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(In Two Parts) Part II: Civil Service Reform

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The World Bank

CURRENCY AND EQUIVALENT UNITS

Currency Unit = Leu

Period Average Exchange Rates
(Lei per US dollar)

<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>Jan-Apr 1998</u>
2,033.3	3,084.2	7,167.9	8,277.8

ABBREVIATIONS AND ACRONYMS

EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
ISPI	Intersectoral Priority Indicator (component of a government-proposed civil service wage system)
OECD	Organization for Economic Cooperation and Development
SIGMA	Support for Improvement in Government and Management
SMART	Support for Managing Administrative Reform in Transition
SRV	Sectoral Reference Value (component of a government-proposed civil service wage system)
UK	United Kingdom
URV	Universal reference Value (component of a government-proposed civil service wage system)
US	United States

FISCAL YEAR

January 1 - December 31

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Sector Leaders:	Frank J. Lysy and Sanjay Pradhan
Task Team Leader:	Hassan Fazel

**ROMANIA
CIVIL SERVICE REFORM**

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This report is based on the findings of a World Bank mission which visited Romania from February 9 to 21, 1998. The mission members were Peter Dean, Hassan Fazel, Allister Moon (ECSPE), Ruud Berndsen (Consultant) and Guido De Weerd (Consultant). Cornelia Giurescu (ECCRO) joined the mission during its stay in Bucharest. An earlier draft was reviewed with government officials during June 8 to 11, 1998.

I. INTRODUCTION AND SUMMARY

1. This report on the civil service in Romania, and a parallel one on public sector financial management, are products of a review of public sector expenditure and management issues carried out by a World Bank mission during February 1998. The purpose of these reports is to advance the process of policy dialogue and reforms that, over time, would lead to: better definition of the role of the public sector in the emerging market economy, strong aggregate fiscal discipline, allocation of public resources in accordance with the country's strategic priorities, and efficient provision of services. This process began with the country's own goal of strengthening development administration, to which several partners, including the OECD, EU, IMF, the UK Know How Fund and the US Treasury, have made sustained contributions thus far.

2. While Romania's civil service has been spared the two most salient problems of many former Soviet bloc civil service systems—it is neither overly large nor too great a fiscal burden on the overall economy—it remains a highly fragmented system without the leadership structure needed to build a coherent and coordinated service to serve Romania's needs.

3. Romania's public administration suffers from two fundamental structural weaknesses: fragmentation and the absence of an agency in charge of personnel management and policy. These have consequences throughout the system—from availability of data and coherent leadership to overall coordination between objectives and subsequent courses of action. The fragmentation of its essential working instrument is a major impediment for the government in preparing and implementing the decisions its program requires.

4. For nearly 50 years—and two generations of civil servants—Romania's civil service has followed the "open system" characteristic of the former Soviet Union, China and other centrally planned countries. Under this system contractual arrangements for civil servants, including salaries, are governed by the same labor legislation as other sectors of the economy. Under the "open system" state employees are managed by sectors, rather than as a consolidated group dedicated to the interest of the state. Their loyalty and labor union representation is to their branches.

5. This legacy of a fragmented system, dating from an era when ministries and committees were similar to state enterprises, with boards in charge of management and recruitment, is not consistent with a professional public administration or civil service management system. No private or public organization can expect to enhance its capabilities without putting an end to this structural deficiency, which is slowing the reform process in Romania.

6. Under the aegis of administrative reform, the government began drafting a new civil service statute in 1993, with assistance from EU-PHARE and British bilateral funding. While it undertook important activities, such as collecting documentation, conducting interviews, seminars, and study tours, the reform process was not clearly defined or managed. The two successive drafts of the civil service statute reviewed by the mission in February 1998 were

unclear in a number of critical areas. One major impediment to the drafting process has been the lack of a standard procedure for intra-governmental consultation and coordination of policies and drafting laws to carry them out (see Box 1).

7. The latest draft civil service statutes are an ineffectual mixture of the career and position systems that continue, rather than resolve, the major deficiencies--fragmentation and lack of coordination--noted above. The drafts also omit essential provisions regarding salary and personnel classification. While government policy calls for a "career" rather than a "position" civil service structure, its draft statute mixes the two structures in a way that is inconsistent with European standards. The draft sets statutory rules for organizing and managing civil servants—rather than Romania's general labor regulations—but undercuts the effectiveness of these rules by wielding too broad a brush: the new statute would cover all public servants, whether employed by the central government, autonomous bodies, or the authorities governing judet (counties), cities, and even villages.¹ This would place huge administrative burdens on the central administrative structure, hamstringing autonomous bodies that, as quasi-private enterprises, should be able to set their own personnel rules, and impinge on the autonomy of local governments. It would be far preferable to limit the definition of the civil service to central government agencies.

8. While the draft statute would create a High Civil Service Commission, the lack of a centrally controlled recruitment system, or common standards for progression through the ranks and promotion mean that the system would remain fragmented. The proposed performance evaluation system would be based largely on subjective criteria open to arbitrary decision making.

9. Human resources management is also fragmented and non-standardized, without guidelines monitored by central leadership. No specialized technical unit is in charge of management issues regarding organizational structure, staffing levels and profiles, and related job descriptions. Human resources management units and management tools are not standardized. The present system does not generate the reliable system-wide data on which management and policy decisions must be based. Global data are available by economic branches and for eight economic regions. More detailed data are available at ministry level, subordinated units, and judet (county). Essential information for a comprehensive civil service policy is lacking.

10. Training is not yet organized with reference to a system of critical training needs assessment carried out in coordination with supervisors and management units. The link between reform options and supporting training initiatives and programs needs to be improved. Twinning of institutions could provide an excellent training tool to speed up implementation of some reforms.

¹ During a follow-up visit in June 1998, the mission was informed a subsequent draft statute contained a narrower coverage of employees, though the mission could not ascertain this.

11. While the wage bill is comparatively unexceptional and ratios of the wage bill to fiscal revenues and current expenditures seem to be stabilizing, the salary mechanism has several technical deficiencies. It is not consistent with performance evaluation and the system of salary supplements and allowances undermines the salary system. Salary levels are at half the level they should be and are managed in common with salary levels in other economic sectors that should be governed by other types of management systems. While the salary mechanism in the new drafts would improve some parameters, it does not address the fundamental deficiencies.

12. Sections II to VI below analyze and review, respectively, the size of the Romanian civil service; current policy on civil service reduction; the civil service regime and the proposed new statute; civil service wages; and management of the civil service. Based on these reviews, section VII summarizes the report's recommendations on various aspects of the civil service. It should be noted that the analyses and the recommendations of the present report are by no means exhaustive. They just represent a start, focusing on unifying the civil service and on the motivation and management of its members. Additional matters that could be studied in future work include strengthening the capacity for formulating and coordinating government policy, and efficient and effective systems for delivering public services.

II. SIZE OF THE CIVIL SERVICE

13. With 813,000 employees (3.6 percent of the population), not including military and civilian security forces, Romania's civil service is not overly large compared to other European countries (Table 1), particularly as the Romanian data include local and elected officials.

14. While there has been no central compilation of data regarding distribution by length of service, age, gender, training level and training specialty, employees of state field services and employees of local government, this kind of information is available at the ministry level in fragmented form, and construction of a central database for personnel policy does not need to be started from scratch.

Box 1. Improving the Reform Process in Romania

The formulation of an effective civil service statute that can win acceptance across government and among civil servants themselves has been hampered by an uncoordinated drafting process under which initiating ministries prepare draft legislation after only minimal consultation with the other government bodies—or employee groups—that would be affected by a new statute.

Under the 1993 decree that initiated the civil service reform process the initiating ministry draws up a draft law, then sends it to the ministries and agencies it would affect for comments; these bodies have from seven days to a month to respond.

The proposed law is then submitted to Parliament's Legislative Council, to verify that it is consistent with the Constitution and other laws.

The proposed law is then sent to the Legal Directorate in the Office of the Secretariat General, which has five days to finalize the draft law before submitting it to a government meeting. If agreement is reached at that meeting, the Secretariat General sends the draft to Parliament; if none is reached, the draft is returned to the initiating ministry.

This process skips several coordination stages used in most countries. The lack of preparatory inter-ministerial coordination puts a heavy burden on the Council of Ministers, the ultimate supra-ministerial coordinating institution to negotiate compromises that should have been worked out before a statute was drafted. The system generates bottlenecks that slow the government's capacity to take decisions—and raises the possibility that draft statutes will be rejected, so that the whole process has to be started over.

A more effective procedure—consistent with the Romanian Constitution's Article 73 governing legislative initiatives—would begin with the initiating ministry preparing, and circulating a dossier that contains all information required for agencies to formulate positions on the issues. The dossier would set out the proposed initiative's links with the government program, the current situation, existing legislation, the objectives of proposed changes, and its financial impact. The document would also set out the consultations to be organized, and recommended options; working drafts of the law could be annexed to clarify the recommended options. The initiating ministry would then organize inter-ministerial coordination meetings, finalize the dossier, and send it to the Secretariat General, along with minutes of the coordination meetings.

Responsibility would then pass to the Secretariat General, which would organize and preside over inter-ministerial meetings aimed at arbitrating differences between ministries, and, if required by the subject, judet prefects. The Secretariat General would also organize all consultations requested by other agencies.

The General Secretariat would then present the dossier to the prime minister for final arbitration and decision. Under this procedure policy coordination would remain with the prime minister, but the administrative burden of coordination would be transferred to the Secretariat General as the kingpin and central hub of the preparation, coordination, preparatory arbitration, implementation and follow up of the government agenda.

Table 1: SIZE OF CIVIL SERVICE IN SELECTED EUROPEAN COUNTRIES								
Country	Popula'n (Million)	GNP Per Capita (US \$)	State Civil		Local Gov't		Total State & Local Gov't	
			Servants (^{'000})	(% of Pop.)	Employees (^{'000})	(% of Pop.)	(% of Pop.)	Per 1,000 Pop.
Belgium (1992)	10.3	19,300	281.8	2.74	237.8	2.31	5.04	37
Denmark (1987)	5.1	23,660	205.0	3.99	586.0	11.39	15.38	25
France (1990)	56.6	20,600	2623.8	4.63	1195.7	2.11	6.74	22
Germany (1990)	79.6	23,650	1408.0	1.77	1358.3	1.71	3.47	57
Greece (1989)	10.0	6,230	222.5	2.21	32.1	0.32	2.53	45
Holland (1990)	15.0	18,560	715.8	4.76	243.7	1.62	6.39	21
Ireland (1991)	3.5	10,780	47.6	1.36	26.6	0.76	2.12	74
Italy (1988)	57.7	18,580	2204.2	3.82	1354.1	2.35	6.16	26
Kazakhstan	16.9	1,540	742.1	4.38	341.2	2.01	6.39	23
Portugal (1989)	10.3	5,620	403.9	3.89	109.8	1.06	4.94	26
Romania (1997)	22.5	1,607	812.6	3.60	a/	a/	3.60	28
Spain (1992)	39.0	12,460	1195.9	3.06	374.6	0.96	4.02	33
U.K. (1991)	57.5	16,750	788.0	1.37	2948.0	5.12	6.49	73

a/ Included among state civil servants.

