

COUNTRY STRATEGY

USAID/RUSSIA

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USAID Strategy 1998 - 2002

1. Introduction

This plan lays out USAID/Russia's strategy over the next five years, 1998-2002. The purpose of USAID's presence in Russia is to assist the country in its process of reform and the transition to a free market democracy. The foundations are being set now, but at least a generation is needed for reform to take hold in the economic, political, and social sectors in which USAID works.

Reform in Russia is moving quickly and opportunities for assistance and cooperation differ from those of even two years ago. Initial USAID assistance was targeted at helping the Russians understand basic concepts and definitions of new ways of doing things - setting up the framework for change. Today, Russians and Americans, sponsored by USAID, are working together as partners to strengthen that framework and to institutionalize new methods and approaches while focussing on particularly promising regions. Just as the assistance focus has changed over the past few years, it is unclear now what opportunities will present themselves into the next century. What is clear is that USAID, other USG agencies at post, and other Western donors, will be crucial components of the process.

2. U.S. Foreign Policy Interests

USAID/Russia programs and activities are part and parcel of both U.S. foreign policy interests and Embassy/Moscow priorities. The Embassy's Mission Program Plan (MPP), drafted in January, 1997, states that providing opportunities for Russia to become a full partner in the world community is the highest goal of Embassy/Moscow. USAID has an integral role in reaching this overall goal. In addition, of the seven U.S. national interests articulated in State 10280, dated January 20, 1998, USAID/Russia focuses on three: economic prosperity, democracy, and global issues. Currently, USAID is working with other USG agencies in Moscow to develop a crime and corruption program that falls under a fourth national interest: law enforcement.

USAID funded activities in economic restructuring, democratic reform, and health and environment fit within other, more specific Embassy/Moscow goals. Activities in economic restructuring help achieve Embassy goals to promote and continue development of Russia's market economy, strengthen the private sector's role in the economy, encourage and support the GCC, and train Russians in free market entrepreneurship. USAID's work in democracy supports the MPP's civil society goals of promoting and consolidating democracy, strengthening civil society and developing the rule of law. USAID strategic objectives in health and environment expand bilateral cooperation in health and other scientific fields, also MPP objectives. A key goal of Embassy/Moscow is promoting bilateral contacts and partnerships. This goal is increasingly prevalent in USAID's approach also.

3. The Transition Environment:

Economy

The economic environment in Russia is unpredictable. Often, good news is countered with bad news. For example, inflation has dropped from over 2000 percent in 1992 to 11 percent in 1997, GDP is positive for the first time since Perestroika, and consumer spending is reported to be up. Yet, some observers estimate unemployment to be at 20 percent, chronic wage arrears often provoke nasty demonstrations and unrest, and investment in Russia is still low.

Significant foreign and domestic investment is required to bring the country's economic productivity near its potential. Impediments to investment, including crime and corruption and the lack of a clear tax regime, continue to make investors hesitate. For the same fundamental reasons, foreign trade levels have not reached their potential.

USAID funding over the next five years will be targeted at removing impediments to trade and investment, supporting small business development, providing training to entrepreneurs, supporting land and housing reforms, increasing awareness of environmentally sustainable economic development, and encouraging more partnerships between U.S. and Russian entities.

Democracy

Over the past three years many elections have taken place in Russia and they have been considered free and fair. Yeltsin's victory in 1996 assured Western governments, donors and the private sector that reform would continue. Yeltsin's power is checked by a majority of Communists in the Duma and the reform path has not been clear or easy. The ultimate ramifications of the President's recent wholesale sacking of his government are not yet clear. Preliminary indications are, however, that new Presidential appointees will remain committed to reform.

The number of non-governmental organizations is increasing at a fast rate but their success as fora through which people can pressure government is mixed. Other political parties besides the Communists are improving their organizations and both print and broadcast media continue the struggle to become independent. In the rule of law, both Russian and foreign litigants are turning more often to Russian courts to settle disputes. Crime and corruption remain a major obstacle.

Over the next five years, USAID funds will be targeted on political process, strengthening media, making NGOs self sufficient, building an independent judiciary and fighting crime and corruption. Funding for USAID's flagship partnership program, 'Supporting Partnerships into the Next Century' will also continue.

Health and Environment

Infectious diseases, particularly HIV/AIDS and tuberculosis are on the rise. The Ministry of Health now realizes that it must play a greater role in setting the health policy guidelines for the country to increase access to health care. It seeks cooperation from foreign donors, including USAID, to solve the myriad health problems facing the country. Understanding of the need to rationalize health care costs is increasing throughout the country, especially in regions where USAID has been working. Family planning is beginning to take the place of abortion as a means to control family size countrywide.

In 1997, Moscow changed the Ministry of Natural Resources and Environment to the Ministry of Natural Resources and created a State Committee for the Environment. Although environment was downgraded, Russia has, for the first time, become a signatory to a bilateral environmental agreement and also adopted the Kyoto Protocol on Global Climate Change.

Funds over the next five years will be targeted towards improving the health care system with an emphasis on infectious disease control and towards “green” and “brown” environmental activities. In both the health and environmental sectors existing successful partnerships will be strengthened and new ones encouraged and supported.

What USAID Funds Will no Longer Support

Given USAID/Russia's objective of decreasing the number of activities, focus their content, and contain costs, the Mission will fund program areas that promise the best results and not fund those with less potential for sustainable results. For example, USAID will no longer support commercial law drafting, nor will it support enterprise restructuring. Geographical coverage of small business programs will decrease. Instead of trying to cover the entire country, a few regions will receive priority, especially the Regional Investment Initiative (RII) regions. All assistance in tax reform will be coordinated through one contractor. The Mission will no longer provide equipment under the EECIP project and funds for power sector reform will be a smaller portion of the overall yearly budget. Funds for reform of the financial sector will be targeted towards the regions and the emphasis in banker training will be to develop self sufficient training institutions. The Media Development Program is coming to an end and future funding will support less costly Russian media organizations.

The Mission has already phased out support to Municipal Financial Management programs. In the health sector USAID will decrease the number of discrete activities in health reform from twelve to four. Overlapping activities, such as environmental health and NGO development will continue to be consolidated. Throughout the portfolio, large, umbrella programs are coming to an end and smaller, more targeted activities with emphasis on partnerships and Russianization are taking their places.

4. Evolution of USAID's Country Program

History

USAID has been the major donor of USG assistance in Russia since 1992. Given the nature of the relationship between Russia and the United States, the program has been subject to high levels of scrutiny by Congress, the State Department, other Cabinet-level departments, and senior USAID officials. From time to time the Press has also had a lot to say about our program. This scrutiny has resulted in three distinguishing aspects of the program: 1) all activities were managed from Washington and implemented under the rubric of twelve different umbrella projects, until the end of 1995; 2) the State Department's Coordinator for Assistance to the NIS (S/NIS/C) sets the programming strategy and substance for the USAID/Russia program; and 3) the original long-term strategy for USAID in Russia, composed in Washington by the State Department, *with USAID input*, included a targeted closeout date of 2001. Because of these unique characteristics, the Mission had not prepared a long term country strategy to date.

Today, well over 90 percent of the program is managed in Russia, yearly program and budget meetings with S/NIS/C have become more participatory and the Mission has become an integral part of the overall USG assistance effort in Russia. In short, while S/NIS/C still calls most of the shots, USAID/Russia has a much greater voice in programming decisions. Program content has also evolved. Fewer activities are now more focused. While USAID continues to fund activities aimed at systemic change at the center, such as tax reform, a higher proportion of the yearly budget will continue to be targeted towards the regions each year. Partnerships are a growing component of the program.

Reengineering

The reengineering process resulted in the development of a results framework which included strategic objectives and intermediate results. These SOs and IRs were derived from those developed by the ENI Bureau. The Mission originally had ten strategic objectives and it now supports nine. For the medium term, the Mission will continue to support activities under these nine strategic objectives. It is also worth noting, however, that given our unique relationship with the Department of State, USAID must also account for and report on the program by PFF categories (see below).

Budget

As noted, the USAID/Russia budget is expressed in terms of the twelve original ENI projects for purposes of Congressional Notifications. It is also expressed in terms of its nine strategic objectives and in terms of the Partnership for Freedom (PFF) categories for discussions with S/NIS/C. The PFF budget shows planned expenditures in the following areas: special initiatives, energy, health, trade impediment elimination, training, support to International Financing Institutions, small business and micro credit, Eurasia Foundation, partnerships, environment, and democratic reform.

Other Donors

In addition to working closely with other USG agencies at post and the Embassy, USAID must

also work closely with other donors. For example, EU-TACIS is a partner in NGO development, legal reform, energy restructuring, business development, environmental policy reform, and banking reform. USAID assistance compliments the OECD in many facets of tax reform. The Council of Europe works with USAID and other donors on legal reform. EBRD is a major player in small business financing, and also receives funding from USAID for some of this work. The British Know-How Fund works in the area of small business and USAID has co-funded projects with them. The Canadians work on the development of credit unions and electric power commercialization and the Japanese are involved in small business development in the Far East.

USAID technical assistance has also leveraged funding from the World Bank. The \$38 million Bank loan to strengthen capital markets infrastructure was made possible through previous USAID assistance to the Russian Federal Commission on Securities and Capital Markets. USAID leveraged a \$400 million World Bank loan in housing sector reform, and technical assistance helped prepare other Government entities to accept World Bank loans in enterprise housing divestiture, city renovation, coal sector reform, and legal reform. The Mission will continue to look for opportunities to leverage funds.

USAID will continue to attend multi-donor working groups that meet periodically in Moscow and in the regions. For example, Mission representatives regularly attend quarterly meetings of the civil society, rule of law, and health donors fora. The Mission started the first two of these.

The Mission is also taking a more active role in Embassy working groups. There are now regular meetings concerning media, crime and corruption, and violence against women. USAID attends regular Political Section meetings concerning political party development and elections. As the Regional Investment Initiative continues to grow, USAID will participate in Embassy RII Committee and the Ambassador's Assistance Council. USAID is also a member of the Presidential Management Training Initiative working group headed by USIS.

Private foundations are also beginning to play a bigger role in the transition. The SOROS Foundation is utilizing USAID experience and input in developing a health care strategy which will concentrate mostly on infectious disease control. The Ford, Mott, and Macarthur Foundations also work in the areas of health care, environment, and small business development, and consult regularly with USAID.

5. Future

We have to face facts: S/NIS will continue to determine overall USG assistance strategy in Russia. But, S/NIS/C and USAID/Russia are closer to equal partners than at any time in our past. To the extent possible, USAID/Russia's strategy will build upon lessons learned over the past five years. In the context of a predicted declining - or at best "straightline" budget - the Mission program will have several cornerstones:

- more integration with Embassy/Moscow assistance plans and working

groups;

- more cooperation with other donors;
- more funds targeted away from Moscow and St. Petersburg to the regions;
- even better communication with S/NIS/C colleagues;
- greater project focus and fewer of them;
- continued “Russianization” of the Mission and projects; and,
- more sustainable partnerships.

Over the medium term, activity focus will be on tax reform, health care, partnerships, and increasing the potential for trade and investment. A higher portion of USAID funds will support the Regional Investment Initiative, which is a cooperative USG effort. Joint activities with Russian colleagues, other donors, and other USG agencies to combat Global Climate Change will continue. USAID will also continue to target opportunities for women in appropriate parts of its portfolio. The Mission will also continue to play a role in GCC-related working groups and projects.

Over the next five years, USAID will also remain cognizant of State cable 145314 dated 12 July 1996, which states, “the importance of the NIS program to the U.S. national interest subjects this program to intense scrutiny, comment and direction by entities external to USAID.” The Mission is well aware that any priorities and budget levels are subject to change at any time.

6. Strategic Objective Reviews

USAID/Russia's current strategic objectives are reviewed below, with a statement of how each SO fits within the overall strategy. Many SOs have critical assumptions associated only with them. USAID's overall critical assumptions for its program in Russia are that:

- reform will continue;
- the Government will allow USAID and other donors to continue to fund projects;
- other donors will continue to make Russia a high priority and will continue to work with USAID on developing and implementing workable solutions;

- the USG will continue to be engaged in cooperation with Russia;
- Russia will remain “open” so that we are allowed to travel and implement new projects;
- current levels of crime and corruption will decline as progress is made in establishing new legal and regulatory structures and judicial mechanisms for maintaining the rule of law; and
- an improving economy will enable regional governments and private investors to adopt new and workable management models.

SO 1.2 Tax System Reformed to Correspond to a Decentralized Market Economy

Development Hypotheses

Significant reform of the tax system in the Russian Federation is a critical prerequisite for stabilization of the Russian economy and for its transformation into a developed market economy. The Government of Russia's current tax structures are not compatible with the establishment of a competitive, market economy, do not provide sufficient revenues for the Government, and are not efficient, fair, or simple to administer. The current tax structure provides disincentives to investment and discourages small business.

The major hurdle to overcome will be the passage of the Tax Code. This is expected to occur during 1998. USAID will support increased understanding of its elements and its implementation by working in five areas, including tax policy, tax administration, revenue forecasting, intergovernmental transfers, and property tax.

Critical Assumptions

A key assumption of this SO is that the Tax Code will be passed in 1998. When this happens, USAID assistance can be targeted even more specifically toward helping the Russian Government implement its provisions. If the Code is not passed, Russia will suffer even higher rates of capital outflow and decreased amounts of investment. Until it is passed, USAID will continue to provide assistance in drafting the Code and preparing various tax entities at the center and in the regions for implementation once it is passed.

Causal Links

The causal links of the Results Framework proposed by USAID/Russia for this SO follow. This

SO can be achieved only when three conditions (or Intermediate Results) are in place:

The tax system is designed to be fair and efficient, with an internally consistent set of laws and regulations (IR 1.2.1)

The tax system generates adequate and predictable revenues (IR 1.2.2)

There exists a sound and transparent separation of fiscal authorities between federal, regional and local Governments. (IR 1.2.3)

Supporting activities, captured in lower-level results and indicators include the following.

1.2.1 Efficient Tax System For a fair and efficient tax system, a properly designed legal framework needs to be in place. Possibilities for achievement of this strategic objective will be greatly enhanced when the Tax Code is finally passed. To support the Tax Code, new procedures for tax collection must be instituted. These could include rules on accrual accounting, rate structure changes, etc. A restructured and streamlined tax administration which provides services to taxpayers and organizes tax collection is a final essential element in the creation of an efficient tax system.

IR 1.2.2 Revenue Generation Adequate and predictable revenue generation is the primary function of a tax system from the point of view of a state budget. Stable rates of revenue generation depend on having clear laws, procedures, and administrative systems for efficient tax collection. However, adequate generation of revenue also depends on the quality of revenue forecasts and on correspondence of the tax base to real market values (especially in case of real property tax, which is currently based upon values unrelated to the market). Lower-level intermediate results also include implementation and utilization of revenue estimation models and the realignment of real property tax rates to reflect market values.

IR 1.2.3 Intergovernmental Relations Lower level results here focus on the fiscal relations between various levels of government in a federal government structure. Sound and transparent separation of fiscal authorities between the federal, regional, and local governments will stem from increased authority for lower levels of government to collect and retain that portion of taxes, including property taxes, which is adequate for completion of their budget obligations. An objective criteria and appropriate methodology for transferring resources from the center to the regions should be in place. The practical application of new tax laws will help cities understand how they work.

Progress to Date

USAID has been instrumental in providing drafting support to the Ministry of Finance for the Tax Code that will be submitted to the Duma in 1998. USAID also has supported training of State Tax Service staff in technical areas from audit procedures to taxpayer education. USAID contractors have worked with municipalities on the development of market value based property

tax systems. Thanks to USAID assistance, legislation was passed on the national level to allow the property tax experiment to take place in two regions, Novgorod and Tver. USAID is helping these two regions develop their property tax laws and other regions are waiting to learn from these experiments.

Program Approaches

USAID has consolidated its approach to reforming the tax system in Russia. All tax work is now coordinated by one contractor. Assistance will be specifically targeted, at least for the next three years, on tax policy, tax administration, revenue estimation, intergovernmental transfers, and property tax.

Much of USAID's tax work depends on the passage of the new Tax Code which will go before the Duma in late Spring, 1998. Through tightly targeted assistance in the above five areas, USAID will help the central and regional governments strengthen the implementation and enforcement of the new tax laws.

Development Partners

Key partners in the tax program include the Ministry of Finance, the State Tax Service, the Moscow State Tax Inspectorate and regional tax inspectorates. USAID's key contractor is Georgia State University. Other contractors include KPMG Barents Group. USAID also works with the U.S. treasury in tax reform and the Swedes and OECD on tax training and policy.

Sustainability

The sustainability of the tax law is in the interest of the Central and Regional Governments and once the new Tax Code is passed, USAID and other donors will increase their emphases on implementation and enforcement.

SO 1.3 Accelerated Development and Growth of Private Enterprises

Development Hypotheses

The activities captured under SO 1.3 are critical important elements of the overall Russia assistance program, fostering the emergence of a competitive, market-oriented economy in which most economic resources are privately owned and managed.

Prior to the dissolution of the Soviet Union, Russia had very little or no experience with market-oriented mechanisms, institutions, and private enterprises. Lack of experience and absence of an appropriate private-sector-oriented regulatory framework has made Russia's transition to a market-oriented economy extremely difficult and has hampered private sector development. To address these constraints, USAID and a wide range of development partners have focused a large portion of the overall Russia assistance effort on the development of private enterprise.

Critical Assumptions

Small businesses are faced with an overwhelming array of tax rules and regulations. A critical

assumption special to this strategic objective is that these laws will be clarified and simplified over the next few years. Another assumption is that public opinion in Russia will not radically change against reform due to conditions in the country. While opinion may rise and fall, no fundamental downturn will occur.

Causal Linkages

To address the most critical constraints to private sector development, to maximize impact of limited funding, to ensure lasting reforms, and to build on USAID's comparative advantage, USAID support toward the accomplishment of SO 1.3 focuses on developing the human and institutional capacities needed to promote continued private enterprise growth in Russia.

Four major approaches translate into the Intermediate Results included in the SO 1.3 framework.

