

USAID/MOLDOVA
ANNUAL REPORT FY 2002

March 2002

Please Note:

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Part III: FY 2001 Performance Narrative

A. Challenges

USAID technical assistance has supported Moldova's efforts to become a market-oriented economy and a democratically governed state. But the path toward economic reform and democratization of society has not been without setbacks and challenges.

Though the successful land reform program is the hallmark of the past few years, the agricultural sector remains unstructured and under-productive. Privatization of the energy sector advanced slowly. Energy remains the overriding problem of the economy, which suffers from a lack of resources and dependence on fuel imports from Russia. Fiscal policy and tax administration continue to progress steadily, but the debt problem will heavily impact on Moldova's public finance, and avoiding debt default in 2002 remains the biggest challenge for the government. The failure of the Government of Moldova (GoM) to reach an agreement with the IMF and the World Bank on SAC III at the end of 2001 is compounding Moldova's economic difficulties. This failure has caused a delay in the disbursement of funds necessary to finance the 2002 budget deficit and other development programs.

In addition to these economic difficulties, Moldova's recent political shifts jolted the country. Following the parliamentary election in February 2001, the majority of seats went to the Communist party. Although the mechanism of a parliamentary democracy worked in the election of the new Communist President and the formation of a new communist government, there are continuing political challenges that now appear impact on the reform process in Moldova. In some key areas such as trade protectionism, agricultural policy and local government decentralization, the new regime appears to be attempting to return to past interventionist policies which might jeopardize economic and political progress achieved to date. No systematic steps in this direction have been officially taken yet. Economic stabilization and political stability require continuous efforts. Moldova requires more, not less financial aid and technical assistance from the international community.

B. Program Performance

117-0121: Fiscal and Financial Reforms Support Market-led Growth

In order to achieve this strategic objective, USAID adopted a four-pronged approach with the implementation of reforms conducive to market-led growth in the areas of: legal and institutional framework; fiscal policy and fiscal management; banking restructuring; and financial management training and technical assistance.

Overall this SO met or exceeded planned targets in 2001 as policy reform activities achieved significant success. The preliminary GoM estimate for 2001 GDP growth is about 6%. The Parliament adopted the USAID draft Civil Code and discussed it at the second reading. There was a 10 percent increase in tax consolidated revenues compared to 2000. The GoM legally approved the budget in time with a small budget surplus. Total deposits met or exceeded 2,760 million lei in the banking system. There were more than 2,530 loans made by financial institutions. There were at least 1,900 members in the Association of Professional Accountants.

In the area of fiscal and financial reform, USAID has maintained an excellent working relationship with Government counterparts. The recent resign of the Minister of Finance has created uncertainty.

Achievements

Market-supportive Legal Environment Expanded: USAID implemented a comprehensive legislative reform program aimed at promoting a market economy. In 2001, the draft of the Civil Code was finalized and introduced to Parliament for the second reading. Parliament passed six out of seven titles of the unified and market-oriented tax code. The new tax code advanced considerably with the adoption of the administrative tax procedure. In 2001, the Ministry of Finance started a multi-year performance program

budgeting. Implementation of the law on local government finance and subsequent changes continued to improve the budgeting and financial management of local governments.

Capacity for Sound Fiscal Management Built: USAID has been the GoM's key partner in promoting fiscal reforms. In 2001, USAID technical assistance to the Ministry of Finance (MOF) made significant progress. The new functional organization of the State Tax Service (STS) was put in place. Some of the key results in tax administration were achieved by revising tax laws (corporate and individual) to encompass International Accounting Standards and a combined single, market-oriented tax code. As computerization took place, more accurate forecasting and better management of assessment results was available. The increase in tax revenues contributed to an improvement in the budget deficit. The MOF started a phase-in of a multi-year performance program budgeting process that shifted focus to improving management of budget expenditures and emphasizing the importance of performance program budgeting. The new computerized treasury system became fully operational and was expanded to cover all local government offices by the end of 2001. Twenty-four local treasury offices were opened, encompassing all the transactions of 650 administrative territorial units.

Parliament's ability to deliberate on annual budget laws and act on fiscal reform legislation was enhanced by the Center for Budgetary and Financial Analysis (CBFA). USAID assistance helped the CBFA expand and consolidate data on expenditures, public debt, fiscal and non-fiscal revenue collections, and improved its analytical ability to deal with policy issues. Members of the Budget and Economic Committee at the Parliament were of in budget laws and budget process, increasing their capacity to analyze key policy issues.

Financial Sector Reform Consolidated: One major accomplishment was the assessment and report of the National Bank of Moldova's (NBM) compliance with the Basel Committee on Banking Supervision "Core Principle of Bank Supervision". To reach full compliance, the NBM's staff must continue to expand their general skills and knowledge. Consequently, training received special attention and was provided to NBM's supervisory staff. On-the-job training sessions occurred during both the examinations of commercial banks and routine counseling and guidance in the NBM. Crucial progress was made in laying the groundwork for beneficial analytical procedures such as risk-based analyses for NBM management and the commercial banks. Improvement was also made to the management information system, enhancing internal and external reporting.

An accounting and audit self-regulated association has become a predominant force driving continued accounting reform in Moldova. In 2001, the Financial Management Training and Advisory Activity (FMTAA) was designed, with USAID participation, to provide an increased level of assistance to meet common needs across all sectors. The establishment of the Financial Management Training and Advisory Facility (FMTAF) was completed. A total of 25 seminars were conducted during November and December 2001, with 348 participants.

