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# **ENI BUREAU**

## **RESULTS FRAMEWORKS FOR STRATEGIC OBJECTIVES**

# **USAID/Romania**

**APPROVED  
DECEMBER 1996**

Thursday, March 28, 1996

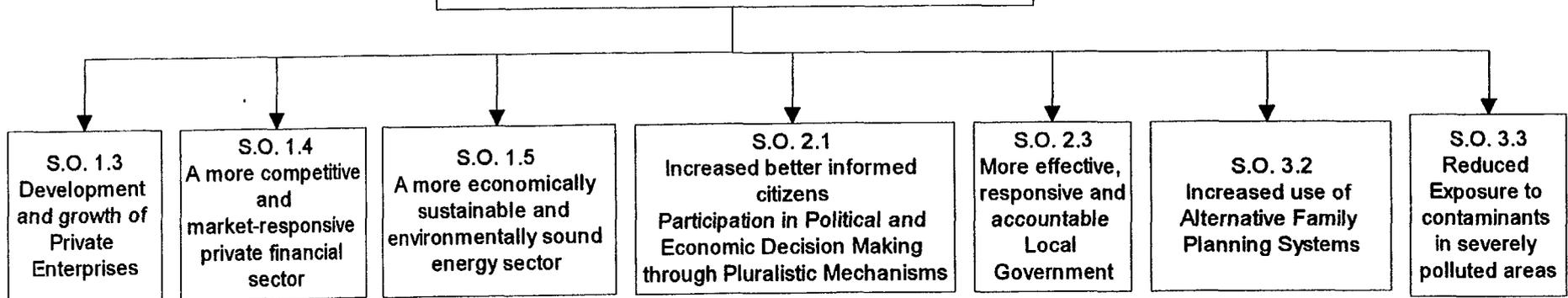
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**USAID/ROMANIA  
STRATEGIC FRAMEWORK**

**OUR SHARED MISSION:** Together (with our partners and customers), we create a democratic political system and free market economy which protects the interests of individuals.

**OUR VISION**

An open society, emphasizing fairness, which functions with a smooth balance of power between the three branches of government and in which power is shared among a responsive central government, local government, individuals, interest groups, and professional organizations; in which the private sector is producing, in an environmentally sustainable manner, the predominant amount of goods and services; which is characterized by an informed and active public and a large, dynamic middle class; and in which people are empowered to make key economic and political choices and are able to meet their basic needs.



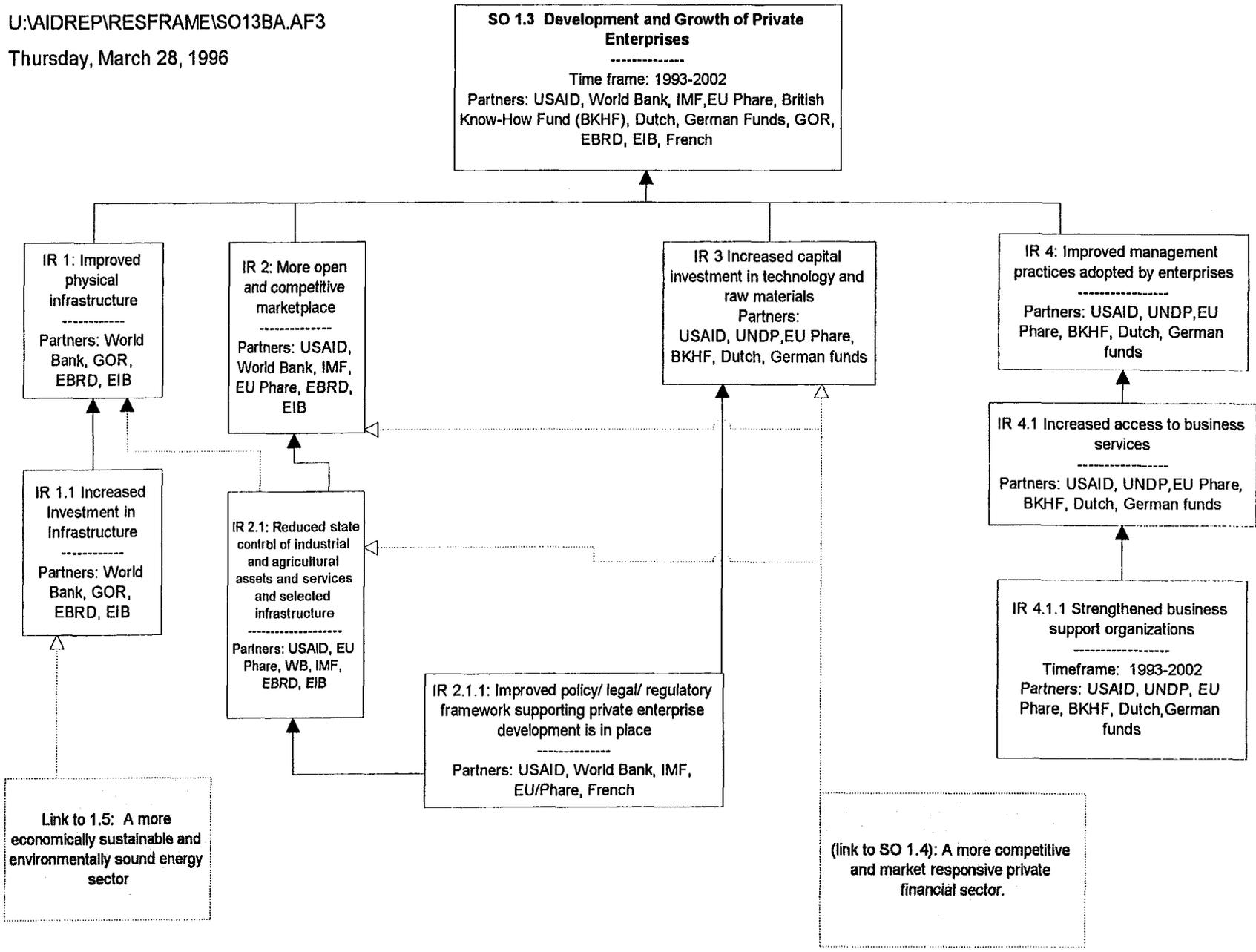
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**STRATEGIC OBJECTIVE**

**RESULTS REVIEW**

**S.O. 1.3**

**DEVELOPMENT AND GROWTH OF PRIVATE  
ENTERPRISES**



## **USAID/Romania Strategic Objective 1.3**

### **Development and Growth of Private Enterprises**

#### **I. Rationale/Transition Hypothesis:**

Improved performance and growth of private enterprises in Romania is essential for overall economic growth and the continued transition to a market economy in which the majority of economic resources are privately owned and managed. Since the 1989 change of government, considerable progress has been made in laying the basis for comprehensive reforms aimed at improving economic performance. However, serious gaps remain in the implementation of needed legal and regulatory reform programs. Additional constraints faced by private enterprises include inadequate infrastructure, constrained market environments, an underdeveloped financial sector, and use of inefficient business practices. Continued external support is critical to further progress toward private enterprise development. USAID/Romania has been a critical actor supporting private enterprise development for several years, drawing on the expertise and experience of the Agency in this sector. The USAID program includes assistance activities aimed at providing business support services to improve private enterprise management and technical skills, assistance to restructure state-owned firms, financial market development (a separate Strategic Objective 1.4), and legal and regulatory reform needed to establish the framework for a free market, private sector oriented economy. USAID assistance for improved fiscal policy, a special initiative, also contributes to the achievement of Strategic Objective 1.3.

The Mission decided to eliminate the word "Accelerated" from the ENI Objective 1.3, which is "Accelerated development and growth of private enterprises." It was felt that the meaning of accelerated was unclear. If accelerated refers to development of enterprises, accelerated development may be conceptually equivalent to growth. On the other hand, if accelerated refers to growth of enterprises, the concern was that achieving increases in the growth rate of private enterprises (growth is already a rate of increase - thus it would mean increasing the rate of increase), may be beyond the manageable interest of the mission program to achieve.

#### **II. Causal Linkages:**

Changes in four major areas must occur in order to foster the development and growth of private enterprises in Romania.

Physical infrastructure must be improved; markets for goods and services need to become increasingly fair, open and transparent, competitive, and efficient; there needs to be increased capital investment (both domestic and foreign) in technology and raw materials, and enterprises need to adopt improved management practices. These constraints are expressed in four key intermediate results that contribute directly to the accomplishment of the Strategic Objective. Together, the achievement of these four intermediate results will stimulate the development and growth of private enterprises by providing an enabling environment, increased resources, and more effective and efficient use of these resources.

Intermediate Result 1 is "Improved physical infrastructure." Inadequacies in transportation systems, telecommunications systems, and access to basic utilities constrain the development of private enterprises in Romania. In order to achieve the result, increased investment in infrastructure systems (IR 1.1) must be achieved. In addition, reduced state control of selected aspects of infrastructure service provision (IR 2.1), would contribute to the improvement of infrastructure. However, since significantly reduced state control of infrastructure is probably unlikely to occur during the time frame of this strategy period, and since infrastructure may be improved to at least some degree without first achieving reduced state control, this causal linkage is shown with a dashed line. Improved infrastructure in the power sector may result, to a certain extent, from progress made in USAID's Strategic Objective 1.5. Hence, the relationship to this S.O. is shown in the results framework.

Intermediate Result 2 is "More open and competitive marketplace." This result refers to aspects of markets that are not directly concerned with financial transactions, including markets for goods and services. Characteristics of the improved market place will be transparency, openness, competitiveness and efficiency of transactions. This Intermediate Result will be achieved by the accomplishment of IR 2.1, "Reduced state control of industrial and agricultural assets and services and selected infrastructure." State ownership of commercial activities inhibits the efficient functioning of free markets. IR 2.1.1, "Improved enforcement/application of legal/regulatory framework supporting private enterprise development," is also necessary to achieve IR 2, since currently some laws and regulations inhibit the smooth functioning of competitive free markets.

Intermediate Result 3 is "Increased capital investment in technology and raw materials." Lack of capital investment (both foreign and domestic) is a serious obstacle to private sector development. One of the major results required to increase investment will be the establishment of an open and competitive financial market, which comprises S.O. 1.4. Hence the link to S.O. 1.4 is shown here; the results of that S.O. are critical to

success to this S.O. Financial markets consist of the banking sector, securities exchanges, commodities exchanges, and foreign exchange markets. IR 2.1 (Reduced state control of industrial and agricultural assets and services) and IR 2.1.1 (Improved policy/legal/regulatory framework supporting private enterprise development) both influence the achievement of IR 3. The 2.1 and 2.1.1 Intermediate Results shown here correspond directly to specific IRs in the SO 1.4 framework also.

The fourth Intermediate Result that contributes directly to the Strategic Objective is "Improved management practices adopted by enterprises." This refers to the internal management and production related systems and functions inside the firm, through which inputs are transformed into value added. The achievement of IR 4 will be brought about by the achievement of increased access to business services (IR 4.1), which in turn will be accomplished by IR 4.1.1, strengthened business support service organizations (including trade associations, professional associations, and chambers of commerce).

Intermediate Result 2.1.1, "Improved policy/legal/regulatory framework supporting private enterprise development," is also critical to the development and growth of the private sector and affects progress in all higher level results. A diverse array of policy, legal and regulatory reforms are needed to support private enterprise development, including reforms in commercial law, tax law, trade law, price controls and subsidies, foreign exchange regulations, privatization, and so on. Enforcement of these laws and regulations is also critical.

### III. Critical Assumptions:

An important Critical Assumption is that needed information will be available. Information is a critical factor necessary to achieve many of the other intermediate results in the framework, including increased investment in and the resulting improvements in infrastructure, establishment of the appropriate legal/regulatory framework and enforcement of it, reduced state control of assets and services, an improved marketplace, improved financial markets, and of course, improved management practices adopted by enterprises. Improved flows and quality of information are also critical elements of market systems.

