

# **A Multi-Partner Evaluation of the Comprehensive Development Framework**

## **Implementation of CDF Principles in a Transition Economy**

### **A Case Study of Romanian Experience**

The findings, interpretations, and conclusions expressed here are those of the author(s) and do not necessarily reflect the views of the Board of Executive Directors of the World Bank or the governments they represent.

The World Bank cannot guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply on the part of the World Bank any judgment of the legal status of any territory or the endorsement or acceptance of such boundaries.

**Contact:**

Operations Evaluation Department  
Partnerships & Knowledge Programs (OEDPK)

e-mail: [eline@worldbank.org](mailto:eline@worldbank.org)

Telephone: 202-458-4497

Facsimile: 202-522-3125

<http://www.worldbank.org/oed>

## TABLE OF CONTENTS

<b>Abbreviations and Acronyms .....</b>	<b>vi</b>
<b>Foreword .....</b>	<b>vii</b>
<b>Executive Summary .....</b>	<b>x</b>
<i>Main Findings: the “CDF Consultations” of 1999-2000.....</i>	<i>xii</i>
<i>Main Findings: The CDF Experience in Romania since 2000.....</i>	<i>xiii</i>
<b>1. Introduction.....</b>	<b>1</b>
<b>2. The Romania Experience .....</b>	<b>3</b>
<i>Current Socioeconomic Context and Trends .....</i>	<i>3</i>
Composition and Significance of Development Assistance to Romania.....	10
Watersheds in the Evolution of CDF in Romania .....	11
<b>3. The Evidence: Progress, Constraints, Issues.....</b>	<b>16</b>
<i>3.1 Holistic, Long-Term Development Framework.....</i>	<i>16</i>
Romania’s Overarching Long-Term Vision for Development.....	16
Romania’s Strategic Planning Process, 1998-2000 .....	17
Present State of Long-Term Planning in Romania .....	20
<i>3.2 Country Ownership.....</i>	<i>21</i>
Progress in Building Consensus for the Long-Term Vision.....	21
Issues Regarding Consultative Processes .....	24
Future Challenge Regarding Consultative Practices .....	28
<i>3.3 Country-Led Partnership .....</i>	<i>28</i>
Progress and Issues in Moving toward Country-Led Partnership .....	29
Aid Coordination Mechanisms and Processes.....	30
Strategic Alignment and Donor Comparative Advantage .....	34
Harmonization of Donor Procedures and Practices.....	35
Analytical and Diagnostic Work .....	36
Aid Delivery Modes and Country Capacity .....	36
Challenges for Country-led Partnership .....	37
<i>3.4 Results Orientation.....</i>	<i>38</i>
Progress in Establishing a Results Orientation.....	38
Challenges Ahead.....	46

#### 4. CDF Interrelationships.....48

#### 5. Main Conclusions and Challenges Ahead .....49

<i>A Stream with Multiple Tributaries</i> .....	49
<i>The Four CDF Principles: Conclusions, Issues, and Challenges</i> .....	49
Long-term Holistic Development Framework.....	49
Country Ownership.....	50
Country-led Partnership.....	51
Results Orientation .....	52

#### Tables

Table 1: Macroeconomic Indicators.....	3
Table 2: Comparative Economic Performance Indicators .....	4
Table 3: Romania's Unemployment Rates .....	5
Table 4: Poverty in Romania, 1995-2001 .....	6
Table 5: Social Indicators for Five Central and Eastern European Countries.....	7
Table 6: Trends in Selected Socioeconomic Indicators in Romania: 1998-2000/2002 .....	8
Table 7: Romania's Top Ten Donors of Development Assistance.....	12
Table 8: Governing Program Action Plan Examples .....	42
Table 9: National Anti-Poverty and Social Promotion Inclusion Action Plan Goals .....	44
Table 10: Comparison of Millennium Development Goals and Targets with National Anti-Poverty and Social Inclusion Promotion Action Plan .....	45