117-0131: Private Enterprise Growth Creates Jobs and Generates Income

Performance under USAID's objective for private enterprise growth to create jobs and generate income exceeded expectations. Assistance focussed on improving agricultural production and distribution systems, expanding the role of small-medium enterprises in the Moldovan economy, and restructuring strategic industries for sale to the private sector.

USAID continued to assist the agricultural production and distribution systems to develop a variety of small and medium-size agribusiness enterprises that link private farmers to newly created input supply structures, credit (aimed at creating a private agriculture infrastructure), and newly established market structures. The Private Farmer Assistance Program (PFAP) and the Private Farmer Commercialization Program (PFCP), provided assistance to help the Moldovan agricultural sector recover and grow. The projects focused on agricultural land titling; improving the policy, legal, and regulatory environment; developing rural enterprises (with emphasis on business cooperatives); providing farmer access to input supplies; supporting output-marketing; improving access to financial services; and providing technical training, including legal assistance to property owners.

Small and Medium Enterprise (SME) assistance supported the Moldovan processing enterprises. Marketing assistance will enhance development of export markets, increase the number of jobs, raise income, and increase the demand for high quality raw materials.

Moldova is completely dependent on energy imports. The establishment of a suitable legal and regulatory framework is a critical first step and should be given highest priority by the Government of Moldova. USAID is supporting energy-sector privatization, sector restructuring, and development of an indigenous capacity to implement structural changes. USAID coordinates its activities in the energy sector with other donor institutions and the IFIs, most notably with the World Bank.

Achievements

Agriculture

Agricultural production and distribution systems improved: During 2001 the PFAP and the PFCP achieved a number of key benchmarks. At the end of 2001, 98.7% of Moldovan agriculture land had been privatized and eligible people received land titles virtually reaching the 100% target. Also during 2001 more than 80 laws and legal acts were drafted with USAID assistance.

As targeted, 20 farm stores were opened in 2001. A total of 30 operational farm stores generated over 13 million lei (US\$1.1 million) in total company sales during 2001. Some 242,228 farmers purchased inputs, machinery services, and/or received agronomic advice and other services from stores and farm service centers.

Overall more than 58% of GDP was generated by the private sector. Six farm service centers, 30 farm stores, and nine processing entities were established. About \$13.95 million was invested in Moldovan companies by the WNIS Enterprise Fund. More than 10 business services associations received training, TA and other services and over 30,000 loans valued at over \$6,225,790 were provided to SMEs.

During the year, more than 400,000 farmers/clients received training and more than 80 service cooperatives (exceeding 5,000 members) were created. Approximately \$5 million invested by USAID assisted 15 partnerships and farm service centers (4 of which developed during 2001) to attract more than \$20 million foreign and local investment. Farm Service Centers in 2001 generated over \$4.55 million from the sale of inputs and services. This is 1.5 times more than in data. FSC customers indicated they are experiencing yield increases of over 30%.

Role of Small-Medium Enterprises in Economy Expanded

During 2001, USAID supported numerous small value loan projects with about \$1 million for programs such as the Global Bureau Loan Program Guarantee (LPG), BIZPRO (a stand alone regional program), and the West Newly Independent States Enterprise Fund (WNISEF). More than 1,300 micro and small loans have been granted by local financial institutions for a total amount of more than \$8.5 million, one million of which is land mortgage loans, in 2001. The 2001 program was about 3 times more than that of 2000. Through PFAP and PFCP an additional 61 Savings and Credit Associations (SCA) were funded in 2001 bringing total SCAs created with USAID assistance to more than 250. These SCAs generated around \$4.4 million in micro-credit loans infusing much needed liquidity in rural Moldovan villages. The SCAs network expanded to more than 40,000 people. During 2001, with the assistance of USAID, a new program was started that increased the number of loans from Moldova's Microfinance Network and from formal financial institutions on the basis of Partnership agreement formed with these groups.

During 2001, hotlines were established with three business associations enabling entrepreneurs get answers to questions related to business development and operations. A Moldovan Business Association Network also was established that includes all active business associations.

WNISEF, supported by USAID grants, was the leading financial institution in terms of foreign direct investment (equity) in Moldova. The WNISEF company Vitanta Intravest became the leading Moldovan brewery and soft drink producer and in 2001 increased sales revenues by 33% and profits by 50%. According to a large international brewing company, WNISEF financed Glass Container Company (GCC) became one of its three best suppliers in terms of product quality and quality consistency. Micro Enterprise Credit, another WNISEF company, expanded its loan portfolio by an impressive 153% during 2001

Legal and Regulatory Reform: USAID Moldova provided support for development of the energy-sector regulatory body, the National Energy Regulatory Agency (ANRE). USAID's assistance to ANRE consists of a long-term resident advisory office headed by an experienced U.S.-based public utility regulator, and sponsoring Moldovans to participate in regional regulatory exchanges and partnerships with U.S.-based regulatory bodies. ANRE's three-year-old history of operation with full fiscal and policy autonomy, codified in law, was a considerable reform success. USAID assistance continues to enhance ANRE's capacity to exercise its authority and fulfil its mandate, with an emphasis on tariff-setting decisions and licensing conditions. This activity is reinforced through ANRE's participation as a member in the Energy Regulators' Regional Association and in U.S.-Moldova twinning of regulatory agencies.

Institutional-Level Reforms: In February 2000, three of Moldova's five electric power distribution companies were sold to a foreign strategic investor/operator, the Spain-based Union Fenosa. This was accomplished in part, because USAID contractor Deloitte Touche Tohmatsu assisted the GoM's Department of Privatization with the process. The \$25 million initial investment remains the single-largest foreign investment in Moldova's economy.

