



**TACIS Project “Capacity Building in Social Policy Reform in
Moldova”**

**SERVICES FOR CHILDREN IN DIFFICULTY
RESIDENTIAL CARE/COMMUNITY BASED
SERVICES**

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EXECUTIVE SUMMARY

In this paper we have examined and compared the cost of maintaining and caring for a child in an internat with the cost of providing social support services to a child living in the community. In order to ensure that the comparison is on a like for like basis we have expressed the comparison in terms of Moldovan Lei (MDL) per child year. All calculations are at 2005 prices and based on 2005 approved budgets.

To achieve authenticity of analysis, the costs for residential institutions have been separated into costs for education and costs for care. The respective figures are:

- I. The maintenance costs in internats for 1 child per year for the 2005 budget year are 10689 MDL. Showing them as separate services we have:
 - Education cost per child per year – 3471 lei
 - Care costs per child per year – 7218 lei
- II. Community services costs:
 - Integration, family support services and Foster care - 4,700 lei
 - Above plus Family Centers - 5,439 lei

Even making the assumption that all children resident in internats will need community service support it can be seen that the costs of community services are less than those of providing care to a child in an internat.

We have examined residential institutions and community services and have commented upon their respective impacts upon and outcomes for children. We have shown that residential care provides poor outcomes for children. Most importantly we have demonstrated that residential care does not provide for the child's proper psycho-social development and that it results in educational under achievement. We have also demonstrated that the management of residential care is of its nature self serving and undermining of the principal objective of serving the best interest of the child, in compliance with UN Convention on Children's Rights, ratified by the Republic of Moldova in 1993. We have noted also the lack of adequate assessment of childrens' needs in the process of deciding placement.

Equally important is the fact that the analysis demonstrates the continuing growth in the costs of internat provision.

The cost analysis of community services clearly demonstrates that these services are affordable local public authorities. Within these services we note the provision of proper assessment prior to any decision to provide support services, the better psycho-social outcome for children growing up in ordinary families and communities and the opportunity for those children to attend mainstream schools with improved chances of achieving educational success. We observe, in this context, that decisions about the child are made by professional staff in touch with the child's family, circumstances and community.

There is also a strong economic argument in favor of residential system reform. We argue this position from two standpoints. Firstly, that being ineffective in outcome, the current expenditure on residential care is an inappropriate use of public funds and secondly, that this system does not provide appropriate educational opportunities for children to achieve educational success and, in consequence, does not contribute to the priority economic need for Moldova to generate an educated work force capable of contributing to economic regeneration.

We also conclude that the Ministry of Education Youth and Sport should be enabled to concentrate on its primary role by being disencumbered of its present responsibilities for caring for thousands of the nations children, and that these responsibilities should be transferred to the

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policy responsibility of the Ministry of Health and Social Protection. Resources for the development of community based welfare services for children should be transferred from the of Education Youth and Sport to Local Public Authorities while other resources released by the reform of internats should be reoriented toward pre-university education.

These changes will contribute to improvements in the child welfare system, to improvements in the general education of children and young people and would have positive economic benefits for the nation.

Finally, although we argue that the community provision discussed in this paper is inherently affordable, we recognize that there are additional short to medium term costs intrinsic to the process of transition which it is beyond the terms of reference of this paper to elucidate. That issue requires further examination and exploration within Ministries and could be undertaken with the support of TACIS and other agencies. We urge that this process and dialogue ensues urgently to secure the objectives of the Presidency and Government of Moldova.

INTRODUCTION

The purpose of this paper is to explore the costs and advantages/disadvantages between a model of services for children in difficulty built on the premise of combining education and care within the framework of large residential schools (internats) and a model based upon the provision of education in normal community schools while another agency provides support services to families and children within their own communities.

The importance of this comparison and the choices which the comparison indicates are drawn from several Government documents. First and foremost is the Economic Growth and Poverty Reduction Strategy Paper (EGPRSP) followed by the Medium Term Expenditure Framework (MTEF), which sets out the Government's priorities to 2007. These documents are, in this context, supported by the Education for All Strategy and the National Child Protection Strategy. We also note the President's concern for the integrity of village and community life outlined in the Moldovan Village Programme. Services designed to place and support children in their own families support this vision.

The importance laid on the issues set out in this paper derives from the overriding economic priority for Moldova to develop an educated labor force capable of contributing to the economic regeneration of the country. We can easily see, by reading the EGPRSP, that the matrix of complex problems facing the Government of Moldova, acting on behalf of the people of Moldova, has the inherent capability of leading to considerable difficulties in determining priorities, and to many and differing opinions about the most appropriate policies to pursue in order to achieve all or any specific objectives. These difficulties and differences might easily lead to inaction, or to ineffective or incomplete action resulting from internal conflict between competing opinions and priorities, whether these be political, ideological or held for other reasons. That by itself should neither surprise nor dismay us, since it is a normal response to being faced with apparently overwhelming or supremely complex difficulties.

Nevertheless, the opinion expressed in this paper is that the economic need to invest in the education of the nation's young should have precedence over all other priority actions, since failure to develop an educated, economically active work force will, ultimately, defeat all other efforts.

That implies that the Ministry of Education, whose responsibility it is, should be enabled to concentrate its efforts and resources toward its primary task and should, in consequence, be relieved of its present, encumbering, responsibility for the care of many thousands of the nation's children. It also implies that, in order to facilitate the Ministry of Education's efforts, the Ministry of Health and Social Protection should embrace the responsibility of ensuring the provision of support to children in difficulty and to their families and that Local Public Authorities should be afforded the resources to enable them to do provide the necessary services.