Polices, legislation, and regulations conducive to broad-based competition and private sector growth adopted. (IR 1.3.1)

Land and real estate market mechanisms operating, accessible, and being used by businesses. (IR 1.3.2)

Successful models of private ownership and modern management widely replicated. IR (IR 1.3.3)

Sustainable network of business support institutions rendering services to entrepreneurs and businesses. (IR 1.3.4)

IR 1.3.1 Policy. Appropriate policies are needed to put in place a commercial framework whereby legitimate businesses can be started and thrive, contracts can be entered into with the confidence that they are enforceable and will be honored, and the Russian government at the federal, regional, and local levels will support and catalyze, rather than hinder and harass, private enterprise development. Much of this will be taken up under the Regional Investment Initiative under this SO, as USAID works to remove impediments to trade and investment on the regional level. The World Bank has taken up much of the drafting work that USAID previously funded under this SO.

IR 1.3.2 Land and Real Estate Mechanisms. The importance of having functioning land and real estate markets to encourage private enterprise growth and stimulate investment in Russia cannot be over-emphasized. Private firms cannot be truly private without private land ownership. Thus, opportunities for wider and more efficient sale and registration of land will stimulate private ownership of real property and will be critical to the ultimate success of Russia's private sector development.

Two lower level IRs contribute essential elements to the concept of a market. They include the

adoption of regulations in oblasts and municipalities to permit sale and registration of land and real estate, and the installation of functioning real estate information systems in cities. Both cause the market to operate in the first place and encourages market concepts to spread. Actual lending with real estate collateralized loans illustrates to businesses how land and real estate markets can help them raise capital.

Achievement of lower level IRs under this SO relies much on the demonstration effect. All activities are being implemented only in selected pilot cities and oblasts. USAID will continue to emphasize the importance of “rolling out” the models as they are successfully implemented, as in IR 1.3.3.

IR 1.3.3 Models. USAID will continue to rely on building successful models of private ownership and modern management in the expectation that these will, in turn, be readily seen, accepted and adopted by others who will mobilize sources of private and public funding for replication and wide dissemination throughout Russia.

Achievement of this IR will depend upon actually developing and testing enough workable models. Many USAID/Russia activities -- in economic restructuring, private housing and land reform, environment, and health care are developing and testing pilot models to promote private ownership and modern management. While the demonstration impact of some models is obvious, project implementors need the capacity to replicate the models by coordinating with the Russian government, other donors, and the private sector. The impact of increased capacity will be the mobilization of resources to permit rapid replication. Because of its crucial importance in the development of the private sector, models of private housing ownership which can be “rolled-out” has its own lower level IR.

IR 1.3.4 Sustainable Network. Fledgling businesses and entrepreneurs in Russia are starting from scratch. If they are to establish themselves, grow, and succeed, it is important that they have access to training, support services essential to efficient business operation, and the capacity to advocate for changes in policies, regulations, and systems which constrain their operations. By working with a wide range of Russian business support institutions (professional associations, training institutions, consulting firms, regional and local governments, business incubators, business centers, and financial institutions), USAID contributes to the development of a network which will deepen their impact, improve the business skills of thousands of entrepreneurs, and spur new enterprise starts.

Lower level results under this IR include tracking the number and kind of support institutions established and/or strengthened in the network itself as well as by the status/progress of these institutions toward self-sufficiency. Progress in building and strengthening the professionalism of the network is critical to achievement of the IR. Continued improvement in the quality of what the network provides is essential to achievement of the IR.

Progress to date

USAID support has been directly responsible for the formation of 5,000 new businesses and the creation of 50,000 new jobs. Over 200,000 Russians have been trained in small business management. Over 200 business support centers are operating countrywide some are already self sufficient. Laws and decrees on land zoning, on private property, and on condominium development have been passed in several cities and are being “rolled out” to others. The small business agenda, particularly issues on taxation, are in front of the Duma. An October, 1997 USAID-funded conference on women entrepreneurs and small business in Russia received wide media coverage and put small business and gender issues in the spotlight.

Program approaches

USAID will continue to work with its established network of business support centers throughout the country, providing pro bono expertise directly through programs such as the client focussed business program. Business center support through the University of Alaska will continue. USAID support to small business will be a vital part of the Regional Investment Initiatives. USAID will continue to work with selected cities on property tax, zoning, and housing reform and then “roll out” workable models to other cities.

Development Partners

USAID works with key regional and oblast governments, the Duma Committee for Small Business development, The Ministry of Housing, and the Institute for Urban Economics. USAID is a member of the Small Business Committee of the GCC, and works with other foreign donors under this SO. Key U.S. partners include CDC, CCI, OI, the Urban Institute, IESC, ACDI/VOCCCA, and Chemonics.

Sustainability

Many sustainable businesses were started and continue directly due to USAID assistance. Hundreds of condominium and housing associations exist at their own expense in several cities. New agricultural methods are being taught by Russians once employed by USAID contractors at institutes which pay their salaries. One of the most successful NGOs in the country, the Institute for Urban Economics receives funding from other donors including the World Bank, and is made up of Russians previously employed by USAID contractors. A major objective of USAID in this Strategic Objective is and will continue to be to promote the sustainability of local laws and regulations in Regional Investment Initiative sites that remove impediments to trade and investment.

SO 1.4 A Robust and Market-Supportive Private Financial Sector

Development Hypotheses

The centrally-planned economy of the former Soviet Union did not provide the new Russia with the kind of financial infrastructure which would support the growth of a competitive, market-

oriented business community. Russia's financial sector requires different kinds of banks and capital markets to stimulate investment and facilitate its allocation to efficient uses.

The old system was hardly able to provide the necessary support for the 100,000,000 shareholders that were created as a result of the massive privatization campaign in 1992.

Russia needs financial institutions which offer services appropriate to a free market with a normal distribution of risk among a diversified set of asset types and which operate within a regulatory framework capable of fostering the effective delivery of such financial services.

Under this strategic objective USAID encourages the formation of serious, well-regulated and market-serving financial institutions.

USAID has specified three complementary Intermediate Results essential to the achievement of this Strategic Objective:

Legal and regulatory framework for the financial sector established and strengthened (IR 1.4.1)

Financial sector supported by functions and self-sustaining institutions (IR 1.4.2)

Financial markets efficiently functioning. (IR 1.4.3)

Critical Assumptions

The main assumption behind USAID's ability to achieve this Strategic Objective relates to the underlying environment. Improved macro-economic stability with low inflation is critical to success.

Causal Linkages

These Intermediate Results are mutually reinforcing, with the result that success in one area will serve to strengthen the financial sector as a whole, thereby contributing to the achievement of the overall Strategic Objective.

Each result has indicators in areas where USAID's programs have particular strength and likelihood of success. The indicators are the result of a selection process during the past several years that has left USAID with on-going projects of high quality and particular relevance to Russian markets.

1.4.1 Framework Legislation is an essential basis for sound regulation. USAID has made specific contributions to establishing regulation for the financial sector by providing support both for the Central Bank of Russia and for the Russian Federation's Commission on Securities and the Capital Markets (RFCSCM). USAID will continue to train bankers and branch offices of the

RFCSCM in the implementation of necessary banking and capital markets regulations.

1.4.2 Institutionalization Financial professionals need constant re-education in products and practices and how to support their markets with truly professional conduct. In transitional markets such as Russia's, where much of the needed education is primary, these professional development functions are critical. Several reinforcing steps are needed, like strengthened training institutions for the financial sector, especially for bankers, small business lenders, and mortgage bankers. Strengthening professional associations for the financial sector will contribute to the maintenance of higher standards through peer review and more effective self-regulation. It will also promote innovation in the financial sector, such as International Accounting Standards (IAS).

1.4.3 Functioning Markets The effectively functioning financial markets which are the core of this IR, will rely on progress being made in a number of specific areas captured in lower level IRS, including:

Transparent primary markets -- to facilitate companies' abilities to meet capital investment needs through sales of equity

Mortgage lending -- to meet the growing need for housing and real estate finance

Transparent and liquid secondary markets -- to increase the efficiency of investment financing and promote greater investment in Russian businesses

Government securities -- to broaden participation in this market for non-inflationary financing of the government debt

Licensed mutual fund market -- to mobilize capital from small investors and broaden market participation

Financial support for small businesses available commercially -- to reach an important growth segment of the economy

Progress to Date

USAID is responsible for the development of the RFCSCM, an oversight body similar to the U.S. Securities and Exchange Commission. The RFCSCM is now strong enough to attract alternative funding and recently received a \$38 million loan from the World Bank. The RFCSCM is also in the process of establishing branch offices and USAID funds will continue to be used to help ensure that market rules and regulations are the same throughout the country. USAID funds have also trained hundreds of bank officers in modern banking methods and supervision. They have been instrumental in the countrywide institution of transparent and clear bank inspection rules and regulations which have, in part, been responsible for license revocation of many insolvent banks. Several models for small and micro business financing have been developed with USAID

support. One hundred and sixty eight Russian banks now provide loans to small entrepreneurs.

Program Approaches

USAID will continue to work directly with the regional offices of the RFCSCM to strengthen their operations. Grants to Russian banker training organizations will strengthen their abilities to train bankers and also help them become sustainable with no further USAID support. One new program approach is the loan portfolio guarantee program. In two Regional Investment Initiative sites, USAID funds will be used both to provide training for bank staff in issuing small loans backed by the guarantee and for the guarantee itself. USAID actively works with banks in Regional Investment Initiative sites to prepare them to administer part of the Agencies' worldwide Development Credit Authority. Due to the receptivity of Russian banks and some regional governments, the DCA will likely be a part of the USAID program over the next few years. One of USAID's foremost objectives in this strategic objective is to develop a sustainable partnership relationship between Russian security traders and their U.S. counterparts.

Development Partners

Key Russian partners include the Ministry of Finance, regional and oblast governments, the Central Bank of Russia, and the RFCSCM. Key U.S. partners include Carana corporation, the U.S. SEC, FSVC, IRIS, and the American Chamber of Commerce. Other donors, including the EU, also work in banker training. Capital markets development is assisted by the World Bank.

Sustainability

Two small banker training organizations in the Russian Far East are already establishing ties with Moscow based banker training organizations with a view towards sustainability after USAID funded their activities in 1997. Trading on the Russian capital markets is increasing monthly. USAID's work with banks on micro credit for small entrepreneurs will focus on leaving procedures in place that will encourage participating banks, and other lending institutions, to continue these small loans after USAID withdraws. USAID looks forward to supporting a partnership between the Russian association of stock brokers and the U.S. National Association of Stock Dealers (NASD). In addition, USAID will support the beginning of a partnership between the American Banking Association and the Central Bank or the Russian Association of Bankers. Both of these partnerships will be expected to continue on their own after USAID funding ceases.

SO 1.5 A More Economically and Environmentally Sound Energy System

Development Hypotheses

The energy sector in Russia has been viewed internationally as an inefficient provider of a commodity to customers with highly inefficient and energy-intensive consumption habits. USAID assistance to the energy sector is designed to help the Russian Government develop options for providing energy more efficiently and with less pollution. USAID has worked to support implementation of restructuring plans in the basic energy industries (coal, natural gas, oil and electric power) and to facilitate the transition from all-powerful, state-owned and -controlled ministries to more environmentally acceptable, privately owned, market-oriented, competitive enterprises.

A successful transformation of the energy sector is essential for long-term, sustainable growth of the Russian economy, increased employment, and higher living standards. Given Russia's substantial natural resources, energy has the potential to be the prime mover for the rest of the economy. At the same time, it is capable of generating needed foreign capital. Even though foreign and domestic investment is relatively low, the vast majority of all investment in the country is in the energy sector.

The baseline situation in the energy sector at the beginning of USAID's program could best be described as alarming. Prices for energy did not reflect actual costs of production. Industry tariffs subsidized residential and commercial customers. Recovery of natural resources was inefficient and the sector was the main polluter of the environment. The technology employed was outdated and inefficient and a high percentage of production facilities were approaching the ends of their design-life. Funding for maintenance and replacement of outdated facilities was not available, even given the relative economic power of the energy sector in the state-controlled system.

The problems of the energy sector as a whole are immense and require enormous investment. The part of the energy sector that affects most people and businesses is power generation. Steady progress has been made in both the center and the regions in understanding the concepts of market-based energy distribution. Thus, while the statement of the SO includes the energy sector as a whole, it is the electric power sector system which will receive the preponderance of USAID support in the future.

Critical Assumptions

To carry on with reform in the power sector, there must be continued support from private enterprise. The federal and regional energy commissions must become functional and be able to exert their authority with independence of outside influence. Decision makers in government and industry must be prepared to set the climate for investment that sends the right signals about

pricing policies and settlement practices. Improvements in efficiency in generation and end-use of power and heat must occur both for cost of production and environmental reasons. Private capability to supply energy efficiency services must develop.

Causal Linkages

Two principal intermediate results are posited to contribute to SO 1.5, a more economically and environmentally sound energy system. They are:

Market and competitive forces introduced in the power sector (IR.1.5.1) and,

Improved energy efficiency and demand side management programs (IR 1.5.2).

IR 1.5.1 Competition This implies the creation of restructured, regulated, private commercial enterprises in which participants compete for business and profits. Experience elsewhere says that competition in the sector will lead to lower real prices. For this IR to be achieved, USAID supports activities to establish principles and policies for power sector restructuring and regulatory systems at national and regional levels. In addition, the institutional capacity to conceptualize and develop appropriate legislation must improve.

IR 1.5.2 Improved Efficiency Improved energy efficiency and demand side management methods, including clean technology, result from USAID support for demonstration programs and training of Russian private sector personnel. Promotion of U.S. trade relationships and partnerships gives the Russian partners the opportunity to see high efficiency U.S. equipment and management techniques. Lower level IRs include demonstration of energy efficiency programs, integrated resource planning and pilot programs that demonstrate demand side management. Such demonstrations will lead to rational evaluations by managers when energy investment decisions are made. In addition, commercially viable private sector capability to provide energy efficiency and environmentally sound services and equipment is important for sustainability. NGOs and Energy Managers Associations are promoted and will become self-reliant.

Progress to Date

USAID programs in the energy sector initially attempted to address all energy enterprises. It soon became evident that the gas and oil sectors would not be significantly influenced by our relatively modest programs. USAID phased out of most activities in FY 95; USG involvement is maintained through the Department of Energy. In the coal sector, a very successful program led by a U.S. PVO, Partners in Economic Reform, on behalf of USAID, addressed many of the social and safety issues in the coal mining industry. Several opportunities were identified and promoted with the World Bank which signed loans for \$1.2 billion for this sector.

USAID funds have been used to provide energy efficient heating systems and lighting facilities and environmental monitoring equipment. Six partnerships sponsored by the United States Energy Association have brought together representatives from Russian and U.S. electricity and

gas utilities and national regulatory agencies. USAID-funded IRIS has worked with the Government on the establishment of a framework for determining the role of natural monopolies within the transition.

Program Approaches

USAID provides direct technical assistance both to the Ministry of Fuel and Energy and regional utilities on power distribution efficiency and market pricing methodologies. The Mission focusses on one energy subsector in which substantial progress has been made. The electric power sector includes most of the district heating plants and regional generating plants and transmission and distribution systems that provide heat, electricity, and light to residents and commercial enterprises. USAID advisors work in the regions providing assistance to regional utilities to help increase efficient management of energy distribution. USAID also considers the issues of Global Climate Change related to this SO because more efficient energy distribution results in decreased pollution and contribution to global warming.

Development Partners

Key partners in this program area include the Ministry of Fuel and Energy, the Ministry of Atomic Energy, RAO EES Rossi, and many regional utilities. On the U.S. side, key partners include Hagler-Bailly, the USEA, and the DOE. USAID funds have been important in securing a coal sector World Bank loan.

Sustainability

The World Bank coal loan is in place. Once the Federal and Regional Governments get rational pricing into place, barring extreme political or social change, they should stay in place. Partnerships between U.S. and Russian energy associations should continue without further USAID assistance.

SO 1.6 Increased Environmental Management Capacity to Support Sustainable Economic Growth.

Development Hypotheses

The devastating impact on public health from air and water pollution in Russia is well known. These problems threaten economic progress, impoverish biological and natural resources, diminish the quality of life and have impacts far beyond the national boundaries of the Russian Federation. This strategic objective supports combatting global warming and climate change and assuring environmentally sustainable development during the transition to a market economy.

One of the first areas where local NGOs played a role in the former Soviet Union was the environmental movement to save Lake Baikal. Out of the Lake Baikal movement grew a nationwide awareness of the extent of environmental damage caused by the policies of the Soviet regime. The system of informal computer information links built by the environmental activists played a crucial role in passing information and building the support that aborted the attempted coup of 1991. The environment remains one issue around which many elements of the political spectrum can still find a common language and common goals.

Pilot demonstration projects are an important way to build on environmental activism. By directly engaging private citizens, NGOs, enterprises, new businesses, trade unions, the media and environmental workers in formulating the strategies, these projects show the positive results that can come from demanding changes and implementing activities to reduce pollution hazards.

Ideally, *all* USAID projects in *all* sectors should have a strong environmental component, but with limited funding, the choice was made to focus on pilot demonstration projects in selected areas. These projects serve as models, the results of which are being disseminated throughout the country.

Critical Assumptions

Specific to this strategic objective is the assumption that Russia will continue to participate in international environmental agreements. The enthusiasm demonstrated by the State Committee for Environment and various regional governments will continue to translate into local actions.

Causal Linkages

The three high level Intermediate Results for this new strategic objective are supported by several lower level intermediate results. High level results are:

Increased capacity of Russian environmental professionals, managers, and decision makers to deal with environmental pollution. (IR 1.6.1)

Improved management of natural resources management and biodiversity protection. (IR 1.6.2)

Improved economic mechanisms for natural resource management, environmental protection, and emissions trading. (IR 1.6.3)

IR 1.6.1 Increased Capacity This key result will depend on successful achievement of lower level intermediate results, including improved Regional Government policies, laws, and regulations which provide incentives for compliance and adoption of new pollution reduction techniques/technologies and citizens' initiatives maintaining public environmental awareness and encouraging government institutions to address environmental issues.

IR 1.6.2 Improved Management While the private and public sectors are involved in learning new techniques for environmental management and disseminating lessons learned, USAID's environment program will continue to build a constituency for environmental improvement through supporting citizen's initiatives which raise environmental awareness and encourage the government to address environmental problems. In this vein, environmental activities conducted by NGOs will be strengthened to take more effective advocacy positions and to become more financially self-sustaining, and citizen knowledge and awareness of environmental issues will be increased through the establishment of environmental centers. In addition, improved management of forest resources will result in improving Russia's contribution to helping ease global warming.