Union Fenosa was in discussions with the GoM for the purchase of two remaining state-held power distribution companies in the north of Moldova when a natural calamity severely damaged the physical assets of these companies. Negotiations for their sale stalled, while at the same time political instability intensified. Union Fenosa has discontinued further discussions pending political stabilization and restoration of the physical assets to their pre-calamity state.

117-023: Democratic Institutions more Effective, Responsive and Accountable

USAID assistance with building effective, responsive, and accountable institutions is essential for Moldova's transition to a democracy. This strategic objective promotes the achievement of results in three areas: local government fiscal autonomy, improved municipal services, and more democratic governance.

Achievements

Local Government autonomy strengthened

Local government officials and staffs were trained in fiscal management, including budget, tax, and treasury operations at 21 pilot centers. Local government staffs were provided with computers and trained how to use them. Due to improvement of municipal services, 1,300 households received new or improved utility services. At least 8 civil society organizations received training in strategic planning and used it to implement new projects during the calendar year. Election officials received training in 12 regional seminars for the 2001 election, contributing to a more transparent and fair electoral process.

There are challenges with this SO. The decision of the Communist Government to return to the former rayon system and adopt an anti-decentralization policy related to local government raised a serious concern. The Council of Europe reacted firmly against the decision. The International community, particularly the IMF and the World Bank, were strongly opposed to such a policy. In light of these recent developments, USAID will conduct full assessment, which will take into account the technical performance of the project and the new political developments, before a decision on the prospect for the future of the project can be made.

In the area of strategic planning, the Local Government Reform Project (LGRP) prepared participants to become trainers for strategic planning workshops. Eight NGOs were assisted to prepare their own strategic plans. At the community level, the LGRP delivered Strategic Planning workshops to 14 localities. The LGRP also initiated a number of municipal service development projects including support for two pilot projects in solid waste management. The Suruceni solid waste project is an example of an inter-communal project. There are three different localities involved. They are planning to create a multi-jurisdictional sanitation service zone that will assist with improvement of municipal water supplies. The Cimislia Metering and Restoration of Water Service Project is working on the restoration of the municipal potable water supply to the residents of the "Centru" sector of Cimislia. The LGRP also implemented several heating projects within the municipal service field. A requirement built into the process was a local contribution of approximately 50% of the budget for implementation of the project.

Capacity of civil society organizations (CSO) to represent and serve citizens increased: Eight civil society NGOs, including the National League of the Associations of Mayors; Association of Mayors and Local Communities from Moldova; and Associations of Mayors from four other counties, were assisted with the preparation of strategic plans. Initial work has begun on the infrastructure for web-based assistance to CSOs and local governments.

Citizens' confidence in and respect for the legal system is increased: The USAID/Moldova Political Process Program, implemented by the International Foundation for Electoral Systems (IFES) since 1994, was completed in 2001. IFES' expertise effectively contributed to advising and assisting the Central Electoral Commission (CEC) and the Juridical Direction of Parliament on necessary amendments to the Electoral Code. This assistance strengthened the electoral process for voter registration, coverage in mass media, and transparency in campaign financing. A seminar organized in conjunction with the Supreme Court of Justice on electoral disputes and citizens complaints resulted in improved practice of electoral dispute litigation and standardized resolution of similar electoral disputes. In preparation for the February 25, 2001 Parliamentary Elections, 18 sessions of the Electoral School were held. Twelve CEC/IFES regional seminars trained election officials down to the polling station level. Two-hundred domestic observers were trained and mobilized in all districts on the day of elections. 6,000 voter education fliers were distributed to each polling station. Voter education ads were broadcast on.

ABA/CEELI Rule of Law Program: The Central and East Europe Law Initiative (CEELI) created a pro bono legal clinic in collaboration with Balti State University Law School. Students receive training and practice law in areas where access to such assistance is limited due to high level of poverty by providing quick, effective legal assistance. The clinic focuses on domestic violence, family law cases, labor law and social assurance issues. In collaboration with the Law Center and Judicial Training Center (JTC), CEELI also presented a series of four defamation seminars to lawyers, the judiciary, journalists and members of Parliamentary working groups. In June 2001 CEELI and the JTC jointly held a roundtable on Children and the Law. Although the roundtable was limited to 15 participants, 85 judges requested to attend. The Environmental Public Advocacy Center (EPAC), supported by CEELI, continued its core activities of public interest legal advocacy, giving about 120 consultations, and working on 36 cases, of which 24 were resolved, 19 successfully. In June, the EPAC won a landmark case in its suit against a local food manufacturer that ultimately incurred significant penalties for low health standards.

117-034: Social Safety Net Reaches Vulnerable Groups

Given the considerable increase in poverty over the past years, the GoM realized the need to restructure the social insurance and social assistance programs. Of primary importance are issues of poverty eradication, reform of the social insurance system and health care reform.

Overall, this SO is meeting expectations. The following SO targets for 2001 were achieved:

A viable, gender-blind scheme for using means testing to identify public benefit and compensation recipients for electricity consumption was approved and submitted to Parliament. There was compensation pursuant to the "List of Eligible Recipients" granted and delivered to a maximum of one

eligible recipient per household electric power account in accordance with the law. Two Family Medicine Centers became fully operational.

Presently there are no significant challenges associated with this SO.

Achievements

Rationalization of Social Protection Systems: The Low-Income Energy and Social Assistance Program, started in September 2001, provides funds to the most disadvantaged for electricity consumption and will facilitate the GoM's transition to a system of social assistance eligibility based on means-testing, as opposed to category-based system.