METHODOLOGY USED

The convention we shall use in this paper to make financial comparisons will be the cost per child of each kind of provision. We use this because, in both settings the child is the principal beneficiary of the services offered and also in order that the comparison can be on a like-for-like basis. These comparative figures will appear in the text of the paper. The unit of measurement is Moldovan lei (MDL).

The data used and the basis of calculation will appear, for the internats, in Appendix A and, for community services, in Appendix B.

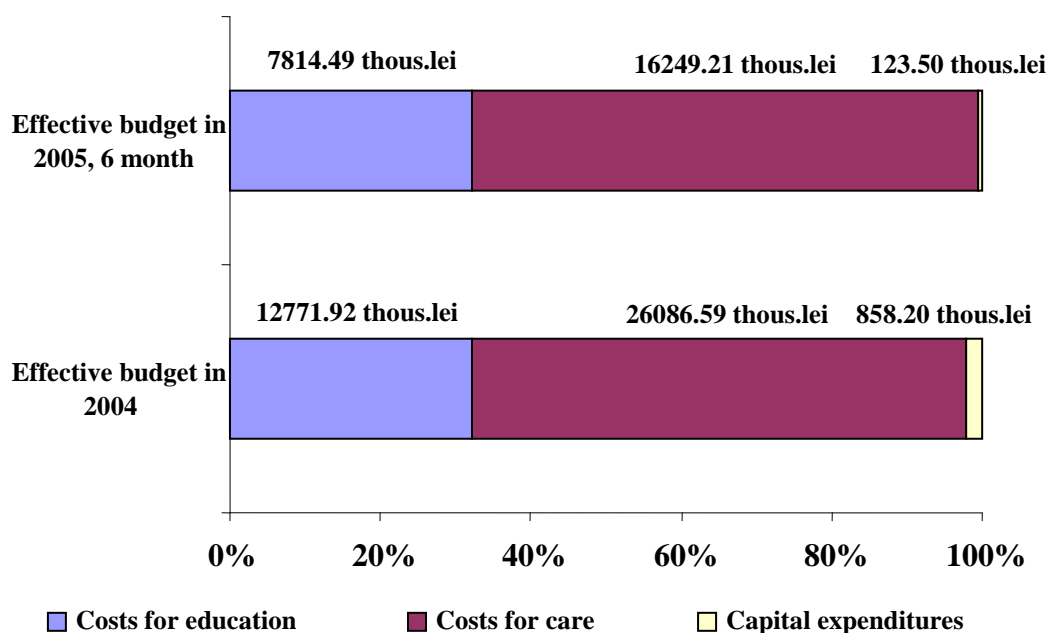
In Section 1 we shall look at residential services and then in Section 2 at community services, examining their costs and their impact on children, their families and society.

SECTION 1: THE CURRENT ANALYSIS AND COST OF RESIDENTIAL SERVICES

1.1. THE COST OF AN INTERNAT PLACE

In this paper the cost of an internat place is expressed as two figures; the cost of the education element and the cost of the care element. Taken together these figures represent the total of the resources disbursed by the state to maintain and educate a child in an internat for one budget year.

Figure 1: Separation between education and care costs



Source: Ministry of Education, Youth and Sport

It is important to reiterate that these figures represent the actual sums expended (see Appendix A, table 1). They may not represent the true cost of the care provision, since there are variables which are difficult of calculation as to their effect. In essence the true cost of providing adequate residential care throughout the year would, in reality, be much higher than at present.

Two examples illustrate this point. Firstly that the Ministry of Education has calculated by reference to material norms what is needed to secure a child's care, while the Ministry of Finance has indicated its inability to provide resources for more than 20% of those norms in the 2006 budget.

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Secondly, it is evident that the majority of children are returned to the community throughout vacation periods and frequently for weekends. This indicates that, resources would need to be increased by some 25% in order to provide whole year care

These two elements also have relevance to an evaluation of the impact of residential care and we shall refer to them again in this paper.

It is also important to say here that this paper addresses the situation in ordinary internats financed from the state budget and not in specialist facilities for children with, for example, physical or severe mental disabilities. Even so, it should be noted that the admission process for children into internats is sufficiently loose that a number of children find themselves admitted to specialist resources unnecessarily. On balance the costs of specialist residential care are significantly higher than those for ordinary internats and have a concomitant imbalance between educational costs and care costs.

One further phenomenon needs to be noted; that of children of parents working abroad whose children are placed in internats. There are two modes of access for these children. The first is quasi-legitimate, in that parents make an approach through available channels seeking a placement; the second is that of children abandoned either with relatives or simply with no care arrangements having been made. In either case the provision of an internat place is a direct State subsidy to the family since there is no financial contribution sought from the child's family.

We should qualify here that the phenomenon of parents working abroad is a complex issue which is beyond the scope of this paper to address other than in the sense that it may be perceived to create a social problem for children left behind. We simply note that, according to the EGPRSP remittances from abroad now constitute a significant proportion of the nation's disposable income. That situation is likely to continue for some years into the future and therefore numbers of children will be affected by the absence of their parents abroad. Recognition and appropriate consideration needs to be given to this issue within the context of the provision of services to children.

1.2. THE EFFECTS OF RESIDENTIAL CARE

There are numerous studies carried out over a number of years which have examined the question of the impact of residential care upon the recipient community, in this case the children attending internats. These are commented on below.

