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ENI BUREAU

RESULTS FRAMEWORKS FOR STRATEGIC OBJECTIVES

USAID/Bulgaria

**APPROVED
DECEMBER 1996**

Agency Mission

SUSTAINABLE DEVELOPMENT

ENI Economic Restructuring Goal
Foster the Emergence of a Competitive, Market-Oriented Economy in Which the Majority of Economic Resources is Privately Owned and Managed

ENI Democratic Transition Goal
Support the Transition to Transparent and Accountable Governance and the Empowerment of Citizens Through Democratic Political Processes

ENI Social Stabilization Goal
Respond to Humanitarian Crises and Strengthen the Capacity to Manage the Human Dimension of the Transition to Democracy

SO 1.1: Increased Transfer of State Owned Assets to the Private Sector

SO 1.3: Increased Growth of Private Firms in a Competitive Environment

SO 2.1: Increased, Better-Informed Citizens' Participation in Public Policy Decision-Making

SO 2.3: More Effective and Accountable Local Government

SO 3.2: Improved Fiscal Sustainability of Social Benefits and Services

IR 1.1.1: Legal Framework Fostering Privatization in Place

IR 1.3.1: Increased Debt & Equity Funding for Private Firms

IR 2.1.1: Enabling L/R Environment Framework for Grassroots Organizations in Place

IR 2.3.1: Improved Legal Regulatory Framework that Supports Local Self-Government

IR 3.2.1: Viable Social Security System Established

IR 1.1.2: Institutional Framework for Privatization Established

IR 1.3.2: Private Business Operations Strengthened

IR 2.1.2: Advocacy Coalitions for Participation Increased

IR 2.3.2: Increased Capacity of LG to Deliver Municipal Services

IR 3.2.2: Administration of Social Benefits and Services Responsive to Local Variation

IR 1.1.3: Increased Public Support for Privatization

IR 1.3.3: Key Laws, Policies & Regulations Foster Competition and Private Sector Growth

IR 2.1.3: Information Sharing Among Local and National Entities Increased

IR 3.2.3: Increased Public Acceptance of the Reform of Social Benefits and Services

IR 2.1.4: Credibility of Public Information Increased

IR 3.2.4: Organized Labor Supports Sustainable Social Benefits and Services

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STRATEGIC OBJECTIVE

RESULTS REVIEW

S.O. 1.1

"INCREASED TRANSFER OF
STATE-OWNED ASSETS
TO
THE PRIVATE SECTOR"

PART III: PERFORMANCE ASSESSMENT

**Table I - Performance Data
Baseline, Targets, and Actual Results**

S.O. 1.1: INCREASED TRANSFER OF STATE-OWNED ASSETS TO THE PRIVATE SECTOR

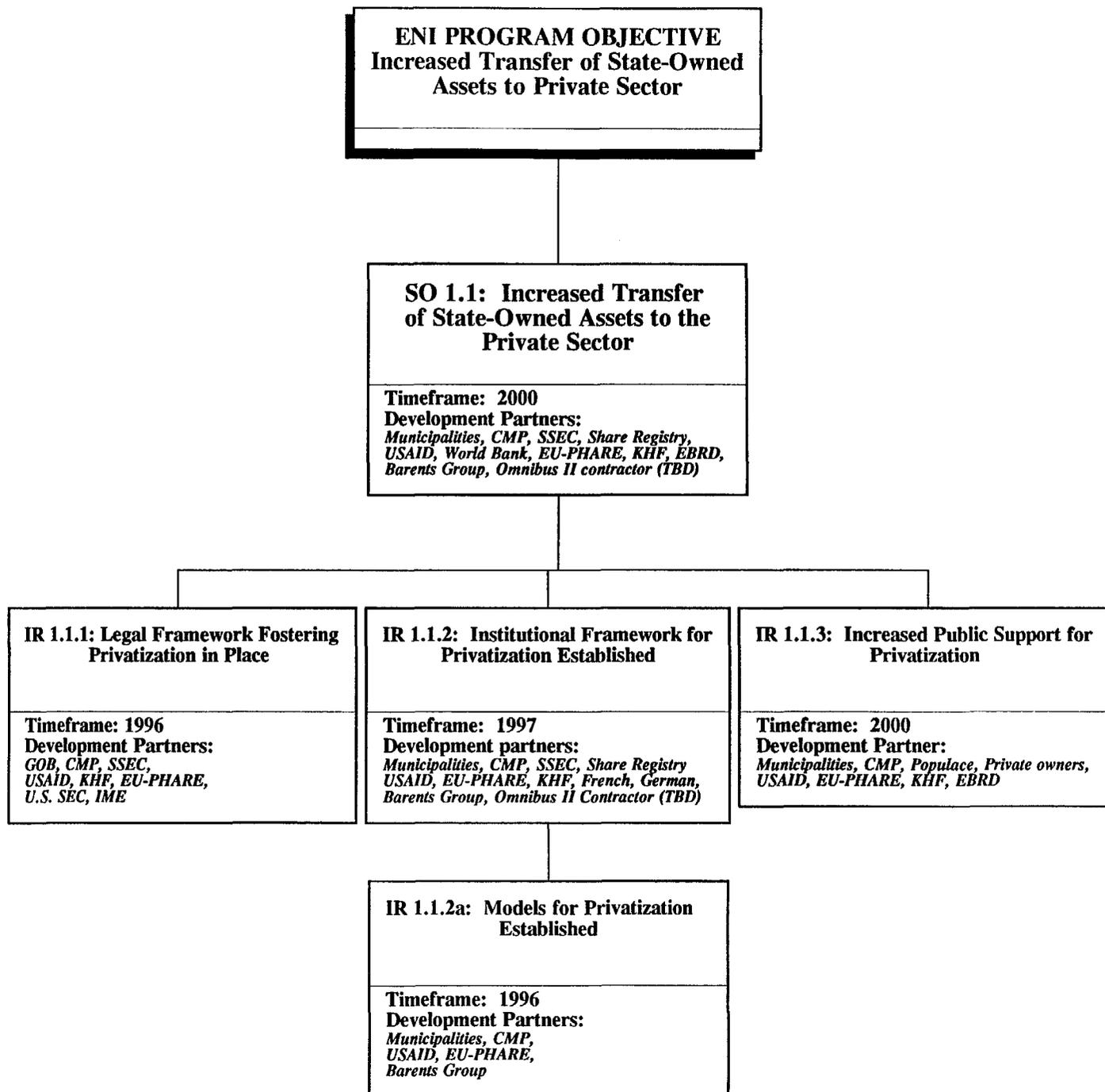
RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
					1996		1997		1998		1999		2000	
					YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual
S.O. 1.1: Increased Transfer of State-owned Assets to the Private Sector	1) Percent of the assets of state-owned enterprises transferred to private sector	% of total assets of all state-owned businesses or enterprises. This does not include municipality-owned enterprises or other assets such as land. % is cumulative.	1993	0.5	7		25		35		45		55	
	2) Percent of State-owned enterprises in the mass privatization program with more than 67% of assets privatized	There are 1063 enterprises on the list for the first wave of mass privatization. It is not known how many will be included in the second wave. Only those firms with more than 67% of their assets privatized will be counted.	1995	0	60		60		60		n/a			
	3) a. Number of privatized municipal entities b. Value of privatized municipal entities	a) Includes enterprises or businesses and real estate owned by 35 municipalities. The 35 municipalities include the 22 target municipalities plus an additional 13 municipalities which own significant assets that could be privatized. b) includes only the 22 target municipalities. The value will be reported in million dollars and represents the actual sale price. Reporting for a) and b) is cumulative.	1993	a) 53 b) 0.1	a) 650 b) 30		a) 800 b) 40		n/a		n/a			

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RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
					1996		1997		1998		1999		2000	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 1.1.1: Legal framework fostering privatization	a) Enabling laws and regulations adopted (yes/no) b) Annual regulations support the six laws in a) (yes/no)	a) see list of six laws in mon. plan b) review of all relevant Council of Ministers regulations	1992	a) 1 of 6 laws adopted b) yes, for the 1 law adopted	a) yes (all 6 laws adopted) b) yes		a) n/a b) yes		a) n/a b) yes		n/a		n/a	
IR 1.1.2: Institutional framework for privatization established	1) # of municipalities using the demonstrated privatization model	Number of municipalities out of the group of 35 (see s.o. 2) using the model to privatize enterprises/real estate	1992	0	22		35		n/a		n/a		n/a	
	2) Voucher registration network fully operational	Yes/No response. Two criteria must be met: a) 3,000 registration sites are functioning so that all citizens have reasonable physical access to a site (citizens can apply for vouchers, transfer vouchers, and bid on enterprises to be privatized at the 3000 sites); and b) Both the central and regional computer networks are functioning (the regional network records paper information received from the sites in a timely and accurate manner and forwards these data to the central network). See mon. plan for detailed criteria.	1995	No	yes		yes		yes		n/a		n/a	
	3) MPP data on enterprises available to public	yes/no response. Database must include all firms on the privatization list. It must be readily available to the public (NLT 1 month prior to the actual sale) in published form	1995	no	yes		yes		yes		n/a		n/a	

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	Target	Actual	Target	Actual	Target	Actual
	4) # of Registered Privatization Funds exceeds 50 firms	yes/no response. The precise number does not matter, but USAID believes that there must be an adequate choice for voucher-holders and thus competition. Fifty is seen as the threshold.	1995	no	yes		yes		yes		n/a		n/a	
	5) Share registry/depository operational	Yes/No response Includes the ownership of all shares of all enterprises that are publicly traded. This indicator requires further development once the government decides on an approach.	1995	no	no		yes		yes		yes		yes	
IR 1.1.2a: Models for Privatization Established	1) # cities in which the different models for privatization have been demonstrated	Includes the 22 target cities only	1992	0	22		n/a		n/a		n/a		n/a	
	2) MPP voucher issuance and registration procedures accepted by GOB	Procedures developed and accepted by the Council of Ministers (yes/no)	1994	no	yes		n/a		n/a		n/a		n/a	
	3) MPP auction methodology accepted by GOB	Procedures developed for the auction methodology and accepted by the Council of Ministers (yes/no)	1994	no	yes		n/a		n/a					
	4) MPP selection criteria for enterprises to be privatized adopted	4) Selection criteria developed with the Center for Mass Privatization and approved by the Council of Ministers (yes/no)	1994	no	yes		n/a		n/a					
IR 1.1.3: Increased Public Support for Privatization	Public support for mass privatization	Definition: public opinion polls show increased support for MPP Unit: percentage	1994	10	30		40		50		n/a		n/a	

Date of Revision: October 21, 1996



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IR 3.2.4: Organized Labor Supports Sustainable Social Benefits and Services

PART II: RESULTS FRAMEWORK NARRATIVE

**S.O. 1.1 Increased Transfer of State-Owned Assets
to the Private Sector**

A. TRANSITION HYPOTHESIS:

Strategic Objective (SO) 1.1 addresses an aspect of the transition to a market economy which is crucial for the achievement of the economic reform goals and objectives in Bulgaria. Privatization contributes directly to *the emergence of a competitive, market-oriented economy in which the majority of economic resources are privately owned and managed* which represents the ENI transition goal. It creates conditions for the establishment, through a participatory process, of a free competitive market in which the state does not have an overwhelming economic weight and influence.

