

PD-APP-097

7/1/97

ROMANIA

RESULTS REVIEW &

RESOURCE REQUEST (R4)

USAID/ROMANIA
MAY 1997

EXECUTIVE SUMMARY

1996 was a watershed year in the post-Communist era of Romania, as leaders truly devoted to the establishment of a market-oriented democracy were voted into office. During 1996, USAID/Romania was also required to undertake a strategic planning exercise to hone a more targeted strategy for what will most likely be the final five years of the SEED Program for Romania. As a consequence of these two events, USAID/Romania has had the opportunity to make some significant changes to its strategy in order to better assure that transition goals will be either met or irreversible by the time assistance phases out. These changes are laid out in detail in the USAID/Romania Strategic Plan, the tandem document to this R4.

Program Shift. The Strategic Plan (SP) reflects a shift from pilot and/or local activities to a more concerted effort to effect major policy changes because we have a reform-minded partner in the new Government of Romania (GOR). This shift in strategy has led to proposed new Results Framework for many strategic objectives (SOs). The 1997 R4 reports on the intermediate results (IRs) in the approved 1996 Results Framework. The indicators and targets are used to show results, both positive and negative, that support the changes proposed in the SP.

Economic Restructuring. In the area of economic restructuring, USAID/Romania will maintain SOs 1.3, 1.4, and 1.5, with some key shifts within objectives 1.3 and 1.5. By the end of FY 1998, the focus of SO 1.3 will be narrowed to privatization, agriculture, and the development of agribusiness. The purpose is to achieve a threshold of private sector competence that expands the contribution of agriculture to the entire economy. In short, USAID/Romania will phase out of activities which target businesses across sectors and consolidate efforts in privatization and agriculture/agribusiness in order to have an impact throughout the entire economy.

An important addition to SO 1.4 is the Labor Redeployment program. The U.S. Department of Labor will provide technical assistance and training in support of a World Bank program designed to reduce unemployment resulting from privatization and economic restructuring.

The 1.5 SO team (including ENI/W team members) has developed a new Results Framework to more accurately reflect conditions within the energy sector in Romania and to reflect the hierarchy of problems that affect the sector. Additional indicators, targets, and baseline data will have to be produced for some of the new IRs.

Transition to Democracy. To support Romania's democratic transition, USAID/Romania will maintain strategic objectives 2.1 and 2.3 with several changes to the principal IRs of each. SO 2.1 will strengthen Parliament, the Executive Branch, NGOs, and an already independent media so that Romanians not only increase their participation in the political and economic decisions that effect their lives, but have more useful information as they do so.

USAID/Romania will revise SO 2.3 from retailing assistance to a few municipalities, to a wholesale approach that provides assistance to a much greater number of local authorities as power is shifted to them. This means we can take advantage of the GOR's decision to decentralize power by incorporating the lessons learned from prior assistance activities into the policy dialogue.

Social Sector Reform. In the area of social stabilization, USAID will continue to pursue strategic objectives 3.2 and 3.3. However, both will be re-tooled. Last year, USAID/Romania argued that health reform activities should be placed in strategic objective 4.1, that we should phase out of direct assistance to child welfare projects, and that family planning should dominate the objective. We are reversing this decision, however, for compelling reasons. First, during our strategic planning exercise we determined that USAID's comparative advantage is in aiding institutionalized children. Second, we have more cooperative counterparts in the new government, a reflection of the GOR's commitment to solving this problem. The third reason is the European Union's (EU) mandate that Romania deal with the issue of abandoned children. Consequently, our proposed new SO 3.2 is "Reduced Number of Children at Risk of Being Institutionalized." The family planning framework will stay intact since this is a principal IR for reducing the number of children at risk. A new branch will be added to the framework to reflect our efforts to enhance child welfare. Health reform activities will be phased out as current funding is expended.

The focus of SO 3.3 will be narrowed to target the legal/regulatory framework, enforcement of laws and regulations, and compliance. The compliance element will benefit private sector service providers by developing their capacity to conduct environmental audits, and private business who will be in demand of these services.

I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

A. Romania's Progress Toward Successful Transition in 1996

The November 1996 election of a reform-minded government dedicated to the values, structures, and processes of a market democracy, generated a spirit of optimism and represented a great leap forward toward successful transition. The new GOR immediately expressed the need to replace a majority of their predecessors' economic and political policies with the economic reforms which had been recommended by multilateral and bilateral donors. On February 17, 1997, the Prime Minister announced a "shock therapy" program which called for removing costly subsidies and redoubling efforts to restructure the economy. Although the short-term effects of the economic adjustments may be increased hardships for Romania citizens, the long-term potential for a successful transition has increased dramatically as a result of these changes.

Macroeconomic Situation. It is premature to conclude that the recent attempts at heightening transition will be successful. Romania continues to lag behind other CEE countries in its progress toward successful transition. Overall ratings in both democratic freedoms and economic policy reform demonstrate that Romania is still behind most countries in the region. Further, the macroeconomic situation for Romania during 1996 was a mixed-bag. Although the private sector continues to develop and increase its contribution to GDP, Romania's overall GDP still remains at only 90% of its 1989 level. This figure, of course, represents the ground Romania has made up after the economic collapse following 1989. Inflation increased significantly, from 28% in 1995 to 57% in 1996. Structural imbalances remain and the economy continues to be plagued by resource-draining state-owned enterprises which survive through direct and/or disguised public subsidies.

Foreign Direct Investment. Romania has also struggled to attract foreign direct investment (FDI) which is critical to successful transition. Only two billion dollars of foreign direct investment have accumulated since 1989, amounting to about 3% of GDP. A brief regional comparison further illustrates Romania's poor standing: FDI accounts for 13-14% of GDP in Estonia and the Czech Republic; in Hungary the total amounts to 30%.

Legal & Regulatory. In the legal and regulatory sphere, Romania is making progress toward establishing the legal framework for a market economy. Key laws in bankruptcy, intellectual property rights, competition, and commercial policy have been passed. Many price controls have been phased out or are in the process of being phased out. While the government still sets prices for public transport, private electricity, gas consumption, and broadcasting licenses, all of these have experienced steep price increases in early 1997.

B. Significant Social or Political Developments and Their Impact on Progress and the Enabling Environment

The initial reforms bode well for the future of Romania's transition and, if successful, will have a positive impact on USAID's program. Of particular importance is the fact that on April 24, 1997, the European Commission voted to cease monitoring of Romania's progress towards satisfying the criteria for membership in the European Union. This step is contingent upon Romania implementing the following policies in five critical social areas: (1) modification of the Criminal Code in respect of homosexuals and mass-media rights; (2) provision of more independence to the Justice Branch; (3) improvements in the living conditions of abandoned children and a decrease in the number of such children; (4) compensations or restitution of confiscated properties (especially those that belonged to churches); and (5) elimination of xenophobia and intolerance of racial minorities. The cessation of monitoring is a vote of confidence for Romania and an indication that Western Europe perceives recent changes in Romania's enabling environment to be positive.

Macroeconomic reforms, positive though they will be in the long-term, will have severe costs. Romanians will endure a period of increasing economic and social hardships brought on by "shock therapy" and the quick pace of reform. The average disposable income has already declined due to the increase in prices of almost all major staples. Inflation is estimated at an annual rate of close to 100%, which means that real wages and purchasing power will continue to fall. Added to this are forecasts of rising unemployment as firms have less access to capital yet face mounting pressure to foot their bills. The GOR will have to balance the push to privatize with active labor market measures that target dislocated workers and affected communities.

RESULTS REVIEW AND RESOURCE REQUEST

PART II. STRATEGIC OBJECTIVES

SO 1.3: Development and Growth of Private Enterprises

1. Performance Analysis

This Strategic Objective is meeting expectations overall. We therefore rate it as a 2. 1996 was a year of consolidating achievements made at the firm level and trade associations. Much of the over-arching legal framework required to stimulate the growth of private enterprises, however, keep pace with the growth of private enterprises. A new legislative reform package is expected in 1997.

Despite limiting factors such as high tax rates (profit and payroll), unclear legislation, bureaucratic hurdles, and petty corruption, Romania's private sector is gaining strength and influence, although not quite flourishing. By the end of 1996, the private sector accounted for 52% of the country's GDP, an increase from 45% in 1995. This modest increase does not reflect the new government's pledge to quicken the privatization rate of state-owned enterprises, which continue to be a drain on the state budget. The government has proposed that as much as 75% of the GDP be in private hands by the end of 1998. Absent the necessary legislative changes, however, the mission will remain with its more conservative target of 65%.

In keeping with World Bank and IMF conditionality, the government lifted most remaining price controls on food products, gasoline, and heating oil, and lowered taxes on imported agricultural products. Inflation is forecast at close to 100% in 1997 as a result. Many households have already reduced consumption as raw materials and energy costs have risen dramatically. All of these factors will adversely affect Romania private enterprise; to some extent counterbalancing positive gains.

IR 2, A more open and competitive market place

Some progress was made toward the establishment of an open and competitive market place. The time for licensing new businesses was reduced from twelve to eight weeks and therefore met the target. Key contacts have reported that ease of entry into the market for private enterprises has improved since the November elections because bidding processes, procurement of licenses and other authorizations, and deal making are more transparent.

IR 2.1, Reduced state control of industrial and agricultural assets and services and selected infrastructure

Romania exceeded its target for the number of companies privatized under the mass privatization since 2847 instead of 2500 companies were privatized. Unfortunately, no state owned banks were privatized.

IR 2.1.1, Improved policy/legal framework supporting private enterprise development (including SME's) is in place

Although the Government of Romania did not pass all the laws identified by the World Bank and the IMF as necessary for private sector development, strides were made in achieving this intermediate result through USAID assistance. USAID/Romania helped the GOR establish key policies in four areas: bankruptcy, competition policy, capital markets, and commercial law. The capital markets framework, in particular, was a herculean venture which drastically transformed the entire trading system in direct support of private enterprise development (details are provided under strategic objective 1.4).

IR 3, Increased capital investment in private enterprises

The annual level of foreign investment in 1996 reached the FY 1998 target since \$600 million rather than \$400 million was attracted. USAID's approach to increasing capital investment in private enterprises has been to assist existing small businesses become credit-worthy by improving their ability to control costs, improve production, and increase sales. However, improvements in production and sales did not significantly increase capital investment for our clients as a whole, although they probably did better than most SMEs. The agribusiness associations that USAID assisted did well, achieving approximately \$110 million of U.S. private venture capital for about \$800,000 of USAID funding. The Romania American Enterprise Fund (RoAET) and the USAID enterprise development technical assistance providers (e.g. CDC, VOCA/ACDI) began earnest collaboration to improve the efficiency of qualifying for small business loans. USAID's activities to financially restructure state-owned enterprises set the groundwork for increasing capital investment in the assisted firms, since they are now more credit-worthy and attractive to potential buyers.

IR 4, Improved management practices adopted by enterprises

This has been one of the most successful results under SO 1.3. The average increase in sales for USAID-assisted firms has been 30%, considerably above the 5% target. Likewise, USAID activities have had positive impact on IR 4.1 Increased Access to Business Services and IR 4.1.1 Strengthened Business Support Service Organizations in 1996. One thousand enterprises were assisted by USAID-funded advisors, exactly on target, and 5% of support service staff were trained as planned. USAID has worked with groups of managers to improve management systems, apply innovative technology, attract foreign companies, inform the public, and effect better policies. To create a sustainable framework that nurtures business development in the future, USAID created Centers for Business Excellence in key universities throughout the country, and assisted Chambers of Commerce and business associations that support existing businesses.

USAID experience in Romania has shown that entrepreneurial competitiveness appears quickly if the assistance is practical and new skills can be applied immediately.

2. Expected Progress Through 1999 and Management Actions

During the next planning period, performance will be judged primarily on progress toward the achievement of three intermediate results in the R4, namely, IR 2 A more open and competitive marketplace, IR 3 Increased capital investment in private enterprises, and IR 4 Improved management practices adopted by enterprises. Beginning in FY 98, USAID/Romania plans to reduce the number of management units and targeted sectors that contribute to SO 1.3. The enterprise development program will focus on achievable IRs, indicators, and targets that could have the most dramatic impact on agriculture and agribusiness. Progress will be measured by: further development of agribusinesses in the area of meat processing, dairy processing, milling, and baking; the development of business associations and business advisory services in the agriculture sector; and advocating policy changes conducive to faster development of the sector.