A. THE EFFECTS FOR THE CHILDREN

There is widespread belief and commonly acceptance that internats provide an acceptable standard of physical care, i.e. shelter, food, clothing, health care and social activities. In the context of Moldova's internats this belief is open to challenge given that the Government has indicated its inability to provide for more than 20% of the resources demanded by the Ministry of Education in order to meet its care norms in the 2006 budget.

In Moldova there is the additional difficulty that, for the most part, internats do not provide year-round care, since the majority of children are returned to the community for significant periods of the year and/or for weekends. It is clear from recent work in the pilot regions of Orhei, Ungheni and Cahul, that internat staff do not universally take steps to ensure that the children thus released into the community are released to safe environments, examination of this practice revealing that in a number of cases internat staff do not know the location or family, if any, to which the child has been released and must wait for the beginning of the new term to establish whether such children remain safe and well. Regrettably, this tends to undermine the claim of good quality physical care.

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On the other hand there is a substantial body of research evidence that shows that residential care does not meet the child's psycho-social needs.(Family Health International Bulletin –May 2005) In particular the child, deprived of the normal social interaction of family life and of an ordinary community, lacks emotional development and the social skills and knowledge needed to be functional and self-programming within the context of an ordinary social milieu.

In short the child of the internat cannot function independently of the institution. (Family Health International Bulletin – May 2005) above).

Research shows that children made dependent in this way are more likely to remain unemployed, to drift into crime or drug abuse and, in the longer term are unable to form stable adult relationships. (Family Health International Bulletin- May 2005). They are most likely to become the progenitors of the social problems of the future and to contribute disproportionately to the next generation of problem families with problem children. From the standpoint of the state and its future expenditure patterns there exists the strong probability that these children will propagate additional demands for services for future generations of children and their elders.

Beyond even that, a recent report indicates that children who graduate from internats are 10 times more likely to be the victims of trafficking than children from the general population¹.

One of the contributory factors to this outcome is the residential institution's inability to provide significant and consistent caring relationships which would allow children to develop normally.

Residential care outcomes are worse for children who exhibit social or behavioural difficulties at or before the point of admission, which indicates, given the foregoing, that on balance the residential care option worsens a pre-existing problem for the child.

A further effect for children deprived of ordinary community and family living is that they do not learn the basic skills and economics of daily life (for example that bread has to be bought and electricity paid for).

Overall, it is probable that the internat graduate will need an extensive and expensive period of community reorientation at precisely the moment when he or she needs to be entering further education or taking first steps into employment and, therefore, to making an economic contribution to the community.

B. INSTITUTIONAL MANAGEMENT

All service organizations need effective management systems in order to ensure that the primary objectives for the service's existence are sustained. Management needs also to ensure that a particular service is not permitted to develop into a virtual monopoly position which effectively decides what is available to people in need. Supply led services are inherently incapable of responding to expressed need. Whatever the future for services for children in Moldova might be the lesson of effective outcome-oriented management needs to be learned.

The dominance of the residential care option in Moldova and the following observations indicate this supply led phenomenon and a weak management structure for the service overall. A common charge is that residential care institutions are inefficient and are organized to ensure effective management of the institution. In effect, the management needs of the institution are in conflict with the care goals assumed to be subscribed to. This is not a phenomenon unique to Moldova. It is a general truth widely observed and commented upon throughout the Western world. Some commentators have suggested that it is more pronounced in the former Soviet Republics and former satellite states of the USSR².

¹ Life Skills Education for Prevention of Trafficking in Human Beings –CIDDC – Child Rights Information Centre, Moldova, Min of Education, Youth & Sport/UNICEF/Radda Barnen -2004.

² Redirecting Resources to Community Based Services. Fox & Gotestam, World Bank/UNICEF 2003.

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In Moldova however, this charge is given credence by a specific illustration. Internats combine two conflicting responsibilities, that of care and education. However, it is also a commonplace that staff combine two roles: that of teacher and for that of carer, or educator as the role is described in Moldova. There are serious objections to this practice. It presumes that individuals qualified and/or trained in one of these two skills is necessarily competent to discharge the other. Further it requires working hours for staff so employed well beyond acceptable limits of personal efficiency, making probable that neither task will be performed to an adequate standard. It further limits flexibility in staff rostering and could readily be argued as a prime cause of the institution's inability or unwillingness to provide whole year care. It is, par excellence, an example of putting the interests of the institution above those of the resident child population.

A further charge commonly made and evidenced in a variety of countries is that residential institutions are expensive and that the growth in their costs is difficult of control. Studies carried out by UNICEF and EU Food Security Program demonstrate this fact also for Moldova's residential institutions. The principle of funding based on number of institutionalized children, as well as dependence of institutions managers' salaries on this indicator, are direct incentives to increasing the number of children placed in internats. The principle of salary calculation is described in Box 1.

Thus a Director who can recruit sufficient children to upgrade his/her internat automatically achieves salary increases for him/herself. Equally increases in child numbers are automatically reflected in increases in total institution budget, especially in alimentation budget.

Box 1: Particularities for salary calculation

The Government decision No. 291 of 25th May 1993 stipulates conditions, salary categories and the tariff coefficient for educators and other categories of public education employees, including those in institutions discussed within this paper.

The calculation of salary costs is a direct function of the number of children attending the institution

All secondary school employees – staff from all types of internats, children's asylums, and boarding schools benefit from a 30% salary rise.

Additionally, each carer (educator) are afforded a 30% to 50% additional payment on top of the increased salary, plus 18 lei monthly supplement. Such supplements may vary in amount. They are afforded to educators in general schools, lyceums and, secondary schools. These supplements constitute payment for educators' qualification acquired through their career.