IR 1.6.3 Economic Mechanisms Sustainable methods of natural resource and environmental management need to be developed. This includes factoring environmental impact into investment decisions. A framework for emissions trading needs to be established and implemented as a result of the Kyoto Protocol.

Progress to Date

USAID funding is responsible for the introduction of clean technology which has significantly reduced pollution levels in several cities. In addition, new sustainable forestry plans are being to be drafted in several Krai -- representing the first time that forests are looked upon as renewable

resources in Russia. USAID funds are being spent on small grants to NGOs throughout the country and these NGOs are introducing environmental projects on the local level, again, for the first time in Russia.

Program Approaches

Working with the U.S. Forest Service, USAID provides direct technical assistance in new forestry techniques. USAID advisors also provide demonstrations and technical assistance for clean technology and in other environmental clean up areas. Advisors also work directly with NGOs on strengthening their environmental work. USAID works directly with the Central Government and Regional Governments in selecting recipients of the small grants for NGOs to “roll out” successful environmental models. USAID will continue to work on sustainable environmental activities and will cooperate with the Russian Government as it develops strategies to combat Global Climate Change. One area where USAID will stay engaged is emissions trading. Both the U.S. and Russia adopted the Kyoto Protocol and both countries will have an interest in developing strategies for emissions trading.

Development Partners

Key Russian partners include the State Committee for the Environment, regional and local administrations, and local NGOs. U.S. partners include the USFS, USEPA, CH2MHILL, ESD, ISC, and ISAR. USAID intends to fund World Bank work on CFCs over the next two years.

Sustainability

New forestry techniques result in sustainable forests. Clean technologies result in sustainable decreases in pollution. Environmental projects being implemented throughout the country result in sustained increased awareness of environmental problems and solutions.

SO 2.1 Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making

Development Hypotheses

The informed participation of Russian citizens in the political and economic life of the nation is essential to making Russia's transition to a broad-based democracy and market economy stable and successful. To assure that participation is meaningful, people must have access to information which will allow them to make sound choices, and systems and processes for exercising those choices.

The media are a primary means for informing citizens. Television and newspapers penetrate to the farthest corners of Russia. In order for information provided via the media to foster sound decision-making, it must be widely available and accessible as well as objective and accurate. Historically, in Russia, the former has been true, while the latter has not. To address the problem of objectivity and accuracy, USAID supports increased independence of the media, and in so doing, stimulated a wider dissemination of quality information.

Enhanced knowledge is of limited use unless it can be applied to influence decisions made by business, community, and government officials. USAID has supported several initiatives to improve the mechanisms by which citizens express their views to officials and engage them in dialogue.

Democratic elections are one such mechanism. All elections since the first Duma elections in 1995 have been judged free and fair by international observers. USAID is also helping to develop alternatives to the ballot-box to enable people to interact with their officials on an on-going basis during non-election periods.

Non-governmental organizations (NGOs) and private sector options are expanding the ability of citizens to influence the actions of governmental, business and community leaders on the issues which affect citizens' lives.

Critical Assumptions

Assumptions unique to this strategic objective are that Regional Election Commissions continue to implement Central Elections Committee's electoral regulations, that the Central Government does not take steps to restrict the independent media, and that candidates and parties increasingly articulate their policy positions.

Causal Linkages

To accomplish SO 2.1, three key Intermediate Results (IRs) must be achieved:

Free and fair elections (IR 2.1.1)

Increased public access to information which is needed for informed political and economic choices (IR 2.1.2)

NGO sector provides an alternative to the ballot box for participating in economic and political decision-making. (IR 2.1.3)

IR 2.1 Fair and Free Elections Increasing the transparency of the electoral process and the technical abilities of key electoral and political institutions to administer the process will improve the fairness and operations of the political system and voters' confidence in it. To accomplish this IR, the Central Elections Commission must be institutionally capable of promulgating reasonable electoral laws for implementation throughout the country. Further, local elections officials must follow these laws and, national and regional political parties' infrastructure must be developed so that the electorate identifies with party candidates and platforms.

IR 2.1.2 Access to Information With more information about the changing economic and political situation, people they will be better equipped to make informed political and economic choices. This IR is achieved by supporting independent broadcast stations that are better able to produce and air quality programming and independent stations that provide an alternative to state information and increasingly cover local/regional issues. The stronger and more financially viable that professional intermediary institutions (broadcasting association, regional press associations, journalists trade publications) are, the better they can serve the needs and represent the interests of journalists. In addition, the existence of alternative mechanisms to centrally-provided

information distribution systems (electronic newspapers, non-state financed printing presses) enhances the diversity of viewpoints available to public.

IR 2.1.3 NGO Strengthening An improved environment for public awareness of how NGOs can function will provide citizens another mechanism for advancing their interests and engaging in public dialogue/policy formulation with officials. NGOs will give people another mechanism for participating in economic and political decision-making. By developing their capacity to manage resources well, to develop programs of interest to the public, and by honing fundraising skills, NGOs will be stronger institutions and capable of providing sustainable services. Citizens who understand the potential of NGOs to advance their interests are more likely to support and become involved with NGOs and to value the services provided.

Progress to Date

USAID funds have been instrumental in the strengthening of broadcast and television media countrywide - over 200 new independent television stations have received some kind of USAID assistance. Thousands of NGOs have taken advantage of direct USAID assistance: between 65 and 70 thousand NGOs are now registered in the country. Political parties, thanks to USAID assistance, have begun organizing on the regional level. The Sakharov Center for Human Rights has begun to raise funds on its own. Finally, USAID's flagship partnership program, "Supporting Partnerships into the Next Century" (SPAN), is underway.

Program Approaches

USAID's media support will still be aimed at assuring independence through exchanges, technical assistance and partnerships. Pending availability of funds, USAID will set up an endowment with Internews which will continue to provide support to newly merging broadcast and print media without direct USAID assistance. USAID works directly with the Central Election Commission and with Regional Commissions on electoral regulations and rules. Political parties receive direct training on organization and getting their messages across to their constituencies. USAID funds NGO support centers which provide information and support to NGOs in three regions of the country. Finally, under the SPAN project, small grants are given to Russian/U.S. partnerships to help them to self-sufficiency.

Development Partners

USAID works with the Central Elections Commission, Regional Election Commissions, Russian political parties, Internews/Russia, local NGOs, and regional and oblast governments. U.S. partners include IRI, NDI, IFES, Chemonics, SCF, ISAR, IREX, NDI/RAPIC, and Internews. Other donors and the World Bank are also involved in civil society building.

Sustainability

Media organizations that are well managed and that can find and utilize alternative funding

mechanisms will be self sufficient. NGOs strengthened through management advice, support and linkages with other NGOs will become self sufficient. The key component of the SPAN project is sustainability of the partnership.

SO 2.2 Legal Systems that Better Support Democratic Processes and Market Reforms

Development Hypotheses

Strategic Objective 2.2 supports the emergence of a law- based society. A number of key Russian institutions and individuals contribute to the content of the needed legal reforms and assure their fair and impartial application. These institutions and individuals generally belong to one of five groups: the legislature and the administration, the Courts, the legal profession, grassroots organizations and citizens, and the enforcers.

Legislation passed by the Duma and decrees issued by the President and Prime Minister provide the necessary foundation for any legal action. The courts ensure that the rules are followed.

Lawyers know the rules and train the next generation. When this system works well, people can use the courts to settle their differences. Law-enforcement agencies assure that decisions are being followed and levy penalties when they are not. At this time, for many reasons, the system does not work well. USAID funds are used to strengthen the system.

USAID programs work to support the rule of law on all the levels above. Funds are used to develop the ability of the court system to interpret/administer the legal process in a more fair manner. This work is complemented by the work of the U.S. Department of Justice (FBI, DEA) and the Treasury (IRS, Customs, Secret Service). These programs assist Russian enforcement agencies and officials to enforce criminal provisions of the law.

Critical Assumptions

The main assumption is that the judiciary will be able to maintain its independence and that, over time, decision makers will understand that crime and corruption are more costly than the rule of law.

Causal Linkages

Two elements of reform must be realized in Russia's legal system in order that they meet the conditions of the SO for better support [of] democratic processes and market reforms:

Better Administration, Interpretation, and Application of the Law (IR 2.2.1)

Higher Standards and Competence in the Legal Profession (IR 2.2.2)

IR 2.2.1 Better Administration Courts and laws must be viewed as fora where legal disputes can be settled. Their decisions must show compliance with existing norms which must be clear, well articulated, and available equally. This requires transparency, efficient administration, and equal application of the law. Lower level IRs work to establish the transparency and ability of the judicial system to become more equitable and efficient.

IR 2.2.2 Higher Standards To improve the competence of the legal profession, law schools must be improved. In these schools lawyers learn the law and the necessary analytical skills needed to make them effective advocates, legislators and judges. Bar associations serve as a focal point for the legal profession. Through bar associations, lawyers set standards for the profession and ensure a minimum level of confidence in each member. Bar associations also often serve as facilitators of progressive social movements and are major providers of pro-bono legal assistance. As laws and legal practices change, a lawyer must remain up to date to be effective. Only through an effective system of continuing legal education can the competence of lawyers be assured. Under these lower level IRs, USAID funds are used to strengthen law schools, assist bar associations, and develop continuing legal education.

Progress to Date

The independence of judges and the court system recently took a gigantic step forward, thanks to a Presidential order establishing a Judicial Department at the central level, which will oversee the courts in Russia. New bar associations have been set up and six law schools now teach advocacy. The World Bank initiated the Legal Reform Loan which works with all levels of government and the judiciary in law drafting, strengthening law training and institutionalizing of new legal methods. Courts of General Jurisdiction are increasingly seen as an avenue for resolving conflicts such as wage arrears problems. Clients of the Free Trade Union Institute, also supported by USAID, have successfully brought their claims on wage arrears to these Courts. An important partnership has developed between the Vermont bar and the Karelia judiciary and has resulted in frequent exchanges of lawyers and judges between the two states. It has served as a model for a similar emerging partnership between the Maryland Bar and Leningrad Oblast.

Program Approaches

USAID provides direct training support to law schools and law associations. In addition, USAID supports partnerships between U.S. and Russian legal entities. USAID is poised to assist the new Judicial Department in developing its operating procedures through technical assistance and exchange of expertise. An important component of USAID's program in rule of law over the next few years will be crime and corruption prevention. USAID will work with other USG agencies in Moscow in developing a targeted program in this area.

Development Partners

USAID/Russia works with the Ministry of Justice, the Supreme Court, law schools, and Bar Associations. Key U.S. partners are Chemonics, the National Judiciary College, ARD/Cheechi, the American Bar Association, the Sakharov Center, and DOJ. The World Bank is also involved in legal reform.

Sustainability

The institutionalization of the rule of law is the primary goal of all USAID assistance under this strategic objective. Once firmly in place, the system should sustain itself. The Vermont-Karelia partnerships already sustains itself and indications are that other partnerships modeled on this one will do the same.

SO 3.2 Improved Effectiveness of Selected Social Benefits and Services

Development Hypotheses

Russia's system for providing social services and benefits to its population was once highly regarded but is now falling apart. The health care system, due to a combination of inadequate

and misdirected financing and organizational chaos, is unable to provide the population with preventive care or with proper curative care. Increasing incidences of infectious diseases such as HIV/AIDS and tuberculosis are alarming examples of a system that is no longer working.

While social service reforms will not be straightforward, improvements to Russia's current systems for delivering social benefits and services, especially in the health sector, are needed. Adequate health care is guaranteed to the entire population under the current Constitution, but innovations must be developed before that will be a reality. Failure to provide adequate health care as well as other social services could have adverse political consequences.

The achievement of SO 3.2, Improved Effectiveness of Selected Social Benefits and Services, will result from finding workable ways to finance and pay for such services and benefits and improving their efficiency and quality. USAID will achieve this objective by exposing Russians in both public and private sectors to various approaches and models for financing and service delivery such as privatization of communal housing services. The next step is to test these approaches at pilot sites, and to disseminate them to a wider audience for replication. In the health area, changes to the legal and regulatory framework for health care are also needed as many of the new approaches and models that are being tested lack legal sanction and, therefore, cannot be easily replicated.

Critical Assumptions

Specific assumptions for this SO are that the Government will remain committed to market-oriented reforms in the service sector. In the health sector, this means a commitment to market-driven concepts such as total quality management (TQM), management of different payer types/mechanisms, hospital management, etc. Another critical assumption is that awareness of the increasing problems of infectious diseases continues to increase in both the Central and Regional Governments. The Central Governments recent interest in setting guidelines for efficient delivery of health care must continue as well.

Causal Links

Three elements of the program, or the achievement of three Intermediate Results (IRs), will contribute to the achievement of the SO.

Policies, Laws and Regulations Approved. (IR 3.2.1)

New Approaches to Service Delivery Adopted. (IR 3.2.2)

New Approaches to Resource Allocation and Alternative Financing of Services Must be Adopted (IR 3.2.3)

IR 3.2.1 Legal Framework In the health area, the Russian Government (Ministry of Health, Duma) must adopt a revised legal and regulatory framework as new approaches are

developed, as many of them are currently not legal under Russian law. Achievement of lower level IRs will lead to improvement in the legal framework for improved delivery of services. USAID has decreased the number of discrete activities it implements in health reform twelve to four, and will continue to work with the Ministry of Health and oblast and regional governments on development and implementation of guidelines for more efficient delivery of health services. The recent publication of a health “Conceptia” by the Health Ministry, outlining its more normative approach, is a positive step.

IR 3.2.2 Service Delivery Lower level IRs will help achieve the improvement in the efficiency of service delivery through the design and testing of alternative service delivery mechanisms, improved service delivery skills in the organizations themselves, and through the creation of new, alternative providers where they do not now exist. As a result of USAID assistance under this and lower level IRs, communal services are already being privatized, and are working more efficiently in many cities.

IR 3.2.3 Resource Allocation Lower level IRs here help strengthen the ability of alternative providers within the system to assure more access to higher quality social services, particularly health care. Activities in lower level IRs identify alternative financing sources/mechanisms, improve information on costs of service delivery, and improve skills in financial analysis and management. In addition, better targeting of selected subsidies will help fund activities, for example, in the struggle against infectious diseases.

Progress to Date

The Ministry of Health's publication of a “Conceptia” is an important signal that it has decided to guide the development of a rational health care system instead of trying to implement the necessary projects itself. Russian firms, in partnerships with U.S. firms, are manufacturing and distributing internationally acceptable pharmaceuticals and they are being used in a more rational way by more doctors. More couples are using alternative family planning methods. Rates of abortion, the favored family planning method in the Soviet Union, are down, especially in USAID-funded areas. USAID sponsored hospital partnerships are maturing and several, including one between Dubna and La Crosse, Wisconsin, are self sufficient. USAID activities in selected oblasts have also resulted in more cost efficient patient care as hospital stays are down and new versions of HMOs are being tried out.

Program Approaches

USAID works in seven oblasts introducing more effective ways to guarantee delivery of quality health care. In the family planning area, USAID provides technical training and equipment and contraceptives to clinics throughout the country. In addition, the Mission works closely with the Ministry of Health on developing health policy and in the future will work with the Regional Governments, the Center and other donors on ways to combat the spread of infectious diseases. Partnerships between U.S. hospitals and Russian ones are one important way to continue the exchange of both equipment and expertise. Achievement of this objective will be measured by

the widespread replication of tested approaches to financing and delivery of services and benefits and certain key indicators of the effectiveness of these approaches appropriate to each sector, such as reduction in number of hospital days per thousand or reduction in hospital infection rates for the health sector.

Development Partners

Important Russian partners include the Ministries of Health and Housing, regional, oblast, and city governments, and hospitals and clinics. U.S. partners include HHS, Urban Institute, AIHA, BU, KPI, PSI, ACVS, URC, Johns Hopkins, UNC and private hospitals..

Sustainability

Health partnerships are already sustainable and more are being formed. Enthusiasm on the part of family planning practitioners throughout the country is high and this enthusiasm should help sustain work in this area. The government's "Conceptia" will lead to implementation of health care delivery systems that will benefit most Russians, and, thus, will sustain themselves.

Strategic Objective 4: Cross Cutting and Special Initiatives

This Strategic Objective encompasses work under the Project Development and Support Project (PD&S), Eurasia Foundation, the Training for Development Project, and TUSRIF.

The PD&S Project will continue to fund studies, evaluations, and appropriate program support costs that fit within the Mission's overall strategic plan.

Eurasia Foundation activities support all of the Mission's strategic objectives. The Mission considers the Eurasia Foundation to be an important partner and will continue to work with the Foundation in targeting its activities throughout the country.

The Mission's Training for Development Project also cuts across all strategic objectives. This activity will continue and future plans will include, as appropriate, activities that support the Presidential Management Training Initiative and support to the regional Investment Initiatives.

TUSRIF funding will continue under SO 4.

7. Environmental Issues

There are no outstanding environmental issues in the USAID portfolio as of March, 1998. The Mission Environmental Officer will be aware of any new activities that begin over the next five years and will oversee the implementation of Initial Environmental Examinations and Environmental Impact Analyses as required by Reg 216.

8. Program Funding Requirements

The Mission will continue to plan in the context of declining, or, at best, straightline, budget levels. Over the past few years of programming, the approximate percentage of the budget that has gone to the Strategic Objectives in the portfolio is as follows:

Percent of New Obligating Authority to OYB

	<u>FY 96</u>	<u>FY 97</u>	<u>Planned FY 98</u>
SO 1.2:	7	8	11
SO 1.3:	24	25	32
SO 1.4	22	6	7
SO 1.5:	5	2	<1
SO 1.6:	3	9	8
SO 2.1:	13	13	18
SO 2.2:	6	6	3
SO 3.2:	7	11	6
SO 4:	8	16	12 (includes Eurasia and TFD)

In planning out for five years, the Mission will mark the budget at \$60,000,000 for discretionary use. With RII, the Presidential Management Training Initiative, and other opportunities for discretionary funding, the Mission can easily program more discretionary funds each year. For the next two years, USAID/Russia expects the proportion of funds as a percentage of the total budget for health care (3.2), environment (1.6), and democratic reform (2.1 and 2.2) to go up and in the near term trade impediment elimination to continue at about the same level (1.3, 1.4, 1.2). Given the extremely fast pace of change and the requirements placed on the Mission from external forces, it is impossible to predict percentages after even the current fiscal year.