#### Boxes

Box 1: Entrepreneurial Responses to Transition Challenges .....	11
Box 2: Emergence of the Regional Development System as a CDF-like Process .....	14
Box 3: Survey Questionnaire Findings on CDF Implementation at the Regional Level .....	16
Box 4: CDF Challenges for the World Bank Country Team.....	16
Box 5: Business Environment Action Plan .....	23
Box 6: Public Information Access Initiative .....	23
Box 7: Jiu Valley Consultative Process.....	24
Box 8: Civil Society: Progress and Challenges.....	26
Box 9: Donor Consultation: A Private Sector View.....	28
Box 10: Stakeholder Views on Country-led Partnership in Romania .....	30
Box 11: World Bank-GOR Joint Portfolio Review Exercises: Bimodal Participation and Partnership .....	31
Box 12: The Child Protection Group: Good Practice in Country-led Partnership .....	32
Box 13: A New Potential Good Practice Example: The National Intersectoral HIV/AIDS Commission .....	32
Box 14: Stakeholder Views on Partnership at the Project Level: Results from a Questionnaire Survey .....	33
Box 15: A Spurned Country Proposal for Coordination at the Macro Policy Level.....	33
Box 16: Putting Romania in the Aid Coordination Driver's Seat: Desires and Frustrations .....	34
Box 17: A Cacophony of Consultants .....	38

## Figures

Figure 1: Prevalence of Optimism in Romania, 1991-2000 .....	9
Figure 2: Trust in Public Institutions in Romania, 1990-2001.....	9
Figure B-1. Frequency of Information Access on Development Programs/Projects .....	71
Figure B-2. Quality of Information on Development Programs/Projects in Romania .....	71
Figure B-3. Assessment of CDF-like Characteristics for Selected Programs/Projects .....	74
Figure B-4. The Key Concerns/Interests of Respondents about Improving CDF Implementation in Romania .....	84
Figure B-5. CDF Country Progress: Stakeholder Assessments as of March 2002.....	85

## Annexes

<b>Annex A. Interview and Questionnaire Methodology .....</b>	<b>55</b>
Strengths and Limitations of the Case Study Approach and Methodology .....	55
Key Informant Interview Survey .....	55
Government-Donor Relations Survey.....	56
Questionnaire Survey Methodology .....	56
Appendix to Annex A: Survey Questionnaire .....	63
<b>Annex B. Summary of Questionnaire Survey Results.....</b>	<b>69</b>
Sources of Information on Programs .....	69
The CDF Profile of Evaluated Programs/Projects .....	20
Types of Assessments of CDF Implementation.....	26
Concerns and Interests of the Stakeholders .....	29
Implications for Tracking CDF Progress .....	31
<b>Annex C. Review of Application of CDF Principles in Three Key Issue Areas .....</b>	<b>87</b>
Annex C-1 Reducing Administrative Barriers to Private Sector Development.....	87
Annex C-2 Public Information Access Initiative .....	92
Annex C-3 Formulation of a Regional Development Strategy .....	97
<b>Annex D. The Evolution of CDF Implementation at National, Regional, and     Community Levels.....</b>	<b>105</b>
<b>Annex E. OECD/DAC Data on Bilateral Donor Commitments to Romania.....</b>	<b>110</b>
<b>Annex F. Documents Reviewed.....</b>	<b>111</b>
<b>Annex G. Persons Interviewed.....</b>	<b>114</b>
<b>Annex H. Romania CDF Evaluation Case Study Terms of Reference .....</b>	<b>120</b>

### Tables in the Annexes:

Table A-1 Interviewee Institutions by Sectors .....	57
Table A-2 Sample Design for the Basic Sub-sample .....	58
Table A-3 Sample Distributions by Decision Level and Type of Institution.....	60
Table A-4 Sample by Profession of Respondents and their CDF Experience .....	60
Table A-5 Sample by Official Position of Respondents and their CDF Experience.....	61
Table A-6 Sample by Respondent's Institution and their CDF Experience.....	61