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Thursday, March 28, 1996

SO 1.3 Development and Growth of Private Enterprises

Time frame: 1993-2002

Partners: USAID, World Bank, IMF, EU Phare, British Know-How Fund (BKHF), Dutch, German Funds, GOR, EBRD, EIB, French

IR 1: Improved physical infrastructure

Partners: World Bank, GOR, EBRD, EIB

IR 1.1 Increased Investment in Infrastructure

Partners: World Bank, GOR, EBRD, EIB

IR 2: More open and competitive marketplace

Partners: USAID, World Bank, IMF, EU Phare, EBRD, EIB

IR 2.1: Reduced state control of industrial and agricultural assets and services and selected infrastructure

Partners: USAID, EU Phare, WB, IMF, EBRD, EIB

IR 2.1.1: Improved policy/ legal/ regulatory framework supporting private enterprise development is in place

Partners: USAID, World Bank, IMF, EU/Phare, French

IR 3 Increased capital investment in technology and raw materials

Partners: USAID, UNDP, EU Phare, BKHF, Dutch, German funds

IR 4: Improved management practices adopted by enterprises

Partners: USAID, UNDP, EU Phare, BKHF, Dutch, German funds

IR 4.1 Increased access to business services

Partners: USAID, UNDP, EU Phare, BKHF, Dutch, German funds

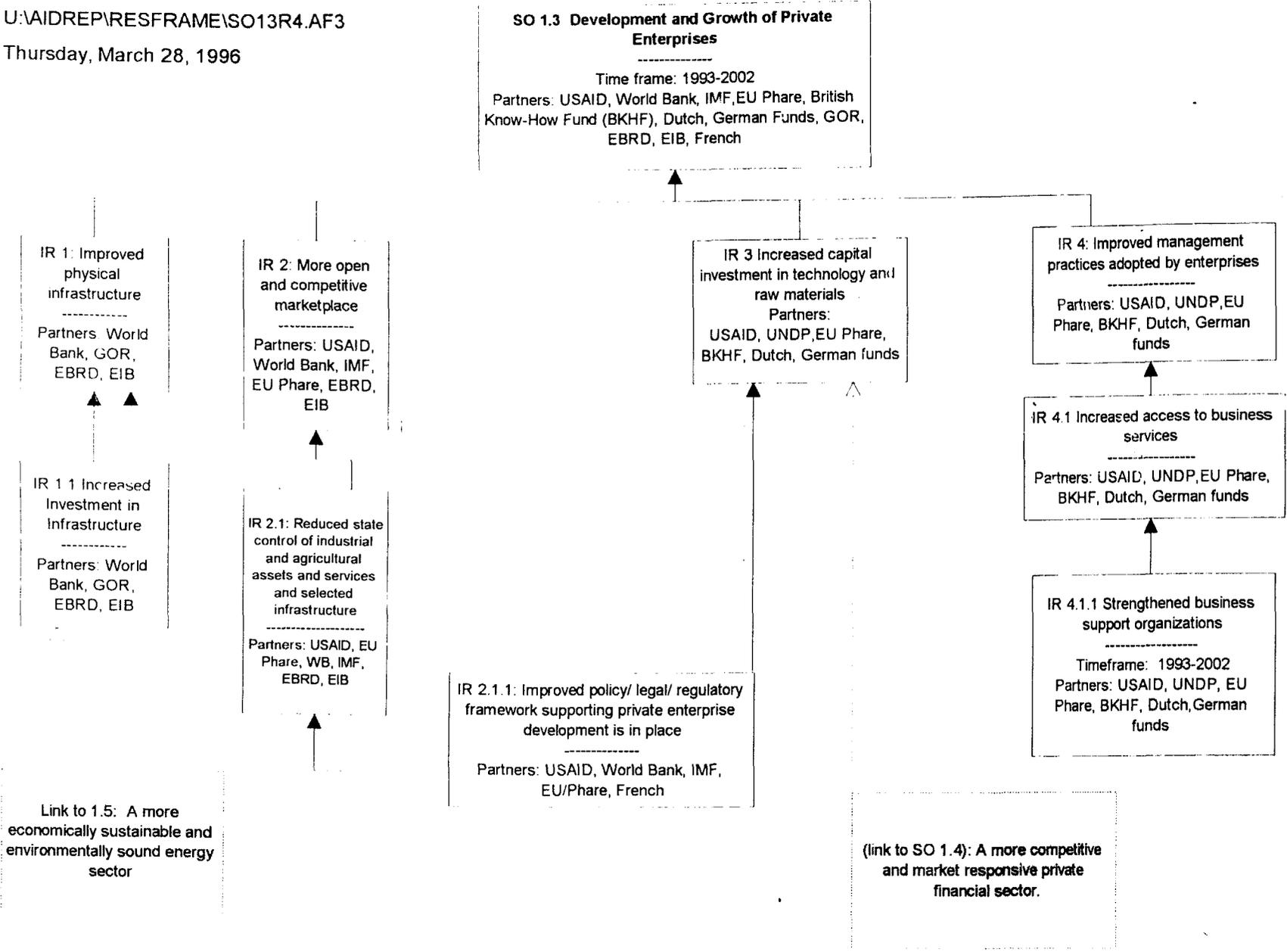
IR 4.1.1 Strengthened business support organizations

Timeframe: 1993-2002

Partners: USAID, UNDP, EU Phare, BKHF, Dutch, German funds

Link to 1.5: A more economically sustainable and environmentally sound energy sector

(link to SO 1.4): A more competitive and market responsive private financial sector.



R 4 (1996)
PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS
S.O.1.3: Development and Growth of Private Enterprises

RESULT LEVEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual (year end)	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.3	Development and growth of private enterprises	Percent of annual GDP that is from the private sector	Definition: value of GDP that is produced by private sector/total value of GDP Unit: Percentage	95	45%	55%	52%	60%		65%		70%		75%	
IR 1	Improved Physical Infrastructure	Increase in % of population with access to basic services	Definition: Access to roads, telecommunications, water and sewer services Unit: %	1995	TBD NO DATA										
IR 1.1	Increased Investment in Infrastructure	World Bank Infrastructure loan tranche levels	Definition: Unit: USD	1995	TBD DATA NOT RELEVANT										
IR 2	A more open and competitive market place	Time for licensing procedure for new firms is reduced as per World bank conditionality	Definition: Unit: avg # of weeks	1995	12	8	8	6		4		4		4	
		Government meets IMF requirements for price decontrol	Definition: Unit: Yes/No	1995	No	Yes	No	Yes		X		X		X	

IR 2.1	Reduced state control of industrial and agricultural assets and services and selected infrastructure	Number of companies privatized under Mass Privatization Plan (e.g. 51% private ownership)	Definition: cumulative number Unit: number	1995	1,500	2,500	2,847	3,500		4,000		4,500		4,800
		Number of state-owned banks that are privatized	Definition: % of total Unit: %	1995	0%	17%	0%	17%		67%		84%		100%
IR 2.1.1	Improved policy/ legal / regulatory framework supporting private enterprise development (including SME's) is in place	Laws passed identified by World Bank/IMF as necessary for private sector development	Definition: Unit: Yes/No (meets World Bank/IMF conditionality)	95	No	Yes	No	Yes		X		X		X
IR 3	Increased capital investment in private enterprises	Annual levels of foreign investment (proxy for total investment)	Definition: Annual FDI Unit: USD	95	\$300M	\$400M	\$600M	\$500M		\$600M		\$700M		\$800M
IR 4	Improved management practices adopted by enterprises	Average increase in sales for USAID-assisted firms (%)	Definition: % increase of avg. annual sales Unit: %	95	5%	5%	30%	5%		5%		5%		5%
IR 4.1	Increased Access to business services	Number of enterprises assisted	Definition: Unit: cumulative number	95	500	1000	1000	1500		2000		2500		3000
IR 4.1.1	Strengthened business support service organizations	Number of advisors in-country	Definition: Unit: % increase	95	100	5%	5%							
		Number of support service staff trained	Definition: Unit: number	95	100	5%	5%							

Comments/Notes:

SO 1.3/ Source: National Agency for Privatization

Intermediate results related to Improved Physical Infrastructure and Increased Investment in Infrastructure (IR's 1 and 1.1) have been eliminated due to problems of data collection. The acknowledgement of the importance of infrastructure has been retained, however, as a Critical Assumption to the achievement of the SO.

IR 2/ a. Several sources of information exist. The mission has chosen to use first-hand information from the Romanian Trade Registry. Another study, sponsored by the World Bank and carried out by the UNDP business center reports the average licensing time at 4 weeks.

b. November 1996 elections resulted in new reformist government. Most price controls were not lifted until January 1997, and therefore the result for 1996 remains as "No". However, it seems clear that the new government has not lost its resolve to proceed with price decontrol. The IMF is likely to approve a \$400m package of loans by mid-May, 1997.

IR 2.1/ a. Source: Romanian Agency for Restructuring report

b. A Bank Privatization Bill failed to clear Parliament last year before the elections. The new government has made bank privatization a priority, despite the political complications surrounding the issue. Local trade publications foresee that one state bank (out of six) will be privatized, and as many as three during 1998. Subsequently, the mission has adjusted this target.

IR 2.1.1/ The new government is planning to submit up to 99 new or revised laws to Parliament for passage in 1997. A total of 35 of these laws will be presented by the end of April. This package of laws includes those deemed critical for private sector development, in areas of taxation, registration, investment and accounting.

IR 3/ Source; The Economist's Business Central Europe Annual (April, 1997). Trade publications are optimistic that Romania could experience greater FDI in 1997 (\$800-1 bn). However, without enabling legislation in place, the mission will remain with its more conservative estimates.

IR 4/ Increases in sales were determined from reports from USAID assistance providers, including Citizen's Democracy Corp., the Centers for Business Excellence (Washington State Univ.), VOCA/ACDI, Land O'Lakes, and Peace Corps. Data was aggregated using an estimated common scale, adjusted for inflation, and averaged. Some factors, however, such as the strict price controls in place for agricultural products, tended to depress sales figures for firms in this area.

IR 4.1/ Source: Contractor reports

IR 4.1.1/ The indicators for IR 4.1.1 and the IR itself have been eliminated for future reporting purposes, because they do not adequately measure results and impact.

SO 1.4: A More Competitive and Market Responsive Private Financial Sector

1. Performance Analysis

USAID's role in contributing to a more competitive and market responsive private financial sector in Romania has been well-defined and productive. USAID has been the major partner of the Government of Romania in the development of a regulated secondary securities market, RASDAQ. RASDAQ will facilitate the exchange and trade of equity shares of about sixteen million shareholders for more than 5000 state owned enterprises. The annual volume of government security transactions, defined as the value of government treasury bills sold to the public, amounted to \$500 million instead of \$200 million as targeted for 1996. Moreover, the average volume of equity trading per week on the Bucharest stock market and the OTC increased by 195% and 3,465% respectively, considerably above the year's targets. Due to the challenge and success of this venture, and in spite of the fact that foreign exchange trading was not yet free of government interference, we consider that we have achieved a notable success in this strategic objective and rate it a 1.

IR 1, Increased availability of capital

Unfortunately, data was not available to measure the availability of capital at the beginning of 1996 and hence to compare it with present availability, so we are unable to determine quantitatively whether there has been an increased availability of capital. Certainly, tardiness in the privatization of the banks has slowed any potential increase in such availability. Obviously, however, the fact that company shares are trading in considerable volume means that there may well be an increased availability of capital, at least for those companies that have attracted individual investment through the OTC. We intend to fully monitor performance indicators for IR 1 in 1997 and report on them in 1998.

IR 2, More diversified financial instruments

USAID has achieved success as measured by the indicators established in last year's results framework. New varieties of treasury bills exist and the number of credit unions introduced totaled 3 instead of 2. There was an increase in the number of mutual funds from 4 to 13, which only slightly fell short of our target of 15. These 13 funds were open-ended funds which stand side-by-side with the five private ownership funds that were created through mass privatization. USAID also helped to develop the Association of Mutual Funds (UNOPC or the Union) which established a code of conduct and model accounting principles for the investment fund industry. Through the U.S. Treasury, USAID is working to enhance the government debt issuance capacity of Romania. Treasury bills now exist, and the GOR has plans to conduct its first public auction of such bills. In addition,

USAID assistance is adding new types of securities to the RASDAQ system. These include closed-end mutual funds, commodities, municipal bonds, and government securities.

IR 2.1, Improved skills of financial intermediary staff

This IR has been successfully achieved according to the indicators included in our results framework. USAID-funded activities have trained 400 staff of financial intermediaries (instead of 200) and the Romanian Securities Institute was established and is active as targeted for 1996.

The securities analysis training program was extremely successful and attracted participants from the various sectors of capital market. Participants were willing to pay for the training which was led primarily by Romania trainers.

IR 2.1.1 Improved policy/legal regulatory environment

This IR was also successfully achieved in spite of the fact that the Bank Privatization Law was not passed as anticipated. The National Securities Commission (CNVM) was established as planned in our results framework. The assistance to the CNVM included the establishment of the legal and regulatory framework for the capital markets. This entailed drafting laws and regulations governing the market, and training Commissioners and the Commission staff to survey the market and enforce its regulation. Moreover, USAID started a program to educate the corporate issuers who were created through privatization about the benefit of capital markets and the issuers' obligations to the marketplace.

UNOPC has established a code of conduct and model accounting principles for the investment fund industry. The Union has also represented the industry before Parliament, drafting proposed changes to the current law governing investment funds. They are also seeking self-regulatory status from the Securities Commission which will give the Union the power to enforce its rules and standards throughout the industry.

IR 3, Increased number and variety of financial intermediaries

Largely from USAID initiative, the creation of Romania's OTC market, the RASDAQ, represents a major step forward in the development of capital markets. The Bucharest Stock Exchange is the other main capital market intermediary; it is government-owned and a much weaker institution. Privatization of the BSE may be an important pursuit.

IR 4, Financial market place infrastructure developed

This IR has also been a success and has achieved the targets established in the results framework. The OTC trading market was established and the Bucharest Stock Exchange was established and expanded. The OTC, better known as RASDAQ, is a fully-automated,

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over-the-counter trading system for shares from privatization. USAID also established ANSVM, a self-regulatory organization that surveys the RASDAQ market and enforces the rules of fair practice that we established for it. With USAID assistance, an independent share Registry and a Depository with fully automated securities clearance and settlement facilities were created to facilitate trading of shares of the more than 5,000 companies from the Romanian Mass Privatization Program (MPP) and to accurately maintain the records of ownership of the more than 16,000,000 Romanian shareholders. Phase I of the development of these institutions was completed early this year. Phase II is underway and is expected to be completed by September, 1997.