SOs 1.2, 1.3, and 1.4 will maintain high proportions of the OYB because they provide much of the funding for the Regional Investment Initiatives. Projects under SOs 2.1 and 2.2 make up the second highest amount for RII so percentages in that SO will likely rise. TUSRIF funding is not included here under SO 4.

9. Linkage of USAID/Russia Strategic Objectives to Agency Goals:

AGENCY GOAL

USAID/RUSSIA OBJECTIVE

GOAL: Broad Economic Growth
Achieved

SO 1.2 Tax System Reformed to Correspond
To a De-centralized Market Economy

SO 1.3 Accelerated Development and Growth of
Private Enterprises

SO 1.4 A Robust and Market-supportive
Financial Sector

SO 1.5 A More Economically Sound Energy
System

GOAL: Sustained Democracies Built

SO 2.1: Increased, Better Informed Citizens'
Participation in Political and Economic
Decision Making

SO 2.2: Legal Systems that Better Support
Democratic Processes and Market
Reforms

GOAL: Population Stabilized/Human
Health Protected in Sustainable
Fashion

SO 3.2 Improved Effectiveness of Selected
Social Benefits and Services

GOAL: Environment Managed
for Sustainability

SO 1.6: Increased Environmental Management
Capacity to Support Sustainable Growth *****

**** This SO also feeds into the first Agency Goal

10. Management Requirements

UASID/Russia Country Strategy: OE and Workforce

The next section is USAID/Russia's project for Workforce and for OE budgets for the next two FYs. Given the various pressures on the program and budget, it is difficult even to predict amounts for the year 2000. Notionally, staffing and OE amounts should remain the same relative to program budget levels. The following tables and narrative give projections through FY 2000 only.

Operating Expense Budget Narrative

Introduction

Having lost four USDH employees unexpectedly in late FY1997, USAID/Russia entered FY1998 with only 75 percent of its authorized USDH strength and as of April 1998 still had only 17 USDH employees on board. Managing our \$1.2 billion program with so many USDH vacancies has been stressful for our staff, but the reduced support costs have enabled us to turn back several hundred thousand dollars to the ENI Bureau for redistribution, leaving our current-year budget at \$4.8 million (exclusive of ICASS). To meet the increased support costs for a higher average on-board complement of USDH staff throughout the next two years -- plus an IDI (Health) next year and an IDI (Admin) the following year -- USAID/Russia's request levels for FY1999 and FY2000 are a relatively modest \$300,000 and \$410,000 respectively above the artificially-depressed FY1998 level.

OE Staffing On-Board EOY	USDH*		Personal Services Contracts		Total
	On-Board	(FTE)	International	Local	
FY1998	17	(16.5)	1	76	94
FY1999	18	(19.0)	1	72	91
FY2000	19	(18.8)	1	72	92

*Includes IDI (Health) arriving FY1999 and IDI (Admin) arriving FY2000

Justification of Increases

Following is a general summary of increases necessary to support the proposed establishment for FY1999 and FY2000. The increases described in specific areas below are partially offset by cutbacks in English language training and in the acquisition and transportation of office furniture, equipment and vehicles.

- FNPSC salaries and benefits increase by an additional \$100,000 each year to reflect annual

step increases and an anticipated compensation plan adjustment of five percent per annum, offset partially in FY1999 by a reduction in overall FNPSC numbers.

- Education allowances rise by over \$70,000 in FY1999 and by another \$25,000 in FY2000, based on projections that employees yet to be assigned to Moscow will have two children each in school and that fees will rise five percent annually.
- While Entitlement Travel remains fairly stable, freight costs associated with Entitlement Travel jump by nearly \$40,000 in FY1999 before settling back down in FY2000.
- Residential Rents rise nearly \$200,000, due both to the increase in the overall numbers of USDH on-board throughout the year and to the expiration in mid-FY1999 of fixed-price, six-year leases on seven of eight apartments housing our larger families. Although we have already negotiated the landlord down to a 20% increase above the original 1993 rental rates, the absolute increase remains substantial.
- USPSC salaries and benefits (including housing) increase about \$140,000 per year to cover the additional salary/benefits package necessary to attract a highly-qualified off-shore USPSC financial analyst to lead our Financial Analysis Unit. The unit's team of four Russian financial analysts is potentially very strong but the two most qualified have been on the job only a few months while the two most experienced have little formal financial management training. The two-year contract anticipated for the USPSC supervisor/trainer is intended to put the Unit on a strong, sustainable footing for the remaining life of USAID/Russia.

Cuts Required to Match Target-Level Budgets

With its program dollar-to-staff ratio approaching 1,000,000:1, and in anticipation of a stable OYB in the next two years, USAID/Russia intends to maintain on-board staff at the authorized ceiling for USDH and at the mission-proposed cap for other employee categories as long as it is feasible. To do so within the much-reduced target budget levels, drastic cuts will be required in six major areas, all of which will force an increasingly severe decline in the quality of our human resource base and logistical support capabilities. Such cuts cannot be long sustained without forcing an eventual sharp cutback in staffing levels. The six areas are listed below in order of increasing negative impact on our program management capabilities.

- Defer replacement of two seven-year-old vehicles from FY1999 and FY2000 to FY2001.
- Eliminate the USPSC position which provides experienced leadership for the Office of Financial Management's Financial Analysis Unit, saving nearly \$200,000 annually in salary and benefits.
- Cut the computer hardware and software budget by 65 percent, saving nearly \$400,000. This would provide only for *anticipated* Y2K expenditures and leave no margin for Y2K surprises. It also assumes that any major corporate software changes during this period,

such as the move away from Windows 3.1 and a move to single-vendor suite applications, will be funded centrally.

- Slash the training and staff development budget by 65 percent, saving over \$100,000 annually. This will include canceling our English language skills enhancement program entirely and halving the budget of our in-service Russian language program, with implications not only for less rapid localization of responsibilities for also for general staff morale. Training is a discretionary investment which can always be sacrificed in the short-term but at a sometimes unacceptable cost in the long-term.
- Cut operational travel by over 45 percent each year, saving over \$200,000.
- Cancel the assignment to Moscow of an IDI (Health) in FY1999 and abandon a request for an IDI (Admin) in FY2000, saving \$65,000 in FY1999 and \$170,000 in FY2000. Of course this will transfer not only the IDIs but their support costs to some other mission, which might not be in any better position to absorb such costs within allocated target levels. (These costs assume a two-year training assignment for a married employee with two school-age children.)

Impact of Target-Level Budget on Operations

These six measures account for 95 percent of the “savings” necessary to reach the target levels in FY1999 and FY2000. Only the loss of the IDI (Health) and off-shore USPSC financial analyst will have a direct, immediate impact on our ability to “make do.” But just “making do” is not this Mission's goal. The effectiveness of our activity management at a time of stable funding will begin to deteriorate as fewer field trips can be supported by aging vehicles, skills stagnate without in-service training, financial oversight is reduced, and information technology passes us by.

Budget Buster Off-stage

One potential budget-breaker not addressed at either the request or the target budget levels is the possibility that the Embassy may authorize and/or require USG agencies at post to begin making contributions to various Russian social security funds for each employee. Departing employees have begun to cite our failure to pay into these funds as one of their chief reasons for resigning. Correcting this could increase FNPSC costs by \$400,000 annually or force an unsustainable cut of nearly 30 percent in our FNPSC staffing if no financial relief were forthcoming..

ICASS Issues

We do not anticipate subscribing in any major way to new ICASS cost centers, but we may request limited participation in the Embassy housing pool in FY2000 when the new Anglo-American School campus opens in order to place USAID families in Embassy-owned housing currently under construction adjacent to the campus. This would not affect USAID support staff

levels. USAID/Russia is currently studying the possibility of offering computer management services to several small agencies not covered under ICASS. If we undertake such support, it is most likely to be on a reimbursable basis rather than as an offset to our ICASS bill. Reimbursements would be sufficient to cover the one additional FNPSC position required to take on the responsibility.

11. Results Framework

STRATEGIC GOAL I: Foster the emergence of a competitive, market-oriented economy in which the majority of economic resources are privately owned and managed

Strategic Objective 1.2 Tax system reformed to correspond to a de-centralized market economy

Strategic Objective 1.3 Accelerated development and growth of private enterprises

Strategic Objective 1.4 A robust and market-supportive financial sector

Strategic Objective 1.5 A more economically and environmental sound energy system

Strategic Objective 1.6 Increased environmental management capacity to support sustainable economic growth

STRATEGIC GOAL II: Support the transition to transparent and accountable governance empowerment of citizens through democratic political processes

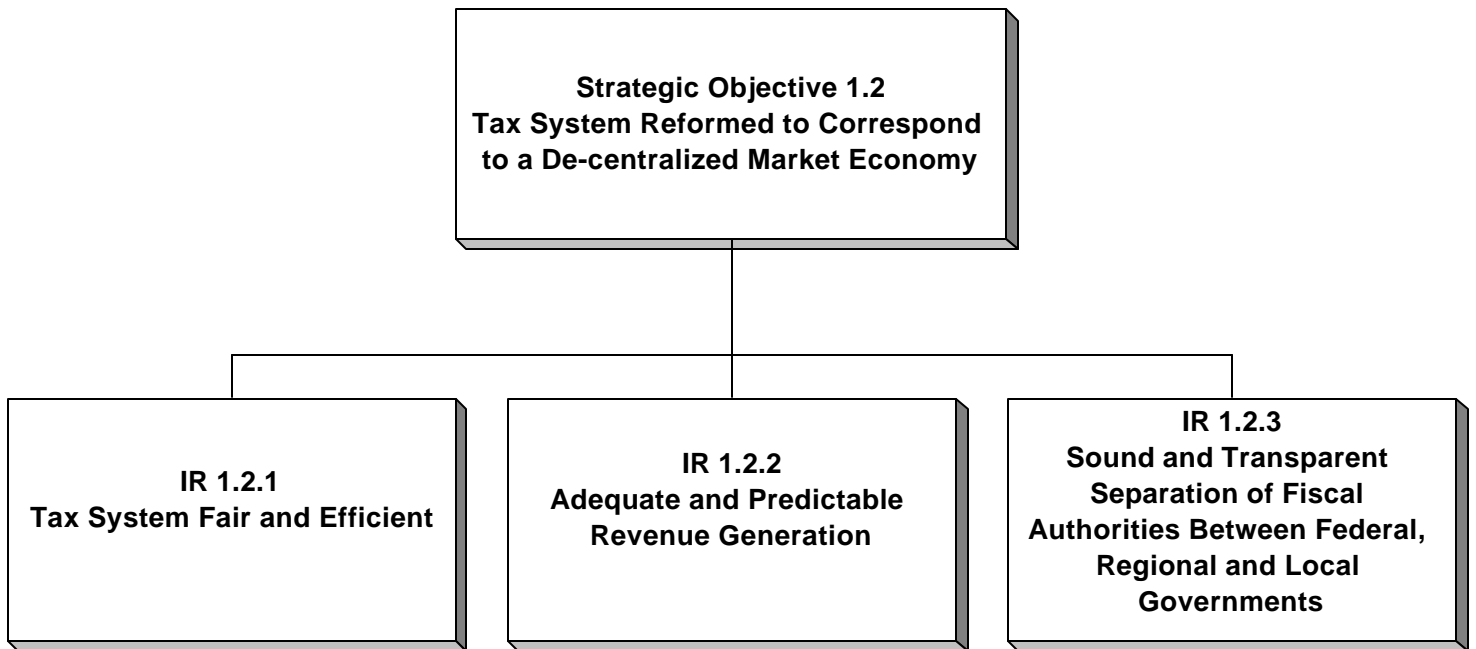
Strategic Objective 2.1 Increased, better-informed citizens' participation in political and economic decision-making

Strategic Objective 2.2 Legal systems that better support democratic processes and market reform

STRATEGIC GOAL III: Respond too humanitarian crises and strengthen the capacity to mange the human dimension of the transition to democracy

Strategic Objective 2.2 Improved effectiveness of selected social benefits and services

12. Indicator Tables



- Life of Objective Funding to Date: \$42 million
- Key U.S. implementing partners: Georgia State University, Barents, U.S. Treasury
- Key Russian partners: Ministry of Finance, State Tax Service, Commission on Tax Reform
- Life of Objective Funding Projected to FY 00: \$60 million
- FY 98 - FY 00 Request Level: \$18 million
- SO pipeline as of 12/31/97: \$6 million

**Strategic Objective 1.3
Accelerated Development and Growth of Private
Enterprises**

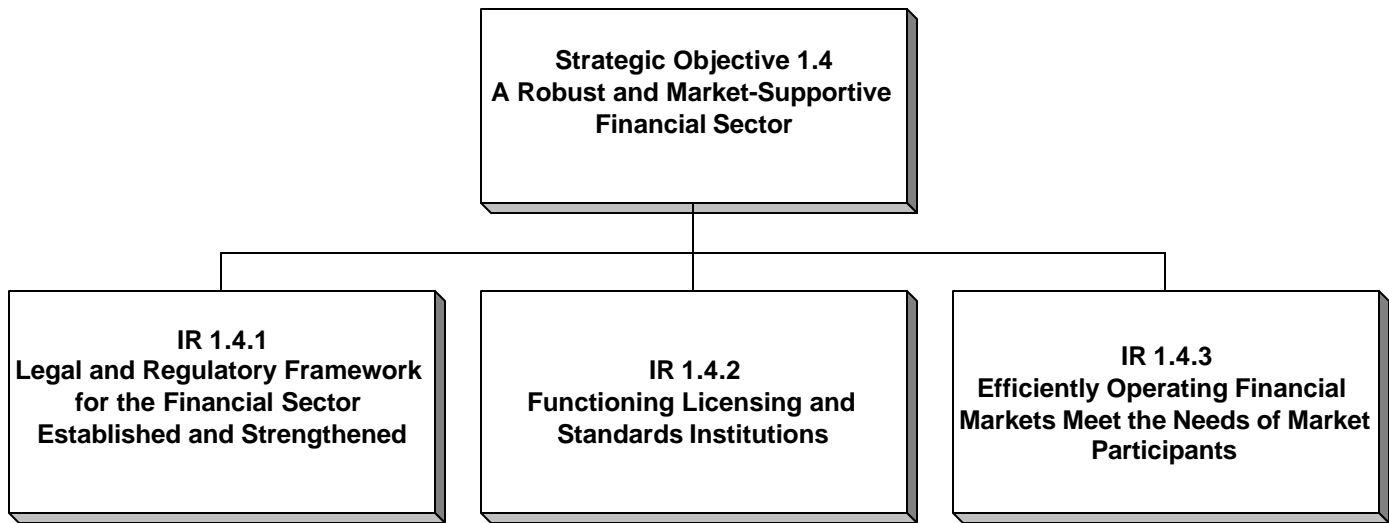
**IR 1.3.1
Policies, Legislation
and Regulations (PLR)
Conducive to Broad
Based Competition and
Private Sector Growth
Adopted**

**IR 1.3.2
Land and Real Estate
Market Mechanisms
Operating, Accessible
and Being Used by
Businesses**

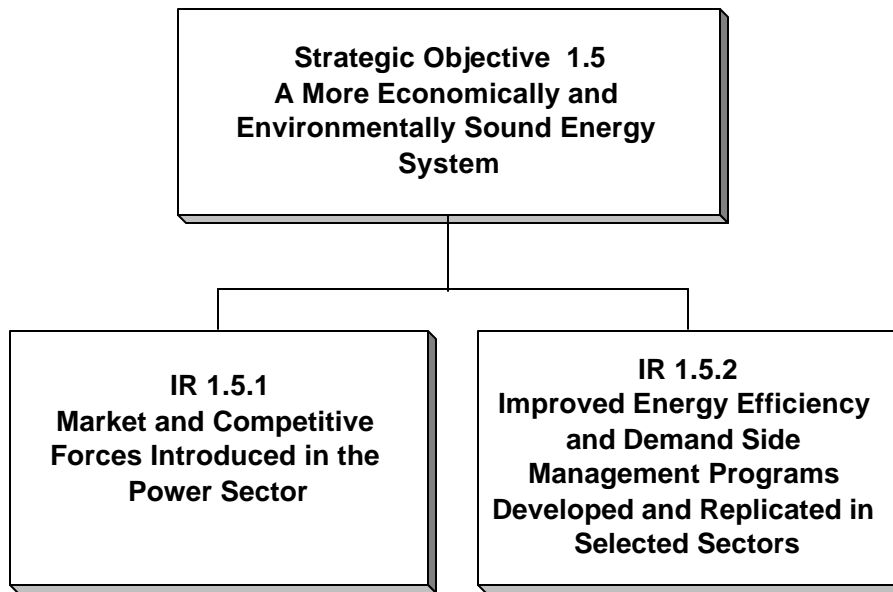
**IR 1.3.3
Successful Models of
Private Ownership and
Modern Management
Widely Replicated**

**IR 1.3.4
Sustainable Network of
Business Support
Institutions (BSIs)
Rendering Services to
Entrepreneurs and
Enterprises**