Another assumption is that the overall macroeconomic environment will continue to increase in stability. Mission activity in Special Initiative 1.2, dealing with improved fiscal policy and fiscal management practices, contributes to an improved macroeconomic environment.

Another key assumption is that the political will to continue the march toward a private sector economy will last in spite of the potential repercussions of needed policy changes on the

**PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS**  
**S.O.1.3: Development and Growth of Private Enterprises**

RESULT LEVEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual (year end)	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.3	Development and growth of private enterprises	Percent of annual GDP that is from the private sector	Definition: value of GDP that is produced by private sector/total value of GDP  Unit: Percentage	95	45%	55%		60%		65%		70%		75%	
IR 1	Improved Physical Infrastructure	Increase in % of population with access to basic services	Definition: Access to roads, telecommunications, water and sewer services  Unit: %	95	TBD	+2%		+2%		+2%		+2%		+2%	
IR 1.1	Increased Investment in Infrastructure	World Bank Infrastructure loan tranche levels	Definition:  Unit: USD	1995	TBD										
IR2	A more open and competitive market place	Time for licensing procedure for new firms is reduced as per World bank conditionality	Definition:  Unit: avg # of weeks	1995	12	8		6		4		4		4	
		Government meets IMF requirements for price decontrol	Definition:  Unit: Yes/No	1995	No	Yes		X		X		X		X	

IR 2.1	Reduced state control of industrial and agricultural assets and services and selected infrastructure	Number of companies privatized under Mass Privatization Plan (e.g. 51% private ownership)	Definition: cumulative number Unit: number	1995	1,500	2,500		3,500		4,000		4,500		4,800
		Number of state-owned banks that are privatized	Definition: % of total Unit: %	1995	0%	17%		33%		50%		67%		100%
IR 2.1.1	Improved policy/ legal / regulatory framework supporting private enterprise development is in place	Laws passed indentified by World Bank/IMF as necessary for private sector development	Definition: Unit: Yes/No (meets World Bank/IMF conditionality)	95	No	Yes		X		X		X		X
IR 3	Increased capital investment in technology and raw materials	Annual levels of foreign investment (proxy for total investment)	Definition: Annual FDI Unit: USD	95	\$300M	\$400M		\$500M		\$600M		\$700M		\$800M
IR 4	Improved management practices adopted by enterprises	Average increase in sales for USAID-assisted firms (%)	Definition: % increase of avg. annual sales Unit: %	95 TBD	5%	5%		5%		5%		5%		5%
IR 4.1	Increased access to business services	Number of enterprises assisted	Definition: cumulative Unit: number	95	500	1000		1500		2000		2500		3000
IR 4.1.1	Strengthened business support service organizations	Number of advisors in-country	Definition: Unit: % increase	95	TBD	5%		5%		5%		5%		5%

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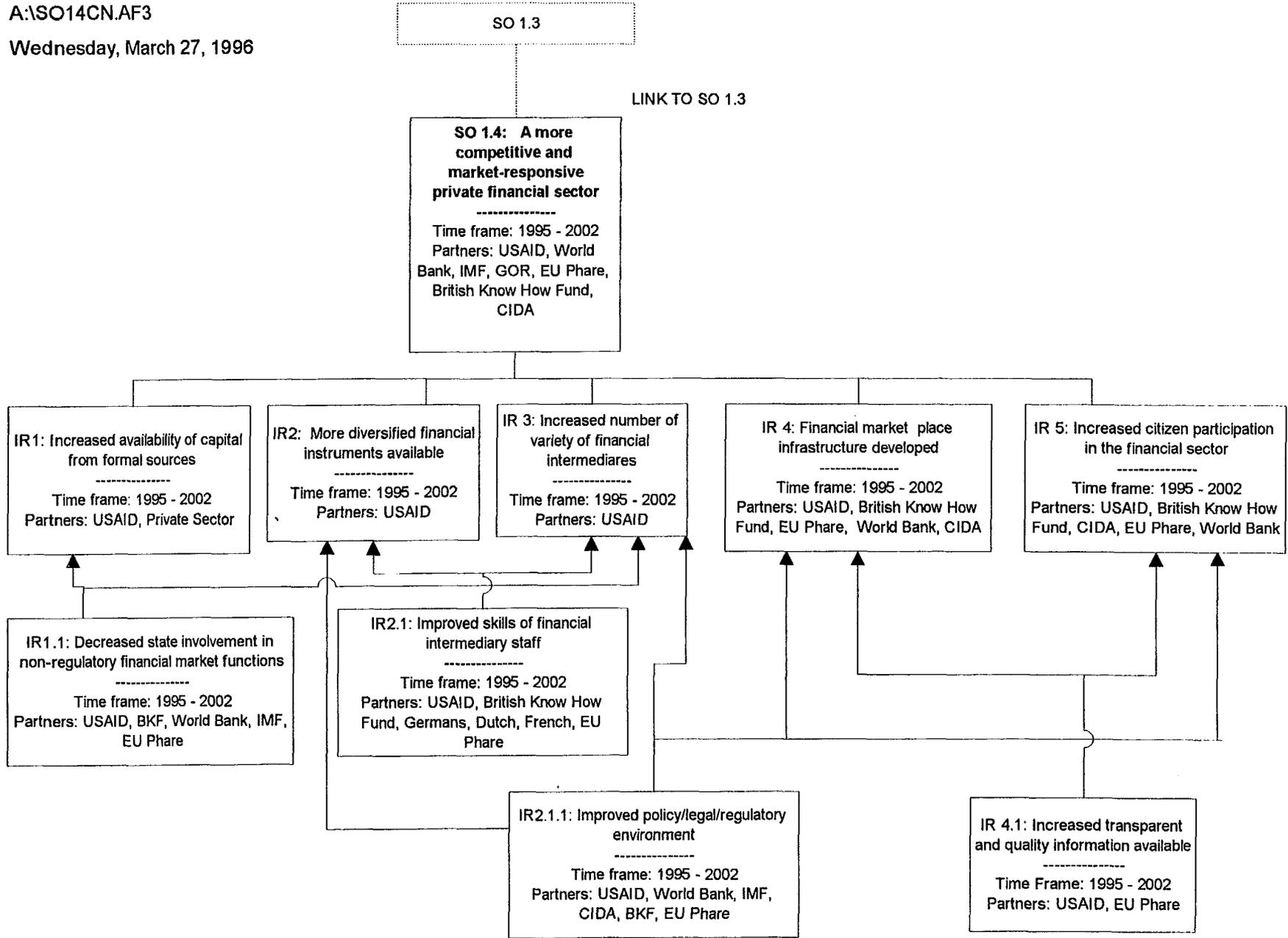
		<i>Number of support service staff trained</i>	<i>Definition:</i>	95	TBD	5%		5%		5%		5%		5%	
			<i>Unit: % increase</i>												
		<i>Comments/Notes:</i>													

**STRATEGIC OBJECTIVE**

**RESULTS REVIEW**

**S.O. 1.4**

**A MORE COMPETITIVE AND  
MARKET-ORIENTED  
PRIVATE FINANCIAL SECTOR**



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with firms to more effectively "work the system."

#### USAID/Romania Strategic Objective 1.4

##### A More Competitive and Market-Responsive Private Financial Sector

#### I. Rationale/Transition Hypothesis:

A competitive and market-oriented private financial sector is essential for a competitive, market based economy in which the majority of economic resources is privately owned and managed (ENI Bureau Strategic Assistance Area I Goal). The accomplishment of Strategic Objective 1.4 is also necessary for, and contributes to the achievement of Strategic Objective 1.3 in Romania, which is development and growth of private enterprises. (See linkages shown in results frameworks for SOs 1.3 and 1.4). Important progress toward developing the private financial sector has been made since 1994-5 when the government agreed to key structural reforms. However, significant constraints remain. USAID, as one of the leading donors, plays an important role in supporting reforms and development of a competitive, vibrant financial sector in Romania. USAID sponsored financial and technical assistance is developing an over-the-counter trading system, contributing to legal and regulatory reform, decreased state involvement and increased private activity, infusion of new capital for investment in financial intermediaries, development of new financial instruments and strengthening of intermediaries, development of an improved financial market place, and increased citizen participation in financial markets.

#### II. Causal Linkages:

Five key intermediate results are identified as necessary for the accomplishment of SO 1.4 in Romania. The underlying hypothesis is that an infusion of capital for investment from formal sources, increased availability of more diversified financial instruments, increased number and variety of financial intermediaries, development of the financial market place infrastructure, and increased citizen engagement in the financial sector, are all necessary for and contribute to the accomplishment of the Strategic Objective of a more competitive and market responsive private financial sector.

The first Intermediate Result is "Increased availability of capital from formal sources." This refers to the need for availability of capital for a rapid infusion into financial institutions to help "jump start" financial market activity and

to increase the capital available for credit in the economy. Decreased state involvement in non-regulatory financial market functions is an intermediate result, (IR 1.1), that contributes to IR 1. State involvement in various non-regulatory aspects of financial markets inhibits increased availability of capital for investment in financial intermediaries by dampening efficiency, competitive behavior, and incentives for profits. Specifically, state owned banks need to be privatized, although state involvement in owning and running other types of financial intermediaries also needs to be decreased.

Intermediate Result 2 is "More diversified financial instruments available." This refers to the introduction and more widespread availability of new types of investment vehicles in Romania. A set of key product types will be identified by the Mission, including such instruments as mortgage loans, more types of credit lines and loan types available to consumers and enterprises, variety in Treasury bills, mutual funds, individual checking accounts, etc. The result of more diverse instruments being available will be achieved in turn by an Intermediate Result of "Improved skills of financial intermediary staff" (IR 2.1), and by improvements in the legal/regulatory framework and its enforcement (IR 2.1.1) that facilitate use of new financial instruments in Romania.

The third key Intermediate Result that contributes to the achievement of the Strategic Objective is "Increased number and variety of financial intermediaries operating." This result refers to the need for new types of financial intermediaries, or new roles for old types of intermediaries. Intermediaries are defined as institutions that provide financial products and services to the public. Specific types of new institutions (or roles) include stock brokerage houses, credit unions, mutual funds, insurance companies and commercial banks. This IR also expresses the need for increased numbers of institutions operating within each type. Decreased state involvement in non-regulatory financial market functions (IR 1.1), improved skills of financial intermediary staff (IR 2.1), and an improved legal/regulatory/policy environment (IR 2.1.1) are Intermediate Results that all contribute to the accomplishment of Intermediate Result 3.

The fourth principal Intermediate Result that contributes directly to the achievement of the Strategic Objective is "Financial market place infrastructure developed." This IR refers to the aspects of setting up the market-place within which financial transactions can take place, including both physical infrastructure as well as systems such as telecommunications systems and operating procedures. The key types of market place that need to be established include the Bucharest Stock Exchange, the over the counter (OTC) trade market, credit market infrastructure, and foreign exchange market infrastructure. This

IR itself will be accomplished by Intermediate Results of an improved legal/regulatory/policy environment (IR 2.1.1 - both passage of laws and regulations and transparent and consistent enforcement of regulations); and increased transparent and quality information being available (IR 4.1). In addition, the key Intermediate Result 3 of "Increased number and variety of financial intermediaries operating" contributes to the accomplishment of "Financial market place infrastructure developed". Financial intermediaries are active participants in helping to develop the market place in which transactions take place. This causal relationship is shown by an arrow leading from the financial intermediaries IR 3 to the financial market place IR 4.

The fifth key Intermediate Result that is essential for the SO and which contributes directly to its achievement is "Increased citizen participation in the financial sector." A dynamic private financial sector will only be achieved if more of the population invests savings in formal financial institutions and people actually engage in trading on the newly established Bucharest Stock Exchange and the soon to be established Over the Counter Trading System. In Romania there is currently a significant amount of excess liquidity that is not captured in the formal financial sector - the majority of people do not invest their savings, but keep them "in the mattress" at home. This situation seems to be partly a legacy of past mistrust of more limited, corrupt or inefficient public sector dominated financial systems. In order to achieve increased public investment of savings and increased participation in capital markets, it will be necessary to achieve an improved legal/regulatory environment (IR 2.1.1, with an emphasis on improved and consistent enforcement of transparent regulations to build public confidence); and increased availability of transparent and quality information on how financial institutions and markets work and on specific investment options (IR 4.1).