The major rationale for privatizing is to increase economic efficiency and foster competition. The assumption is that within a free market environment, converting a state- or municipally-owned company to private ownership essentially enables it, or at least increases its chances, to operate according to market-based principles of efficiency and productivity. Both a prerequisite and a result of privatization is the development of capital markets. The achievement of the efficiency and the competition goals also requires post-privatization restructuring of the privatized companies.

Privatization is a step towards democracy and a free market economy that Bulgaria started in 1989. The reform has greater chances to succeed when it has grass roots support, when it is widely understood, and it is seen as transparent and beneficial for the community at large. Municipal privatization and mass privatization meet these tests of transparency and widespread benefits, and are therefore good models to demonstrate the effectiveness of privatization. They should also speed up the entire privatization process in Bulgaria.

B. CRITICAL ASSUMPTIONS:

1. Political Will: Privatization is a complex task which has political, economic and social aspects. The major condition for privatization is the political will of the Government of Bulgaria to proceed with privatization. While privatization had a slow start and the political will has been continuously questioned over the years, there seems to be a reasonably high degree of government commitment to mass privatization currently. In fact, the current socialist government's platform, unlike the opposition's, included mass privatization as a major objective. And although the April Strategy Document indicated that skepticism was warranted on the program, it is now certain that the Government will proceed with the first wave of mass privatization. Decentralized municipal privatization at the local government level has very strong support from most local officials.

2. Timeliness: A critical assumption for achieving the strategic objective is that the GOB and the local governments' continue to deliver on implementation of privatization within a reasonable time

frame. A schedule for mass privatization has been developed by the Center for Mass Privatization, and although there has been slippage, the schedule is still remarkably accurate. While delays in the fulfillment of the GOB ambitious timetable cannot be ruled out, the general commitment to the process seems to be firm.

3. Donors Support: In addition to the GOB, many donors have been intimately involved in the privatization process and have made commitments for continued participation in carrying out critical parts of the work, especially in the areas of mass privatization, capital markets development, and post privatization. The results framework reflects these commitments, and the strategic objective can only be achieved if the other donors (EU-PHARE, KHF, EBRD, French, German) deliver their portions of assistance to mass privatization, capital markets development, and post-privatization in a timely manner. Donor activities to date have been rigorous, well coordinated and, in most cases, are producing the expected results. We have been maintaining frequent coordination meetings with other donors to try to support this assumption.

4. Competitive Investment Environment: Finally, the Government's commitment to maintaining an open, competitive investment environment will be necessary to avoid public sector monopolies being converted to private ones. Pro competition legislation is in place, and its enforcement will be an important test of GOB commitment to free market principles. As part of this assumption, it will be critical to the newly privatized companies to have open access to new investment capital to assure their sustainability. Government reformers have long posited that the mass privatization program will serve as an effective catalyst to the influx of investment capital, and this assumption will soon be tested.

C. CAUSAL LINKAGES:

Based on the transitional hypothesis, three principal intermediate results (IR) have been identified as necessary and sufficient for the achievement of SO 1.1. There are clear causal relationships between the IRs and the SO.

IR 1.1.1: The establishment of a Legal Framework: Fostering Privatization is key to the success of privatization because it creates preconditions for installing clear and transparent procedures which, if properly implemented, would lead to the establishment of a free, competitive, market-oriented economy in which the state would have well defined regulatory functions and less direct economic weight and influence. It is also a measurement for the GOB's political commitment to the process of systemic change. The achievement of this IR encompasses the adoption and enforcement of enabling laws and regulations, some of which constitute a starting point for privatization, others are being established as a specific need arises. The quality of the laws, as well as the level of implementation, are important factors for the creation of conditions for successfully conducting privatization.

This I.R. contributes to the achievement of the SO both directly and through setting the basis for the establishment of the institutional framework for carrying out privatization (IR 1.1.2). The legal framework for privatization has been to a great degree put in place. Major laws and regulations needed and adopted include: Privatization Law (passed 04/92, amended 06/94, 11/95), Securities, Stock Exchanges and Investment Companies Law (passed 07/95), Mass

Privatization Program (approved 12/95), Privatization Funds Law (passed 12/95). Based on these laws, governmental bodies have been established to carry out implementation of privatization: Privatization Agency, Center for Mass Privatization, Securities and Stock Exchange Commission (SSEC). The completion of SSEC regulations concerning the registration of privatization funds and licensing is pending.

USAID's and other donors' contribution to the achievement of IR 1.1.1 to date has been significant. The Securities, Stock Exchanges and Investment Companies Law was the result of several years of intensive work which involved German and U.S. legal experts. The mass privatization program was developed with the extensive assistance from USAID and EU-PHARE. The Privatization Funds Law preparation was assisted by the British KHF. USAID, KHF, and the Germans plan to assist the SSEC to achieve its tasks in the field of capital markets regulation, especially of the aspects directly related to the MPP implementation.

IR 1.1.2: The Institutional Framework for Privatization is an intermediate result that would ensure increased transfer of state-owned assets to the private sector. It needs to be established in order to achieve results at the SO level that are sustainable and replicable and that are accomplished through a reliable and transparent mechanisms. The institutionalization is to be achieved and measured by the establishment of structures and systems that would increase the probability of sustainability, such as the development of a registration network, preparation of a database of enterprises, registration of privatization funds, and establishment of a central share registry. At the municipal level, the objective is to institutionalize the capability to continue privatization after completion of USAID support which is to be evaluated by future replication.

The efforts of the GOB in this respect are actively supported by USAID and other donors. USAID is assisting the institutionalization at the municipal level in 22 cities through demonstrations, as well as the supply side of MPP through the development of a database of enterprises for privatization and CMP staff capabilities to maintain the database in the future. The EU-PHARE supports the demand side of MPP by assisting the establishment of a registration network and the design of the public awareness campaign. The British KHF efforts are concentrated on the training of potential privatization funds' managers.

An important condition for the success of the MPP is the establishment of an effective private share registry/depository. USAID is currently designing a task order to assist the private depository which is to be registered soon.

A lower level intermediate result contributing to the institutional framework development is *the establishment and demonstration of Models for Privatization (IR 1.1.2.a)*. The adoption and implementation of efficient, transparent and replicable models for mass privatization, which is currently underway, and municipal privatization, which USAID's consultants have largely completed, is considered to be a necessary condition for institutionalization. This in turn is a condition for achieving the SO.

USAID has undertaken the lead in the design and demonstration of a municipal privatization model encompassing various techniques (auctions. procedures under Art. 35 of the law, MBOs, lease-purchase

technique) which was crucial for the success of municipal privatization at a time when privatization efforts at the national level have been stalled. USAID's contribution to the design of the mass privatization model has also been significant in that USAID's contractors assisted in the establishment of procedures for voucher issuance and registration, the auction methodology, and the selection of enterprises. EU-PHARE consultants are involved in the MPP implementation. USAID continues to work on the refinement of the model by developing auction pricing methodology and ways for managing the shares remaining in GOB's possession after the first wave of MPP.

IR 1.1.3: Demonstrating the Effectiveness of Privatization is the third necessary result contributing to the increased transfer of state-owned assets to the private sector through better economic efficiency of enterprises achieved in an increasingly competitive environment. The effectiveness of privatization fosters public support and participation in the process and thus leads to a better informed citizens' participation in the reform process aiming at democracy and a free-market economy through increased transfer of ownership to the private sector. The clear message carried by the privatized municipal entities and expressed by new employment and new investments is important in that it demonstrates that privatization results in positive economic development. Public support for the mass privatization process and municipal privatization will only be likely if the process and results are widely promulgated and understood. USAID is supporting an outreach campaign for municipal privatization while EU-PHARE is assisting the mass privatization awareness efforts.

One of the ultimate goals of privatization is greater efficiency and the process of privatization is incomplete if higher efficiency is not achieved. To this end, USAID and other donors plan to support post privatization restructuring and better management of privatized companies by transferring management expertise and knowledge. A major demonstration effort in this respect will be the EBRD/USAID Post Privatization Fund which will provide equity and intensive technical assistance to 20-30 privatized companies after the first wave of privatization.