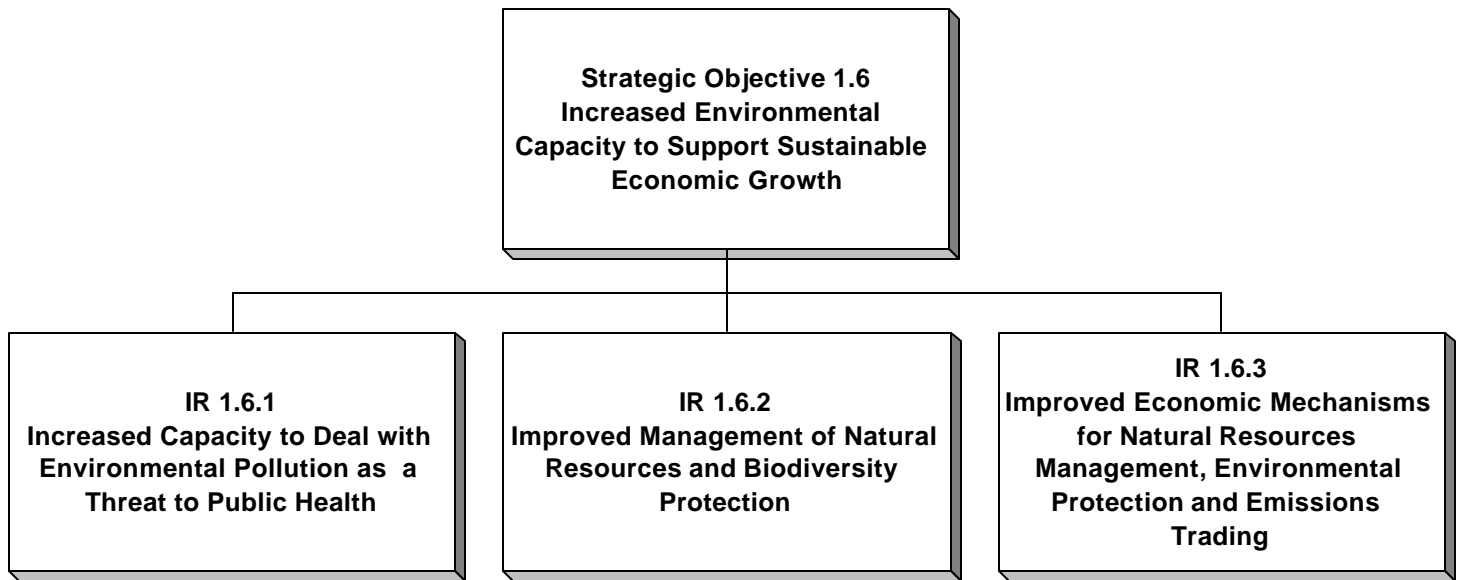
- Life of Objective Funding to Date: \$423 million
- Key U.S. implementing partners: Chemonics, CCI, OI, CDC, IESC, Urban Institute, PADCO, Carana, Price Waterhouse, University of Alaska, CH2MHill
- Key Russian partners: Business Support Centers, Oblast and city governments, Russian Institute for Urban Economics, Ministry of Finance, Duma Small Business Committee
- Life of Objective Funding Projected to FY 00: \$474 million
- FY 98 - FY 00 Request Level: \$51 million
- SO pipeline as of 12/31/97: \$21 million



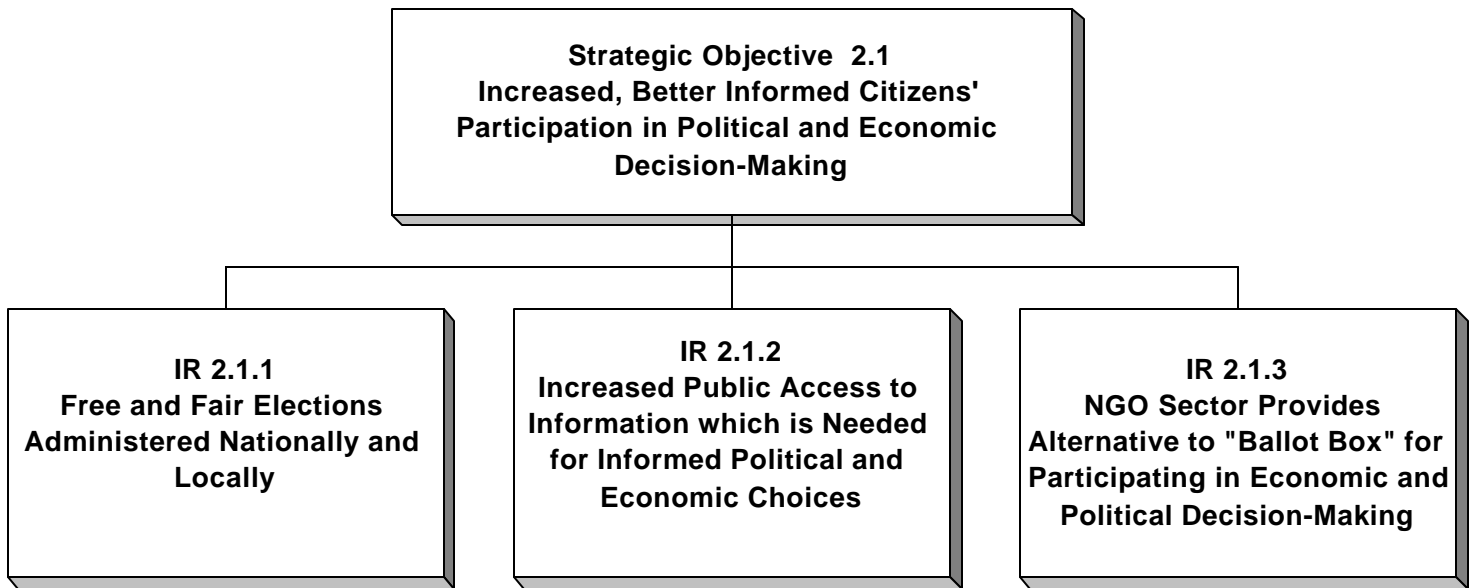
- Life of Objective Funding to Date: \$123 million
- Key U.S. implementing partners: FSVC, Barents Group, KPMG, Carana Corporation, IRIS
- Key Russian Partners: Central Bank of Russia, Ministry of Finance, Russian Federation Commission on Securities and Capital Markets, Russian brokers/dealers, Other Russian Entrepreneurs and banker training organizers
- Life of Objective Funding Projected to FY00: \$133 million
- FY 98 - FY 00 Request Level: \$10 million
- SO pipeline as of 12/31/97: \$3.5 million



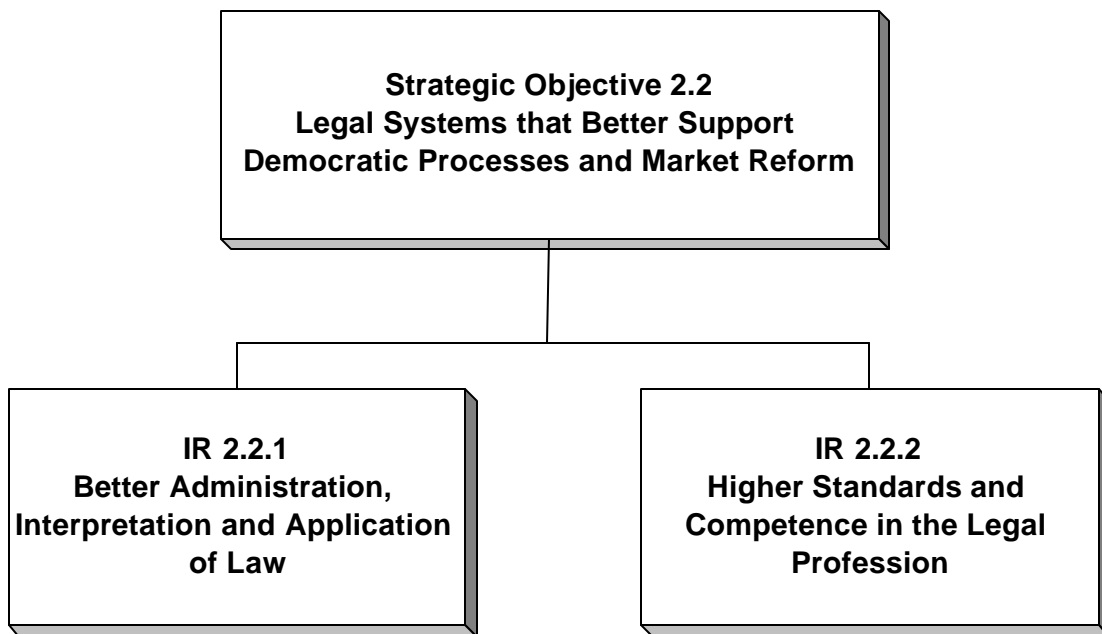
- Life of Objective Funding to Date: \$164 million
- Key U.S. implementing partners: RCG Hagler-Bailly, USEA, DOE, CH2MHill
- Key Russian Partners: RAO EES Rossii, Ministry of Fuels and Energy, Ministry of Atomic Energy, Many regional AO Energos, City and oblast administrations
- Life of Objective Funding Projected to FY 00: \$167 million
- FY 98 - FY 00 Request Level: \$3 million
- SO pipeline as of 12/31/97: \$8 million



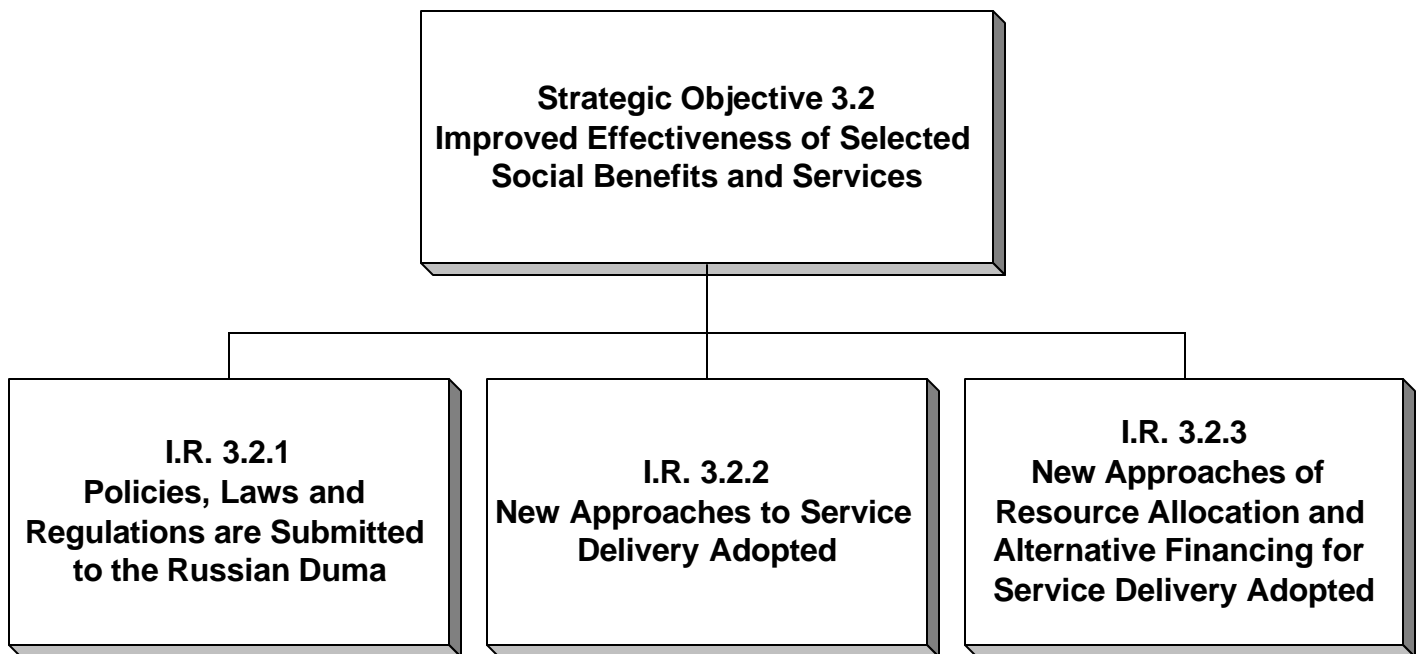
- Life of Objective Funding to Date: \$68 million
- Key U.S. implementing partners: CH2MHill, U.S. Environmental Protection Agency, U.S. Forest Service, World Wildlife Foundation, HIID, ISC, ESD
- Key Russian implementing partners: Regional administrations, City administrations and Vodokanals, Industrial firms in selected cities, Ministry of Environment, Forestry, and Natural Resources, State Committee on Environment
- Life of Objective Funding Projected to FY 00: \$82 million
- FY 98 - FY 00 Request Level: \$14 million
- SO pipeline as of 12/31/97: \$7.5 million



- Life of Objective Funding to Date: \$76 million
- Key U.S. implementing partners: IRI, NDI, IFES, Internews, Russian American Press Center, Save the Children, Eurasia Foundation, ISAR, Chemonics
- Key Russian implementing partners: Political parties, non-governmental organizations, independent television, print, and other media companies, Internews/Russia
- Life of Objective Funding Projected to FY 00: \$111 million
- FY 98 - FY 00 Request Level: \$35 million
- SO pipeline as of 12/31/97: \$8 million



- Life of Objective Funding to Date: \$21 million
- Key U.S. implementing partners: ARD/Checchi, American Bar Association, U.S. Department of Justice, ACITUS, Vermont and Maryland bars, Chemonics
- Key Russian implementing partners: Ministry of Justice and various associated institutes, Law Academies and Universities, a growing number of professional associations, Karelia Bar, Judicial Department
- Life of Objective Funding Projected to FY 00: \$30 million
- FY 98 - FY 00 Request Level: \$9 million
- SO pipeline as of 12/31/97: \$2 million



- Life of Objective Funding to Date: \$80 million
- Key U.S. implementing partners: AIHA, Health Partners International, Boston University, Urban Institute, KPI, HHS, URC, Johns Hopkins University
- Key Russian implementing partners: Oblast and city governments, Ministry of Health, some private sector businesses, hospital clinics
- Life of Objective Funding Projected to FY 00: \$100 million
- FY 98 - FY 00 Request Level: \$20 million
- SO pipeline as of 12/31/97: \$14 million

PERFORMANCE ASSESSMENT

Table 1 - Performance Data

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							19 96		19 97		19 98		19 99		20 00		20 01		20 02	
					YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.2	Yulia Nikulicheva and IMF reports (if available) and 2 year trend forecast (if not)	Tax System Reformed to Correspond to a De-centralized Market Economy	Investment in Fixed Assets	Definition: Fixed capital formation increases Unit: % to previous year	1992 1993 1994 1995	60 88 76 87	120	82	120	95	121		122		122		122		122	
SO 1.2	Yulia Nikulicheva and annual IMF reports and preliminary estimates	Tax System Reformed to Correspond to a De-centralized Market Economy	Rate of Capital Flight (Capital account of Balance of Payment)	Definition: Balance amount of capital leaving/entering Russia becomes a positive inflow and then increases Unit: billions of dollars net flow	1994 1995	-28.4 -8.3	-6.7	-7.5	5.4	-1.9	9.5		15		16.5		15		15	
IR 1.2.1	Yulia Nikulicheva and Barents Group working with Federal Tax Service	Tax System Fair and Efficient	Tax Arrears	Definition: Amount of taxes not collected as percent of taxes assessed Unit: %	1995	7.8	6	20 (Andrei Ilyin at STS, Moscow Times, Dec. 28, p. 10)	5	30	5		5		5		5		5	
IR 1.2.1	Yulia Nikulicheva, GSU and other sources	Tax System Fair and Efficient	Reduction of Tax Exemptions	Definition: Exemptions established in different tax laws, are abolished Unit: yes/no	1995	No	Yes	yes, e.g. elimination of Sports Fund exemptions	yes, exemptions for food and children goods from paying VAT are abolished	No	yes, reduction of exemptions in the tax code		yes		yes		yes		yes	
IR 1.2.1	Yulia Nikulicheva and GSU	Tax System Fair and Efficient	Taxpayers Cost of Tax Filing Reduced	Definition: Passage and implementation of simplified alternative tax code in targeted regions and at the federal level Unit: # of simplified tax codes	1995	Federal enabling law enacted	5	5	1	1	Law on Simplified system of small business taxation is adopted at the federal level		Law on Simplified system of small business taxation is implemented		Discontinue.					
IR 1.2.1.1	Yulia Nikulicheva and GSU	Tax Code Passed	Adoption of Tax Code	Definition: Drafting, legislative adoption, and implementation of pieces of revised Tax Code Unit: yes/no	1995	Drafted Parts I and II	Part I Tax Code Law adopted	No	Main profits and VAT revisions adopted	No	Tax Code passed		Tax Code implemented		Further implementation rules are issued		Discontinue.			
IR 1.2.1.2	Yulia Nikulicheva and GSU	New Laws and Procedures for Tax Collection Instituted	Short term urgent Revenue Measures Instituted to Regulate Budget Deficit when Needed	Definition: GORF able to institute appropriate emergency revenue measures. Unit: measures adopted if deficit high	1995	no	yes	yes, new high level tax comm. created	Yes	yes, large taxpayer unit established		Yes		Yes		Yes		Yes		Yes
IR 1.2.1.3	Yulia Nikulicheva, IMF opinion, Barents Group	Tax Administration Restructured and Streamlined	Regional and local branches of State Tax Service reorganized	Definition: Regional and local branches of State Tax Service reorganized along functional lines in Volgograd, Nizhne Novgorod and Novosibirsk Unit: non-cumulative number of reorganized STSs	1995	0	3	0	2	0	4		Implement further as computerization allows		Implement further as computerization allows		Implement further as computerization allows		Implement further as computerization allows	
IR 1.2.2	Yulia Nikulicheva using IMF report, supp. 3, Table 6	Adequate and Predictable Revenue Generation	Revenue Percent of GDP	Definition: Level of enlarged government revenues as % of GDP Unit: %	1992 1993 1994 1995	42 38 34 27	28	25	30	26	28.7		28.6		28.5		28.5		28.5	