It should be noted that Intermediate Result 2.1.1, "Improved policy/legal/regulatory environment" refers not just to reforms in policy, laws and regulations, but to improved enforcement and application of the (reformed) legal/regulatory framework.

### III. Critical Assumptions:

A key critical assumption is that the overall macroeconomic environment will continue to increase in stability. Mission activity in Special Initiative 1.2, dealing with improved fiscal policy and fiscal management practices, contributes to an improved macroeconomic environment.

**PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS**  
**S.O.1.4: A more competitive and market-responsive private financial sector**

RESULTS VEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual (Year-end)	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.4	A more competitive and market-oriented private financial sector	Annual volume of government security transactions	Definition: Unit: \$ US	1995	\$0	\$200 M		\$300 M		\$350 M		\$400 M		\$450 M	
		Foreign exchange trading is free of government interference (IMF conditionality)	Definition: Inter-bank market Unit: yes/No	1995	No	Yes		X		X		X		X	
		Average Volume of Equity trading per week	Definition: Bucharest stock market and OTC market % increases Unit: %	1995	\$50,000	+50 %		+30 %		+20 %		+20 %		+20 %	
IR 1	Increased availability of capital from formal sources	Combined social capital of Romanian banks (proxy for availability of funds)	Definition: "social capital" = net worth Unit: billions of lei	1995	TBD										
IR 1.1	Decreased state involvement in non-regulatory financial market functions	Number of state-owned banks that are privatized	Definition: Percent of total Unit: %	1995	0%	17%		33%		50%		67%		100 %	

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

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

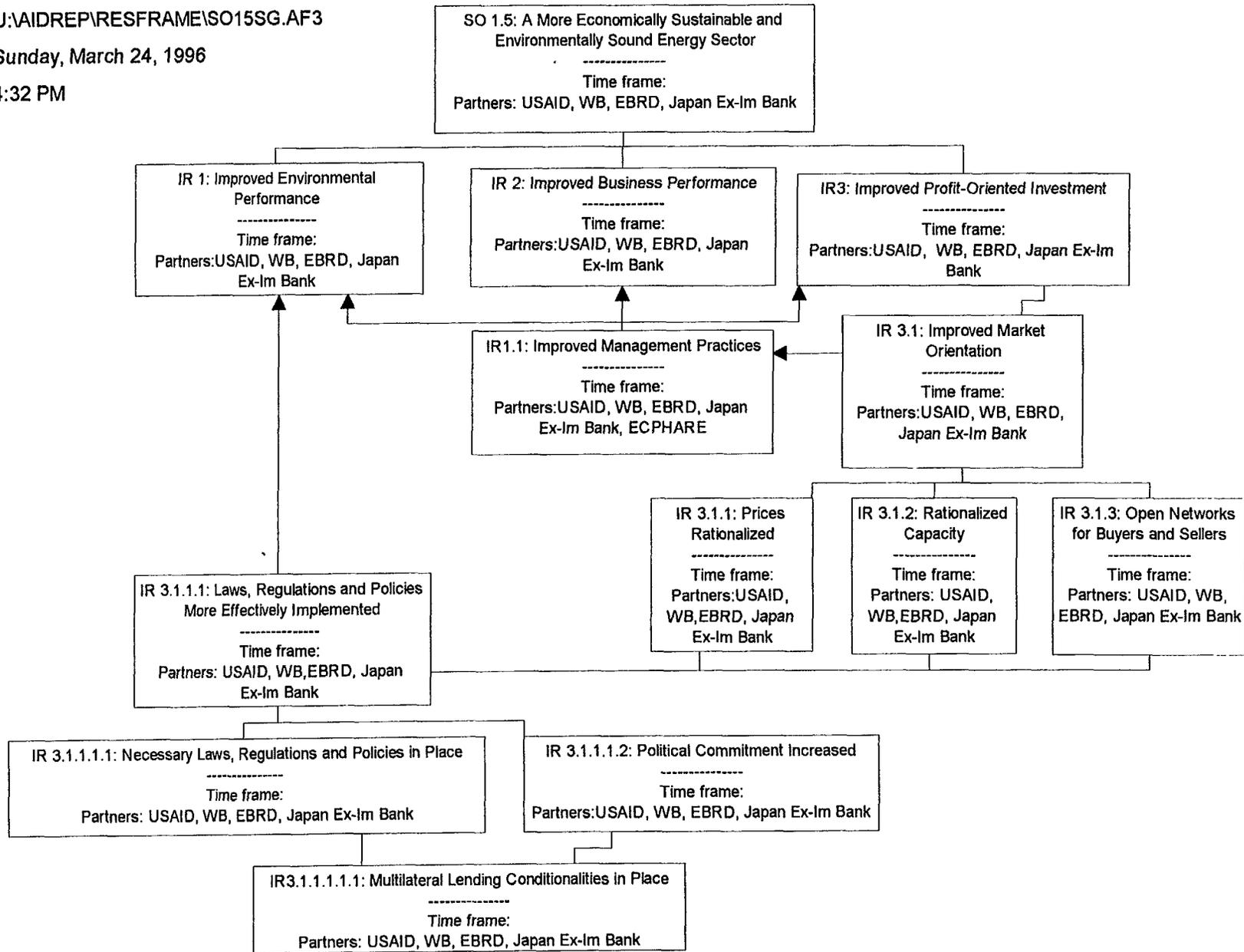
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**STRATEGIC OBJECTIVE**

**RESULTS REVIEW**

**S.O. 1.5**

**A MORE ECONOMICALLY SUSTAINABLE AND  
ENVIRONMENTALLY SOUND ENERGY SECTOR**



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## **USAID/Romania Strategic Objective 1.5**

### **A More Economically Sound and Environmentally Sustainable Energy Sector**

#### **I. Rationale/Transition Hypothesis**

Heretofore unaffected by market forces, the heavily subsidized and government-dominated Romanian energy sector (consisting mainly of the power generation and petroleum sub-sectors) drains the national economy and government coffers alike, while exacting a toll on the nation's environment. The situation is exacerbated by the fact that energy is one of the most important sectors in the Romanian economy.

If the nation's economic development is to proceed at a reasonable pace and if Romania is to join the European Union eventually, the energy sector needs to improve its reliability, cost-efficiency and degree to which prices reflect costs. Thus, reforms that realize Strategic Objective 1.5 of "a more economically sound and environmentally sustainable energy sector" are key to the USAID/Romania goal of "foster[ing] the emergence of a competitive, market-oriented economy in which the majority of economic resources is privately owned and managed."

#### **II. Causal Linkages**

The SO 1.5 framework takes the slightly unusual step of identifying at its base multilateral lending conditionalities that already are substantially in place (IR 3.1.1.1.1)--and therefore are not a result to be accomplished--because they drive much of the restructuring in the sector. The conditionalities also are important because satisfying them constitutes indicators for certain results further up the framework.

The three principal intermediate results contribute to achieving SO 1.5 in that they reflect improvement in environmental, business and investment conditions (IRs 1, 2 and 3) that are necessary and sufficient to bring about a more economically sustainable and environmentally sound energy sector. The relationship among them is that improved environmental performance (as reflected in the indicators regarding less waste during petroleum production, petroleum processing and power generation) within the sector both improves business performance (as indicated by, e.g., return on assets and equity) and profit-oriented investment (as reflected by increased external investment by those outside the sector and increased internal investment by those state enterprises, such as refineries, that control their own cash flows). More specifically, adopting more

environmentally efficient practices in the energy sector will help create more viable businesses. Such practices also will decrease the total cost and risk of investment in energy facilities (in that some necessary environmental clean-up already will have been accomplished, reducing later costs and liability).

Improved management practices (IR 1.1) contribute to all three principal intermediate results. Such practices flow from better technical capabilities and resources--more specifically, improved information (IR 1.1.1), more managerial accountability and autonomy (IR 1.1.2) and better management skills (IR 1.1.3). Linking accountability and autonomy in one IR, while not unidimensional, nevertheless is justified by the fact that the two must go hand in hand as a key element contributing to improved management practices. Greater accountability without greater autonomy will leave managers responsible for matters they cannot control. Conversely, granting them greater autonomy without holding them more accountable negates a key incentive to use that autonomy wisely.

Just as improved management practices partly reflect technical factors, improved market orientation (IR 3.1) reflects the competitive pressure necessary for bringing about a restructured energy sector and the more viable firms constituting it. Such pressure grows out of rationalized prices and capacity (IRs 3.1.1 and 3.1.2), as well as more open commercial networks within the sector (IR 3.1.3). As reflected in certain of the indicators for these three intermediate results, accomplishing them will eliminate the cross-subsidies and redundancies that characterize the sector, and open it up to the influence of relevant market costs and prices.

An improved market orientation also substantially contributes to improved management practices, in that it provides an important impetus for managers to refine and intensify their efforts. IR 3.1 also can contribute directly to improved profit-oriented investment even without the mediating influence of IR 1.1, in that under some circumstances competitive pressures may drive investment even in the absence of better management. But for the energy sector as a whole, both elements are necessary for increased investment to come about.

Closer to the base of the framework, more effective implementation of laws, regulations and policies plays a crucial role regarding all higher level intermediate results. Such implementation is important because simple adoption of necessary laws, regulations and policies (IR 3.1.1.1), as important as it is, by no means guarantees that real changes automatically will take place on the ground. Such real changes are key to the IR 3.1.1.1 indicator of compliance with EU standards.

Bringing about more effective implementation will yield the price

rationalization, capacity rationalization and open networks identified above. But for implementation to occur, the correct laws, regulations and policies naturally must be in place (IR 3.1.1.1.1, as must Government of Romania political will (IR 3.1.1.1.2) in support of implementation. These in turn rest on the aforementioned crucial factor of multilateral lending conditionalities.

### III. Critical Assumptions

1. Multilateral lending bodies will remain committed to restructuring the energy sector.

2. The Government of Romania will remain committed to restructuring the energy sector.

3. Demand for energy will hinge in part on overall economic growth, with ramifications for various pressure and incentives pertaining to restructuring.

**PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS**  
**S.O 1.5.: A More Economically Sustainable and Environmentally Sound Energy Sector**

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

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

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		<i>Ratio of independent retail gas stations to state-owned gas stations</i>	<i>Definition: foreign and domestic retailers (independent)</i>  <i>Unit: ratio (Priv./state)</i>	1995	50/50	55/45		60/40		65/35		70/30		75/25	
IR 3.1.1	<i>Prices rationalized</i>	<i>Prices of domestically produced crude approximate world prices</i>	<i>Definition: % of domestically produced crude priced at world market price (Source: NAMR)</i>  <i>Unit: % per year</i>	1995	0%	2%		3%		5%		10%		16%	
		<i>Retail price includes producer price, manufacturing, transport and retail costs plus reasonable profit</i>	<i>Definition: gradual removal of cross subsidies to raise prices to world level</i>  <i>Unit: % of subsidy per year</i>	1995	0%	5%		15%		30%		45%		60%	
3.1.2	<i>Rationalized capacity</i>	<i>Decommissioning of least efficient refineries</i>	<i>Definition: selected refineries identified in Bechtel report (up to 4)</i>  <i>Unit: # of refineries</i>	1995	-	-		1		2		1			
3.1.3	<i>Open networks for buyers and sellers</i>	<i>Development of intermediary network between refinery and retailers</i>	<i>Definition: new independent firms</i>  <i>Unit: cumulative number</i>	1995	-	-		-		1		2		3	
		<i>Tariffs in effect for electricity transmission</i>	<i>Definition: respecting of tariffs</i>  <i>Unit: Yes/No</i>	1995	-	-		-		Yes		X		X	

IR 3.1.1.1	Laws Regulations and Policies More effectively Implemented	Electricity prices adjusted twice per year (per World Bank conditionality)	Definition:  Unit: Yes/No	1995	No	Yes		X		X		X		X	
IR 3.1.1.1 .1	Necessary Laws, regulations and policies in place	Electricity and Heat Law enacted (per World Bank conditionality)	Definition:  Unit: Yes/No	1995	No	-		Yes		X		X		X	
		Economic regulation of power sector initiated through establishment of regulatory body (power sector does not have yet-WB)	Definition:  Unit: Yes/No	1995	No	-		Yes		X		X		X	
		Regulations under the Petroleum Law adopted	Definition:  Unit: Yes/No	1995	No	Yes		X		X		X		X	
		Competition Law adopted for energy sector	Definition:  Unit: Yes/No	1995	No	-		Yes		X		X		X	
IR 3.1.1.1 .2	Political Commitment Increased	Decision by GOR to adopt an option for Phase 2 from the Bechtel energy sector study, and implement recommendations	Definition: Decision to begin Phase 2 needs to be taken by GOR by June, '96, implementation phase should be in 1997  Unit: Yes/No	1996	-	Yes (Decision)		Yes (Implementation)		X		X		X	

<b>IR</b> <b>3.1.1.1</b> <b>.1.1</b>	<b>Multilateral Lending</b> <b>Conditionalities in Place</b>	<b>Guarantee agreement in</b> <b>place</b>	<b>Definition: Conditions from</b> <b>World Bank, EBRD</b>  <b>Unit: Yes/No</b>	<b>1996</b>	<b>Yes</b>	<b>X</b>									
		<b>Comments/Notes:</b>													

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**STRATEGIC OBJECTIVE**

**RESULTS REVIEW**

**S.O. 2.1**

**INCREASED, BETTER-INFORMED  
CITIZEN'S PARTICIPATION IN  
POLITICAL AND ECONOMIC  
DECISION MAKING THROUGH  
PLURALISTIC MECHANISMS**

SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision Making Through Pluralistic Mechanisms  
 -----  
 Time frame: 1995-2002  
 Partners: USAID, Soros, ECPHARE, REC, Ger. Marshall Fund (U.S.), USIS, NED

IR 1: Increased Opportunities to Participate in Decision-Making Mechanisms  
 -----  
 Time frame:  
 Partners: USAID, Soros, USIS

IR 2: Strengthened Advocacy Activity by Groups with Policy Formulation and/or Implementation Concerns  
 -----  
 Time frame:  
 Partners: USAID, Soros, ECPHARE, REC, Ger. Marshall Fund (U.S.)

SO 2.3: More Effective, Responsive and Accountable Local Government (IR 1.1.2: Local Govts. Establish Mechanisms to Exchange Ideas and Involve Citizens)

IR 1.1: Improved Enforcement and Application of Laws, Regulations and Policies Promoting Citizen Participation  
 -----  
 Time frame:  
 Partners: USAID

IR 2.1: Increased Adoption of Advocacy Roles by Groups  
 -----  
 Time frame:  
 Partners: USAID, Soros, ECPHARE, REC

IR 2.2: Improved Capacity of Groups with Policy Concerns  
 -----  
 Time frame:  
 Partners: USAID, Soros, ECPHARE, REC, Ger. Marshall Fund (U.S.)

IR 1.1.1: More Diverse Sources of Information Available to Be Used in Decision-Making  
 -----  
 Time frame:  
 Partners: USAID, Soros, USIS

IR 1.1.2: Legal/Regulatory/Policy Framework Enabling Citizen Participation Is in Place  
 -----  
 Time frame:  
 Partners: USAID, Soros, ECPHARE, NED, Ger. Marshall Fund (U.S.)

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## **USAID/Romania Strategic Objective 2.1**

### **Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making Through Pluralistic Mechanisms**

#### **I. Rationale/Transition Hypothesis**

The development hypothesis underlying USAID's work on citizens' participation in Romania is that pluralistic mechanisms offer one of the key medium-term means of contributing to USAID/Romania's Democratic Transition goal of "supporting the transition to transparent and accountable governance and the empowerment of citizens through democratic political processes." Thus, ENI Strategic Objective 2.1 is narrowed somewhat so that USAID/Romania aims for "increased, better-informed citizens' participation in political and economic decision-making through pluralistic mechanisms."

Pluralistic participation is characterized here as meaning citizen participation through group involvement in policy formulation (the process of adopting laws, regulations and other policies) and policy implementation (the process of putting policies into actual effect).

Group participation embraces both: a) organizations that are mainly policy-oriented; and b) those that are concerned with affecting policy as a vehicle for supporting their other, non-policy missions (such as service delivery). Group participation is important for USAID's contribution to Romanian democratic development for at least two broad reasons. First, decades of repression of civil society left the nation bereft of the genuinely voluntary associations that characterize flourishing or evolving democracies. "Voluntary" involvement was in effect forced upon Romanians in the past, leaving them with little knowledge of how to organize themselves around issues of genuine common concern, and leaving those in government with little appreciation of the importance of the civil society organizations. As in any country, citizens' groups, labor unions, professional organizations, political parties, and other groups can play a vitally important role in Romania in making local and national government more responsive and accountable regarding societal priorities and problems.

The other reason why SO 2.1 focuses on pluralistic involvement is a practical one. For USAID/Romania (and its partners) to aim for widespread, individualized citizen participation over the course of approximately the next six years would be laudable, but could

be an overly ambitious objective. Narrowing the objective to aim for more effective group involvement and impact remains ambitious, but achievable.

This is not to say that USAID/Romania's activities will not contribute in some ways to individuals' participation in Romania's democratic transition. In fact, a part of the development hypothesis reflected in this SO 2.1 results framework is that the activities that contribute to greater pluralistic participation also will achieve greater involvement among unaffiliated individuals. But such involvement will be ancillary to the SO's main thrust of participation through organized groups.

## II. Causal Linkages

The SO 2.1 results framework's two principal intermediate results reflect the two main causes of greater citizen participation. "Strengthened advocacy activity by groups with policy formulation and implementation concerns" (IR2) captures the result of such groups playing a greater role by virtue of their growing sophistication and interaction with each other and with the government, as reflected in IR2 indicators such as groups banding together to form coalitions, increased submission of written proposals and comments to the government, and increased investment of human and financial resources in advocacy activities. In effect, it translates into these groups "pushing open the door" of participation. Strengthened advocacy activity flows from more groups taking on advocacy roles (IR 2.1) and from such groups having improved capacities to carry out such roles (IR 2.2).

"Increased opportunities to participate in decision-making mechanisms" (IR1) represents the other side of the equation, the ways in which government opens the door to greater citizen involvement in its operations and decisions. It is a result of the "improved enforcement and application of laws, regulations and policies promoting citizen participation" (IR 1.1). Such enforcement is important because in Romania, as in many other countries, the very weak rule of law frequently results in laws, regulations and policies frequently not being enforced.

Another lower level result that can contribute to increased opportunities to participate on a local level is the realization of USAID/Romania Strategic Objective 2.3, regarding more effective, responsive, and accountable local government.

Both sets of intermediate results (i.e., increased opportunities and strengthened advocacy) flow from having the proper legal/regulatory/policy framework in place (IR 1.1.2) and a greater availability of diverse sources of information for the citizenry as a whole and influential segments of it in particular

(IR 1.1.1). The informational component comprises not just media, but also new information sources such as the Internet. Increased access to information can both directly increase the capacities of groups concerned with policy and contribute to a societal context in which such groups and their concerns have broader support among non-members. For example, environmental NGOs may have a greater impact on policy if it is apparent to government officials and members of Parliament that there is widespread citizen interest in the issue.

Of course, as with other strategic objectives, elements of the SO 2.1 results framework could be depicted graphically as looping around to affect each other regardless of where they are located in the results framework. This, for example, is the case regarding the respects in which IR2 affects IR 1.1.2 and IR 1.1. But for the sake of simplicity in presentation, and because some such loops run through USAID/Romania's democratic transition goal and not just strategic objective 2.1, such complex causal connections are not depicted here.

### III. Critical Assumptions

1. The Government of Romania will continue, at a minimum, to tolerate organization of genuinely voluntary groups.

**PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS**

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

RESU LT VEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
				YEAR	VALUE	1996		1997		1998		1999		2000	
						Target	Actual to Date	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 2.1	Increased, better informed citizen's participation...	Number of groups with policy concerns	Definition:  Unit: Number of groups	1996	66 (to date)	--	--	132		155		177		210	
		Membership of groups with policy concerns	Definition: Total Membership  Unit: Number of people	1996	To be determined (TBD)										
IR 1	Increased opportunities to participate in decision-making mechanisms	Number of cooperative activities between groups and government	Definition:  Unit: number of activities	1996	TBD										
IR 1.1	Improved enforcement and application of laws, regulations and policies promoting citizen's participation	Citizen's participation provisions of Law 417/95 (the Environmental Law) are honored	Definition:  Unit: yes/no	1995	no	no		yes							
		Existing laws protecting freedom of association, assembly and speech are enforced.	Definition: State Dept. human rights report  Unit: yes/no		TBD										

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IR 1.1.1	More diverse sources of information available to be used in decision-making	Number of NGO policy newsletters	Definition:  Unit: Number	1995	30	40		50		65	-	80		100	
		Number of TV stations broadcasting nationwide	Definition: RTV, satellite/cable  Unit: Number	1995	3	5									
IR 1.1.2	Legal/ Regulatory/ policy framework enabling citizen's participation is in place	Law 21/1924 (regarding registration and operations of associations and foundations) amended as per NGO community proposal	Definition:  Unit: yes/no	1995	no	no		yes							
IR 2	Strengthened advocacy activity by groups with policy formulation and/or implementation concerns	Human resources devoted to advocacy activities by groups	Definition: Human resources as measured by persons involved  Unit: Number of persons - staff/management - volunteers, in hundreds	1996		33 33		99 100		130 125		211 160		315 250	
IR 2.1	Increased adoption of advocacy roles by groups	Number of groups that adopt advocacy role	Definition: Groups that already have a mission which allows for advocacy, that newly adopt that role  Unit: Number of groups	1996		66		33		22		33		25	
		Number of groups that change their mission to allow for advocacy role	Definition:  Unit: Number of groups	1996		10		15		10		10		10	

IR 2.2	Improved capacity of groups with policy concerns	Capacity rating for each USAID-assisted group  1 = startup 2 = developing 3 = consolidating 4 = sustaining	Definition: Average of the various ratings (for management, governance, service delivery, external relations, etc.) for each USAID group, disaggregated according to the number of years that groups have been rated.  Unit: Scale	1996	1.3				2.0				2.8		
		Rating for external relations among selected USAID-assisted groups	Definition:  Unit: Scale	1996	1.1				2.9				3.5		