STRATEGIC OBJECTIVE

RESULTS REVIEW

S.O. 1.3

"INCREASED GROWTH OF
PRIVATE FIRMS IN A
COMPETITIVE
ENVIRONMENT"

**ENI Program Objective:
1.3: Accelerated Development
and Growth of Private Enterprises**

**SO 1.3: Increased Growth
of Private Firms in a
Competitive Environment**

Timeframe: continuous (2001)
*Development Partners: (*FLAG); BAEF / OI / NACHALA; CARESBAC; HIID; *UNIVERSITY OF DELAWARE; *IESC; *CDC; *VOCA / ACDI; *PEACE CORPS; *PIET / EMED; *MBAEC; CIPE; *LOL; TREASURY; ABA / CEELI; IRIS; DELOITTE & TOUCHE; AEE; EnEffect; CLDP; ELECTROTEK; PDC; EERPF; PADCO; APPRAISERS ASSOC.; ALTERNATIVA 2000; WEC; IPC; UPC; CSD; BIA; IME*

**IR 1.3.1: Increased
Debt & Equity Funding
for Private Firms**

Timeframe: 2001
*Development Partners:
BAEF; NACHALA;
CARESBAC; OI*

**IR 1.3.1b: Alternative
financial intermediation
mechanisms developed**

Timeframe: 2001
*Development Partners:
BAEF;
SOUTH SHORE BANK;
DOBRICH BANK;
CENTRAL COOP BANK;
EXPRESS BANK;
HEBROS BANK;
HIID*

**IR 1.3.2: Private Business
Operations Strengthened**

Timeframe: 2001
*Development Partners:
FLAG*

**IR 1.3.2a: Consulting
services strengthened**

Timeframe: 2001
*Development Partners:
FLAG; AEE; WEC
PEACE CORPS; BIA
EnEffect*

**IR 1.3.2b: Business
and Professional
Associations
Strengthened**

Timeframe: 2001
*Development Partners:
FLAG; CIPE; EERPF; UPC;
ALTERNATIVA 2000; AEE*

**IR 1.3.3: Key-laws, policies and
regulations foster Competition &
Private Sector Growth**

Timeframe: 2001
*Development Partners:
ABA / CEELI; IRIS; CSD;
PDC; IPC*

**IR 1.3.3a: Equitable, Transparent and
Participatory Systems for Implementing
Laws, Regulations and Policies conducive
to P.S. growth and competition in place.**

Timeframe: 2001
*Development Partners:
ABA / CEELI; DELOITTE & TOUCHE;
TREASURY; ELECTROTEK;
PDC; IRIS*

**IR 1.3.3b: Public policy
advocacy & review by
private parties
increased**

Timeframe: 2001
*Development Partners:
CIPE; ABA / CEELI;
VOCA / ACDI; LOL;
UNIVERSITY OF DELAWARE;
IRIS; CSD; UPC; IPC; EnEffect*

**IR 1.3.3c: Increased local &
international exchange of
knowledge of laws, policies and
regulations, which support competition**

Timeframe: 2001
*Development Partners:
IRIS; ABA / CEELI; CLDP;
TREASURY; IPC; PDC;
EnEffect; CSD*

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PART II: RESULTS FRAMEWORK NARRATIVE

S.O. 1.3: INCREASED GROWTH OF PRIVATE FIRMS IN A COMPETITIVE ENVIRONMENT

A. TRANSITION HYPOTHESIS:

Under *ENI's Strategic Assistance Area I: Economic Restructuring* with the stated Goal: *Foster the emergence of a competitive, market-oriented economy in which the majority of economic resources is privately owned and managed*, the OAR Sofia has chosen *ENI's Objective 1.3 Accelerated development and growth of private enterprises* as one of two SOs in Strategic Assistance Area I. However, the OAR has restricted the SO to *Increased growth of private enterprises in a competitive environment*. The rationale for this selection is based upon Bulgaria's slow transition to a market oriented economy and the need to focus upon the constraints and needs of the emerging private sector - particularly since there has been very little market privatization and the voucher or "mass" privatization program is only now being implemented [though it should be noted that movement in the areas of municipal and mass privatization are now significant enough that *ENI Objective 1.1 Increased transfer of state-owned assets to the private sector* has also been adopted by the OAR]. Additionally, many of the dominant private enterprises operate as oligopolies. Hence, increased competition and competitiveness are viewed as keys to rational private sector growth. Firm level assistance must strengthen private firms competitiveness, while policy, legal and regulatory environment assistance must strengthen competition in the system (and thus also competitiveness in firms) and provide a more level playing field. Pricing of energy must also reach international market levels if there is to be a dependable source for private sector growth. Subsidized rates also conflict with energy efficiency and competitiveness, as do the payments arrears of SOEs. The lack of an environmentally sound framework for private sector growth contributes to investor uncertainty. Environmental project co-financing mechanisms and financial resources in the form of debt and equity funds must be made available to the emerging private sector, even in the absence of an efficient and well functioning financial sector, if the private sector, which overall currently employs approximately 30% of the workforce and accounts for 35% of GDP (by conservative official figures), is to realize its potential for growth and expansion.

B. CRITICAL ASSUMPTIONS:

1. **The Government of Bulgaria supports and is, in fact, committed to a transition based on competitive free market economic reforms:** The first and most critical assumption is that the Government of Bulgaria supports and is, in fact, committed to a transition based on competitive free market economic reforms. Historically, this has been a relatively passive commitment, which has contributed to the slow pace of reforms yet still allowed the emerging private sector to grow. However, a shift away from even a passive commitment could severely affect the capacity of this program to have any impact on the competitiveness or growth of the private sector. There are disturbing trends in some sectors in this regard, most notably in agriculture. Yet, interestingly enough, nothing has greater

potential for counteracting reactionary tendencies than the dynamic growth of the private sector. Hence, success in this SO should fuel GOB support for its goals of private sector growth in a competitive environment.

2. Broad-based private participation in the advocacy and review of policy, legal and regulatory reforms will lead to the adoption of policies, laws and regulations which increase competition. The second critical assumption is that broad-based private participation in the advocacy and review of policy, legal and regulatory reforms will lead to the adoption of policies, laws and regulations which increase competition. This is based upon the assumption that the more pluralized the input, the greater the chance of representing the competing interests of the marketplace. This is particularly important when the dominate forces have strong monopolist tendencies and the plurality of the majority will be needed to overcome the special interests of the few.

C. CAUSAL LINKAGES:

The recently completed SME Strategy for Bulgaria, which is facilitating the integration of the private sector programs, forms the basis for much of this SO There are three key intermediate result areas which support (SO 1.3) *Increased growth of private firms in a competitive environment:* (IR 1.3.1) *Increased debt and equity funding for private firms,* (IR 1.3.2) *Private business operations strengthened,* and (IR 1.3.3) *Key laws, policies and regulations foster competition and private sector growth.*

IR 1.3.1, by providing *financial resources in the form of debt and equity funds* to the emerging private sector, in the absence of an efficient, well functioning banking system and a difficult environment for foreign investment, makes it possible for the private sector to realize its potential for growth and expansion. Additionally, given the illiquidity of the financial sector, alternative financial intermediation mechanisms are being developed (*IR 1.3.1 a*) to broaden the base of financial intermediaries and to pool resources for environmental projects.

IR 1.3.2, Private Business Operations Strengthened, is the heart of the SO in that it supports direct firm level assistance leading to increased growth and competitiveness. In order to increase their impact, the contractors and grantees working in support of *IR 1.3.2,* have re-engineered themselves and created a strategic plan to provide integrated assistance at the firm level through the Firm Level Assistance Group (FLAG). The marketing of firm level assistance is being integrated by them into a team effort and is directed toward assisting the most promising high growth firms in the private sector and using a diagnostic tool to ascertain the operational assistance needs of the firm. Furthermore, by targeting firms that do not engage in oligopolistic behavior, those firms most capable of pluralizing the economic playing field will be raised to the level of real competitors.

Two intermediate results are articulated under *IR 1.3.2.* which support *SO 1.3.* The first, *IR 1.3.2a, Consulting services strengthened* is how the assistance effort in support of increased competitive growth is multiplied and sustained. This is accomplished by strengthening the capacity of indigenous consultants to provide quality services to private sector firms and thus provide a sustainable assistance effort to the private sector. By teaming US

consultants with Bulgarian consultants; using them for diagnostic analysis of the firms to receive assistance; sending them to the US for internships and training; providing mentorships to local consulting firms; and providing seminars and qualification training to existing and potential consultants, FLAG assistance helps create a market of informed consulting service providers and consumers working toward increased private sector growth and competition.

The second, *IR 1.3.2b, Business and professional associations strengthened* is another sustainable means of supporting private sector growth and competition by creating a network of competing but mutually supportive private enterprises. These organizations provide information to members, serve as a forum to develop standards and provide additional services and benefits such as training and purchasing clout. Affiliation with such associations can provide some level of security to firms in the face of a difficult policy, legal and regulatory environment and allows them access to benefits (e.g., volume pricing discounts) unavailable to them individually. It also provides a forum for their policy concerns and a voice to advocate on their behalf for competitive market reform. As such, only associations that are transparent, supportive of competition and have a voluntary membership are targeted for assistance.

The third key intermediate result area (*IR 1.3.3) Key laws, policies and regulations foster competition and private sector growth* is supported by three intermediate results: (*IR 1.3.3a) Equitable, transparent and participatory systems for implementing laws, regulations and policies conducive to private sector growth and competition in place; (IR 1.3.3b) Public policy advocacy and review by private parties increased; (IR 1.3.3c) Increased local and international exchange of knowledge on laws, policies and regulations which support competition.* *IR 1.3.3a* facilitates private sector growth and competition through improved implementation of existing policies, laws and regulations which promote private sector growth and competition. *IR 1.3.3b* also works toward this end through the development of expanded participatory advocacy and review processes that involve the private sector and policy think tanks. *IR 1.3.3c* then provides increased international expertise and facilitates increased sharing of international experience and knowledge in order to develop improved laws, policies and regulations which support the competitive growth of the private sector.