Sources: Annex 3 of Romanian State Budget Law, 1997, and mission consultant data files.

15. Analysis of the sectoral distribution of authorized staffing levels (Annex 2) shows 49.4% (401,000) in the Ministry of Education; 30.3% (246,000) in the Ministry of Health (other ministries also have small health components), and 1.9% in autonomous agencies. The Ministry of Finance employs 4% (33,800) and public authorities represent 29,000 positions. About 14% of civil service employees (nearly 114,000) are left over for other functions within the government machinery at central, regional and local level. Even if a balance between the number of employees and the level of their remuneration is to be recommended, more than a moderate adjustment may have a negative impact on the functioning of the core public services.

III. POLICIES FOR CIVIL SERVICE REDUCTION

16. The government intends to reduce staffing 10% during fiscal 1998 by cutting authorized positions. Spreading this evenly thorough the civil service would not enhance the capacity of core public services. Most ministries and departments within ministries consume less than 1% of the global authorized level, and significant reductions in state employment cannot be obtained by reducing staff in minor ministries, but will require rethinking some ratios.

17. Compared with public institutions in other European countries, some Romanian institutions employ a large number of civil servants—more employees are appointed at supra-

ministerial levels (Prime Minister's Office, Government Secretariat, Court of Account) and within Parliament, for instance, than in France. In other components of the government machinery staffing strength seems low, and a functional analysis of central administration structures may be required.

18. Adjustments could be achieved through result-oriented management, rethinking the role of government bodies and institutional reform. The public health services could be oriented less toward curative care and more toward achieving standards of public health². Institutional reform could be oriented toward transferring some services to local government bodies to bring accountability closer to elected local councils, and by closer supervision of spending.

IV. CIVIL SERVICE REGIME

Background

19. For nearly 50 years—and two generations of civil servants—Romania's civil service has followed the "open system" characteristic of the former Soviet Union, China and other centrally planned economies. Under this system contractual arrangements for civil servants, including salaries, are governed by the same labor legislation as other sectors of the economy. Under the "open system" state employees are managed by the agencies they work for, rather than as a consolidated group dedicated to the interests of the public and state. Their loyalty and labor union representation is to their branches.

20. The government began drafting—with assistance from the EU's PHARE program and British bilateral funding—a new civil service statute in 1993. While it undertook important activities, such as collecting documentation, conducting interviews, seminars, study tours, etc., the reform process was not clearly defined or managed, and the draft statute reviewed by the mission in early 1998 remains unclear in a number of areas of critical importance.

Current System

21. Romania's present civil service system is based on formal education and training, as required by any sound civil service system. There are, however, some exceptions (e.g. a pharmacist is in a higher grade than a dentist) and some positions are outside this grading system (e.g. commissar general of financial guard). It is divided into four education levels:

S (Superior): the highest category of civil servants with a university degree of at least four years (bachelor or graduate of arts, science, law, etc.);

² This is not in opposition with the provisions of art. 33 of the Constitution regarding the right to protection of health.

SSD(Superior Scurta Durata): civil servants with higher education degrees reflecting two or three years post-secondary or post high-school education;

M (Medium): civil servants with secondary (high-school) educations;

G (Gymnasium): civil servants with an education level of four years after primary education.

Each of the above categories is divided into grades, starting with Debutant, then moving to grades IV, III, II, I, and IA.

22. This system looks simple, but each grade of each professional or technical specialty is defined and specified by a name expressing also a particular job class and job level, which makes the system rigid and complex. Simplification and transparency can be realized without major difficulties and without turning the employees away from a system to which they are accustomed. This highly needed simplification could facilitate, and reduce the cost, of the computerization of the whole administrative management system. It could also easily be linked to a more modern and more motivating salary mechanism.

23. As in the French system, the civil service is composed of technical specialties. Although mainly used for the salary system it is easily adaptable to administrative management, career management, human resources development, definition of job content, for drafting staffing laws, etc. The extensive classification system is no longer in harmony with the new role and functions of the state in a market economic system, but could easily be reduced to 20 or so groups of important technical specifications covering all core public services of all ministries.

24. The classification system is not limited to functions within the central government, but also covers local authorities, autonomous agencies and all types of jobs from high-level economists to ballerinas or lyricists.

25. It is generally accepted by experienced practitioners in civil service reform and pay systems that new personnel systems have to bear some resemblance to the system employees are accustomed to, and simplification of the current personnel classification system may provide a bridge between old and new. The new system must, however, draw a clear line between the civil service personnel system and that of the private sector, and between the civil service and employees of all other branches of the economy. As in the private sector, personnel of the executive branch should be considered as a single branch whatever the professional specialty, appointment, position or economic activity of employees. The career system chosen should also confirm the principle of separate grading of individuals and jobs.

The New Civil Service Law

26. The Romanian government's General Secretariat began drafting a new civil service statute in early 1993 to fulfill the 1991 Constitution's mandate for an organic law to regulate the

status of civil servants. Comments by ministries and SIGMA³ experts noted⁴ the absence of provisions or arrangements for the overall management of the civil service, legal authorization for any central body to implement reforms in a coordinated manner, and a distinction between employees of government agencies and other public servants such as the armed services, local government, etc. During the February 1998 Public Expenditure Review (PER) mission two different drafts of Statutes of the Civil Servants were reviewed.

27. In the hierarchy of Romanian legal acts, organic laws are situated between the Constitution and ordinary laws; they are intended to complete and to specify the organization and powers of constitutional bodies. Organic laws can specify that the fundamental aspects of statutory rules be set out in ordinary laws and less fundamental aspects regulated by acts of the government. Thus, the organic law covering civil servants regulates the respective powers of Parliament, the president, and the government.

28. From a formal and constitutional standpoint, neither of the draft civil service laws can be considered as an organic law but rather as an ordinary law. Neither are the new statutes regarding military employees and regarding teachers organic laws. This kind of mixture or amalgam between formal organic stipulations and ordinary provisions could create an unhappy precedent regarding other organic laws and could be a too rigid tool to enable minor or major modifications of the statutory rules and the dependent instruments for management and human resources development.

29. A more workable statutory framework would be based on an organic law specifying the shape of the statutory system, and the main and common elements applying to all employees of the state, and indicating the elements to be regulated (or already regulated) by law. This would be supplemented by ordinary laws regarding different categories of personnel, including, for instance, statutes covering personnel in the public services, the military, magistrates and judicial officers, employees of local authorities, teachers (which already exists), contractual employees of the state, and employees of different types of autonomous administrative bodies.

30. These statutes could be complemented by a set of government decrees regarding the specific conditions concerning the personnel of the different classes (*cadres*) or technical groups within the personnel classification system. This would enable specific rules to be drafted regarding different professional specialty groups such as general administration and management, labor and social protection, health, education, agriculture, planning, taxation, and customs. To maintain continuity, each of these specific rules could incorporate, after simplification, the titles already in use in the Romanian public administration.

³ SIGMA is a joint, Paris based, OECD/PHARE initiative in Support for Improvement in Governance and Management in 11 countries.

⁴ Project Support for Managing Administrative Reform in Transition (SMART), Know How Fund Project - Report Phase I.

31. The main differences between the two drafts concern the status of elected persons. No other country in Europe considers elected officials civil servants; there is no confusion between the concepts of servant of the state, a member of one of the different constitutional authorities and bodies, and civil servant, a member of one of the public services of the sole executive body. For several reasons, the broad variety of elected officials people are not considered civil servants, and their administrative and financial conditions are usually governed by a special set of rules.

32. While government policy calls for a “career” rather than a “position” civil service structure (see Box 2 and Annex 1), its draft statute mixes the two structures in a way that is inconsistent with European standards. The career system has a long tradition in most European countries—while Denmark, the United Kingdom, and the Netherlands use the position system.

Box 2. Career and Position Civil Service Systems

In the Position System—used in the Netherlands, Denmark, and Britain—salary levels are fixed according to job classifications; grade and salary levels are attached to job levels, without reference to the qualifications of individual employees.

Under the Career System—used in France and most other European countries—grades and salary levels reflect the qualifications and attainments of individual employees, whatever position they may hold.

33. Adopting the career system would help government build a civil service more dedicated to the interests of the state than to the interests of individual ministries or agencies. If the career system is confirmed by government, it will be necessary to take into account all the consequences of this option at each stage of the civil service reform process. Each element of the set of laws and regulations, the administrative and financial management, the wage system, the classification system and also the whole implementation process (filing system, management tools, training and study tours) need to be organized to accord with the career system.

34. The draft sets statutory rules for organizing and managing civil servants—rather than Romania’s general labor regulations—but undercuts the effectiveness of these rules by wielding too broad a brush: the new statute would cover all public servants, whether employed by the central government, autonomous bodies, or the authorities governing judet (counties), cities, and even villages. This would place huge administrative burdens on the central administrative structure, hamstringing autonomous bodies that, as quasi-private enterprises, should be able to set their own personnel rules, and impinge on the autonomy of local governments.

35. The draft statute would create a High Civil Service Commission, but the lack of a centrally controlled recruitment system, or common standards for progression through the ranks and promotion mean that the system would remain fragmented. The proposed performance evaluation system would be based largely on subjective criteria open to arbitrary decision making.

Essential Provisions for a Basic Law

36. The first step in drawing up a new civil service law involves setting the basic legal framework for a hierarchy of organic and ordinary laws supplemented by government orders and decrees. The next is to design a management structure that defines which agency at the central level will be in charge of personnel management issues, personnel policy, human resources development, management procedures, etc. This function, being a permanent horizontal function comparable with financial management, can hardly efficiently be accomplished within a line function or be joined to another core function of the state. The third step is the development and adoption of a basic human resources policy. Once these basic structural elements are in place, the final drawing up of civil service statutes becomes largely a technical task.

37. As state employees are governed by law, rather than contracts, statutory rules ought to explicitly address, at least in principle, issues of the type and scope of the civil service, the personnel classification system, principles of remuneration (compensation system and incentives), rights and duties, leadership and consultative bodies, recruitment, progression (salary increments) and seniority, promotion, performance evaluation, and end of service. A modern civil service statute is not a bill of rights and duties but, above all, a management system.

38. Not all of these elements are incorporated in the latest version of the draft law. Taking into account that this law will establish the working environment for tens of thousands state employees during their whole professional life and will determine the conditions of public service delivery, a re-examination of this draft could help the Romanian authorities design and implement a more modern statutory system that could be a benchmark for the region.