Table B-1	Survey Respondents' Sources of Information.....	71
Table B-2	Pattern of Information Sources by Development Sector.....	73
Table B-3	Quality of Information on Projects by Source of Information.....	73
Table B-4	Quality of Information on Known Projects and Donors.....	74
Table B-5	Level of Knowledge of Programs/Projects for the Largest Donors.....	74
Table B-6	Assessment of Programs/Projects in Terms of CDF Principles as a Function of the Respondent's Institution.....	76
Table B-7	Impact of Prior CDF Experience in Assessing CDF Value of Known Programs/Projects.....	76
Table B-8	"CDF Value" of Programs/Projects by Reference Donor.....	77
Table B-9	Factors Affecting CDF Values: Econometric Analysis.....	79
Table B-10	Factors Affecting CDF Perceived Value by Specific Criteria of CDF Implementation Assessment.....	80
Table B-11	CDF Implementation Assessments as a Function of the Estimated Quality of Donors and Information, from the Point of View of Respondents.....	81
Table B-12	Factors Affecting Assessments of "CDF Value"(%). .....	82
Table B-13	Categories of Respondents Associated with Increased Probability of Different Types of CDF Assessments.....	83
Table B-14	Key Categories of Content Analysis of Unstructured Comments by Survey Respondents.....	84
Table C-1	Private Sector Indicators of Transition Economies.....	87
Table D-1	The Evolution of CDF Implementation at National, Regional, and Community Levels.....	103
Table D-2	National Level CDF in Romania – Current Examples.....	105
Table D-3	CDF Implementation at the Regional Level in Romania.....	106
Table D-4	CDF Implementation at the Community Level in Romania.....	107
Table E-1	Bilateral Donors and Commitments, Selected Sectors, Romania.....	110
 <b>Boxes</b>		
Box B-1	Categories of Indices for the Evaluation of Information on Development Projects/Programs and Donors.....	70
Box C-1	Non-Government Views of the BEAP.....	90
Box C-2	Relevant Recent History of the Jiu Valley.....	98
 <b>Figures</b>		
Figure B-1	Frequency of Information Access on Development Programs/Projects.....	72
Figure B-2	Quality of Information on Development Programs/Projects in Romania.....	72
Figure B-3	Assessment of CDF-like Characteristics for Selected Programs/Projects.....	75
Figure B-4	The Key Concerns/Interests of Respondents about Improving CDF Implementation in Romania.....	85
Figure B-5	CDF Country Progress: Stakeholder Assessments as of March 2002.....	86
Figure C-3	The CDF Process Involved in Development of the Jiu Valley Strategy.....	100

## Abbreviations and Acronyms

ADER	Romanian Association for Economic Development (Asociatia pentru Dezvoltare Economica in Romania)
AIDS	Acquired Immunodeficiency Syndrome
ANDIPRZM	National Agency for Development and Implementation of Reconstruction Programs in the Mining Areas
ANEIR	National Association of Romanian Exporters and Importers
APADOR-CH	Romanian Helsinki Committee
BEAP	Business Environment Action Plan
BNR	National Bank of Romania
CAS	Country Assistance Strategy
CASPIS	Anti-Poverty and Social Inclusion Promotion Commission (Comisia Antisărăcie si de Promovare a Incluziunii Sociale)
CCP	Project Coordination Committee for RSDF grants
CDF	Comprehensive Development Framework
CENTRAS	Center of Assistance for Non-governmental Organizations
CEROPE	Romanian Center for Economic Policies
CG	Consultative Group
CIA	Classified Information Act
CNH	National Hard Coal Company
CNPR	National Confederation of Romanian Employers
COMALP	1995 survey on “Voting Behaviors of the Population” conducted by the Faculty of Sociology, University of Bucharest
CPR	Confederation of Romanian Employers
CREDO	NGO Foundation in Jiu Valley
CURS	Center for Urban and Regional Sociology
DAC	Development Assistance Committee
DFID	Department for International Development, United Kingdom
EBRD	European Bank for Reconstruction and Development
EDC	Center for Economic Development, Soros Open Network
EG	Executive Group
EU	European Union
FOIA	Freedom of Information Act
GDP	Gross Domestic Product
GNP	Gross National Product
GNI	Gross National Income
GOR	Government of Romania
HIV	Human Immunodeficiency Virus
HIVCOM	HIV Commission
HLG	High Level Group
IDEA	International Institute for Democracy and Electoral Assistance
ILO	International Labor Organization
IMAS	Institute for Marketing and Polls
IMF	International Monetary Fund
IRIS	Center for Institutional Reform and the Informal Sector
ISPA	Instrument for Structural Policies for pre-Accession
JV	Jiu Valley
M&E	Monitoring & Evaluation
MDG	Millennium Development Goals
MDP	Ministry of Development and Prognosis
MEI	Ministry of European Integration

