% | 100%  | 100%       |

|  |     |     |       |        |        |        |        |        |        |
|--|-----|-----|-------|--------|--------|--------|--------|--------|--------|
| performance indicators   |     |     |       |        |        |        |        |        |        |
| Percentage of project-supported high schools that implement the grants in compliance with requirements for citizen engagement applicable to the Project (**) | 0%  | 0%  | 65%   | 70%    | 75%    | 80%    | 85%    | 90%    | 90%    |
| Average percentage of students of project-supported high school benefiting from remedial, tutoring or counselling activities (*)                             | 0%  | 0%  | 10%   | 20%    | 30%    | 40%    | 45%    | 50%    | 50%    |
| Grade 10 assessment developed and administered, and results used to inform policy  | No  | No  | No    | No     | No     | Yes    | Yes    | Yes    | Yes    |
| <b>Component 2 – University-Level Interventions and Bridge Programs</b>  |     |     |       |        |        |        |        |        |        |
| Percentage of eligible faculties benefitting from project grants   | 0%  | 0%  | 25%   | 80%    | 80%    | 80%    | 80%    | 80%    | 80%    |
| Number of at risk tertiary education students benefiting from remediation and counseling programs (*)  | 0   | 0   | 5,000 | 10,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Number of project-supported high school students who participate in bridge programs (*)  | 0   | 0   | 1,000 | 3,000  | 6,000  | 8,000  | 8,000  | 8,000  | 8,000  |
| <b>Component 3 – Project Management, Monitoring and Evaluation</b>   |     |     |       |        |        |        |        |        |        |
| Report on the analysis of existing demand-side programs for disadvantaged upper secondary education students published with recommendations                  | No  | No  | Yes   | Yes    | Yes    | Yes    | Yes    | Yes    | Yes    |
| Share of students of project-  | N/A | N/A | N/A   | To be  | N/A    | N/A    | 30%    | 30%    | 30%    |

|   |    |    |         |            |           |           |           |           |           |
|---|----|----|---------|------------|-----------|-----------|-----------|-----------|-----------|
| supported high school attending bridge programs who demonstrate motivation to pursue tertiary education |    |    |         | determined |           |           |           |           |           |
| Tertiary education students loan scheme revised and used to inform policy makers                        | No | No | No      | Yes        | Yes       | Yes       | Yes       | Yes       | Yes       |
| Direct project beneficiaries, of which female (*) (core indicator)                                      | 0  | 0  | 460,000 | 900,000    | 1,140,000 | 1,390,000 | 1,620,000 | 1,620,000 | 1,620,000 |

(\*) Indicators to be monitored disaggregated by gender.

(\*\*) Eligible high schools would be required to involve representatives of the civil society in the preparation of grant proposals, including parents of students, students, teachers, the principal, and representatives of local authorities. The requirements for citizen engagement applicable to the Project will be defined in the POM.

Note:

All project-supported education institutions are public institutions.

Annual target values for intermediate indicators under Components 1 and 2 are prepared in accordance with the expected rollout and implementation of high school and university grants schemes. In some cases, the end target is expected to be achieved before Year 7 of project implementation, which explains why some annual target values do not increase linearly over the course of the Project.

### Indicator Description

| Project Development Objective Indicators   |  |           |                                      |                                    |
|--|--|-----------|--------------------------------------|------------------------------------|
| Indicator Name   | Description  | Frequency | Data Source / Methodology            | Responsibility for Data Collection |
| Average dropout rate in the final grade in project-supported high schools                                    | Project-supported high schools are those that have either (i) average Baccalaureate passing rates below 90%; (ii) dropout rates greater than 2.5%; or (iii) an average upper secondary graduation rate below 85%.<br>Indicator to be monitored disaggregated by gender.<br>All project-supported education institutions are public institutions. | Annual    | MESR's EMIS;<br>School Inspectorates | MESR; School Inspectorates         |
| <i>Sub-type indicator:</i><br>Percentage of project-supported high schools with dropout rate above 7 percent | Number of project-supported high schools with dropout rate above 7% divided by the total number of project-supported high schools, multiplied by 100. The average dropout rate in eligible high schools was 6.5% in 2013/2014.<br>Indicator to be monitored disaggregated by gender.   | Annual    | MESR's EMIS;<br>School Inspectorates | MESR; School Inspectorates         |



|  |  |             |   |                            |
|--|--|-------------|---|----------------------------|
|  | All project-supported education institutions are public institutions.  |             |   |                            |
| Average graduation rate in project-supported high schools  | Graduation rate at grade 12 in project-supported high schools.<br>Indicator to be monitored disaggregated by gender. All project-supported education institutions are public institutions.   | Annual      | MESR's EMIS;<br>School Inspectorates  | MESR; School Inspectorates |
| Average Baccalaureate passing rate in project-supported high schools   | Indicator to be monitored disaggregated by gender. All project-supported education institutions are public institutions.   | Annual      | MESR's documents  | MESR                       |
| Average retention rate in the first year of tertiary education in project-supported faculties  | Indicator to be monitored disaggregated by gender. All project-supported education institutions are public institutions.   | Annual      | MESR's documents;<br>project-supported faculties  | MESR                       |
| <b>Intermediate Results Indicators</b>   |  |             |   |                            |
| <b>Component 1 – School-based and Systemic Interventions</b>   |  |             |   |                            |
| Percentage of eligible high schools benefitting from the project grants  | Number of project-supported high schools divided by the total number of eligible high schools, multiplied by 100.  | Semi-annual | MESR's documents  | MESR                       |
| Percentage of project-supported high schools that implement the grants in compliance with grant performance indicators                                       | The requirements for grants performance will be defined in the POM.  | Semi-annual | Grants performance requirements to be specified in the POM                                | MESR                       |
| Percentage of project-supported high schools that implement the grants in compliance with requirements for citizen engagement applicable to the Project (**) | Indicator on citizen engagement.<br>Eligible high schools would be required to involve representatives of the civil society in the preparation of grant proposals, including parents of students, students, teachers, the principal, and representatives of local authorities. The requirements for citizen engagement applicable to the Project will be defined in the POM. | Semi-annual | Requirements for citizen engagement applicable to the Project to be specified in the POM. | MESR                       |
| Average percentage of students of project-supported high school benefiting from remedial, tutoring or  | Indicator to be monitored disaggregated by gender.   | Semi-annual | MESR's documents  | MESR                       |

|   |   |                           |   |   |
|---|---|---------------------------|---|---|
| counselling activities (*)  |   |                           |   |   |
| Grade 10 assessment developed and administered, and results used to inform policy   | New student assessment to be developed and financed by the Project.   | Semi-annual               | MESR's documents  | MESR  |
| <b>Component 2 – University-Level Interventions and Bridge Programs</b>   |   |                           |   |   |
| Percentage of eligible faculties benefitting from project grants  |   | Semi-annual               | MESR's documents  | MESR  |
| Number of at risk tertiary education students benefiting from remediation and counseling programs (*)                                       | At-risk tertiary students are those who pass the Baccalaureate with low marks and are at risk of dropping out of faculties in the first year of study. Indicator to be monitored disaggregated by gender. | Semi-annual               | MESR's documents  | MESR  |
| Number of project-supported high school students who participate in bridge programs (*)   | Bridge programs under the Project are campus-based summer courses for public high school students. Indicator to be monitored disaggregated by gender.   | Semi-annual               | MESR's documents  | MESR  |
| <b>Component 3 – Project Management, Monitoring and Evaluation</b>  |   |                           |   |   |
| Report on the analysis of existing demand-side programs for disadvantaged upper secondary education students published with recommendations | Report to be prepared using project funds   | Semi-annual               | MESR's documents  | Consultant to be hired to analyze the existing demand-side programs |
| Share of students of project-supported high school attending bridge programs who demonstrate motivation to pursue tertiary education        | Motivation to be defined by the consultant to be hired under the Project. Two student surveys will be carried out at the end of YR3 and YR 6. The final target will be 30% higher than the baseline.      | At the end of YR3 and YR6 | Two student surveys. The final target is 30% higher than the baseline | Company to be hired to carry out the surveys                        |
| Tertiary education students loan scheme revised and used to inform policy makers  | Analysis to be carried out with project funds.  | Annual                    | MESR's documents  | Consultant to be hired to revise the students loan scheme           |
| Direct project beneficiaries, of which female (*) (core   | Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e.,  | Annual                    | MESR's documents; MESR's EMIS;  | MESR  |

|            |  |  |                      |  |
|------------|--|--|----------------------|--|
| indicator) | children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage. |  | School Inspectorates |  |
|------------|--|--|----------------------|--|

(\*) Indicators to be monitored disaggregated by gender.

(\*\*) Eligible high schools would be required to involve representatives of the civil society in the preparation of grant proposals, including parents of students, students, teachers, the principal, and representatives of local authorities. The requirements for citizen engagement applicable to the Project will be defined in the POM.

Note:

All project-supported education institutions are public institutions.

Annual target values for intermediate indicators under Components 1 and 2 are prepared in accordance with the expected rollout and implementation of high school and university grants schemes. In some cases, the end target is expected to be achieved before Year 7 of project implementation, which explains why some annual target values do not increase linearly over the course of the Project.

## **Annex 2: Detailed Project Description**

### **ROMANIA: Secondary Education Project**

1. The PDOs are to improve the transition from upper secondary into tertiary education and increase the retention in the first year of tertiary education in project-supported education institutions. The ROSE Project will provide support to the national education program. Project activities, which are supported by the Romanian legal framework, will be structured around three components: (i) School-based and Systemic Interventions; (ii) University-Level Interventions and Bridge Programs; and (iii) Project Management, Monitoring and Evaluation.

#### **Component 1 - School-based and Systemic Interventions (estimated cost: EUR 144.5 million)**

2. This component will finance supply-side interventions at the school and system levels to address the academic and personal reasons that are the leading factors hindering Romanian students from transitioning from upper secondary to tertiary education, including dropping out, declining to take the Baccalaureate, or scoring a low mark on the Baccalaureate.

3. **Sub-component 1.1 – School-based Interventions (estimated cost: EUR 127.3 million).** This sub-component would support the transition of students from upper secondary into tertiary education using a decentralized approach based on non-competitive grants to low-performing public high schools. The criteria for selection of eligible high schools, which would be detailed in the Project Operations Manual, would combine the following rates: Baccalaureate passing rate, dropout rate and upper secondary graduation rate. This would allow approximately 87 percent of Romanian public high schools (around 1,260) to be eligible for a grant. At the end of the Project, it is estimated that 80 percent of Romanian public high schools (1,160) would benefit from this sub-component, as not all eligible institutions would present proposals. Nonetheless, more public high schools may benefit from this sub-component in case project funds become available from savings or reallocations from other components during the course of implementation.

4. *Grant Allocation.* The grant allocation per high school would be based on a formula that incorporates socioeconomic disadvantage as well as academic performance. Five weighted factors will be included in the formula: the poverty index (Local Human Development Index, LHDI<sup>23</sup>); the number of enrolled students from disadvantaged groups, including Roma, students with special needs, or others; the total number of students enrolled in the school; the graduation rate; and the Baccalaureate passing rate. The Project Operations Manual will detail the weights assigned to each factor and its application for grant allocations. The estimated average size of the grant to be allocated to each public high school is EUR 100,000, with larger grants going to public high schools in greater need. The grant implementation period will be four years.

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<sup>23</sup> The LHDI, or so called poverty index, measures the total capital of localities, looking in particular at four dimensions: human capital (education stock at locality level); health capital (life expectancy at birth); vital capital (average age of adult population over 18 years old); and material capital (a factor score of living floor area by house, private cars to 1000 inhabitants, and distribution of gas for household consumption by locality). The aggregation of these four dimensions of community capital is achieved by another factor score. The higher the value of the index, the lower the poverty (World Bank's 2013 Report on Reshaping the Economic Geography of Romania).

5. *Eligible Activities.* The proposals and activities contained therein should be prepared with the objectives of reducing high school dropout rates, increasing graduation rates, and improving performance on the Baccalaureate. Public high schools will also have the autonomy to propose activities specifically tailored to Roma students or other disadvantaged groups, as needed (on an explicit, but non-exclusive basis). Up to 10 percent of each grant could be used to cover grant management and incremental operating costs associated with grant management tasks, including salaries of grant implementation team members. Eligible activities would also include, but would not be limited to the following:

- remedial classes, tutoring, counselling, coaching, mediation with Roma communities (see more information below), activities specifically tailored to students from disadvantaged groups (Roma students, students with special needs or others) on an explicit but non-exclusive basis, and personal development (at least about 50 percent of the grant amount);
- extracurricular and outreach activities, such as documentary trips/visits, internships, participation in different competitions, and school networking activities (up to about 30 percent of the grant amount); and
- minor civil works for renovation of internal spaces/rooms (e.g. high school laboratories) with minimal or no adverse environmental impacts, and purchase of goods (up to about 20 percent of the grant amount).

6. Extending school mediators to upper secondary schools can positively impact students from disadvantaged groups. Qualitative research conducted under the Diagnostics and Policy Advice for Supporting Roma Inclusion in Romania (2014) suggests that school mediators can play an important role as a bridge between Roma communities and schools, or between Roma families and public officials. At the primary education level, school mediators are said to have had a positive impact in a wide range of areas, contributing to a decrease in the number of school dropouts and non-enrollment cases, improvement of school attainment and academic performance of Roma students, and reduction of absenteeism among students. They have also worked to combat the segregation of Roma and non-Roma students in classes and contributed to the desegregation of schools. School mediators are reported to have achieved improvements in communication between schools and the Roma community, and in the attitudes of teachers toward the Roma.

7. *Phased Implementation.* Grants will be awarded to public high schools for a 4-year period to allow sufficient time for implementing activities aimed at supporting students from Grade 9 through Grade 12 (or other final grade). The implementation of the high school grants will be phased in so as to allow for the MESR to build in an effective learning curve and have sufficient time to make adjustments to the grants scheme, if required. While the Project is expected to provide grants to about 1,160 public high schools, the implementation will start in the second year of the Project with approximately 25 percent of the total universe of eligible public high schools (around 300, including a large number of those with the lowest performance indicators). Once sufficient information is recorded and analyzed concerning the first phase of implementation, and adjustments to the scheme have been made, the remaining public high schools will join a second phase. Each phase of approved proposals is expected to be

implemented over 4 years. The last year of the Project would be allocated for the completion of the grants, the final evaluation of all activities and reporting.

8. *Quality Assurance Mechanism.* At the same time, the Project would also finance the establishment of a quality assurance mechanism for the public high school grants scheme. This mechanism would encompass four layers: (i) technical assistance for preparation of guidelines on eligible activities to be financed with grants (described above); (ii) technical assistance for the preparation and evaluation of proposals; (iii) on-site monitoring of implementation of high school improvement plans (based on approved proposals); and (iv) in-depth technical assistance for implementation of pedagogical activities, as needed.

9. *Performance-based Monitoring.* The implementation of the public high school grants would be closely monitored by the UEFP (see additional information below) to ensure that the proposed improvement plans contribute to the achievement of both the objectives of each public high school and also the ROSE PDO. The monitoring of the implementation will take into consideration performance-based requirements, which could include the utilization of project indicators to monitor progress of transition into tertiary education at the school level. These performance requirements will be detailed in the Project Operations Manual. If the implementation of the grants is not in compliance with these performance requirements, subsequent transfer of funds will be temporarily suspended, and the respective public high schools will be technically assisted by the UEFP to adjust the course of implementation. The transfers of grants funds will resume upon assessment of the UEFP.

10. In general, the implementation of the high school grants will include the following five steps, embedding the above mentioned quality assurance mechanism: (i) dissemination and awareness activities, (ii) preparation and submission of grant proposals, (iii) evaluation of grant proposals, (iv) signing of grant agreements, and (v) implementation and monitoring. These steps are described briefly below, and will be detailed in the Project Operations Manual.

11. *Dissemination and Awareness Activities.* These activities are aimed at reaching all public high schools in Romania, in all 41 counties, all School Inspectorates and all county authorities. Detailed information will be provided on: (i) the objective of the grants; (ii) the average amounts and implementation timetable; (iii) the steps to be taken by interested public high schools to apply for grants, including contacts for obtaining further information.

12. *Preparation and Submission of Grant Proposals.* The strategic planning exercise to be carried out for the preparation of grant proposals will build on the existing regulation for the elaboration of Institutional Development Plans by Romanian schools. A number of specialists (facilitators) would support public high schools to develop grant proposals, taking into account the existing Institutional Development Plans. Facilitators would provide direct support to the high school-based teams for an accurate diagnosis of the situation in the respective institutions and the identification of problems and solutions that would be further implemented with the grant support. Facilitators would primarily train high school-based teams to develop grant proposals. Grant proposals would be prepared with the participation of the principal and a team of teachers, parents of students, students, the mayor, representatives of the local council, and local representatives of the Public Social Assistance Service. This collegial approach would

contribute to strong citizen/community engagement in planning and decision-making at the school level. The proposal would present the situation of the high school in terms of performance on the Baccalaureate, dropouts, and graduation rates, and will identify solutions to address problems. The proposal would include a School Improvement Plan (SIP) that details costs and timelines for those activities to be financed with the grant. The proposal and SIP would follow a format provided in the POM. The high school grant proposal would be endorsed by a commission established at the county level, hosted by the county school inspectorate, before being submitted for evaluation.

13. *Evaluation of Grant Proposals.* The facilitators will also evaluate the proposals. Those who helped prepare grant proposals for public high schools in a given county will evaluate grant proposals submitted in a different county, following a well-defined evaluation procedure (to be specified in the POM) that avoids conflict of interests. Compliant grants will be submitted to the UEFP at the central level for final approval. The facilitators will provide feedback to all public high schools that prepared grant proposals, and those high schools that submitted proposals that are not in compliance with the requirement stated in the POM will be further supported by their facilitators to improve and resubmit their grant proposals.

14. *Signing of Grant Agreements.* For each approved proposal, a Grant Agreement will be signed between the MESR and the public high school. As explained in Annex 3, project funds will be channeled from the MESR through School Inspectorates, as per the existing budgetary mechanism. School Inspectorates are part of MESR structure and have legal status and responsibility for delivering public services on behalf of and in place of the MESR, by implementing this Ministry's policies and strategies at the local level.

15. *Implementation and Monitoring.* For quality assurance purposes, the Project would support technical assistance for the preparation of guidelines on eligible pedagogical activities (e.g. remedial programs, etc.). As part of the above-mentioned quality assurance mechanism, the grants implementation will be regularly monitored by a team of specialists (at least one visit to each high school per quarter is envisaged), related to both fiduciary and pedagogical aspects. The Project would also provide in-depth technical assistance for the implementation of pedagogical activities such as the remedial programs. This in-depth technical assistance would be provided by mentors to be made available by one or more companies to be hired centrally by the UEFP.