The payment rise indicators, presented in Tables 1 and 2, provide a direct incentive for residential institution officials to increase the number of children admitted.

Table 1. Remuneration Categories of institution officials.

| Remuneration Category | Internats No. of children/coefficient | Special internats No. of children/coefficient | Children's asylums No. of children/coefficient |
|-----------------------|--|---|--|
| I. | - | - | $N \geq 390$ coefficient 2,5 |
| II. | $401 \leq N \leq 640$ coefficient 2,8 | $271 \leq N \leq 390$ coefficient 2,0 | $271 < N \leq 390$ Coefficient 2,0 |
| III. | $281 \leq N \leq 400$ coefficient 1,8 | $151 \leq N \leq 270$ coefficient 2,0 | $151 < N \leq 270$ coefficient 1,8 |
| IV. | $N \leq 280$ coefficient 1,8 | $N \geq 150$ coefficient 2,0 | $N \geq 150$ coefficient 1,8 |

Where N – is number of institutionalized children

So, having a salary of X amount, the headmaster of an internat with a **real contingent** of 380 children at the date of reporting, will be afforded a salary of the following amount:

$$\text{Salariul} = (X + 30\%) * 1,8$$

This salary is also increased by 15-30%, depending on institution's category (see Table 2)

Table 2. Institution Category.

| Institution Category | Internats, No. of children | Special internats, children's asylums, No. of children | Payment rise | |
|----------------------|----------------------------|--|--------------|-----------------|
| | | | Director | Deputy Director |
| I. | $N \geq 641$ | $N \geq 390$ | 30% | 20% |
| II. | $401 \leq N \leq 640$ | $271 \leq N \leq 389$ | 25% | 17% |
| III. | $281 \leq N \leq 400$ | $151 \leq N \leq 270$ | 20% | 13% |
| IV. | $N \leq 280$ | $N \leq 150$ | 15% | 10% |

Where N number of institutionalized children

Applying the payment rise to a given category of institution, the headmaster's salary will be calculated in according with the following formula:

$$\text{Salary} = [(X + 30\%) * 1,8] + 20\%$$

Experience in the pilot regions notes that entry to internats is controlled, in most locations by a single officer for whom the workload is far too great to allow of adequate assessment of the child. It is also remarkable that the placement outcome is overwhelmingly in accord with the request made, which suggests a complete absence of objective needs assessment. It is also not unknown for internat Directors to receive a request for and to agree directly to the admission of a child to

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an internat. Both the entry process and the direct entry route are within the purview of the Ministry of Education and both are without superordinate scrutiny at either local or national level.

Beyond even the foregoing observations it is inconceivable that, to some degree there does not exist here examples of some of the other characteristic evils of large scale residential child care that of physical and sexual abuse, as well as . These characteristic evils represent a problem which all western countries have experienced. They have yet to be exposed in Moldova.

Chief among these is the exploitation by staff, who are powerful, of children, who by definition are powerless, through the media of physical or sexual abuse or cheap labour exploitation (institutional abuse).

Other evils are administrative and, commonly come in two forms. One is misrepresentation of the number of children either on the roll or permanently resident, or both of these. This stratagem is designed to maintain the budget above levels of need. It leaves open the question as to why this stratagem is deployed. The other is the diversion, misappropriation or other exploitation of the alimentation budget, principally to provide a standard of provision for the staff that is higher than that afforded to the children. It is not difficult to visual a relationship between these two phenomena.

1.3. THE JUDGEMENT ABOUT RESIDENTIAL CARE

Notwithstanding any criticisms which attach to residential institutions on grounds of the inadequacy of their care outcomes for children, there is a powerful economic argument against their continuing in their present form and on their present scale.

Simply put, economic regeneration requires graduates capable either of entering the labour market and beginning to make an economic contribution, or of pursuing a further course of education either to the level of university degree or vocational qualification, with ultimately the same end – that of contributing to the country's economic growth. To the extent to which internats do not achieve this they are failing.

This need is reflected in the Economic Growth and Poverty Reduction Strategy Paper (EGPRSP) (Paragraph 491). It is also reflected in the Government Strategy Paper- Education for All, while both the EGPRSP and the MTEF (Medium Term Expenditure Framework) reflect the inadequacies of the present distribution of resources within Education spending. Both of these Government documents reflect concerns about enrolment levels and about the penury of students advancing into further and higher education.

En passant here, we should say that there is at least anecdotal evidence that internat graduates do not, for the most part continue in educational opportunity.

On the other hand, reducing the scale of residential institutions to humane proportions, ensuring adequate management control and monitoring both of financial and outcome performance, even if this would obviate many of their evident drawbacks, would almost certainly require the investment of very substantial resources with no certainty of improved performance.

In the next part of this paper we shall explore an alternative option, currently in its pilot stages, together with its costs by comparison with those of the internat.

SECTION 2: THE RATIONALE FOR AND COST OF ALTERNATIVE COMMUNITY BASED SERVICES

2.1. THE COST OF COMMUNITY ALTERNATIVES

In this section of the paper we shall articulate the cost of the alternative community based services being piloted in three Raions (Orhei, Cahul, Ungheni) by Local Public Administration in collaboration with the TACIS project Capacity Building in Social Policy Reform in Moldova.

We have used the same yardstick, that is to say the cost of these services per child per year. This calculation yields a figure of 4700 MDL.