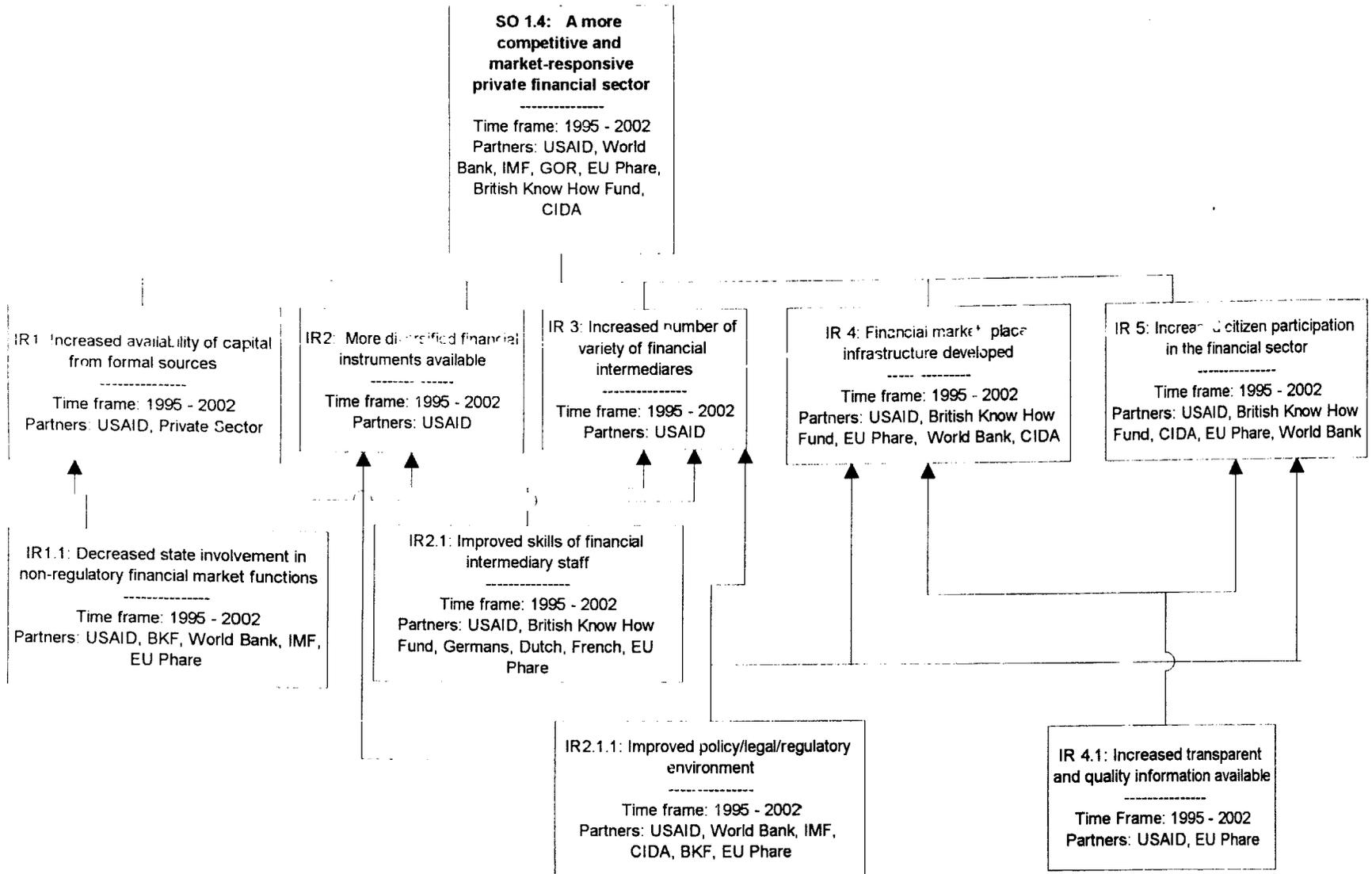
IR 5, Increased participation

Certainly there has been a dramatic increase in citizen participation in the financial market, since there are 16 million shareholders who were non-existent a year ago. Approximately 55,475 investors of this total actually participated in the OTC in 1996.

2. Expected Progress Through 1999 and Management Actions

The OTC will continue to develop through USAID assistance and we expect that an increasing number of companies will begin to trade shares on the market until the market is fully developed. The Bank Supervision Program will be implemented and the bank sector better regulated and controlled, providing stability and confidence to the sector. Banks will be privatized and we expect that the number of financial intermediaries and the amount of available capital will increase over the next five years. As the Bank Supervision activities wind down, we will step up training of private bankers.

LINK TO SO 1.3



R 4 (1996)

PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS

S.O.1.4: A more competitive and market-responsive private financial sector

RESULTS YEAR (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual (Year-end)	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.4	A more competitive and market-oriented private financial sector	Annual volume of government security transactions	Definition: Gov't T-Bills sold to public Unit: \$ US sold	1995	\$0	\$200 M	\$500 M	\$300 M		\$350 M		\$400 M		\$450 M	
		Foreign exchange trading is free of government interference (IMF conditionality)	Definition: Inter-bank market Unit: yes/No	1995	No	Yes	No	Yes		X		X		X	
		Average Volume of E4 city trading per week	Definition: Bucharest stock market and OTC market % increases Unit: %	BSE 1/96	1,788M ROL	+50 %	17 %	+30 %		+20 %		+20 %		+20 %	
				OTC 4/96	411M ROL	+50 %	3,465 %								
IR 1	Increased availability of capital from formal sources	Combined social capital of Romanian banks (proxy for availability of funds)	Definition: "social capital" = net worth Unit: billions of lei	1995	TBD										
					No data										
IR 1.1	Decreased state involvement in non-regulatory financial market functions	Number of state-owned banks that are privatized	Definition: Percent of total Unit: %	1995	0%	17%	0%	33%		50%		67%		100%	

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IR 2	More diversified financial instruments available	New financial product developed (variety of T-bills)	Definition: new varieties of T-bills exist (T/30, T/60, T/90, etc) Unit: Number	1995	0	T/90	T/90 /120	T/ 6 mo.		T/12 mo.		T/ 1.5 Yr.		T/ 5 Y & 2 Y
		Number of credit unions introduced	Definition: cumulative Unit: Number	1995	0	2	3	6		10				
		Mutual funds increase	Definition: Cumulative number Unit: number	1995	4	15	13	30		45		60		
IR 2.1	Improved skills of financial intermediary staff	Number of staff of financial intermediaries trained (proxy for skills)	Definition: Unit: Number of staff	1995	100	200	400	200		200		200		200
		Romanian Securities Institute Established and Active	Definition: Unit: Yes/No	1995	No	Yes	Yes	X		X		X		X
IR 2.1.1	Improved policy/legal/regulatory environment	National Securities Commission is established and enforces standards	Definition: Unit: Yes/No	1994	Yes	X	X	X		X		X		X
		Bank Privatization Law passed	Definition: Unit: Yes/No	1995	No	Yes	No	Yes		X		X		X

IR 3	Increased number and variety of financial intermediaries	Number of key types of financial intermediaries doing business	Definition: Financial intermediary = an institution that provides financial products/services to the public, including commercial banks, credit unions, stock brokers, mutual funds, insurance companies, etc Unit: percent growth/year	1995	100	+5%	+20%	+5%		+5%		+5%		+5%
IR 4	Financial marketplace infrastructure developed	OTC trading market established	Definition: Unit: Yes/No	1995	No	Yes	Yes	X		X		X		X
		Bucharest stock Exchange established and expanded	Definition: Unit: Yes/No	1995	Yes (established)	Yes (expanded)	Yes (expanded)	X		X		X		X
IR 4.1	Increased transparent and quality information available	Independent share registries established	Definition: share registries for companies and OTC marketplace Unit: Yes/No	1995	No	Yes	Yes	X		X				X
IR 5	Increased citizen participation in the financial sector	Number of investors participating in OTC market	Definition: Unit: number	1996	55,475	N/A	N/A							
		Level of savings	Definition: Unit: number	1996	15%	N/A	N/A							

Comments/Notes:

SO 1.4 Indicators: Overall, Romania has progressed dramatically in percentage terms because of a previous small or non-existent base. FOREX trading is expected to be substantially more free by end-1997.

IR 1/ This indicator proved to be unworkable, due to a lack of transparent financial data regarding state-owned banks. Mission has changed the indicator for 1997 to focus on the per capita savings rate, a much more measurable unit.

IR 1.1 & IR 2.1.1/ A new law on Bank Privatization has been passed by Parliament. The privatization of at least one state-owned bank should begin in 1997

IR 5/ Results are skewed for the first indicator because of the hundreds of thousands of individuals that received share coupons during Romania's mass privatization program, many of whom sold their share to a broker but should not be considered as "active" participants in the OTC market. The second indicator - Level of Savings - will be integrated into IR 1 in the future.

SO 1.5: A More Economically Sustainable and Environmentally Sound Energy Sector

A. Performance Analysis

Due to the inability of the previous government to take action to significantly restructure the energy sector, the results achieved were less than targeted. USAID rates progress towards achievement of this strategic objective as a 3. Due to the apparent willingness of the newly elected government to deal with difficult reform issues, to follow through on the removal of petroleum cross subsidies in 1997, and to raise electricity tariffs, the results of past USAID efforts combined with a refocusing of our strategy, will begin to show significant impact in 1997-98. Consequently, we are committed to continue providing assistance to the GOR to reform this vital economic sector.

Beginning with 1991, USAID has been active in helping the GOR restructure the oil and gas and power sectors, as well as improve energy efficiency. The components of USAID's assistance program were developed in close collaboration with the World Bank and the EBRD, and have supported their \$600 million investment program since 1992. Promoting major reform in the power and petroleum sectors has been the principal purpose of the World Bank and the EBRD, and USAID's program has been critical in both shaping and implementing these reform agendas.

IR 1, Improved environmental performance

In a pilot effort, newly formed private Romanian energy service companies (ESCOs), trained and supported by USAID, conducted nine industrial energy audits, installed low cost U.S. energy efficiency equipment, and provided recommendations for improved operation and maintenance practices at a number of industrial facilities.

The National Agency for Mineral Resources (NAMR), established at USAID's recommendation, has drafted environmental regulations for the exploration, production, and transportation of mineral resources.

Under a cooperative agreement with the U.S. Energy Association, the Utility Partnership Program (UPP) has carried out numerous exchange visits, internships, and executive development activities with a focus on improving the management performance of Romanian energy utilities, especially with regard to compliance with environmental rules and regulations.

IR 1.1, Improved management practices

USAID conducted a comprehensive analysis of Romania's 10 oil refineries, identifying a clear need to downsize and rationalize this over built and heavily subsidized industry to make it economically viable. The USAID analysis is contributing to the

design of a World Bank loan for restructuring the downstream petroleum sector that is expected to be negotiated this year. Further, the new Government has given initial indications of support for many of the study's recommendations (announcing, for example, its intention to mothball one of the largest refineries in the country) despite the sensitive political and social issues that will necessarily accompany this radical reform. Maintaining an adequate pace of progress in this area will require concentrated multi-donor monitoring and negotiation, as well as GOR action to address the major labor dislocations of the refinery closings.

IR 2, Improved business performance

Under the UPP, RENEL, the state electricity authority, has been involved in a wide variety of programs to improve RENEL's business operations. Because U.S. utility executives volunteer their time to the program, the Utility Partnership is a cost effective way to provide an invaluable source of experience and knowledge to help the Romanians address free-market managerial challenges.

IR 3, Improved profit-oriented investment

The legal and regulatory framework and the economic environment necessary to attract significant private investment in the energy sector were not yet in place in 1996. As a result, investment targets were not met. However, private participation in oil and gas exploration and production was advanced through the first international competitive solicitation of bids for oil and gas concessions. The bids are now under review and concession agreements are expected to be signed during the summer of 1997. USAID is contributing to these efforts through its technical assistance to the National Agency for Mineral Resources (NAMR), the independent oil and gas regulatory authority responsible for awarding oil and gas concessions to private companies.

IR 3.1, Improved market orientation

A USAID-supported analysis identified four options for restructuring RENEL to operate on the basis of competitive market principles with significant private participation. The GOR has indicated that it is prepared to move ahead with one of the options, which will break up RENEL into separate corporate structures for power generation, transmission, and distribution. Eventually this will permit significant private participation in generation and distribution, with open access for all to the national transmission grid. USAID is now beginning assistance to RENEL to develop an action plan to put these changes into effect. This effort is closely tied to the World Bank's power sector loan, which provides capital for rehabilitation of several power stations, conditioned on restructuring progress. In early 1997, the Bucharest municipality granted Amoco and AB Electro-Invest (Sweden) a concession to develop the Bucharest North-East Power

Plant as the first independent private power producer in Romania.

IR 3.1.1, Prices rationalized

Since 1996 was an election year, the previous government did not move to reduce subsidies to electricity, crude oil, or petroleum products. However, the newly-elected government announced in February 1997 that it would carry out the following pricing reforms:

- Immediate increase of electricity tariffs to 5.4 cents/kwh with reduced lifeline rates below 100 kwh/month usage
- To adjust electricity tariffs monthly and to eventually remove cross-subsidies
- Immediate increases in oil product prices (gasoline 37.4 cents/liter; diesel fuel 34 cents/liter)
- Petroleum product prices to be adjusted monthly
- Domestic crude oil prices to be raised immediately to world market prices and adjusted monthly
- Following recommendations from USAID, the GOR is now targeting the removal of the following subsidies: 100% removal for crude, and 100% removal for petroleum products by August of 1997.

IR 3.1.2, Rationalized capacity

The USAID analysis of the Romanian refinery sector presented to the GOR and the World Bank quantified the losses currently sustained by the sector and demonstrated how the sector could be made economically viable. This would entail closing the most uneconomical refineries and associated petrochemical plants as well as liberalizing crude oil purchasing and product sales arrangements. The analysis also assessed the impact on employment of these actions and presented an approach for mitigating the impact. While the previous Romanian government was somewhat unreceptive to the USAID recommendations because of the social and political problems they feared from refinery closures and employment reductions, the new Romanian government is beginning to act on the USAID study's recommendations. Two of the country's ten refineries (Petromidia and Darmanesti) are on the Prime Minister's list of major money-losing state corporations slated for rapid sale or (if no buyer is found) closure.

2. Expected Progress Through 1999 and Management Actions

USAID plans to continue to support the reforms in the upstream petroleum sector through our ongoing collaboration with the substantial, policy-based lending programs of the EBRD and the World Bank. When USAID has completed its assistance program, NAMR will be a regulatory agency capable of managing Romania's offerings of oil and gas concessions, establishing and enforcing environmental regulations, and setting oil and gas pipeline fees and access conditions fairly for all producers based on costs.

With this improved regulatory environment in place, foreign investment in Romania's oil and gas resources should rise significantly by 2002.