39. The introductory section of the draft provides useful information about the objectives of the law, and the translation of these issues into a formal legal shape. It sets out the following important principles for building a professional civil service:

Main Elements of the Draft Civil Service Law

- *Civil servants will be differentiated from other types of employees.* Civil service policy and wage policy will be differentiated from policy regarding employees of the private sector and of other workers in the rest of the economy; employees are, also, no longer to be managed by branches of the economy or by budgetary sectors;
- *The concept of a career public service is supported.* Yet the draft presents a mixture of the career and position systems, without a clear line between individual statutory rank and the job level in the structure;
- *European Community standards in this field are to be met.* From a strict technical point of view, European Community standards are not met in this draft;
- *Promotion is to be achieved on competitive basis.* But no central leadership is created to manage this kind of issue on an equal and transparent basis throughout the civil service; the existing human resources unit within the Office of the Secretary

General, playing mainly a juridical role, could provide the basis for this kind of management leadership;

- A system of annual evaluation is instituted, the consequence of poor rating will be downgrading or dismissal. Again, no central body is assigned this task;
- Public servants will be guaranteed the right to strike in accordance with legal provisions;
- *Public servants may not hold two positions at the same time, except for specific exceptions.* The draft is less explicit regarding the plurality of public and private positions, either directly or through intermediaries;
- A central committee, under the prime minister, shall be in charge of checking the observance of the provisions of the statutes and shall set up a computer database of the civil service. The proposed High Commission, with non-permanent members, cannot be considered a permanent public service body and bear all the administrative and political responsibilities incumbent to a central civil service leadership and to work out, implement, follow up and evaluate personnel policies; and
- *A parity commission shall be set up at the level of each public service agency.* The concept of a public service agency needs to be clearly identified; it could be a very small unit with less than 10 employees or a large one with several thousand employees.

40. The intentions stated in the preamble are not met in the body of the draft law, which also does not put an end to the fragmentation of the civil service, which is currently more an accumulation of ministerial and agency civil services than a civil service of the state.

41. Although the concept of a career public service is promoted in the draft, the term "career" does not appear anywhere in the draft law; some provisions are clearly aimed at a career system, others at a position system,⁵ with no clear and formal line between individual grading and job level.

42. For example, the draft divides public servants into two groups: specialized public servants holding positions for which long- or short-term training in the specialty is required, and administrative public servants holding positions for which unspecialized training is required. This would make it difficult to decide whether an economist or a legal adviser in charge of human resources development is a specialized public servant or an administrative public servant—and whether he would switch groups if appointed to another job. The draft also gives a very unusual definition of the concept of public service, defining, erroneously, logistic and staff functions as public services governed by the fundamental public administration laws and concepts.

43. The scope of the civil service has direct implications for administrative and financial management and an immediate impact on the wage bill. According to the draft, the statutes concern all employees of public service of the president and of the two chambers of the

⁵ See annex 1 Career/rank system versus Employment/position system.

Parliament, of the government, ministries, other specialized bodies of the central public administration, autonomous administrative authorities, their decentralized public services, county and local public services, authorities of the county councils and prefects' offices, mayoralities of cities and villages. This is an exceptionally broad scope that covers specialized bodies, autonomous administrative authorities, all kinds of services, benefit oriented or non-profit institutions and even *régies autonome*. This will make it very difficult to manage; master and control the wage bill, to get, on a permanent basis, all files and positions updated at central level, and to update all laws and regulations for different kinds of agencies dependent on different ministries.

44. A narrower definition of the scope of the civil service excluding, for example: (a) employees not essential to the continuity of the public service, (b) those without educational qualifications allowing access to higher grades within a career system, (c) those belonging to legal entities other than the state, (d) those appointed to services not under the general financial and administrative management rules of the public services, and (e) those who cannot be submitted to the same general personnel career system and procedures would greatly simplify management of the civil service.

45. The draft sets three options for local authority personnel policies: the general labor laws, a unified statutory system drafted to give personnel the same administrative and financial conditions whatever the local government and the resources of its budget, or a separate statute linked to the general civil service statute. While each of these options has advantages and drawbacks for state and local authorities, a unified statutory system is the most appropriate to combine and reconcile local autonomy and state supervision.

46. The draft calls for basic salaries to be established by a special law. As this question is a core element of a statutory system, the salary mechanism should be incorporated into the basic law. Other paragraphs in the same article of the draft provide for salary increments calculated as a fixed percentage of the basic salaries: up to 15% for merit, up to 25% for seniority; up to 20% for stability. This is a disturbing provision, as the basic salary structure is unknown, as is the impact these percentages would have on the wage bill. The benefits as provided in the draft are a mixture of statutory situations, benefits in kind and social protection. The amalgam of these diverse questions and the integration of these sorts of provision in an organic law removes an important personnel management policy tool from the government, without an evaluation of the financial impact on the state budget and the budgets of towns and municipalities.

47. Neither these provisions regarding wages and benefits, nor the final and transitory dispositions take into account the wages and benefits already paid to teachers and magistrates. Finally, the pension system provided in the draft is generous. This delayed remuneration will become a heavy burden on the budget, as it can amount to as much as 100 % of the salary of the last month before retirement, as several allowances are included in the basic salary.

V. WAGE LEVEL AND STRUCTURE

48. Romania's 1997 budget law shows that 24% of the budget--some 11 trillion lei--was allocated to personnel expenditures. While this figure has risen in the past few years—from 13.6% of current expenditures in 1992 to 22.53% in 1995, and 21.34% in 1996—it is not exceptionally high.

49. In high-income European countries the overall size of the wage bill (local government included) is between 11% and 18% of current expenditure; in middle-income European countries (Greece, Portugal) about 23.5%. In several low-income monetary areas (such as the CFA area) the convergence criteria for wage bill limit is set at 46% of fiscal revenues. In terms of fiscal revenues, Romania's wage bill amounted to 22.57% in 1995, 22.45% in 1996 and 27.04% in 1997.

50. According to the 1997 budget law, the wages bill amounted to 10.878 trillion lei⁶, including national defense and security forces. The 812,604 civil servants, including 143 senators and 343 deputies, accounted for 8.493 trillion lei. Personnel outside the civil service salary mechanism are the military (Army, Navy, Air Force) drawing 14.7% of the wages bill. The security forces under the authority of the Ministry of Domestic Affairs (Ministry of Interior), composed of the Frontier Guard, the Gendarmery and the Security Guard, draw 9.6% of the wages bill; and the *régies autonomes* account for 1.9%⁷. Budget classifications do not allow a clear line to be drawn between the salaries of actual civil servants and agencies not covered by the salary mechanism.

51. As shown in Annex 2, the wage burdens imposed by ministries and other agencies do not accord exactly with staffing levels. The Ministry of Education, for instance, accounts for 49.3% of staffing and 48.5% of the wage bill (defense and security not included), and the Ministry of Health accounts for 30.3% of staffing versus 20% of the wage bill (which means lower graded staff, or lower average salaries or less fringe benefits). The Ministry of Justice, conversely, accounts for 1.23% of the staffing strength but 2% of the wage bill (which means higher graded staff or higher average salaries and more fringe benefits)

Basic Wage Structure

52. Romania modified its salary laws in 1991, 1994, and 1996, and added special provisions in 1997 covering teachers and judicial personnel. A new law being drafted by the Ministry of

⁶ 1 \$ = 7,500 lei in February 1998.

⁷ As mentioned above, employees of *Régie autonomes* have the same salary adjustments as personnel of state commercial entities.

Labor and Social Protection in February 1998 is briefly analyzed below. The frequent modification of this core element of the civil service system shows that Romania is still in search of a satisfactory salary system. This cannot be found as long as the salary system does not match exactly the scope of the civil service, as stated in the civil service statute. This scope is not laid down and fixed by the budget but by the statutory rules, and ought to be limited to permanent employees of the public services of the executive branch of the state.

53. In a career civil service the salary system has two aspects: a personnel classification system and a salary mechanism. The personnel classification system, written into the statutory rules, indicates the structure and the conditions of accelerated or reduced progression and promotion in the salary scales, ladders and steps. The salary mechanism provides the mathematical model and formulas corresponding to the classification system, so that employees in identical administrative positions draw identical basic salaries, whatever the economic sector of the public service they are appointed to: each scale corresponds to a category (e.g. S, SSD, M or G), each ladder to a sub-category or grade (e.g. I-A, I, II, III, or IV) and each step to a salary level within the grade (linked to seniority and performance evaluation).

54. The current category and grading system can be used to build a satisfactory salary system that would serve as a motivating system through which salary increase could easily be managed. The 1996 law establishes more than 30 salary scales corresponding to an identical number of groups of professional sectoral activities, each involving one or several state bodies, ministries, judet, sectoral specialists, art performers, librarians, etc. Some of these groups are similar to the French civil service concept of cadre or class. Each group is divided into two categories according to educational level: graduated professionals (university level or short-term higher education, S and SSD categories) and non-graduate professionals (M and G categories). Each category is divided into sub-categories or salary ladders according to the professional specialty, similar to the French concept of corps, which is a professional section within a class or cadre, corresponding to a professional group. Corps, or professional specialties (e.g. pharmacist, doctor) are in turn divided into four to five grades (from debutante to the highest level grade I-A). Each grade, corresponding to a salary ladder, is divided into steps, usually four; six in the health sector. These steps are assigned index points that are raised by a multiplier (358,900 lei in February 1998) to create a salary grid, illustrated in Table 2.

Table 2: ILLUSTRATION OF SALARAY GRID						
PROFESSIONAL or ECONOMIC SECTOR						
1 - Category of Employees with Higher Education						
Sub-category: Professional Specialty	S	Grade	Steps (salary index points)			
			1	2	3	4
Expert - consultant	S	I-A	1.950	2.050	2.150	2.250
Expert - consultant	S	I	1.700	1.750	1.800	1.900
Expert - consultant	S	II	1.500	1.550	1.600	1.650
2 - Category of Employees with M and G Level Education etc.						

55. Some high level civil service positions are outside this salary grid (e.g. secretary general, comisar general of the financial guard) and are paid flat-rate salaries without increments or steps. In career and position civil service systems the flat-rate system is mainly used for those positions or for those employees who carry out the same function throughout their career and for top-level grades.

56. The following paragraphs analyze the current salary system through the six most common main characteristics of a salary system. This analysis will also be useful for an analysis of the system drafted in February 1998.

57. In a good salary system, the ratio between the second highest level of the salary scale and the lowest level, blue collar workers excluded, should not be less than 4.5 to 5. In the Romanian classification system this means that grade I of S level ought to be at least at 4.5 to 5 times the salary of a beginner (debutante) at level M. Otherwise the system does not provide motivation and distortions appear (salary supplements mushroom, the civil service structure flattens, etc.). Currently this ratio is only half that figure and, in some cases, less.