16. It is envisaged that public high schools to benefit from the grants would select service providers to deliver the planned activities either by looking for them in the local market using competitive selection procedures or by using their own staff in accordance with the existing regulation. For extracurricular activities such as documentary trips, internships, participation in different competitions and school networking activities, public high schools will be expected to organize them and cover all related costs with grant funding. Public high schools would receive project funds twice per year upon evidence of progress in implementation of activities and according to details stipulated in the POM.

17. Building on the Romania Rural Education Project (P073967), participatory monitoring of the grants implementation would be encouraged under the ROSE Project, involving school

inspectors, parents of students, and representatives of local authorities. The UEFP would be responsible for the monitoring of the public high school grants.

### **Sub-component 1.2 – Systemic Interventions (estimated cost: EUR 17.2 million).**

18. This sub-component will support a series of interventions aimed at addressing the systemic challenges faced by all high schools in facilitating the transition into tertiary education. These interventions will be implemented centrally by the MESR. Activities to be financed under this sub-component include: (i) revision of the upper secondary education curriculum, with specific consideration for the needs of disadvantaged students including Roma; (ii) training of teachers and public school directors on implementing the revised curriculum, on adapting the curriculum to the needs and abilities of different students (inclusive education), student-centered teaching approaches, intercultural competence (see explanation below), and on formative assessment; (iii) improving teaching conditions within Teachers Houses (*Casa Corpului Didactic*); (iv) revising and updating Grade 8 and Baccalaureate<sup>24</sup> exam banks of items, with related training and improvement of existing information and technologies platform; (v) development and implementation of an assessment for Grade 10 students, to be applied at the end of the compulsory education cycle; (vi) development of digital teaching and learning materials, in line with the MESR's e-learning priorities; (vii) development and implementation of campaigns to raise student and teacher awareness, which could be tailored for Roma students; and (viii) strengthening of MESR's capacity to use educational information to monitor upper secondary education and the transition of students into tertiary education.

19. *Upper Secondary Education Curriculum.* This sub-component would finance technical assistance for the Institute of Education Sciences (IES) to revise the curriculum for upper secondary education from a subject-based to a competence-based model, including the revision of more than 350 study programs of grades 9 to 12 in all three tracks. This process will be conducted in alignment with ongoing curricular revisions for grades 1-8, which are financed separately using the State budget and ESIF. The curriculum revision under the Project would start in the first year of the project implementation, with revision of one grade per year in a way that by the end of the 4<sup>th</sup> year, the activity would be completed.

20. *Professional Development for Teachers and School Directors.* This sub-component will support training and professional development programs for teachers and public school directors throughout all high schools in Romania. These programs will focus on two areas: (i) pedagogical techniques aligned with the revised curricula, and (ii) inclusive education. Teachers and school directors will be trained on the revised curriculum in addition to pedagogical practices that are aligned with a competence-based approach. Training will emphasize student-centered teaching approaches that shift the focus from teachers to learners. In accordance with the Government's e-digital Strategy, new digital teaching and learning materials (e.g. instructional videos) will be developed to model these approaches. Teachers and school directors will also participate in training programs on inclusive education and intercultural competence. Intercultural competence refers to an ability to interact effectively with people of different cultures and socio-economic backgrounds. Intercultural competence comprises four components: (i) awareness of one's own cultural worldview; (ii) attitude towards cultural differences; (iii) knowledge of different cultural

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<sup>24</sup> See more information on the Baccalaureate exam in Annex 5.



practices and worldviews; and (iv) cross-cultural skills. Developing intercultural competence results in an ability to understand, communicate with, and effectively interact with people across cultures. The trainings will support the development of strategies for adapting the curricula to the needs and abilities of different students. Such strategies will have a particular focus on disadvantaged or minority students such as Roma, linguistic minorities, and special needs students. Project funds would also finance the acquisition of information and technologies equipment needed to improve the teaching conditions within Teachers Houses (*Casa Corpului Didactic*).

21. *Revisions to Student Assessments.* The national Grade 8 exit exam is administered to all students preparing to leave lower secondary education and enter upper secondary education. High schools admit students based in part on these test scores. The Baccalaureate exam, required for admission to universities, is administered following the last grade of upper secondary education (Grade 12, 13, or 14, depending on the program). Although both exams are designed such that results are comparable, both are traditional subject-based assessments. Neither is aligned with the interdisciplinary competence-based designs of international assessments such as PISA or the Trends in International Mathematics and Science Study (TIMSS). Furthermore, although new test items are added each year, the Grade 8 exam and the Baccalaureate select items from a largely outdated bank of items. As such, this sub-component will support the revision and modernization of these two assessments as well as training for relevant MESR staff on item response theory and testing methodology. It would also finance the purchase of hardware and software to improve the capacity of the National Center for Assessment and Examination, which is responsible for students' assessment in Romania.

22. *Grade 10 Learning Assessment.* This sub-component will also support the development and two administrations of a nationwide, sample-based, low stakes learning assessment of students in Grade 10, following the completion of compulsory education. The only national test available for students after Grade 8 is the Baccalaureate, which is not mandatory and is an entry exam to tertiary education. This non-exam assessment in Grade 10 would allow the MESR monitor learning progress at the system level. The tests financed by the Project would be conducted in the 4<sup>th</sup> and 6<sup>th</sup> years of project implementation, as a pilot initiative.

23. *Information Campaigns to Increase the Awareness of Students and Teachers.* Low motivation among both students and teachers has been identified as a major constraint to education quality and student achievement, especially in low-performing high schools. This sub-component will support large-scale information campaigns aimed at raising the awareness of students and teachers for schooling at the upper secondary level. For students and their parents, these campaigns may emphasize the social and economic value of completing high school and of transitioning to tertiary education. For teachers, these campaigns may emphasize the social importance of teaching as a profession, or the various pedagogical and extracurricular roles that teachers can play in a school to raise student achievement. The broader population will also be informed about several factors of exclusion, additional challenges that vulnerable groups face in high schools, and the need for a wider acceptance of diversity. When applicable, these campaigns will consider the specificities of certain groups of students, including Roma students.

24. *MESR's Capacity to Monitor Upper Secondary Education.* The MESR has taken action to improve its Education Management Information System (EMIS), as well as on fostering the timely provision of data. This Ministry has made the payment of salaries to teachers and school administrators contingent on entering necessary information into the EMIS on a regular basis. However, if these stakeholders only see themselves as data providers, the utilization of information produced by the EMIS for decision making will be in jeopardy. Information should flow back to regional and local level stakeholders, who are only considered data providers in Romania, but should also play the role of data consumers. This sub-component will support technical assistance on the utilization of information produced by the EMIS with a focus on monitoring the transition of students from disadvantaged groups from upper secondary into tertiary education.

## **Component 2 – University-Level Interventions and Bridge Programs (estimated cost: EUR 49.1 million)**

25. The objective of this component is to support students at risk of dropping out of public faculties in the first year of study. These at-risk students have entered or are likely to enter faculties with low marks on the Bacalaureate (not greater than seven), are more often from rural communities or lower socio-economic groups, or are Roma students. Approximately 20,000 students with low entry marks were enrolled in targeted faculties in 2013-2014. It is estimated that 50,000 students would benefit from this component in each year of project implementation, including those with low entry marks and others who would benefit from project-supported learning centers.

26. This component would primarily finance two grant schemes – one non-competitive and one competitive – for public universities that serve these at-risk students, with the aim of increasing retention and efficiency. Public universities<sup>25</sup> would be invited to apply for project grants (only one or both schemes) on behalf of their faculties, given the legal status of Romanian faculties. In addition to the grants, this component would finance technical assistance for evaluation of proposals and grant implementation monitoring. Approximately 85 percent of public faculties (about 300) would benefit from this component.<sup>26</sup> At-risk students would be the main beneficiaries of all activities financed by these grants, irrespective of the number of these students enrolled in eligible faculties.

27. *Non-Competitive Grants.* Under this scheme, public universities with the largest percentages of first-year students entering the faculty with low marks (at higher risk of dropout) would be eligible to apply for a non-competitive grant on behalf of faculties. Public faculties would have autonomy to choose *eligible activities*, including but not limited to *remedial programs, tutoring, counselling, guidance and support services, coaching services, workshops in specific areas, and awareness raising campaigns*. At the end of the Project, it is expected that 60,000 at-risk students would benefit from remediation and counselling activities supported by this grants scheme. Through this scheme, public faculties will be able to attract experts from

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<sup>25</sup> Additional information on Romanian public universities can be found in Annex 5.

<sup>26</sup> There are 55 public universities with 367 faculties in Romania. However, 7 military universities would be excluded from support under this component, leaving a total of 48 public universities with 355 faculties that could be considered for a grant, if they meet the mentioned eligibility criterion.

outside academia that can bring useful and creative perspectives. Up to 10 percent of each grant could be used to cover *grant management and incremental operating costs* associated with grant management tasks, including salaries of grant implementation team members.

28. The formula for allocating non-competitive grants funds would be detailed in the Project Operations Manual, though this allocation would be determined by a weighted assessment of factors including: number of at-risk students (measured as those who entered public university with a Bacalaureate score less than or equal to seven); and academic area of the faculty. Public faculties that teach in fields of potential economic growth in Romania would be prioritized, including but not limited to agriculture, engineering, science and medicine. These fields are directly linked to a number of growth sectors identified in Romania's National Competitiveness Strategy 2014-2020. All eligible public universities would be encouraged to apply for the grants. The estimated average size of the grant to be allocated to each public faculty is EUR 100,000, for an implementation period of three years.

29. A number of individual consultants would be hired to evaluate grant proposals submitted by public universities on behalf of faculties, in conjunction with the MESR. Centers for Career Counseling and Guidance (CCCCG) within universities as well as students associations would be invited to participate in the preparation and implementation of the grants. These organizations could help create an inclusive environment for at-risk students, ensure participatory monitoring, citizen engagement, and bring innovative and creative solutions in supporting eligible activities. Additionally, lecturers, teaching assistants, and senior students would be encouraged to participate in the preparation and implementation of grants.

30. *Competitive Grants for Bridge Programs and Learning Centers.* The second grant scheme to be financed by this component would be competitive and would fund the development of bridge programs, to be implemented by public faculties, and learning centers to be established for the benefit of the whole university. All 300 public faculties eligible for the non-competitive grants could prepare proposals with their universities for grant funding for bridge programs and learning centers, though funding is only available for 160 bridge program courses and 24 learning centers.

31. *Summer Bridge Programs.* Under this competitive grants scheme, the Project would support tertiary-level campus-based summer courses for public high school students, i.e. two/three-week courses on campus during summer breaks, for up to 50 public upper secondary education students per course, with funds for student allowances and related course-delivery expenses. These courses would give students an early and low-consequence university experience ("university knowledge"), developing familiarity of the context and initiating early skills development relevant to success in tertiary education. Other bridge program models could be also considered. At the end of the Project, it is expected that 160 summer bridge program offerings would be implemented under the competitive grants scheme; 8,000 public upper secondary education students should benefit from these programs.

32. *Learning Centers.* The competitive grants scheme could also be used to finance the design and implementation of university-based learning centers, with the aim of increasing the academic and social support mechanisms available to at-risk students. Each learning center

would be designed based on the main factors contributing to student under-achievement and dropout from the earliest years of university, including under-preparation in upper secondary education, underdeveloped study skills, limited exposure to new academic subjects, and lack of familiarity with pedagogical norms (class size, duration, homework levels, and the like) at the university level. These centers would be fully-realized learning spaces, for directed support and self-learning, with furniture (including desks, tables for collaborative work, chairs and bookshelves) and technical equipment, such as computers, interactive white boards, and teaching/learning software (e.g. for language instruction, mathematics, writing, and other core skills, as well as for remedial support and assessment). The learning centers would require full-time administrative staff, paid or volunteer tutors and support staff, and would benefit from the contributions of professors or experts who would be compensated for supplementary work through the Project. Based on available funding, it is expected that 24 public universities would benefit from the implementation of learning centers.

33. *Phased Implementation.* The implementation of both non-competitive and competitive grants will be phased in to allow the UEFP to closely monitor implementation and make adjustments to the grants scheme, if required. Two calls for proposals will take place over the implementation of the Project, though implementation will start with approximately 25 percent of the total eligible public faculties (around 75).

34. Public universities will manage grant funds and keep financial and accounting records separated for each faculty. Regular reports on the use of funds will be provided to the UEFP. Monitors will be hired by the UEFP to monitor the pedagogical and fiduciary aspects of the grants on a regular basis (at least one visit per quarter is envisaged). Both evaluators and monitors will be trained and guided by the UEFP in all phases of project implementation. It is envisaged that public universities to benefit from the grants would select service providers to deliver the planned activities either by looking for them in the local market using competitive selection procedures or by using their own staff in accordance with the existing regulation.

### **Component 3 – Project Management, Monitoring and Evaluation (estimated cost: EUR 6.4 million)**

35. This component would finance day-to-day project management activities, as well as a series of monitoring and evaluation studies. The activities to be financed under this component include: (i) analysis of existing demand-side programs for upper secondary education students; (ii) project M&E activities (e.g. impact evaluation, studies and surveys); (iii) technical assistance and training for the purpose of the project management, including topics such as procurement, FM, disbursements, and M&E; (iv) purchase of office equipment, other goods (including one vehicle to be used by the UEFP exclusively for the purposes of the ROSE Project) and software required for project management and supervision activities; (v) development and production of outreach materials to inform stakeholders and the civil society about the project scope, outputs and outcomes; (vi) operating costs of the UEFP, such as communication, translation, interpretation, banking fees, transportation, fuel and vehicle maintenance and insurance (regarding the single vehicle to be purchased for the UEFP), office supplies, and equipment maintenance; (vii) salaries of UEFP staff; and (viii) project audits.

36. *Analysis of Demand-Side Programs to Inform Decisions.* This component would finance an analysis of demand-side programs that are being implemented to address the financial needs of disadvantaged students to help offset the direct costs of attending upper secondary education. In particular, the analysis would review the two primary financial support mechanisms that already exist for high school students: the *Money for High School* Program (managed by the MESR) and the various transportation subsidy programs (managed by MESR, Ministry of Transportation, and local authorities, as further explained in Annex 6). The analysis would also present recommendations on increasing the integration, efficiency and effectiveness of such programs (estimated cost: EUR 0.8 million).

37. Studies would be carried out over the project implementation period and their findings and recommendations would be used to inform decisions by MESR about demand-side policy and programs, including the use of European Structural and Investment Funds. To the extent possible, the outcomes and fiscal implications of the recommendations would be simulated. The analysis would review the access windows for beneficiaries, the possible integration of beneficiaries databases, the target beneficiaries and the targeting mechanisms, subsidy amounts, implementation arrangements, including communications to potential applicants, and outcomes for recipients in terms of secondary education participation and completion. These studies would be informed by, and conducted in alignment with, the Government's ongoing program to harmonize its social assistance programs.

38. *Monitoring and Evaluation Studies.* This component would finance a revision of an existing loan scheme developed for tertiary education students. The original student loan scheme was designed in 2009, but was not implemented, partly due to the timing of the global financial crisis. This component would support a review and update of this study based on current conditions to inform decision-making. Additionally, this component would finance baseline and follow-up surveys of high school students attending bridge programs, with respective reports with recommendations to inform policy.

39. *Impact Evaluation of High School Grants Scheme.* Project funds would finance an impact evaluation (IE) of the high school grants scheme supported by the ROSE. The goal of this IE is to assess the extent to which this intervention, planned to finance pedagogical and extracurricular activities within a school-based management approach, has an effect on student outcomes and school management processes. It is expected that not all eligible high schools would submit grant proposals, so the Project could capitalize on this assumption to establish a random control group of high schools for this IE. This group would then be compared to another set of randomly selected high schools comprising a treatment group. Statistical power calculations would determine the necessary sample sizes for both groups. A local firm will be selected to design and implement the IE, under the guidance of the MESR and with Terms of Reference acceptable to the World Bank. This firm would, among other things, collect detailed administrative and student-level data in both treatment and control high schools including educational outcomes (e.g. student attendance, dropout, completion, Baccalaureate participation, and Baccalaureate performance) as well as demographic and socioeconomic information that would allow for an analysis of outcomes amongst disadvantaged groups such as low-income, rural, and Roma students. For school directors and teachers, the data would include measures of parental involvement, planning and administrative capacity, and/or teacher motivation. Given the

implementation timeline for the high school grants, it is expected that the impact evaluation would start in Year 3, once all public high schools have had an opportunity to submit a proposal, and continue through Year 6, following the closure of the entire grants scheme. Early results could help inform fine-tuning in the later years of the Project, and final results would inform the Project's Implementation and Completion Report, as well as the possible activities to be financed from other sources.

40. *Engagement and Dissemination Campaigns.* This component would support activities aimed at fostering a continued dialogue between the MESR and the civil society during the project implementation, with focus on engagement of stakeholders, increased participation of potential beneficiaries, and dissemination of project results. The target audiences, the messages and the means of delivering those messages will be designed locally and the UEFP would coordinate these activities, which would include: organizing workshops and seminars with project stakeholders; and development, production and dissemination of materials on project-supported activities. These campaigns should be prepared taking into consideration the focus of the proposed Project on disadvantaged groups.