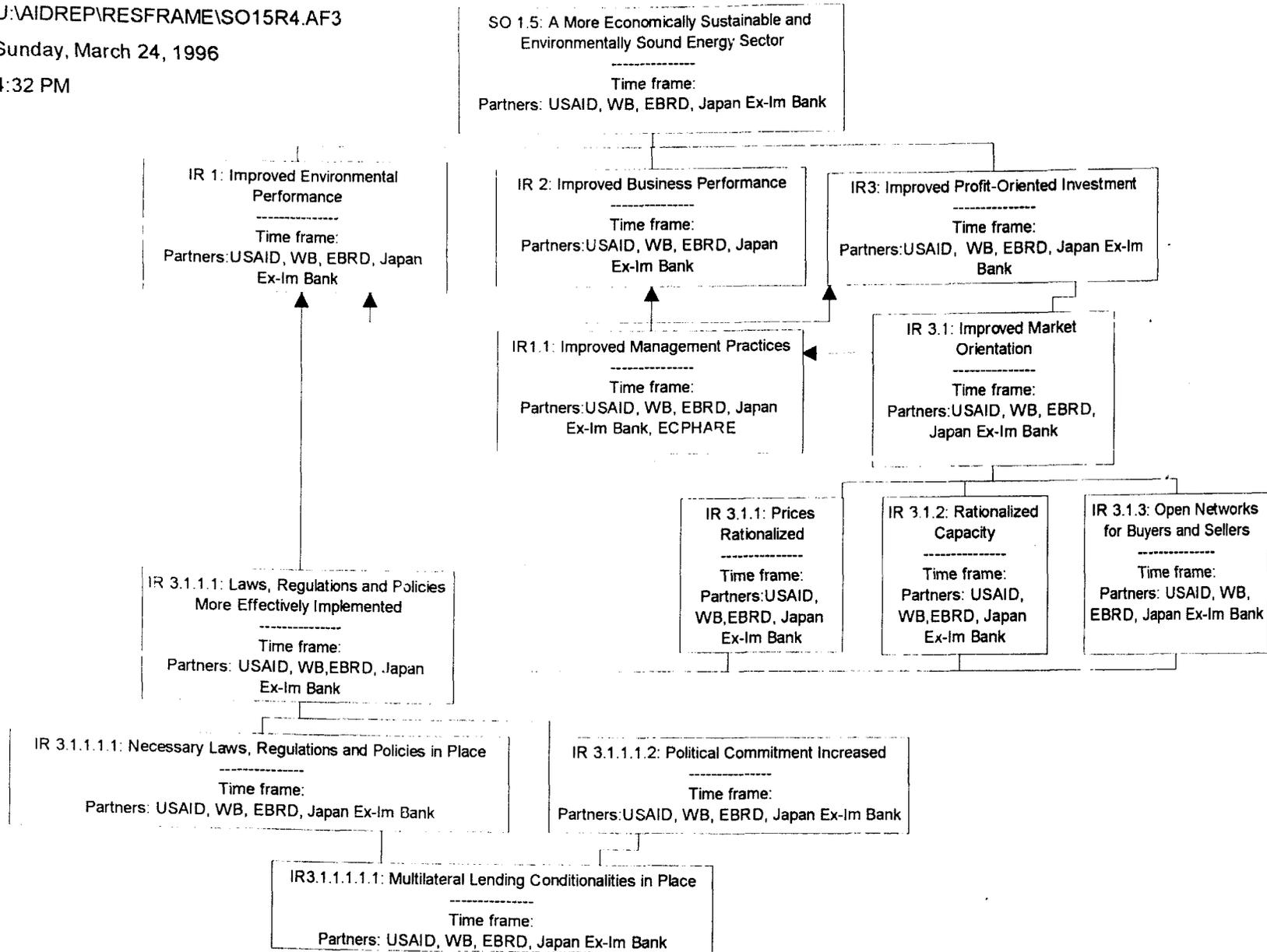
In the downstream petroleum sector, USAID plans to continue working with the World Bank, the International Finance Corporation, and the new GOR to implement the refinery sector rationalization plan. If successfully implemented, the refinery sector should be economically viable and be the recipient of significant private sector capital investment by 2002, if not earlier.

In the electric power sector, USAID will work with the World Bank and the new GOR to implement the restructuring option selected. If successfully implemented, the restructured power sector should be more competitive, more market-oriented, and be the recipient of considerable private sector investment by 2002. In addition, the power sector should operate according to the EU Electricity Directive and therefore not serve as an impediment to EU accession, a goal of the GOR.

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R-4 (1996 Reporting Year)
PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS
S.O 1.5.: A More Economically Sustainable and Environmentally Sound Energy Sector

RESULTS YR (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual to Date	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.5	A more economically sustainable and environmentally sound energy sector	Energy Investment Productivity	Definition: Output per dollar (from Nat'l statistics) Unit: Annual % increase	1995	TBD	+0%	0%	+1%		+2%		+2%		+2%	
IR 1	Improved environmental performance	Remediation programs in place per World Bank schedule	Definition: Adherence to schedule Unit: Yes/No	1995	No	Yes	No	Yes		X		X		X	
IR 1.1	Improved management practices	Decreased labor redundancy	Definition: increase in per capita output per energy sector Unit: annual change in output/employee	1995	TBD	+6%	1	+7%		+2%		+3%		+4%	
		Business plans put energy producers on "business-like" footing	Definition: business plans in place at refineries and Energy Regia Unit: # of enterprises	1995	0	0	0	2		4		5		7	
IR 1.1.1	Improved information for management	Automated financial information systems in place	Definition: financial acctg software used at Romanian enterprises in energy sector Unit: # of enterprises	1995	0	0	0	2		4		6		8	

IR 1.1.2	More managerial Accountability and Autonomy	Regis Autonomes in energy become joint stock companies per World Bank conditionality	Definition: number of regia in energy sector (25 total) becoming JS companies Unit: # per year	1995	0	0	0	2		1		1		1
IR 1.1.3	Better Management Skills	Formal or informal programs in place to develop management skills	Definition: Unit: Yes/No	1995	No	No	No	Yes		X		X		X
IR 2	Improved Business Performance	Increased cash flow	Definition: Net profit before tax, with non-cash charges restored (depletion/ depreciation) Unit: Annual % increase	1995	TBD	N/C	N/C	N/C		+5%		+5%		+5%
IR 3	Improved Profit-Oriented Investment	External private Investment (USD)	Definition: Investors like AMOCO, Shell, Enterprise, etc. Unit: Annual increase (USD millions)	1995	\$150M	\$100 M	\$30 M	\$100 M		TBD		TBD		TBD
		Internal investment financed by cash flow (ei) for those GOR enterprises (joint stock co.s) that currently retain cash flow	Definition: Percentage of net profit Unit: %	1995	10%	10%	0%	10%		10%		10%		10%
IR 3.1	Improved Market Orientation	Increasing market share for independent power producers	Definition: New power plant in Buch. area (% of total) Unit: % of total annual production in MW	1995	2%	0%	0%	2%		4%		6%		8%

		<i>Ratio of independent retail gas stations to state-owned gas stations</i>	<i>Definition: foreign and domestic retailers (independent)</i> <i>Unit: ratio (Priv./state)</i>	1995	50/50	55/45	50/50	60/40		65/35		70/30		75/25
IR 3.1.1	<i>Prices rationalized</i>	<i>Prices of domestically produced crude approximate world prices</i>	<i>Definition: % of domestically produced crude priced at world market price (Source: NAMR)</i> <i>Unit: % per year</i>	1995	0%	2%	0%	3%		5%		10%		16%
		<i>Retail price includes producer price, manufacturing, transport and retail costs plus reasonable profit</i>	<i>Definition: gradual removal of cross subsidies to raise prices to world level</i> <i>Unit: % of subsidy per year</i>	1995	0%	5%	0%	(see comment)	(see comment)	30%		45%		60%
3.1.2	<i>Rationalized capacity</i>	<i>Decommissioning of least efficient refineries</i>	<i>Definition: selected refineries identified in Bechtel report (up to 4)</i> <i>Unit: # of refineries</i>	1995	-	-	0	2		2		1		
3.1.3	<i>Open networks for buyers and sellers</i>	<i>Development of intermediary network between refinery and retailers</i>	<i>Definition: new independent firms</i> <i>Unit: cumulative number</i>	1995	-	-	0	0		1		2		3
		<i>Tariffs in effect for electricity transmission</i>	<i>Definition: respecting of tariffs</i> <i>Unit: Yes/No</i>	1995	-	-	-	No		Yes		X		X

IR 3.1.1.1	Laws Regulations and Policies More effectively Implemented	Electricity prices adjusted twice per year (per World Bank conditionality)	Definition: Unit: Yes/No	1995	No	Yes	No	Yes		X		X		X
IR 3.1.1.1.1	Necessary Laws, regulations and policies in place	Electricity and Heat Law enacted (per World Bank conditionality)	Definition: Unit: Yes/No	1995	No	-	-	No		Yes		X		X
		Economic regulation of power sector initiated through establishment of regulatory body (power sector does not have yet - WB)	Definition: Unit: Yes/No	1995	No	-	-	No		Yes		X		X
		Regulations under the Petroleum Law adopted	Definition: Unit: Yes/No	1995	No	Yes	Yes	Yes		X		X		X
		Competition Law adopted for energy sector	Definition: Unit: Yes/No	1995	No	-	No	Yes	Yes	X		X		X
IR 3.1.1.1.2	Political Commitment Increased	Decision by GOR to adopt an option for Phase 2 from the Bechtel energy sector study, and implement recommendations	Definition: Decision to begin Phase 2 needs to be taken by GOR by June, '96, implementation phase should be in 1997 Unit: Yes/No	1996	-	Yes (Decl sion)	No	Yes (Dev elop ment Plan)		Yes (Impl emen t)		X		X

IR 3.1.1.1 .1.1	Multilateral Lending Conditionalities in Place	Guarantee agreement in place	Definition: Conditions from World Bank, EBRD Unit: Yes/No	1996	Yes	X	X	X	X	X		X		X	
		Comments/Notes: IR 1.1-first indicator: 1997 target of 10% assumes some implementation of the recommendations of USAID-funded studies, which are aligned with recent IMF and World Bank accords signed by the new government. IR 1.1.2: 1997 target refers to Petrom and Cernavoda regi. IR 3.1.1-second indicator: 1997 target for removal of cross subsidies is as follows: 100% for petroleum products, 100% for crude oil prices, but 0% for coal production. IR 3.1.1.1-third indicator: Regulatory framework adopted by the GOR in Nov. 1996 and estimate for NAMR regulations by late 1997. IR 3.1.1.1-fourth indicator: Competition Law enacted in January 1997.													

SO 2.1: Increased Better Informed Citizen Participation in Political and Economic Decision Making

1. Performance Analysis

Overall, performance toward improving public participation has been adequate but not startling and we therefore rate this SO a 2. The election of a proactive government committed to the establishment of a market democracy illustrates the positive impact of USAID-funded election assistance. USAID also played a key role in improving the effectiveness of the NGO sector to be advocates for citizens in the public policy debate. Both the print and electronic media provide more useful information and more effectively report on key issues in a state-of-the art style as a result of USAID assistance.

To promote participation in decision making at the national level, USAID provided support to Parliament through the Congressional Research Service (CRS) program. The program included technical assistance to develop the parliament's research, analysis and reference capacity, the provision of automated equipment and software, and the enlargement of the parliamentary library. Both chambers benefitted from the addition of information technology. Although many new members of Parliament lack legislative experience, Parliament as an institution has developed significant capacity and is now operating in an environment conducive to the consolidation of democracy.

IR 1, Increased opportunities to participate in decision making mechanisms

While in need of further development, the media has been key in helping forge consensus on key issues that helped advance the democratization process. The importance of the media's role is best illustrated by its efforts to help ensure the transparency of the November, 1996, elections. Debates and discussions of key issues were broadcast live and daily editorials and commentary provided citizens with relevant information to make informed decisions on the key issues and candidates.

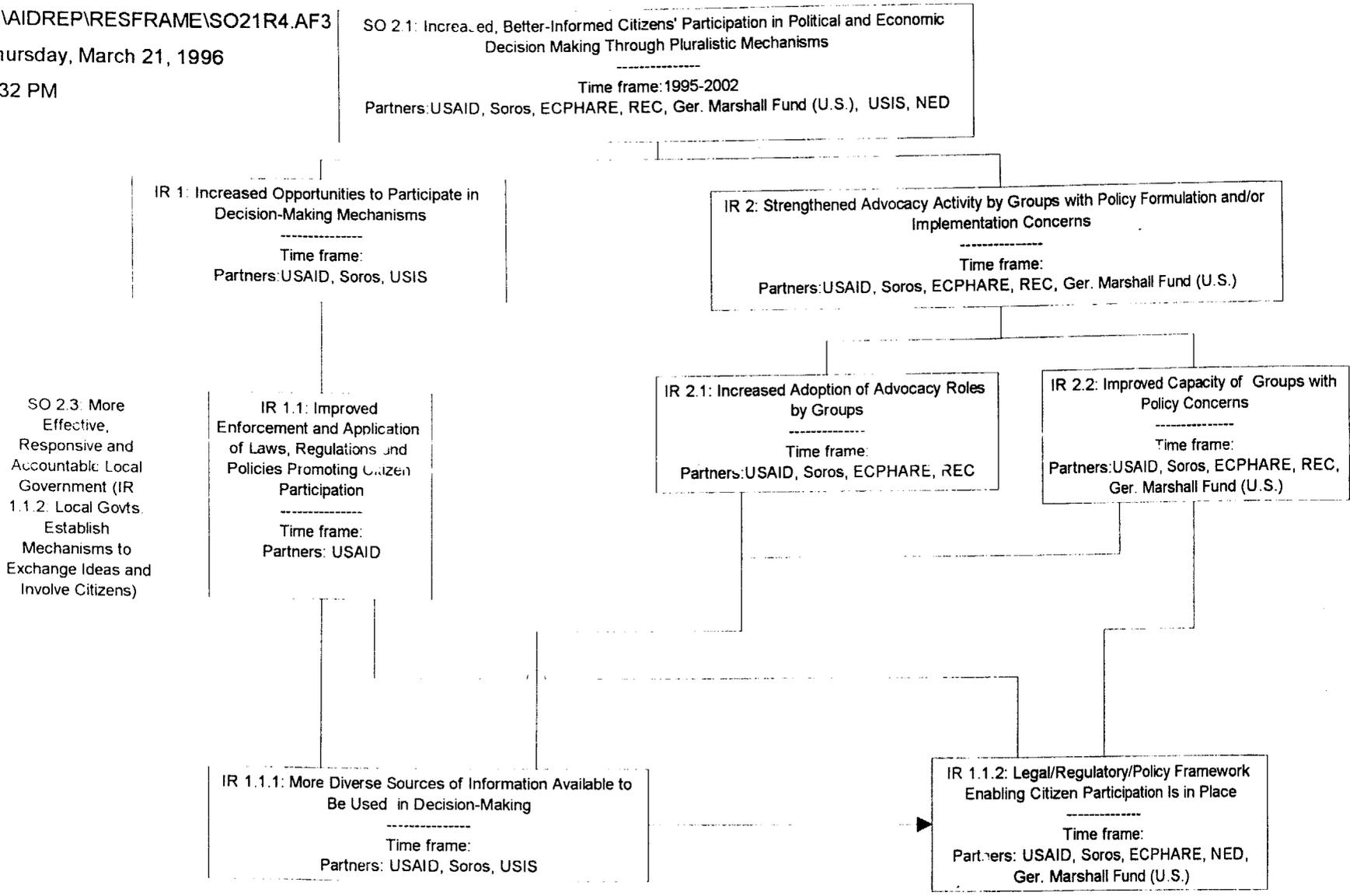
IR 2, Strengthen advocacy activity by groups with policy formulation and implementation concerns

USAID support to civil society has been successful. Two national policy-oriented NGOs, Pro-Democracy Association (PDA) and CENTRAS, have been established under USAID sponsorship. Several other regional and local NGOs focused on policy change issues are being supported through the Democracy Network (DemNet) program. Given the success of the program, it will be expanded to help develop umbrella regional NGOs, which in turn support emerging NGOs in their respective regions and would prepare them to become effective partners in the transition.