Humanitarian Assistance: Moldova's geriatric care homes, orphanages, boarding schools for mentally or physically disabled children, and similar institutions that provided part of the safety net under the former Soviet system struggle to meet recurrent costs of food and staff salaries. Over the past year, the USAID/Moldova humanitarian assistance program provided about \$10 million worth of humanitarian assistance. A total of 17 deliveries were distributed to 739 organizations, e.g. farmers associations, medical institutions and emergency services, as well as NGOs representing disadvantaged families, disabled individuals, etc.

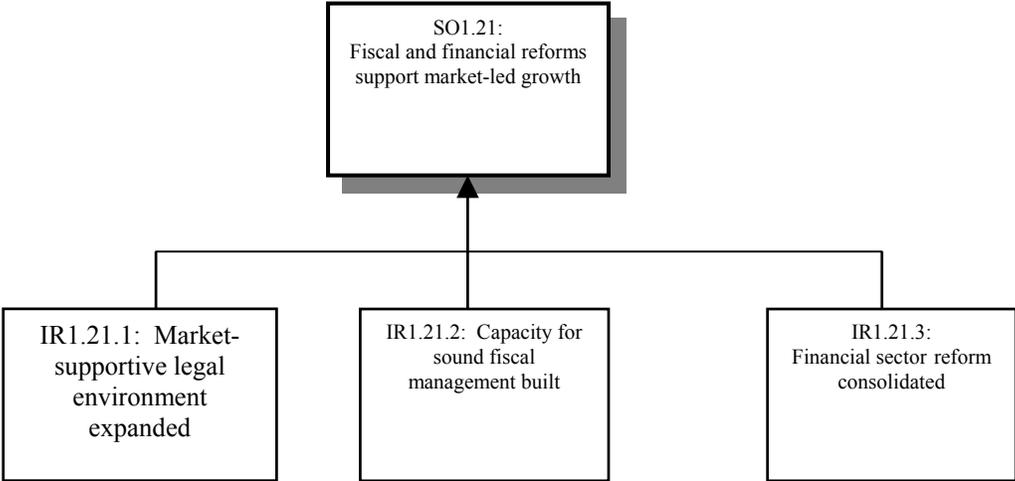
Health: The Health Partnership Program, promotes community-based primary health care services at model primary health care clinics. Such a system of lower echelon care is far less expensive than the more costly provision of such services in a hospital-based environment. The shift to increasing reliance on primary care will provide for a critical first step in health care cost containment. The program is raising the professional competency of all members of the health team, not just physicians, which should contribute to a higher standard of care, greater stakeholder involvement, and greater efficiencies.

Women's Wellness Centers represent a new model of healthcare delivery for women, providing a client-centered approach to women's primary health care through services that address women's health needs throughout their life continuum. The Women's Wellness Centers provided a comprehensive range of clinical and educational services in an ambulatory care facility, including early detection, screening and disease prevention, and health promotion services. A key component of the Women's Wellness Center is the Breast Care Program in which clinicians, in concert with their patients, assume a greater responsibility for developing an awareness of those at risk and the impact of early identification of breast disease on outcomes, education, and referral. Cahul WWC, opened in 2001, was the third Center in Moldova. The staff were trained in modern screening and clinical services, health education and promotion, clinic management and a "customer" service approach to health care. The Center received key medical equipment as well as educational equipment and materials. The center is providing affordable, accessible, comprehensive health care services to 48,000 women from Cahul Judet (County) plus approximately 5,000 women from the neighboring regions.

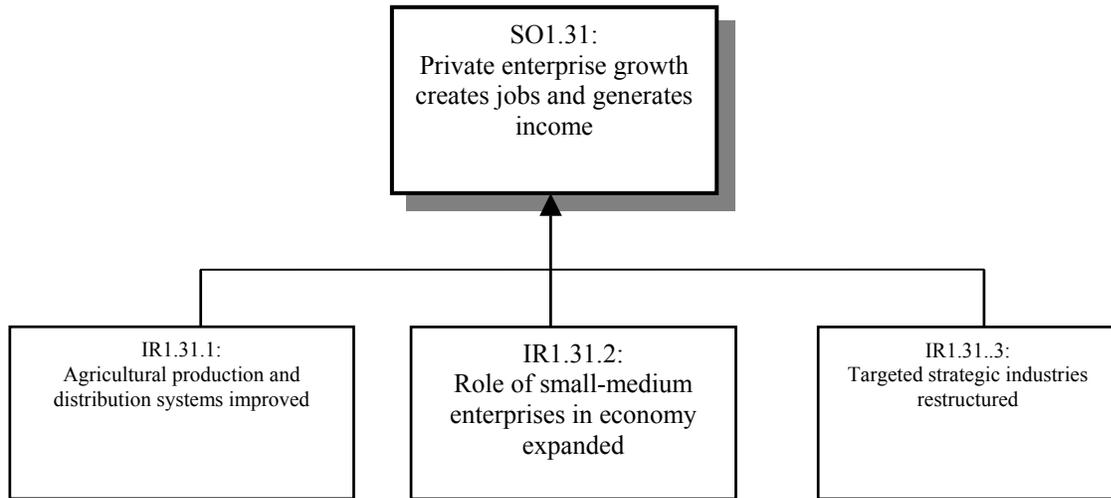
The primary beneficiaries of USAID health care programs are citizens of Moldova, who have more health care options with the opening of model clinics, as well as health care professionals, and local government officials who are trained to update policies, treatment protocols and preventive methods according to international standards.