**COMMENTS/NOTES:**

1) DNP - DEMOCRACY NETWORK PROGRAM

2) NGO - NON-GOVERNMENTAL ORGANIZATION

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

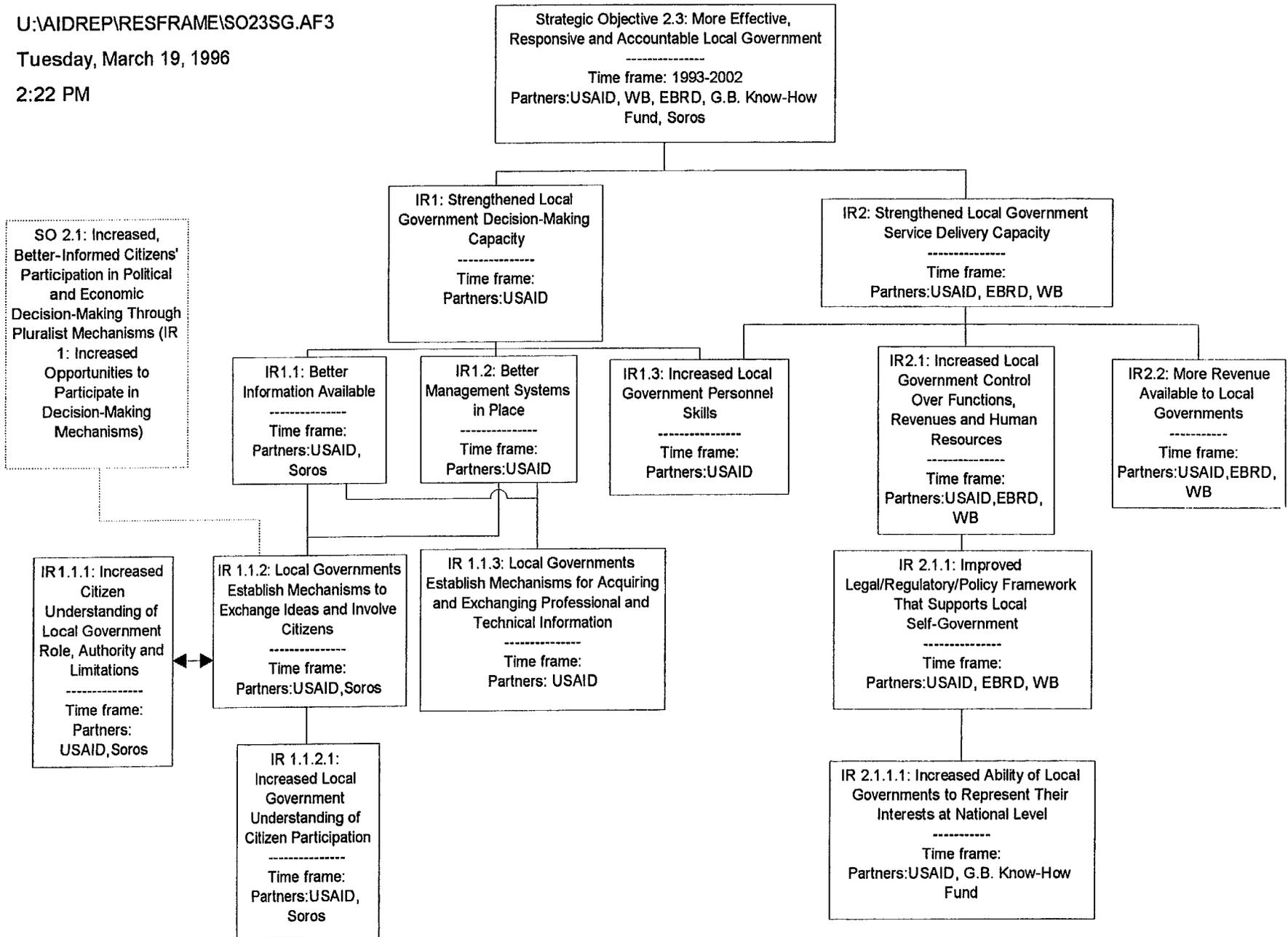
4) For indicators referring to policy groups, baseline values will result from the assessments made throughout the country during DNP's first months of activity.

**STRATEGIC OBJECTIVE**

**RESULTS REVIEW**

**S.O. 2.3**

**MORE EFFECTIVE, RESPONSIVE AND  
ACCOUNTABLE LOCAL GOVERNMENT**



## USAID/Romania Strategic Objective 2.3

### More Effective, Responsive, and Accountable Local Government

#### I. Rationale/Transition Hypothesis

As a legacy of systems adapted from French models and exaggerated under communist rule, Romania today has a rather centralized government apparatus that allows little leeway for local government unit (LGU) control over many decisions and services that most logically should be undertaken at the nation's city and county levels of government. Centrally appointed prefects, for example, have had the power to remove certain local officials from office.

The issue is all the more critical because many of the problems that confront Romanian citizens arise and can most appropriately be addressed locally. It has additional ramifications for the nation's evolving democracy in that the officials who today serve in city and county governments may well rise to national posts, where their future perspectives on citizen participation, decentralization and service delivery could well depend on the experiences they accumulate now.

In various respects, then, how Romanian democracy functions in the near and long terms--and therefore, USAID/Romania's success at its goal of "support[ing] the transition to transparent and accountable governance and the empowerment of citizens through democratic political processes"--hinges on accomplishing strategic objective 2.3 of bringing about "more effective, responsive, and accountable local government." Whether and to what extent this SO-level success takes place will in part depend on (such indicators as) improvements in local government ability to deliver necessary services and better manage local affairs.

Another aspect of USAID/Romania's development hypothesis is that results achieved on both the SO and intermediate result levels will take place in a phased manner reflecting the ways in which improvements in local governance likely will spread throughout Romania. More specifically, achieving results for USAID-assisted LGUs will occur first. Accordingly, measurement of results for these LGUs will take place first. Subsequently, as lessons from the LGUs increasingly have been disseminated formally and informally to other LGUs, similar indicators (to those utilized for USAID-assisted LGUs) will be employed on a national level.

## II. Causal Linkages

The two streams of results that lead to more effective, responsive and accountable local government pertain to the two main functions of LGUs. Thus, the two principal intermediate results are "strengthened local government decision-making capacity (IR 1) and "strengthened local government service delivery capacity" (IR 2).

Decision-making capacity corresponds to the policy decisions and priority-setting undertaken by elected officials, advisory bodies and LGU staff. It flows from their use of better information (IR 1.1) and management systems (IR 1.2), as well as their increased skills (IR 1.3).

Strengthened service delivery capacity also benefits from increasing the skills of local government personnel. In addition, it hinges on the crucial factors of more revenue becoming available to LGUs (IR 2.2), and on local governments having greater control over whatever revenue is available, as well as over local-level functions and human resources (IR 2.1).

Both the better information and better management systems results will spring from improved mechanisms for gathering information. These mechanisms pertain to citizen involvement (IR 1.1.2) and technical and professional information (IR 1.1.3). The citizen involvement also contributes to bringing about "increased, better-informed citizens' participation in political and economic decision-making through pluralist mechanisms" (SO 2.1). It does so by resulting in "increased opportunities to participate in decision-making mechanisms" (IR 1 of SO 2.1).

IR 1.1.2 relates to two other important intermediate results. It is a product of increased local government understanding of the value of citizen participation (IR 1.1.2.1), a new concept for many local government officials. IR 1.1.2 also has a dynamic relationship with increased citizen understanding of local government (IR 1.1.1), in that the two results affect each other. IR 1.1.1 reflects the reality that Romanians need to develop a greater appreciation of what they can and cannot expect government to do in a democratic, market-oriented polity.

Finally, increased local government control (IR 2.1) flows from an improved legal/regulatory/policy framework (IR 2.1.1) that makes such control possible. Such a framework in turn depends substantially on the increased ability of local governments and their officials to represent their interests at the national level (IR 2.1.1.1). Possible improved laws which should be considered include an amended law on local self-government, a law on local finance, a housing law with a condominium cause, and a law of patrimony.

### III. Critical Assumptions

1. Momentum for decentralization can overcome forces in the national government that resist such a development.

2. Increased management and governance capacity at the local level will allow LGUs to more effectively lobby for increased authorities.

3. While a potential hindrance for decentralization, the party-list (as opposed to constituency-based) system for electing Parliament is not an absolute obstacle.

**PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS**  
**S.O 2.3.: More Effective, Responsive and Accountable Local Government**

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

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

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

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

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

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

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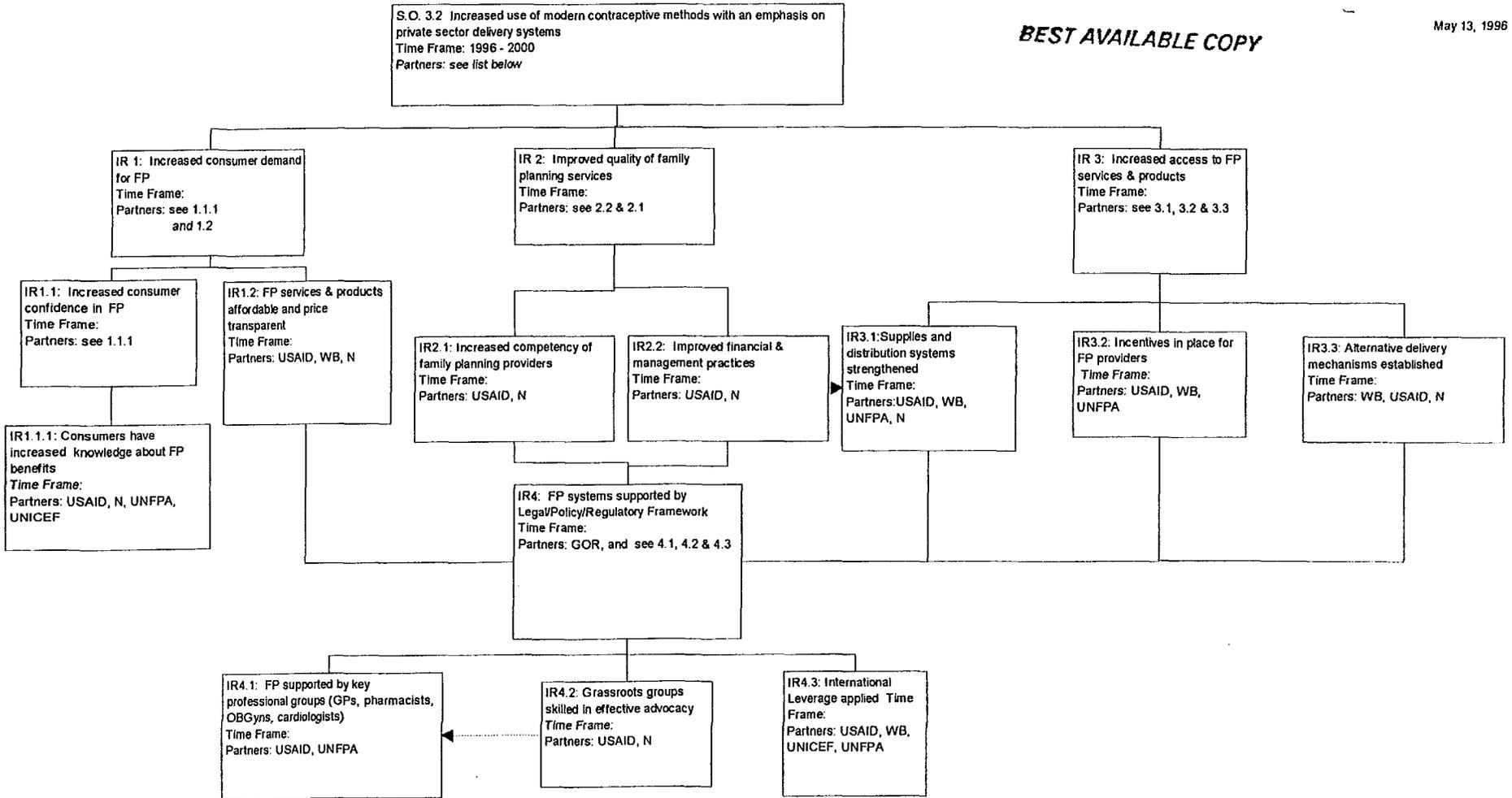
		2. Amount of training and visitations made	Definition: participation of local authority officials in conferences, study tours, workshops  Unit: Numbers of attendees, numbers of training opportunities	1995	0	30/2	0	50/3		100/5		100/5		
IR2	Strengthened Local Government Service Delivery Capacity	1. % of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

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

# **RESULTS REVIEW**

## **S.O. 3.2**

### **INCREASED USE OF MODERN CONTRACEPTIVE METHODS WITH AN EMPHASIS ON PRIVATE SECTOR DELIVERY SYSTEMS**



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

## **USAID/Romania Strategic Objective 3.2:**

### **Increased Use of Modern Contraceptive Methods, With an Emphasis on Private Sector Delivery Systems**

#### **A. Transition Hypothesis/Underlying Rationale**

One of the most glaring social legacies of Nicolae Ceausescu's regime was the total ban on family planning in Romania. The results of this policy were extremely high rates of illegal abortion and a rate of maternal mortality ten times higher than elsewhere in Europe. In addition, thousands of abandoned children were placed in institutions because women were too frightened to attempt or could not accept illegal abortion, the parents were too poor to support the child, or the mother was unable to cope with the social stigma of raising a child alone.