Expected Progress Through 1999 and Management Actions

Proposed activities in SO 2.1 are specifically aimed at sustainability. For example, activities under the Pro Media Program will put the finishing touches (business management and decentralization) on USAID's successful interventions in helping the media. Technical assistance and training for the offices of the President and Prime Minister and key Ministries will make the reform process more sustainable. Our continued assistance to Parliament will increase members' capacity and effectiveness.

Assistance under SO 2.1 will be reassessed in early 1999 to determine if additional steps are required to further consolidate democracy in Romania.



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R4 Reporting (year 1996)

PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS

S.O. 2.1: Increased, better-informed citizen's participation in political and economic decision-making through pluralistic mechanisms

RESU LTLE VEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Tar get	Actu al to Date	Tar get	Actu al	Tar get	Actu al	Tar get	Actu al	Tar get	Actu al
SO 2.1	Increased, better informed citizen's participation...	Number of groups with policy concerns	<p>Definition: Groups with policy concerns are those organizations (NGOs, professional associations) which seek to influence the development and implementation of public policies in any priority sector, i.e. democracy/human rights, environment, economic development, social safety nets</p> <p>Unit: Number of groups listed in counterpart database on a particular date with advocacy as their purpose</p>	1995	12 Revised Target ('97)	88	81	132	-	155		177		210	
		Membership of groups with policy concerns	<p>Definition: Total Membership</p> <p>Unit: Number of people</p>	1996	145,000	-	145k	160k		180k		190k		200k	

IR 1	Increased opportunities to participate in decision-making mechanisms	Number of cooperative activities between groups and government	Definition: Cooperative activities are defined as joint initiatives involving government and civil society to resolve community problems or address public needs Unit: number of activities	1996	3	10	28	56		75		90		100
IR 1.1	Improved enforcement and application of laws, regulations and policies promoting citizen's participation	Citizen's participation provisions of Law 417/95 (the Environmental Law) are honored	Definition: The law mandates a public review process for the issuance of environmental impact permits required for certain types of construction having the potential for serious environmental impact Unit: yes/no	1995	no	no	Yes	yes		X				
		Existing laws protecting freedom of association, assembly and speech are enforced.	Definition: State Dept. human rights report Unit: yes/no	1995	Yes	Yes	Yes	(
IR 1.1.1	More diverse sources of information available to be used in decision-making	Number of NGO policy newsletters	Definition: NGO policy newsletters are those publications edited by NGOs that include information and debates on public policy issues Unit: Number	1995	30	40	40	50		65		80		100
		Number of TV stations broadcasting nationwide	Definition: RTV, satellite/cable Unit: Number	1995	3	5	3	4		5				
IR 1.1.2	Legal/ Regulatory/ policy framework enabling citizens' participation is in place	Law 21/1924 (regarding registration and operations of associations and foundations) amended as per NGO community proposal	Definition: Unit: yes/no	1995	no	no	no	yes						

IR 2	Strengthened advocacy activity by groups with policy formulation and/or implementation concerns	Human resources devoted to advocacy activities by groups	<p>Definition: Human resources as measured by persons involved</p> <p>Unit: Number of persons - staff/management - volunteers, in hundreds</p>	1996		33 33	24 TBD	36 100		48 125		72 160		110 250
IR 2.1	Increased adoption of advocacy roles by groups	Number of groups that adopt advocacy role	<p>Definition: Groups that already have a mission which allows for advocacy, that newly adopt that role</p> <p>Unit: Number of groups</p>	1995	12	+66	+58	+33		+22		+33		+25
		Number of groups that change their mission to allow for advocacy role	<p>Definition: Groups that incorporate policy-oriented activities in their mandate</p> <p>Unit: Number of groups</p>	1996	-	10	6	+5		+5		+5		+5
IR 2.2	Improved Capacity of groups with policy concerns	<p>Capacity rating for each USAID-assisted group</p> <p>1= Start-up 2= Developing 3= Consolidating 4= Sustaining</p>	<p>Definition: Average of the various ratings (for management, governance, service delivery, external relations, etc.) for each USAID group, disaggregated according to the number of years that groups have been rated.</p> <p>Unit: Scale</p>	1996	-	1.3	2.3	2.5		3.0		3.1		3.2

	Rating for external relations among selected USAID-assisted groups 1 = startup 2 = developing 3 = consolidating 4 = sustaining	Definition: Relationship with media, public authorities, other groups, donors, general public Unit: Scale	1996	-	1.1	2.1	2.7	3.2	3.4	3.5
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COMMENTS/NOTES:

1) DNP - DEMOCRACY NETWORK PROGRAM

2) NGO - NON-GOVERNMENTAL ORGANIZATION

3) IR 1.1 - Law 417/95 is the only law that incorporates citizens' participation. As new mechanisms come on-line, they can be added to performance indicators.

4) For indicators referring to policy groups, baseline values will result from the assessments made throughout the country during DNP's first months of activity.

UPDATE:

Many of the initial targets set at the outset of the DNP project have proven too optimistic. A narrow definition of advocacy/public policy for these groups resulted in many Romanian NGO's excluded from this count even if they are operating successfully at a local level or active in service delivery.

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SO 2.3: More Effective, Responsive, and Accountable Local Government

1. Performance Analysis

Despite a policy environment which was not conducive to local government, the program succeeded in achieving results commensurate with its modest, targeted aims and goals. We therefore rate this strategic objective a 2. Efforts were concentrated on incremental infrastructure and management improvements in six cities, and on improved citizen participation and information services in eight cities. The program has been small-scale, but not insignificant, and has succeeded in preparing the ground for the major changes already underway. Reporting on the 1996 indicators for SO 2.3 is rendered difficult because in most cases neither baseline data nor results data are available. Nonetheless, progress has been made in achieving the principal IRs.

IR 1, Strengthened local government decision-making capacity

With the reduction in the power of prefects in 1996, local officials have become bolder in the use of the little power available to them. Officials in those cities in which budgeting and financial management improvements have been made, those in which computer systems enhancements have been installed, and those whose citizens have begun providing input through newly established boards, commissions and committees have begun to act on the information available to them using the powers available.

IR 1.1, Better information available

Officials of nine cities and counties who participated in a program performance budgeting seminar began utilizing budgeting methods developed for two demonstration city budgets. Superior operating information is available for inclusion in operating budgets for FY 1997 and decision making is enhanced. Citizen advisory committees provided advice to local officials in the creation and operation of information centers in two cities and the administration of public events in three cities.

IR 1.2, Better management systems in place

Computer operations were enhanced through the installation and operation of Windows 95 in all pilot cities and counties. The program performance budget systems previously developed were used as the vehicle providing improved operations information to management.

IR 1.1.1, Increased citizen understanding of local government role, authority, and limitations

Creation and operation of two citizen information centers has

resulted in substantially increased contact between citizens and government in those jurisdictions. Feedback from users demonstrates increased understanding of their local governments role, authority, and limitations. Utilization has grown steadily since opening. Interest in creating centers in additional communities has overwhelmed assistance capacity.

IR 1.1.2, Local governments establish mechanisms to exchange ideas and involve citizens

Local governments have established advisory committees for both the two citizen information centers currently in operation and for the additional five in the planning and implementation phases. All communities involved exchange information regularly. Citizen involvement in two economic development foundations overmatches the governmental participation. Citizen committees have taken over administration of major public events in three communities and lessons learned are shared among them.

IR 1.1.3, Local governments establish mechanisms to exchange professional and technical information

Local governments in two jurisdictions have established and officially recognized foundations to promote economic development involving a wide range of citizen stakeholders. In two jurisdictions, citizen bodies provide advice on operation of citizen information centers. In both cases, information is regularly exchanged and the planning begun to formalize the relationship and include other communities as the function is established elsewhere. Management information systems (MIS) personnel in all pilot cities network formally and informally.

IR 2, Increased local government control over functions and revenues

The proportion of the budget of local government units over which they have unrestricted authority has increased since 1995 by 2% on a national basis (using current lei), from 54.9% of total expenditures, to 56%. This is due to a decrease in the proportion of targeted subsidies which central government returns to local governments, and a steady increase in the percentage of total tax revenues which the central government gives back to local government, as well as an increase in the amount of revenue which is raised locally. It is a clear indicator of progress in the trend to local control on the part of central government, and will increase in the coming years when the Law on Local Public Finance is passed. This law will direct more revenues towards local government, and turn over more responsibilities and revenue streams directly to the local level, in particular relating to taxes derived from profits, and authority over utilities companies.

IR 2.1, Regulatory and policy framework that supports local government

In the past year, there have been shifts in the functions implemented by local government, with a trend towards increasing responsibility for implementation and control to either counties or municipalities. In the past year both social welfare and health were added to local government functions. The 1997 budget under discussion will indicate whether other functions will follow. In 1997, USAID commenced assistance to the GOR in the drafting of laws which will radically alter the policy framework of local government, the most important of which are the Law on Local Public Finance and the Law on Local Administration, giving both the authority and fiscal control to local governments.

IR 2.3, Improved planning, budgeting, and financial management practices

In 1995 assistance was provided to two cities on a pilot basis to revise local budgeting practices to take account of multi-year budgeting and capital financing. These cities adopted the new methodology and applied it to the 1996 budget cycle. It is expected that extensive adoption of better budgeting practices will take place in 1997-98 as a result of the Law on Public Finance which will put the responsibility for budget preparation in the hands of local government, and permit multi-year financing and long term borrowing. This will necessitate a range of improvements in practices as cities undertake borrowing for capital investments.

IR 3, More revenue available to local governments

The total revenue available to local governments from national, and local sources increased by 47% between 1994 and 1995, and by 1% between 1995 and 1996 (the huge jump in one year due to implementation of the revised Law on Taxes and Fees, allowing revenue from direct locally imposed taxes to increase by 160% in real terms between those two years). This clearly indicates the dramatic effect of the initial increase in local revenue authorizations, although the expected effect on 1996 and 1997 will be far more modest. A second revision of tax powers is likely to be passed in 1997, giving more revenue raising powers to local authorities, and the effect on indicators will be seen in 1998.

IR 3.1.1, Access to long-term capital finance increased

In 1996 the EBRD approved infrastructure loans to 5 cities' utility companies for water and wastewater improvements, two of which were assisted in meeting loan conditionality through local government project assistance. These loans represent the first borrowing ever for municipal infrastructure. In 1997, EBRD will lend to an additional 10 cities for similar capital improvements. Access to capital finance will improve significantly when the Law on Local Public Finance permits multi-year budgeting, and eases restrictions on borrowing.

IR 3.2, Locally raised revenues increased

Between 1995 and 1996 the amount of locally derived revenues to operating expenditures increased. It indicates that local government revenues form an increasing sources of operating funds, at a time when central government is decreasing its subsidies.

USAID's assistance to the utility companies led to revisions of tariff structure, allowing the companies to improve cost recovery in USAID-assisted cities. The principle of cost recovery has been adopted by the GOR in recent months, and cuts in subsidies followed by major utility tariff increases will soon permit full operating cost recovery.

2. Expected Progress Through 1999 and Management Actions

By 1999, local government assistance programs under SO 2.3 will have participated in the creation of a substantially different environment from that in existence at the beginning of USAID assistance programs.

Local authorities will no longer be merely the vassals of the central government. They will control their own revenues, set their own rates, levy their own taxes, and incur and repay debt to support capital investment in infrastructure. They will be capable of providing services using their own forces, or, through managed competition, by private contractors. They will organize, assess, plan, and implement measures to build their own local economies. Most significantly, they will make decisions by the use of efficient and transparent management systems with the cooperation and participation of individual citizens and citizen groups.