Annual Report Part IV: FY 2001 Performance Data Tables and Results Framework

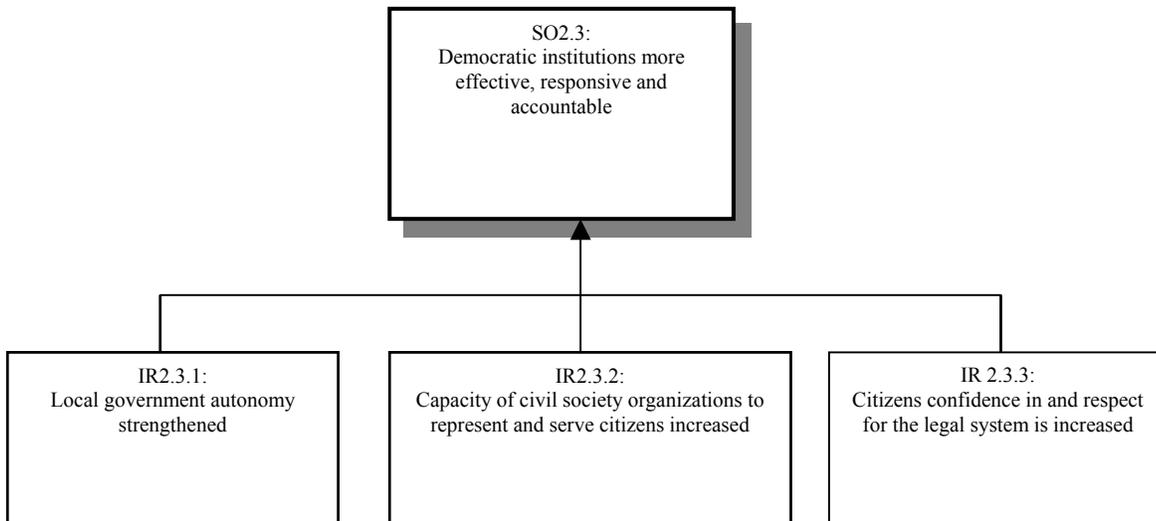
Moldova SO 1.21



Moldova SO 1.31



Moldova SO 2.3



Moldova SO 3.4

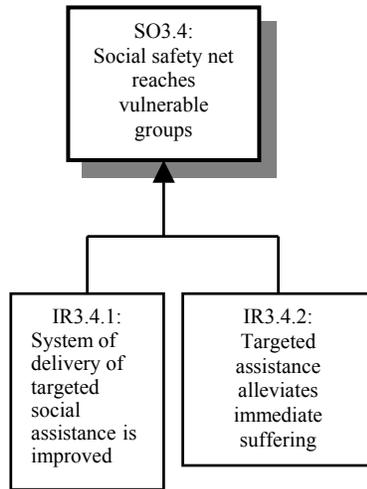


Table 1: Moldova FY 2002 Annual Report Selected Performance Measures

USAID/Moldova OU does not measure performance using indicators included in this list of Selected Performance Measures and does not report data for the performance indicators selected for this table.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives					
1 Did your operating unit achieve a significant result working in alliance with the public sector or NGOs?	Yes	No	N/A	N/A	
2 a. How many alliances did you implement in 2001? (list partners) b. How many alliances do you plan to implement in FY 2002?	0			N/A	
3 What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	N/A			N/A	
Pillar I: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.					
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (117-0121: Fiscal and Financial Reforms Support Market-led Growth)	Exceed	Met X	Not Met		
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (117-0131: Private Enterprise Growth Creates Jobs and Generates Income)	Exceed	Met X	Not Met		
USAID Objective 1: Critical, private markets expanded and strengthened					
5 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged					
6 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable					
7 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded					
8 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
9 a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual) b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	Male	Female	Total		
USAID Objective 5: World's environment protected					
10 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
11 a. Hectares under Approved Management Plans (2001 actual) b. Hectares under Approved Management Plans (2002 target)					
Pillar II: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.					
12 If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met	Not Met		
USAID Objective 1: Reducing the number of unintended pregnancies					
13 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A		
USAID Objective 2: Reducing infant and child mortality					
14 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A		

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors	
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
15 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A			
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries						
16 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A			
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance						
17 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A			
Pillar III: Democracy, Conflict and Humanitarian Assistance						
18 If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? (117-023: Democratic Institutions more Effective, Responsive and Accountable)	Exceed	Met X	Not Met			
18 If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? (117-034: Social Safety net reaches vulnerable groups)	Exceed	Met X	Not Met			
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened						
19 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X			
USAID Objective 2: Credible and competitive political processes encouraged						
20 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X			
USAID Objective 3: The development of politically active civil society promoted						
21 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X			

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 4: More transparent and accountable government institutions encouraged					
22 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A x		
USAID Objective 5: Conflict					
23 Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
24 Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
25 Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total		
USAID Objective 6: Humanitarian assistance following natural or other disasters					
26 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
27 Number of beneficiaries					

Table 2: Moldova FY 2002 Selected Performance Measures for Other Reporting Purposes

The information in this table will be used to provide data for standard USAID reporting requirements

USAID/Moldova OU does not measure performance using indicators included in this list of Selected Performance Measures and does not report data for the performance indicators selected for this table.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Child Survival Report					
Global Health Objective 1: Reducing the number of unintended pregnancies					
1 Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)					
Global Health Objective 2: Reducing infant and child mortality					
2 Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total		
3 Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total		
4 Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total		
5 Were there any confirmed cases of wild-strain polio transmission in your country?					
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
6 Percentage of births attended by medically-trained personnel (DHS/RHS)					
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance					
7 a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual) b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)					
8 Proportion of districts implementing the DOTS Tuberculosis strategy					
HIV/AIDS Report					

Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries					
9	a. Total condom sales (2001 actual)				
	b. Total condom sales (2002 target)				
10	a. Number of individuals treated in STI programs (2001 actual)	Male	Female	Total	
	b. Number of individuals treated in STI programs (2002 target)				
11	Is your operating unit supporting an MTCT program?				
12	a. Number of individuals reached by community and home based care programs (2001 actual)	Male	Female	Total	
	b. Number of individuals reached by community and home based care programs (2002 target)				
13	a. Number of orphans and vulnerable children reached (2001 actual)	Male	Female	Total	
	b. Number of orphans and vulnerable children reached (2002 target)				
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)	Male	Female	Total	
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)				

Victims of Torture Report				
Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture				
15 Did you provide support to torture survivors this year, even as part of a larger effort?				
16 Number of beneficiaries (adults age 15 and over)	Male	Female	Total	
17 Number of beneficiaries (children under age 15)	Male	Female	Total	

Global Climate Change				
USAID Objective 5: World's environment protected				
18 Global Climate Change: See GCC Appendix				

Part VII: Environmental Compliance

The USAID Regional Mission for Ukraine, Belarus and Moldova continue to make significant progress in meeting requirements under 22 CFR 216 (Reg. 216). The Mission has found the MAARD "check list" to be a successful method for ensuring that each activity receives an environmental review before it is approved. There is a high level of awareness among SO Teams, Office Directors, CTOs and Activity Managers of the need for environmental review. The Mission plans on conducting training in Spring 2002 for key staff on Reg. 216 procedures.

Most of the Mission's activities continue to fall among those classes of action that are categorically excluded from needing an Initial Environmental Examination (IEE) or Environmental Assessment (EA). Historically, the major exceptions to the Categorical Exclusion (CE) have been agricultural activities. The Mission has one outstanding IEE for the Ukrainian Land Titling Initiative (ULTI). The ULTI was approved and initiated under a CE. However, the Bureau Environmental Officer (BEO) later revised the CE decision to require an IEE. It is expected that this issue will be resolved during an upcoming TDY by the BEO in March 2002.

In 2001, the Mission reviewed fifty (50) activities that recommended a CE, one (1) activity that requested CE and IEE with a negative determination, and two (2) that recommended an IEE with a negative determination. To date, the BEO has approved all but one request. One (1) request for a CE and sixteen (16) requests for a CE and an IEE were initiated for agricultural activities in Moldova that subsequently were covered under the Programmatic Environmental Assessment and, therefore, were not reviewed individually by the Mission or the BEO.

In calendar year 2002, the Mission has already reviewed four activities (3 CEs and 1 IEE). Two of the requests for a CE have been approved by the BEO. An additional 31 new activities, or substantive amendments to existing activities, are expected to require an environmental review before the end of the year.

The Mission's team for managing Reg. 216 matters is led by the Mission Environment Officer with support from the Environment Program Management Specialist, the half-time Environment Program Assistant and the Administrative Assistant in the Office of Democratic and Social Transition.

ANNEX II

The principal implementing partners (including those with whom USAID obligated or sub-obligated funds and those who may have received funding from other sources)

S.O. 1.1

Collective farm breakup, land privatization	East West Management Institute
Land titling	Booz Allen and Hamilton
Telecommunications sector privatization	KPMG Barents Group

S.O. 1.2

Fiscal Reform	KPMG Barents Group
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S.O. 1.3

Accounting SRO	East West Management Institute
Accounting SRO	Arthur Andersen
Financial Management Training & Advisory	Chemonics International, subcontractor – East West Management Institute
Small and new business	Development Alternatives Inc
Volunteer activities & Farmer to farmer	IESC, ACDI/VOCA, CDC Alliance
Agribusiness partnerships I and II & Private farmer commercialization program Farmer to farmer	Citizens Network for Foreign Affairs
Commercial law development	University Research Corporation International, IRIS center
Western NIS Fund	Western NIS Enterprise Fund

S.O. 1.4

Cash auctions Privatization of State Enterprises	International Business and Technical Consultants Inc (IBTCI)
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Capital Markets

Stock exchange &
Securities Commission

Intrados

Clearing and settlement

Price Waterhouse

Bank supervision/Accounting reform

KPMG Barents Group

Financial monetary systems

**Financial Service Volunteer Corps
(FSVC)**

S.O. 1.5

Power sector regulatory reform

**Hagler Bailly Services, Inc
Pierce Atwood Attorneys**

Moldovagas Restructuring

Hagler Bailly Services, Inc

Electricity market development

CMS Energy Corporation

Power sector privatization

**Abt Associates Inc.
Deloitte Touche Tohmatsu**

Moldenergo partnerships

USEA

Utility regulatory cooperation

NARUC

Low income energy and social
assistance program (LIESAP)

Counterpart International

S.O. 2.1

Electoral systems

**International Foundation for Election
Systems (IFES)**

Political parties

International Republican Institute (IRI)

Rule of law

**American Bar Association
(ABA/CEELI)**

Public administration/local government

The Urban Institute

Social Investment Fund

ACDI/VOCA

S.O. 4.1

Emergency humanitarian assistance program

Counterpart International, Inc

Energy efficiency weatherization program

Advanced Engeneering Associates International, Inc (AEAI), subcontractor - Resource Management Associates (RMA)

Municipal network for energy efficiency

Alliance to Save Energy (ASE)

Winter heat assistance program

International Partnership for Human Development (IPHD)

Medical partnerships

American International Health Alliance (AIHA)

S.O. 4.2

Grants program
Training programs

**Eurasia Foundation
Academy for Educational Development (AED)**

A summary of the performance indicators used during the life of the 1997-2001 strategy

S.O. 1.1: Increased transfer of state owned assets to the private sector

- Percentage of GDP generated by the private sector, %.