PART III: PERFORMANCE ASSESSMENT

**Table I - Performance Data
Baseline, Targets, and Actual Results**

S.O. 1.3: INCREASED GROWTH OF PRIVATE FIRMS IN A COMPETITIVE ENVIRONMENT

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									
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						Target	Actual to date	Target	Actual	Target	Actual	Target	Actual	Target	Actual
S.O. 1.3	Increased Growth of Private Firms in a Competitive Environment	% GDP provided by private firms	Definition: Unit: percentage	1989	7.2	35%	32%	40%		45%		50%		55%	
I.R. 1.3.1	Increased Debt and Equity Funding for Private Firms	% change in sales of equity investees	Definition: Unit: percentage	1991	0	20%	20%	20%		20%		20%		20%	
		# of debt and equity transactions	Definition: Unit: numbers	1991	0	320	300	360		400		460		500	
		\$ value of debt and equity transactions	Definition: Unit: US dollars (mill)	1991	0	16.7	14.5	27.8		36.4		48		59.6	
I.R. 1.3.1.a	Alternative Financial Intermediation Mechanisms Developed	Co-financing mechanism in place	Definition: Unit: date	N/A		X									
		# of commercial banks (branches) participating in Kompas program	Definition: Unit: numbers	1995	10	16	12	16		20		26		26	
I.R. 1.3.2	Private Business Operations Strengthened	# of linkages established by assisted private firms resulting in business transactions	Definition: formal trade and/or financial relationship Unit: numbers	1991	0	65	35	118		160		200		250	

		# of improved business operations adopted by assisted firms	Definition: a business operation is capable of affecting a firm's profit/loss Unit: number	1991	10	499	230	999		1500		1500		1500	
		% sales change in assisted firms	Definition: increase Unit: percentage	1985	15%	15%	15%	15%		20%		20%		20%	
I.R. 1.3.2a	Consulting Services Strengthened	Ratio of private to state-owned client firms served by assisted consulting firms	Definition: environmental consultants only Unit: percentage	1995	0%	0%	0%	20%		50%		80%		80%	
		# of improved services adopted by assisted consulting firms	Definition: Unit: numbers	1995	20	120	80	230		350		400		450	
		Clients served by assisted consulting firms	Definition: increase Unit: percentage	1995	15%	20%	16%	20%		20%		20%		20%	
I.R. 1.3.2.b	Business and Professional Associations Strengthened	Fee paying membership in assisted associations	Definition: increase Unit: percentage	1995	5%	10%	10%	10%		10%		10%		10%	
		# of improved/new services offered by assisted associations	Definition: Unit: numbers	1995	12	28	14%	50		70		70		70	
I.R. 1.3.3	Key Laws, Policies and Regulations Foster Competition & Private Sector Growth	# of laws, policies or regulations implemented to promote growth and competition in the private sector	Definition: Unit: numbers each year	1990	1	15	10	20		20		20		20	
I.R. 1.3.3a	Equitable and Transparent Systems for Implementing Laws, Regulations and Policies Conducive to Private Sector Growth and Competition in Place	Transparent energy-pricing system established	Definition: Unit: date	N/A				X							
		Non-filer tax program	Definition: Unit: date	N/A				X							

		Improved tax-audit systems and techniques	Definition: Unit:date	N/A				X						
		Ratio of bankruptcy cases finalised to those that have been filed	Definition: Unit: percentage per year	1995	42%	47%	45%	55%		62%		68%		75%
		Collateral registry established	Definition: Unit:date	N/A				X						
I.R. 1.3.3b	Public Policy Advocacy & Review by Private Parties Increased	# of policy agendas developed by professional/business associations & think tanks	Definition: Unit: numbers per year	1995	2	4	3	8		10		12		14
		# of laws policies and regulations systematically reviewed by private sector	Definition: Unit:numbers	N/A		2	2	6		12		12		12
		# of participants in advocacy and review groups, seminars, fora, etc.	Definition: Unit: average number of participants in each group	N/A		20	20	20		20		20		20
I.R. 1.3.3c	Increased Local & International Exchange of Knowledge of Laws, Policies and Regulations, which Support Competition	# of policies, laws and regulations developed with international participation	Definition: Unit:numbers	1995	2	4	4	4		5		5		5

*optional: use only when clarification of the performance indicator statement is necessary

STRATEGIC OBJECTIVE

RESULTS REVIEW

S.O. 2.1

"INCREASED, BETTER INFORMED
CITIZEN'S PARTICIPATION IN
PUBLIC POLICY
DECISION MAKING"

ENI PROGRAM OBJECTIVE
Increased, Better-Informed Citizens'
Participation In Political
and Economic Decision-Making

S.O. 2.1: Increased, Better-Informed
Citizens' Participation In Public
Policy Decision Making

Timeframe: 2001
Development Partners: ISC; ICNL; NFF
IREX; indigenous NGOs; GOB; OSF;
Donors (EU-PHARE; Netherlands,
U.K., Germany)

I.R. 2.1.1: Enabling Legal/Regulatory
Environment Framework For
Grassroots Organizations In Place

Timeframe: 1999
Development Partners: ISC, ICNL,
GOB Ministry of Justice, Center for
the Study of Democracy, Union of
Bulgarian Foundations and Associations,
Donors [U.K., EU-PHARE]

IR 2.1.2: Advocacy Coalitions for
Participation Increased

Timeframe: 2001
Development Partners: ISC, NFF, BAFECR,
GOB Municipal Officials, Municipal
Regional Associations, Local Government
Reform Foundation

IR 2.1.2a: Grassroots Organizations
Developed

Timeframe: 2000
Development Partners: ISC, NFF, Open
Society Fund, Union of Bulgarian Foundations
and Associations, indigenous NGOs,
Donors [U.K., EU-PHARE, Netherlands]

I.R. 2.1.3: Information Sharing Among
Local and National Entities Increased

Timeframe: 2001
Development Partners: ISC, NFF, Union
of Bulgarian Foundations and Associations,
Open Society Fund, indigenous NGOs,
GOB Municipal Offices, Donors
[EU-PHARE, U.K., Netherlands]

I.R. 2.1.4a: Organizations Apply
Public Information Standards

Timeframe: 2000
Development Partners: IREX, USIS,
NFF, GOB, Local Media, Indigenous
Think Tanks, Donors [U.K., EU-PHARE,
Netherlands, Germany]

I.R.2.1.4: Credibility of Public
Information Is Increased

Timeframe: 2001
Development Partners: IREX, NFF,
USIS, GOB, Local Media, BAFECR,
Indigenous Think Tanks,
Donors [U.K., EU PHARE, Netherlands,
Germany]

I.R.2.1.4b: Electronic Media Regulatory
Framework In Place

Timeframe: 1997
Development Partners: EU-PHARE,
GOB, USIS, IREX

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PART II: RESULTS FRAMEWORK NARRATIVE

**S.O. 2.1: Increased, Better-Informed Citizens' Participation
in Public Policy Decision-Making**

A. TRANSITION HYPOTHESIS:

Bulgaria's initial steps in the transition to democracy and a free market economy were impressive, and by 1990 - 1991, Bulgaria's first democratically elected parliament in 50 years adopted a democratic constitution guaranteeing rights to individuals and passed many economic reforms. However, a highly centralized political and economic structure remains as a holdover of the past, discouraging citizen involvement and creating a sense of powerlessness among populace. Many years of authoritarian government have prevented any real experience in democratic practices and have impeded transition process to a market economy.

To meet the high demand for overcoming general distrust and apathy among the Bulgarian population and to secure the sustainable transition to a democratic society, USAID/Bulgaria chose as a priority in its April Strategy Document to build the capacity of Non-Governmental Organizations (NGOs), as these play a key role in facilitating popular participation. Similarly, promoting information sharing and improving the credibility of information in the public's eye are key factors in allowing people to participate in the decision-making process. In an effort to finely tune ENI's relevant strategic objective ("*Increased, better informed citizens' participation in political and economic decision making*") to country-specific needs, USAID/Bulgaria has concluded that the need for more active involvement of the population of Bulgaria in public policy decision-making, coupled with support to improve local government (SO 2.3), represent the two major areas of need and opportunity in Bulgaria today for affecting the democratic transition.

B. CRITICAL ASSUMPTIONS:

1. Political stability: A prerequisite for the actual implementation of democratic practices and strengthening civil society is the continuing political stability in the country. Perhaps most significantly, national elections at the end of 1995, have enfranchised the Bulgarian Socialist Party as the majority party in Parliament. The new Government has moved aggressively to take charge, but it is faced with many economic and social challenges caused primary by the incomplete transition to a free market economy.

2. Political tolerance: It is a crucial factor for accomplishing the participation results under the strategic objective that the Government of Bulgaria will not resist the non-governmental organizations' further involvement in decision-making processes and will not impede the growth of the Third Sector. The new Socialist Government has the political strength to continue the reform process--with a solid electoral mandate--and various logjams (eg. the new NGO law, new media regulations) may finally break. As the BSP moves forward with its legislative agenda, it will be important that citizens are able to influence this process. Receptivity to collaboration on the part of the Ministry of Justice and Council of Ministers is essential, and the NGO sector has already established

an interactive relationship with key officials in the central government.

3. **Donors:** Side by side with the U.S. assistance to Bulgaria, a number of donors have been involved in promoting citizen involvement, political accountability and transparency, as well as building capacity of NGOs to strengthen participatory democracy. It is expected that EU-PHARE, British Know How Fund, Union of Bulgarian Foundations and Associations, Open Society Fund, Center for the Study of Democracy, etc. will continue to collaborate and further the constructive dialog between the government and the NGO sector.

C. CAUSAL LINKAGES: Citizens can be encouraged to know better and get further involved in the processes of public policy decision-making in a number of ways. The following intermediate results, formulated as priorities by USAID and stakeholders, should provide the critical mass to achieve this democratic transition strategic objective.

IR 2.1.1. "Enabling legal and regulatory environment framework for grassroots organizations in place"

There is no national law which legitimizes or regulates NGOs, which continue to operate under a loosely-interpreted clause of the basic Family Law. This situation impedes the development of the NGO sector. The lack of a clear legal structure plus the lack of a strong tradition of public service leaves NGOs open to exploitation, incompetence and corruption. Several new NGO law drafts are being provided to the Government by the NGO sector, and a working group at the Ministry of Justice was formed to finalize the latest draft and submit it to the Council of Ministers. Under the Democracy Network, USAID will sponsor a number of seminars and workshops with judges to assure an understanding of the NGO legal framework as it evolves.