58. Salary scales must provide rewards for longer service and for accumulation of experience, and strengthen the attachment of the employee to the employer. Since, in a normal civil service structure, everybody cannot be promoted, every employee needs a certain career perspective and salary improvements.

59. Technically a salary scale must provide a number of increments going to about half way through an employees' career. If seniority is taken into account every three years (every year during the first three years to create loyalty), a career of 35 to 40 years (age 25 to 65) needs 13 to 14 increments. Romania's current system provides only four steps (six in the health sector). This does not provide much motivation and does not strengthen employee loyalty.

60. The division of the highest level of a grade by the lowest gives the compression ratio of a grade. This compression ratio ought to be at least 1.25:1 to stimulate performance. A higher salary range (e.g. range corresponding to grades A-I and I) can be more compressed (e.g. 1.25:1) than the lower salary ranges (e.g. range corresponding to grade V with a compression ratio of 1.8:1). In any case, compression ratios must either be identical or higher for higher salary ranges. Salary scales under the 1996 law have very consistent compression ratios for all ranges. They are, however, on the low side (1.07 to 1.13:1) due mainly to the low number of increments (four) in the salary scales.

61. The step increments, or intra-grade differentials, of the current salary mechanism are based on fixed index points (e.g. increments of 25 or 50 points: 1.175, 1.200, 1.250, 1.300). This system results in erratic salary increments across the salary system (e.g. 1.175 to 1.200=2.1% increase; 1.250 to 1.300=4% salary increase).

62. In addition, unless percentage increases are less for higher salaries than for lower ones the wage bill can become difficult to control. In some cases the mechanism makes use of this

principle, in others not. A 50 index points increase from 2.400 to 2.450 results in a salary increase of 2.08%; from 1.250 to 1.300 the salary increase is 4%. For an auditor why should it be 5.26% increase for grade S-II step 3 to 4 (revizor contabil ;1.900 to 2.000) and only 2.33% for grade S-I step 3 to 4 (same function ; 2.150 to 2.200). As periodic salary increments are linked to seniority, loyalty, and performance, a review of the progression mechanism is recommended.

63. The salary range between two categories, or the inter-category differential should express and increase the value of training and increasing training levels, while the range between grades, the inter-grade differential, should enhance the value of higher performance and supervision ability and capacity. The prevailing salary scales do not apply a common factor to define the range between two training levels neither from one salary scale to another, nor, within the same salary scale, from one step to another.

64. More seriously, training can appear to be penalized in the current salary system: e.g. the salary time scale for an economist SSD level, grade I, is 1.550/1.600/1.650/1.700; the next university S level, grade IV, has a salary time scale of 1.350/1.400/1.450/1.500. The prevailing SSD level grade I is equivalent to S level grade III.

65. The inter-grade range, or inter-grade differential, is irregular from one step to another, and erratic from one category to another and between salary scales. Inter-grade ranges are greater at category S salary ranges than at category M salary ranges, which is a correct salary technique. Ranges, however, are not steady and may vary from one step to another within the same salary scale. For example, for an auditor the distance between grade III and grade II is successively (four steps): 16.13/15.63/ 15.15/17.65; the distance between grade II and grade I is as follows: 13.89/13.51/13.16/10.

66. An employee at the end of his salary scale is normally more experienced in his position than the employee at the starting point of the next higher scale. The latter is usually in a supervisory position to the former. For these and other technical reasons a salary system require the use of overlapping scales to the extent of about one third. None of the existing salary scales make use of this technique of overlapping.

67. Romania has several pension systems. According to the pension law, the state pension fund provides pensions to contributing state workers at the age established by the Labor Code (currently after age 60 for men and 55 for women but being raised to 65 and 62). State employees also contribute 3% of basic salary to a complementary pension.

68. The unequal system of bonuses, allowances and benefits—some included in the basic salary and others not—neither facilitates the assessment of the viability of the fund nor the link between the salaries and expected pension at retirement age.

69. Currently, pension benefits amount to about 70% of salary but can be higher than the actual last salary. Calculation is based on 54% of the highest salary of the five best years during the past ten years to which is added all permanent benefits and salary supplements and 14% complementary pension.

70. An important personnel policy tool for governments is the use of special allowances to steer employees toward specific sectors or geographic areas. As conditions may change over time and shortage or abundance of candidates as well, personnel policy has to take into account actual and medium-term expectations.

71. On a more permanent basis governments can draft special statutory rules regarding some professional categories of personnel. This system is, however, more rigid and may cause problems—such as the current existence of teachers who do not teach, and economists and auditors who teach without getting teacher-level salaries.

72. A career system granting salary supplements ought to respect the principle of equal rights across the civil service for civil servants in identical statutory positions; giving the holders of certain posts special allowances above their basic salary does not infringe principle of equality.

73. Currently, in a system based on branches of the economy, the civil service is fragmented by ministries and other main state bodies. According to the current practice, salary allowances are granted to employees of ministries to reflect sectoral preferences or take into account wage demands by some categories of personnel and to retain employees in the public sector despite low basic salaries. Even ministries with above average pay are granted special allowances. Employees at supra-ministerial level (Presidency, Prime Ministry, Constitutional Court) receive a salary supplement of 30%; at the Ministries of Finance, Labor and Social Protection, Foreign Affairs, the supplement is 20%.

74. This practice, though not unexpected in an environment of overly low salaries, is disturbing for a comprehensive civil service salary policy and tends to dislocate the common salary mechanism. The solution is a better salary system that treats the civil service as a single group distinct from other branches of the economy.

75. This piecemeal approach, cost of living adjustments, and budgetary constraints, have caused salaries to rise unevenly. As a percentage of their levels in October 1990, salaries were as follows in January 1998: average in the economy: 63.27%; public administration: 42.72%; in the education sector: 66.99%; in *régies autonomes*: 75.71%; in the health sector: 46.63%—raised to 53.63% by a 25% salary increase in February 1998.

76. Special bonuses, allowances⁸, fringe benefits and in-kind benefits are personnel policy tools that are not aimed to rectify, to correct or to adjust the salary system or the salary mechanism. When salary supplements exceed 30% of the basic salary, the salary mechanism becomes undermined, financial and administrative personnel policy tools become ineffective, and financial personnel management less transparent and less equal. Employees become more

⁸ With the exception of social protection allowances such as child allowances, social canteens, etc. Romania has a universal child allowance system for all children with supplemental allowances to families with several children.

interested in supplements than performance. If salary supplements are included in the basic salary on an unequal basis across the civil service, the pension system will also become unequal.

77. As explained above, periodic salary increments (step increases) are bonuses for accumulated experience and a reward for loyalty. Above this system the employee is entitled to bonuses for length of service: 5% of basic salary for 3 to 5 years of service, 15% for 10 to 20 years and 25% for over 20 years.

78. A July 1997 law provided teachers and other education staff special allowances and bonuses. These included supplements of 5 to 80% of their basic salaries depending on the locality they serve in, and bonuses for length of service, uninterrupted service, advanced degrees, and management tasks.

79. Such a system of special allowances can be difficult to handle and undermines the basic concept of a salary mechanism: If a salary mechanism is to play the role for which it is conceived, extra benefits should not exceed 30% of the basic salary. From a civil service management point of view, introducing an amalgam between teaching staff and non-teaching employees of the ministry is a breach of the principle of equality of all civil servants across the public administration. From the point of view of civil service statutes a more advisable solution would be a special statute for teachers within the general statute of the civil service.

80. A July 1997 government order also modified the salary system for judicial personnel, and their administrative and technical support staff that are even more distortionary than the teacher package. The system of allowances and pay for performance resulted in an average salary level twice as high as in other parts of the civil service. One provision regarding pay for performance could have an increasingly huge impact on the wage bill. Under the supervision of the Superior Council of the Magistracy, magistrates can earn 3% of their basic salary for each judgment passed, even if several judgments are passed by the same magistrate in one day. This provision led to a rapid reduction of pending cases.

81. Monthly net pay, according to the Budget Law of April 3, 1997, amounted to an average of about 600,000 lei (equivalent to \$80 in February 1998). Low salary averages are found in the Health sector (400,000 lei) and in the Ministry of Water, Forestry and Environmental Protection (485,000 lei).

82. Higher average pay levels are found:

- at the supra-ministerial level: the Presidency (1,311,000 lei), the Constitutional Court (1,441,000 lei), the Court of Audit (1,563,000 lei), Competition Council (1,636,000 lei);
- at the ministerial level: Ministry of Justice (1,125,000 lei), Public Ministry (1,467,000 lei), Ministry of Research and Technology (1,012,000 lei); and
- exceptional average monthly salary levels are found in Ministries with foreign representations: Foreign Affairs (5,156,000 lei) and Tourism (2,311,000 lei).

83. Two yardsticks can be used to make a theoretical and rough assessment of the level of salaries paid in a civil service. The first measures the entry-level gross salary of a university-level employee (Romanian debutant or level S grade IV). This gross annual salary should be at least as high as GDP per capita—now about \$1,607— or about 1 million lei. It is currently only half this level.

84. The ratio of this annual salary expressed in GDP per capita, to the fiscal burden, as a percentage of GDP, is 1 to 20 in most European countries, 1 to 10 in Southeast Asian countries, and about 1 to 1 in African low-income countries. Currently a Romanian employee level S grade IV earns a gross salary of about \$1,000 a year, or 0.62 of GDP per capita. The planned fiscal burden of the government is 29.5% of GDP. The ratio between these two figures is 1 to 47.58.

85. If the salary of this Romanian employee were doubled to a gross salary 1.24 times GDP per capita the ratio would be 1 to 23, closer to European levels, but below the ratios found in low income countries. According to statistical data of the Ministry of Labor and Social Protection, this salary level is found in the Mail and Telecommunications sector.

86. This theoretical analysis leads to the conclusion that salary levels in the Romanian civil service are only half the level they should be, a situation also found in former Soviet Union countries. This sort of situation usually creates problems: an increase in all kinds of salary supplements and benefits in kind, inequality among civil servants appointed to different public services, accelerated progression and promotion, crushing of the normal structure of the civil service hierarchical pyramid, an increase of salary levels outside the salary mechanism⁹, an exodus toward services with a higher pay, particularly to commercial and profit-oriented bodies, a search for employment in the private sector, a lowering of civil service standards, a weakening of enforcement of statutory rules, indulgent performance evaluations, weakening of loyalty, and working at second jobs.