The basis of calculation is set out in detail in Appendix B. It is based upon existing project services. However, projecting forward to the establishment of family centres offering a wider range of services including psychological and legal advice the figure advances to 5439MDL.

We should note also that the family centre concept is capable of expansion at very low marginal cost which would have the effect of lowering the cost per child year.

2.2. THE RATIONALE FOR COMMUNITY BASED SERVICES.

We have previously noted the looseness of the admissions procedure for acceptance into an internat. This looseness should not by itself be held to be a contributory factor in the criticism of residential care per se. However, what it does imply is that admission of children to residential care becomes the routine response to apparent social problems being experienced by children and their families. Lacking both proper assessment and alternative services it carries the inherent risk and almost certain outcome of being a serious over-reaction for many children in difficulty.

That this is so in Moldova is evidenced in the Medium Term Expenditure Framework, Annex 11, Sub-Programme 2.2 – Specialised Education. Here we read an analysis of the make-up of internat populations based upon the childrens' placement rather than upon any coherent system of needs assessment. We also read of the goals of revising the number of children with special educational needs and of placing orphan and abandoned children in families. However, performance indicators are rather quantitative than qualitative, which inhibits the development and achievement of specific goals.

Reform programmes require full evaluation at the outset and an individual assessment of each child's needs.

Gerald Caplan, a North American social scientist, was the first to articulate three levels of intervention, primary, secondary and tertiary.

Box 2. Three levels of intervention identified by Gerald Caplan

First level (primary) - responses screen out minor problems and provide for low level support provision where this is required.

Second level (secondary) - responses accept the premise of more severe problems but those which are essentially amenable to community support interventions.

Third level (tertiary) - responses are thus reserved for the small minority of presenting problems which require specialized short term crisis intervention or sustained longer term therapeutic intervention services.

This model was designed to reserve scarce and expensive resources for those problems which required the most intensive type of response (e.g. severe disability, seriously ill treated children).

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In essence this three level system requires an effective system of gate-keeping i.e. a process of pre-placement assessment which ensures responses to problems at an appropriate level.

In the pilot regions this service is provided by the Social Assistance Department supported by the Commission for the Protection of the Child in Difficulty.

Services provided within the framework of the project are:

- family support;
- foster care;
- reintegration.

Family Support, a service which provides advice, guidance and medium term practical support designed to assist a family in difficulty to acquire or recover its self-programming status.

Foster Care, which provides family placements for children who, for whatever reason, cannot return to or remain in their own families, and/or for whom placement and support within the extended family is not practicable or available.

Reintegration. This last service is directed, as its name implies, to reintegrating children from internats into their families. It should decline in volume and significance as a greater proportion of children currently resident in internats are returned home from where they can expect to attend normal schools. The service can, however, also operate in support of endeavours to reintegrate children with a degree of special needs into mainstream schools (Education for All) It also operates on the model of advice, guidance and medium term practical support.

The impact of these services is threefold:

- (i) Firstly and most importantly they have the effect of maintaining a child within or restoring a child to his/her family, thus preserving links with family and community and providing more effectively for the child's psycho-social needs. A child in this situation is more likely to succeed in his/her educational endeavours.
- (ii) Secondly, they have the effect of safeguarding expensive specialist resources for those families and children who genuinely have specialised needs.
- (iii) Finally, they ensure that decisions about children in difficulty and their families are made by those working within the local community who can be expected to have a greater working knowledge of the child, the family and the community environment. In this way the child, the family and its social environment can be taken into account and responses can be tailored to fit local support networks.

This approach takes account, not only of the needs of the child is taken in account, but also its family circumstances and social environment, so that solutions are elaborated which fit local networks of social care.

IN CONCLUSION

In this paper we have summarised the costs and impacts of two models for providing services to children in difficulty and their families: residential services and community based services.

The following conclusions can be drawn:

1. Residential care in internats is expensive, easy to access, ineffective in providing for a child's proper development and, in large measure, an overreaction to the problems facing children and their families.
2. We have argued that two elements contribute to this situation, the impact of residential care itself and the looseness of the admissions process.

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3. We would also argue that, notwithstanding the existence of internats which are, at least notionally, providing for children with special needs, that the internat system is insufficiently flexible to respond appropriately to the range of problems faced by some children and some families and that internat admission is unnecessary for many others.
4. We have indicated that the ease of access to internats is a major contributor to their growth, to the growth in their costs and to the inappropriate use of residential care.
5. We have further argued that the conflation of responsibilities for education and care within the responsibilities of the Ministry of Education Youth and Sport further compounds the damaging impact of residential care with concomitant long term economic and social disadvantages for resident children and, by extension, for Moldova.
6. We have argued that an adequate gate-keeping system would ensure against the inappropriate use of expensive resources and would ensure that decisions affecting children in difficulty would be taken close to the child's family and community.
7. We have also shown that modest levels of support services are capable of maintaining children in the community with consequent advantages for their psycho-social development. We have shown that such community based services can be provided at lower cost in comparison with the cost of caring for children in internats.
8. We therefore conclude that the National Strategy of Deinstitutionalisation is needed and that as many children as practicable should be reintegrated into the community from where they can attend mainstream schools.

This strategy would enable any modest level of retained residential provision required for children with highly specialized needs to be reserved for those children who have serious need for that provision and that the gatekeeping system currently in use as a management tool in the pilot Raions could ensure the proper use of any such provision. Only a Strategy at the national level will create a rational basis of decision as to the future of internats, especially as there are those capable of becoming mainstream schools and others capable of changing role to develop support services to children and families within the areas in which they are located.