IR 2.1.2. "Advocacy coalitions for participation increased"

Strengthening linkages among local organizations, and between NGOs and local government, to carry out activities supported by the public demonstrates that individuals can make a difference for their community. Citizens united in grassroots organizations will be able to solve shared problems when they form advocacy coalitions with local government authorities and seek financial support from interested private businesses. USAID assistance will work with both local government officials (see SO 2.3) and NGOs through Democracy Network Grants to promote mutual partnerships which use public participation to achieve specific community improvements. IR 2.1.2a (below) will directly influence the ability of NGOs to be effective coalition members.

IR 2.1.2a. "Grassroots organizations developed"

Non-governmental organizations (NGOs) and professional associations are growing in strength and number, and they hold a key to empowering people to work together. However, popular receptiveness to this 'third sector' is still cautious, as volunteerism was construed quite negatively under the Communist regime. Given the difficult operating environment for this emerging sector, the NGO community is still quite small and fragile for the most part, with a few well heeled exceptions. In accordance with its April Strategy Document, the USG is providing support for the indigenous NGOs through grants, technical assistance and training to strengthen their capacity, as NGOs must improve and demonstrate their capability in order to prove to people that they can make a difference through working together.

IR 2.1.3. "Information sharing among local and national entities increased"

In Bulgaria information is rarely shared even within the NGO sector, and communication between the different levels of authority is poor. Citizens will be able to participate in public policy decision-making only when they are continuously informed about the available resources and opportunities to solve problems on a local and national level. This could be effected through increasing the information flow among different entities on both national and local levels. The USG through the Democracy Network and the Democracy Commission grants in conjunction with other donors is assisting organizations to use more extensively electronic bulletin boards, community centers and newsletters as a means of increasing public awareness.

IR 2.1.4. "Credibility of public information is increased"

The media, with new freedoms and difficult challenges, is highly influenced by partisan politics and lacks professionalism and ethics. It is of paramount importance that a broad cross section of information is objectively presented to society, and public opinion recognizes its credibility. The new media program will be focussed on improving the professionalism of the media through association building and relevant training. The public response to credibility of information, measured by the response in polling of target groups, will be evidence that citizens of the targeted groups have an improved perception of media information which they are using to solve problems both on national and local levels, and thus are better informed and better able to participate effectively in public policy decision-making.

IR 2.1.4a: "Organizations Apply Public Information Standards", addresses an important sub-intermediate result essential to reach the strategic objective. In order to increase the credibility of public information, it is important that indigenous media organizations adopt their own public information standards which are in compliance with the basic guidelines established by the law, and articulate them both to their membership and to the public.

IR 2.1.4b "New media law/regulations passed", addresses the other key sub-intermediate result that must be achieved to reach the strategic objective. Increasing the public's access to reliable information through a more professional and responsible media will only be possible if a new media law is passed and properly applied, and organizations apply appropriate public information standards. It is crucial that a media law be adopted which will help regulate radio and television functioning in a transparent and balanced way and without censorship, regardless of the prevailing political power structure. USAID/Bulgaria is convinced of the political will of the Parliament to pass a media law, and IREX consultants are being mobilized to work with the Chairman of the Bulgarian Parliament who has requested immediate legal expert assistance in drafting electronic media legislation.

PART III: PERFORMANCE ASSESSMENT

**Table I - Performance Data
Baseline, Targets, and Actual Results**

S.O. 2.1: INCREASED, BETTER-INFORMED CITIZENS' PARTICIPATION IN PUBLIC POLICY DECISION-MAKING

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	Target	Actual	Target	Actual	Target	Actual
SO 2.1	Increased, Better-informed Citizens' Participation in Public Policy Decision Making	Rate of voter turnout	Definition: Unit: percentage	1995	55	60%		60%		60%		60%		60%	
		Active NGOs working on public policy issues	Definition: Unit: number	1994	20	40	n/a	50		60		70		80	
IR2.1.1	Enabling legal & regulatory environment framework for grassroots organizations in place	Law Implemented providing regulatory framework for NGOs	Definition: Unit: number	1994	first draft	third draft at Ministry of Justice		1st reading		passed					
		Conferences, seminars to help promote the implementation of the NGO law	Definition: Unit: number	1994	1	2	2	2		2		2		2	
IR2.1.2	Advocacy coalitions for participation increased	Projects involving consensus-building partnerships to solve shared problems	Definition: USAID-assisted partnerships operational at that time Unit: number	1994	5	10	10	20		30		40		50	
IR2.1.2a	Grassroots organizations developed	Organizations using public outreach mechanisms	Definition: US-assisted Unit: number	1994	4	40	15	45		60		60		80	
		USG-supported organizations increase income generated from non-USG sources	Definition: percentage of the average yearly budget Unit: percentage	1996	n/a	n/a	n/a	10		20		30		40	

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IR2.1.3	Information sharing among local and national entities increased	USG-assisted community-level information systems	Definition: cumulative Unit: number	1990	1	20	15	30		40		50		60	
IR2.1.4	Credibility of public information is increased	Public response to credibility of information among target groups	Definition: Positive response in polling of target groups Unit: percentage	1998	n/a	n/a	n/a	5		10		20		25	
IR2.1.4a	Organizations apply public information standards	Incentive programs established to encourage self-compliance with public information standards	Definition: Unit: number	1997	0	0		0		1		2		3	
		Training seminars and workshops self-initiated by indigenous organizations where voluntary public information standards are articulated	Definition: US-assisted; year-end count Unit: number	1996	0	0		1		2		3		3	
IR2.1.4b	Electronic media regulatory framework in place	Law implemented providing regulatory framework for public information	Definition: USAID-assisted draft media legislation Unit: number	1995	1st reading	2nd reading at the Parliamentary Committee on Media		passed							

STRATEGIC OBJECTIVE

RESULTS REVIEW

S.O. 2.3

"MORE EFFECTIVE,
RESPONSIBLE AND
ACCOUNTABLE
LOCAL GOVERNMENT"

ENI PROGRAM OBJECTIVE
More Effective,
Responsive and Accountable
Local Government

**S.O. 2.3: More Effective and
Accountable Local Government**

Timeframe: 2001
Development Partners: KPMG;
University of South Carolina; ICMA;
Urban Institute; Chemonics; Donors (U.K.,
EU PHARE, Netherlands, Germany, Switzerland)
GOB Ministry of Regional Development and Construction
GOB municipal governments

**I.R. 2.3.1: Improved legal/regulatory
framework that supports local
self-government**

Timeframe: 1999
Development Partners: KPMG
University of South Carolina
ICMA; Chemonics
Foundation for LG Reform
National Association of Mayors
Regional municipal associations
Donors (U.K., EU PHARE,
Netherlands, Germany, Switzerland)
GOB Ministry of Regional
Development and Construction
GOB municipal governments

**I.R.2.3.2: Increased Capacity of
LG to Deliver Municipal Services**

Timeframe: 2001
Development Partners: KPMG
University of South Carolina
ICMA; Chemonics
Foundation for LG Reform
Regional municipal associations
Donors (U.K., EU PHARE,
Netherlands, Germany, Switzerland)
GOB Ministry of Regional
Development and Construction

**I.R. 2.3.1a: Capacity of local
government to lobby central
government increased**

Timeframe: 1998
Development Partners: KPMG
University of South Carolina
ICMA; Chemonics
Foundation for Local
Government (LG) Reform
National Association of Mayors
Regional municipal associations
Donors (U. K., EU PHARE,
Netherlands, Germany, Switzerland)
GOB Ministry of Regional
Development and Construction

**I.R. 2.3.2a: Local government
ability in financial management
enhanced**

Timeframe: 1999
Development Partners: KPMG
University of South Carolina
ICMA; Chemonics
Foundation for LG Reform
Regional municipal associations
GOB Ministry of Regional
Development and Construction

**I.R. 2.3.2b: Establish sustainable
in-country training capability**

Timeframe: 1997
Development Partners: KPMG
Chemonics
Foundation for LG Reform
Regional municipal associations
GOB Ministry of Regional
Development and Construction
Local Universities

**I.R.2.3.2c: Improved capacity
in public information and
citizen involvement**

Timeframe: 2000
Development Partners: KPMG
University of South Carolina
ICMA
Bulgarian Association for
Fair Elections and
Civil Rights (BAFECR)
Foundation for LG Reform
Regional municipal associations
GOB Ministry of Regional
Development and Construction

PART II: RESULTS FRAMEWORK NARRATIVE

Strategic Objective 2.3: More Effective, Responsive and Accountable Local Government

A. TRANSITION HYPOTHESIS:

More than fifty years of monolithic, undemocratic rule left a highly centralized government framework which, coupled with increasing apathy among the public, present significant impediments to the development of a sustainable democracy. Decentralization and the strengthening of local government, along with support to develop strong non-governmental organizations (SO 2.1), will be pivotal in reversing years of overcentralization, and for building strong democratic foundations from the local, grass-roots level. Being the people's closest and most accessible unit of government, municipal government is in the best position to change the mindsets of its constituents by making its functions more open and transparent as well as encouraging community involvement in the process of government.

Non-governmental organizations bring people together on common issues, but their success at combating apathy requires local government support in bringing about visible change through collective action. Local government needs public support for strengthening its role in the eyes of the central government as well as with the local political systems and community. This partnership forms the basis for our hypothesis that building democracy from the bottom - up will make an effective contribution to the transition to transparent, effective and accountable governance and the empowerment of citizens. This local-level approach will require a long timeframe, extending at least through 2001, but will be essential to build a strong, sustainable foundation for democracy.