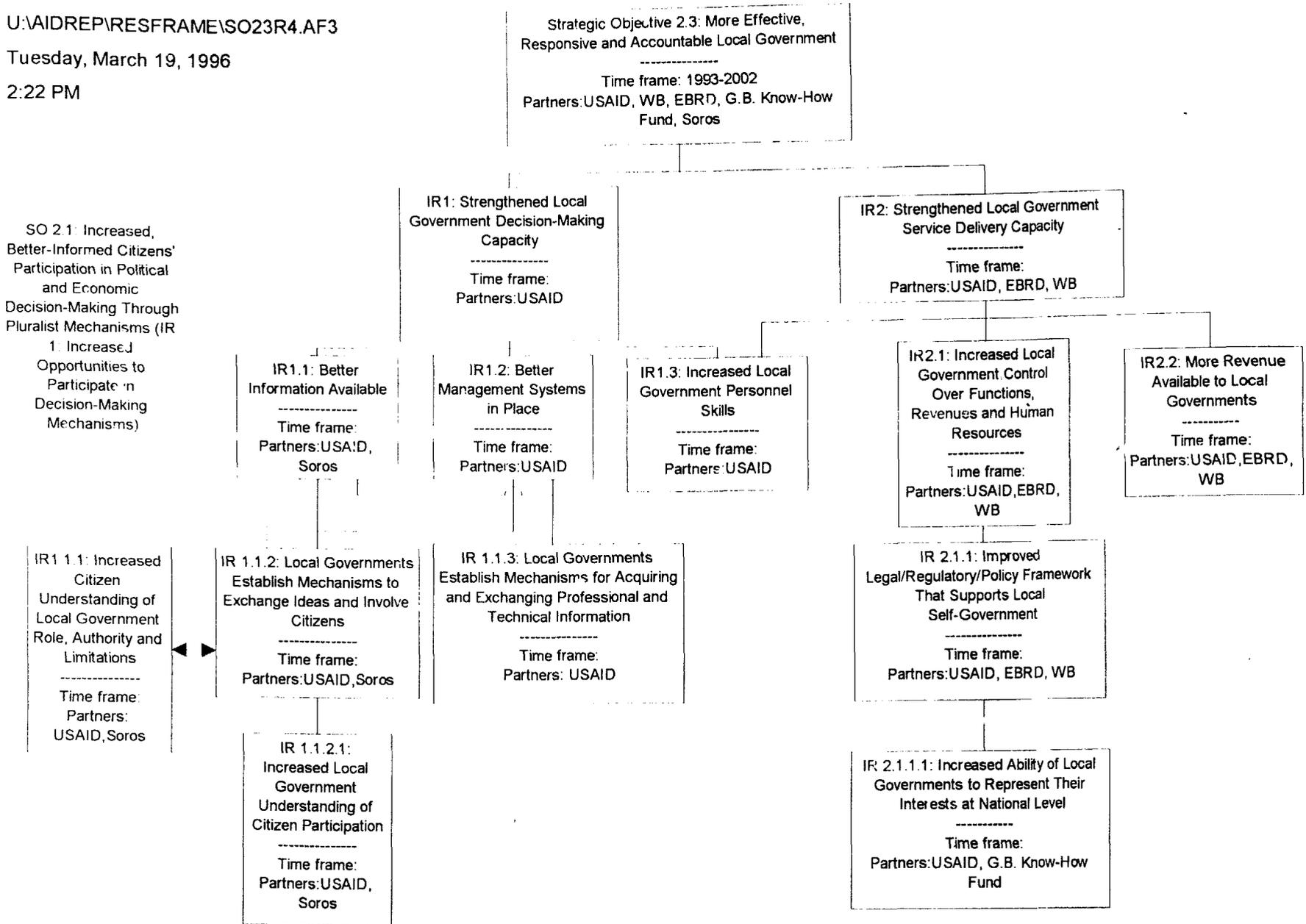
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Tuesday, March 19, 1996

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R-4 reporting (1996)
PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS
S.O 2.3.: More Effective, Responsive and Accountable Local Government

RESULT LEVEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual to Date	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 2.3	More Effective, Responsive and Accountable Local Government	1. Measurement of sanitation services for USAID-assisted LGUs	Definition: Sanitation services such as cleaner streets, etc. Unit: Km streets cleaned, flushed	1995	TBD	UNCH	UNK	BL + 1%		BL + 2%		BL + 5%		BL + 7%	
		2. % of time water service disrupted in USAID-assisted LGUs	Definition: Service interruption compared to 24 hours Unit: %	1995	TBD	UNCL	UNK	NTE 75%		NTE 70%		NTE 60%		NTE 65%	
		3. % of time heating service disrupted in USAID-assisted LGUs	Definition: Service interruption in days/month during heating season Unit: days/months	1995	TBD	UNCH	UNK	3		2.5		2		1.5	
		4. Levels of effluents discharged into waterways in USAID-assisted LGUs	Definition: Combination of BOD & heavy metals discharged Unit: parts per million	1995	TBD	BL -5%	UNK	BL -7%		BL -10%		BL -12%		BL -15%	

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		5. Measurement of sanitation services, on national level	Definition: Sanitation services such as cleaner streets, etc., measured on a sampling of national level Unit: Km streets cleaned, flushed	1995	TBD	UN CH	UN K	UN CH		BL + 1%		BL + 2%		BL + 3%
		6. % of time water service disrupted on national level	Definition: Service interruption in hours/day Unit: %	1995	TBD	UN CH	UN K	NT E 80%		NT E 75%		NT E 70%		NT E 65%
		7. % of time heating service disrupted on national level.	Definition: Service interruption in days/month Unit: days/month	1995	TBD	UN CH	UN K	4		3.5		3.25		3
		8. levels of effluent's discharged into waterways on national level	Definition: Combination of BOD & heavy metal discharged Unit: Parts/million	1995	TBD	UN CH	UN K	BL -1		PL -2		BL -3		BK -4
I.R.1	Strengthened Local Government decision-making	1. % of private domain land leased	Definition: Progress toward 100% leased from current 70-80% Unit: %	1995	70%	70%	70%	75%		78%		80%		

		2.% of utility cost covered by dates	Definition: Compare total cost of utilities to total revenue Unit: %	1995	TBD	UN CH	UN K	BL + 5%		BL + 10%		BL + 15%		BL + 20%	
		3.% of general city operations financed by locally derived revenues	Definition: compare amount of central government transfer to local revenue Unit: %	1995	5%	5%	5%	7%		10%		12%		15%	
I.R.1. 1	Better information available	1.establishment of reporting requirements	Definition: Local authorities require departments and subordinate regii to provide operating and financial information Unit: administrative regulation	1995	TBD	UN CH	UN K	5		10					
		2.Creation of reporting systems	Definition: In response to requirements, departments and regii establish systems and procedures for compliance Unit: number of operating p.ocesses	1995	TBD	UN CH	UN K	3		5		10			

IR 112	Local Governments establish Mechanisms to Exchange Ideas and Involve Citizens	1. Number and types of mechanisms	Definition: Means of exchanging information horizontally among equivalent organizations and among citizen groups Unit: Number of mechanisms	1995	TBD	0	3	10		50					
		2. Number of formal mechanisms established	Definition: Established by administrative act or by law Unit: Number of mechanisms	1995	TBD	0	2	5		10					
		3. Number of informal mechanisms established	Definition: established by NGOs or groups of individuals Unit: Number of mechanisms	1995	TBD	UN CH	1	5		40					
IR 111	Increased Citizen Understanding of Local Government Role, Authority and Limitations	1. Survey data indicates increased understanding of local govt. role, authority and limitation:	Definition: Citizens have accurate impression of abilities of local governments, do not request inappropriate action, hold local authorities properly accountable Unit: Survey results	1995	Unavail able	5	0	10		10					

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IR112 1	Increased Local Government Understanding of Citizen Participation	1. Action by local government to solicitation/input/ /polls, have public hearings or otherwise receive input from citizens	Definition: To encourage citizen participation, govt must demonstrate interest and willingness to react to it Unit: Number of vehicles for input	1995	TBD	UN CH	1	5		10					
IR12	Better management systems in place	1. Number of USAID assisted LGUs that adopt organization structure changes	Definition: Unit: Number of LGUs	1995	0	UN CH	0	5		10					
		2. Number of functions automated in USAID - assisted LGUs	Definition: Unit: Number of functions	1995	2	4	2	5		10	20				
		3. Number of LGUs that adopt organizational structure changes, on national level	Definition: Unit: Number of LGUs	1995	0	UN CH	0	7		15					
		4. Number of functions automated in LGUs, on national level	Definition: Unit: Number of functions	1995	TBD	4	2	7		15	30				

IR113	Local Governments Establish Mechanisms for exchanging professional and technical Information	1. Formation of professional associations	Definition: Associations of similar professionals in different jurisdictions Unit: Number of associations	1995	2	UN CH	0	2		5			
		2. SOROS sponsored hook-up of 80 municipalities	Definition: Computer network of cities for dissemination of information to all Unit: One time accomplishment	1995	0	0	0		1				
		3. Number of visitations among client cities	Definition: Formal and informal meetings to exchange information Unit: Number of meetings	1995	UNK	1	0	5	10				
IR 1.3.	Increased Local Government Personnel Skills	1. Formation and development of Public Personnel Association	Definition: A functioning organization of personnel professionals working in local government Unit: One each	1995	C	UN CH	0	0	0	1			

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		2.Amount of training and visitations made	Definition: participation of local authority officials in conferences, study tours, workshops Unit: Numbers of attendees, numbers of training opportunities	1995	0	30/2	0	50/3		100/5		100/5			
IR2	Strengthened Local Government Service Delivery Capacity	1. % of undisrupted basic human services (water, hot water, heat)	Definition: Continuity of basic services defines local government Unit: % of service provision uninterrupted	1995	TBD	UN CH	UN K	20		30		40		50	
IR21	Increased Local Government control over functions, revenues and human resources	1. Proportion of the budget of all USAID assisted LGUs over which each city has unrestricted authority	Definition: Accountability should match responsibility and capability Unit: % of local controlled to the total	1995	TBD	UN CH	UN K	5%		15%		25%		40%	
		2. % of budgets of USAID assisted local govt units that are self directed	Definition: Self directed is the protion of the budget over which the local authority has control Unit: % of local controlled to the total	1995	TBD	UN CH	UN K	10%		20%		30%		50%	

		3. % of budgets of USAID assisted local govt units that are self generated	Definition: Self generated is the portion of the budget which is produced, collected and controlled locally Unit: % of local generated to central govt transfer payment	1995	TBD	UN CH	UN K	2%		5%		7%		10%
IR211	Improved Legal/Regulatory/Policy framework that Supports Local Self-government	1. Laws, regulations and published administrative policies	Definition: Delegation, devolution of power to local authorities Unit: Completed legal and administrative actions	1995	TBD	2	1	2		3		4		
IR211 1	Increased Ability of Local Governments to represent Their Interests at National Level	1. Legislative & administrative initiatives	Definition: Action to inform, educate, influence actions of Parliament, national Government. Unit: Number of legislative, administrative initiatives	1995	TBD	UN CH	0	2		5				
IR2.2	More Revenue Available to Local Governments	1. Local annual budgets	Definition: Total revenue available from national, local sources Unit: % increase from base line	1995	TBD	UN CH	UN K	+ 5%		+ 10%		+ 15%		

ABBREVIATIONS

UNCH = unchanged UNK = unknown TBD = to be determined NLT = not less than NMT = not more than BL = base line
NTE = not to exceed

NOTE: Please note that the indicators for almost the entire results framework have been substantially revised for 1997, in the face of new reporting guidance and the dramatic shifts in government policy towards decentralization and public administration.

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SO 3.2: Increased Use of Modern Contraceptive Methods with an Emphasis on Private Sector Delivery Systems

1. Performance Analysis

This SO is meeting our expectations and therefore rates a 2. The increased knowledge, acceptance, and use of modern contraceptive methods in Romania have exceeded our projections and greatly exceeds the average increase experienced around the world via donor-funded family planning efforts. Although we do not have an updated figure for the use of modern contraceptives among contracepting women of all ages (due to the fact that the USAID/Romania has not yet duplicated the Women's Reproductive Health Survey of 1993), we do know that the use of modern contraception among youth aged 15-24 has doubled from 10 to 20 percent since 1993. This result derived from the 1996 CDC young adult reproductive health survey conducted by Centers for Disease Control in Atlanta. We also have private sector clinic reports that state the use of modern contraceptives among all women of reproductive age has increased significantly. We estimate that the 23% target set for 1997 was very likely met.

In the area of procurement of modern contraception, we can clearly prove an increase in procurement from alternative to public sector sources for youth aged 15-24. This age group of youth reported that they purchase 54% of their contraceptives from pharmacies, a 48% increase over 1993; 4% from non-governmental organizations (NGOs) an increase of 2% over 1993; and 14% from private doctors or clinics (increase of 5% over 1993). Black market procurement has declined. These trends are consistent with the program objectives and indicate that the family planning program is on target and successful. (Since the data reviewed provides country-wide averages, and we know that the use of modern contraceptives in rural areas still remains quite low, we believe that the use of modern contraceptives and procurement of such from the private sector in large urban areas such as Bucharest significantly exceed the numbers listed above.)

IR 1.1, Increased consumer confidence in family planning

We have clear evidence that there has been a change in opinion toward modern contraceptives and that consumers have an increased knowledge about family planning benefits. Whereas 33% of women in 1993 stated that traditional methods were more effective than modern contraceptives, in 1996, only 16% of young adults responded in this manner. Moreover, in 1993, 43% of women stated that the pill was unsafe, in 1996, only 34% of young adults made this statement. The knowledge regarding where to obtain modern contraceptive methods also increased between 1993 and 1996. Eighty-five percent of women interviewed in 1993 stated that they knew where to get such contraceptives, while 96% of young adults declared this knowledge in the 1996 survey. The knowledge of where to get pills increased from 58% to 66% and the knowledge regarding source of condoms increased from 64% to 84%.

IR 2, Improved quality of family planning

We have clear evidence to show that the quality of family planning services has improved in the last year. More government-owned family planning clinics have been refurbished and supplied by the World Bank loan; the non-governmental network of the eleven USAID and IPPF supported SECS Clinics continue to provide the highest quality of services and a wide range of contraceptive products. The PROFIT project has trained over 500 pharmacists in contraceptive technology, customer service, and pharmacy management. We are currently evaluating this project to determine the impact of this training upon the range of services and products available in pharmacies, as well as customer satisfaction, so we will have hard data to measure our indicators. However, at this time, pre- and post-training evaluations show that pharmacists' knowledge in the three target areas increased significantly, and that they are dedicated to the notion of providing expanded and improved contraceptive services and supplies. Hence, on the basis of these evaluations we can conclude that **IR 2.1 Improved Technical Competency of Family Planning Providers** was positively impacted, since over 500 pharmacists were trained.