9. In order to pursue the economic goal of developing an educated and economically capable labour force, the Ministry of Education Youth and Sport should be enabled to concentrate its energies on its primary educational role.

The implementation of the strategy is inherently capable of releasing educational resources currently devoted to caring for children in order to afford the opportunity to provide sustainable financial support for community services for children and their families. It is also capable of releasing other resources which could be devoted to improving pre-university education.

10. Finally, although we argue that the community provision discussed in this paper is inherently affordable, we recognise that there are additional short to medium term costs intrinsic to any process of transition which it is beyond the terms of reference of this paper to elucidate. That issue requires further examination and exploration within Ministries and could be undertaken with the support of TACIS and other agencies.

APPENDIXES

APPENDIX A. COSTS FOR INTERNATS

Table 1: State budget expenses for internats, in Thousand Moldovan Lei

| | 2004 budget year | | 2005 budget year, 6 month | | | |
|---------------------------------------|--------------------------|-------------------|---------------------------|----------------------|-----------------------------|-------------------|
| | Budget execution in 2004 | Share in total, % | Planned annual budget | Approved for 6 month | Actual financed for 6 month | Share in total, % |
| Total expenditures | 39716,7 | 100,0% | 42162,3 | 26645,3 | 24187,2 | 100,0% |
| Costs for education | 12771,9 | 32,2% | 13571,9 | 8464,6 | 7814,5 | 32,3% |
| Costs for care | 26086,6 | 65,7% | 28092,7 | 17697,2 | 16249,2 | 67,2% |
| Personnel costs | 16571,2 | | 20213,7 | 13840,1 | 12156,1 | |
| Salary | 12839,5 | 32,3% | 15780,9 | 10837,8 | 9496,6 | 39,3% |
| Social contributions payments | 3467,3 | 8,7% | 4090,9 | 2762,2 | 2460,0 | 10,2% |
| Medical insurance | 250,8 | 0,6% | 305,5 | 208,7 | 180,3 | 0,7% |
| professional re-training | 13,6 | 0,0% | 36,4 | 31,4 | 19,2 | 0,1% |
| - 30% from personnel cost | 4971,4 | | 6064,1 | 4152,0 | 3646,8 | |
| - 70% from personnel cost | 11599,8 | | 14149,6 | 9688,1 | 8509,3 | |
| Other costs | 22287,3 | | 21450,9 | 12321,7 | 11907,6 | |
| electricity | 1890,2 | 4,8% | 2024,2 | 1144,9 | 1123,3 | 4,6% |
| gas | 478,4 | 1,2% | 577,3 | 347,8 | 346,5 | 1,4% |
| stationery | 711,3 | 1,8% | 726,5 | 486,3 | 355,3 | 1,5% |
| heating | 610,7 | 1,5% | 665,0 | 345,0 | 323,3 | 1,3% |
| study materials | 114,1 | 0,3% | 102,5 | 72,7 | 28,3 | 0,1% |
| books and magazines | 43,8 | 0,1% | 54,0 | 36,5 | 17,5 | 0,1% |
| catering | 11308,8 | 28,5% | 13339,7 | 7407,5 | 6200,4 | 25,6% |
| medicines | 253,1 | 0,6% | 287,6 | 162,8 | 148,7 | 0,6% |
| communication costs | 97,8 | 0,2% | 137,4 | 72,9 | 62,9 | 0,3% |
| car use and maintenance | 330,9 | 0,8% | 360,1 | 206,1 | 187,8 | 0,8% |
| linen, bedclothes, shoes procurement | 1094,0 | 2,8% | 1354,2 | 819,3 | 622,4 | 2,6% |
| building current repairs | 307,8 | 0,8% | 339,0 | 334,0 | 194,8 | 0,8% |
| inventory current repairs | 59,3 | 0,1% | 81,0 | 65,5 | 19,8 | 0,1% |
| fuel | 2815,6 | 7,1% | | | 1694,3 | 7,0% |
| procurement and installment of meters | 31,0 | 0,1% | 2,5 | 2,5 | | 0,0% |
| fine, penalties | 1094,0 | 2,8% | | | | |
| security costs | 2,5 | 0,0% | 11,1 | 6,3 | 2,2 | 0,0% |
| PC equipment maintenance | 1,0 | 0,0% | 3,0 | 3,0 | 3,0 | 0,0% |
| water supply | 834,7 | 2,1% | 1103,0 | 624,8 | 498,8 | 2,1% |
| sewage system | 57,5 | 0,1% | 60,9 | 38,2 | 14,7 | 0,1% |
| other | 113,6 | 0,3% | 170,3 | 117,2 | 44,9 | 0,2% |
| business trips | 37,2 | 0,1% | 51,6 | 28,4 | 18,7 | 0,1% |
| - 35% from other cost | 7800,6 | | 7507,8 | 4312,6 | 4167,7 | |
| - 65% from other cost | 14486,7 | | 13943,1 | 8009,1 | 7739,9 | |
| Capital expenditures | 858,2 | 2,2% | 497,7 | 483,5 | 123,5 | 0,5% |
| equipment procurement | 297,7 | 0,7% | 386,7 | 372,5 | 73,2 | 0,3% |
| capital renovation | 560,5 | 1,4% | 111,0 | 111,0 | 50,3 | 0,2% |