B. CRITICAL ASSUMPTIONS:

1. Political will: Essential to the decentralization and devolution of authorities to the local level is the political will of the central government. Recognizing that the process of strengthening local government is not sustainable without this political will, strong support from the Ministry of Regional Development and Construction, has been developed and facilitated through their extensive participation in local government support activities. Key officials in the central government recognize the importance of avoiding intervention in local government affairs, particularly with municipal associations, and they support USAID assistance for strengthening local government and promoting decentralization. Additionally, donors from the European Community are working together with USAID on support to local government and municipal associations, creating a broad donor support base for decentralization.

2. Local level commitment: Support and commitment from local level officials for local government reform is essential to success. Additionally, replication of successful models will require the support of the officials from other municipalities. Since most local government issues are non-partisan (e.g., garbage collection), assistance to local government is not swayed by partisan politics but

by the initiative and impact of the municipal government in question, and the mayors from the ten target municipalities clearly understand this. Ownership by the newly-elected local officials in the proposed assistance has been developed through the mayors' modification, endorsement and complete involvement with the LGI municipal development plans for their municipalities. They clearly now realize that they will play a key role with the program's implementation and its success through the duration of their term as mayor.

3. Civil society support: The development of a civil society that derives its strength from the local, grass-roots level is also key. Local governments cannot handle the task without support vehicles from the community, and non-governmental organizations will play a key role in facilitating citizen's participation in government (SO 2.1).

4. Political stability: Political stability is also necessary to provide the supportive environment for local governments to move forward with improving their effectiveness, responsiveness and accountability. Frequently changing or inconsistent direction from the central level or instability at the local level will thwart progress with needed reforms. The new socialist government has the support of the majority of Bulgarians and should provide greater political stability than past governments.

C. CAUSAL LINKAGES:

The ENI program objective was adopted as the strategic objective since effectiveness, responsiveness and accountability are essential areas for strengthening local government in Bulgaria. The two first-level, Intermediate Results (IR) provide the framework for addressing these areas.

IR 2.3.1, "Improved legal/regulatory framework that supports local self-government," is a key result that must be achieved to reach the strategic objective. The current legal/regulatory framework still maintains a highly centralized structure, leaving local governments with little authority to manage their responsibilities. Local government officials are left with few options but to frequently seek resources and/or approvals from the central government. An improved legal/regulatory framework which promulgates decentralization will be essential to achieving the strategic objective. Effectiveness and responsiveness will be improved through providing local government officials with the authority to resolve local level issues (e.g., municipal funds to be provided for staff salaries) without having to exhaust time in seeking an audience with and approvals from the central government. Accountability will be improved by placing the responsibility and authority for local-level matters clearly in the hands of local government officials. USAID-financed technical assistance to local and central authorities for drafting legislation, supported by seminars and training for central government officials, is expected to result in the adoption of new laws favoring decentralization, including a new law on municipal finance that will give municipalities greater control of financial resources. This process should lead to the improved legal and regulatory framework necessary for effective local government.

IR 2.3.1a, "Capacity of local government to lobby central government increased," is a key sub-intermediate result that will provide the critical input to improving the legal/regulatory framework. Through USAID support for associations of local governments, local government

officials are learning that they are more effective at lobbying the central government through working together rather than through individual efforts. Last Spring, a collective effort on the part of mayors resulted in a successful lobbying effort to provide input on an amendment to the law on the structure of local government. A national association of mayors is being registered and will need to develop its capacity to lobby the central government as well as to represent and involve its membership. USAID support will build the capacity of the municipal associations so that they improve their ability to develop policy positions and procedures for lobbying the central government.

IR 2.3.2, "Increased capacity of local government to deliver municipal services," addresses the other key result essential to reach the strategic objective. In order to strengthen local governments, it is essential that they develop the capacity to handle greater authorities as well as to support the needs of their constituents. Effectiveness will be improved by streamlining, expediting, and costing appropriately municipal services. Building the capacity of local governments to improve communications/information dissemination and customer services to their constituents will substantially impact responsiveness. Making municipal services more open and transparent will improve accountability. USAID assistance is building these capabilities in ten target municipalities through the development and implementation support for municipal development plans under the Local Government Initiative (LGI). These 10 will serve as successful models of more effective, responsive, and accountable local government for replication by other municipalities as well as for central government policy makers. One element of the LGI provides orientation training abroad to central government policy makers and their local government partners. Four sub-intermediate results directly support achievement of IR 2.3.2.

IR 2.3.2a, "Local government ability in financial management enhanced," addresses the requirement that in order for local government to increase its capacity to deliver municipal services, it must have the ability to raise the funds as well as manage the use of those funds. Financial management is an essential function for any local government, and USAID will assist the ten target municipalities in developing the means for increasing own-source revenues, implementing cost reduction programs, and costing appropriately municipal services.

IR 2.3.2b, "Establish sustainable in-country training capability," addresses the need to build the capacity of 256 municipalities in managing and delivering municipal services. USAID assistance will develop the institutional capacity for formal public administration training to local government officials and staff, particularly in building the organizational and management skills essential to handle the authorities provided to the local level through decentralization.

IR 2.3.2c, "Improved capacity in public information and citizen involvement," addresses the capabilities of local government to communicate with their constituents and encourage citizen involvement with local issues. USAID assistance will work with local government officials to improve their communication skills (e.g., town meetings, press briefings, etc.) and support projects which use public participation to achieve specific community improvements. Improving outreach to the community will result in the public being better informed about municipal services as well as its improvement through

their input.

IR 2.3.2d, "Increased capability in asset management and capital planning," addresses the role of local government in promoting economic development of the community. USAID assistance in municipal privatization and in developing public/private partnerships through activities such as new Economic Planning Agencies demonstrate how local government can take steps to promote local economic development. A stronger local economy directly supports the capacity of local government to deliver municipal services through a healthier tax base as well as stronger local enterprises that provide employment and future growth opportunity.

PART III: PERFORMANCE ASSESSMENT

Table I - Performance Data

Baseline, Targets, and Actual Results

S.O. 2.3: MORE EFFECTIVE AND ACCOUNTABLE GOVERNMENT

PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
				1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual
2.3: MORE EFFECTIVE AND ACCOUNTABLE GOVERNMENT													
1) Proportion of budget over which municipalities have discretionary authority	average percentage of municipal budget over which municipalities exercise control among 10 target municipalities	1995	0	0		0		0		15		30	
2) Own-source revenues as a proportion of total budget	average percentage of the total municipal budget made up of municipality-generated resources, among the ten target municipalities	1995	0	0		0		0		5		10	
3) Average increase in self-generated revenues among non-target municipalities	Average percentage increase in own-source revenues among a sample of non-target municipalities	1995	0	0		0		0		0		5	
4) Number of target municipalities a) making budgets available prior to finalization; b) making annual reports or expenditure statements available to public	Among the ten target municipalities. A) Budgets must be released at least 10 days prior to approval; and b) annual reports must be available not more than 4 months after the end of the CY. Both documents must be reasonably easy to acquire.	1995	0	tbd									

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PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS										
				1996		1997		1998		1999		2000		
				YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
5) % of non-target municipalities making a) budgets available to the public prior to approval; and b) expenditure statements available to the public	same definitions as above.	1995	0	tbd										
6) a. Number of privatized municipal entities b. Value of privatized municipal entities	a) includes enterprises or businesses and real estate owned by 35 municipalities. The 35 municipalities include the 22 target municipalities plus an additional 13 municipalities which own significant assets that could be privatized. b) includes the 22 target mun. only. The value will be reported in dollars and represents the actual sale price.	1992	a) 0 b) 0	tbd					N/A		N/A		N/A	
IR 2.3.1: Improved Legal and Regulatory Framework Supports Local Self-Government														
1) law on municipal finance implemented	a. Law is adopted (yes/no)	1995	no	no			no		yes		n/a		n/a	
	b. The law meets minimal standards to enhance the right of municipalities to generate revenue and have discretion over their expenditures (yes/no)	1995	n/a	n/a			n/a		yes		yes		yes	
	c. Law is implemented (additional regulations do not weaken the law; existing provisions are respected) (yes/partly/not at all)	1995	n/a	n/a			n/a		yes		yes		yes	

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PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
				1996		1997		1998		1999		2000	
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
YEAR	VALUE												
2) Reforms on which regional/national municipal associations have had a positive impact	# reforms, drawn from the total list of reforms being pursued by municipal associations with lobbying (see IR 2.3.1a), for which some positive change has come about	1995	0	0		1		2		3		3	
IR 2.3.1a: Capacity of Local Government to Lobby the Central Government Increased													
1) Number of legal/regulatory policy positions taken by municipal associations	Annual number of written policy positions delivered to the central government by municipal associations	1995	0	3		6		6		8		8	
2) Number of policy positions for which there has been lobbying	Denominator is # written positions counted in indicator #1 above. Signs of lobbying can include: arranging meetings with citizens or gov't officials to pursue the policy; arranging media coverage, enlisting the support of other associations or NGOs or businesses, arranging petitions, obtaining donor support, giving testimony at legisl. hearings, taking part in gov't commissions of inquiry, etc.	1995	0	3		5		5		7		8	
IR 2.3.2: Increased Capacity of Local Government to Deliver Municipal Services													
1) Processing time for land transfer permits	average percent reduction in time in the 10 target municipalities for obtaining the plat or property sketch map.	1995	12 weeks	0		0		50		n/a		n/a	

PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
				1996		1997		1998		1999		2000	
		YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
2) Number of target municipalities using open, competitive bidding for major procurements	Among the 10 target munic. Procurements are advertised, competed, and independent review panel of 3 made decision. Needs to be at least two competitive procurements per year for target munic. to be counted	1995	0	2		4		6		8		10	
3) Number of municipalities with a more accurate and up to date civil registry	The provisions of the law for civil registration are met in the ten target municipalities	1995	0	1		3		5		8		10	
4) Number of new techniques adopted by at least 4 cities (among a) target municipalities; and b) non-target municipalities)	The denominator includes all approaches, techniques or models which USAID and the Urban Institute are trying to propagate. Four municipalities is considered to be a threshold - if an approach is replicated with reasonable success by four, others are likely to pick it up.	1995	0	tbd		tbd		tbd		tbd		tbd	
IR 2.3.2a: Local Government Ability in Financial Management Enhanced													
1) Financial Management Information System operational (proxy indicator)	Number of target municipalities with an operational MIS. Two criteria must be met - the financial data must be up-to-date and financial statements must be produced accurately and regularly	1995	0	1		3		5		8		8	
2) audits/audit recommendations	potential utility being explored												
3) Number of target municipalities with an accurate system of property records	Number of the 10 target municipalities implementing an automated, up to date list of municipally-owned property	1995	0	0		2		4		6		8	
IR 2.3.2b: Establish Sustainable In-Country Training Capability													

PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
				1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual
1) # training modules implemented by Bulgarian institution(s)	# training modules implemented by trained trainers at least once per annum	1995	0	0		4		6		10		10	
<i>IR 2.3.2c: Improved Capability in Public Information and Citizen Involvement</i>													
1) average number of public hearings held by target municipalities	Among ten target municipalities	1995	0	1 in 2 munic.		1 in 8 munic.		1.5		2		2	
2) percent of non-target municipalities holding public hearings	Any municipality that holds at least one public hearing in a year will be counted	1995	0	0		0		3		5		10	

Date of revision: May 10, 1996

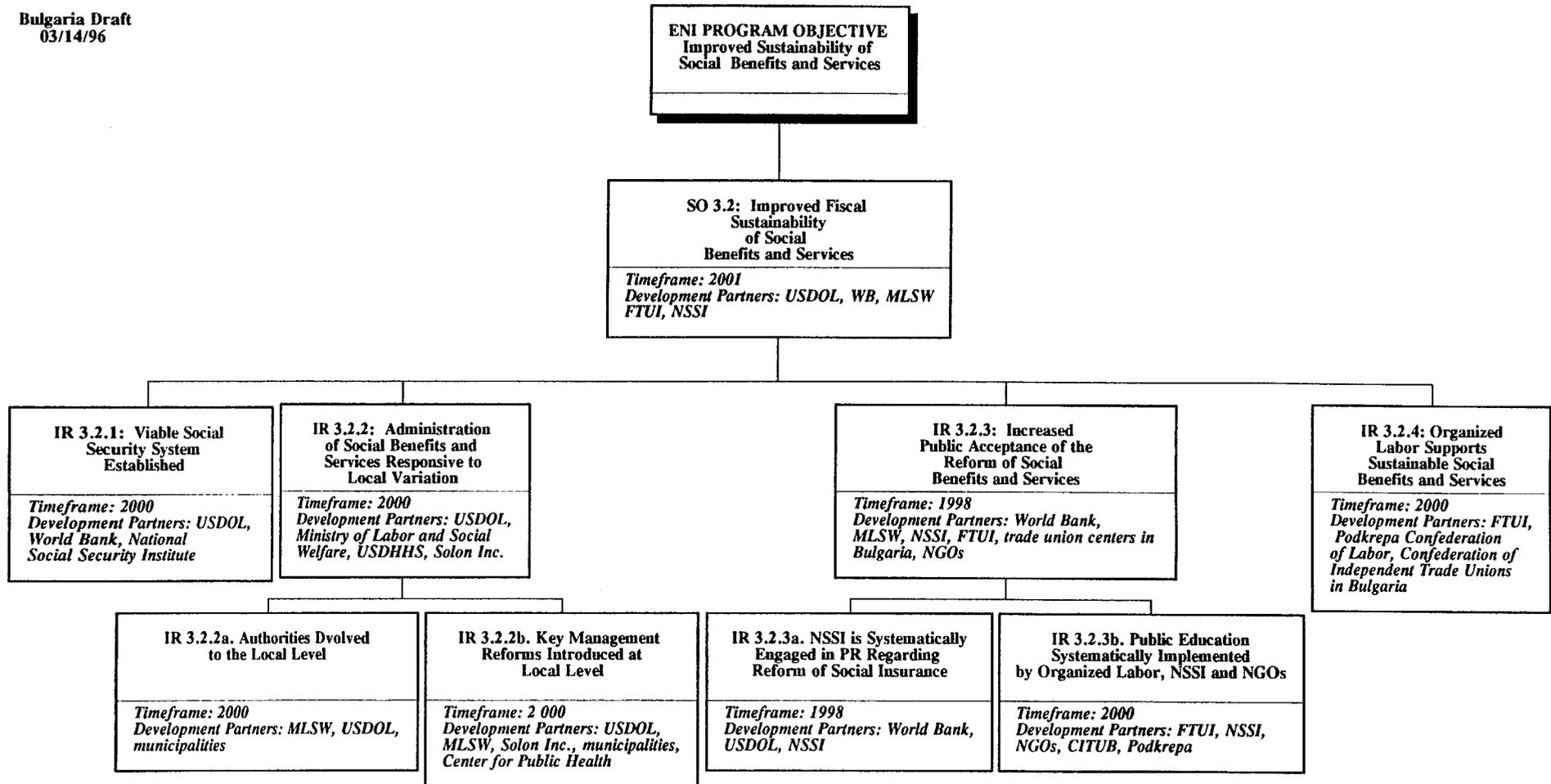
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STRATEGIC OBJECTIVE

RESULTS REVIEW

S.O. 3.2

"IMPROVED FISCAL
SUSTAINABILITY OF
SOCIAL BENEFITS
AND SERVICES"



2/0

PART II: RESULTS FRAMEWORK NARRATIVE

**S.O. 3.2 Improved Fiscal Sustainability of
Social Benefits and Services**

A. TRANSITION HYPOTHESIS:

Strategic Objective 3.2. *Improved Sustainability of Social Benefits and Services* addresses an issue of crucial significance for the transition process in Bulgaria. Though OAR/Sofia did not have a separate strategic objective for the social sector at the time when the Country Strategy Document was drafted, we subsequently decided to increase our focus in the area, led by the conviction that the inability to manage properly the social dimension of the reform has become a threat to its success (the changes in government and the slowdown of economic restructuring are an obvious evidence of this correlation), and by the strong commitment to reform in this area exhibited by the new Socialist Government. Moreover, the USG's present work in labor market reform has produced clear impact and helped prepare the groundwork for greater investments in this sector by other donors (the World Bank and the European Union are carrying out or planning major investments in social insurance reform, health, welfare and employment).

The selection of this strategic objective, therefore, will promote the U.S. development assistance program in Bulgaria by helping *strengthen the capacity to manage the human dimension of the transition to democracy*, which is an ENI transition goal. In the ENI Strategic Framework the Strategic Objective of *Improved Sustainability of Social Benefits and Services* embraces a range of policy initiatives, pilot efforts and reform programs to redefine government roles at national and local levels for delivery of social services and benefits. In Bulgaria we decided to narrow further the content of this Strategic Objective to *Improved Fiscal Sustainability of Social Benefits and Services*. This focus is appropriate because the existing social benefit arrangements represent a major threat to the fiscal stability of the country, as the current system is not able to collect enough resources, individual life earnings are not linked with benefits, and records are in a miserable shape. This is complemented by a number of other incompatibilities like the supply of unsustainable subsidized and untargeted benefits for nearly all elements of the population, regardless of income or length of service, and the absence of important social support typical of market oriented economic systems (unemployment insurance, means-tested poverty relief, and adequate or appropriate investment opportunities to support pension funds).

B. CRITICAL ASSUMPTIONS:

The existing benefit system is already undergoing substantial reforms towards overcoming the above described deficiencies. The strategic objective, however, requires a whole sequence of steps and conditions, unrelated to USAID interventions, to guarantee its achievement. The following assumptions are crucial to success:

1. Isolation from Politics. The *Social Insurance Fund*, that was separated from the state budget in 1995 must not be subject to

centralized state control and political influences. We have current grounds to believe that this will not happen, as the management of the Fund is to be carried out by the National Social Security Institute, established under *The Law for Social Insurance Fund* (28 November, 1995). The National Social Security Institute will report to the National Assembly, and its principal governing body - the Supervisory Council will be established on tri-partite principles: representatives of the unions, the employers, and an equal number of representatives of the Council of Ministers.

2. IBRD Support. The IBRD social insurance investment loan to the GOB must be negotiated and made available by 1996/97. After several World Bank missions to Bulgaria negotiations with GOB on the social insurance investment loan for improving the operational efficiency of the system and strengthening the institutional capacity of the recently established National Social Security Institute have reached their final stage. The loan is on the schedule of the World Bank Board for July this year.

3. Timely Legal Framework. The GOB should speed up the process of enforcing the missing social legislation: the Law on Voluntary Social Insurance for Additional Pension; the Law on Health Insurance, the Unemployment Insurance Law, an OHS-type Law, etc. All above bills have been prepared in a draft and circulated for comments. A copy of the Law on Voluntary Social Insurance for Additional Pension has been submitted to USAID for comments, and has also been given to the unions and the employers. The other bills are in the 1996 schedule of the National Assembly.

4. Donor Coordination. The efforts of the foreign donors should be well coordinated. Coordination has been a problem in the past, especially in view of the tendency of the Bulgarian Government to approach all foreign donors with much the same proposals. Recently the World Bank initiated regular Donor Coordination meetings that have proved to be a valuable instrument in avoiding duplications and increasing synergies.

C. CAUSAL LINKAGES:

IR 3.2.1: The establishment of a Viable Social Security System is the first and most significant step towards the achievement of improved fiscal sustainability of the social benefits and services. This overall effort has strong GOB support and is also a priority for other donors. We accordingly believe that there is a good basis for success. A reformed and well structured system of social security is essential to the achievement of fiscal sustainability of social benefits and services. At the core of this effort is the creation of a comprehensive, automated Integrated Information System (IIS), based on a unique identifier for each individual and enterprise. The first step in the development of the IIS would be the creation of a central register, containing information on employers, self-employed, employees and pensioners, with key biographical data and personal earnings history. USAID has already contributed to this effort by sending high ranking officials abroad to work with models and methods for short-term and long-term actuarial forecasting and plans to continue this work in close coordination with the World Bank.