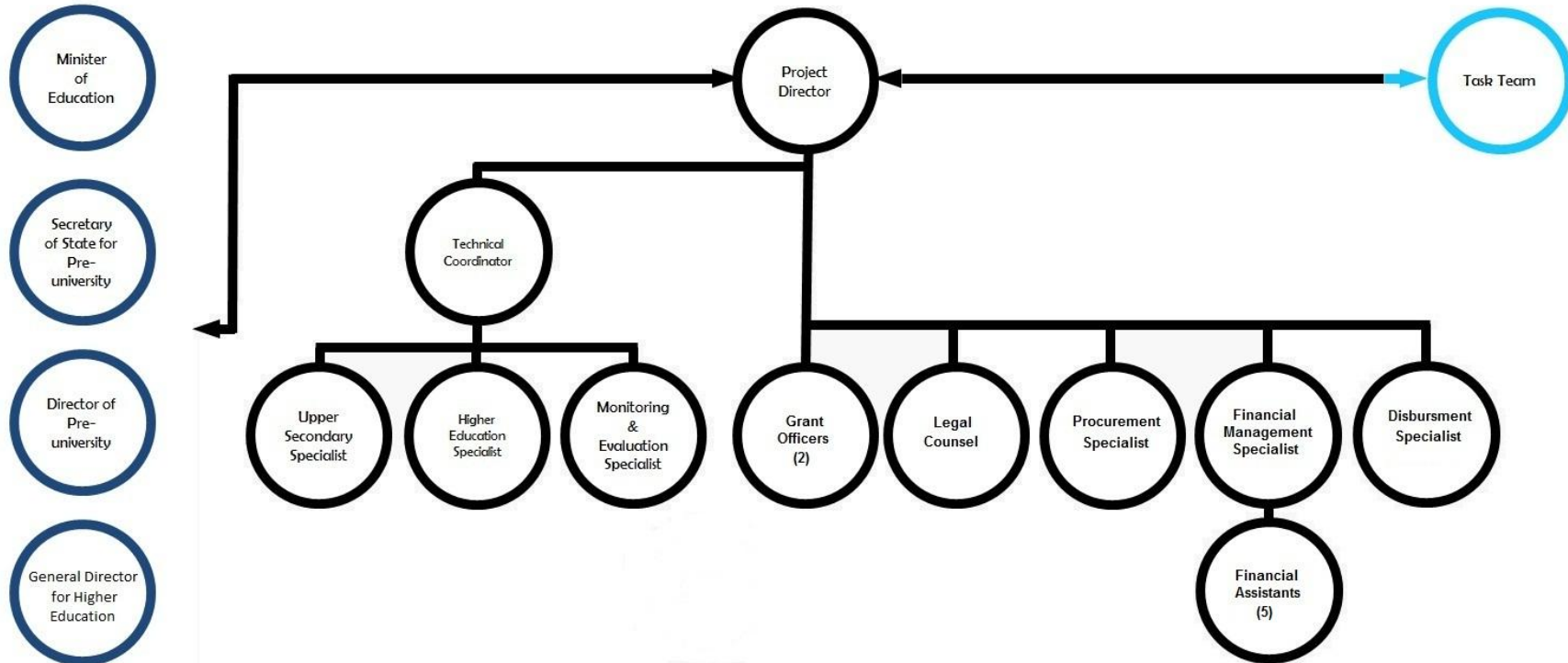
### **Annex 3: Implementation Arrangements**

#### **ROMANIA: Secondary Education Project**

##### **Project Institutional and Implementation Arrangements**

1. The ROSE Project would be implemented over seven years, between 2016 and 2022. The MESR is the ROSE Project implementing agency. The implementation arrangements will rely on the existing structure of the MESR. This Ministry has successfully implemented World Bank-financed projects in the past and is prepared to play this role again. The MESR's UEFP has extensive experience with Bank-financed projects, having implemented almost all of the previous operations in Romania, as well as projects financed from other sources.
2. The UEFP has the adequate capacity to carry out day-to-day project management activities including centralized procurement, FM, reporting, and project M&E. The UEFP would also ensure coordination with other relevant departments within the MESR and other agencies/entities involved in the implementation of the grants including School Inspectorates.
3. A team of professionals comprising the UEFP would be supported using project funds to assist the MESR with day-to-day project management, and to make sure that the Project is implemented aligned with this Project Appraisal Document, and in accordance with the procedures set forth in the Legal Agreement and the POM. The UEFP will manage project activities on behalf of the MESR under strategic guidance of the Minister Education and Scientific Research and the Under-Secretary of State for Pre-University Education. The UEFP will have at all times at least the following core staff: Project Director, Technical Coordinator, Upper Secondary Education Specialist, Tertiary Education Specialist, M&E Specialist, Procurement Specialist, FM Specialist, five Financial Assistants, Disbursement Specialist, Counsel, and two Grants Officers (see diagram below). These two Grants Officers are needed because of the nature of the proposed project design and size of the project grants schemes. Other professionals could be contracted based on justifications related to the project management and considered acceptable to the Bank. The contract period of each of these professionals should match the implementation schedule reflected in project documents (this PAD, the POM, the Project Implementation Plan and the Procurement Plan). The Bank shall review the related Terms of Reference (job descriptions), curriculums and contracts taking into consideration the Romanian legislation when applicable.
4. In addition to the team of professionals mentioned above, specialists would be hired for the oversight of the grants schemes, including fiduciary aspects, in accordance with detailed terms of reference acceptable to the World Bank. It is envisaged that 60 specialists would be contracted to monitor both project grants schemes.

## Project Management Unit





### *Roles and Responsibilities*

5. The UEFP will: (i) coordinate the activity of the MESR's departments and agencies of various institutions and School Inspectorates involved in the project implementation; (ii) ensure that procurement and FM activities are conducted according to Bank procedures; and (iii) coordinate project M&E activities.

Sub-component 1.1 would be implemented almost entirely by project-supported high schools that will benefit from the grants. Activities to be implemented by the UEFP are as follows: technical assistance for preparation and evaluation of proposals; technical assistance for the design and implementation of pedagogical activities; and monitoring of the grants implementation. Otherwise, the activities under the grants will be implemented by public high schools. Project funds would flow to public high schools through School Inspectorates, as transfers through the Treasury system, as per the existing budgetary account structure (see flow of funds below).

6. The grants implementation will be regularly monitored by a team of specialists (at least one visit to each high school per quarter is envisaged), related to both fiduciary and pedagogical aspects. The Project would also provide in-depth technical assistance for the implementation of pedagogical activities such as the remedial programs. This in-depth technical assistance would be provided by mentors to be made available by one or more companies to be hired centrally by the UEFP.

7. Sub-component 1.2 would be implemented centrally by the MESR's Department of Pre-University Education, the Institute of Education Sciences (IES), and the National Center for Assessment and Examination (NCAE).

8. Under Component 2, the MESR would be responsible for the overall management and oversight of the tertiary education grants scheme, as well as for the provision of technical assistance for the evaluation of proposals and design of bridge programs. The project-supported universities would implement the activities of the approved proposals.

9. Component 3 would also be implemented by MESR's UEFP under the guidance of the Minister of National Education and the Under-Secretary of State for Pre-University Education. These implementation arrangements are reflected in the matrix below. Concerning the analysis of existing demand-side programs, the MESR is expected to coordinate efforts with the MoLFSPE and the Ministry of European Funds (MoEF).

**Matrix of Responsibilities for the Implementation of the ROSE Project**

| <i>Components/Sub-Components</i>                                 | <i>Responsible Units</i>                                    |
|--|---|
| Sub-component 1.1 – School-Based Interventions                   | Project-supported high schools; and MESR/UEFP               |
| Sub-component 1.2 – Systemic Interventions                       | MESR/UEFP; IES; NCAE  |
| Component 2 – University-Level Interventions and Bridge Programs | Project-supported universities and faculties; and MESR/UEFP |
| Component 3 – Project Management, Monitoring and Evaluation      | MESR/UEFP   |

## Financial Management

10. *The World Bank has a good understanding of Romania's Public Financial Management (PFM) system and progress achieved.* A Country Financial Accountability Assessment (CFAA) was completed at the end of 2003, while a Country Procurement Assessment Report (CPAR) and a Public Expenditure and Institutional Review (PEIR) were published in 2005 and 2006. A functional review of the MoPF was carried out in 2010, and regular updates of the latest PFM reform activities have been carried out in recent years for the CPS 2014-2017, the annual Country Policy and Institutional Assessment (CPIA) ratings, the preparation of the results-based Social Assistance Modernization Project and other investment lending operations, such as Revenue Administration, Health Sector Reform II, and Fiscal Effectiveness Growth Development Policy Lending (DPL) projects.

11. *Romania has continued to make considerable progress in the further development of its PFM systems and institutions.* Previous recommendations have been addressed by the Government, including in the areas of Treasury management, harmonization of accounting standards and practices, decentralization and rationalization of ex-ante financial control, and strengthening internal audit functions. Fiscal discipline has been strengthened by amending and supplementing the 2010 Fiscal Responsibility Law (in 2012 and 2013), and the 2002 Law of Public Finances (in October 2013). A new reporting system is being implemented starting with 2014 that would allow *inter alia* enhanced collection and reliability of financial statements of public entities and improved control and monitoring of payments against legal commitments, respectively arrears. Specific legislation has been passed starting December 2013 to set up the framework for the new reporting system. The system will be piloted and tested until the end of 2015, and it is expected to become mandatory for all public institutions by June 30, 2016. The organization and effectiveness of the Court of Accounts has also been improved. Overall, steady progress has been made in the development of PFM systems and institutions.

12. *Financial Management Risks.* The FM arrangements for the proposed Project are acceptable to the Bank, provided that UEFP would ensure: (i) the implementation of a project MIS no later than June 30, 2016 (so the MIS will be operational in advance of the first round of grants, expected for the start of the 2016-2017 academic year); and (ii) the preparation and approval of an acceptable project financial manual, as an integral part of the POM, by project effectiveness. The Project would rely significantly on Romania's PFM system (including budget, accounting, and Treasury).

13. *The overall residual FM risk for the proposed Project is rated as substantial,* due to potential constraints in the counterparts pre-financing envisaged under the Project and the limitations in the fiduciary capacity of the grants beneficiaries that would require adequate internal controls and oversight arrangements to be instituted. Once mitigation measures are implemented for the risks identified, the FM risk will be reduced to moderate. While corruption continues to be a significant problem in Romania, the country's PFM systems and institutions are advanced, based on and using modern legal and operational frameworks (including reporting, audit, and oversight), and are performing well. The result is that the country's own fiduciary framework (including regulations and reporting requirements, internal audit and internal control,

and performance of the Supreme Audit Institution) provides sufficient inherent mitigation measures to support the FM arrangements for this operation.

14. *Financial management arrangements.* FM arrangements of the Project will be the responsibility of the MESR and MoPF. Since this operation relies heavily on the country's PFM systems, the FM arrangements of the proposed Project are within the overall responsibility of the MESR, which would work closely with the MoPF to manage the loan disbursements. MoPF would provide monthly budget transfers related to project activities, as part of the overall budgetary mechanism in place, through the existing channels and procedures. MESR will report monthly to MoPF on the expenditures already incurred out of the State Budget allocations and will provide the necessary supporting documents based on which MoPF will request the disbursement out of the loan proceeds in order to be reimbursed.

15. Given the substantial allocation of project funds to finance grants to public high schools and universities, it is important that the capacity of the implementing entity is adequate and that proper monitoring arrangements are in place. In this respect, the UEFP capacity would be maintained with a team of full-time FM Specialists with relevant qualifications and experience, supported by two Grant Officers who would carry out fiduciary tasks as well. Monitors will be hired for the oversight of the grants implementation, including fiduciary aspects. Current and new UEFP staff would be trained as needed on Bank FM, and disbursement procedures. Proper guidance and support on FM arrangements to be applied for the grants would be provided by the UEFP and monitors to the grants beneficiaries.

16. *Budgeting and planning.* Budgeting and planning would be the overall responsibility of the MESR and MoPF. The project budget would be prepared based on the Project Implementation Plan (PIP) and would be subject to the MESR's normal budgeting process, as an element of the country PFM system. MESR project budgets would continue to follow the existing procedures for approval, reporting (on budget execution), and monitoring. The project budget would include the cash forecasts for the grants components. The approved project's annual budgets would be entered into the accounting system and used for periodic comparison with actual results as part of the interim reporting. The process of compiling budget data and approval would continue in the same manner, with project budget data available by month and quarter. Given the large size of the loan, and the characteristics of the pre-financing mechanism, *the risk pertaining to insufficient or untimely budgetary allocations is substantial.*

17. *Accounting policies and procedures.* The proposed Project would use the existing Romanian budgetary accounting policies, procedures, and systems, as supplemented by project records in a MIS operated by UEFP that would accommodate enhanced project financial information and reporting, in particular related to the grants components. The project's accounting and budgetary transactions/records would continue to be maintained on accrual basis and denominated in Romanian Lei (RON). The operation would rely on the existing accounting procedures and internal control framework to ensure that all procedures and controls are adequately documented, and that contract monitoring and invoice payment procedures are consistently adhered to and documented. Existing controls are reliable and closely monitored by UEFP and MESR management. The UEFP will prepare an FM and disbursement manual as a separate section of the POM, with detailed information on the procedures applicable to the

grants. Grants beneficiaries will maintain adequate accounting records and supporting documentation as well for the transactions incurred from grants funds.

18. *Information Systems.* Accounting records will be kept in the MESR's existing accounting software, with supplemental project records and reports kept in a MIS in both local and loan currency to be procured with project funds. The UEFP will be responsible for keeping detailed project accounting records, including distinct records for each project it manages. Additional software procedures are in place for the timely archiving of the monthly files and regular information backup. Given the large multi-tranche grants schemes for a high number of geographically-dispersed recipients, it is considered beneficial that a MIS is implemented under the Project for enhanced monitoring, reporting, and FM, in particular related to these components which account for more than 80 percent of the loan. It is expected that this MIS would be able to maintain multi-currency records, per each project component, category, activity, contract and grant, and generate automatic reports to be used for project monitoring, financial reporting and disbursement of the loan proceeds. Appropriate project analytical records and supporting documentation would be maintained at grantees level as well.

19. *Internal Controls.* Reliance would be placed on the existing public sector internal control framework. This framework includes the use of checklists to ensure that required procedures are performed and data established during the processing of the invoices, including checking mathematical accuracy of the invoice, confirming legal conformity of the invoice, matching the invoice to the relevant contract, matching invoice to goods received notes or other evidence of completion of work, account numbers, and so forth. The MESR has an internal audit unit, staffed with a very small number of internal auditors and rather unfamiliar with the World Bank-financed operations. Internal audit function is also either under-represented or absent at the level of grants beneficiaries. Given the capacity constraints and compliance orientation (rather than a full focus on longer term, risk-based planning methods), only limited reliance will be placed on internal audit activities. As the MESR's internal audit unit continues to develop, increased reliance would be placed on its activities to also cover internal audit aspects for the new project. Adequate procedures and controls will be instituted and applied in practice for grants to high schools and universities. The respective procedures will be designed to ensure use of funds for intended purposes and will be described also in the designated sections of the POM. A draft POM was presented at negotiations; the finalization and approval of this manual is a condition of effectiveness. Key internal controls and procedures that need to be in place with respect to grants mechanism should include *inter alia*:

- clear description of eligibility criteria for beneficiaries;
- clear description of eligibility criteria for activities;
- procedures relating to evaluation and selection of grants, including determining and describing responsibilities for this process;
- procedures relating to the multi-tranche mechanisms and timely transfers of funds to beneficiaries;
- procedures and processes of monitoring of grants implementation, including reporting on the use of funds and technical progress and maintaining appropriate accounting records and supporting documentation;
- plan of the number and allocated time of the staff to perform activities relating to grant;

- procurement process for the grants.

20. The grant funds would flow from MESR to the beneficiaries in accordance with the procedures described in the internal controls and flow of funds sections. Grant beneficiaries would regularly report on the use of funds, per the frequency and due dates agreed, and subject to review and approval of such reports by MESR, and meeting the technical and financial requirements stipulated in the POM and grant agreement, as confirmed by the project monitors, subsequent installments of funds would be transferred. The monitors would have a key role in ensuring observance of the application of provisions related to the grants implementation, through regular desk and on-site reviews of the technical-financial aspects of sub-projects.

21. *Funds Flow.* The MESR would use pre-financing from State Budget funds and then the MoPF would disburse funds from the loan using the reimbursement method for project eligible payments. The Project Director will be responsible for project budget planning and for submitting reports to the MoPF. The Treasury will make monthly budgetary openings as requested, and the project would receive its allocations in title number 65. Grant funds would flow from the MESR to public universities in tranches, as transfers through the Treasury system, as per the current budgetary accounts structure. For the Sub-component 1.1, grants funds would be allocated to public high schools, through School Inspectorates, based on requests submitted to the UEFP, as per the procedures agreed in POM. School Inspectorates are part of the MESR structure and have legal status and responsibility for delivering public services on behalf of and in place of the MESR, by implementing this Ministry's policies and strategies at the local level. As such, School Inspectorates will be bound by the responsibilities and obligations of the MESR under the ROSE Project, as defined in the POM and Grant Agreement. Project expenses would be recorded at the level of MESR and beneficiary.

22. IBRD loan funds would reimburse the project eligible expenses pre-financed from State Budget funds. The MoPF would submit withdrawal applications for the eligible expenditures based on the documentation provided by the MESR, through the UEFP. The disbursed loan proceeds would be transferred in an account opened in the name of the MoPF in the National Bank of Romania and would be used in accordance with the Romanian regulations regarding public debt. The supporting documentation for disbursements would include summary sheets and Statement of Expenditures (SOE). No Designated Account would be used.

23. Transfers to public universities would be centralized at the UEFP level and would be made in tranches (first one as an advance), based on payment requests received from beneficiaries and in accordance with criteria and procedures that will be stipulated in the Grants Agreements and the POM. For the high schools grants scheme, budgetary credits would be allocated from the MESR, through School Inspectorates, to each subordinated public high school to allow expenditures under the grants.

24. *Reporting and Monitoring.* Quarterly IFRs in local currency would be used for monitoring and supervision of the Project. The quarterly IFRs would include the funds received from the State Budget pre-financing and used for project expenditures, showing separately the eligible amounts, including a breakdown of grants amounts and expenses per each beneficiary, based on a format were agreed with the counterparts and will be included in the POM. Grant

beneficiaries would report to MESR on the performance and financial status of sub-projects at least on a quarterly basis. The IFRs would be due for submission in 45 days from each quarter end. The UEFP's IFRs compliance on the previous projects has been satisfactory.

25. *External Audit.* Project financial statements would be audited annually by independent auditors acceptable to the Bank. The Borrower and MESR are in compliance with the audit covenants of the existing and previous Bank-financed projects. The UEFP's previous auditing arrangements and findings of the audits have been satisfactory to the Bank. The format of the terms of reference for the audit would be agreed with the counterparts and included in the POM. The audit terms of reference will require auditors to include in the scope of their work a representative sample of country-wide public high school and university grantees, selected on a rotational basis during the implementation period, in order to verify compliance with the requirements established in the POM and Legal Agreement. The audited project financial statements together with the auditor's opinion thereon will be provided to the Bank within six months after closure of the reporting period, which ends on December 31. The cost of the project audits will be financed from the proceeds of the loan. The audit reports including audited project financial statements would be publicly disclosed in a manner acceptable to the Bank. The following table identifies the audit reports required to be submitted and the due date:

| Audit Report  | Due Date   |
|---|--|
| Project financial statements (PFS). The PFS include sources and uses of funds by category, by component, and by financing source; SOE statements; a breakdown of grants uses of funds per beneficiary, and notes to financial statements. A relevant sample of grant beneficiaries is included every year in the scope of audit work. | Within six months after closure of the fiscal year, which is at the end of December each year; and also upon the closure of the Project. |

26. The Supreme Audit Institution (Romanian Court of Accounts) will continue to carry out ad-hoc and regular compliance audits of the Ministry and selected high schools and universities, as per its larger mandate in the education sector. The Bank will be informed about any issues raised by the Court related to the Project, and will review and assess if these would require follow-up actions that should be addressed by the counterparts in order to strengthen the project FM arrangements.