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 1.2.2	Yulia using IMF, Supp 3, Table 10 and STS estimates, STS in Moscow Times, p. 11, 1/11/97	Adequate and Predictable Revenue Generation	Total Tax Revenue Actual vs. Planned at outset of Budget Year	Definition: Tax Revenue Ratio = Actual (as % of real GDP) / Planned (as % of real GDP) Unit: %	1995	79	95-105	85	95-105	75	95-105		95-105		95-105		95-105			
IR 1.2.2.1	Yulia Nikulicheva and Georgia State Univ. And Barents Group	Revenue Estimation Models Completed and Used	Models for Receipts Forecasting and Policy Analysis Delivered and Used (for Stabilization Policy Purpose)	Definition: 6 Models Delivered and used by Duma and MOF: Vat reform, employer-to-employee loans, destination principle VAT, Monthly receipts monitoring, excess wage tax elimination Unit: 1. yes/no to delivered and 2. yes/no to actually used	1995	6 models created	1. Yes Yes	2. 1. Yes to VAT model in Duma only	Delivered to Moscow City. Federal models delivered and used by MOF staff independently	3 models delivered to Moscow city	3 models delivered to MOF		STS personnel trained on revenue forecasting models		Models delivered to MOF and STS		Models delivered to MOF and STS			
IR 1.2.2.2	Hugh Win, Julia Shevchenko and CFED contractor	Real Property Taxes Reassigned to Reflect Assessment at Market Values	Real property taxes are a) reassigned and b) real property assessment at market values occurs in target cities	Definition: In Tver and Novgorod, a & b occur by end of 1997 and a & b occur in two TBD cities by end of 1998. Unit: City with a & b in place (yes/no)	1995	no	yes to both a and b	no to b, no to a in Tver and Novgorod	yes to a & b in Tver and Novgorod	no to a and yes to b	yes to b in two additional TBD cities		yes to a and b in two additional TBD cities		yes to a and b in five additional TBD cities		yes to a and b in five additional TBD cities			
IR 1.2.3	Yulia Nikulicheva, GSU and Barents Group	Sound and Transparent Separation of Fiscal Authorities Between Federal, Regional and Local Governments	Tax Assignments Clearly Specified in New Tax Code	Definition: Specification in a New Tax Code Unit: yes/no	1995	no	Tax Code Part I adopted	No	Administrative provisions of tax law adopted	No	Tax code adopted		Yes		Yes		Discontinue			
IR 1.2.3	Yulia Nikulicheva and GSU, Barents Group and IMF monitoring reports	Sound and Transparent Separation of Fiscal Authorities Between Federal, Regional and Local Government	Percent of Revenue Available at Oblast and Local Levels Increases	Definition: Tax Revenues at Local (non-Federal) Levels as percentage of overall level Unit: %	1995	57	57	55.8 (estimated)	Information is not available	Information is not available	Information is not available		Information is not available		Information is not available		Information is not available			
IR 1.2.3.1	Hugh Winn and CFED	Authority for Property and Other Taxes Increased at Lower Levels	Real Property Tax Property Defined in Law	Definition: Tax law adopted/implemented Unit: # of property tax laws	1997	Federal Law Enabling property tax pilot adopted				Federal Law Enabling property tax pilot adopted	2		3		5		7			
IR 1.2.3.2	Yulia Nikulicheva and GSU, Barents Group	Objective Criteria and System Developed for Transfer of Resources from Center to Regions	Transparent Criteria for Distribution of Federal Funds by Formula	Definition: Federal funds to support the regions formula in place and operational Unit: yes/no	1995	yes, formula exists, but not a good one (activity complete)	Formula changed	no	Formula changed	no	Federal funds distribution formula is changed to reflect needs of poorer regions		Federal funds distribution formula is changed to reflect needs of poorer regions		Federal funds distribution formula is changed to reflect needs of poorer regions		Federal funds distribution formula is changed to reflect needs of poorer regions			
IR 1.2.3.2	Yulia Nikulicheva and GSU, Barents Group		Share of Federal Revenue Distributed to Poorer Regions	Definition: Sharing Practice Determined in Tax Code as a law Unit: yes/no	1995	no, but in federal budget	yes	no, but in federal budget	yes	yes, but in federal budget	yes		yes		yes		yes			

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					YEAR	VALUE	1996		1997		1998		1999		2000		2001		2002	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 1.2.3.3	Hugh Winn and CFED	Property Tax System Active in Target Cities	Preparation for the property tax in Tver and Novgorod is completed. Rollout to follow.	Definition: Valuation models completed and turned to the cities, tax impact analysis is completed, public education campaign conducted in two cities Unit: number	1997	0				0	2		3		5		8		8	

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.3	Greg Brock using IMF standby and Goskomstat press release	Accelerated Development and Growth of Private Enterprises	Private Sector Contribution to GDP Increases	Private sector production in firms which are totally private (percent state ownership of shares) as a percent of GDP will grow Unit: percent	1995	20	30	28	35	33	40		>45		>45		>45		>45	
SO 1.3	Greg Brock using RLMS survey results	Accelerated Development and Growth of Private Enterprises	Household Cash Income from Non-state Owned Organizations and all (cash/noncash) from Home Production, Informal Sector and family/charity will steadily increase and be sustained	Percent of household income from private sector sources increases and is sustained Unit: percent	1995	32.3	33	43	38	40	43		>50		>50		>50		>50	
SO 1.3	Greg Brock and Goskomstat annual	Accelerated Development and Growth of Private Enterprises	Small and Medium Size Businesses Flourish Over Time	Gross number of registered SMEs in Russia on December 31 Unit: Number of firms	1992 1994	1993 1995	560,000 865,000 869,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000		
IR 1.3.1	Cecilia Ciepiela using annualized Economic Intelligence Unit country report forecast and OMRI reports	Policies, Legislation and Regulations (PLR) Conducive to Broad Based Competition and Private Sector Growth Adopted	New laws and policies passed on regional level	Unit: number of new laws and policy	1995	0	0	0	2	1	5		6		7		8		9	
IR 1.3.2		Land and Real Estate Market Mechanisms Operating, Accessible, and Being Used by Businesses	Membership in the Guild of Realtors	Definition: Number of dues-paying companies that are members of the Guild grows and is sustained Unit: # of firms	1995	720	778	920	900	920	900		900		900		900		900	
IR 1.3.2.1	Hugh Winn and Institute for Urban Economics	Regulations Adopted and Signed in to Law in Cities to Permit the Sale and Registration of Land and Real Estate	Number of new, local level real estate regulations.	Definition: Number of Russian cities that have passed new regulations on real estate registration in to law Unit: number of cities	1997	2	0	0	2	2	5		9		14		20		30	
IR 1.3.2.2	Hugh Winn, Julia Shevchenko and Institute for Urban Economics	Cities have established functioning real estate information/registration systems	Targeted cities w/ real estate information/registration systems developed and installed	Definition: Number of targeted cities with real estate information/registration systems developed and installed Unit: number of cities	1997	2	0	0	2	2	5		9		14		20		30	
IR 1.3.3	Cecilia Ciepiela and LPC & IESC contractors	Successful Models of Private Ownership and Modern Management Widely Replicated	Numbers of toolkits used on a sustainable basis	Definition: Number of non-USAID assisted firms using a toolkit increases and is sustained (though toolkit may be revised by clients) Unit: # of firms	1995	0	1000	1250	1200	3600	1200		TBD							
IR 1.3.3	John Thomas and Farms II contractor	Successful Models of Private Ownership and Modern Management Widely Replicated	Reorganization models in place in non-USAID assisted farms	Definition: Number of non-USAID assisted farms using USAID farm reorganization models Unit: # of farms	1995	0	25	33	50	47	Discontinue									

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02					
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual				
IR 1.3.3.1	John Beed working with other team members to get an aggregate annual tracking number	Workable Models for New and Restructured Firms to Compete in a Market Economy are Created	Modern Management Practices are adopted by private sector firms	Definition: Client firms get external financing and/or investment at USAID Business Support Institutions (BSIs) Unit: level of financing	1995	\$8 mil.	\$10 mil.	\$10 mil.	\$15 mil.	\$20 mil.	\$20 mil.			\$40 mil.			\$50 mil.			\$75 mil.			\$100 mil.	
IR 1.3.3.2	John Thomas and contractors	Institutional Capacity Developed to Support Replication of Workable Models	Russian Organizations with Capacity to Replicate Models Growing	Definition: Regional agricultural training institutes offering reorganization training Unit: # of additional institutes	1995	0	14	14	4	9	Discontinue													
IR 1.3.3.3	Valentin Stobetsky and Institute for Urban Economics	Housing ownership and management rights are moved to the private sector	Housing is managed on the competitive basis	Number of housing management competitions held per year/average share of municipal housing managed on the competitive basis Unit: #/%	1997	0	0	0	0	0	0		3/5		6/15		12/25		20/50					
IR 1.3.3.3	Valentin Stobetsky and Institute for Urban Economics	Housing ownership and management rights are moved to the private sector	Housing is managed on the competitive basis	Number of housing management competitions held per year/average share of municipal housing managed on the competitive basis Unit: #/%	1997	0	0	0	0	0	0		3/5		6/15		12/25		20/50					
IR 1.3.4	John Beed will get aggregate number with help from other team members involved with Business Support Institutions (BSIs)	Sustainable Network of Business Support Institutions (BSIs) Rendering Services to Entrepreneurs and Enterprises	Number of self sufficient Business Support Institutions	Definition: BSIs financially self-sufficient (revenues cover costs) without USAID support of any kind Unit: # of BSIs	1994	1995	0	60	48	90	55	85	165		120		120		120					
IR 1.3.4.1	Valentin Stobetsky and Russian Guild of Realtors/Russian Society of Appraisers	Increased professionalism and effectiveness of the private real estate sector	Russian Guild of Realtors and Russian Society of appraisers are growing and its local branches cover all regions in Russia	Number of dues paying members at the Russian Guild of Realtors/Number of local boards established Unit: #	1997	804/22	0	0	804/22	804/22	850/25		950/30		1100/35		1300/45		1600/55					
IR 1.3.4.1	Valentin Stobetsky and Russian Guild of Realtors/Russian Society of Appraisers	Increased professionalism and effectiveness of the private real estate sector	Russian Guild of Realtors and Russian Society of appraisers are growing and its local branches cover all regions in Russia	Number of dues paying members at the Russian Society of Appraisers/Number of local boards established Unit: #	1997	2500/72	0	0	2500/72	2500/72	2550/75		2600/79		2850/81		2900/83		3000/85					

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.4	Oiga Stankova and IMF contacts	A Robust and Market-Supportive Financial Sector	Total Assets of Banking System Relative to Economic Output	Definition: Total Assets/Real GDP % Unit: %	1993	40.7	55	53	50	50	65		70		75		75		75	
IR 1.4.1	Natasha Usolseva	Legal and Regulatory Framework for the Financial Sector Established and Strengthened	Appropriate Laws in Place Legal Agenda Realized (agenda in HIID GAO report)	Definition: Legal Agenda Unit: % realization	1994	0	0	0	33.3	33.3	was terminated									
IR 1.4.1	Natasha Usolseva	Legal and Regulatory Framework for the Financial Sector Established and Strengthened	Bank Licenses Revoked by CBR	Definition: Cumulative number of licenses revoked Unit: Number of licenses	1994	85	400	522	>600	932	1,100		1,1500		1,1500		1,1500		1,1500	
IR 1.4.1.1	Natasha Usolseva	Regulatory Bodies for Financial Sector Established	CBR Bank Examiners Trained by USAID	Definition: CBR bank examiners complete formal courses and/or on the job training and inspections' Unit: # of examiners	1994	0	300	320	400	400	completed									
IR 1.4.1.1	Natasha Usolseva		15 Regional FCSM Offices (ROs) established and fully operational	Definition: ROs capacity to fulfill full range of duties assigned by FCSM Unit: % of ROs physical capacity	begins in 1997	30	0	0	30	30	40	40	50		60		70		80	
IR 1.4.1.2	Natasha Usolseva	Enforcement Mechanisms of Financial Contracts Developed	Financial contract legal agenda realized (see financial part of agenda in HIID GAO report)	Definition: Legal regulations Unit: agenda % of completion	1994	0	20	20	50	50	was terminated									
IR 1.4.1.2	Natasha Usolseva		All regions of Russia serviced by ROs through licencing of market participants, registration of capital market instruments and enforcement activities	Definition: Development and introduction in ROs official procedured connected with implementation of FCSM function Unit: %	begins in 1997	25	0	0	25	25	30		35		40		45		50	
IR 1.4.2	Natasha Usolseva	Functioning Licencing and Standards Institutions	Modern Accounting Standards Adopted into Law	Definition: Accounting law passed Unit: yes/no	1995	no	no	no	yes	yes	completed									
IR 1.4.2.1	Natasha Usolseva	Strengthened Training Institutions for Financial Sector	Regional Bank Training Centers Licensed Established	Definition: Cumulative # of bank training centers sustained Unit: bank training center	1994	0	2	2	2	2	4		completed							
IR 1.4.2.1	Alexander Sankisov	Strengthened Training Institutions for Financial Sector	Created/Strengthened Small Business Banker Training/Consulting Institutions	Definition: # of small business institutions established and sustained Unit: # of institutions	1994	0	14	11	16	11	completed									
IR 1.4.2.2	Alexander Sankisov	Strengthened Professional Associations for Financial Sector	Small Business Banker Training Courses Accepted by Training Institutions	Unit: # of courses	1994	0	9	7	10	10	completed									
IR 1.4.2.2	Alexander Sankisov	Strengthened Professional Associations for Financial Sector	New Commercial Bank Lending and Related Mechanisms for the Small Business Sector Development are applied	Definition: # of such mechanism Unit: mechanism	1994	0	6	5	7	5	completed									

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							19 96		19 97		19 98		19 99		20 00		20 01		20 02
					YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
IR 1.4.2.2	Natasha Usoltseva	Strengthened Professional Associations for Financial Sector	Present Model on International Accounting Standards (IAS) to groups of banks at professional associations	Definition: A presentation with modern accounting models Unit: # of presentation	1994	2	5	5	10	10	completed								
IR 1.4.3	John Thomas and contractor reports	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Financial Support for private farms and small businesses available commercially	Definition: Private farms and agri- businesses in all ralons of Vologda, Saratov and Krasnodar receiving credit through USAID designed and tested credit mechanisms Unit: # private farms & agribusinesses	begins in 1996		0	0	14	14	50	100	150	250	400				
IR 1.4.3	Olga Stankova	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Transparent Primary Market of Securities in Operation	Definition: Enterprises/ issuers that raised funds through Initial Public Offerings Unit: # of enterprises	1995	1	2	0	4	4	completed								
IR 1.4.3	Rafael Narinsky and Urban Institute	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Mortgage lending in operation	Definition: Banks making mortgage loans at rates available to individual borrowers Unit: #	1997	50			50	50	50	70	80	90	100				
IR 1.4.3	Olga Stankova	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Transparent and liquid secondary market of securities in operation	Definition: Issues traded publicly and having quoted prices in the OTC market Unit: number of issues	1995	0	70	86	90	107	completed								
IR 1.4.3	Olga Stankova	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Transparent and liquid secondary market of securities in operation	Definition: Average spreads between bid and offer prices lightened reflecting increased competitiveness in secondary market Unit: average spread (in %)	1995	no information available	5	<=10	4	4	2	completed							
IR 1.4.3	Natasha Usoltseva	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Market for government securities broadened	Definition: Government deficit covered with TBills Unit: % of government deficit	1994 1995	6 30	25	35	30	38	40	45	50	50	50				
IR 1.4.3	Natasha Usoltseva	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Tbills are available to wide investor community	Definition: % of Tbills bought by foreigners Unit: %	1995	6	10	10-35 estimate	15	27	>20	>20	>20	>20	>20				
IR 1.4.3	Olga Stankova	Efficiently Operating Financial Markets Meet the Needs of Market Participants	Licensed mutual funds market in operation	Definition: Mutual Investment Funds licensed Unit: number of funds	1995	0	5	14	8	18	completed								

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							19 96		1997		1998		19 99		20 00		20 01		20 02		
					YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
IR 1.4.3.1	Alexander Sarkosov	Successful pilots produce new financial products for market participants	Small Business Lending/Leasing pilots generate models for Small Business Financing	Definition: Lending/leasing mechanisms developed by USAID supported organizations established/sustained Unit: # of mechanisms	1994	0	8	13	11	16	13		5		2		completed				
IR 1.4.3.1	Olga Stankova	Successful pilots produce new financial products for market participants	Developed concepts and methodologies of back office operations of broker-dealers	Definition: Companies involved in implementation of methodologies tested in USAID programs Unit: number of companies	1995	0	70	70	80	200	completed										
IR 1.4.3.1	John Thomas	Successful pilots produce new financial products for market participants	USAID designed agricultural credit models provide market based credit to private farms and agribusinesses	Successfully designed and tested agricultural credit models in target regions providing market-based credit to private farms and agribusinesses. (Project ends in 97) Unit: # of models	begins in 1996		0	0	2	2	3		completed								
IR 1.4.3.1	Rafael Narinsky and Urban Institute	Successful pilots produce new financial products for market participants	Commercial Mortgage Lending Pilot creates model for long-term commercial property financing	Definition: Commercial real estate loans made to private enterprises Unit: number of commercial real estate loans being made by project assisted banks	1997	170	0	0	170	170	180		190		200		210		220		
IR 1.4.3.1	Olga Stankova	Successful pilots produce new financial products for market participants	Russian firms raising funds through IPOs	Definition: Firms raising funds through the securities market Unit: # of firms getting prospectus approved	1995	1	5	7242	completed												
IR 1.4.3.2	Olga Stankova	Financial sector supported by self-sustaining institutions	Russian Trading System efficiently functioning	Definition: Average monthly volume of trading processed through the Russian Trading System Unit: average dollar amount	1995	0	20 min	50 min	90 min	2bill	completed										
IR 1.4.3.2	Alexander Sarkosov	Financial sector supported by self-sustaining institutions	Small Business financing infrastructure uses new financial products/services	Definition: USAID Created/strengthened small business financing institutions Unit: # of small business financing institutions	1994	0	216	161	251	179	11		4		1		completed				
IR 1.4.3.3	Alexander Sarkosov	Increased public awareness of, use of and confidence in financial markets	New financial products in the small business sector are used by small business	Definition: Loans/leases to small businesses generated by USAID supported small business lending programs Unit: number of loans/leases	1994	0	2299	3798	2818	2352	1545		2220		1580		240		300		

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							19 96		19 97		19 98		19 99		20 00		20 01		20 02		
							YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
SO 1.5	Michael Stepanov and Russian Federal & Regional Energy Commissions Proceedings	More Economically and Environmentally Sound Energy System	Energy provided on an economical basis	Definition: Average power sector efficiency improving Unit: BTU/Es per kw/hr.	1995	9550	no target set	9970	9770	9970	9670			9670		9650		9630		9600	
IR 1.5.1	Michael Stepanov monitoring Govt of Russia's decrees and resolutions	Market and Competitive Forces Introduced in the Power Sector	Creation of competitive, private producers/distributors	Definition: % of energy Provided on least cost basis to wholesale market Unit: %	1995	0	0	0	15	15	25			45		60		80		100	
IR 1.5.1.1	Michael Stepanov and Unified Energy Systems of Russia's Annual Reports	Principles and Policies for Power Sector Restructuring Promulgated	Plans for restructured electric power sector issued and implemented by RAO EES Rossii	Definition:RAO EES Rossii percentage AO-Energos owned decreasing Unit: % ownership	1995	50	50	50	45	50	35			20		10		5		0	
IR 1.5.1.2	Michael Stepanov and United State's Energy Commission's reports	Power Sector Management and Regulatory Officials at National and Regional Levels improving	Rate setting in wholesale power sector is done through a transparent regulatory process	Definition: 50% of RAO power sales are determined by regulations. Unit: % target achieved	1995	0	0	0	30	30	50			70		80		90		100	
IR 1.5.1.3	Galina Krivova and IRIS	Russian Institutional capacity to Conceptualize, develop, and Apply Policies, Legislation, and regulation in Industrial sectors Increased	Institutional, economic, financial, and legislative basis for regulatory agencies at federal and regional Level	Definition: Technical Advice and support to develop and establish model regulatory framework and procedures for regional level Unit: Regional Energy Centers effectively operating	1995	0	1	0	2	2	5			6							
IR 1.5.2	Yuri Andrianov and Hagler-Bailly reports	Improved Energy Efficiency and Demand Side Management Programs Developed and Replicated in Selected Sectors	Demand Side Management Programs instituted	Definition: Pilot projects implemented with Private Energy Service Company and AO Energo Unit: pilot project financed by USAID	1995	0	0	0	0	0	3			3		3		3			
IR 1.5.2.1	Galina Krivova and Burns & Roe reports	Energy Efficiency Programs Demonstrated	CIP Energy efficiency improved at selected facilities and promoted	Definition: Impact studies of EECIP projects show decreased energy consumption, use of by-products and more effective energy use in oil, power, district heating, and gas sectors Unit: gas results impact demonstrated	1995	0	0	0	0	1	7			Completed							
IR 1.5.2.2	Yuri Andrianov and Russian Center for Energy Efficiency reports	Commercially Viable Private Sector Capability to Provide Energy Efficiency and Environmentally Sound Services and Equipment	NGOs and private entities promoting energy efficiency established	Definition: Private Sector energy saving companies (ESCO) in operation Unit: private sector ESCOs established	1995	0	0	0	0	0	*			*							

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual

* USAID determined that the economic state of regions is such that it is premature to initiate an ESCO program in Russia. This was verified by the DOE consultant ECOTRADE.