87. Romania cannot afford to double its wage bill to 42% of fiscal revenues and 48% of expenditures, which would be likely to accelerate inflation, increase the cost of living, and strengthen the wage-price spiral. Structural measures could become inevitable: a reduction of the scope of the civil service, a change in certain management ratios, the transfer of some public services to local autonomous government or to private sector institutions (outsourcing, licensing, etc.), a balance between the number of employees and the level of their remuneration. From an institutional point of view, the implementation of a good salary mechanism, accompanied by a clearly defined short- and medium-term salary policy within the macroeconomic framework, managed by a central civil service leadership, could overcome the difficulties inherent to this transition and give employees a clear view of the short- and medium-term evolution of their salary levels.

⁹ E.g. the recent creation of the A-1 level; special pay level for the new created position of Secretary General of the Ministry.

88. Such a new salary mechanism is not compatible with the prevailing system of bonuses, allowances and other salary supplements that serve as substitutes for salary increments. A new salary system requires a revision of the existing system of allowances and financial incentives, which should not exceed one-third of total compensation. It requires also a revision of the pension calculation.

89. The government signed an agreement in July 1995 with the employer's association and the trade unions to make six-monthly minimum wage adjustments. In mid-1997 the minimum wage was 225,000 lei (\$30) and in February 1998, 358,900 lei (\$45), an increase of 59.5%.

90. As in all other civil and public service management issues, salary increases and adjustments are managed by branches of the economy. This system of management conflicts with the principle of equality within the civil service, one of the fundamentals of a career system. The government program intends to correct the discrepancies between budgetary sectors—meeting that goal is a major prerequisite if the government wants to create a professional corps to prepare and implement its policies and programs.

91. The salary mechanism, using the current index point system, provides an excellent tool for managing cost of living adjustments by regulating the value of the index point. The value of the point can be set according to the minimum wage for all branches of the economy. If the structure of the salary mechanism matches that of the personnel classification structure, the salaries of the civil service can be managed on an equal basis across the whole civil service without infringing on the principle of equality.

92. Romania has a triple-digit inflation rate. From January 1996 to January 1997 inflation was 76.2%; from December 1996 to December 1997 it increased to 151.4%.¹⁰ Indeed in the inflationary period of the 1990s, compared to October 1990, real wages of civil servants had dropped nearly 44% by September 1997. The government's economic program aims at an inflation rate of 37% for 1998 and, according to OECD estimates, a further fall to 20% is expected in 1999.¹¹ The government intends, over the same period, to index salaries to 60% of anticipated inflation. While periodic adjustments will still be required, decreasing inflation provides an opportunity to implement a salary mechanism, a salary management system, and a salary policy aimed at capacity building within a consolidated civil service.

Civil Service Wages in the Draft Statute

93. The February 1998 draft of the Civil Service Statute proposes a salary mechanism to be applied to employees of the public administration of the state, local government personnel, and all subordinated bodies financed totally or partly by the state budget. Employees of Parliament are not listed; nor are authorities of county, county councils and prefect offices, mayoralties of

¹⁰ Monthly Statistical Bulletin of the National Commission for Statistics.

¹¹ The Economist, February 28th 1998.

cities and villages. This is probably only a matter of formulation, the intention of the draft being probably an identical scope.

94. The proposed new mechanism is not oriented toward a unified civil service, but covers all salaries drawn entirely or partially from the budget. In countries applying administrative law and concepts, the criterion is civil servants, a civil servant being an individual appointed, within the public services of the state, to a permanent position corresponding to his grade. These permanent positions are listed in staffing charts encompassing all public services to which civil servants may be appointed. The administrative and financial statute of the civil servant is attributable to the statute or typology of the concerned civil service: state administration, specialized technical agencies, local government, non-profit oriented autonomous body, profit oriented autonomous body, public corporation and professional association (i.e. barristers, medical association), etc.

95. The draft confirms the mixture between career and position system: it defines the scope, not with regard to employees of the state, but to employees belonging to the departments of the presidency, the government of Romania, the central and local bodies and all subordinated public bodies. Some provisions of the draft refer to employers, who are not always administrative authorities; the system is on the boundary between public and labor law.

96. Analyzing the system of salary supplements and the broad range of allowances, some included, and others not, in the basic salary, and the pension system, may reveal an important hidden impact of each new salary mechanism. Any reform of the salary mechanism has to encompass the whole compensation system, and a salary mechanism is an essential part of the civil service statute from which it cannot be separated if transparency and good governance is to be respected.

97. From a methodological point of view, the objective of the reform of a salary mechanism is to improve the salary system; if its main objective is aimed at the increase of salary levels, the result is usually unsatisfactory.

98. The new wage system has three components:

- a **universal reference value (URV)**, which will be the average salary within the economy, expressed in lei, linked to the consumer price index;
- A **sectoral reference value (SRV)**, expressed in lei, and as a percentage of the URV;
- an **intersectoral priority indicator (ISPI)**, which is the ratio, expressed in percentage, between the SRV and the URV (e.g.: URV: 800,000 lei, ISPI: 45%, SRV: 45% of 800,000=360,000 lei).

The SRV is the factor by which the index points of the new salary grid are to be multiplied to obtain the new basic salary, roughly similar to the index point value explained earlier.

99. The personnel classification system remains unchanged, but the index point system is replaced by a grid system providing minimum and maximum index points instead of indexes. The intersectoral priority indicator (ISPI) allows the government to increase salaries in some sectors more, or more rapidly, than in others, while the Sectoral reference value (SRV) allows managers to increase or decrease salaries within a minimum and a maximum, as a pay-for-performance tool. The value of the minimum and maximum is obtained by multiplying the interval values by the sectoral reference value (SRV). Table 3 below illustrates the structure:

Table 3: ILLUSTRATION OF SALARAY GRID PROPOSED IN DRAFT STATUTE				
PROFESSIONAL or ECONOMIC SECTOR: (ISPI)				
1 - Category of Employees with Higher Education				
Sub-category: Garda Financiară		Grade	Intervals (SRV)	
			Minimum	Maximum
Commissar Principal	S	I-A	2.875	4.975
Commissar Principal	S	I	2.575	4.450
Commissar Principal	S	II	2.275	3.900
- 2 - Category of Employees with M and G Level Education etc.				

100. While the system may allow salary adjustments by sector to be managed, several drawbacks should be noted, particularly given the government's choice of a "career" civil service system. Sectoral salary preferences put a barrier on intersectoral redeployment and transfers across agencies or geographic areas. In a career system the civil servant is recruited for the state in general and not for a budgeted sector or a ministry or subordinated body.

101. Employee motivation and performance can also be affected by preferential salary systems. Employees want to be able to manage and develop their careers, and salary increases, predictably. They need transparent, understandable, fair and equitable rules, and a transparent and suitable salary mechanism in a system where equal opportunity is a basic principle; feelings of inequality undermine every rule and every effort toward higher performance. In the new system employees will be drawn to priority sectors, but there will always be uncertainty as to how these sectoral priorities will evolve, and whether job performance or sectoral choice is more important.

102. Without central management leadership, and with a lack of reliable data other than the authorized staffing levels, weak management and low salary levels, maximum salary levels will be reached very quickly. Sector preferences will always go up, until a balance is reached between all sectors. The system of salary supplements and allowances also makes it difficult to calculate the financial impact on the budget and on the pension system.

103. The system also violates the principle of equality among civil servants: a legal adviser appointed to a state agency classified in one sector will not draw the same salary (and once

retired the same pension) as a legal adviser appointed to a public service whose activities are classified in another sector. Several other problems remain under the proposed new system:

- The general compression ratio (category M to S-grade A-1) would rise from the present 2.3 to between 3.8 and 4, which remains below the technically required minimum of 4.5 (which normally excludes the 1% top level salaries);
- The theoretical length of the salary scales, the span between minimum and maximum, with a theoretical increase of 3%, results in a scale length of approximately 20 steps (even longer with the normally required decreasing increments); this is too long;
- Grade compression ratios are between 1.5 and 1.73, which is relatively high particularly with regards to the evolution of the wage bill. These compression ratios also show greater compression at lower levels (1.5) than at higher levels (1.73), while a good salary mechanism increases compression at higher levels--which reduces impact on the wage bill;
- Inter-category and inter-grade ratios remain deficient and training can appear to be penalized: e.g., the inter-grade difference of SSD grade I and S grade IV is negative (minus 8%); and
- The overlapping of salary scales (non-existent in the current system) is improved but remains very low (average between 10 and 13%) and is also unsteady.

104. As long as the salary mechanism has to cover all budgetary sectors and has to regulate salaries of other branches of the economy, it will be very difficult to achieve a satisfactory solution. If, however, the scope of the salary mechanism is limited to employees appointed within the public services of the state, to a permanent position corresponding to their grade, establishing a transparent and satisfactory mechanism becomes much easier.

105. Such a system could include a link between the salaries in the civil service, other parts of the public sector, and the private sector using an index point system (managing the value of the point to coordinate with salaries in other sectors), with a salary system built around a common salary spine.

106. Comparisons between civil service pay levels and pay levels in other sectors, public or private, are always difficult. When formal pay levels are identical, hidden allowances, fringe benefits, bonuses, travel, housing, and other rewards can make a huge difference. In countries with hidden economic activity, reliable information on salaries and jobs is difficult to gather.

107. Even within the state sector, autonomous agencies are able to grant financial incentives rendering comparability difficult. The pay structure is also very different from one agency to another and may change over time. Usually, pay levels in the private sector are higher than in the public sector, particularly at upper management level. This is offset by a more stable job and career paths in the public sector, and often by higher pensions and status.

108. In Romania, although not much information was collected during the PER mission, anecdotal evidence suggests that pay levels in the private sector are three to four times public sector salaries except for manual workers and high level managers who can earn up to ten times the civil service salary level¹². This is not only a question of salary levels; it is also a question of salary compression, salary mechanism and salary policy.

VI. CIVIL SERVICE MANAGEMENT

109. In Germany and The Netherlands, the Ministry of Internal Affairs heads the civil service; in Denmark and Ireland it is the Ministry of Finance; in Luxembourg, France, Belgium, Great-Britain, Greece and Portugal a special civil service department exists within the Office of the Prime Minister, headed either by a minister or a secretary of state. In Spain the leadership is with the Ministry of Public Administration and Autonomous Communities; in other countries, a full ministry is in charge of the civil service. In several French-influenced countries civil service is a department within a Ministry of Civil Service and Labor.

110. These countries have in common a central permanent service, the operating arm of an authority with political responsibility and accountability within the government, in charge of overall leadership and direction in matters relating to public personnel management for all ministries, carrying out personnel policy and supervising policy implementation but not handling routine personnel matters. No permanent service of this kind exists in Romania, where the civil service is split up in ministries and agencies, without central leadership. The human resources unit of the General Secretariat of Government is mainly in charge of performing juridical tasks.