IR 1.1.1: Medium and large enterprises originally sold for NPBs effectively privatized

- Medium and large enterprises originally sold through NPBs effectively privatized; cumulative number.
- Enterprises not offered for NPBs, including small-scale and unfinished constructions, transferred to the private sector; number of enterprises.

IR 1.1.1.2: People participate in enterprise auctions

- Number of privatization bonds picked up by the public, %.
- Number of privatization bonds invested, %.

IR 1.1.2: Housing units are privately owned

- Number of units privatized, cumulative number.

IR 1.1.3: Farm land is privatized and titles issued.

- State or collective farms broken up, number of farms/year.
- Rural land titles issued to individual members of collective farms, cumulative number.

IR 1.1.3/1.1.4 Legal framework enables land privatization.

- Land prices reduced, yes/no.
- GOM adopts decision to streamline rural land titling and registration procedures, yes/no.

IR 1.1.4: Privatized enterprises acquire associated land and titles issued

- Enterprises acquiring associated land, cumulative number.
- Titles issued, cumulative number.

SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices

- GOM meets IMF deficit targets, yes/no.

IR 1.2.1: MOF budgeting and financial management practices are reformed

- Comprehensive budget process law implemented following adoption; Yes/No.

IR 1.2.1.1: Budget preparation process is strengthened

- State budget revenues equal or exceed forecast levels, yes/no.

IR 1.2.1.1.1: Macroeconomic forecasting capability is improved [IMF]

- Government's budget includes a statement of economic policy and an explicit statement of the budget's economic assumptions, yes/no.

IR 1.2.1.1.3 Budget preparation procedures are streamlined

- Aggregate and ministry expenditure targets are set at initial stages of budget process, in accordance with macro-economic forecast, yes/no.

IR 1.2.1.2: Treasury system that integrates budget execution, accounting, cash and debt management is implemented [IMF]

- Bank accounts of State organizations related to State budget expenditures or collection of State budget revenues are closed or otherwise taken over by the Treasury, cumulative number of accounts moved to Treasury.

IR 1.2.1.2.1: Computerized treasury system is operational

- Treasury system is fully deployed, % completion of project.

IR 1.2.1.2.3: Government debt management system is established

- Auditable data base covering all government debt, including debt service schedules and contingent liabilities, is created, yes/no.
- Deficit financed by government securities, %.

IR 1.2.2: A market-oriented tax system that encourages compliance is created

- Tax base broadens, number of taxpayers.
- Revenue generated compared to expected with full compliance, %.

IR 1.2.2.1 Tax system supports economic growth

- Income tax laws (corporate and individual) are revised using international standards and combined into a consistent legal framework, single income tax law.

- Export earnings rise due to modernization of VAT law (from origin to destination base), yes/no.

IR 1.2.2.2: Tax laws are fairly and efficiently administered

- Ratio of cost of tax administration to tax collection decreases, yes/no.

IR 1.2.2.2.1: Tax system is computerized

- Proportion of tax administration transactions carried out through computerized system, %.

IR 1.2.3: Parliament acts affirmatively on budget and tax reform legislation

- Budget process law is adopted, drafted/submitted/passed.

IR 1.2.3.1 Budget and Finance Committee's deliberation on fiscal legislation is improved

- Analytic reports prepared on major budget programs with policy recommendations, number of reports.

IR 1.2.3.2 Center for Budgetary and Financial Analysis is operational

- Independent budget analysis is conducted to support Budget and Finance Committee and Parliament's deliberations, yes/no.

SO 1.3: Accelerated development and growth of private enterprises

- Private sector firms operating and generating employment, %.

IR 1.3.1: Free availability and flow of business-related information

- Circulation of top two business periodicals in Moldova, %.

IR 1.3.1.1: Business management consulting industry developed

- Positive environment for business management consulting industry; number.
- USAID-assisted consulting firms demonstrate ability to secure business clients, number and \$ collected.

IR 1.3.1.2: USAID business networks expanded

- Participants in informal business information network, number.
- Paying subscribers in formal business networks, number.

IR 1.3.1.3: Business training widely available

- Participants who complete USAID business training, number.

IR 1.3.2: Legal, regulatory and political environment conducive to sustainable enterprise growth

- Direct foreign investment in Moldova, cumulative dollars, million.

IR 1.3.2.1: Commercial legal systems developed

- Laws passed, number.

IR 1.3.2.2: International accounting standards adopted

- Dues-paying members of the Moldovan association performing as a self-regulating organization (SRO), number.
- Certification program offered by association develops professional qualifications of accountants and auditors, number.
- Companies listed on the stock market with financial statement conforming to IAS, number.

IR 1.3.2.3: An open trade regime

- Compliance with GATT/WTO standards, yes/no.

IR 1.3.2.4: Corporate governance standards followed

- Corporations file annual reports with State Commission on Securities Markets (SCSM), number.

IR 1.3.2.5: Functioning bankruptcy system, including financial restructuring

- Bankruptcy system provides for troubled entities, number.

IR 1.3.3: Selected agricultural joint ventures created

- New joint ventures created through FSRP, cumulative number.
- U.S. private investment leveraged by joint ventures created, \$ cumulative, million.