IR 3, Increased access to family planning

At this point in the implementation of our family planning program, we have only anecdotal information regarding increased access to family planning. The young adult reproductive health survey indicated that young adults are increasingly procuring their contraceptives from private sources such as pharmacies. An increasing number of pharmacies are stocking modern contraceptives such as the pill and condoms. Other private sector sources of condoms have grown -- kiosks, super-markets, and specialty stores -- so that anecdotal evidence exists for increased access, although a formal evaluation has not yet been completed. We can conclude that **IR 3.3 Private Sector Delivery Mechanisms Established** has been positively impacted. The POLICY project is currently conducting an informal facilities survey to provide some updated information on access geographically throughout the country. We have no evidence to date which would illustrate that logistics systems have been improved, nor that profit levels for pharmacists for contraceptives have improved, thereby improving incentives for their provision of contraceptives.

IR 4, Alternative family planning systems supported by legal/regulatory

Progress has been slow in addressing this aspect of family planning in Romania. USAID's POLICY project is currently completing a policy analysis which will lead to a more active policy agenda and policy negotiations with the Ministry of Health. The POLICY project is also making in-roads to assist NGOs undertake a more active advocacy role in the area of

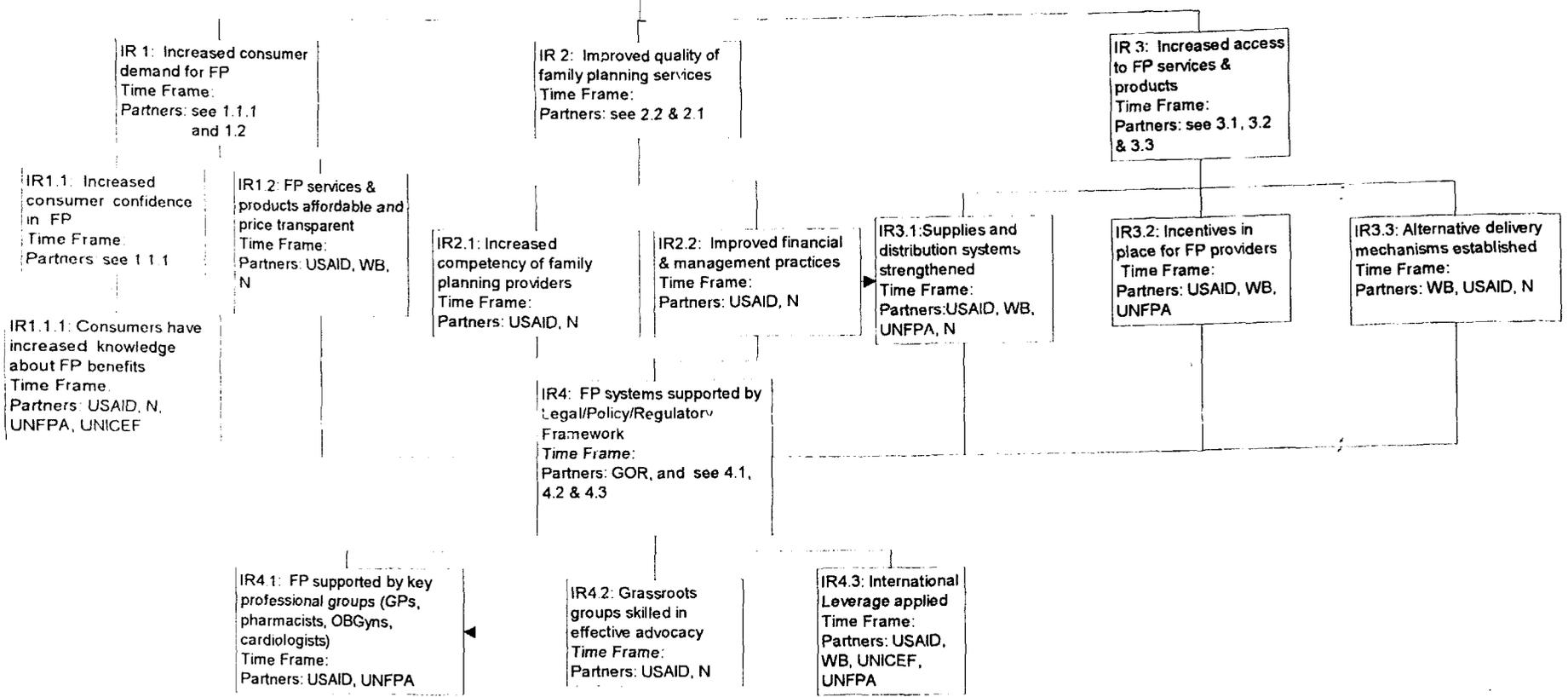
promoting women's reproductive health.

2. Expected Progress through 1999 and Management Actions

USAID/Romania has reached a critical juncture both in regard to child welfare and family planning activities, and will move forward in major areas during the next five years. We will shift from pilot activities to national-level interventions with broader potential impact and play a more conspicuous role in policy dialogue in both areas.

We also intend to consolidate the six management units within the Family Planning (Reproductive Health) program.

S.O. 3.2 *Increased use of modern contraceptive methods with an emphasis on private sector delivery systems*
 Time Frame: 1996 - 2000
 Partners: see list below



- GOR = Government of Romania
- N = Non-governmental Organizations
- UNFPA = United Nations Fund for Population Activities/Ministry of Health
- UNICEF = United Nations Children's Fund
- WB = World Bank/Ministry of Health

R - 4 Framework (1996 Reporting Year)

PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS
S.O.3.2: Increased Use of Alternative Family Planning Systems

RESULT YR (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual to Date	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 3.2	Increased use of alternative family planning services	Use of modern contraceptives	Definition: Modern contraceptive (use) prevalence for women in union Assumes a 3% point increase per year Unit: % of women in union (age 15-24)	1993	14% (all women) (based on 1993 Ro. Reproductive Health Survey) 10%	23%		26%		29%		32%		35%	
		Procurement of modern contraceptives	Definition: Percentage of women who procure modern contraceptives through pharmacies Unit: %	1993	38%	50%	TBD								
IR 1	Increased consumer demand for family planning	Potential demand	Definition: For women at risk of unintended pregnancies. Decrease in women in need for any or more effective contraceptive method -women of reproductive age - women in union Unit: %	1993	39%	30%	N/A	26%		23%		20%		17%	
					55%	46%	N/A	43%		40%		37%		34%	

		<i>Consumer intention to obtain or use alternative services or products</i>	<p><i>Definition: Increased desire to change current method of contraception</i></p> <p>- non-users</p> <p>- traditional users</p> <p>Unit: %</p>	1993	18%	27%	N/A	30%	33%	36%	39%
					16%	25%	N/A	28%	31%	34%	37%
IR 1.1	<i>Increased consumer confidence in alternative family planning</i>	<i>Change of opinion toward modern contraceptive</i>	<p><i>Definition: Decrease in women who believe traditional methods of contraceptives are more effective than modern methods</i></p> <p>Unit: % of women in union (15-24)</p>	1993	33%				16%		
		<i>Change opinion re: provider/sites</i>	<p><i>Definition: Increase in "other" category - "who would be most reliable person to provide information about modern contraceptives?"</i></p> <p>Unit: %</p>	1993	4.5	N/A	N/A				
IR 1.1.1	<i>Consumers have increased knowledge about family planning benefits</i>	<i>Knowledge about health risks for contraception</i>	<p><i>Definition: Women's change in knowledge regarding safety and effectiveness</i></p> <p>Unit: % of women age 15-24 who believe pill is:</p> <p>- unsafe</p> <p>- don't know</p> <p>- effective in preventing pregnancy</p>	1993							
					43%		N/A		20%		
					38%		39		20%		
					25%		34		50%		

		<i>Individuals who know where to get modern contraceptives</i>	<i>Definition: % of all women (15-24) who know where to get modern contraceptive methods</i> <i>Unit: % of total</i> <i>- Pills</i> <i>- Condoms</i>	1993	83%	-	87	-	95%									
IR 1.1.2	<i>FP services and products affordable and price transparent</i>	<i>Consumer satisfaction with the value of products-services</i>	<i>Definition: Decrease in % of women who specify cost being a reason for not using modern methods of contraception</i> <i>Unit: %</i>	1993	34%	-	N/A	-	23%									
IR 2	<i>Improved quality of alternative FP</i>	<i>Range of services-products</i>	<i>Definition: Range of modern contraceptive products in private pharmacies increased</i> <i>Unit: # with full range of products (pills, condoms, IUD, etc.)</i>	1996 (Profit Study)	100	-	100	-										
		<i>Consumer satisfaction</i>	<i>Definition: Consumer surveys indicate increased satisfaction with services and products among young adults</i> <i>Unit: Numbers of providers</i> <i>Number of consumers</i>	1996	6	-	6	-	500									

IR 2.1	Increased technical competency of FP providers	Successfully fulfill requirements for competency based training, including consumer/provider communication	Definition: private providers complete training Unit: number - of pharmacists - of manuals distributed - of NGO's	1996	0	-	0	100	200						
IR 2.2	Improved management practices	Use of business management practices for decision-making	Definition: private providers who implement improved practices (Financial, Marketing and Sales) Unit: Number of Pharmacists	1995	12	-	-	100	200						
		Consumer education materials distributed	Definition: Number of consumers provided educational materials at alternative sites Unit: Numbers distributed of: Flyers Brochures Posters Pharmacists' Guides	1996	none	-	-	10K	10K						
								3k	30k						
								3k	6k						
								x	5k						

IR 3	Increased access to alternative FP	<p>Procurement of modern contraceptives (source)</p> <p>Note: The current FP strategy assumes that consumers will rely less on public sector for contraceptives. Shifts between alternative private providers will be tracked, but no specific targets set. It is assumed that there will be less reliance on the black market</p>	<p>Definition: Increase of contraceptive women procuring contraceptive supplies from alternative sources.</p> <p>Unit: %</p> <ul style="list-style-type: none"> - pharmacies - NGOs - private doctor/clinic - black market - other - don't know 	1993	70%	75%	TBD		80%					
IR 3.1	Supplies and distribution system strengthened	Logistics management system in place	<p>Definition: Private providers who implement improved logistics mgmt. systems (inventory and ordering systems) in place</p> <p>Unit: # (%) of pharmacists</p> <p># (\$) of NGOs</p>	1996	2/2500	N/A	N/A							
IR 3.2	Incentives in place for FP providers	Profit levels of pharmacists	<p>Definition: Pharmacists who report increased profit from sale of products</p> <p>Unit: #</p> <p>%</p>	1996	TBD		** (see note)							

		<i>Training in place for pharmacists</i>	<i>Definition: Private providers who indicate training as valuable to their business</i> <i>Unit: #</i>	1996	none	100	200								
IR 3.3	<i>Alternative delivery mechanisms established</i>	<i>Range of mechanisms</i>	<i>Definition: Increase in variety of mechanisms</i> <i>Unit: number</i> <i>NGOs, private pharmacies, kiosks, referral system, black market, private practice, supermarkets</i>	1993	3	7	4	8		10					
IR 4	<i>Alternative family planning systems supported by Legal/Policy/Regulatory</i>	<i>No unwarranted restrictive legislation or regulation for FP and authorising legislation passed</i>	<i>Definition: FP included in Health Insurance Law</i> <i>Voluntary sterilization included in Health Law:</i> -female -male <i>No restrictive legislation for pharmacists dispensing contraceptives</i> <i>Unit: yes/no</i>	1996	no law	-	no law	X			X				X
		<i>National standards established</i>	<i>Definition: Standards for GPs provision of Family Planning</i> <i>Unit:</i> developed and finalized <i>Advocated for</i> <i>Implemented</i>	1996	no	-	no	X			X			X	

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		<i>Expanded role for GPs, nurses</i>	<i>Definition:</i> <i>GP expanded FP role defined</i> <i>Accepted by College of Physicians</i> <i>Implemented in law</i> <i>Unit:</i>	1996	Yes	Yes	Yes	X							
					N/C	N/C	N/C			X					
					N/C	N/C	N/C					X			
IR 4.1	<i>International leverage applied</i>	<i>Import/export licence</i>	<i>Definition: Remove barriers to distribution</i> <i>Unit:</i>					X		X		X		X	
IR 4.2	<i>FP supported by key professional groups (GPs, pharmacists, OBGYN - cardiologists)</i>	<i>Associations develop recommendations for alternative FP issues</i>	<i>Definition:</i> <i>Unit:</i> GP Pharmacist OB-gyns Cardiologists	1996	None										
							N/C	X							
							N/C	X							
							N/C				X		X		
		<i>Associations actively lobbying for alternative delivery systems</i>	<i>Definition:</i> <i>Unit:</i> GP Pharmacists OB-gyns (Individuals only)	1995	2	none	none	2	X			X			
							N/C	X							
							N/C				X				

IR 4.3	Grassroots groups skilled in effective advocacy	Groups work together	Definition: Groups provide recommendations to policy makers Unit: number of groups: - SECS - Youth for Youth - Women's NGOs - "Policy" Coalition	1995	0	2	3	5							
		Use FP data and information	Definition: data and information developed to present to policy makers Examples: - maternal mortality - cost-benefit of FP - Young Adults -Reproductive Health	1995	X		No Yes No Yes	Yes X Yes X	X X X X						

Comments/Notes:

IR 3.2: "Profit levels" of pharmacists are expected to be depressed in 1997, due to the GOR's economic austerity program, and rapid liberalization of prices.

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SO 3.3: Reduced Environmental Risks to Public Health

1. Performance Analysis

Since 1992, USAID assistance has been geared to assist the GOR implement one of the key elements of its environmental strategy: to reduce pollution in the 14 "hot spots," the heaviest polluting sources in Romania. USAID has been assisting at the national and local levels in pollution abatement and policy reform. Efforts at the local level have been focused on targeted enterprises and communities. We have helped plants reduce emissions and improve occupational health and safety measures, while at the same time making the communities adjacent to the plants aware of the health hazards and assisting them address some of these problems. Performance results have met expectations, so we rate this strategic objective a 2.