The government's efforts to reform Romania's social and health systems are progressing slowly, especially in developing an effective and responsive public family planning system. Despite the legalization of contraception and abortion in 1990, and World Bank assistance in developing a network of government family planning clinics, Romania's public health and social systems inadequately addressed the family planning needs of Romanians. Only 14% of women in union in their reproductive years use any form of modern contraception while 45% use traditional methods characterized by high failure rates. Maternal mortality is still the highest in Europe and abortions outnumber live births three to one. The major causes of maternal death are unsafe abortions, hemorrhage and infection. Equally alarming is that after reaching a low of about 80,000 institutionalized children in 1991, the number of children now institutionalized is estimated to be over 100,000. Lessons learned from USAID's past experience in Romania suggest that these health and social problems cannot be ameliorated without addressing a major root cause: prevention of unintended pregnancy. And, further, USAID's experience to date strongly illustrates that the public sector will not at this point adequately deal with the issue due to lack of commitment, resources, and capacity. The potential for private sector involvement in family planning, through non-government organizations, through private physicians, and through private pharmacies is enormous.

Over the last five years, the major part of USAID's social sector funding has been to provide emergency assistance to NGOs working to improve the health and well-being of abandoned and institutionalized children. Many child welfare PVOs/NGOs have successfully demonstrated community-based and alternative services. But these new approaches to child welfare, even if implemented nationally, are not sufficient to withstand a continued increase of newly abandoned children into the system. USAID supported the development of and continues to support seven family planning clinics through non-governmental organizations. While the family planning NGOs have played a critical role in modeling quality family planning services, they have only been able to reach a small percentage of the population in need.

A major component of the mission's future strategy is to use marketing and public information campaigns to change consumer attitudes towards modern contraception and to increase their awareness of and confidence in the family planning services and products available to them. A Romanian Reproductive Health Survey conducted in 1993 identified that the potential demand and need for modern contraceptives was significant. Nearly 40% of Romanian women of reproductive age and 55% of the women in union are at risk of unintended pregnancy because they are not using effective contraception. The survey identified a series of constraints to increased use of modern contraceptives, including: fear of side effects; lack of information about modern methods; partner preference; lack of systematic availability; and cost. For example, almost two thirds of women who are using traditional methods (withdrawal and calendar) believe that those methods are more, or equally, effective than using the pill or an IUD. In addition, 43% of women surveyed thought the pill to be unsafe and 38% did not now if it was safe or not.

On the supply side, USAID has chosen a renewed focus on alternatives to government systems because there continues to be lack of capacity and lack of political will to support quality family planning services in the public sector. In addition, many physicians are unconvinced that contraception is safe and there is little incentive for OB-GYNs to provide contraceptives since they derive a major portion of their income from abortions. Of women who are using modern contraception, over 60% obtain them at pharmacies (38%), private clinics (6%) or in the "black market" (17%). Only 30% received contraception from public sector sources. Therefore, USAID's future strategy will focus on increasing the use of modern contraceptives through improving the quality and increasing access to alternative family planning services and products, with a special emphasis on private pharmacies (estimated to constitute 90% of all pharmacies).

Demonstration of private sector delivery systems can be used as models to influence the adoption of private and public sector alternatives in the delivery of other health and social services

in Romania. The World Bank and UNFPA will continue to take the lead on efforts to improve the public sector family planning services and USAID will contribute to that effort primarily through policy development.

## **B. Critical Assumptions**

(1) Consumers (women and their partners), once provided with accurate information about the benefits of modern contraception, and increased access to quality services, will make an informed choice to use modern methods as an alternative to abortion or abandonment.

(2) The private sector in Romania, at this time, will continue to be a more efficient and effective alternative to the public sector for delivering quality family planning services and products.

(3) Pharmacists will continue to be allowed to sell modern contraceptives without a physician's prescription.

(4) Increased competition among private pharmacies could help to lower the cost (prices) of modern contraceptives and provide an incentive to improve the quality of services.

## **C. Causal Linkages**

Three intermediate results were identified as necessary for the achievement of Romania Strategic Objective 3.2, "Increased use of Modern Contraceptive Methods, with an Emphasis on Private Sector Delivery Systems." They are increased consumer demand, improved quality, and increased access to alternative family planning services and products. The SO will be measured by the volume of sales of modern contraceptive products and the change in modern contraceptive prevalence (use) rates. Although considered to be at a higher level of impact, USAID will periodically track trends in abortion and maternal mortality rates and numbers of newly institutionalized children.

Intermediate result 1 is "Increased consumer demand for family planning (FP)," which refers to consumers' intention to obtain services from public and private delivery systems. Increased consumer demand, however, requires an increase in consumer confidence in FP (IR 1.1) and affordable and transparent pricing of FP products and services (IR 1.2). In turn, increased confidence will be caused by consumers having increased knowledge about the benefits of family planning (IR 1.1.1). This latter result refers to the need to dispel myths about contraceptive methods, provide accurate information about the health risks of abortion as compared to contraception, and advertise where FP products and services can be obtained. The mission intends to utilize a variety of communication channels and techniques in

achieving this result, including social marketing campaigns.

Intermediate result 2 is "Improved quality of family planning services and products," which refers to the range of FP services and products being offered at public and private sites, as well as the standards being followed in the provision of services. This result is caused by two other intermediate results: increased competency of family planning providers (IR 2.1); and improved financial and management practices (IR 2.2). Increased competency refers to the provider's ability to communicate effectively with clients about family planning issues and choices, as well as to having technical knowledge and skill. Improved financial and management practices refers to the need for providers to use business management techniques, such as: using financial, marketing and sales data for decision-making; establishing inventory and supply systems with distributors; developing client-centered information and materials; soliciting client feedback. In addition to contributing to improved quality, IR 2.2 is also linked causally to strengthened supplies and distribution systems (IR 3.1, under increased access).

Intermediate result 3 is "Increased access to family planning services and products," which refers not only to the number of outlets and clinics providing FP services and products, but also to the geographic distribution of those outlets and clinics. Three additional results are shown as necessary to achieve IR 3: supplies and distribution systems strengthened (IR 3.1); incentives in place for FP providers (IR 3.2); and private sector delivery mechanisms established (IR 3.3). Strengthened distribution systems refers to the need of private outlets to have a steady supply of products in order to guarantee a reliable service to its customers. IR 3.2, incentives, refers to the need of private outlets to make a sufficient profit so as to be interested in continuing the provision of services/products. IR 3.3 refers to the need to establish a variety of viable delivery mechanisms. Although initially USAID will focus on retail pharmacies as an important source of contraceptive information and products, other mechanisms will be explored, tested and strengthened (such as community-based programs, private group practices, kiosks and referral systems, etc.). USAID will also identify ways the family planning NGOs can serve as a technical resource and catalyst in the expansion of alternative delivery system mechanisms.

Intermediate Result 4 is "Public and private FP systems supported by legal/policy/regulatory (LPR) framework." It is shown at the bottom of the results framework with causal linkages moving up to many of the intermediate results supporting IRs 1,2 and 3. The legal/policy/regulatory changes that will be supported and tracked in this framework will focus on removing commercial barriers to private sector provision of services and products. USAID will also work to assure that the legal and policy

environment supports family planning in both the private and public sector (such as: including family planning services in the health insurance law; expanding the accepted role of General Practitioners (GPs) and nurses in FP; establishing national standards for service provision; including voluntary sterilization in new health law; etc.). As shown in the graphic, a supportive LPR framework will be brought about by a set of factors: key professional groups (such as pharmacists, GPs and OBGyns) supporting family planning (IR 4.1); grass-roots organizations skilled in advocacy (IR 4.2); and the application of international leverage (IR 4.3).

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

RESULT LEVEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS									
						1996		1997		1998		1999		2000	
				YEAR	VALUE	Target	Actual to Date	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 3.2	Increased use of alternative family planning services	Use of modern contraceptives	<p><i>Definition: Modern contraceptive (use) prevalence for women in union Assumes a 3% point increase per year</i></p> <p><i>Unit: %</i></p>	1993	14% (based on 1993 Ro. Reproductive Health Survey)	23%		26%		29%		32%		35%	
		Volume of sales	<p><i>Definition: Volume of contraceptive sales in private pharmacies participating in PROFIT project and NGOs</i></p> <p><i>Unit: Absolute amount</i> -NGOs - pharmacies</p>	1995	To Be Determined by 7/96										
IR 1	Increased consumer demand for family planning	Potential demand	<p><i>Definition: For women at risk of unintended pregnancies. Decrease in women in need for any or more effective contraceptive method</i></p> <p>-women of reproductive age</p> <p>- women in union</p> <p><i>Unit: %</i></p>	1993											
					39%	30%		26%		23%		20%		17%	
					55%	46%		43%		40%		37%		34%	

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



IR 2.1	Increased technical competency of FP providers	Successfully fulfill requirements for competency based training, including consumer/provider communication	<p>Definition: private providers complete training</p> <p>Unit: number</p> <p>- of pharmacists</p> <p>- of manuals distributed</p> <p>- of NGO's</p>	996 (TBD by 7/96)											
IR 2.2	Improved management practices	Use of business management practices for decision-making	<p>Definition: private providers who implement improved practices (Financial, Marketing and Sales)</p> <p>Unit: Number of Pharmacists</p> <p>Number of NGOs</p>	1996  1995	TBD  12										
		Consumer education materials distributed	<p>Definition: Number of consumers provided educational materials at alternative sites</p> <p>Unit: Number at pharmacies</p> <p>Number at NGOs</p>	1996	TBD										

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

		<i>Training in place for pharmacists</i>	<i>Definition: Private providers who indicate training as valuable to their business</i>  <i>Unit: #</i>  <i>%</i>	1996	TBD										
IR 3.3	<i>Alternative delivery mechanisms established</i>	<i>Range of mechanisms</i>	<i>Definition: Increase in variety of mechanisms</i>  <i>Unit: number</i>  <i>NGOs, private pharmacies, kiosks, referral system, black market, private practice, supermarkets</i>	1993	3		7			10					
IR 4	<i>Alternative family planning systems supported by Legal/Policy/Regulatory</i>	<i>No unwarranted restrictive legislation or regulation for FP and authorising legislation passed</i>	<i>Definition: FP included in Health Insurance Law</i>  <i>Voluntary sterilization included in Health Law:</i> <i>-female</i> <i>-male</i>  <i>No restrictive legislation for pharmacists dispensing contraceptives</i>  <i>Unit:</i>					X							X
		<i>National standards established</i>	<i>Definition: Standards for GPs provision of Family Planning</i>  <i>Unit:</i> <i>Developed and finalized</i>  <i>Advocated for</i>  <i>Implemented</i>						X		X			X	

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		<i>Expanded role for GPs, nurses</i>	<i>Definition:</i> <i>GP expanded FP role defined</i> <i>Accepted by College of Physicians</i> <i>Implemented in law</i>  <i>Unit:</i>					X		X		X			
<i>IR 4.1</i>	<i>International leverage applied</i>	<i>Import/export licence</i>	<i>Definition: Remove barriers to distribution</i>  <i>Unit:</i>					X		X		X		X	
<i>IR 4.2</i>	<i>FP supported by key professional groups (GPs, pharmacists, OBGYN - cardiologists)</i>	<i>Associations develop recommendations for alternative FP issues</i>	<i>Definition:</i>  <i>Unit:</i> <i>GP</i> <i>Pharmacist</i> <i>OB-gyns</i> <i>Cardiologists</i>					X				X		X	
		<i>Associations actively lobbying for alternative delivery systems</i>	<i>Definition:</i>  <i>Unit:</i> <i>GP</i> <i>Pharmacists</i> <i>OB-gyns (individuals only)</i>	<i>1995</i>	<i>2</i>	<i>TBD</i>		X		X					

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IR 4.3	Grassroots groups skilled in effective advocacy	Groups work together	<p><i>Definition: Groups provide recommendations to policy makers</i></p> <p><i>Unit: number of groups:</i></p> <ul style="list-style-type: none"> <li>- SECS</li> <li>- Youth for Youth</li> <li>- Women's NGOs</li> <li>- Other NGOs</li> </ul>	1995	0	2	3	5				
		Use FP data and information	<p><i>Definition: data and information developed to present to policy makers</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>- maternal mortality</li> <li>- cost-benefit of FP</li> <li>- Young Adults</li> </ul>	1995	X		X X	X				

Comments/Notes: Targets in **BOLD** represent the years reproductive health surveys will be conducted.