Source: Ministry of Education, Youth and Sport

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Table 2: Beneficiaries in the internats

| Beneficiaries | Average number of children as of 31.12.2004 | | | | Average number of children as of 01.07.2005, 6 month | | | |
|---|---|-------------------|--------------------------|-------------------|--|-------------------|--------------------------|-------------------|
| | Total | Share in total, % | Residence in institution | Share in total, % | Total | Share in total, % | Residence in institution | Share in total, % |
| Average number of children, of which | 4374 | 100,0% | 3300 | 75,4% | 4502,3 | 100,0% | 3274 | 72,7% |
| orphan | 917 | 21,0% | 317 | 34,6% | 904,5 | 20,1% | 902 | 99,7% |
| under guardianship | 290 | 6,6% | 290 | 100,0% | 185,8 | 4,1% | 184 | 99,0% |
| poor families | 2871 | 65,6% | 1877 | 65,4% | 3037,1 | 67,5% | 1913 | 63,0% |
| parents deprived of rights | 65 | 1,5% | 65 | 100,0% | 69,6 | 1,5% | 68 | 97,7% |
| parents in the prison | 64 | 1,5% | 64 | 100,0% | 97,8 | 2,2% | 96 | 98,2% |
| parents are abroad | 73 | 1,7% | 73 | 100,0% | 106,3 | 2,4% | 106 | 99,7% |
| parents working in institution | 8 | 0,2% | | | 11,0 | 0,2% | | |
| other categories of children | 86 | 2,0% | 14 | 16,3% | 90,2 | 2,0% | 5 | 5,5% |
| Children in preschool grades | 180 | x | x | x | 183,7 | x | x | x |
| # of classrooms | 11 | x | x | x | 11 | x | x | x |
| Children in grades 1-4 | 1715 | x | x | x | 1704,0 | x | x | x |
| # of classrooms | 69 | x | x | x | 69 | x | x | x |
| Children in grades 5-9 | 2479 | x | x | x | 2614,6 | x | x | x |
| # of classrooms | 110 | x | x | x | 110 | x | x | x |
| Nr.of catering days (complete or partial), day-children, of which | 1009544 | x | x | x | 525425 | x | x | x |
| Calculations | | | | | | | | |
| Length of stay, days | 306 | x | x | x | 160 | x | x | x |
| Dally catering allocation per child, lei | 11,20 | x | x | x | 11,80 | x | x | x |
| Expenses per child per day, lei | 29,68 | x | x | x | 33,47 | x | x | x |
| Expenses per child per year, lei | 9080,18 | x | x | x | 5372,19 | x | x | x |

Source: Ministry of Education, Youth and Sport

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Table 3: Personnel in the internats

| | 2004 budget year | | 2005 budget year, 6 month | |
|--|------------------|-------------------|---------------------------|-------------------|
| | Average number | Share in total, % | Average number | Share in total, % |
| Personnel | | | | |
| management, persons | 79 | 5,3% | 66 | 4,5% |
| management, included in teaching staff | 37 | 2,5% | 32 | 2,2% |
| management, positions | 79,5 | x | 65 | x |
| salary, thousand lei | 837,2 | 6,5% | 591,2 | 6,2% |
| specialized staff, persons | 473 | 31,5% | 372 | 25,1% |
| specialized staff, positions | 586,8 | | 526,6 | |
| salary, thousand lei | 4615,9 | 36,0% | 3715,1 | 39,1% |
| auxiliary and support staff, person | 692 | 46,1% | 771 | 52,0% |
| auxiliary and support staff, positions | 790,9 | | 894,2 | |
| salary, thousand lei | 3655,2 | 28,5% | 2763,3 | 29,1% |
| teaching staff, persons | 295 | 19,6% | 305 | 20,6% |
| teaching staff, positions | 286,3 | | 285,8 | |
| salary, thousand lei | 3730,0 | 29,1% | 2427,0 | 25,6% |
| Part time staff, persons | 14 | | | |
| salary, thousand lei | 1,2 | | | |
| Total staff, persons | 1502 | 100,0% | 1482 | 100,0% |
| Total staff salary, thousand lei | 12839,5 | 100,0% | 9496,6 | 100,0% |
| Ratios | | | | |
| Number of institutions | 13 | x | 13 | x |
| Number of pupil | 4374 | x | 4502,3 | x |
| Number of pupil per staff | 2,9 | x | 3,0 | x |
| teaching staff | 15,3 | x | 15,8 | x |
| specialised staff | 7,5 | x | 8,5 | x |
| management staff | 55,0 | x | 69,3 | x |
| auxiliary and support staff | 5,5 | x | 5,0 | x |

Source: Ministry of Education, youth and sport, 2004 annual reports and half 2005 year report

APPENDIX B. THE COST OF COMMUNITY SERVICES FOR CHILDREN.

Methodology of community based services calculations

In this Appendix we outline the basis of calculation for establishing the cost of community based services for children provided by the Everychild Consortium through the TACIS project Capacity Building in Social Policy Reform in Moldova.

Because the child is the principal beneficiary of these services and is the *raison-d'être* for the project's existence the child is the designated cost centre and all expenditures are related to the child with the final calculation being expressed in terms of LeiMd per child year.

We have used the budget for 2006 for Orhei as the model for our calculations.

All financial calculations are at the 2005 price base.

Step 1. Calculating the number of beneficiary children:

- a) for each of three services provided and
- b) the overall number of beneficiary children.

The services in question are Family Support, Foster Care and Reintegration. In the 2006 budget the volume of service provision is calculated by the project's managers as an estimate of demand and capability. The services are provided through the agency of the Raion's Social Assistance Department and service volumes take account of the work load capability of the number of Social Assistants employed.