111. The lack of a central management unit has several consequences:

- Fragmentation of civil service management issues (salaries at the Ministry of Labor and Social Protection, rules and regulations at the Secretariat General Office, personnel data information at the National Commission for Statistics, administrative management without a central standardizing unit, salary supplements and allowances with line ministries and agencies);
- A lack of a comprehensive policy in terms of personnel management (recruitment policy, training policy, mobility policy, career development issues, performance policy, staffing policy, uniform management tools and computerization); and
- A lack of accountability in personnel management putting pressure on the Ministry of Finance from ministries and public spending bodies who will always request more personnel.

¹² A situation not exceptional in some European countries.

112. Currently personnel policy can only be distilled, ex-post, from individual decisions taken at the level of the different subordinate bodies of the state. The draft organic civil service law has no provision for creating a permanent public service supervision agency to put an end to this fragmentation. Instead, it calls for creation of a High Commission of Public Officers for a renewable period of three years. The president of the Commission would be appointed by the prime minister with the rank of secretary of state. The High Commission would be staffed by a special department within the General Secretariat of the Government, and meet at least once a month.

113. Without a central unit in charge of personnel management there is little chance that policies will be designed and implemented with consistency. Thus, creation of a permanent central agency in charge of civil service policy and regulations, linked to the civil service management units in each ministry is a prerequisite to an efficient civil service management and human resources development system. The proposed High Commission could have a consultative role on matters regarding the principles governing the civil service.

114. Without the creation of a competent central unit for human resources development and management it will be very difficult for Romania to carry out a civil service reform aimed, as stated in the draft statute, at "*rendering public administration a real autonomy and, at the same time, a high level of professionalism.*" The main functions of such a central unit would be to:

- draw up, at the request of the government, policies governing personnel employed by the state and supervise their implementation;
- plan and give direction in matters relating to public personnel management to all agencies in accordance with government policy;
- prepare and issue regulations in personnel matters;
- supervise, coordinate, and guide ministries and government agencies in implementing these regulations; and
- prepare and monitor personnel management decisions by the human resources management units in the ministries and provide them with the techniques, standardized management tools and support.

115. The main subordinated units of this central service could be organized into directorates of statutes and statutory regulations, discipline and litigation; recruitment and training; personnel policy, career management and performance evaluation; staffing, training needs assessment, job evaluation and skill profiles, and the data bank and computer support. One branch of this permanent unit could also be responsible for the managing public service structures, organization, staffing charts, etc.

Recruitment

116. Currently recruitment is carried out according to the 1973 Labor Code and individual government orders. Responsibility for recruitment belongs, autonomously, to each ministry and public agency. There are no standardized recruitment procedures. The only limitations are the

authorized staffing strength and wage bill limits fixed by the budget, and some norms (such as a limitation in the central public administration of 20% of personnel in line management positions), and general conditions and criteria (announcements in the local press, diploma certification, health certificate, etc.).

117. At present, and under the new draft, a committee¹³ of three to five members within each ministry or agency, organizes competitions (if several candidates are applying) or examinations (if only one person applies) to fill published vacancies. The committee is charged with selection, recruitment, and appointment. Competitions and examinations can be written and oral, or only oral. If two or more candidates score equally a new written test is taken.

118. If the agency has a human resources department, its head serves as president of the recruitment committee, even if the vacancy concerns a higher position than his. The newly appointed secretaries general of the ministries were selected according to this procedure by their subordinates. The committee can be composed of less trained and experienced staff than the candidate. A candidate refused in one agency or ministry can easily apply for a post in another. Thus, recruitment procedures are far from standardized across government, and selection may—or may not—be objective, as no formal and practical system and procedure guarantees impartiality and equal access.

Performance Evaluation

119. The purposes of a performance evaluation system are to screen candidates for promotion, ensuring fair and equitable progressive selection of civil servants to fill fewer posts at a higher level; motivate employees by rewarding outstanding accomplishments, experience and seniority; and, in general, to improve the delivery of public services. Performance evaluation procedures should also guide individuals in their career plans. Romania's current performance evaluations aim mostly, however, at providing a legal justification for salary increases.

120. No country has a perfect performance evaluation system but some are far better than others. Romania's current system—which would be continued under the draft statute—is mainly based on subjective elements. The overall objective and purposes of the appraisal exercise are not clearly set out as part of a control process to allocate rewards or to speed up progression or promotion, select candidates for higher positions, and improve public service delivery .

121. One fundamental element of a good performance evaluation system is the obligation of the evaluating authority to know exactly the level of performance expected from the employee under evaluation during a given year and to have notified the employee of these expected performance criteria. The basic tool of such a system is a job description, to which is added individual performance expectations.

¹³ This is a legacy of the former system when Ministries and Committees were similar to state companies with a board of directors in charge of recruitment.

122. In the current system—and the new draft—individual performance is appraised annually with four possible ratings: very good, good, satisfactory and poor. The criteria are mainly subjective: quality of work, conscientiousness, general conduct, punctuality, professional knowledge.

123. Although performance evaluation is compulsory on an annual basis, practice is different and filing of the results is not recorded in the same way from one ministry to another. It is nevertheless a legal prerequisite for progression and promotion, not always taken into account in this period of transition, and related turnover and redeployment of loyal and less politically marked employees of the post-revolution era.

Promotion

124. Progression on the salary scale compensates experience acquired through length of service. Progression provided for seniority in the civil service and accumulation of experience is not explicitly provided in the new draft law. While it should be, the lack of a personnel classification mechanism under the draft law makes this difficult. The current practice is to grant seniority bonuses every two years. As salary scales are exceptionally limited (only three to four steps) and are very compressed (ratio of 1.11), this does not induce diligent performance.

125. The Romanian system allows both promotion to higher categories (based usually on achieving a higher formal training level), and promotion to higher grades within categories. The current salary scales are not overlapping and promotion to a higher grade does not always differ from a progression to a higher salary level.

126. Promotion to a higher level in the professional categories is based on competition or examination set up by a departmental examination commission once the position is approved by the state or the local budget, while promotion to managerial positions follows the procedure for recruitment, with staff allowed to participate in the competition.

Termination and Retirement

127. As state employees are in a legal situation and not in a contractual one, the statutory rules must provide for the different possibilities to end the link between the state and its employees and the conditions to be met by the state and employees. The draft law provides the usual list of reasons: resignation, dismissal, discharge, retirement and death. Conditions of separation are in some cases less usual or lack the formula of conditions that guarantee equal separation conditions for each employee. If a public agency reduces personnel, there are no rules for selecting the employees to be dismissed. Under the draft statute, separation may occur in the case of a transfer in the interest of public service. The conditions for resignation do not include conditions usually included in voluntary departure programs.

128. Age conditions for pension are provided by the Labor Code. The compulsory retirement age is 60 for men, and 55 for women. It is expected that these limits will be modified to 65 for

men and 62 for women. The new draft law adds length of service conditions: 30 years for men and 25 years for women. No system of proportional pension is provided in the draft.

129. Currently, pension benefits amount to about 70% of salary but can be higher than the actual most recent salary. The calculation is based on 54% of the highest salary of the five best years during the past ten years, to which are added all permanent benefits and salary supplements. A 14% complementary pension is added to this amount.

130. Under the draft law, pension benefits would represent 75% of basic salary, supplemented by different kinds of allowances and benefits. To this amount is added 1% of the net income without exceeding 100% of the net income obtained the last month before pension retirement. State social security benefits are also added to this total. The financial impact of this system needs evaluation; even if in the current situation pensions may not seem very high, a salary reform could have a huge impact on this rather unusual method of calculation.

131. In many countries pensions are set at 2% of the most recent monthly salary (or average of the latest three to five years), per year of service, so that an employee with 40 years of service would receive a pension of up to 80% of his most recent gross salary.

Reform Strategy and Process

132. It is clear that civil service reform in Romania cannot be limited to formal measures and the enactment of a new civil service law. A strong underpinning of fundamental structural and organizational changes is needed to develop a coherent and coordinated process for preparing and examining options, achieving consensus, developing implementation strategies, and evaluating their results.

133. The Romanian Government and the European Union's PHARE Program agreed in 1994 to a technical advisory program for public administrative reform, based on the following broadly defined objectives: (a) creation of a professional apolitical and career public service; (b) move from central command to decisions and actions at local level and close to the citizen; (c) local decision-making autonomy; (d) provision of information; (e) respect for citizens; (f) simple and flexible legislation; (g) definition of roles and responsibilities; and (h) separation of political and administrative functions. The program was mainly directed toward changes facilitating European integration. While important pilot programs and training have been carried out, the program did not aim to be a comprehensive reform package or provide an administrative reform capacity, and no global strategic approach for civil service reform was proposed to the government.

134. Romania's Council for Reform has mainly an advisory role, and responds to initiatives emerging from other components of the public administration, rather than being charged with developing and monitoring a comprehensive reform program. It is, thus, required to take a largely passive role, rather than being a dynamic voice for reform. This leads to a piecemeal, agency-by-agency, approach to reform that is not conducive to generating fundamental changes. An integrated action plan based on an agreed set of strategies is, thus, needed to overcome

fragmentation in the public administration. The Council for Reform—given an appropriate mandate—remains the most appropriate institutional unit to manage the reform process in an integrated way at supra-ministerial level encompassing the whole administrative system.

135. The first and most important element of the recommended global strategy is a macro-administrative approach based on a strategy of fundamental change. The macro-administrative approach aims to identify and prioritize actions that will have an impact across the whole public administration—such as setting up a standardized human resources management system, creating civil service management leadership, and standardizing the management typology of different categories of public services. At this stage of the reform process it is important to focus and limit actions to internal objectives of the public services—such as management, organization, and system-wide guidelines—and leave changes in the external objectives of public agencies for separate, later, exercises.

136. A collaborative strategy that includes participation by public service managers bearing the burden of the implementation is needed to improve limited inter-ministerial cooperation and coordination in preparing important policy options. This should include introducing into every reform component four main principles of good governance: strengthening overall public sector management (notably civil service management); accountability through delegation and devolution of power; adherence to a legal framework and equal application of the rules, and the transparency of new rules, mechanisms and procedures.

137. Comparative studies of administrative reform confirm that relying on formal measures, laws, and regulations, without first giving sufficient attention to reform as a change in the management process will end in failure. The first step in the reform process is diagnosis, followed by implementation, and the evaluation of results.

Enhancing Policy Coordination through a Multi-year Program Law

138. One effective tool for establishing a structure to move Romania's approach to administrative—including civil service—reform from its present fragmented piecemeal basis to a more strategic basis would be a multi-year program law on financial and public administration reform that provides a framework for a government-wide program and sets the strategic roles of involved agencies—such as the Council on Reform. A global program law would also facilitate the integration of financial and technical support, either internal or external, for administrative reform, and insulate the reform program from changes in government.¹⁴

¹⁴ Under Articles 107 and 114 of the Constitution, the government could put this reform on the fast track by issuing orders under a special enabling law. This kind of law authorizes the government to issue orders in fields outside the scope of organic laws, to be submitted to Parliament for approval at the expiration of the enabling term.