## Disbursement

27. *Loan proceeds would be used to reimburse the pre-financing of the project eligible expenditures.* The entire project budget will be included in a specific line in the MESR budget. Each month, MoPF will provide the UEFP the State Budget pre-financing for the project eligible expenditures. Each month, the UEFP will report to MoPF (in EUR and RON) on eligible expenditures incurred, and periodically will provide MoPF summary sheets, statements of expenditures, contracts, invoices, and any other relevant documents, to report on the amounts already spent for the purposes of the Project. Payments incurred by public universities and public high schools under the project grants schemes would be documented for reimbursement as expenditures incurred under the Project. Based on the documents received, MoPF will request periodic reimbursements from the loan, sending to the Bank applications for withdrawals.

Disbursed funds would flow to the MoPF's EUR-denominated account opened with the National Bank of Romania, as reimbursement for the pre-financing used on the project eligible expenditures. These funds will be used for the purposes specified in Romanian legislation on public debt. Additional information on disbursement is mentioned in the previous section, when the flow of funds is described.

## **Procurement**

28. *Public procurement environment in Romania.* While the Romanian public procurement legal framework has undergone significant improvements in line with the EU legislation, and the country has enhanced its e-procurement system to cover all key phases of the procurement process, the practical implementation of the legislation and the insufficient overall transparency and trust in the public procurement system remain an issue. Public procurement was identified as cross-cutting issue in the sector functional reviews conducted by the Bank and among the main factors accounting for the country's low rates of EU funds absorption. Key obstacles include the frequent changes in the legal framework, the complex institutional set up, resulting in misalignment and overlap of responsibilities, and lack of sufficient capacity. The *procurement environment in Romania remains a substantial risk.*

29. *Procurement implementation arrangements and procurement capacity and risk assessment.* A Procurement Capacity Assessment of the Project Implementation Agencies including the already established Project Management Unit (UEFP) within MESR and a sample of two public universities and two public high schools in Bucharest has been conducted. The UEFP in general has extensive experience with Bank-financed projects as well as projects financed from other sources. However, the team for the proposed Project has yet to be fully staffed. At the time of the assessment, the unit was staffed with only one quite experienced Procurement Specialist on a part-time basis. The current project design requires at least one full time Procurement Specialist. It is envisaged also that the UEFP will have two Grant Officers, who will have fiduciary responsibilities related to grant implementation schemes under the Project. With regard to the project's grant beneficiaries the assessment, based on the above mentioned sample, revealed that public high schools in general, unlike public universities, (i) have limited or no experience with preparation and implementation of grants and (ii) experience mainly with very small procurement procedures, most of them being below the public procurement threshold for direct contracting.

30. The key issues and risks concerning procurement for implementation of the Project have been identified and include: (i) inadequate current MESR/UEFP procurement capacity; (ii) limited capacity of most of the potential beneficiary public high schools in planning and managing grants; (iii) numerous grant beneficiaries which will pose a monitoring challenge; (iv) potential risks of delays in project implementation due to lack of Terms of Reference (TORs)/technical specifications prepared for the first year of project implementation; and (v) lack of adequate funds from the State Budget for pre-financing project's activities.

31. *Risk mitigating measures.* To mitigate the identified procurement-related risks, the following mitigation actions, which should downgrade the procurement risk to moderate, when carried out, were agreed between the Bank and the client during project preparation.

| Actions |   | Deadline/Status  |
|---------|---|--|
| 1       | Prepare a detailed procurement plan for the first 18 months of the implementation of the project  | Fulfilled  |
| 2       | Prepare and approve a Project Operational Manual including a detailed chapter on procurement  | By project effectiveness   |
| 3       | Recruit a full-time Procurement Specialist for the MESR/UEFP with adequate qualifications and experience acceptable to the Bank   | Fulfilled  |
| 4       | Starting the preparation of the bidding/proposal documents for the first year of Project implementation well in advance to facilitate initiation of the procurement/selection procedures as per the agreed Procurement Plan | Ongoing  |
| 5       | Ensure extensive capacity building efforts for high schools throughout the grant implementation cycle, mainly in the initial stages   | Ongoing, with a focus on the first and second year of project implementation |
| 6       | Ensure adequate funds from the State Budget for pre-financing project activities  | Ongoing  |
| 7       | Establish effective monitoring mechanism covering the central and county levels by setting up a management information system   | Early stage of implementation  |
| 8       | Regular procurement support, including training, prior to and during project implementation by Bank procurement staff   | Ongoing  |

32. *Applicable procurement procedures.* Procurement for the proposed Project would be carried out in accordance with the World Bank's: "Guidelines for Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants" dated January 2011, revised July 2014; and "Guidelines for Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, revised July 2014, as per provisions stipulated in the Legal Agreement. The different procurement or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank project team in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect actual project implementation needs and improvements in institutional capacity. The Bank Standard bidding documents will be used, as well as the Bank's standard request for proposal for selection of consultants, including the standard evaluation reports. It is envisaged that the procurement conducted by the MESR/UEFP will include mainly consulting services and procurement of goods.

33. The grants schemes under the Project would be ruled by simple agreed procedures reflected in the Project Operations Manual. Public high schools and universities will undertake planning and administration of their grants. Taking into account their current capacity, high schools grant beneficiaries will be helped by facilitators (individual consultants) to develop their grant proposals. For the implementation of the grants, all grant beneficiaries will be facilitated by team of monitors, who will regularly monitor the grant implementation (at least one visit to each



beneficiary per quarter) from both fiduciary and pedagogical aspects. It is envisaged that monitors will oversight the implementation of the grants including fiduciary aspects. Eligible procurement activities under the grants will include, but would not be limited to remedial classes, tutoring, counselling, coaching, mediation, extracurricular and outreach activities, such as documentary trips/visits, participation in different competitions, and school networking activities, minor civil works for renovation of internal spaces/rooms (e.g. high school laboratories) and purchase of goods (computers, interactive white boards, and teaching/learning software).<sup>27</sup>

34. It is envisaged that public high schools and universities benefiting from the grants will be able to select service providers to deliver extra-curricular activities (after the regular period of classes) either by looking for them in the local market using competitive selection procedures or by using their own staff, provided they have the appropriate qualifications and skills.

35. *Training.* The procurement of training, seminars and similar activities will be carried out on the basis of the analysis of the most suitable program for training offered by organizations, availability of services, period of training, and reasonableness of cost. Training will be financed according to a program acceptable to the Bank.

36. *Procurement Plan.* A Procurement Plan for the first 18 months of implementation (dated January 29, 2015), was approved at negotiations (see below). The Procurement Plan will be updated annually or as needed by the UEFP to: (i) reflect project implementation; (ii) accommodate changes that should be made; and (iii) add new packages necessary for the Project. Each update will be subject to Bank prior review. The Procurement Plan will be published in the World Bank website. Procurement under the Project will be carried out in accordance with the agreed Procurement Plan and as updated. Procurement under the Project will include the following categories: consulting services, goods, non-consulting services and simple civil works. The thresholds for procurement methods and Bank prior review applied for procurement will be reflected in the Procurement Plan and in the POM. The procurement thresholds may be adjusted during the project implementation to reflect the increased capacity of the implementing agency.

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<sup>27</sup> In addition to these eligible procurement activities, incremental operating costs would be also covered by the project grants.

## Project Procurement Plan (January 29, 2015)

ROMANIA

### ROSE Project

#### Procurement Plan - Consultants' Services - updated on 29 January 2015

Bank approval Date of the Procurement Plan : Original: 29 January 2015

Period covered by this Procurement Plan: November 01, 2015 - December 31, 2022

| Contract Reference Number                                       | Description  | Type  | Number of packages | Bank Review | Selection Method | Request of Exp of Interest | RFP Issued | Technical Proposal Opening | Financial Proposal Opening | Award of Contract Signature | Contract Completion date |
|---|--|-------|--------------------|-------------|------------------|----------------------------|------------|----------------------------|----------------------------|-----------------------------|--------------------------|
| 1   | 2  | 3     | 4                  | 5           | 6                | 7                          | 8          | 9                          | 10                         | 11                          | 12                       |
| <b>Component 1 - School-based and Systemic Interventions</b>    |  |       |                    |             |                  |                            |            |                            |                            |                             |                          |
| C 1.1/1   | Preparation of guidelines for educational activities such as remedials, tutoring, counseling, coaching, personal development   | CS    | 8                  | Yes         | IC               | 13-Jan-16                  |            |                            |                            | 1-Mar-16                    | 30-Nov-16                |
| C 1.1/2   | Facilitators to facilitate the preparation & evaluation of School Development Plans (SDP) and grant proposals  | CS,TR | 60                 | No          | IC               | 8-Jan-16                   |            |                            |                            | 25-Feb-16                   | 31-Oct-17                |
| C 1.1/3   | Provide mentorship for remedial activities   | CS    | 4                  | Yes         | QCBS             | 11-May-16                  | 9-Jun-16   | 7-Jul-16                   | 4-Aug-16                   | 1-Sep-16                    | 30-Sep-21                |
| C 1.1/4   | Monitors for grants at the level of highschool to assure quality   | CS    | 8                  | No          | IC               | 1-Jul-16                   |            |                            |                            | 1-Sep-16                    | 30-Jun-22                |
| C 1.2/1   | Revision of the upper secondary education curriculum   | CS    | 1                  | Yes         | QCBS             | 9-Feb-16                   | 9-Mar-16   | 6-Apr-16                   | 4-May-16                   | 1-Jun-16                    | 30-Sep-19                |
| C 1.2/2   | Training of teachers and school directors on implementing the revised curriculum   | TR    | 1                  | Yes         | QCBS             | 11-Oct-16                  | 9-Nov-16   | 7-Dec-16                   | 4-Jan-17                   | 1-Feb-17                    | 31-Dec-20                |
| C 1.2/3   | Revision and update Grade 8 and Baccalaureate exam items   | CS    | 1                  | Yes         | QCBS             | 5-Oct-16                   | 3-Nov-16   | 1-Dec-16                   | 29-Dec-16                  | 26-Jan-17                   | 31-Dec-18                |
| C 1.2/5   | Training for NEEC staff (blended learning programme)   | TR    | 1                  | Yes         | Agreed Procedure |                            |            |                            |                            | 1-Feb-16                    | 30-Nov-19                |
| C 1.2/6   | Development and implementation of an assessment for Grade 10 students for three subjects for each profile  | CS    | 1                  | Yes         | QCBS             | 10-Sep-16                  | 9-Oct-16   | 6-Nov-16                   | 4-Dec-16                   | 1-Jan-17                    | 31-Mar-22                |
| C 1.2/7   | Campaigns to raise students and teachers motivation  | CS    | 1                  | Yes         | LCS              | 9-Feb-16                   | 9-Mar-16   | 6-Apr-16                   | 4-May-16                   | 1-Jun-16                    | 31-May-22                |
| C 1.2/8   | Strengthening of MoNE's M&E capacity and utilization of Education Management Information System data in order to track upper secondary students and monitor their transition into tertiary education | CS    | 1                  | Yes         | LCS              | 11-May-16                  | 9-Jun-16   | 7-Jul-16                   | 4-Aug-16                   | 1-Sep-16                    | 30-Nov-17                |
| C 1.2/9   | Development of digital teaching and learning materials   | CS    | 1                  | Yes         | QCBS             | 11-May-17                  | 9-Jun-17   | 7-Jul-17                   | 4-Aug-17                   | 1-Sep-17                    | 30-Sep-20                |
| <b>Component 2 – University -Level Interventions and Bridge</b> |  |       |                    |             |                  |                            |            |                            |                            |                             |                          |
| C 2/1   | Technical assistance for designing summer bridge programmes  | CS    | 3                  | No          | IC               | 9-Oct-15                   |            |                            |                            | 1-Feb-16                    | 30-Nov-16                |
| C 2/2   | TA to evaluate the grants proposals  | CS    | 15                 | No          | IC               | 7-Dec-16                   |            |                            |                            | 1-Apr-17                    | 31-Dec-18                |
| C 2/3   | Monitors for grants at the level of university to assure quality   | CS    | 4                  | No          | IC               | 8-Jun-17                   |            |                            |                            | 1-Oct-17                    | 31-Jul-22                |
| <b>Component 3 – Project Management, Monitoring and</b>         |  |       |                    |             |                  |                            |            |                            |                            |                             |                          |
| C 3/5   | Staff training   | TR    | 1                  | Yes         | Agreed procedure | N/A                        | N/A        | N/A                        | N/A                        | 1-Mar-16                    | 30-Jun-22                |
| C 3/6   | Project Financial Audits   | CS    | 1                  | Yes         | LCS              | 18-Nov-15                  | 17-Dec-15  | 14-Jan-16                  | 11-Feb-16                  | 10-Mar-16                   | 31-Dec-22                |
| C 3/7   | Communication campaigns for project activities (design and implementation)   | CS    | 1                  | No          | LCS              | 15-Nov-15                  | 14-Dec-15  | 11-Jan-16                  | 8-Feb-16                   | 7-Mar-16                    | 31-Mar-22                |
| C 3/10  | Project Monitoring and Evaluation (survey of bridge programs, impact evaluation and others)  | CS    | 4                  | Yes         | LCS              | 9-Nov-15                   | 8-Dec-15   | 5-Jan-16                   | 2-Feb-16                   | 1-Mar-16                    | 30-Jun-22                |
| C 3/11  | Local studies for analysis of demand-side programs   | CS    | 2                  | Yes         | QCBS             | 11-Oct-15                  | 9-Nov-15   | 7-Dec-15                   | 4-Jan-16                   | 1-Feb-16                    | 30-Nov-20                |
| C 3/12  | Revision student loan scheme   | CS    | 1                  | No          | IC               | 9-May-16                   |            |                            |                            | 1-Sep-16                    | 31-Dec-16                |

## ROMANIA

### ROSE Project

#### Procurement Plan - Goods and Non-Consulting Services - updated on 29 January 2014

Bank approval Date of the Procurement Plan : Original: 29 January 2015

Period covered by this Procurement Plan: November 01, 2015 - December 31, 2022

| Contract Reference Number                | Description   | Type | Number of Slices / items / subpackages | Bank Review         | Proc. Method | Specific Procurement Notice | Bid opening | Bid Evaluation Report | Contract Signature | Contract Completion date |
|--|---|------|--|---------------------|--------------|-----------------------------|-------------|-----------------------|--------------------|--------------------------|
| 1  | 2   | 3    | 4                                      | 5                   | 6            | 7                           | 8           | 9                     | 10                 | 11                       |
| <b>Component 1 - School-based and</b>    |   |      |  |                     |              |                             |             |                       |                    |                          |
| <b>G 1.2/4</b>                           | Upgrade infrastructure (hardware and software licenses) National Examination and Evaluation Center for providing online assessments | G    | 1                                      | Yes                 | NCB          | 19-Feb-16                   | 1-Apr-16    | 15-Apr-16             | 1-May-16           | 30-Sep-16                |
| <b>G 1.2/10</b>                          | Improving Conditions of Teachers Training Institutions (Teachers' Houses)   | G    | 1                                      | Yes                 | ICB          | 17-Feb-17                   | 31-Mar-17   | 14-Apr-17             | 1-May-17           | 30-Jun-18                |
| <b>Component 3 – Project Management,</b> |   |      |  |                     |              |                             |             |                       |                    |                          |
| <b>NCS 3/3</b>                           | Workshops, seminars, trainings for orientation of the service providers   | NCS  | 12                                     | No                  | Shopping     | 19-Jan-16                   | 2-Feb-16    | 16-Feb-16             | 1-Mar-16           | 31-Dec-22                |
| <b>G 3/4</b>                             | Equipment   | G    | 3                                      | Yes, first contract | Shopping     | 21-Jul-15                   | 4-Aug-15    | 18-Aug-15             | 1-Sep-15           | 31-May-20                |
| <b>G 3/8</b>                             | Dissemination materials   | G    | 7                                      | No                  | Shopping     | 19-Jan-16                   | 2-Feb-16    | 16-Feb-16             | 1-Mar-16           | 31-Mar-22                |
| <b>G 3/9</b>                             | MIS for monitoring and reporting projects activities (including grants)   | G    | 1                                      | No                  | Shopping     | 19-Jan-16                   | 2-Feb-16    | 16-Feb-16             | 1-Mar-16           | 31-Jul-16                |

37. The procurement planning under the sub-grants will be governed by the provisions of the Project Operations Manual.

38. *Post-review.* Contracts not subject to prior review will be subject to post-review as per procedures set forth in Paragraph 5 of Appendix 1 of the Procurement Guidelines and Consultant Guidelines. The Bank will carry out procurement post-review on an annual basis with a sampling rate of initially 20 percent. This rate will be adjusted periodically during project implementation based on the performance of the project implementing agency. There is a large amount of financing allocated to high school and university grants; however, procurement under the grants will be subject to post review because of its very small values.

### **Environmental and Social (including safeguards)**

39. The ROSE Project would support grants for public high schools, which can be used to finance small internal civil works that will have minimal or no adverse environmental impacts, such as rehabilitation of laboratories. *The scope of the envisaged civil works does not warrant triggering OP 4.01 or preparation of an Environmental Monitoring Plan and the ROSE Project is classified as Category C.* The POM would include environmental and social screening checklist for evaluation of grants, and a clear definition of the scope of the eligible civil works, the related mitigation measures to be taken at the site level (including construction waste handling, noise, health and safety on site), and also basic requirements for laboratory consumables substances. As such, the UEFP and public high schools will have all the operational guidance for the implementing the respective activities, and full justification to consider specific tasks/responsibilities for the staff responsible for environmental monitoring (M&E Specialist).

40. The ROSE Project targets public education institutions serving socioeconomically disadvantaged students and, as such, its social impact is expected to be positive. For the grants program under sub-component 1.1, the eligibility criteria for selecting the beneficiary public high schools focuses on educational outcomes, but the underlying evidence indicates that vulnerable and disadvantaged groups are often those with poorer educational outcomes. These criteria also allow for inclusion of a significant number of public high schools as eligible to benefit from the Project. Within these eligible schools, the number of disadvantaged students would be a significant factor in determining the amount of funds allocated per public high school, since schools with larger populations of disadvantaged students will receive larger grants. Activities planned under the sub-component 1.1, such as tutoring, counselling, coaching, and extracurricular activities are also expected to help increase the inclusion of vulnerable and disadvantaged groups in upper secondary education. Some of these activities can be tailored to the context and needs of specific groups, considering gender differences, and for disadvantaged groups, including students of low-income families or of parents with low education, in order to address their specific challenges.