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							1998		1997		1998		1999		20 00		20 01		20 02	
							YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.6	Lori Freer	Increased environmental management capacity to support sustainable economic growth	New policies, techniques, technologies, management practices and public awareness activities to support sustainable economic growth are introduced and implemented widely throughout the Russian Federation	Percent of oblasts implementing environmental management activities Unit: percent of oblasts	1992	0	9	11	18	48	30		50		85		75		79	
SO 1.6.1	Lori Freer/ Yuri Kazakov	Increased capacity to deal with environmental pollution as a threat to public health	New approaches/ techniques/ technologies/actions to prevent and reduce industrial pollution are introduced and implemented throughout the Russian Federation	Definition: percent of oblasts (cumulative) using new approaches/techniques/technologies/actions Unit: % of oblasts	1992	0	4	4	10	33	20		35		45		50		52	
SO 1.6.1.1	Yuri Kazakov	Increased number of enterprises adopt/install pollution and risk reduction techniques/technologies at low/no cost	Enterprises implement/audit pollution and health risk reduction techniques/ technologies	Definition: Technologies/techniques adopted in enterprises Unit: # of enterprises	1992	0	8	49	5	16	4		4		5		5		5	
SO 1.6.1.2	Elena Gurvich	Governmental policies, laws and regulations provide incentives for compliance with and implementation of pollution and health risks technologies.	Regional and federal level implementation of health risk assessment methodologies	Definition: Risk assessments implemented in municipalities and adopted in legislation Unit: # of governments - federal and regional	1992	0	0	0	1	8	10		10		10		5		2	
SO 1.6.1.3	Elmira Starchevskaya	NGOs take more effective advocacy position; citizen's initiatives maintain public urban environmental awareness and encourage governmental entities to better address urban environmental issues	Environmental education practices, approaches and methodologies developed and disseminated in oblasts	Definition: Environmental education programs and curriculum developed and introduced in schools Unit: % of oblasts (percentages are cumulative)	1994	unknown	10	15	15	20	20		25		30		35		37	
SO 1.6.2	Lori Freer/ Lyudmila Vikhrova	Improved management of natural resources and biodiversity protection	New approaches/actions to improve management of natural resources and protect biodiversity are implemented throughout the Russian Federation	Definition: percent of oblasts implementing new approaches/ actions Unit: % of oblasts	1993	unknown	5	7	8	15	10		15		20		25		27	
SO 1.6.2.1	Lyudmila Vikhrova	Increased number of enterprises/entities adopt/install techniques and technologies for sustainable natural resources management and biodiversity protection	Carbon sequestered as a result of implementation of forestry-related projects, including reforestation programs, development of land use management plans, creation of new zapovedniks and forest fire prevention and management programs	Definition: Number of seedlings grown and/or number of hectares managed to increase carbon sequestration Unit: # of seedlings and/or # hectares	1993	6,500 seedlings	500,000 seedlings	600,000 seedlings	1 mln seedlings	1.2 mln seedlings	1 mln seedlings		1 mln seedlings		1 mln seedlings		1 mln seedlings		1 mln seedlings	
SO 1.6.2.2	Lori Freer/ Lyudmila Vikhrova	Adoption of policies/procedures for sustainable use of natural resources and biodiversity protection	Regulations, policies (i.e. forestry codes, sustainable development strategies, federal targeted programs, timber pricing, tenure system regulations, biodiversity protection strategies) and federal programs developed and adopted	Unit: # of regulations and policies	1993	0	1	1	3	4	4		4		2		2		2	

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 1.6.2.3	Elmira Starchevskaya	NGOs and public work to promote sustainable use of natural resources and biodiversity protection	Community actions to protect existing and establish new protected areas/ endangered species, including increased number of environmental education and public awareness programs developed and disseminated	Definition: Unit: % of oblasts (percentages are cumulative)	1994	unknown	5	3	10	15	20		25		30		32		34	
SO 1.6.2.4	Lyudmila Vikhrova	More developed system of environmentally friendly businesses in the area of non-timber forestry products and value added timber production	Environment-oriented associations created to support environmentally-friendly small businesses and increased number of partnerships and joint ventures created to promote processing and trade of timber and non-timber forest products	Definition: Unit: # of associations and joint ventures	1993	0	2	2	2	2	2		2		2		2		2	
SO 1.6.2.5	Lyudmila Vikhrova/ Elmira Starchevskaya	Development of ecotourism to generate revenues for promotion of financial sustainability of protected areas	People trained in different aspects of ecotourism operations and of Bed& Breakfast operators	Definition: People trained Unit: # of people	1993	0	10	20	20	40	40		40		30		20		20	
SO 1.6.3	Lori Freer/ Lyudmila Vikhrova	Improved economic mechanisms for natural resources management, environmental protection and emissions trading	Environmental investment packages and business plans developed and submitted to funding institutions	Definition: investment packages and business plans Unit: #	1992	0	20	26	15	18	5		5		5		3		2	
SO 1.6.3.1	Lyudmila Vikhrova	Improve/develop economic instruments to manage natural resources and environmental protection on market-oriented basis	Natural resources valuations undertaken	Definition: Unit: # of valuations	1998	0	0	0	1	1	2		2		1		1		1	
SO 1.6.3.2	Lori Freer	Develop economic instruments to reduce carbon emissions	Introduce and develop the priority setting system for carbon emissions trading	Definition: System developed, including clarification of roles and responsibilities of various Russian agencies, guidelines, and regulations developed, and monitoring systems introduced Unit: % of system developed (percentages are cumulative)	1998	NA	NA	NA	NA	NA	2		5		8		10		15	

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					YEAR	VALUE	19 98		19 97		19 98		19 99		20 00		20 01		20 02		
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
SO 2.1	Mark Koenig and Interviews	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	Increased access to non-state TV broadcasting in the regions	Definition: Non-state broadcasters (without NTV) Unit: % viewership watching non-state regional TV	1991	0	12	12	15	25 (Mediamar ratings)	30		35		40		40		40		
SO 2.1	Ken Duckworth and Public Opinion Surveys and Reports	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	Increased public confidence in elections and electoral institutions	Definition: Public expresses confidence that the electoral process is transparent and free from fraud. Unit: % of voters surveyed before/after national elections expressing belief that elections were honest	1995	7	10	7	Data unavailable due to absence of national elections. Pending data availability in 1999.		Data unavailable due to absence of national elections. Pending data availability in 1999.		10		15						
SO 2.1	Ken Duckworth and VNSCM and New Barometer Survey	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	Increased (strengthened) party identification among voters	Definition: Voters express identification with a political party that they believe can be trusted to represent their views in government	1994	22	25	22	Data unavailable due to absence of national elections. Pending data availability in 1999.		Data unavailable due to absence of national elections. Pending data availability in 1999.		26		27		28		30		
SO 2.1	Marina Grigorieva and independent experts	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	Increased # of registered NGOs	Definition: # of registered NGOs Unit: # of registered NGOs	1994	25,000	50,000	50,000	55,000	65,000 - 70,000 estimate, exclusive of political parties, religious organizations, trade unions; about 30,000 active	73,000		78,000		83,000		85,000		87,000		
SO 2.1	Marina Grigorieva, VTSIOM polling	Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making	Increased number of citizens personally affiliated with NGOs	Definition: beginning in 1997, VTSIOM public opinion polling indicates a trend of increased personal affiliation with NGOs Unit: % of positive answers	1995	N/A	N/A	N/A	VTSIOM will conduct a polling	1.9 exclusive of members of political parties, trade unions and religious organizations	2		2.5		3		3.5		4		
IR 2.1.1	Ken Duckworth, OSCE reports and media in general	Free and Fair Elections Administered Nationally and Locally	Participation in national and local elections is certified free and fair by observers.	Definition: International observers certify elections to be generally free of systemic fraud and vote manipulation Unit: yes/no	1995	0	yes	yes - national presidential elections, yes - 48 of 55 governors elections	yes	yes - 11 gubernatorial elections; 20 - local legislative elections and elections to local self government councils (data pending)	yes		yes		yes		yes		yes		
IR 2.1.1.1	Ken Duckworth, OSCE reports and media in general	CEC is Institutionally Capable	CEC develops and distributes electoral law/guidance to sub-national electoral commissions, and provides training in its implementation thereby creating a regional election commiss. system capable of conducting free and fair elections	Definition: A system of elect. commissions down to the regional level with the capacity to conduct free and fair elections and improve on previous electoral experience and legal status Unit: yes/no	1995	yes	yes	yes	n/a		n/a		yes		yes		yes		yes		
IR 2.1.1.2	Ken Duckworth, IRI survey results	National and Regional Political Parties' Infrastructure Developed	Democratic parties have established and are building an integrated organizational structure consisting of local and regional chapters	Definition: Local and regional party chapters are established and are conducting local and regional party building activities: membership recruitment have adopted rules, political communication programs, GOTV activities. Unit: # of "strong" local / regional chapters in each of 3 main reform parties.	1997	n/a	n/a	NDR - n/a YABLOKO - no	NDR - 89 YABLOKO - 89	16 / 89	22 / 70	yes		yes		yes		yes		yes	

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02		
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
IR 2.1.1.2	Ken Duckworth media reports, contractor input, and political map software available at mission.	National and Regional Political Parties' Infrastructure Developed	Regional and national reform oriented political parties have internal democratic governance and hold regular party membership congresses	Definition: National and Regional parties have defined internal rules of procedure and hold membership congresses Unit: yes/no	1995	no	yes	NDR-yes YABLOKO-yes	yes	NDR-yes YABLOKO-yes DVR - yes	yes		yes		yes		yes		yes		
IR 2.1.1.2	Ken Duckworth, IRI and party input	National and Regional Political Parties' Infrastructure Developed	Political parties establish internal political education programs	Definition: The political party has designated a director of party education programs and has conducted political training programs for its members Unit: yes/no	1995	no	yes	NDR-yes YABLOKO-no	yes	NDR-yes YABLOKO-yes DVR - yes	yes		yes		yes		yes		yes		
IR 2.1.1.2	Ken Duckworth, IRI, and party documents	National and Regional Political Parties' Infrastructure Development	Democratic parties have established or are building an integrated organizational structure consisting of local and regional chapters	Definition: Political parties develop party platforms that clarify party positions on public policy issues and differentiate the party from competitors Unit: yes/no	1995	no	yes	NDR-no YABLOKO - no	yes	NDR-yes YABLOKO-yes	yes		yes		yes		yes		yes		
IR 2.1.2	Mark Koenig and MDP	Increased Public Access to Information which is Needed for Informed Political and Economic Choices	USAID funded media partnerships (Media Archive, IBS satellite subscription and Shareholders' information service) are created and self sustaining	Definition: Partnership created and running without USAID funds Unit: aggregate number of self sustaining partnerships	1995	0	1	yes - 3	1	yes - 6	yes - 9	10		10		10		10		10	
IR 2.1.2	Mark Koenig and MDP	Increased Public Access to Information which is Needed for Informed Political and Economic Choices	More readers in regions obtain news from non-state regional newspapers	Definition: Increased circulation of non-state regional newspapers Unit: Total average weekly circulation of articles distributed by Mid-Volga News Exchange (MVNE)	1994	0	0 (activity in development)	0	75,000 average weekly circulation of MVNE articles (1 article monthly in each of 25 newspapers, total circulation 300,000)	346,000 average weekly circulation of MVNE articles (18 articles yearly in each of 40 newspapers, total circulation 1,000,000)	1M average weekly circulation of MVNE articles (1 article weekly in each of 40 newspapers, total circulation 1M)	1.1 M average weekly circulation of MVNE articles (1 article weekly in each of 45 newspapers, total circulation 1.1 M)	1.2M average weekly circulation of MVNE articles (1 article weekly in each of 50 newspapers, total circulation 1.2 M)	1.3 M average weekly circulation of MVNE articles (1 article weekly in each of 55 newspapers, total circulation 1.3 M)	1.4 M average weekly circulation of MVNE articles (1 article weekly in each of 60 newspapers, total circulation 1.4 M)						
IR 2.1.2.1	Mark Koenig, Interviews and MDP	Independent broadcasters/information sources produce and widely disseminate high quality and objective information	Expansion of cyberjournalism and electronic means of communication	Definition: increased use of electronic media and electronic sources of information Units: # of: (a) media-related web sites; (b) on-line newspapers; (c) media using e-mail access; (d) media list server groups	1994	0	(a) 8 media web sites started; (b) 7 on-line newspapers; (c) 100 TV stations use e-mail; (d) 1 TV list server group formed	(a) 8 media web sites started; (b) 7 on-line newspapers; (c) 100 TV stations use e-mail; (d) 1 TV list server group formed	(a) 12 media web sites started (aggr.); (b) 9 on-line newspapers; (c) 115 TV stations use e-mail; (d) 2 list server groups (aggr.) formed - TV and	(a) 12 media web sites started (aggr.); (b) 9 newspapers accessible on Internet; (c) 200 TV stations and 400 newspapers use e-mail; (d) 2 list server groups (aggr.) formed - TV and print	(a) 20 media web sites started; (c) 250 TV stations on e-mail	(a) 50 media web sites started; (c) 300 TV stations on e-mail	(a) 75 media web sites started; (c) 325 TV stations on e-mail	(a) 150 media web sites started; (c) 350 TV stations on e-mail	(a) 200 media web sites started; (c) 372 TV stations on e-mail						
IR 2.1.2.1	Mark Koenig and MDP	Independent broadcasters/information sources produce and widely disseminate high quality and objective information	Increased circulation of newspapers produced by private printing presses increases	Definition: readers obtain news from newspapers printed on private printing presses Units: (a): # of private printing presses operating in regions; (b): Total weekly circulation of newspapers printed by Volgograd (non-state) printing press	1995	0	0	(a) - 3	(a) 5 (b) 65,000	(a) 8 (b) 95,000	(a) 12 (b) 110,000	(b) 130,000	(b) 150,000	(b) 170,000							

PERFORMANCE ASSESSMENT

Table 1 - Performance Data

RESULT LEVEL (GO or IR) and NO.	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS														
					YEAR	VALUE	19 98		19 97		19 98		19 99		20 00		20 01		20 01		
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
2.1.2.2	IR Mark Koenig and survey data	More Programming Produced and Broadcast by Independent Stations in the Regions	Regional independent t.v. station is the primary source of local news for viewers	Definition: Targeted regional independent t.v. station is primary source of news (based on viewer survey) Unit: # of Regional TV stations out of 200 targeted	1991	0	20	20	25	pay \$3,000 for survey or drop	30%		40%		45%		50%		50%		
IR 2.1.2.3	Mark Koenig and Internews	Financial and Institutional Status of the Media Sector: Better Developed	Advertising revenues increase	Definition: TV stations averaging over \$100,000 per month in gross advertising revenues Unit: # of non-state regional TV stations	1991	0	15	20	30	35 (estimate)	40		50		55		60		70		
IR 2.1.2.3	Mark Koenig and NPI	Financial and Institutional Status of the Media Sector: Better Developed	Advertising revenues increase	Definition: Newspapers averaging over \$25,000 per month in gross advertising revenues Unit: # of non-state regional newspapers	1991	0	0	0	4		8		10		20		30		40		
IR 2.1.2.3	Mark Koenig, MDP and MVF	Financial and Institutional Status of the Media Sector: Better Developed	Independent regional newspapers increase financial viability	Definition: Number of NPI- and MVF-assisted regional newspapers showing increased revenues Unit: # of newspapers	1994	0	8	8	40	40		55 (including NPI's Financial Strengthening Program)		75 (including NPI's Financial Strengthening Program)		100		125		160	
IR 2.1.2.3	Mark Koenig and Internews	Financial and Institutional Status of the Media Sector: Better Developed	Improved technical program production capability of 250 Internews-assisted non-state regional TV stations	Definition: Out of 250 stations, the number using Betacam or digital technology (improved technical quality) Unit: # of non-state TV stations in Russia	1991	0	40	40	50	75		100		125		150		175		200	
IR 2.1.2.3	Mark Koenig and Internews contractor, (BBDO)	Financial and Institutional Status of the Media Sector: Better Developed	Amount of Russian TV advertising outside Moscow.	Definition: percentage of Russian TV advertising purchased in regions (outside Moscow) Unit: %	1995	3%	10%	10%	15%	20% (according to Russian Association of Advertisers)	23%		26%		30%		33%		35%		
IR 2.1.2.3	Mark Koenig and Independent Media Project Contractors	Financial and Institutional Status of the Media Sector: Better Developed	Organized citizens' support for professional, non-state media	Definition: Unit: # of sustained NGO's supporting media	1991	0		4		6 (eggr.)	7 (eggr.)		7		7		8		8		
IR 2.1.2.3	Mark Koenig and Independent Media Project Grantees	Financial and Institutional Status of the Media Sector: Better Developed	Media industry organized to support professionalism and to advocate for press liberties protected by law	Definition: Unit (a): # of sustained professional media organizations; (b): # of sustaining media-related publications	1991	0		(a) 11 (b) 12 (eggr.)			(a) 13 (b) 16 (eggr.)	(a) 15 (b) 23 (eggr.)		(a) 19 (b) 33 (eggr.)		(a) 20 (b) 35		(a) 22 (b) 36		(a) 22 (b) 38	
IR 2.1.2.3	Mark Koenig and MDP contractor	Financial and Institutional Status of the Media Sector: Better Developed	Media professional organization (National Association of Telebroadcasters) is established and has increasing paying membership with quality standards	Definition: Association increases paying members Unit: Number of paying members in association	1994	0	70	111	120	134		150		175		200		250		275	
IR 2.1.3	Marina Chigoreva and site visits	NGO Sector Provision Alternative to Ballot Box for Participating in Economic and Political Decision Making	Increased in interaction between NGOs and local government	Definition: Cities in target regions have mechanisms for NGO interaction with local governments in use Unit: # of cities	1994	0	5	8	10	18		20		25		35		40		45	