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**STRATEGIC OBJECTIVE**

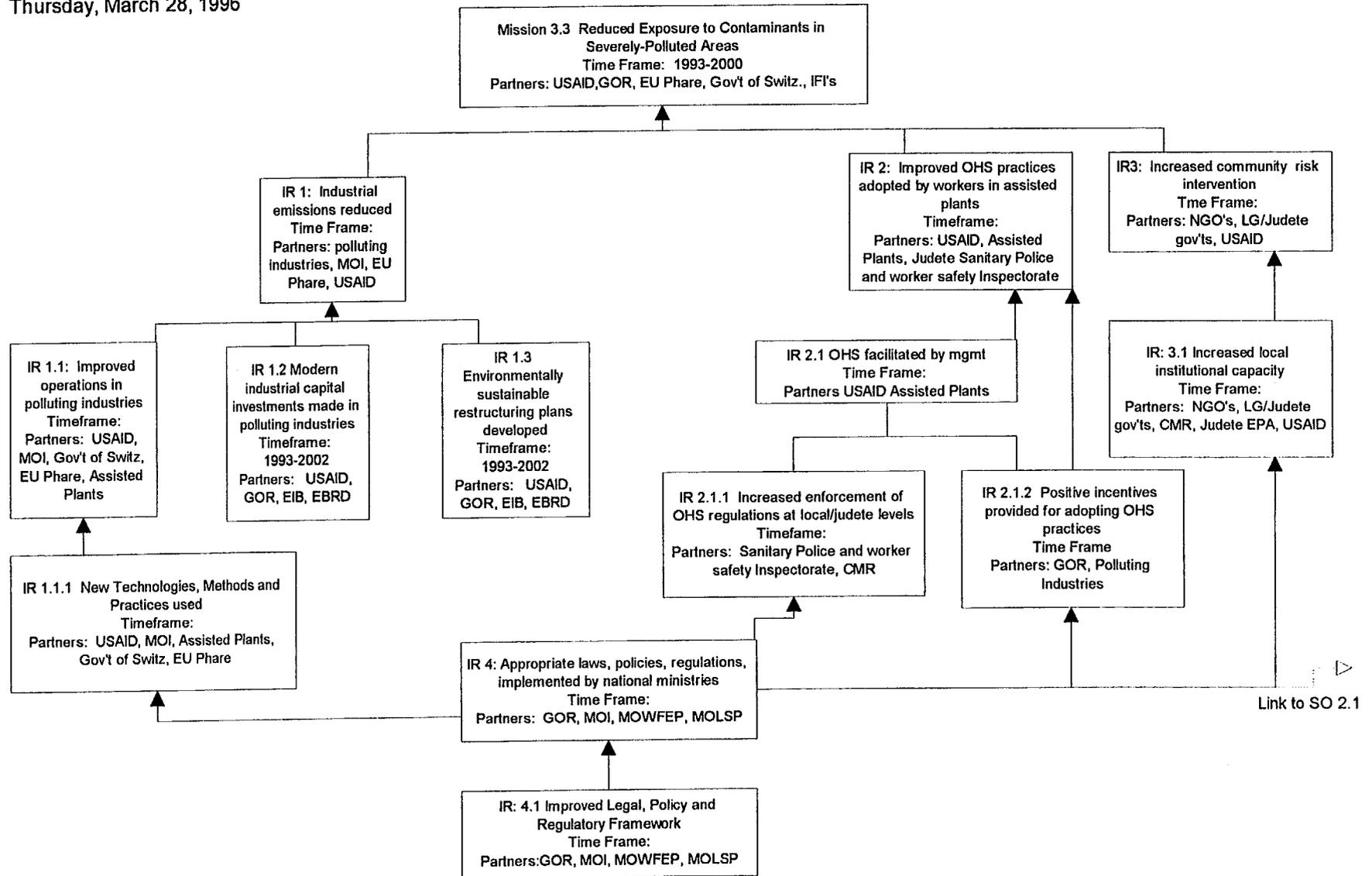
**RESULTS REVIEW**

**S.O. 3.3**

**REDUCED EXPOSURE TO CONTAMINANTS**

**IN SEVERELY POLLUTED AREAS**

Thursday, March 28, 1996



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## **USAID/Romania Strategic Objective 3.3**

### **Reduced Exposure to Contaminants in Severely Polluted Areas**

#### **I. Transition Hypothesis/Underlying Rationale**

The underlying rationale for selecting this bureau objective is to help alleviate the human suffering caused by the economic development policies of the former communist regime. Fourteen "hot spots," or severely polluted areas, were identified in 1992 in Romania by a joint environmental strategy mission comprised of representatives from the World Bank, EU, WHO, USEPA and USAID. The population in these areas suffer significant side effects caused by industrial pollution. For example, high blood lead levels in children result in lowered mental capacity, reduced growth rates and higher prevalence of musculoskeletal problems. In the general population there has been an increase in upper respiratory and other pulmonary diseases caused by air pollution, which negatively impact on worker productivity and place an added strain on an over-extended health care system.

Because the heaviest sources of pollution in Romania's "hot spot" areas are state-owned industries, USAID is pursuing --in concert with other donors-- the more specific strategic objective of "reduced exposure to contaminants in severely polluted areas." Based on the initial work conducted in the Ampellum copper smelter plant in Zlatna, USAID is planning to address the problem of heavy metal contamination at three more sites. EU Phare is working on pollution abatement in the Bacau region at several types of industrial sites (e.g., pulp and paper, refinery, petrochemical and chemical). The Government of Switzerland is addressing pollution problems at a chemical plant in the Timisoara region.

In addition to working at industrial sites, USAID will explore related environmental problems at non-point sources, such as battery recycling. USAID-assisted activities under SO 1.5 (energy restructuring), intermediate result 1 (improved environmental performance) will also contribute to this strategic objective.

#### **II. Causal Linkages**

During the pilot work conducted in Zlatna, USAID developed an

integrated approach to pollution abatement which combined industrial restructuring in the polluting plant with behavior modification among workers and coordinated action within the community. This strategy identifies the need for three intermediate results for the accomplishment of the strategic objective. They are: reduced industrial emissions; improved occupational health and safety (OHS) practices among workers; and increased community risk intervention. A fourth result related to the legal/regulatory framework is shown as supporting all three of these intermediate results.

Intermediate result 1 is "Industrial emissions reduced." Since antiquated equipment, production and management techniques are a major constraint to reducing industrial emissions, the framework shows "new technologies, methods and practices used" (IR 1.1.1) as causally linked to "improved operations in polluting plants" (IR 1.1). Improved plant operations directly contributes to IR1 as well as to "increased modern industrial capital investment in polluting industries" (IR 1.2). IR 1.2 refers to the need to invest in more efficient, pollution abatement equipment in order to reduce industrial emissions and thus, it is also shown as contributing directly to IR1. IR 1.3 refers to the requirement to develop industry restructuring plans as a prelude to making their operations more efficient and hence more environmentally benign.

Intermediate result 2 is "Improved OHS practices adopted by workers". This result refers to desired behavior change in worker habits (e.g., washing uniforms at plant sites instead of at home). This result is caused mainly by actions taken by plant management: "OHS facilitated by management" (IR 2.1). In turn, IR 2.1 is supported by two other results: "increased enforcement of OHS regulations" by local authorities (IR 2.1.1) and "improved OHS regulations provide positive incentives" (IR 2.1.2). This latter result regarding positive incentives is also shown as directly contributing to workers adopting OHS (IR 2).

Intermediate result 3 is "Increased community risk intervention." It refers to specific activities initiated by local organizations to help citizens guard against environmental health hazards or to clean-up a particular polluted area. This result is directly supported by IR 3.1: "increased local institutional capacity." Here capacity is referring to the ability to identify and monitor pollutant pathways in the community, analyze the impact of pollution on public health, and develop and coordinate appropriate responses to health hazards.

"Appropriate laws, policies and regulations (LPR) implemented by national ministries" is shown as IR 4 at the bottom of the results framework with causal arrows pointing up generally to higher results. A variety of legal, policy and regulatory reforms are needed to achieve many of the intermediate results

grouped under IRs 1,2,and 3 (e.g., market-based incentives for pollution abatement, adoption of European standards for permissible emission levels, encouraging public participation in problem-solving, etc.).

### III. Critical Assumptions

Although not shown explicitly in the results framework, the causal relationships shown as supporting IR1 should also contribute to the increased productivity and long-term viability of assisted plants. It is assumed that this economic benefit, when combined with an improved legal/policy/regulatory framework, will be sufficient motivation for the state-owned industries to be less polluting. This assumption seems realistic since many of these industries are listed for privatization. The industrial restructuring required to reduce the emissions of pollutants should improve the future economic prospects of these plants, the workers, and the surrounding community.

**PERFORMANCE DATA: BASELINE, TARGETS, AND ACTUAL RESULTS**

**S.O. 3.3: Reduced exposure to contaminants in severely-polluted areas**

RESULT LEVEL (S.O. OR I.R.) AND NO.	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS										
						1996		1997		1998		1999		2000		
				YEAR	VALUE	Target	Actual to Date	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
SO 3.3	Reduced Exposure to Contaminants in severely-polluted areas	Lead levels in blood of affected workers and residents	Definition: Range of child blood lead levels (highest risk group)  Unit: mg/dl	Residents (1995)  Workers (1996)	30-45 Zlatna  To be determined (TBD)	28-43		25-40		23-38						
		Sulfur Dioxide Concentration in Ambient Air	Definition:  Unit: ppm	BMr (1996)  ZL (1996)	TBD											
IR 1	Industrial Emissions reduced	Level of particulates in stack emissions	Definition: Particulate concentration in flue gas - concentration and totals  Unit: tons/year, mgs per nm3	Ph RPb Rbat (1996) Amp (1995)	TBD											
		Level of gaseous pollutants (SO2, VOC's) in Stack Emissions	Definition: SO2 concentration in flue gas - concentration and totals  Unit: wt/volume - tons/year - mgs per nm3	Ph RPb Rbat Amp Arp (1996)	TBD											

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IR 1.1	Improved operations in polluting industries	Operational savings in assisted plants	Definition: money saved through improved techniques, practices or technology  Unit: million US dollar equivalent	AID assisted plants (1995)	2.5	3.2		4.0		4.8					
IR 1.1.1	New techniques methods and practices used	Restructuring Strategies adopted	Definition:  Unit: Yes/No	Ph RPb Rbat Amp (1996) Arp	Yes Yes Yes Yes Yes										
IR 1.2	Modern industrial capital investments made in polluting industries	Amount of money invested in pollution abatement equipment and technologies in specific plants	Definition:  Unit: million US dollar equivalent	AID assisted plants (1996)	5.0	6.4		8.0		9.6					
IR 1.3	Environmentally sustainable restructuring plans developed	Environmental Impact Assessments Carried Out	Definition:  Unit: Number executed	1995	150	300		500		500					
		Compliance schedules negotiated	Definition:  Unit: Number negotiated	1995	0	80		300		400					
IR 2	Improved OHS Practices adopted by workers in assisted plants	Percentage of workers complying with OHS regulations and practices	Definition:  Unit: Percentage	Year 1996 Ph RPb Rbat Amp	TBD										
IR 2.1	OHS facilitated by management	Plant-specific OHS plan exists and is being implemented	Definition:  Unit: Yes/No	Ph RPb Rbat Amp (1996)	Yes No Yes No	Yes Yes Yes Yes		Yes Yes Yes Yes		Yes Yes Yes Yes					
		Modern training methods used	Definition:  Unit: Yes/No	Ph RPb Rbat Amp (1996)	No No No No	Yes No Yes No		Yes Yes Yes Yes		Yes Yes Yes Yes					