41. The proposed Project is sensitive to Roma related challenges, and it is expected that a substantial share of targeted students will be Roma (see Annex 8). Through the provision of activities under Component 1, the Project would address various challenges that Roma students may face in accessing and continuing secondary education. Under Component 2, the Project

addresses various challenges faced during the first year of tertiary education by students at risk of dropping out, many of whom are disadvantaged, through activities such as: remedial programs, tutoring, counselling and guidance services, promotion of job fairs, workshops, and awareness raising campaigns, mostly dedicated to vulnerable groups. Bridge programs supported under Component 2 will also prioritize disadvantaged students. Moreover, within the early stages of the Project, various dissemination and awareness raising events are envisioned, which are also opportunities to consult with stakeholders on the key challenges with which they are confronted, and which could be addressed through the Project. *The ROSE Project does not trigger the Bank's social safeguards policies*, as no form of involuntary resettlement or impacts on indigenous peoples is envisaged.

## **Monitoring and Evaluation**

42. The PDO-level and intermediate results indicators would be monitored using the following sources and methodologies: (i) regular data collection processes; (ii) surveys with beneficiaries; (iii) impact evaluation; (iv) other M&E studies; and (v) progress reports prepared by the UEFP. In general, the UEFP will be responsible for gathering the relevant reports and information from MESR representatives, county authorities, and relevant parties within high schools and faculties to monitor the PDO and results, and for communicating with the World Bank according to the frequency of reports as described in Annex 1. Project indicators have been selected on the basis of data requirements already planned as part of the MESR's regular data collection process, especially related to the transition from upper secondary to tertiary education. The proposed Project will also support continued building of the MESR's capacity to plan, monitor and evaluate policy, especially with the use of EMIS data and data on tertiary education retention.

43. *Impact Evaluation.* The purpose of the impact evaluation to be carried out under the ROSE Project (see detailed description in Annex 2) is to assess the extent to which its high school grant scheme has an effect on student outcomes and school management processes. Detailed administrative and student-level data would be collected in both treatment and control high schools including educational outcomes as well as demographic and socioeconomic information, which would allow for an analysis of outcomes amongst disadvantaged groups such as low-income, rural, and Roma students.

44. *Monitoring of Project Inclusiveness.* It is expected that PDO-level indicators and select intermediate results indicators will be monitored disaggregated by gender and disadvantaged groups of beneficiaries including Roma students, if data are made available for this purpose.

45. *Monitoring of citizen engagement.* Citizen engagement will be monitored over the project implementation cycle by measuring the participation of civil society representatives in planning and decision-making concerning the implementation of the public high school grants. The proposed approach of school grants allows for the engagement of students, their parents and representatives of local communities at the planning and implementation stages. When the proposals are being prepared, the participation of these actors is important to ensure that the proposed activities are aligned with the relevant needs of beneficiaries. During the implementation, this participation is also important for monitoring purposes. The Project will

measure the percentage of project-supported high schools that implement the grants in compliance with applicable requirements for citizen engagement, which will be detailed in the POM.

46. In addition to project-level monitoring and evaluation, the Project will support two large-scale evaluations. The first is the analysis of existing demand-side financial incentives programs aimed at disadvantaged high school students. The second evaluation will include two surveys of participants in project-supported bridge programs, aimed at assessing the effect of the program on their motivations and intentions to pursue tertiary education.

## **Annex 4: Implementation Support Plan**

### **ROMANIA: Secondary Education Project**

#### **Strategy and Approach for Implementation Support**

1. The strategy for supporting implementation of the proposed Project would emphasize three primary regular activities: (i) dialogue with the Government, (ii) joint review of project implementation, and (iii) exercise of fiduciary oversight throughout the implementation period.
2. *Regular dialogue with the Government* would facilitate early identification of problems and obstacles which could potentially delay implementation, and would enable timely provision of technical advice and support to remove such obstacles. This will contribute to a “just-in-time” identification of issues, without the need to raise these during joint reviews.
3. *Joint reviews*, which would occur semiannually, would be aimed at reviewing the progress and achievement of agreed targets and results, as indicated in the Project’s Results Framework. The World Bank Task Team would participate in such reviews with representatives of the GoR and other relevant stakeholders. During each review, the necessity for and type of implementation support would be identified.
4. *Fiduciary oversight* would enable the World Bank to fulfill its fiduciary obligations and ensure compliance with the Bank’s fiduciary standards through the ongoing supervision of the Project’s FM and procurement arrangements and outcomes.
5. *FM implementation support and supervision* will be performed in two ways: (i) desk reviews of the Project’s quarterly IFRs as well as the reviews of the Project’s audited annual financial statements and annual auditor’s report and management letter; and (ii) on-site supervision to review the continuous adequacy of the Project’s FM and disbursement arrangements. This would include monitoring and reviewing any agreed actions, issues identified by the auditors, randomly selected transactions, as well as other issues related to project accounting, reporting, budgeting, internal controls, and flow of funds. Special emphasis would be placed on the adequacy of the budgetary allocations to pre-finance project expenses and internal controls framework instituted for the grants. The on-site reviews may include visits to selected beneficiaries of grants, depending on the level of risk and findings identified.
6. *Procurement supervision* will be provided through prior reviews in accordance with procurement thresholds. Supervision will be carried out twice per year, through both desk and on-site reviews of procurement arrangements and results, including post review of contracts selected in a random manner. As needed, on-site procurement training may be provided upon request to the UEFP or MESR staff.

#### **Implementation Support Plan**

7. The table below reflects the Implementation Support Plan for the proposed Project.

| Time      | Focus  | Skills Needed                                       | Resource Estimate |
|-----------|--|---|-------------------|
| Year 1    | Technical and operational support: (i) high school grants application process and communication campaign; (ii) systemic interventions; (iii) university/faculty grant application process; (iv) M&E; and (iv) overall implementation | Senior Education Specialist (Task Team Leader, TTL) | 10 weeks          |
|           | Technical support: (i) high school grants application process and communication campaign; (ii) systemic interventions; (iii) university/faculty grant application process  | Education Specialist                                | 8 weeks           |
|           | Technical support: (i) high school grants application process and communication campaign; (ii) systemic interventions; (iii) university/faculty grant application process  | Senior Operations Officer                           | 6 weeks           |
|           | Technical support for the university-level interventions and bridge programs   | Higher Education Specialist                         | 4 weeks           |
|           | Technical and operational support  | Education Specialist (Consultant)                   | 8 weeks           |
|           | Support for analysis of demand-side incentives programs  | Social Protection Specialist                        | 2 weeks           |
|           | Financial management support   | Financial Management Specialist                     | 4 weeks           |
|           | Procurement support  | Procurement Specialist                              | 4 weeks           |
| Years 2-3 | Technical and operational support: (i) high school grants program; (ii) systemic interventions; (iii) university/faculty grants program; (iv) M&E; and (iv) overall implementation   | Senior Education Specialist (TTL)                   | 20 weeks          |
|           | Technical support: (i) high school grants program; (ii) systemic interventions; (iii) university/faculty grants program  | Education Specialist                                | 12 weeks          |
|           | Technical support: (i) high school grants program; (ii) systemic interventions; (iii) university/faculty grants program  | Senior Operations Officer                           | 12 weeks          |
|           | Technical support for university-level interventions and bridge programs   | Higher Education Specialist                         | 4 weeks           |
|           | Technical and operational support  | Education Specialist (Consultant)                   | 8 weeks           |
|           | Support for analysis of demand-side incentives programs  | Social Protection Specialist                        | 4 weeks           |
|           | Financial management support   | Financial Management Specialist                     | 8 weeks           |
|           | Procurement support  | Procurement Specialist                              | 8 weeks           |
| Years 4-7 | Technical and operational support: (i) high school grants program; (ii) systemic interventions; (iii) university/faculty grants program; (iv) M&E; and (iv) overall implementation   | Senior Education Specialist (TTL)                   | 40 weeks          |
|           | Technical support: (i) high school grants program; (ii) systemic interventions; (iii) university/faculty grants program  | Education Specialist                                | 24 weeks          |



|  |   |                                   |          |
|--|---|-----------------------------------|----------|
|  | Technical support: (i) high school grants program; (ii) systemic interventions; (iii) university/faculty grants program | Senior Operations Officer         | 24 weeks |
|  | Technical support for university-level interventions, bridge programs, and impact evaluation of bridge programs         | Higher Education Specialist       | 5 weeks  |
|  | Technical and operational support   | Education Specialist (Consultant) | 16 weeks |
|  | Support for analysis of demand-side incentives programs   | Social Protection Specialist      | 5 weeks  |
|  | Financial management support  | Financial Management Specialist   | 12 weeks |
|  | Procurement support   | Procurement Specialist            | 12 weeks |

## Annex 5: Challenges in Upper Secondary and Tertiary Education

### ROMANIA: Secondary Education Project

#### Challenges in Upper Secondary Education

- 1. Education in Romania is compulsory for 11 years, starting at primary education, and covering lower secondary education and the first two years of upper secondary education (grades 9-10).** The Romanian pre-university education system covers: (i) early childhood education (0-6 years); (ii) primary education (pre-primary class and grades 1-4); (iii) lower secondary education/gymnasium (grades 5-8); and (iv) upper secondary education (grades 9-12 or 9-14, depending on the stream: theoretical, vocational, and technological). The entire upper secondary education cycle (provided in high schools) is expected to become compulsory by 2020. Tertiary education includes university and non-university education. The student assessment and evaluation system includes two milestones that determine transitions into upper levels: a national grade 8 exit exam, and the Baccalaureate at the completion of upper secondary education/gymnasium,<sup>28</sup> which is mandatory for entrance into universities, but not mandatory for graduation from upper secondary education or entrance into non-university tertiary education.
- 2. Although enrollment in upper secondary education is high, the transition to tertiary is hindered due to increasing dropout and poor performance on the Baccalaureate.** Data from the NIS show that the net enrollment rate in upper secondary education increased from 75 percent to 94.9 percent, from 2005 to 2012. In the academic year 2012/2013, there were 776,616 students enrolled in 1,605 high schools in Romania. However, the average drop-out rate in Romanian high schools increased from 2.2 percent to 3.8 percent, from 2009 to 2011, with higher rates in technological high schools (5.3 percent in 2011), as well as in high schools located in rural areas (around 7 percent in grade 11, in 2012). In the same period, the graduation rate of 18-year-old students with Baccalaureate diplomas decreased from 63.4 percent to 39.2 percent, due in large part to changes to the exam and administration procedures. On average, the Baccalaureate pass rate dropped from 78 percent to 58 percent, from 2009 to 2013, with lower rates for graduates from technological high schools (close to 20 percent in some cases).
- 3. High school students from rural areas face additional challenges.** They are often forced to travel long distances or to move away from home to attend schools closer to urban centers, which can be costly for them and their families. Although roughly 45 percent of all Romanian youth live in rural areas, only 24 percent of high school students come from rural areas, which can be partially explained by the fact that only 17 percent of high schools are located in rural areas. The gaps between students from rural and urban areas are clear. Only 37 percent of 19-21 year olds from rural households have completed a high school degree, compared with 68 percent of their peers from urban households. As students progress through the education system, fewer and fewer rural youth are represented, especially in post-secondary

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<sup>28</sup> The final grade in some high schools is 13 or 14, depending on the course, but the Baccalaureate is only taken after the conclusion of the final grade.

education. Additionally, the dropout rate in secondary education is about 1.5 times higher in rural schools than in urban ones.

4. **Beyond compulsory education, the difference in enrollment between Roma and non-Roma individuals is large, with a significant enrollment gap in the 16-19 age group, in which less than 25 percent of Roma youth attend schools, compared to more than 75 percent of non-Roma neighbors.** Though exact figures vary, it is estimated that less than one percent of Roma youth complete tertiary education. A recent study of “Împreună Agency” (2013)<sup>29</sup> shows that the share of Roma women with tertiary education increased from 0.7 percent to 1.6 percent, from 1998 to 2012. In the case of Roma men, the share of individuals with tertiary education has remained stable around 1 percent. In addition, Roma communities tend to exhibit multiple factors that place them at risk of failure in education, including poverty, rural residence, and low educational attainment among adults.

5. **There are various reasons why Romanian students drop out of high school or fail to pass the Baccalaureate, which fall into three clusters: pedagogical, financial, and personal causes.** The pedagogical reasons relate to the low quality of education provided by high schools (i.e. schools are not preparing students to perform satisfactorily, leading to failure and drop out). The financial reasons have to do with the high direct costs of attending high schools, such as fees, transport and books. The personal reasons include lack of motivation among students to continue studying, real life events like migration of parents, lack of information on the benefits of schooling, discrimination or stigma in the school environment, and myopic preferences, e.g. students preferring wage income, leisure or consumption at present rather than later.

6. **The Baccalaureate exam, despite its strengths and weaknesses, is the only nationwide assessment of student achievement in upper secondary education.** Romania lacks a representative national assessment of academic performance among upper secondary education students. The only existing nationwide measure of achievement is the Baccalaureate, taken in the final grade of upper secondary education. The exam is psychometrically well-designed, with a bank of test items that allows for comparability of results. However, the Baccalaureate items bank is outdated and this exam is only mandatory for students who wish to enter universities, so its results present a partial view of academic achievement among upper secondary education students. Furthermore, two important aspects of the Baccalaureate exam were changed in 2010: the exam structure and the establishment of anti-cheating measures. Before 2010, the Baccalaureate exam put a similar weight on the marks of both oral and written exams; also, students could choose sports as one of the exam subjects. Since 2010, oral examinations have a pass/fail weight and are finalized with a competence certificate for communication and digital competencies. Subject to passing the competence exams, Baccalaureate candidates must then take written exams for three subjects, each with a mark having the same weight for the final Baccalaureate result. In addition to changes to the exam structure, since 2010, all testing rooms where the Baccalaureate has taken place (for preparation, multiplication, examination, evaluation, and storing) are equipped with video surveillance equipment as a measure to prevent cheating.

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<sup>29</sup> Duminică, G., and Ivăsiuc, A. (coord.) (2013) *Romii din România De la ț la ap ispaș itor la motor de dezvoltare*, Report Agenț ia Împreună, Bucharest.

7. **The results of the Bacalaureate, as a proxy for the quality of upper secondary education, indicate problems with both quality and pedagogy.** The Bacalaureate pass rate is low, only 58 percent on average in 2013/14. The new exam structure and the introduction of anti-cheating measures further decreased the Bacalaureate participation rate and increased the failure rate. There are notable disparities within the country, with some counties performing substantially below the average. The latest Bacalaureate pass rates in the counties of Ilfov (with one of the highest shares of declared Roma population) and Teleorman (with one of the highest poverty risk rates) were the lowest observed in Romania, at around 29 percent and 43 percent respectively. In absolute figures, 82,618 students failed to pass the Bacalaureate in 2013/14. Together with the students who did not take the Bacalaureate or those who did not graduate from secondary education, in 2011/12 there were 100,000 youth without the prospect of continuing on to tertiary education, compared to 74,000 in 2009/10.

8. **Results of the 2012 PISA further demonstrate the educational challenges that young Romanians are facing.** 37.3 percent of 15-year-old students fail to demonstrate basic reading skills (compared with the 18.1 percent average from the EU-28) and an even higher percentage fail to demonstrate basic numeracy skills (40.8 percent compared to the EU-28 average of 23.5 percent). Students from socially, culturally and economically marginalized communities are at highest risk of exclusion. Poor students are perhaps the most disadvantaged when it comes to performance: PISA 2012 results in both reading and mathematics show about a 100-point difference in scores between the top and bottom 20 percent of 15 year olds based on socio-economic status, which is equivalent to an academic gap of about 2.5 years. Not surprisingly, the better-off are more likely to enroll in and successfully complete tertiary education. More than 50 percent of the richest quintile of Romania's youth (25-29 year olds in 2009) holds a tertiary degree, whereas the rate of tertiary completion for the poorest quintile is only five percent. While the situation improved somewhat between 2002 and 2009, students from poor (and rural) households continue to lag substantially behind their better-off urban peers.

9. **Financial factors also present a barrier for disadvantaged students to attend high schools in Romania.** A 2014 study<sup>30</sup> shows that the lack of financial resources is the most important reason why students who live in rural areas do not continue into upper secondary education, as mentioned by 47.3 percent of parents of these students. This finding is consistent with a 2011 study<sup>31</sup> on access and equity in higher education which cites that financial constraints to attending high schools were mentioned as a reason for dropping out by 38.3 percent of students. Similarly, a 2014 survey carried out by the Bank informed that the cost of education and training is a barrier mentioned by 22.8 percent of almost 400 stakeholders involved in lifelong learning in Romania.

10. **Multiple financial incentives schemes exist to address the financial needs of disadvantaged high schools students, but their effectiveness is unknown.** The *Money for High Schools Program*, operated by the MESR since 2004, allows students of very low income families to receive RON 180 per month (US\$51 equivalent) to off-set the costs of upper secondary education. In 2012/13, the *Money for High School* program benefited 118,582 high

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<sup>30</sup> Badescu, G., Petre, N. (2014). *Child's Wellbeing in Rural Areas*. World Vision Romania, Cluj-Napoca: Risoprint, p. 27

<sup>31</sup> Pricopie, R. et al. (2011). *Equity and Access in Higher Education in Romania*. Bucharest: Comunicare.ro

school students, 14% of all high school students enrolled in that year. The program for that year cost approximately US\$54.5 million. The MESR also funds another program that provides transportation subsidies for commuter students who must leave their locality to attend school. Other transportation subsidy programs for students also exist, funded either through local budgets or the Ministry of Transportation. Altogether, the transportation subsidy programs amount to approximately US\$23 million per year. A Euro200 scheme provides vouchers to families in the poorest decile to purchase a computer and so bridge a technological barrier to success in high school. This scheme benefitted almost 16,000 families in 2013. Finally, a relatively new Professional Scholarship program provides RON 200 per month (US\$57 equivalent) to all students studying in Vocational public or private schools regardless of income level who submit an application to the scheme. The MESR plans to support and scale up its financial subsidy programs using ESIF for the 2007-2013 and 2014-2020 programming periods. However, the implementation of these programs has not been analyzed yet so their effectiveness is unknown. Nonetheless, the extent of the problems in upper secondary education indicates that these programs have not been sufficient or effective in addressing the financial constraints of disadvantaged high school students.