139. Such a program law should cover civil service reform and management, public services reform according to the new role of the state, local government reform and devolution of power, and financial management and public expenditure programming. For each of these components the law could indicate: the role or function of the component, the main objective, the national organ having the main responsibility, and the main participating bodies.

140. The law should also indicate subcomponents and related operational objectives (e.g. civil service reform, sub-components: civil service statute, civil service management, civil service employment, wages). Each subcomponent should be assigned an operational objective, tangible result, main activities, and participating agencies and timing.

VII. LIST OF RECOMMENDATIONS

Basic Recommendations

141. End fragmentation of the public administration into branches and sectors and enhance the concept of public administration as a specific integrated group of state public services created to serve the public interest and managed under specific administrative and financial rules, distinct from the rules governing bodies that are not part of the public administration.

142. Create a central civil service management agency in charge of government administrative organization management and staffing policy in accordance with government priorities and the new role of the state. This central agency should coordinate with standardized management units in each ministry and in judet.

Scope of Public Administration

143. Reduce the scope and improve the structures of the public administration; clarify the typology of each component and the administrative and financial management principles attached to each type—such as public services of the central administration, educational institutions, health institutions, research units, central government field services, administrative establishments, industrial and commercial public services, and the *régies autonomes*.

144. Remove the current classification of services according to branches of the economy and implement a public services classification system, based on management requirements and in line with the new functional and institutional classification of the budget.

145. Under Chapter V (Public Administration) of the Constitution draft a law setting out the principles of creating, organizing, and managing the public services of the state.

Civil Service Statute

146. Redraft the civil service law designed entirely according to the principles of a career system, or draft a statutory system composed of an organic law, an ordinary law providing general rules and regulations, and complementary laws or regulations regarding specific classes of professional specialties within the civil service.
147. Reduce the scope of the civil service according to the reduced scope of the public administration.
148. Integrate in the new draft all provisions regarding civil service employees, including personnel classification, principles of remuneration, management principles and leadership.
149. Introduce European standards regarding recruitment to replace the current system of recruitment through ministerial and subordinated committees.
150. Under Article 94 of the Constitution draft a law listing the appointments the president is empowered to make so as to further depoliticize high-level functions within the public administration.
151. Define rules making performance evaluation more objective and coordinated with job descriptions and related performances requirements agreed between employees and supervisors.
152. Revise the present provision regarding calculation of pension benefits.
153. Regarding personnel of autonomous local government, the recommended choice between the three main systems of statutory rules (see paragraph 45) is the unified system.

Personnel Classification System

154. In accordance with the new salary mechanism, simplify and modernize the existing personnel classification system taking in account the reduced scope of the public administration and the civil service and the end of the fragmentation of the public administration and the civil service into economic and budgetary sectors.

Civil Service Management

155. Set up a computerized civil service database covering employment (authorized strength, fill-ratio, actual strength) as a human resources policy tool to help carry out personnel policy targets (hierarchical structure of the civil service, sectoral distribution according to government priorities, geographic distribution aimed at public service delivery priorities, training policy, redeployment policy, etc.).

156. Organize a standardized electronic updating system linking the central management leadership to ministries and judet through a network, e-mail, or other systems. Financial and administrative human resources management should use the same database, which should be updated monthly.

157. Draw a clear line between central government field administration (decentralization and delegation of executive power) and local public services that are part of local autonomous governments (devolution and transfer of power).

Civil Service Employment

158. Undertake an integrated program to reduce the number of civil servants by: adopting a narrower definition of agencies to be included in the public administration; reducing the legal scope of the civil service; transferring functions to local authorities and bringing public service delivery closer to beneficiaries; outsourcing; introducing European staffing standards; changing the roles and functions of some government bodies (delegation of power and redeployment, oriented to achieve standards instead of service delivery, and ex-post instead of ex-ante controls).

159. Employment reductions should focus on reducing the scope and size of public services, positions and jobs, and not be limited to cutting the number of employees and authorized under the budget law. Employment reduction and changing the sectoral distribution of government employment should reflect the policy priorities of the state. For fiscal reasons, the government must also strike a balance between the number of employees and the level of their remuneration.

Training

160. Training initiatives should be in line with the objectives and targets of the reform process, and training actions in direct support of reform actions should be prioritized.

161. In-service training should be based on critical training needs assessments carried out in collaboration with the human resources management units in ministries and judet and identified by the employees' direct supervisors. Twinning with other institutions can be a valuable training tool to speed up the implementation of reform components regarding comparable institutions.

ANNEX 1: THE POSITION AND CAREER PERSONNEL SYSTEMS

The Position System

The position system is based on the concept of job "specialists," who have unique qualifications for particular jobs. They are transferable only to other positions involving duties of approximately the same nature or degree of responsibility and within the same pay-scale. Government employees "own" the positions that go with their jobs.

The position system is typical of the private sector, which is much more flexible, as employees there work within a contractual, rather than legal, framework. Vertical and horizontal movements and redeployment can be freely made by private enterprise managers, who are also able to hire and fire employees subject only to the general labor laws.

In most countries that use the position system a large number of job classes or "job families" are used to differentiate between specialties and levels of responsibilities, with some job classes covering large blocs of employees, and others only a few specialists. The Netherlands, which practices this system with a high degree of performance, has a very open recruitment and promotion system and makes great use of fixed term appointments linked to the attainment of agreed objectives.

In the position system each recruitment and promotion assumes a job vacancy in the approved administrative structure. Jobs or positions are grouped together, according to job contents, forming homogenous job-classes needing the same kinds of qualifications or technical, managerial, or scientific skills. Each of these classes is in turn divided into grades according to the level of difficulty, complexity, or responsibility and skills needed. Each level or grade is identified by a salary scale.

Positions are assigned grade/salary scales through job descriptions drawn up by supervisors or job inspectors, and the assignment of an employee to a position determines his salary level. To be promoted, a staff member needs a job vacancy at a higher level. Once a staff member is promoted to a job belonging to a higher salary scale, he/she can, under limited circumstances, move to another job of the same salary-scale level.

The Career System

Under the "career or "rank" system a government worker is identified by his or her grade or rank, rather than a particular job description. The personnel classification system is divided into "hierarchies" corresponding to formal education qualifications or training levels. Hierarchies are, in turn, divided into classes or grades (the career structure) and each class or grade into steps. Progress through the steps and grades is linked to seniority and performance.

Civil servants with similar qualifications or technical, managerial or scientific skills (health, agriculture, etc.) are grouped into "classes" or "cadres," with special regulations for each

cadre determining rights and duties linked to the professional specialty. The rank system is based on the "general practitioner" concept: a general practitioner is recruited and initially based in one sector but with transferability from agency to agency. This system is usually complemented by the use of job descriptions specifying the appointment conditions of rank, grade and seniority for each position. These job descriptions, complemented with individual performance criteria, are the reference basis for the performance evaluation system and career management. These positions are specified in approved organizational staffing charts or "staffing laws". Employees are recruited for the state in general, rather than for a single ministry or agency.¹⁵

This system allows easy redeployment and movement between agencies; within certain limits the financial career and upgrading of employees are not restricted to the vacancies in the formal organization.

Advantages and Disadvantages

From a theoretical point of view the "position" system is superior, as it allows equal pay scales for jobs with identical duties, constraints, responsibilities, skills, etc. But the move from a centrally planned economy to a more market-oriented one implies important changes in state functions that require the design and implementation of a redeployment policy. The position system makes redeployment cumbersome—and appointment mechanisms very rigid— as personnel can only be shifted between jobs of the same salary-scale level and job-class.

The position system thus requires complex management skills to identify the "weight" of each job with its level of difficulties, risks, and particular skill requirements. Staff positions need to be weighted and salaries may need regrading. Classification criteria defined according to job ranking methods and point rating methods lead to serious controversy,¹⁶ and there is often a need to multiply job and salary scales in response to the diversity of actual job positions.

Job classifications are not always entirely objective and identical pay scales do not always reflect an identical level of job constraints and responsibilities. (e.g. important differences exist between the responsibilities of various heads of department). Job classifications are difficult to update: jobs are in constant evolution, requiring updating classifications at least every five to ten years.

The system's complexity increases administrative management work and requires a skilled accounting staff, while its lack of flexibility often provokes conflicts between chiefs and deputies, who can only move up if the positions above them become vacant. It also penalizes

¹⁵ Even if they spend most or all of their careers in the same agency, as is mostly the case.

¹⁶ In the job ranking method an assessment is made comparing the proposed job with a clearly identified assessed fixed position; in the point rating method the various elements of the proposed job are compared with a fixed scale of points allocated to each element, the point totals determine job levels.

staff in smaller departments compared to departments with several directorates and branches and more high-level jobs

Multiplying job classes--and salary scales--can increase flexibility, but this increases the need for well-trained and experienced managers and job inspectors, and a good (computerized) job filing system. From the standpoint of the administrative and financial management of the civil service, other difficulties can arise. The size and distribution of jobs and job levels may be managed easily in a position system. But it is far more difficult to manage the civil servants themselves. As up-to-date information regarding civil servants is harder to compile, just knowing the exact numbers and qualifications of the state's employees may be overly complex. It is, therefore, also harder to prevent the phenomenon of "ghost workers".

A civil service using the "career" system—which is similar to the rank system used by the military—can offer employees interesting and flexible careers without moving up to management positions. A high-level technician can be in the same salary scale as an officer in charge of an administrative unit.

The career system helps employees identify with the service of the state, rather than a specific agency, while allowing them to advance as their experiences and skills develop by making their career possibilities broader and more flexible. It requires, however, a stronger training and human resource development capability to prepare employees for service in new agencies.