The budget provides finance for each of the three services mentioned above.

The service assumptions are:

For Family Support that the average number of children per family receiving this service will be 2 and that the average time over which each family will receive the service will be 6 months. The service makes financial provision for practical and material support.

For Reintegration the service is directed toward a single child and assumes that the child and his/her family will receive the service for an average period of 6 months.

For Foster Care it is assumed that each active fostercarer will care for 2 children on average. Foster parents are salaried and paid only when active. They also receive an allowance in order to care for each child placed with them. This service also includes provision for setting up assistance to foster parents and for exceptional payments to be made to meet exceptional circumstances. Since foster parents are salaried the provision also takes account of employee on-costs such as Social Fund Contributions and Compulsory Health Insurance.

Each service is then analysed to arrive at a figure of the direct cost of per child year of the service.

Step 2. Calculating the management overheads to be charged out to each child on a pro rata basis.

In this step account is taken of the salaries, employee on-costs and administrative costs attaching to the Social Assistance Department. The staffing level in the Social Assistance Department assumes a notional workload of which each Social Assistant is capable. The service level provisions in the budget reflect this notional workload assumption.

Account is also taken of the costs of the Commission for the Protection of the Child in Difficulty, including the salary and on-costs attaching to the secretary of the Commission and payments made to Commission members for their work.

Step 3. Apportioning the management overhead.

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Since all children are assessed by Social Assistants the total costs of the Social Assistance Department are apportioned equally to each beneficiary child.

For the Commission for the Protection of the Child in Difficulty 50% of the costs are apportioned to each child in a foster home. No allocation is made to children receiving Family Support or Reintegration services since assessments resulting in these outcomes do not require the endorsement of the Commission. On the other hand the Commission has additional duties which are not directly attributable to individual children.

Step 4. The foregoing steps have generated a figure for the cost per child year for each individual service. The total costs are then aggregated as are the total number of beneficiary children. For comparative purposes a further calculation generates the mean cost per child year across all three services.

Step 5. Off-budget considerations.

For the purpose of generating a more comprehensive assessment of overall costs per child year we have then proceeded to take into account additional costs, either real or notional, which, for the time being are off budget. We have done this in order to represent a calculation closer to probable future reality than is expressed in the 2006 budget.

Specifically this calculation is directed toward establishing the notional cost accruing to the Raion in consequence of TACIS having provided two vehicles for use within the project. The next steps outlined in this Appendix show how we have calculated the likely cost of the vehicles and what assumptions we have made about their use.

Our assumptions about the use of these vehicles are:

That the annual average kilometrage will be 30000.

That their life will be 5 years, at which time they may expect to have covered 150000 kilometres.

Having made those assumptions we have taken account of three specific items. The costs of fuel consumed in each year, taking into account the manufacturers fuel consumption data. We have assumed a margin of error in the manufacturer's claims. The servicing costs per annum taking into account the requisite service intervals specified for each vehicle, and, finally, the vehicles' purchase price.

Next we have written down the purchase price over each of five years and included the annual depreciation in the calculation. We have assumed that the vehicles have no residual value at the end of the five year period. For the purposes of this calculation only we have also assumed that vehicle replacement will be met from revenue by the device of creating a Sinking Fund with annual contributions equal to the annual capital write down.

Having two vehicles we have also assumed the need for two drivers, and have accordingly included in our calculation the salaries and on-costs for them.

We have next aggregated the annual costs of the two vehicles and have then apportioned these costs equally to each beneficiary child.

Table B1. THE RESULTS OF THE CALCULATIONS.

In the first stage of the calculations we arrive at the following figures for each of three services:

| | |
|-----------------------|-------|
| Family Support | 2867 |
| Reintegration. | 4817 |
| Foster Care | 10155 |
| All service mean cost | 4700. |

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We can see that the unit costs of Foster Care are significantly higher than the other services, but that, averaged across all services the mean cost per child year is substantially reduced.

Further calculations in relations in relation to projected future developments

It has been projected by the Project 's managers that the future will include an expansion of demand and that the services would be enhanced by the availability of a wider range of specialist services.

We have therefore made calculations for a projected Family Centre with enhanced capability and providing increased service volumes.

These projected costs and calculations assume the addition of specialist expertise, e.g. psychology/legal, of an expanded service with additional Social Assistants employed, and, because of its expansion, an increase in its management/supervisory/administrative personnel and the provision of appropriate accommodation.

We have also assumed the addition of financial provision for the same spread of services, in the same ratios, one to another, and at volumes reflecting the Project workload norms.

We have also assumed additional administrative costs to take into account, for example accommodation running costs, heat, light, water and other administrative charges consequent upon having an expanded organisational base.

These calculations indicate that such an expansion could only be made, in the first instance, at relatively high marginal cost and, using the same formulaic approaches already outlined in this Appendix the calculation adds 739Lei per child year.

There are two comments to make about this notional calculation.

The first is that, even so, the mean cost per child year is less than the care costs of residential care in an internat. The second is that, so far as management/supervisory costs and expert costs are concerned, further expansion would be possible at very small marginal cost which, we argue, would be likely to reduce the overall unit cost of the service

In these latter calculations we have not been able to take into account any possible set-up or capital costs. The contributory reasons for that are, on the one hand our limited understanding of capital financing mechanisms, and our inability, since this is no more than an exercise in revenue cost projection, to know what capital implications may flow from a specific proposal.

We can say no more than that, in revenue terms such development looks possible, but that any specific proposal would need a detailed feasibility study.

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