**11. In addition to the programs mentioned above, as part of the Government's Strategy for Social Assistance Reform, a number of social assistance programs exist to benefit Romanian students.** Implemented by the MoLFSPE as well as local Governments, these programs include the *State Child Allowance* and the *Family Allowance*. The former is a monthly cash transfer program that benefits all children age zero to eighteen or more, if still enrolled in school, with differentiated benefit levels. The latter is another monthly cash transfer program for families with children, which is subject to school attendance and has higher benefits for families with a single parent. The ongoing Social Assistance System Modernization Project (P121673) supports Romania's efforts to streamline the complex social assistance system, which has become costly and complex over the last few years, with variable targeting accuracy. These schemes are expected to be merged with others into the Minimum Social Insertion Income program, which is also expected to be conditioned on school attendance.

**12. Personal reasons complete the set of factors that explain students' failures in upper secondary education.** The above-mentioned study on access to and equity in higher education informs that 38 percent of students pointed out family problems as a key reason for dropping out of high schools. Additionally, consultations carried out in June 2014 by the Bank to understand the challenges in upper secondary education in Romania showed that lack of motivation as one of the most important reasons for failures in high schools. Other studies carried out in Romania point to other personal factors, such as early marriage of students and low levels of parental education.

### **The Dropout Challenge in Tertiary Education**

**13. In addition to the challenges students face in upper secondary education, there are other important concerns for those students who manage to enter tertiary education but are at risk of dropping out.** As described in the main text, the proposed Project considers these challenges in the initial years of tertiary education as the final piece of the successful transition from upper secondary into tertiary education.

14. **For the 2014/15 academic year, there are 55 public universities with 367 faculties in Romania.**<sup>32</sup> Romanian public universities are autonomous higher education institutions established as organizations with individual legal status. Any university is composed of a number of faculties that can vary depending on the capacity and needs. The 55 public universities can be grouped in the following categories: (i) 16 large universities with 10 to 21 faculties; (ii) 16 medium universities with 4 to 9 faculties; and (iii) 23 small universities with 1 to 3 faculties. For the 2014/15 academic year, the Government approved through Ordinance 580/2014 the structure for the public and private university system, the fields, and their study programs. Officially, based on this ordinance, for the academic year 2014/15 there are 55 universities with 367 faculties authorized to function. The university system is in the process of reorganization. Not only is the number of universities and faculties decreasing, but drastic changes are taking place in the study programs that need to be refreshed and updated. The study programs that are being dropped between 2014 and 2016 represent 12% of all the 321 study programs available.

15. **A significant decline in tertiary education enrollment has been observed since 2005.** Through most of the 2000s, roughly 80 percent of secondary education graduates were able to successfully pass the Bacalaureate exam. Following a revision to the exam in 2011 and the adoption of more stringent anti-cheating procedures, the pass rate fell to 58 percent in 2013/14. This, in combination with the closure of a large over-enrolled private university and the overall decline in the student-age population, has had a significant impact on enrollment. Overall, enrollment in tertiary education has decreased by 35 percent, from 716,464 (in 2005/06) to 464,592 (in 2012/13). According to the NIS, the enrollment rate in tertiary education for young students aged 18 years old (i.e. tertiary education entrance age) decreased by 50 percent from 2005/06 to 2012/13.

16. **Even among those students who do successfully transition to tertiary education, some are at high risk of dropping out within the first two years of study.** The retention rate in the first year of tertiary education was 82.9 percent in 2012/2013. Additionally, the average number of years in tertiary education for students aged 19-23 has dropped from 1.4 years in 2005/06 to 1.2 in 2012/13, which shows that many students drop out of tertiary education in the initial years. At least 18 percent of first year tertiary education students dropped out in 2010/11, considering all tertiary education institutions in Romania. This is consistent with a finding of the study on access to and equity in higher education, which shows that the risk of dropping out was noted by 19.2 percent of respondents. This early drop out problem is mostly confined to students who pass the Bacalaureate but with low marks, representing nearly one in four students in 2013/14.

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<sup>32</sup> After significant, unregulated expansion in the late 1990s and early 2000s, during which ‘degree mill’ type institutions began enrolling students without any quality oversight, the private sector was enveloped under a more comprehensive quality assurance regulatory framework. With the resulting closures of several low-quality private institutions (coupled with anticipated demographic shifts), tertiary enrollment numbers contracted dramatically, as noted earlier. In recent years, private higher education has rebounded with better quality private higher education options emerging in cities around the country, and by 2011, there were 52 private higher education institutions, mostly teaching in ‘soft’ subject fields, such as business and the social sciences. These private institutions tend to enroll students who either were not admitted to more elite public universities, cannot study on a full-time basis, and/or cannot physically attend university even on a part-time basis, though distance education is still a rare phenomenon in Romania.

**17. Like in upper secondary education, multiple reasons explain the dropouts in tertiary education, including academic and financial causes.** Low performing tertiary education students, many of whom also represent disadvantaged groups, are more likely to drop out of universities within the first year without adequate academic support. These students often experience academic and social adaptation challenges during the transition years at university, resulting in their falling behind peers in their coursework and becoming socially withdrawn from the university/faculty community. Without a supportive context for those students, they are less likely than their peers to be able to identify mechanisms that would help them bridge the burgeoning exclusion as they fall behind, and this exclusion often leads to early school leaving from tertiary institutions. Interviews with former students who had dropped out of school without completing a degree indicate that among the most common causes for early departure are poor relations with faculty and – in more selective universities at least – the difficulty of the required coursework. Financial concerns also emerged as an important cause of dropout, consistently identified by approximately 50 percent of former tertiary education students who participated in a consultation process carried out by the World Bank in 2014.

## **Education Finance**

**18. Overall, financing for education in Romania is amongst the lowest in Europe, based on Eurostat data for 2011.** For that year, public expenditure for all levels of education was at 3.07 percent of GDP, in contrast to countries like Bulgaria (3.82 percent), Slovakia (4.06 percent), Italy (4.29 percent), Hungary (4.71 percent), and Sweden (6.82 percent). For the EU-28 countries, the average level of education expenditure as a percentage of GDP was 5.25 percent in 2011. In 2010, Romania decreased per student expenditure for tertiary education by 19.5 percent (in EUR, PPS) as compared to 2008, by 20.2 percent for upper-secondary and post-secondary non tertiary education, and by 24.6 percent for primary and lower secondary education. In contrast, Poland increased expenditures per student in 2010 by 28.5 percent for tertiary education, by 15.9 percent for upper-secondary and post-secondary non tertiary education, and by 20.2 percent for primary and lower secondary education over the same period.

**19. The maximum annual gross statutory salaries of full-time fully qualified teachers in public schools in Romania relative to GDP per capita are low when compared with other European countries.** Highly performing education systems in Europe and elsewhere have a comparatively high entrance salary to attract the best into the profession. Salary increases over a lifetime, on the other hand, are often moderate in these systems. Moreover, the entrance salary of a teacher in Romania (below EUR 200) is amongst the lowest in Europe<sup>33</sup>, second only to Latvia, and this provides little incentive for good candidates to enter the teaching profession. In terms of expenditures, salaries represented 46 percent of total education expenditures in Romania in 2011, as compared to the EU average of 61 percent.

**20. Given the austerity measures and the need for short and medium term fiscal consolidation, the current education budget allocation in Romania is unable to fully cover the necessary additional resources to schools to provide effective support to disadvantaged students.** For example, a 2013 study from the United Nations Children's Fund (UNICEF) and

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<sup>33</sup> Eurydice (2012).

Romania's IES, which was conducted in primary and lower secondary education schools with a high share of students from socially and economically disadvantaged backgrounds, demonstrates that schools budgets rely almost entirely on basic per capita funding. Little budget is left over for qualitative inputs once utilities and other operating costs are paid. Schools in disadvantaged areas, which arguably have the greatest need for additional resources, receive less than 10 percent of their total budget from other sources (equivalent to a value of EUR 4 per month per student, in addition to the per capita allocation). The consequences of this funding constraint include: (i) a high level of dependency on supplemental funding from local authorities, which are unable to marshal the funds needed which, in turns, accentuates disparities; and (ii) barriers to attract high-quality teachers and school managers to schools.

**21. The MESR is preparing strategies on reducing early school leaving, lifelong learning and tertiary education with technical support from the World Bank which will guide the use of EU funds in the programming period 2014-2020.** These funds would be mainly allocated to tackle challenges in primary, lower secondary and tertiary education. Although the Thematic Objective 10 of the Partnership Agreement of Romania allows investments in secondary education, the operational programs that are being prepared do not include interventions addressing the challenges of upper secondary education or the transition of students into tertiary education.



## Annex 6: Analysis of Demand-Side Programs for Upper Secondary Education

### ROMANIA: Secondary Education Project

1. There are various reasons why Romanian students drop out of high school or fail to pass the Baccalaureate, which fall into three clusters: pedagogical, financial, and personal causes. The pedagogical reasons relate to the low quality of education provided by high schools (i.e. schools are not preparing students to perform satisfactorily, leading to failure and drop out). The financial reasons have to do with the high direct costs of attending high schools, such as fees, transport and books. The personal reasons include lack of motivation among students to continue studying, real life events like migration of parents, lack of information on the benefits of schooling, discrimination or stigma in the school environment, and myopic preferences, e.g. students preferring wage income, leisure or consumption at present rather than later.

2. To overcome financial barriers to upper secondary education, the GoR and local authorities operate several cash and in-kind schemes aimed at providing access for students from disadvantaged groups. It should be noted that even with the financial incentives in place, students are citing financial barriers as key reasons for non-participation in upper secondary education.

(i) Programs implemented at the national level – cash grants:

- The Money for High School program provides a large cash grant (RON 150, US\$ 43 equivalent) every month to high school pupils in the poorest decile in grades 9-12 (or 13/14).
- A Professional Scholarship program provides an even larger cash grant (RON 200, US\$ lei or \$57) every month to those attending the professional stream, regardless of income, in both public and private schools.
- A Transport Reimbursement program reimburses the actual cash value of transportation (up to 50km) for pupils who travel beyond their locality to attend schools.

(ii) Programs implemented at the national level – in-kind support:

- The *Euro200* program provides a one-time voucher to families in the poorest decile to purchase a computer.
- *School buses* have been purchased to ease transportation barriers, especially in rural areas.

(iii) Programs implemented at the local level:

- A range of *local bursaries* exist, notably for excellence (high marks); and social bursaries (for pupils whose families earn below half the national wage). The amounts awarded, eligibility criteria and distribution are highly discretionary.
- *Transportation subsidies*: reimbursement of 50 percent of transport costs for children in the locality.

3. Despite the existence of these schemes, high school drop-out rates are rising. Individually and collectively, the schemes have not been successful in reversing the situation on participation in upper secondary education in Romania.

4. *Theoretical Background on Social Assistance and Conditionalities.* The theory and evidence around social assistance benefits shows that where markets exist a cash transfer is usually preferred as it allows families to optimize their consumption choices; payment to the mother in a family increases the chances that the money will be spent on the children and for productive purposes. Where there is strong financial market penetration, delivery of the cash transfer to a bank account/savings card can promote financial inclusion and encourage savings. Benefit levels should be set high enough to prevent extreme hardship, but low enough to prevent work disincentives. Conditionalities work best where there is a supply of services available, but they are not being used due to financial constraints.

5. In countries where multiple social assistance schemes exist, the private costs of application can be high and the administrative costs of multiple schemes can also be high. Management information systems linked to other databases (such as tax records, land registries or civil registries) can reduce the amount of administrative work required for each application, while also providing controls against fraudulent applications. Having harmonized eligibility requirements, a single application form for multiple benefits and/or automatic entry if already qualified for another scheme can reduce the private costs to individual applicants wanting to apply for multiple programs. Families with multiple children should be able to apply once to each scheme for all eligible children and have their eligibility continued the following year if circumstances have not changed.

#### *Preliminary Analysis of Existing Demand-Side Programs*

6. Against the above-mentioned theoretical background, the following observations and speculations arise, but will need further testing through rigorous evaluation:

(i) *Program Design:*

- Two schemes (Money for High School and Euro200) use an extremely low eligibility threshold of RON 150 lei (US\$ 43 equivalent, or around US\$ 1.5/day) per adult income, which is below the poorest decile threshold (RON 0-187 per adult equivalent income). The threshold has not changed in ten years (although when the Money for High School program increased the threshold to RON 200, in 2008, enrollment in the scheme increased by 10 percent, reversing a steady decline).
- The *Money for High School* program requires a minimum attendance level (85 percent), with no possibility of re-entry to the scheme if this threshold is not met. However, in rural areas children of high school age might be expected to participate in agricultural activities for several weeks/months, thus making them ineligible after one year.
- The *Money for High School* is administered through schools, i.e. potential beneficiaries apply through and receive cash from the school, creating a high potential for petty fraud by administrators. It also risks a stigma amongst peers for pupils applying to and receiving cash from the principal's office monthly.

- The *Transport Reimbursement* scheme suffered a setback when transport companies raised their prices, knowing that the full amount would be reimbursed, leading to a six month delay in payment to pupils; some private transport providers do not issue invoices.
- Under the *Money for High School* program, the amount provided to the pupil in cash exceeds the income per adult for the household raising questions about whether the funds are used optimally. Further, the amount does not increase when education stops being compulsory, which is when books and other supplies are no longer provided free.

(ii) *Participation Costs:*

- Each scheme requires a significant amount of paperwork, notarized, and a trip to the town hall for verification of documents, to apply. In the case of the *Euro200* program, the pupil still has to pay the cost of purchasing the computer over and above the voucher amount.
- Families with multiple children have to apply for each scheme separately and for each child separately, each year thus multiplying the private costs of participation.

(iii) *Program Management:*

- A few more general observations arise regarding the administration of these schemes. Those involved in the administration of the schemes (ranging from school principals through School Inspectorates to Ministry staff) believe the schemes are important in affecting pupils' and families' decisions regarding high school attendance. However, it appears as though the schemes are administrated as budget transactions following successive Government Orders and the respective regulations. Nor, does there appear to be any strategic overview of the consistency or compatibility of the schemes within the MESR, between national and local schemes, or with the programs provided by other Ministries.
- Furthermore, the MoLFSPE administers a range of cash social assistance schemes, including the Family Allowance (soon to become part of the Minimum Insertion Income scheme) that also includes school attendance conditionality. The eligibility threshold of the Family Allowance has been increased twice in recent years and is now at RON 530 (3.5 times the RON 150 threshold of the Money for High School), but the benefit level is much lower at RON 74 (currently less than half of the RON 180 benefit of Money for High School). The schemes have considerable overlap in objectives and attendance lists are provided by School Inspectorates to the MESR for the Money for High School scheme and to the MoLFSPE for the Family Allowance program in parallel.

*Potential Contributions through the ROSE Project*

7. The ROSE Project would finance an analysis of schemes run by national and local authorities to improve high school attendance. It will use quantitative and qualitative methods to ascertain whether and how the financial programs on offer meet the needs of high school age children. It will also make recommendations to address more effectively the dropout problem, including (but not limited to) recommendations to make more effective the current financial programs, which could include consolidation, harmonization, parametric changes and whether in-kind schemes should be continued, amended or dropped. As far as possible, the outcomes and fiscal implications of the recommendations will be simulated.

8. Based on the observations above, future recommendations would likely fall into the following clusters:

- *minor technical changes* such as: merging programs into a single cash grant for all pupils, increasing eligibility thresholds for the cash schemes; limiting the Professional Education grant to pupils from poorer backgrounds; and/or reducing the application requirements for some or all schemes;
- *moderately ambitious changes* able to harmonize application requirements and eligibility thresholds for all programs, resulting in a one-stop application process, with automatic enrollment through school years unless suspended due to absences, and with the onus on the applicant to advise of a change in household circumstances;
- *more ambitious changes* able to revamp the whole series of cash programs, acknowledge them to be social assistance and to merge the national cash programs into a single initiative with low application costs, good quality monitoring and oversight capacity.

9. The extent of the recommendations to be adopted would depend upon political will within the MESR to reform its schemes, drop/merge some, increase spending for better outcomes, and/or change roles and responsibilities. Additionally, ROSE Project funds would be made available for the following purposes:

- Development of action plans.
- Legislative revisions, creation of operational guidelines.
- Adaptation of Management Information Systems (including SAFIR).
- Communications to stakeholders about the changes.
- Capacity building within the MESR and/or MoLFSPE.
- Implementation support.

## **Annex 7: Economic and Financial Analysis**

### **ROMANIA: Secondary Education Project**

#### **I. Introduction**

1. The ROSE Project focuses on improving the transition from upper secondary school to tertiary education, especially for those from disadvantaged backgrounds. The Project builds on previous World Bank engagement in education in Romania, including ongoing Technical Assistance for Preparing a Strategic Framework for Lifelong Learning and a Reimbursable Advisory Services (RAS) for Reducing Early School Learning. The proposed Project will address relevant needs at the secondary and tertiary education levels with the following Components and Sub-components: School-based Interventions (Sub-component 1.1); Systemic Interventions (Sub-component 1.2); and University-Level Interventions and Bridge Programs (Component 2).

2. This annex presents the economic analysis that provides the rationale for public investment and World Bank involvement in this Project, followed by cost-benefit and financial analyses to justify the investment.

#### *Expected development impact*

3. The Project seeks to improve the quality of upper secondary education delivered in high schools serving the majority of students from disadvantaged groups, and to facilitate their transition into and completion of tertiary education. Upon the Project's completion, it is expected that in project-supported high schools, the upper secondary dropout rate will decline from 6.5 percent to 3.5 percent; that the average graduation rate will increase from 83 percent to 92 percent; and that the average Baccalaureate passing rate will increase from 46 percent to 60 percent. It is also expected that the average retention rate in the first year of tertiary education in Project-supported faculties will increase from 82 percent to 85 percent.

4. Increasing education attainment is especially important in Romania in the context of a rapidly declining population. The population of Romania has been declining significantly over the past two decades due to low birth rates and emigration, and is aging rapidly. If current projections are accurate, the total number of school-aged children and youth will decline by 40 percent by 2025.<sup>34</sup> Population declines combined with an aging population creates an even greater need to increase educational attainment of youth so that they can contribute to growth and secure employment to support older generations.