IR 3.2.2: Administration of Social Benefits and Services Responsive to Local Variation needs to be established, in order to achieve results at the SO level that are sustainable. The state, at various administrative levels, was the center of the old system in the

provision of nearly all kinds of social services. The systems for social protection were strongly centralized too. In addition, the state-owned enterprise was the source or administrator of numerous subsidies and social benefits, including low-cost housing, day care and health services. These systems have now collapsed, and we have been faced with the task of making benefit systems market-compatible and affordable - something that can best be done on the local level. During the past couple of years USAID has been successfully contributing to the improvement of local budget management, especially as regards social welfare (the welfare benefits are paid by the municipalities in Bulgaria), and the hospital budget allocations. Considerable budget savings were made by the pilot municipalities following the introduction of a model community approach to the work-force needs of socially disadvantaged groups, elaborated by USDOL. USAID assistance also helped develop up-to-date coding practices to assist municipal hospitals calculate the actual costs per patient, thus laying the basis towards a broad reform in hospital finance.

IR 3.2.3: Increased Public Acceptance of the Reform of Social Benefits and Services is a key to the success of the reform. With the establishment of the independent Social Security Institute, it is increasingly important that the policy reforms be introduced in a positive environment, with good public outreach through education and informational materials. Currently public relations activities are only performed sporadically and in a reactive, rather than pro-active fashion. USAID funding through USDOL helped train key staff of the Bulgarian Ministry of Labor and Social Welfare on the fundamentals of public affairs and social marketing. This effort will continue in the context of the World Bank loan, where assistance will be rendered in setting up a PR office at the Social Security Institute, and the development of procedures and outreach for the staff of the PR Office.

IR 3.2.4: Organized Labor Supports Sustainable Social Benefits and Services is the fourth intermediate result, contributing to the SO. Social reform would have a much stronger chance of success if it is implemented in the absence of industrial conflicts, under a system for labor-management relations that includes effective tri-partite structures, bargaining and conflict resolution. USAID has been contributing to this result through support for the mass lay offs response model and the grievance mechanisms developed with FTUI's help. The Labor counseling centers that are now being set up with USAID's help will further promote this process and prevent unscrupulous and under-the table actions.

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	Target	Actual	Target	Actual	Target	Actual	Target
IR 3.2.1	Viable social security system established	Actuarial capacity increased	Definition: a) Operational Office of the Actuary established in the National Social Insurance Institute with required databases - established - operational Unit: yes/no					Yes							Yes	
			b) Designated staff with abilities in actuarial methods, demographics and actuarial economics Unit: - # of staff positions and budget for them approved - # of staff hired - # of staff trained			7	7		7							
			c) Specific forecasting model adopted, e.g., ILO model, the revised Wilkin/Bealrus model, etc. Unit: Yes/no					Yes								

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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	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 3.2.2	Administration of social benefits and services responsive to local variation	Municipalities directly affected by social services budgetary innovations	Definition: Municipalities that have upgraded their capacity and knowledge in budgeting and costing practices related to hospital financing and social welfare budget management. Unit: number	1995	1 hosp. financing	10		15		20		25		50	
					3 welfare	20		30		40		100		All	
IR 3.2.2.a.	Authorities devolved to the local level	Model for community approach to the needs of socially disadvantaged persons and welfare recipients developed and tested	Definition: Model to provide intensive employment services to social welfare recipients or clients on the verge of welfare, through a well coordinated effort between labor offices and welfare services; municipalities use national funds for identifying and placing individuals in the private sector, therefore removing them from municipal welfare rolls Unit: Model developed and tested (yes/no)	1995	Yes										
		Model for welfare and employment operational	Definition: New municipalities are utilizing the model and recipients are in temporary employment programs Unit: # of municipalities	1995	3	20		30		40		100		All	
		Absolute amount of budget savings from welfare benefits	Definition: As recipients move off the welfare rolls, municipalities have reduced burden for paying their benefits, therefore savings are made at the municipality while people are in temporary and/or permanent employment due to the model's application Unit: millions of leva	1996	0.7	1.5		2.5		4		8		10	

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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	Target	Actual	Target	Actual	Target	Actual
IR 3.2.2.b.	Key Management Reforms Introduced at Local Level	# of hospitals with improved financial management system, specifically coding system	Definition: Shift from International Classification Diagnostic (ICD) to Clinical Modification (CM) procedure coding developed and being replicated in additional hospitals Unit: number of hospitals where model is tested and then where replication o	1995	2	10		15		20		30		40	
		# of hospitals with improved financial management system, specifically cost accounting standards	Definition: These standards provide cost estimations per patient; the standards are used by hospitals to develop realistic budget figures (currently submitted to municipalities regarding costs for provision of health care and maintenance of hospital infrastructure and staff levels Unit: # of hospitals where model is tested and then where replication occur	1995	2	10		15		20		30		40	
		Model for national replication in place	Definition: Model based on Diagnostic related groups (DRG - categorizes and counts patients with similar medical conditions and similar costs; used for DRG-based budgets) Developed Operational Unit: yes/no					Yes						Yes	

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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	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
IR 3.2.3.	Increased Public Acceptance of the Reform of Social benefits and Services	Public Acceptance	Definition: Consensus of major social partners and NGOs, measured by surveys, opinion polls, interviews, etc. Unit:	1996												
IR 3.2.3.a	NSSI is Systematically Engaged in PR Regarding Reform in Social Insurance	PR Office set up and operational at NSSI	Definition: a) codified NSSI public affairs policies, regulations and procedures Unit: yes/no					Yes								
			Definition: B) design and use of a news release masthead and standard layout and releases Unit: Yes/no					Yes								
			Definition: c) system for preparation, review and distribution of news releases specified Unit: Yes/no					Yes								
			Definition: d) daily newspaper clipping and news monitoring service initiated Unit: Service initiated Yes/no # of media sources monitored dally					Yes 10								
			Definition: e) development and execution of social marketing plans (or public relations campaigns) Unit: #					1		2						

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RESULT LEVEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR BESIGANITVELE COBA	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 3.2.3.b.	Public Education Systematically Implemented by Organized Labor, NSSI and NGO October 23, 1996a	Organized workers Aware of Social Insurance Issues; mass and market privatization issues.	Definition: Outreached by FTUI with the major trade union centers in Bulgaria--different kinds and levels of training focused on social insurance issues and private pension funds. Programs for the following groups: elected officials regional leaders local level workers Unit: annual number of people, disaggregated by category	1995	Total: 5000	6 thous		10 thous		50 thous		100 thous		200 thous	
		Labor Counseling Centers established	Definition: Centers that provide legal and economic services on privatization, free market, and other issues to trade union organizations and individuals. Unit: number (cumulative)	1995	2	3		4							
		Coordinated education programs for public on commonly shared problems	Definition: Outreached by government agencies, unions, NSSI, dealing with health and other common issues to the public Unit: cumulative #			6 thous		10 thous		50 thous		100 thous		200 thous	

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	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 3.2.4.	Organized Labor Supports Sustainable Social Benefits and Services	National unions sign collective contracts incorporating sustainable benefits	Definition: contracts, including benefits that add to collective welfare of the workforce that are financially realistic Unit: annual number	1995	3	8		10		12		15		10	
		Enterprise level unions negotiate supplementary benefits above national patterns	Definition: FTUI assisted unions at local level negotiate benefits (e.g., salary, medicine, holiday benefits with access to holiday complex, work rules based on input that improve productivity) Unit: annual number	1995	6	10		15		20		25			
		Mass layoff response model in place	Definition: This model is intended to provide early intervention strategies that attempt to prevent job loss while at the same time developing new job opportunities and providing the necessary skills to fill those jobs. - model developed - nation-wide applied Unit: Yes/no	1995	Yes			Yes							
		Regional social partnership councils in place	Definition: These councils are comprised of representatives of the government, employers, and unions. They decide on issues of major significance to the region like mass layoffs, enterprise closures, employment and economic development programs, etc. Unit: Number of councils operational (cumulative)			1		9							

Date of Revision: October 21, 1996

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STRATEGIC OBJECTIVE

RESULTS REVIEW

S.O. 4.x

**"CROSS-CUTTING
PROGRAMS AND
SPECIAL INITIATIVES"**

PART III: PERFORMANCE ASSESSMENT

**Table I - Performance Data
Baseline, Targets, and Actual Results**

S.O. 4.x: CROSS-CUTTING PROGRAMS AND SPECIAL INITIATIVES

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	Target	Actual	Target	Actual	Target	Actual
4.1	The American University of Bulgaria (AUBG)	Transition to financial self-sufficiency by the AUBG	Definition: Gross cash deficit Unit: million US \$	FY1997		---	---	3.9		3.5		2.5		1.7	
4.2 (a)	Biodiversity Conservation: Global Environmental Facility	Biodiversity agreements or policies directing governmental actions approved	Definition: Unit: number each year	1996	0	4		2		2		1			
4.2 (b)		Biodiversity staff resources mobilized	Definition: permanently employed for biodiversity conservation Unit: added each year	FY 1996	15	9 (24)		19 (34)		27 (42)		42			
4.2 (c)		Improved biodiversity management practices carried out	Definition: Unit: number each year	1996	0	5		10		5		5			
4.3	U.S. Nuclear Regulatory Commission	Safety analyses performed at Kozludhy Nuclear Power plant by Bulgarian Inspectors	Definition: Unit: number	1991	1	2		2		2		2		2	
4.4	Participant Training Program for Europe	Training planned, implemented and evaluated in terms of program objective and impact	Definition: change in annual budget Unit: percent	1993	n/a	0	-36	+33		+20		+25		+30	

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