IR 1, Industrial emissions reduced

Antiquated equipment, production, and management techniques are a major constraint to reducing industrial pollution. USAID provided technical assistance, training, and equipment to help reduce emissions at four enterprises: Ampellum Copper Smelter, Phoenix Copper Smelter, Rombat Lead Battery Manufacturer, and Romplumb Lead Smelter.

IR 1.1, Improved operations in polluting industries

USAID investment of \$28,000 for installation of a new frequency converter at the Sidex Steel Mill has paid big dividends: an estimated annual savings of \$86,000 due to lower energy consumption. Additional savings are expected due to lower maintenance costs. Reduced emissions from the coke plant should result from fewer break-downs. Sidex intends to purchase at least 14 more American frequency converters for other applications.

IR 2, Improved OHS practices adopted by workers

USAID provided equipment, including respirators for the severely exposed, and trained workers at the Ampellum copper smelter. This assistance permitted the sanitary police and the plant staff to conduct hazard exposure assessments. As a result of the training, the plant's OHS staff, in coordination with the Center for Medical Research (CMR), established a medical surveillance program to monitor blood lead content and hazard exposure of workers. OHS staff now runs its own testing and training program and provides the workers with air quality and blood lead test results.

IR 2.1, OHS facilitated by plant management

Satisfied by the success of the USAID sponsored Respiratory Protection and Lead Exposure Control Program, Rombat purchased

additional equipment and initiated enforcement actions.

IR 2.1.2, Positive incentives provided for adopting OHS practices

To make the Respiratory Protection and Lead Exposure Control Program more effective, Rombat also initiated fines and incentives to motivate workers to use safety equipment.

IR 3.1, Increased local institutional capacity

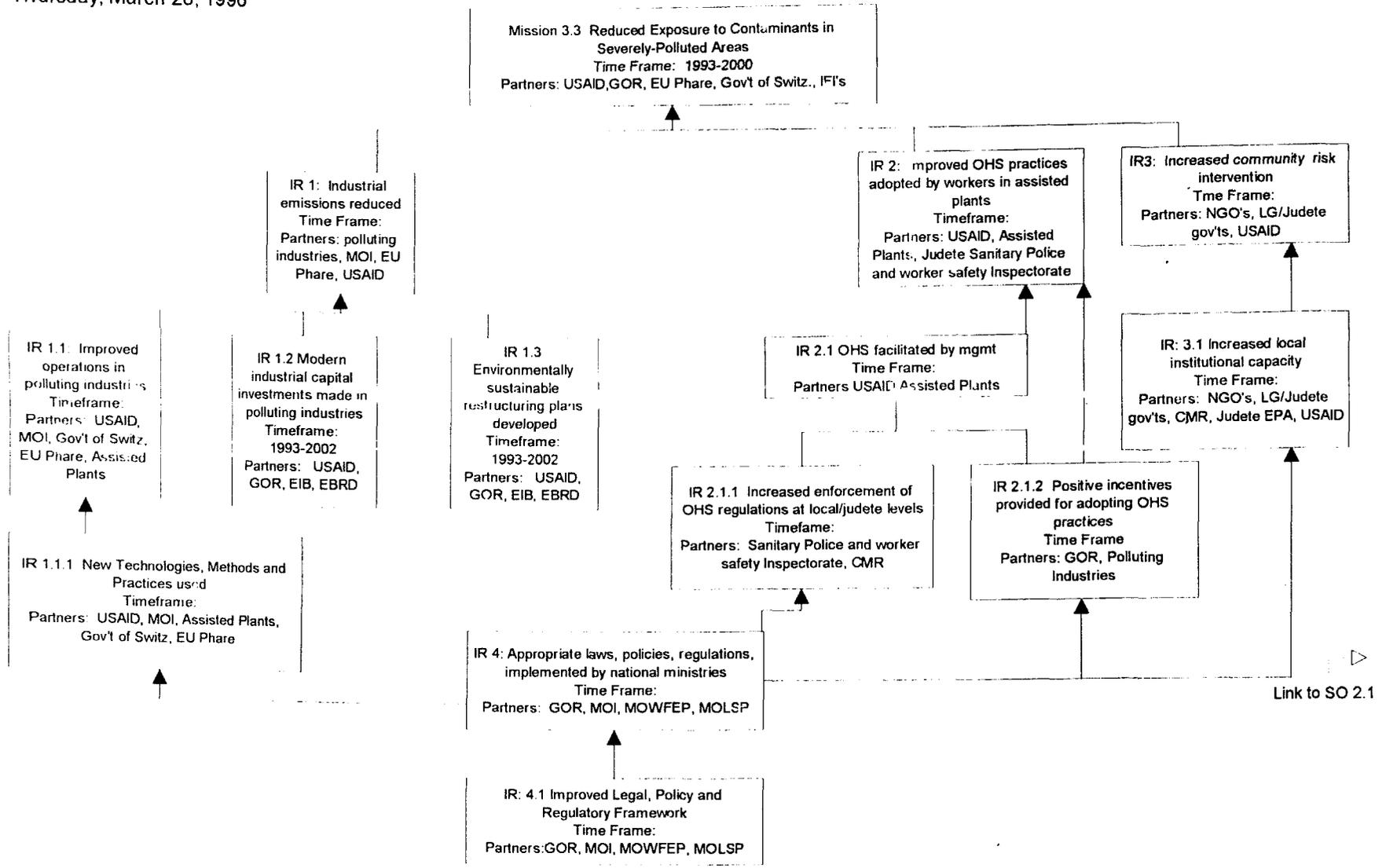
As a result of the methods used to implement the Zlatna "hot spot" activity, the regional and local stakeholders have fundamentally changed the way they work together to identify and address environmental risk in the communities. This activity dramatically increased the capacity of the CMR to function as a service/support provider for OHS and environmental health services to a ten-county region. In addition, a new NGO (EcoZlatna) has been formed which assumed responsibility for implementing a community-based lead awareness counseling program for families with young children. Zlatna, Alba County, and CMR, participants in the Zlatna activity, have been invaluable "teachers" for the recent USAID activities in Baia Mare where the environmental health problems are very similar to those in Zlatna.

IR 4, Appropriate laws, policies, and regulations implemented by national ministries

USAID supported the GOR in developing the Environmental Law, the Waters Law, and regulations for economic restructuring. It was successful in introducing the concept of environmentally sustainable development in the preparation of legislation governing the polluting sectors of the economy. This support was instrumental in encouraging public participation in the drafting of the Environmental Law. USAID helped develop an integrated environmental permitting system based on certified environmental auditing and a system for environmental liability. The waters Law rationalizes the use of water and creates a market-based system for determining its true cost. River Basin Commissions, also created with USAID support, will have a critical role in the decentralization of the waters administration.

2. Expected Progress through 1999 and Management Actions

USAID will conduct an evaluation of SO 3.3 activities before the end of 1999. By that time, Romania will have a rather comprehensive environmental management system and the capacity within the private sector to serve the business community by conducting environmental audits.



Link to SO 2.1

R-4 Reporting (Year 1996)
PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS
S.O. 3.3: Reduced exposure to contaminants in severely-polluted areas

RESULT LEVEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual to Date	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 3.3	Reduced Exposure to Contaminants in severely-polluted areas	Lead levels in blood of affected workers and residents	Definition: Range of child blood lead levels (highest risk group) Unit: mg/dl	Residents (1995)	30-45 Zlatna	28-43	Not Available	25-40		23-38					
				Workers (1996)	RPb	65.6	60		55						
					Ph	40.67	40		40						
		Reduced Level of contaminants in air	Definition: So2 and Lead Unit: mg SO2/m3 mg Pb/m3	BMr (1996)	27 (SO2) 4 (Lead)	X X	27 4	20 3.5	15 3	15 3					
				Zl. (1996)	Data not available										
IR 1	Industrial Emissions reduced	Level of particulates in stack emissions	Definition: Particulate concentration in flue gas - concentration and totals Unit: tons/year of dust and lead	Ph	dust (120) lead(18)	100 15	30 12	80 12							
				RPb (1995)	dust (200) lead(100)	180 30	30 10	30 10							
		Level of gaseous pollutants (SO2, VOC's) in Stack Emissions	Definition: SO2 concentration in flue gas - concentration and totals Unit: wt/volume - tons/year	Ph	20,000	18k	16k	16k	TBD						
				RPb (1996)	2,000	2,600	6,000	4,800	TBD						

IR 1.1	Improved operations in polluting industries	Operational savings in assisted plants	Definition: money saved through improved techniques, practices or technology Unit: million US dollar equivalent	AID assisted plants (1995)	\$1.6	2.0	2.3	2.4	TBD	2.5							
IR 1.1.1	New techniques methods and practices used	Restructuring Strategies adopted	Definition: Unit: Yes/No (1995-No)	Ph RPb Rbat Amp Arp	No " " " "	Yes Yes Yes Yes Yes	Yes Yes Yes Yes Yes	x x x x x		x x x x x							
IR 1.2	Modern industrial capital investments made in polluting industries	Amount of money invested in pollution abatement equipment and technologies in specific plants	Definition: Unit: million US dollar equivalent	AID assisted plants (1996)	5.0	N/A	N/A	6.5	TBD	8.0	TBD						
IR 1.3	Environmentally sustainable restructuring plans developed	Environmental Impact Assessments Carried Out Compliance schedules negotiated	Definition: Unit: Number executed Definition: Unit: Number negotiated	1995 1995	150 0	300 80	400 82	500 130		500 130							
IR 2	Improved OHS Practices adopted by workers in assisted plants	Percentage of workers complying with OHS regulations and practices	Definition: Unit: Percentage	Year 1995 Ph RPb Rbat	15 0 20	45 15 60	40 5 60	60 30 90	45 10 80	100 100 100							
IR 2.1	OHS facilitated by management	Plant-specific OHS plan exists and is being implemented	Definition: Unit: Yes/No	Ph RPb Rbat (1995)	Yes No Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes		Yes Yes Yes							
		Modern training methods used	Definition: Unit: Yes/No	Ph RPb Rbat (1995)	No No No	Yes No Yes	Yes No Yes	Yes Yes Yes		Yes Yes Yes							

IR 2.1.1		% of plant OHS staff receiving training	Definition: Unit: %	Ph RFB Rbat Amp (1995)	80% 50% 80% 30%	100 80 100 60 %	100 85 95 65 %	100 100 100 100 %									
IR 2.1.2	Positive incentives provided for adopting OHS practices	Plant contracts incorporate positive incentives	Definition: Unit: Yes/No	Ph Rb Rom (1996)	No No No	- - -	- - -	No No Yes	No No Yes	Yes Yes Yes							
IR 3	Increased Community risk intervention	Number of risk reduction activities organized (training, studies, clean-up and recycling)	Definition: Unit: Number	1995 AID assis- ted sites	TBD												
IR 3.1	Increased Local-Institutional capacity	% of sites with environment data quality assurance procedures in place	Definition: Unit: %	AID assis- ted sites (1996)	0%	-	-	25%	25%	50%							
		Percentage of severely-polluted areas with EAPs (Environmental Action Plans)	Definition: Unit: %	BMr Zlatna Pitești (1996)	0%	-	-	33%	33%	66%							
		River basin committees established	Definition: Unit: Number	1995	0	2	0	3		8							

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IR 4	Appropriate laws, policies, regulations implemented by national ministries	Amount of resources allocated for intervention in high risk areas	Definition: Funds allocated to improve working conditions and purchasing protective equipment Unit: million US dollar equivalent	AID assisted plants (1996)	0.5	-	-	1.0	.75	1.0					
IR 4.1	Improved legal, policy, regulatory framework	Specific laws drafted Specific laws passed	Definition: Laws drafted for submission to Parliament Unit: # of laws Definition: Law passed by Parliament Unit: # of laws	N/A N/A	N/A N/A	0 1	6 1	5 4							
		Regulations drafted Regulations signed	Definition: Regulations drafted for government decisions or ministerial orders Unit: # Definition: Government decisions or ministerial orders Unit: #	N/A N/A	N/A N/A	4 4	5 3	4 5							

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	<i>Permits issued</i>	<i>Definition:</i>	1995	200	500	1000	2000	1000					
		<i>Unit: Number issued</i>											
	<i>EIA/audit experts certified</i>	<i>Definition:</i>	1995	0	10	12	100	200					
		<i>Unit: Number certified</i>											
	<i>Public Hearings Held</i>	<i>Definition: Public Hearings for permitting application</i>	1995	0	50	400	1000	2000					
		<i>Unit: Number</i>											

NOTES: Blood lead testing activity (EHP Project) ends June 1996

Abbreviations: Ph - Phoenix; RPh - Romplumb; Rbat - Rombat; Amp - Ampellum; Arp - Arpechim; VOC - volatile organic compounds; MM - Mar:ures; BN - Bistria -Nasaud; Ag - Arges; A.I. - Alba Iulia; MBr - Baia Mare; ZI - Zlatna; MoWFEP - Ministry of Waters, Forests and Environmental Protection; MoLSP - Ministry of Labor and Social Protection; MoH - Ministry of Health; TBD - to be determined; EIA - Environmental Impact Assessments; HIID - Harvard Institute for International Development

IR 1 -second indicator: Actual SO2 levels in 1996 increased substantially due to increased production at plant.

IR 3.1-second indicator: Slow start on River basin committees because Water Law was passed six months late (# 107-October 1996).

IR 4.1- Only Water Law passed in 1996. In 1997, the Conservation Law, Direct Sales Privatization Law, Mass Privatization Law, and Company Law are expected to be passed.

IR 4.1-second indicator: Results include Gov't Decision 100/96 on distribution of Private Revenues, and Ministerial Ordinances 125 & 278 on permitting procedures and Environmental expert Certification Procedures, respectively.

Some discrepancies between "Number laws drafted" and "number of laws passed" are due to the draft being passed in the following year.

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