5. The ROSE Project is well aligned with the World Bank's 2014-2017 CPS, which guides the engagement between the Bank and the client. The key objectives of the CPS are to help reduce poverty in Romania and foster sustainable income growth for the bottom 40 percent of the population. These objectives will be achieved in the context of Romania's economic convergence process within the EU and the EU2020 "smart and inclusive" agenda, which

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<sup>34</sup> Compared to 2005 levels. Analysis to inform the draft RAS Strategic Framework to Reduce Early School Leaving (World Bank, 2014).

includes specific targets to reduce the share of early school leavers to 11.3 percent and increase completion rates of tertiary education to 26.7 percent for those 30 to 34 years old. The Project will support these objectives by improving the quality of upper secondary education with a focus on reducing dropout rates, increasing completion rates, and improving outcomes on the tertiary entrance examination, or Baccalaureate. In addition, the Project will finance activities that support students who are at risk of dropout in the first year of university, which will ultimately contribute to increasing tertiary completion rates. By targeting upper secondary schools with disadvantaged populations and tertiary students with low scores on the Baccalaureate, the Project will seek to increase educational attainment, and in turn economic opportunity, for disadvantaged populations.

#### *Rationale for public investment*

6. Secondary education plays a key role in providing skills and technical training to young students who want to enter the labor force. Moreover, it prepares other students who want to continue into tertiary education. Young people and their families may underinvest in secondary education and make uninformed choices about schooling due to information asymmetries concerning future labor market returns that can be achieved by attaining a higher level of education. They also may lack knowledge on options available in education. These constraints are stronger for lower-income students.

7. In addition, secondary and tertiary education can lead to public returns and positive externalities. The most transparent public benefit of higher levels of education is derived from higher taxes paid on higher salaries earned as a result of education attainment. Externalities that arise from secondary and tertiary education are more difficult to measure, but research<sup>35</sup> indicates that higher levels of education are linked to positive behavioral outcomes that benefit society in terms of lower rates of crime (leading to lower rates of incarceration and lower costs for victims) and better health (resulting in lower medical costs due to lower rates of heart disease, smoking, and infant mortality, among others).

8. Public financing is justifiable to address the constraints mentioned above. The proposed Project would support grants to high schools serving students from disadvantaged groups to facilitate their transition to tertiary education or the labor market. This is an approach to achieve efficiency in the allocation of limited resources.

#### *Rationale for World Bank involvement*

9. The proposed Project would build upon the successful implementation of the previous education projects in Romania, especially the Rural Education Project that supported a successful school grants component. It would also draw upon the on-going RAS assisting the MESR on the preparation of draft strategies to address challenges in early school leaving, tertiary education, and lifelong learning, in addition to the also on-going work on administrative capacity building. Other World Bank-supported operations in education or with components on education include the Reform of Higher Education & Research Project (P008793), which closed in 2012,

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<sup>35</sup> Literature on positive externalities as summarized in Davies, J. (2003). "Empirical Evidence on Human Capital Externalities." Ontario, Canada: The University of Western Ontario.

and the Social Inclusion Project (P093096), which will close in June 2014.

10. World Bank lending for secondary education worldwide grew from \$148 million in 1990 to \$250 million in 2004. Lending for secondary education reached a peak of \$376 million in 1995. The World Bank has assisted secondary education development in more than 70 countries. In Europe and Central Asia countries, the World Bank has supported operations to help Governments address the following priorities: systemic change to allow for realignment to market demand; reform of governance; improved efficiency, equity, and sustainability. Therefore, the World Bank will be able to add value to improving secondary education due to its expertise and experience in this area.

## II. Cost-benefit analysis

11. The analysis considers quantifiable benefits of cash flows from lifetime earnings of higher numbers of secondary and tertiary graduates against relevant Project costs. Lifetime earnings are calculated from wage premia from a Mincerian regression of returns to an additional year of education<sup>36</sup> using the nationally representative 2009 Romania Household Budget Survey. These benefits are expected to arise primarily from Sub-component 1.1 - School-Based Interventions and Component 2 - University-Level Interventions and Bridge Programs. The analysis is presented as the present value of benefits and costs as compared to the counterfactual of no intervention.

12. In addition to the quantifiable benefits captured in the cost-benefit analysis, non-quantifiable benefits are expected as a result of the Project as well from Subcomponent 1.2 - Systemic Interventions and Component 3 – Project Management, Monitoring, and Evaluation. System-wide improvements in the areas of curriculum, teacher and director training, revising and developing assessments, electronic teaching and learning materials, awareness campaigns, and EMIS are expected to increase the quality and management of secondary education. In addition, the review of current programs that provide incentives for youth to complete secondary and the review of the student loan scheme may lead to a more informed policy. However, benefits from these activities are very difficult to quantify, and will not be included in the analysis.

13. The following sections explain the benefits and costs of increasing the upper secondary graduate rate and the tertiary graduation rate, followed by a sensitivity analysis, presentation of alternatives considered, and a financial analysis. The assumptions made in conducting these analyses are presented in Table 1 below.

**Table 1. Assumptions for ROSE Economic and Financial Analysis**

| Assumptions  | Figure  |
|--|---------|
| Students in last year of high school                                   | 181,355 |
| Share of secondary schools/students eligible for benefits              | 80%     |
| Share of students benefiting from activities at supported high schools | 50%     |
| Expected increase in upper secondary graduation rate                   | 9.2%    |

<sup>36</sup> Zgreaban, I. I. (2013). "Education in Romania – How much is it worth?" *Romanian Journal of Economic Forecasting*, Vol. 16, Issue 1, pp. 149-163.

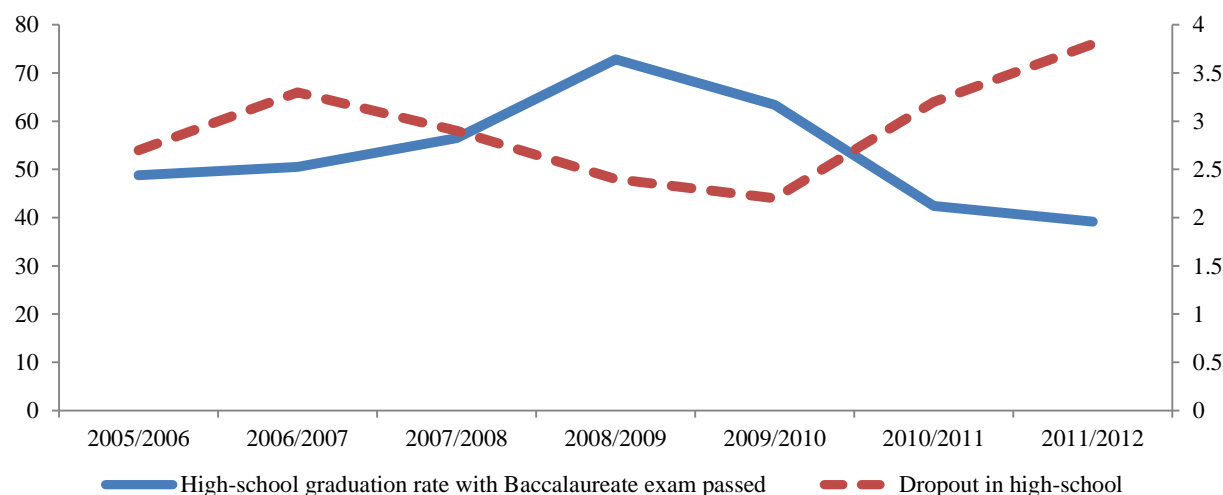
|   |             |
|---|-------------|
| Expected increase in tertiary graduation rate   | 2%          |
| Share of students who pass the Baccalaureate and are eligible to continue to tertiary                                   | 57.9%       |
| Duration of upper secondary   | 4 years     |
| Duration of tertiary education  | 4 years     |
| Survival to last grade of tertiary (of those who enter year 1 of university, how many complete?) currently              | 74%         |
| Anticipated survival rate at tertiary due to Project  | 76%         |
| Dropout rate in tertiary, first year  | 18%         |
| Dropout rate in tertiary, second year   | 5%          |
| Dropout rate in tertiary, first year at project end   | 16%         |
| Employment rate for upper secondary/non-tertiary post-secondary graduates in Romania up to three years after completion | 52.5%       |
| Employment rate for tertiary graduates in Romania up to three years after completion                                    | 76%         |
| Employment rate for upper secondary and post-secondary non-tertiary, age 20-64  | 63.7%       |
| Employment rate for short-cycle tertiary, bachelor or equivalent, master's or equivalent, age 25-64                     | 84.9%       |
| Duration of wage benefits   | 30 years    |
| Mincerian return to an additional year of school  | 11.29%      |
| Number of at risk tertiary students benefiting per year   | 50,000      |
| Project duration, in years  | 7           |
| IBRD costs of Component 1.1 in Euros  | 126,883,600 |
| IBRD costs of Component 2 in Euros  | 49,137,500  |
| Discount rate   | 3.0%        |
| Estimation of per student costs in Euros  | 1,472       |
| Euro to USD exchange rate current   | 1.25        |

#### *Benefits from increasing the upper secondary graduate rate*

14. The ROSE Project's Subcomponent 1.1 seeks to support the transition of students from upper secondary into tertiary education through grants to high schools. Eligible high schools will select activities from a menu that includes the following options: (i) remedial classes, tutoring, counseling, coaching, mediation with Roma communities, and personal development (at least half the funding will be directed to these activities); (ii) extracurricular and outreach activities such as documentary trips/visits, internships, participation in different competitions, small prizes, and school networking activities; and (iii) minor civil works for interior renovation of laboratories and purchase of equipment. It is expected that 1,451,647 upper secondary school students will benefit from these activities, leading to an increase in upper secondary graduation rates from 83 percent to 92 percent and a decrease in upper secondary dropout rates from 6.5 percent to 3.5 percent. This improvement in upper secondary graduation rates is crucial considering recent trends of increasing dropout rates in high school and decreasing graduation rate with the Baccalaureate exam passed (see Figure 1).



**Figure 1. Trends in Romanian high school outcomes**



Source: NIS data as reported in draft Strategic Framework to Reduce Early School Leaving, prepared as a RAS by the World Bank for Romania.

15. Evidence shows that the ROSE Project’s activities have the potential to lead to better educational outcomes for those likely to leave high school early. The European Commission’s 2013 report<sup>37</sup> recommends a combination of prevention, intervention, and compensation strategies to reduce early school leaving that includes strategies similar to the Project, such as high quality vocational options, strong and well-developed guidance staff, cooperation with the world of work, extra-curricular and out-of-school enrichment opportunities, and creation of a conducive learning environment, among others. A recent literature review<sup>38</sup> of 10 U.S. studies showed positive effects of academic support service programs, including more credits earned in high school, achievement gains, and better passing rates. In terms on experimental learning, a recent meta-analysis<sup>39</sup> of cognitive benefits of 11 service-learning programs that allow students to apply knowledge learned in class concluded that participation led to an improvement in learning outcomes, with an effect size of 0.332.

16. In turn, better secondary educational outcomes of upper secondary attainment can lead to higher wages. Secondary education provides an opportunity for students to further develop cognitive and non-cognitive as well as other marketable traits that are linked to higher employment levels and earnings. Although wage premia were calculated for an additional year of education in Romania, wage premia by level of education are not available. However, findings from other countries in the ECA region show that wage premia increase with attainment of upper

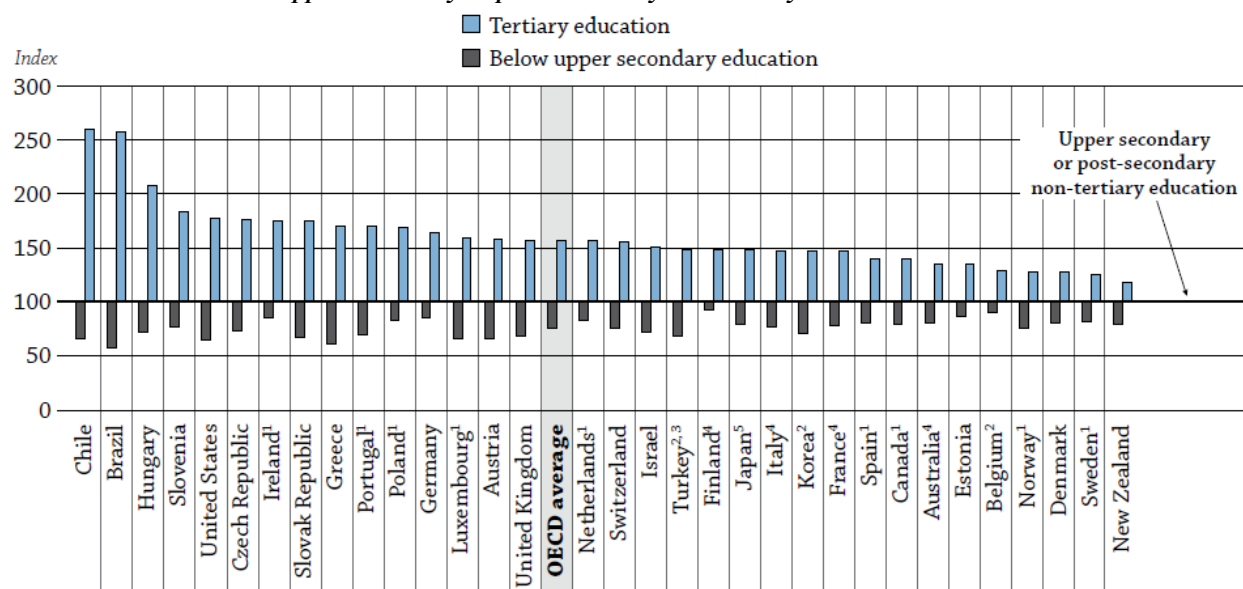
<sup>37</sup> European Commission (2013). “Reducing Early School Leaving: Key Messages and Policy Support.” Final Report of the Thematic Working Group on Early School Leaving.

<sup>38</sup> Calderon, S., and S. Klein, R. Fitzgerald, and M. Berger. (2005). “Ninth-grade Remediation Programs: A Synthesis of Evidence-Based Research.” Report prepared by MPR Associates, Inc. under contract for the Office of Vocational and Adult Education at the U.S. Department of Education.

<sup>39</sup> Warren, J.L. (2012). “Does Service-Learning Increase Student Learning?: A Meta-Analysis.” *Michigan Journal of Community Service Learning*, Spring, pp. 56-61.

secondary relative to lower secondary and primary education. For example, in Hungary, Slovenia, and Poland, workers without an upper secondary-level education earn approximately 25 percent less than workers with that level of education (see Figure 2). In addition, employment rates by education level in Romania show benefits to completing upper secondary education as employment rates for secondary graduates were 63 percent in 2013 compared to 42 percent of primary school graduates. These differences have remained stable over time (see Figure 3).

**Figure 2. Relative earnings of 25-64 year-old workers, by educational attainment (2011)**  
*Upper secondary or post-secondary non-tertiary education = 100*



1. Year of reference 2010.

2. Earnings net of income tax.

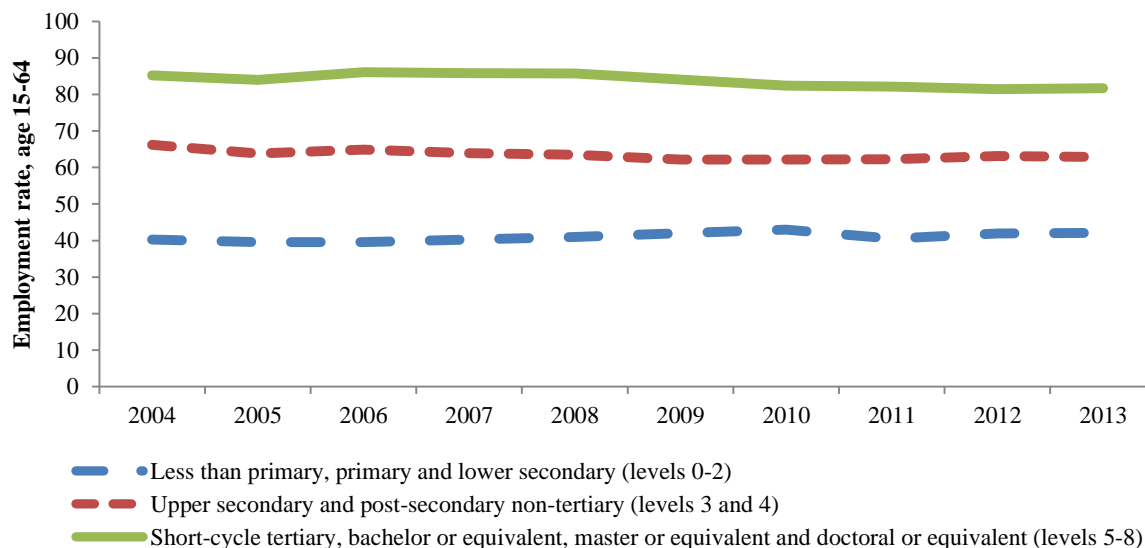
3. Year of reference 2005.

4. Year of reference 2009.

5. Year of reference 2007.

Source: OECD Education at a Glance 2013.

**Figure 3. Trends in employment rates in Romania, by education level**



Source: Eurostat database.

17. The benefits of Subcomponent 1.1 come from higher expected income that will be earned by more educated and qualified graduates of upper secondary education. The analysis assumes that the upper secondary graduation rate will increase by 9 percent, and that 61 percent of graduates will enter the labor market and 39 percent will continue to complete tertiary education, given the current rate of graduation with the Baccalaureate passed. The costs associated with the Project include grants to high schools and technical assistance to high schools on preparation to complete the grant proposals. The analysis discounts cash flows over a time frame of 30 years. The results are shown in Table 2 below.