ANNEX 2: CIVIL SERVICE EMPLOYMENT AND WAGES, 1997

Source: Annex 3/April 29/97 to State Budget Law - program	Number of employees (as listed in the budget document)	% TOTAL	Personne expenditure Million lei	% TOTAL EXP.	Personne expenditures pe employee 000 lei	Wages Bil Million lei	Annual Net Wage 000 lei	monthly net wage bill per empl.	Annual non wages expenditures	non wages per empl.	% non wages/ total expend	monthly net wage \$ 7.500 lei
Presidency	14	0.01	3,16	0.02	22,11	2,25	15,73	1,310,95	91	76,07	28.8	17
Senate (of which 14 senators)	99	0.12	31,10	0.28	31,35	14,63	14,75	1,229,67	16,46	1,371,96	52.9	16
Deputy Chamber (of which 343 deputies)	1,72	0.21	63,22	0.58	36,57	25,03	14,48	1,206,77	38,19	3,182,55	60.4	16
Supreme Court of Justice	26	0.03	6,94	0.06	26,61	5,17	19,82	1,651,62	1,77	147,83	25.5	22
Constitutional Court	7	0.01	2,00	0.01	25,65	1,34	17,29	1,441,02	65	54,35	32.6	19
Legislative Council	13	0.01	2,21	0.02	16,78	1,51	11,46	955,61	70	58,50	31.6	12
Court of Audit	2,27	0.28	59,83	0.55	26,27	42,70	18,75	1,562,96	17,13	1,427,48	28.6	20
Government Secretariat	2,81	0.34	37,23	0.34	13,22	26,61	9,45	787,80	10,62	885,58	28.5	10
Competition Council (of which 29,250 public auth. and 4,610 others)	9	0.01	3,09	0.02	34,41	1,76	19,63	1,636,01	1,33	110,84	42.9	21
Ministry of Labor and Social Protection	4,96	0.61	53004.	0.48	10,68	39339.	7,92	660,68	13,66	1,138,72	25.7	8
Total, o.w: soc. ass., pensions, soc. ben.	4,64	0.57	49,75	0.45	10,72	36,86	7,94	661,97	12,88	1,073,85	25.9	8
Health	32	0.04	3,25	0.03	10,12	2,47	7,70	641,97	77	64,87	23.9	8
Ministry of Foreign Affairs	1,89	0.23	136,57	1.25	71,95	117,44	61,87	5,156,50	19,12	1,593,95	14.0	68
Ministry of Justice o.w: education	10,01	1.23	173,28	1.59	17,31	135,17	13,50	1,125,19	38,11	3,176,30	22.0	15
Public Ministry	1	0.00	29	0.00	18,50	20	13,01	1,084,89	8	7,30	29.6	14
Ministry of Education, o.w:	4,30	0.53	99,56	0.91	23,10	75,86	17,60	1,467,13	23,69	1,974,92	23.8	19
-education	401,19	49.37	4,120,38	37.87	10,27	3,153,86	7,86	655,09	966,51	80,542,79	23.4	8
- scientific research	401,00	49.34	4,118,35	37.85	10,27	3,152,35	7,86	655,10	966,00	80,500,34	23.4	8
	19	0.02	2,02	0.01	10,21	1,51	7,64	637,16	50	42,45	25.1	8

Ministry of Health, of which:	246,30	30.31	2,290,06	21.05	9,29	1,745,15	7,08	590,44	544,91	45,409,29	23.7	7
- health	246,11	30.28	2,288,87	21.04	9,30	1,744,25	7,08	590,59	544,62	45,385,47	23.7	7
- other economic activities	18	0.02	1,19	0.01	6,29	90	4,78	398,76	28	23,81	24.0	5
Ministry of Culture	1,14	0.14	13,96	0.12	12,21	7,80	6,831	569,21	6,15	512,70	44.0	7
- culture, religion, sports, youth	1,12	0.13	13,79	0.12	12,26	7,68	6,83	569,37	6,11	509,23	44.2	7
- scientific research	1	0.00	16	0.00	9,02	12	6,71	559,25	4	3,46	25.6	7
Ministry of Youth and Sports												
culture, religion, sports, youth	53	0.06	6,65	0.06	12,41	4,64	8,66	722,26	2,00	167,25	30.1	9
Ministry of Industry and Trade	1,24	0.15	49,12	0.45	39,36	38,337.	30,71	2,559,93	10,78	898,82	21.9	34
Ministry of Agriculture and Food	32,17	3.95	321,26	2.95	9,98				321,26	26,771,87	100.0	
- agriculture and forestry	32,14	3.95	320,970.	2.95	9,98	n						
- scientific research	3	0.00	291.	0.00	8,83	n						
Ministry of Tourism	5	0.00	1,86	0.01	34,54	1,49	27,74	2,311,72	36	30,62	19.7	30
Ministry of Transports	7,54	0.92	71,48	0.65	9,47	54,20	7,18	598,90	17,28	1,440,40	24.1	8
- health	5,77	0.71	54,066.	0.49	9,35	41,194.	7,12	594,02	12,87	1,072,69	23.8	7
- transport and telecommunication	1,76	0.21	17,421.	0.16	9,88	13,008.	7,37	614,88	4,41	367,71	25.3	8
Ministry of Public Works and Territorial Planning	29	0.03	3,587.	0.03	12,12	2,616.	8,84	736,68	97	80,92	27.0	9
Ministry of Communications	7	0.00	1,066.	0.01	14,81	672.	9,34	778,58	39	32,82	36.9	10
Ministry of water, forests and environment protection	2,73	0.33	22,447.	0.20	8,19	16,544.	6,04	503,53	5,90	491,92	26.3	6
- public authorities	17	0.02	2,473.	0.02	14,29	1,613.	9,32	777,26	86	71,67	34.7	10

- water and environment	2,56	0.31	19,973.	0.18	7,78	14,930.	5,82	485,07	5,04	420,25	25.2	6
Ministry of Research and Technology	14	0.01	2,449.	0.02	16,43	1,810.	12,15	1,012,58	63	53,23	26.0	13
Ministry of National Defense	13,78	1.69	1,604,316.	14.74	116,34				1,604,31	133,693.05	100.0	
- public authorities	32	0.04	8,670.	0.08	26,67	7,806.	24,02	2,001,74	86	71,98	9.9	26
- national defense	Confidenti		1,389,678.	12.77		n						
- education	7,79	0.95	85,172.	0.78	10,93	76,557.	9,82	818,97	8,61	717,90	10.1	10
- health	5,67	0.69	76,214.	0.70	13,43	62,347.	10,98	915,68	13,86	1,155,61	18.2	12
- scientific research	n		44,580.	0.41		n						
Ministry of Domestic Affairs	3,29	0.40	1,047,438.	9.62	317,98	746,104.	226,50	18,875,32	301,33	25,111,17	28.7	2,51
- public order and national safety	Confidenti		995,681.	9.15		698,932.			296,75	24,729,12	29.8	
- education	1,59	0.19	26,806.	0.24	16,82	24,675.	15,49	1,290,85	2,13	177,58	7.9	17
- health	1,70	0.20	24,949.	0.22	14,66	22,495.	13,22	1,102,09	2,45	204,46	9.8	14
Romanian Information Office	1,41	0.17	145,679.	1.33	103,31	19,091.	13,54	1,128,33	126,58	10,549,00	86.8	15
- public order and national safety			125,189.	1.15					125,18	10,432,44	100.0	
- education	58	0.07	9,833.	0.09	16,80	9,367.	16,01	1,334,41	46	38,80	4.7	17
- health	82	0.10	10,656.	0.09	12,91	9,723.	11,78	982,20	93	77,75	8.7	13
TOTAL	775,50	95.43	10,672,96	98.11	13,76	6,504,15			4,168,80			
MINISTRIES												
National Agency for Material Reserves	2,16	0.26	18,38	0.16	8,50	13,96	6,46	538,41	4,42	368,45	24.0	7
State Office for Special Issues	28	0.03	2,68	0.02	9,31	2,17	7,55	629,83	50	42,11	18.8	8
State Secretariat for Disabled People	32	0.04	3,68	0.03	11,35	2,73	8,40	700,35	95	79,81	25.9	9
- social assistance, allocations												
pensions, social support, indemnities	25	0.03	2,90	0.02	11,29	2,12	8,27	689,39	77	64,65	26.7	9
- scientific research	6	0.00	78	0.00	11,57	60	8,90	741,78	18	15,16	23.1	9

National Commission for Prognosis	9	0.01	1,11	0.01	11,52	79	8,20	683,41	32	26,85	28.8	9
Romanian Academy	4,19	0.51	37,76	0.34	9,01	28,52	6,80	567,24	9,24	770,10	24.4	7
State Secretariat for Cults (religions)	23,90	2.94	77,26	0.71	3,23	59,58	2,49	207,71	17,68	1,473,40	22.8	2
- education	25	0.03	59	0.00	2,34	49	1,94	161,76	10	8,47	17.0	2
- culture, religion, youth activities	23,65	2.91	76,66	0.70	3,24	59,09	2,49	208,20	17,57	1,464,93	22.9	2
Office for Consumer's Protection	68	0.08	8,13	0.07	11,82	6,06	8,80	734,07	2,07	172,75	25.4	9
National Informatics Commission	2	0.00	34	0.00	13,96	24	9,69	807,66	10	8,89	30.5	10
National Commission for Statistics	2,49	0.30	24,95	0.22	10,02	18,91	7,59	632,85	6,04	503,91	24.2	8
Romanian Agency for Development	8	0.01	1,03	0.01	11,64	72	8,16	680,33	31	25,81	29.8	9
Legal Metrology Office	21	0.02	2,55	0.02	11,90	1,86	8,66	721,66	69	58,10	27.2	9
Romanian Standardization Institute	12	0.01	1,59	0.01	13,07	1,13	9,27	772,88	46	38,63	29.0	10
Rom. National Film Studios' Center	15	0.02	1,44	0.01	9,10	96	6,09	507,70	47	39,95	33.1	6
Press Agency "Rompres"	39	0.04	4,19	0.03	10,61	2,87	7,27	606,22	1,32	110,09	31.5	8
Romanian Privatization Agency	13	0.01	1,31	0.01	10,11	96	7,45	621,28	34	28,77	26.2	8
Romanian Office for Innovation and Trade marks	26	0.03	2,65	0.02	10,16	2,03	7,80	650,67	61	51,35	23.2	8
National Council of Radio & TV activities	10	0.01	1,35	0.01	13,42	94	9,31	776,40	41	34,60	30.6	10

State Secretariat for the participants in the December 1989 Revolution		0.00		0.00								
National Agency for Mineral Resources	3	0.00	41	0.00	12,57	28	8,53	711,36	13	11,10	32.1	9
National Securities Commission	14	0.01	1,73	0.01	12,03	1,25	8,70	725,05	48	40,04	27.7	9
Romanian Broadcast Company	7	0.00	1,03	0.01	13,44	62	8,13	677,92	40	34,08	39.5	9
Romanian Television												
National Red Cross Competition Office	40	0.05	7,61		18,81	4,84	11,96	996,89	2,77	231,11	36.4	13
Romanian Office for Author's Rights	4	0.00	40	0.00	9,80	30	7,49	624,18	9	7,89	23.5	8
Romanian Cadaster Office	75	0.09	3,82	0.03	5,04	2,88	3,79	316,60	94	78,75	24.6	4
TOTAL RÉGIES AUTONOME	37,10	4.56	205,53	1.88		154,69	178,68	14,890,77	50,84			
GENERAL TOTAL (Does not contain national defense and national safety staff)	812,60	10	10,878,49	10		6,658,85			4,219,64			

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