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PERFORMANCE ASSESSMENT

Table 1 - Performance Data

RESULT LEVEL (SO or IR) and NO.	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS															
					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02			
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
IR 2.1.3.1	Marina Grigoreva and site visits	NGOs Institutionally Strengthened	More NGOs are operating on a financially stable basis	Definition: In the Siberia, Central and Southern Russia USAID-assisted NGOs have used financial management/planning strategies to create specific financial sustainability plans Unit: # of USAID assisted NGOs with a specific financial plan(cumulative)	1997	50				50			60		100		150		200		250	
IR 2.1.3.1	Lisa Patter and ACILS	NGOs Institutionally Strengthened	Membership in free trade unions is sustained	Definition: membership in free trade unions in Russia is sustained Unit: millions of members	1995	3	5	3 612	5	3 698	4		4		4		4		4		4	
										Membership in Free Trade Unions continued to grow in 1997. This growth was offset by a sharp decline in membership in the Union of Miners and Metallurgical Workers, a key independent Union that has lost 2.25 million members over the last four years due to plant closings, production cutbacks, and retirements. (Over the same four-year period, membership in FMPR unions declined by 20 million)												
IR 2.1.3.1	Lisa Patter and ACILS	NGOs Institutionally Strengthened	Unions represent their members more effectively	Definition: unions conclude collective bargaining agreements on behalf of their members Unit: % of unions which have concluded collective bargaining agreements	1997	15-20				15-20			15-20		15-20		15-20		15-20		15-20	
IR 2.1.3.1	Marina Grigoreva and contractors reports	NGOs Institutionally Strengthened	Decreasing dependence of NGOs on foreign funds	Definition: increased share of domestic funding over time in NGOs received assistance from USAID in three target regions Unit: # of organizations showing the trend (base of 190 NGOs)	1995	28	47	57	76	91	85		X (no more tracking)	X	X	X	X	X	X	X	X	X
IR 2.1.3.2	Marina Grigoreva will develop using CIP poll	Increased Public Awareness of the Role of NGOs in a Democratic Society	Greater public understanding of NGO functions/roles	Definition: Public opinion polling in Siberia and Southern Russia regions demonstrates increased understanding of NGO roles Unit: % of public which participates/ becomes a member of an NGO	1995	4	4.5	For 1996, data not available	5	5	5.5		X (no more tracking)	X	X	X	X	X	X	X	X	X

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Table I - Performance Data

RESULT LEVEL (SO or IR) and NO.	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS														
							19 96		19 97		19 98		19 99		20 00		20 01		20 02		
					YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
SO 2.2	Patrick Murphy	Legal Systems that Better Support Democratic Processes and Market Reform	Businesses begin to utilize the Russian court system and arbitrator/mediation instead of going abroad or resorting to illegal means	Definition: % of persons including foreign investors willing to use Russian courts or alternative dispute mechanisms Unit: %	1994	0	10	10	15	15	20		25		30		35		40		
IR 2.2.1	Patrick Murphy and ABA/CEELI	Better Administration, Interpretation and Application of Law	Mediation/arbitration exists as a viable alternative to extra-judicial means of dispute resolution	Definition: Mediation/arbitration exists Units: yes/no	1996 begins			no	no	no	no		yes		yes		yes		yes		
IR 2.2.1.1	Patrick Murphy and NJC/Chemetics	Better Judicial Understanding of Law and Judicial Ethics	Better compliance with existing norms and incorporation of substantive and procedural changes	Definition: Supreme Commercial court has automated system for case management Unit: yes/no	1996 begins		yes	no	yes	partial	yes		yes		yes		yes		yes		
IR 2.2.2	Patrick Murphy and ABA/CEELI	Higher Standards and Competence in the Legal Profession	Systems exist for continuing legal education on recent commercial legislation	Definition: Systems in existence and operating Unit: yes/no	1997 begins				no	yes in early stage	yes		yes		yes		yes		yes		
IR 2.2.2.1	Patrick Murphy and ABA/CEELI	Strengthened Law Schools	Improved capacity of schools to provide advocacy training and a modern curriculum	Definition: Materials for new subjects distributed to all members of the Russian Association of Law Schools and incorporated in to the curricula Unit: # of subjects so covered	1993	0	5	1	5	1	5		6		7		5		4		
IR 2.2.2.1	Patrick Murphy and ABA/CEELI	Strengthened Law Schools	Number of major law schools (train approx. 20% of all Russian lawyers) with capacity to provide advocacy training to student body	Definition: Schools with advocacy training capacity Unit: reformed law school	1994	0	6	5	6	6	8		9		10		10		10		
IR 2.2.2.1	Patrick Murphy and ABA/CEELI	Strengthened Law Schools	Establishment of a geographically widespread Russian Association of Law Schools with membership quality standards	Definition: Fee paying membership increasing Unit: # of members in new association	1995	0	25	50	information supplied previously was erroneous	50	information supplied previously was erroneous	30	35		37		40		40		40
IR 2.2.2.1	Patrick Murphy and ABA/CEELI	Strengthened Law Schools	Students at Russian Law Schools take clinical legal education course	Definition: Clinical legal education offered Unit: number of law schools offering	1997	3						6		7		8		9		10	
IR 2.2.2.2	Patrick Murphy and ABA/CEELI	Legal association services to members improved and increased	6 Associations of Advocates better define their function and relationship to members	Definition: Associations that have held information meetings for new and prospective members Unit: improved associations	1993	0	6	2	6	7	9		10		12		12		12		

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Table I - Performance Data

RESULT LEVEL (SO or IR) and NO.	WHO WILL TRACK AND FROM WHAT SOURCE?	RESULT STATEMENT	PERFORMANCE INDICATOR	INDICATOR DEFINITION* AND UNIT OF MEASUREMENT	BASELINE DATA		TARGETS AND ACTUAL RESULTS													
							19 96		19 97		19 98		19 99		20 00		20 01		20 02	
					YEAR	VALUE	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
IR 2.2.2.3	Patrick Murphy and ABA/CEELI	Improved Continuing Legal Education	Better lawyers and understanding of law, court room practice, advocacy and ethics	Definition: Creation of self-sustaining CLE training programs Unit: (yes/no)	1995	no	no	no	yes	no	yes		yes		yes		yes		yes	
IR 2.2.2.3	Patrick Murphy and Sakharov Center	Improved Continuing Legal Education	Number of people aware of their rights and basic human rights issues	Definition: Sakharov Human Rights Center and Museum founded with visitors demand increasing Unit: # of museum visitors grows	1995	0	200 (3 month)	100	2500	1634	3500		4500		4500		4500		4500	

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Table 1 - Performance Data

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 2.3	Angelina Gurkina/RTI/URC (MFM and ARM program final reports)	More Effective, Responsive and Accountable Local Government in Target Cities	Target cities are both capable and actually hold a town meeting/public hearings related to the budget	Definition: Target city holds a town meeting/public hearing Unit: # of target cities that have held a town meeting/public hearing	1995	0	1	2	2	2	2 (Tver, Shelkovo)	MFM and ARM projects successfully completed in 1997. Discontinued.								
IR 2.3.1	Valentin Stobetsky and Institute for Urban Economics	Increased LG Efficiency	Resident's fees for housing maintenance and communal services are adjusted towards cost recovery	Definition: Average housing maintenance and communal services cost recovery rate in targeted cities Unit: %	1997	35				35	50		55		80	90		100		
IR 2.3.1.1	Angelina Gurkina/RTI/MFM final report	Improved Management Information Systems in 14 target cities (Moscow, Nizhni Novgorod, Tver, Vladimir, Orenburg, Cherepovets, Novgorod, Ryazan, Dzerzhinski, Pskov, Petrozav, Tomsk, Volkhov Vladivostok)	Targeted cities have a radically reformed financial management system	Definition: Target cities have employees trained to use the new system and have the capacity to provide modern budget documentation to policy makers Unit: # of target cities with a new financial system	1994	0	10	5	14	16 (additional cities for 1997: Samara, Saratov)	MFM and ARM projects successfully completed in 1997. Discontinued.									
IR 2.3.1.2	Angelina Gurkina/RTI/Union of Russian Cities (URC)	Improved Financial Planning and Controls	City financial authority increases relative to regional and federal financial authority in the following cities: 5 for 1996 - Mos, N Nov, Vladimir, Tver, Vladivostok; 10 for 1997 (plus Tomsk, Pskov, Dzerzhinski (Mos obl), Petrozavodsk)	Definition: Increased own revenues for city budget Unit: % of budget revenues came from local taxes and fees in targeted city	1994	10	20	20	30	18 to 20	MFM and ARM projects successfully completed in 1997. Discontinued.									
IR 2.3.1.3	Valentin Stobetsky and Institute for Urban Economics	Housing maintenance responsibilities are moved to the private sector	Housing is maintained on the competitive basis	Number of housing maintenance competitions held per year/average share of municipal housing maintained on the competitive basis in targeted cities Unit: #%	1997	70/7					50/16		83/35		120/70	150/100			120/100	
IR 2.3.2	Angelina Gurkina/RTI/Union of Russian Cities (URC)	City Responsibilities are more Clearly Defined in the following target cities: 5 for 1996 - Moscow, Nizhni Novgorod, Tver, Vladimir, Vladivostok; 10 for 1997 plus Tomsk, Petrozavodsk, Pskov, Volkhov, Dzerzhinsk	Target cities adopt modern city charters and implementing regulations that clearly define the city's responsibilities in management of the city including budget	Definition: Target city with modern charter adapted as law Unit: # of cities with a modern charter and implementing regulations	1995	0	5	5	10	15 (additional cities for 1997: Samara, Saratov, Orenburg, Cherepovets and Ryazan)	MFM and ARM projects successfully completed in 1997. Discontinued.									
IR 2.3.2	Angelina Gurkina/RTI/URC	City Responsibilities are more Clearly Defined in the following target cities: 5 for 1996 - Moscow, Nizhni Novgorod, Tver, Vladimir, Vladivostok; 10 for 1997 plus Tomsk, Petrozavodsk, Pskov, Volkhov, Dzerzhinsk	Federal legislation delegation of authority to the cities in the following areas: - Financial Management/Tax - Urban Development/Strategic planning - Social security/crimes	Definition: Delegation of authority to the local level from the federal legislation on the selected areas in the targeted cities Unit: Index of criteria of delegation of authority from federal level to local on the selected areas in the target cities: (1 - 3 - yes; the federal legislation delegation of authority on the selected areas in the targeted cities 0 - no)	1995	0	3	25	No target for 1997 established. Discontinued.											

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PERFORMANCE ASSESSMENT

Table I - Performance Data

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
SO 3.2	Tamara Sirbiladze and Min-Health annual report, Goskomstat handbook and trend forecast	Improved Effectiveness of Selected Social Benefits and Services	Unneeded hospital capacity reduced freeing up funds to improve outpatient care	Definition: Number of hospital beds decreases Unit: # of full day hospital beds per 10,000 people	1994 1995	120.8 117.9	116.5	116.5* est. (not yet available from MOH)	115.1	115.1* est.	113.7		112.3		110.9		109.6	108.3		
SO 3.2	Tamara Sirbiladze and annual Min-Health reports and trend forecast	Improved Effectiveness of Selected Social Benefits and Services	Hospital admissions decrease as outpatient & public health services improve	Definition: Annual hospital admissions as a % of the population Unit: %	1993 1994 1995	21.6 21.6 21.2	21	20.6	20.2	20.2 (est. based on previous year decline)	20		18.8		19.6		19.5	19.3		
SO 3.2	Liese Sherwood-Fabre Oblast Health Committees	Improved Effectiveness of Selected Social Benefits and Services	Abortion rate decreases in Yekaterinburg, Ivanovo, Tver, St. Petersburg, Vladivostok and Novosibirsk	Definition: Average abortion rate in original 6 demonstration sites Unit: ratio of number of abortions/1000 women of reproductive age	1995	71.7	65.6	65.6	60	58	57		54		51		48	46		
IR 3.2.1	Tamara Sirbiladze Boston University Progress Reports	Policies, Laws and Regulations are Submitted to the Russian Duma	Health policy makers propose reforms (laws, regulations, decrees, etc.)	Definition: Reform areas could include the role of compulsory medical insurances, a law on private practice, regulation of pharmaceuticals, etc. Unit: number of laws/ regulations/ decrees	1995	0	0	2	5	3	3		3		10		12	14		
IR 3.2.2	Tamara Sirbiladze KPI/Lutheran Hospital-Dubna Progress Reports and ABT reports	New Approaches to Service Delivery Adopted	Unnecessary hospital admissions reduced for selected diagnoses in Kaluga and Moscow Oblast	Definition: Average % reduction in hospital admissions for 5 diagnoses selected for new care paths in pilot sites Unit: ave. # of days per diagnosis	1997 Kaluga Dubna	19 18			19 18	19 18	18 17		17 16		16 15.5		15.5 15	15 14		
IR 3.2.2	Liese Sherwood-Fabre AIHA, AVSC Status Reports	New Approaches to Service Delivery Adopted	Family Planning clinics promoting modern methods of contraception are operational	Definition: Family planning clinics offer consulting and choice of contraceptives Unit: number of sites	1994	0	8	38	42	40	48		future plans to be developed		future plans to be developed		future plans to be developed	future plans to be developed		
IR 3.2.2	George Oswald MSH Progress Reports	New Approaches to Service Delivery Adopted	Drug formulary processes established in facilities in Ryazan and Novogord oblasts	Definition: A formulary is a process for the cost-effective drug selection Unit: number of facilities using formularies	1994	0	40	60	70	60	70		**		**		**	**		
IR 3.2.2.1	John Thomas and MOFSA Contractor Reports	Alternative Service Delivery Approaches Designed	Rural social service programs designed and tested in districts in Vologda and Saratov regions	Definition: Raions test social service programs including kindergartens and clinics Unit: number of rural social services programs	begins in 1996		0	0	7	6	6 designed		**		**		**	**		
IR 3.2.2.2	Liese Sherwood-Fabre JHP/IEGO/RFP Status Reports	Service Delivery Skills Improved	Physicians use modern family planning techniques gained in USAID training courses	Definition: number of physicians trained and using techniques based in training evaluation Unit: physicians	1995	0	600	1532	2000	3000	3600		*		*		*	*		

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					YEAR	VALUE	19 96		19 97		19 98		19 99		20 00		20 01		20 02		
							Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
IR 3.2.2.2	Natasha Vozianova Health Partnership/CDC Reports	Service Delivery Skills Improved	Hospital-based health care providers use modern infection control practices	Definition: Number of hospital physicians, nurses epidemiologists trained and using infection control techniques based on evaluation Unit: Number of trained health care personnel	1997	350	0	0	350	350	200			TBD		TBD		TBD		TBD	
IR 3.2.2.2	Natasha Vozianova AIHA Medical Partnerships status reports	Service Delivery Skills Improved	Emergency technicians acquire skills in modern emergency medicine	Definition: number of technicians trained and demonstrated to have acquired new knowledge through testing and evaluation Unit: technician	1994	0	1200	1233	1500	1067	1000			1000		1000		1000		1000	
IR 3.2.3	Tamara Sibiladze/Oblast Bureau of Social and Medical Statistics	New Approaches to Resource Allocation and Alternative Financing of Service Delivery Adopted	The percentage of total health care expenditures for primary care increases in pilot oblasts (Kemerovo, Tomsk, Altai)	Definition: Average percent in health care expenditures for outpatient care in pilot areas Unit: % of total expenditures	1997	30			30	30	37			44		50		50		50	
IR 3.2.3.1	John Thomas Contractor Reports	Cost methodology system developed to determine optimum efficiency and effectiveness of selected rural social services	Percent cost reduction in ration programs	Definition: Costs after system implemented as % of costs before system Unit: %	1995	0	0	0	5	5	**			**		**		**		**	
IR 3.2.3.2	Tamara Sibiladze/Natasha Vozianova KPI/Lutheran Hospital/AIHA Status Reports	Improved Skills in Financial Analysis/ Management	Health care professionals acquire new skills in modern methods of financial management	Definition: Number of USAID-trained professionals demonstrating new skills through testing/evaluation and field visits Unit: number of USAID-trained professionals	1994	0	175	380	No target had been set	313	300			300		200		200		200	
IR 3.2.4	Vladimir Sibetsky and Institute for Urban Economics	Increased Effectiveness of Housing Allowance Programs in Targeted Cities	The eligible population participate in the housing allowance programs	Definition: Average percentage of the population receiving housing allowances in targeted cities Unit: %	1997	10	0	0	10	10	15			18		23		26		25	

* Unable to estimate because future plans have not been developed

** Project scheduled to end or discontinued

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