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IR 2.1.1		% of plant OHS staff receiving training	Definition:  Unit: %	Ph RPb Rbat Amp (1996)	80% 50% 80% 30%	100 80 100 60 %		100 100 100 100 %		100 100 100 100 %					
IR 2.1.2	Positive incentives provided for adopting OHS practices	% of plant contracts incorporate positive incentives	Definition:  Unit: %	AID assisted plants (1996)	0%	20%		33%		50%					
IR 3	Increased Community risk intervention	Number of risk reduction activities organized (training, studies, clean-up and recycling)	Definition:  Unit: Number	1995 AID assisted sites	TBD										
IR 3.1	Increased Local-Institutional capacity	% of sites with environment data quality assurance procedures in place	Definition:  Unit: %	AID assisted sites	0%	33%		66%		100%					
		Percentage of severely-polluted areas with EAPs (Environmental Action Plans)  River basin committees established	Definition:  Unit: %  Definition:  Unit: Number	BMr Bis. Zlatna Pitesti (1996)  1995	0%	25%		50%		100%					

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IR 4	Appropriate laws, policies, regulations implemented by national ministries	Amount of resources allocated for intervention in high risk areas	<p><i>Definition: Funds allocated to improve working conditions and purchasing protective equipment</i></p> <p><i>Unit: million US dollar equivalent</i></p>	AID assisted plants (1996)	0.5	1.5		1.0		1.5					
IR 4.1	Improved legal, policy, regulatory framework	<p><i>Specific laws drafted</i></p> <p><i>Specific laws passed</i></p>	<p><i>Definition: Laws drafted for submission to Parliament</i></p> <p><i>Unit: # of laws</i></p> <p><i>Definition: Law passed by Parliament</i></p> <p><i>Unit: # of laws</i></p>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>	<p>0</p> <p>1</p>		<p>1</p> <p>1</p>							
		<p><i>Regulations drafted</i></p> <p><i>Regulations signed</i></p>	<p><i>Definition: Regulations drafted for government decisions</i></p> <p><i>Unit: #</i></p> <p><i>Definition: Government decisions or ministerial orders</i></p> <p><i>Unit: #</i></p>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>	<p>4</p> <p>4</p>		<p>4</p> <p>4</p>							

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		<i>Permits issued</i>	<i>Definition:</i>	<i>1995</i>	<i>200</i>	<i>500</i>		<i>1000</i>		<i>1000</i>					
			<i>Unit: Number issued</i>												
		<i>EIA/audit experts certified</i>	<i>Definition:</i>	<i>1995</i>	<i>0</i>	<i>10</i>		<i>100</i>		<i>200</i>					
			<i>Unit: Number certified</i>												
		<i>Public Hearings Held</i>	<i>Definition: Public Hearings for permitting application</i>	<i>1995</i>	<i>0</i>	<i>50</i>		<i>120</i>		<i>300</i>					
			<i>Unit: Number</i>												

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

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

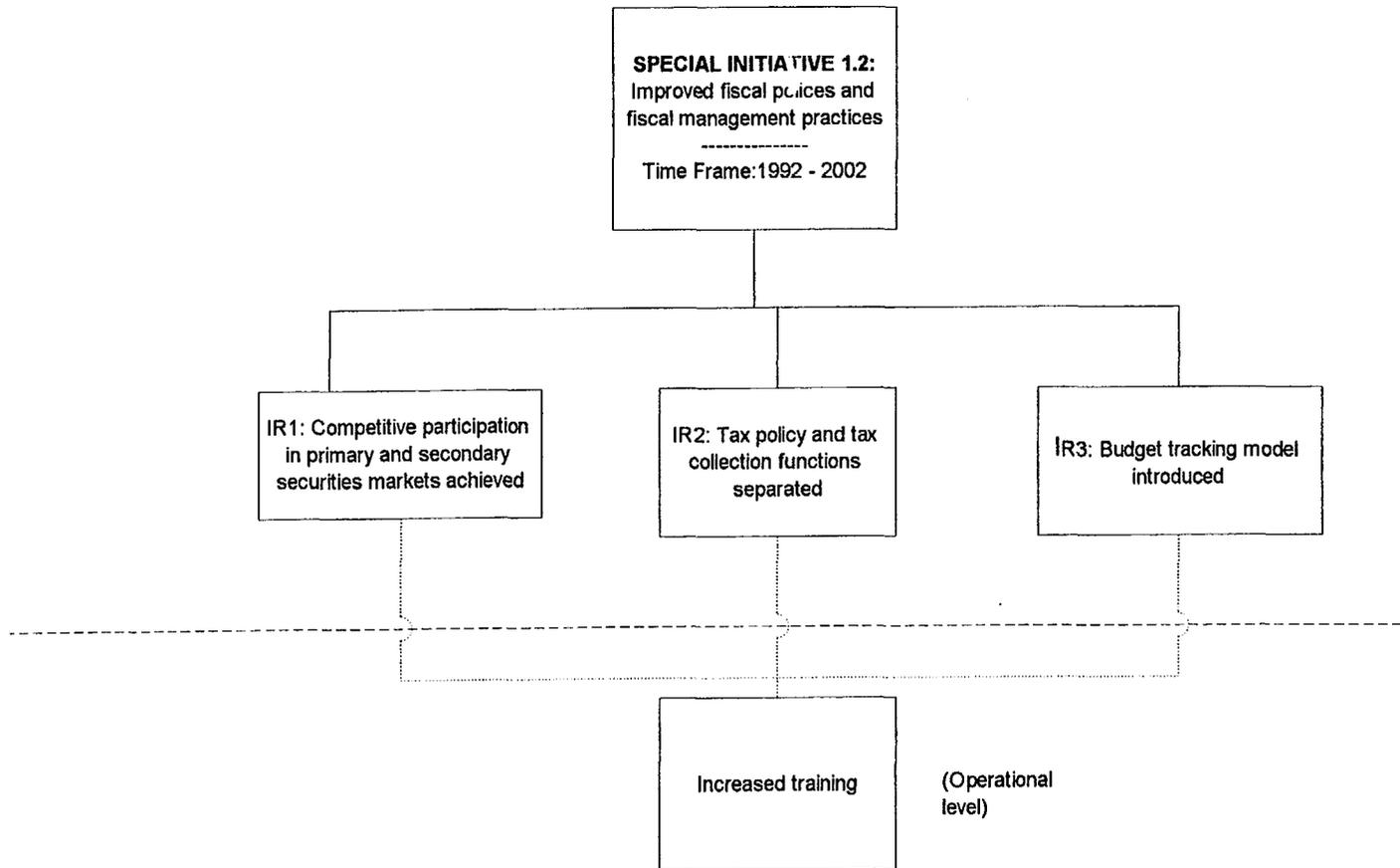
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# **STRATEGIC OBJECTIVE**

## **RESULTS REVIEW**

### **S.O.s 4.x**

## **SPECIAL INITIATIVES**



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## **USAID/Romania Special Initiative 1.2**

### **Improved Fiscal Policies and Fiscal Management Practices**

#### **I. Rationale:**

USAID/Romania has been providing assistance to improve fiscal policy and management practices in Romania since 1992. The fiscal policies and programs of Romania's earlier centrally planned economy required serious reform. Sound fiscal policy and management contribute to overall macroeconomic stability, which is a general critical assumption affecting the achievement of USAID/Romania's Strategic Objectives 1.3, "Development and growth of private enterprises," and 1.4, "A more competitive and market responsive private financial sector." Both change in fiscal policy itself and change in the management systems and techniques used by government to manage fiscal functions are required.

Through sponsorship of expert advisors for the Ministry of Finance and other branches of the government, USAID has provided critical technical assistance that has contributed to improvements in the fiscal policy framework and fiscal management systems. (Note that USAID advisors also provide informal training for some private sector entities such as bank staff.) USAID assistance has been concentrated in key areas of improved forecasting for management of the budget (both revenues and deficits); development of government securities markets for improved management of the deficit; and improved revenue collection and tax programs. USAID's assistance in this area, while critical, is not of a scale to form a full fledged strategic objective. Instead, it forms a Special Initiative.

The language of the Special Initiative has been slightly amended from the ENI Objective 1.2, which is "Increased soundness of fiscal policies and fiscal management practices." It was argued that the word "soundness" is vague, and that "Improved" is preferred. The proposed wording of the Special Initiative is: "Improved fiscal policies and fiscal management practices".

#### **II. Results**

Some key results required to achieve the Special Initiative of improved fiscal policies and fiscal management practices include:

Result 1: Competitive participation in primary and secondary securities markets achieved - This result contributes to improved financing of the public sector deficit, which is a dimension of

the Special Initiative of improved fiscal management practices.

**Result 2: Tax policy and tax collection functions separated - This result contributes to improved revenue collection/tax systems, which are a component of improved fiscal management practices at the Special Initiative level.**

**Result 3: Budget tracking model introduced - This result contributes to improved forecasting practices, which are an element of improved fiscal management practices at the Special Initiative level.**

Increased training is required to achieve all three of these results. Training lies at an operational or activity level, and should be tracked through activity outputs or outcomes.

### **III. Critical Assumptions:**

An important critical assumption is that the political will of the executive and legislative branches of the Romanian Government will exist to approve remaining necessary fiscal legislative and policy reforms and to implement key improved fiscal practices.

**SPECIAL INITIATIVE**  
Improved health management  
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Time Frame: 1993 - 2000

**IR1: Improved Health  
Management Training**

**IR2: Quality assurance and  
costing and performance  
models developed**

2

## USAID/Romania Special Initiative 4.1

### Improved Health Management

#### I. Rationale:

Health reform is being piloted and evaluated in eight counties, a health insurance law has been introduced, and there is a draft health sector reform strategy. Major barriers to reform efforts identified by the World Bank, EU consultants, and government officials include the lack of management training and lack of experience in implementing a new health delivery system. A health management training partnership project will build upon USAID program activities initiated to date (targets of opportunities and on a World Bank management training program. In addition, quality assurance systems and performance and costing models will be introduced and developed to demonstrate practical management methods. Implementing improved health management practices is cross-cutting with two other strategic objectives, SO 2.3, "More effective, responsive, and accountable local government," and SO 3.2, "Increased use of alternative family planning systems."

#### II. Results:

The health management training program will strengthen capacity of local health administrators who are implementing health reform. Health management training staff have been trained in family planning logistics management and family planning systems can be used for case studies. Performance and costing models (Diagnostic related groups or "DRGs") can be used by local health administrators to improve budgetary input and support resource allocation requests based on output (vs. input) measures. Quality assurance system (accreditation can be used in the process of developing competitive and transparent hospital contracting procedures.

**USAID/Romania Special Initiative 4.2**

**Cross-Cutting Training**

**I. Rationale:**

USAID/Romania has been funding cross-cutting training in support of all its strategic objectives justified by the rationale that improving the skills and abilities of Romanians working in each of the target sectors is critical to the achievement of virtually all of the results listed.

**II. Results:**

Training through the PIET training project has already had a significant impact upon a number of strategic objectives. Training of 35 business managers and entrepreneurs, for example, has resulted in an over 10% on average increase in their respective firms' sales as well as an increase in the number of employees in their firms. Training of physicians in the area of family planning has had a dramatic impact on the support for modern contraceptive methods. Many other successful results have impacted a number of sectors.