**Table 2. Benefits and costs of upper secondary interventions**

|   |               |
|---|---------------|
| Benefits from increased graduation rates at upper secondary | \$752,181,954 |
| Costs of upper secondary interventions                      | \$143,377,712 |
| NPV (Benefits-Costs)  | \$608,804,242 |
| Benefit-Cost Ratio  | 5.2           |

#### *Benefits from decreasing the tertiary dropout rate*

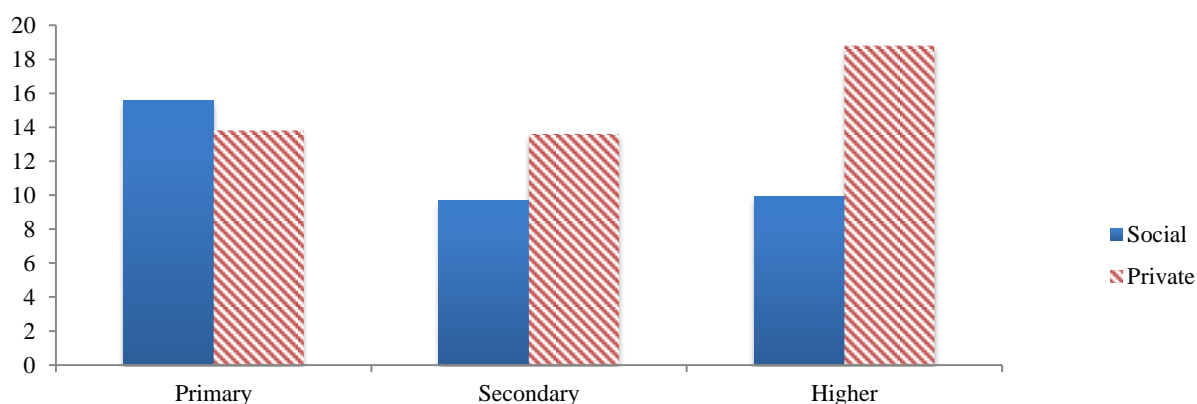
18. The ROSE Project Component 2 seeks to support the needs of students from disadvantaged groups who are at risk of dropping out of universities in the first year of study. Universities will apply for grants, on behalf of faculties, with proposals for approaches to prevent dropout through campus-based bridge summer programs with tertiary-level summer courses for high school students, secondary school-university-labor market partnerships, and development of managed and coordinated university campus-based tutoring programs for high school students. In addition, faculties will be able to select other eligible activities that include remedial programs, tutoring, counseling and guidance services, promotion of job fairs, workshops in specific areas, and awareness raising campaigns. It is expected that 50,000 first year tertiary

students a year will benefit from these approaches, leading to an increase in the retention rate from 82.3 percent to 84.5 percent for first-year tertiary students.

19. Research shows that these approaches to prevent tertiary dropout in the first years of university have the potential to be effective. A framework for remediation in community colleges in the U.S.<sup>40</sup> mentions “ingredients” for success that are aligned with the Project, including linking remedial courses to coursework (or restructuring the curriculum), creating learning communities through orientation courses (such as the summer bridge program, and reorienting instruction styles to be more conducive to the needs of disadvantaged students.

20. Successful completion of tertiary education is also linked with higher wages and employment levels, as shown in Figures 2 and 3 above. For example, in 2013, employment rates in Romania were 82 percent for tertiary graduates, much higher than 63 percent employment rate for secondary graduates.<sup>41</sup> In European, Middle Eastern, and North African countries, the regional average of returns to education by level show benefits to higher education relative to other levels, especially in terms of private returns (see Figure 4).

**Figure 4. Returns to education by level, regional averages**



Source: Psacharopoulos, G. and H. Patrinos. (2002). "Returns to Investment in Education: A Further Update." World Bank Policy Research Paper 2881.

21. The benefits of Component 2 come from higher expected income that will be earned by more educated and qualified graduates of tertiary education. The analysis assumes that the first-year tertiary retention rate will increase to 84.5 percent, which will in turn increase the tertiary completion rate by 2 percent. The costs associated with the Project include grants to faculties at universities as well as the design and implementation of learning laboratories in universities benefiting from grants. The analysis discounts cash flows over a duration of 30 years. The results are shown in Table 3 below.

<sup>40</sup> Levin, H. M. (2007). "Remediation in the Community College: An Evaluator's Perspective." Community College Research Center Working Paper No. 9. New York: Columbia University.

<sup>41</sup> Eurostat database.

**Table 3. Benefits and costs of tertiary interventions**

|  |               |
|--|---------------|
| Benefits from increased graduation rates at tertiary | \$127,952,791 |
| Costs of tertiary interventions                      | \$55,525,082  |
| NPV (Benefits-Costs)                                 | \$72,427,708  |
| Benefit-Cost Ratio                                   | 2.3           |

22. Findings from the cost-benefit analysis demonstrate a positive Net Present Value (NPV) of US\$ 681.2 million, with 89 percent of the NPV related to the upper secondary subcomponent and 11 percent related to the tertiary component. The benefit to cost ratio is 4.4, and the Internal Rate of Return (IRR) is 14.1 percent, indicating a significant return of investment over the discount rate of 3 percent.<sup>42</sup> See Table 4 for a full summary of results.

**Table 4. Summary of Results**

|   |                      |
|---|----------------------|
| Benefits from increased graduation rates at upper secondary | \$752,181,954        |
| Benefits from increased graduation rates at tertiary        | \$127,952,791        |
| <i>Total benefits</i>                                       | <i>\$880,134,745</i> |
| Costs of upper secondary interventions                      | \$143,377,712        |
| Costs of tertiary interventions                             | \$55,525,082         |
| <i>Total costs</i>  | <i>\$198,902,795</i> |
| NPV (benefits-costs)  | \$681,231,951        |
| NPV of upper secondary sub-component                        | \$608,804,242        |
| NPV of tertiary component                                   | \$72,427,708         |
| Benefit to cost ratio                                       | 4.4                  |
| IRR   | 14.1%                |

23. This analysis should be considered a conservative estimate, as it does not include anticipated benefits from non-market externalities and economic growth. Higher secondary and tertiary education attainment should result in better health outcomes and lower crime rates that lead to lower public costs. A recent cross country analysis<sup>43</sup> shows that improved education levels and improved health conditions each account for up to 10 to 15 percent of economic growth in the late 20<sup>th</sup> century. In addition, economic growth is expected to increase with education quality improvements. Research by the OECD<sup>44</sup> shows that improving academic quality (measured by results in international assessments) will impact countries' future economic growth. According to the OECD study, a 50 points increase in PISA scores (half standard deviation or one year and a quarter of education) is associated with 0.9 percentage points higher growth rates in the long-term (that is the impact will be felt over a period of 50 years).

### *Sensitivity Analysis*

<sup>42</sup> Discount rate determined by the Central Bank of Romania's rate.

<sup>43</sup> Jamison, D. T., Lau, L. J., & Wang, J. (2005). "Health's contribution to economic growth in an environment of partially endogenous technical progress," In G. Lopez- Casasnovas, B. Rivera, & L. Currais (Eds.), Health and economic growth: Findings and policy implications (pp. 67–91). Cambridge, MA: MIT Press.

<sup>44</sup> OECD (2010). "The High Cost of Low Educational Performance: The Long-Run Economic Impact of Improving PISA Outcomes", Organization for Economic Co-operation and Development, Paris, as cited in Annex 6: Economic and Financial Analysis for Armenia's Education Improvement Project (World Bank, 2013).

24. Table 5 presents the results of a sensitivity analysis to show how the Project's benefits may be affected should the Project perform better or worse than expected. The following key variables were manipulated: (i) upper secondary graduation rates; (ii) tertiary dropout rates; and (iii) discount rate.

**Table 5. Sensitivity analysis (in US\$ millions)**

|                           | Upper secondary    |                        | Tertiary           |                        | Total              |                        |
|---------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|
|                           | <i>Net benefit</i> | <i>Benefit-to-cost</i> | <i>Net benefit</i> | <i>Benefit-to-cost</i> | <i>Net benefit</i> | <i>Benefit-to-cost</i> |
| Base case                 | \$608.8            | 5.2                    | \$72.4             | 2.3                    | \$681.2            | 4.4                    |
| Double-sized improvements | \$1,361.0          | 10.5                   | \$200.4            | 4.6                    | \$1,561.4          | 8.8                    |
| Half-sized improvements   | \$232.7            | 2.6                    | \$8.5              | 1.2                    | \$241.2            | 2.2                    |
| Discount rate 5%          | \$546.7            | 5.1                    | \$32.0             | 1.6                    | \$578.6            | 4.1                    |
| Discount rate 1%          | \$712.5            | 5.6                    | \$143.3            | 3.4                    | \$855.8            | 5.0                    |

### *Alternatives Considered*

25. The team has considered alternative designs, including a targeted subsidy for upper secondary students to address demand-side constraints. However, upon a preliminary examination of the GoR's existing financial support systems, it was determined that it would be more productive to instead undertake a thorough review of these two systems: *Money for High School* program (managed by the MESR) and the various transportation subsidy programs (managed by MESR, Ministry of Transportation, and local authorities). It is anticipated that findings from this review will ensure more efficient use of GoR resources in the future and eliminate duplication of GoR efforts to incentivize enrollment in upper secondary education by the ROSE Project.

## **III. Financial analysis**

26. The ROSE Project will contribute to Romania's goal of achieving full compulsory secondary education to grade 12 or 13 by 2020, which will result in some increases in the Government's education budget related to higher enrollment in upper secondary schools and at the tertiary level.

27. These increases will have a minimal impact on GoR's public expenditure on education. Current secondary graduation rates in high schools with large numbers of disadvantaged students are 82.8 percent in Romania, and the ROSE Project will contribute to an increase to 92 percent. It can be assumed that the ROSE Project will lead to additional costs associated with one year of educating these students who would not have graduated without ROSE, which can be estimated at 1.9 percent of total public secondary education expenditure in 2011.<sup>45</sup> Similarly, if first-year tertiary retention rates increase from 82.3 percent to 84.5 percent, tertiary completion rates may rise by 2 percent, with associated public and private costs equivalent to 0.4 percent of 2011 costs. Total additional costs at upper secondary and tertiary levels are sustainable given that they

<sup>45</sup> Calculations based on data from the World Bank's EdStats database.

represent a small share of the total education expenditure at secondary and tertiary levels of 1.9 percent and 0.4 percent, respectively.

#### **IV. Conclusion**

28. In conclusion, the ROSE Project represents a promising investment, with a NPV of US\$ 681.2 million and a benefit to cost ratio of 4.4. Even if the Project does not perform as well as anticipated, a positive NPV of US\$241.2 million and a benefit-to-cost ratio of 2.2, and an IRR of 8.1 percent are expected in the low case of the sensitivity analysis. Finally, these benefits will require minimal additional investment by the GoR of approximately 1.9 percent of the upper secondary expenditure and 0.4 percent of public and private costs of tertiary education.

## **Annex 8: Roma and Gender Sensitivity in Project Design**

### **ROMANIA: Secondary Education Project**

#### **Roma Issues**

1. **The Roma Sensitivity Enhancer (RSE) was used to inform the project design.** The RSE is an instrument developed to identify: (i) specific challenges and circumstances that could impede marginalized and disadvantaged Roma from benefiting from the project; (ii) potential negative impacts of the project on Roma; (iii) opportunities and measures to increase the project's positive impacts for Roma and promote their social inclusion; and (iv) measures to avoid or mitigate the project's potential negative impacts on Roma. The key findings from this exercise are summarized below.

2. **The Project is highly relevant to Roma, since Roma students have high dropout rates and low transition rates to tertiary education in Romania.** Currently, fewer than 10 percent of Roma children complete high school. Though exact estimates vary, it is thought that less than one percent of Roma children complete tertiary education. The early school leaving rate for Roma living in rural areas was almost 30 percent in 2012, while the rate for all Romania was 17.4 percent. Roma communities tend to exhibit multiple factors that place them at risk for school failure, as these communities are more likely to be poor, rural, and comprised of adults with low educational attainment who have limited capacity to support their children academically. The majority of Roma in Romania belongs to the poorest two quintiles and tends to be concentrated in areas with disadvantaged and underperforming schools. Because the ROSE Project includes schools serving Roma students as well as poor and rural students, Roma students will benefit from this Project both directly and indirectly.

3. **Roma students face different and additional challenges from non-Roma students in accessing and succeeding in secondary education.** Social norms, such as their expected roles in contributing to household income and chores, in addition to financial and physical challenges specific to disadvantaged Roma families, could affect Roma students' school attendance and performance differently than non-Roma students. Female Roma students might be especially affected by such norms when they are expected to marry and have children in their teenage years. Furthermore, discrimination in the classroom and the labor market could affect the quality of education they receive, as well as their performance in and motivations for pursuing school.

4. **In order to address such challenges, the Project will support several activities that will specifically benefit Roma students, including high school grants linked to school improvement plans, and teacher training on inclusive education.** Under sub-component 1.1, the Project would provide grants to high schools following the development of grant proposals and school improvement plans. Facilitators will support schools in developing their proposals and plans, with a particular focus on diagnosing academic and non-academic challenges faced by students. High schools with Roma students or located in/near Roma communities would be expected to include Roma-specific activities or interventions in their school improvement plans. Facilitators and monitors will explicitly address social inclusion issues in their discussions with project-supported high schools. Additionally, under sub-component 1.2, the Project would support training activities for teachers around inclusive education (e.g. intercultural competence



training), thereby improving teachers' skills and ability to better understand the challenges of disadvantaged students (including Roma), communicate better with them, and provide instruction and support in a more effective manner.

5. **The Project is expected to narrow the educational gap between Roma and non-Roma students.** As Roma students tend to be concentrated in disadvantaged areas, high schools with large numbers of Roma students are expected to benefit disproportionately by receiving larger grant amounts from the project's high school grants program. Eligible activities to be supported through the grants program, such as remedial classes, tutoring, counselling, and coaching are expected to address specific challenges faced by disadvantaged Roma students. The grants program will also finance the recruitment of school mediators in high schools, given that school mediators contributed to a decrease in dropout, non-enrollment, and absenteeism, and improvements in school attainment and academic performance of primary-level Roma students in Romania.

6. **Although Roma students are targeted explicitly by this Project, they are not targeted exclusively.** Furthermore, national regulations prohibit the collection of administrative data disaggregated by ethnicity. For these reasons, the Project does not include Roma-specific indicators in the Results Framework. However, the project's M&E system will collect and monitor available relevant data for Roma to the extent possible. For example, data could be collected from schools participating in the grants program as part of regular monitoring processes. Furthermore, the Project will support several forms of qualitative and quantitative research (e.g. analysis of demand-side programs for high school students, impact evaluation, etc.) which will collect detailed data on educational outcomes for disadvantaged students, including Roma. These evaluations will provide information on the project's impact on Roma students, and will more generally support the Government of Romania in designing and reviewing policy with respect to the social inclusion.

## Gender Issues

7. **Females are more likely than males to complete upper secondary education, succeed at the Baccalaureate, and enroll in tertiary education.** Although the gross secondary enrollment rate was nearly equal for females (97 percent) and males (98 percent) in 2011, females are more like than males to graduate from high school (80 percent vs. 73 percent). Evidence suggests that boys who leave school during the upper secondary level tend to do so in pursuit of work opportunities, often abroad.<sup>46</sup> In 2013, 71 percent of females successfully passed the Baccalaureate exam, compared with 57 percent for males. As a result, females are more represented in tertiary education; the gross tertiary enrollment rate was 68 percent for females compared with 50 percent for males.<sup>47</sup> At the tertiary level, women are more likely to graduate in fields such as education, health care, humanities, and arts, while males are more likely to study fields such as engineering, manufacturing, construction, and agriculture (Romania Gender at a Glance).

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<sup>46</sup> UNICEF (2012). Romania Country Study: Analyzing the Situation of Out-of-School Children in Romania.

<sup>47</sup> 2013 Little Data Book on Gender.

8. **Among Roma students, males are more likely to complete secondary education than females.** According to the 2011 Regional Roma Survey, 12% of Roma men and 6% of Roma women complete secondary school. However, Roma women are slightly more likely to enroll in tertiary education than Roma men (1.7% versus 1%), but the rate is considerably lower than non-Roma, regardless of gender.<sup>48</sup> Roma women are also more likely to be functionally literate (79%) than Roma men (70%). The exact patterns and causes of this phenomenon remain difficult to determine; however, cultural factors appear to impact educational attainment for both Roma boys and girls. For example, poverty, coupled with traditional gender roles often put more pressure on Roma boys to prioritize income-generating activities over education, while at the same time, it exerts pressure on Roma girls to perform household activities at the cost of education.<sup>49 50</sup>

9. **In many traditional, mostly Romani-speaking communities, early marriage and parents' lack of support for girls' education appear to partially explain school dropout for girls.**<sup>51</sup> These factors also appear to negatively affect the educational aspirations of Roma girls, starting at the lower secondary level where teachers report higher dropout rates for Roma girls than for Roma boys.<sup>52 53</sup> Tackling these challenges would require measures that explicitly address gender-specific obstacles, such as unsafe traveling conditions, the necessity to partake in income-generating activities, sibling caregiving, early marriage, and teen pregnancy.

10. **The Project will support gender-informed activities.** For example, the high school grants proposals will address students' challenges that are unique to that school. This could involve counselling or extracurricular activities that are specific and tailored to the needs of boys or girls. Facilitators and monitors will explicitly address gender issues, as with Roma issues, in their discussions with project-supported high schools. The Project also will support information campaigns, outreach, and school mediator services which can also address gender-specific issues.

11. **PDO indicators will be disaggregated by gender, in order to monitor outcomes separately for boys and girls.** It will allow the Project to continue to track gender disparities in (a) average dropout rate in the final grade in project-supported high schools; (b) average graduation rate in project-supported high schools (baseline = 82.8 percent; final target = 92 percent); (c) average Baccalaureate passing rate in project-supported high schools; and (d) average retention rate in the first year of tertiary education in project-supported faculties (baseline = 82.3 percent; final target = 84.5 percent). Also, the in-depth evaluations planned

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<sup>48</sup> Duminică, G., and Ivăsiuc, A. (coord.) (2013). *The Roma from Romania. From Scapegoat to Development Engine*. Bucharest: Agenția de Dezvoltare Comunitară „Împreună”

<sup>49</sup> Kocze, A. (2009). *Missing Intersectionality. Race / Ethnicity, Gender and Class in Current Research and Policies on Romani Women*. Budapest: Center for Policy Studies, Central European University

<sup>50</sup> Voicu, M., Popescu, R. (2006). Viața a de familie și poziția femeii în comunitățile de romi [Family Life and the Position of the Woman in Roma Communities] in *Femeile roma. Ce știm și ce nu știm despre ele*. [Roma Women: What Do We Know and Not Know About Them]. OSF

<sup>51</sup> Duminică, G., Ivăsiuc, A. (2011). *One School for All? Access to Quality Education for Roma Children*. Buzău: Alpha MDN

<sup>52</sup> Ivăsiuc, A., Koreck M., Kovari, R. (2010). *Educația interculturală de la teorie la practică. Implementarea educației interculturale în școli multietnice din România* [Intercultural Education from Theory to Practice. The Implementation of Intercultural Education in Multiethnic Schools from Romania]. Online edition available at <http://www.agentiaimpreuna.ro/uploads/educatia%20interculturala.pdf>

<sup>53</sup> World Bank (2014). *Diagnostics and Policy Advice for Supporting Roma Inclusion in Romania*.

under Component 3 will collect detailed data disaggregated by gender. This will allow for more rigorous analyses of the interaction between gender and other socioeconomic factors in explaining educational outcomes.

# Map