IR 1.3.4: Venture capital investment supplied

- Venture equity or debt supplied to Moldovan businesses, million USD.

SO 1.4: More competitive and market-responsive private financial sector

- Increased private sector investment; percentage.

IR 1.4.1: Market-oriented private banking sector developed

- Assets of former state banks decrease relative to assets of new private banks, %.

IR 1.4.1.1: Increase in savings mobilization through the banking system

- Increased private sector investment, %.

IR 1.4.1.3: Increased competition in the banking system.

- Fall in intermediation spread,%.

IR 1.4.1.4: Financial infrastructure promotes confidence in the banking system

- Share of deposits in total bank funding increases,%.

IR 1.4.1.4.1: Modern, standardized accounting system developed

- International Accounting Standards (IAS) adopted by commercial banks, yes/no.

IR 1.4.1.4.2: Improved banking supervision capacity

- NBM Bank Supervision average composite rating of banks improves, average rating: 1 (best) to 5.
- Effective off-site examination system in use, yes/no.

IR 1.4.2: Government macro and structural adjustment policies support market economy

- Adherence of the GOM to IMF quantitative performance criteria, yes/no.

IR 1.4.3: Transparent and open securities system established

- Total corporate securities market capitalization, million USD.

IR 1.4.3.1: State Commission on Securities Markets overseeing/monitoring capital markets activities

- Laws/decrees passed developing securities market regulatory framework, number passed.

IR 1.4.3.2: Active and open trading of shares on the Moldova Stock Exchange (SME)

- Volume of shares traded by enterprises listed in MSE, number, \$ value.
- Volume of shares traded by unlisted enterprises, number, \$ value.
- Number of companies trading on the Exchange increases yearly, number of companies.

IR 1.4.3.3: Rule-making association/Self-regulatory organization of broker/dealers operational

- Evidence of corrective action taken, number of actions, narrative.

IR 1.4.3.4: Companies raising capital through IPOs or alternative processes

- Companies raising capital, number.
- Amount of capital raised, million USD.

SO 1.5: A more economically sustainable and environmentally sound electric industry and energy sector

- Reduction in budgetary subsidies for power and energy resources production, million USD.
- Reduction in electricity consumption per unit of economic output, %.

IR 1.5.1: Fully functional National Electricity Regulatory Commission (NERC)

- Market-based wholesale/retail tariffs introduced, yes/no.
- Stock companies operating in a market environment, number of licenses.

IR 1.5.2: Increased profitability of electrical energy system

- Increased profit margin at two major power plants, %.

IR 1.5.2.1: Increased revenue generation from customers

- Average customer revenue increases; \$/kWh.

IR 1.5.4: Supportive policy environment

- GOM meets World Bank energy sector restructuring conditions and requirements, yes/no.

SO 2.1 Increased, better-informed citizens' participation in political and economic decision-making

- Number of citizens who participate in NGO activities, %, cumulative number.

I.R.2.1.1: Increased confidence in the political and legal processes

- Percentage of people who believe they could do something about an infringement of their rights by the government, %.

I.R.2.1.1.1: Increased perception that citizens' rights are upheld

- Citizens who believe that their rights are upheld, %.

IR 2.1.1.2/2.1.2.1: More opportunities for citizen involvement created at the local government level

- Cities with citizen participatory mechanisms (e.g., task forces, advisory boards), cumulative number.
- Public hearings held, cumulative number.

I.R. 2.1.2: More unbiased public information available to citizens

- Independent TV news programming, hours.

I.R. 2.1.2.2: Independent news coverage

- Non-governmental sources of information, %.

Evaluations and special studies conducted during the life of the 1997-2001 strategy

FY 1997

- 1999 Results Review and Resource Request document;

FY 1998

- 2000 Results Review and Resource Request document;
- Regional Assessment of the USAID Infectious Disease Programs in the NIS, TvT Associates, July 1998;
- Reproductive Health Survey Moldova 1997, U.S. Public Health Service, Center for Disease Control, December 1998;
- Privatization and Reorganization of Farms in Moldova: farm members manual; reference manual, East West Management Institute, March 1998.

FY 1999

- 2001 Results Review and Resource Request document;
- Semestral Activity Reports (SARs) for July-Dec 1998;
- Semestral Activity Reports for Jan-June 1999;
- Ukraine, Belarus and Moldova: Mitigating Health and Economic Consequences of Environmental Mismanagement, CH2M Hill International Services, Inc, June 1999;
- Guidelines for Moldova Power Market, final report Hagler Bailly Services, March 1999;
- Moldova Local Government Assessment Report, Development Associates, Inc., December 1998.

FY 2000

- 2002 Results Review and Resource Request document;
- Semestral Activity Reports for July-Dec, 1999;
- Semestral Activity Reports for Jan-June, 2000;
- Removing Legal and Regulatory Impediments to the Development of Private Agriculture and Agroindustry in Moldova, CARANA/East West Management Institute, November 1999;
- Small and Medium Enterprises Baseline Survey, Moldova 2000, Development Alternatives Inc, July 2000;

FY 2001

- 2003 Results Review and Resource Request document;
- Semestral Activity Reports for July-Dec, 2000;
- Semestral Activity Reports for Jan-June, 2001;

- Humanitarian Assistance in Ukraine and Moldova, Development Associates Inc, April 2001;

- Assessment of Non-governmental and Civil Society Organizations in Ukraine and Moldova, ARD Inc, July 2001;

- Biodiversity Assessment for Ukraine, Belarus and Moldova, Chemonics International, June 2001.