METAROM	National Trade Union Federation
MHF	Ministry of Health and the Family
MPF	Ministry of Public Finance
MTES	Medium Term Economic Strategy
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NIS	National Institute of Statistics
NSSD	National Strategy for Sustainable Development
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OSF	Open Society Foundation Romania
PAL	Programmatic Adjustment Loan
PBB	Program-Based Budgeting
PCU	Project Coordination Unit
PEP	Pre-Accession Economic Program
PER	Public Expenditure Review
PHARE	EU program to assist pre-integration of Central and Eastern European countries
PIBL	Private Sector Institution Building Loan
PIU	Project Implementation Unit
PMU	Project Management Unit
PRSP	Poverty Reduction Strategy Paper
PSAL	Private Sector Adjustment Loan
RDP	Rural Development Program
RDA	Regional Development Agency
RDC	Regional Development Council
RSDF	Romanian Social Development Fund
SAPARD	Special pre-Accession Program for Agriculture and Rural Development
SAR	Romanian Academic Society
SEC	Classification for European Commission (documents that cannot be classified in any other series)
SIRUTA	Standard code book of all communes and cities of Romania listed in the National Institute of Statistics
SME	Small and Medium Enterprises
SOCIOBIT	Laboratory for Sociology and Computing
SOCO	Social Consequences of Economic Transformation in East-Central Europe, Research Program of the Institute for Human Sciences, Vienna
SON	Soros Open Network
SPC	State Planning Commission
TOR	Terms of Reference
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations International Children and Education Fund
USAID	United States Agency for International Development
WG	Working Group



## Foreword

The CDF Evaluation Romania Case Study team wishes to thank the following individuals and organizations:

- all persons interviewed, for their time and their insights;
- hospitality extended during the team’s visit to the Jiu Valley by Mr. Alexandru Blaj, President of the CREDO Foundation and Mr. Sorin Avramescu, Administrator of Global Invest;
- Ms. Olga Niculescu and to Mr. Alexandru Toth of Gallup Romania, Inc., for administering an ambitious questionnaire survey for the case study in a compressed timeframe;
- members of the multi-stakeholder reference group who provided valuable feedback in response to a presentation of the team’s preliminary conclusions at a workshop in Bucharest on March 28, 2002;<sup>1</sup>
- the World Bank Office in Romania for providing invaluable logistical support in setting up meetings and arranging the field trip to the Jiu Valley; in particular, Mr. M. Ziad Alahdad, Country Manager; Ms. Arabela Negulescu, Deputy Country Manager and Senior Operations Officer; Mr. Dan Petrescu, Communications Officer; Ms. Camelia Totezan, Team Assistant; Mr. George Moldoveanu, Assistant to the Deputy Country Program Manager, and other members of the CDF Team;
- Mr. Nicolai Turdean, Director, Project Management Unit, Mine Closure and Social Mitigation Project, for accompanying the team, along with Mr. Petrescu, to the Jiu Valley and providing valuable insights as well as transportation;
- Ms. Julia Ooro of the Operations Evaluation Department for backstopping the team’s work from Washington and for competent assistance in formatting successive drafts of the report.

The case study team is solely responsible for the report and any errors of commission or omission. Individual team members contributed the following components of the report:

- The “Romania Experience;” “Holistic, Long-term Development Framework;” “Country Ownership;” “Results Orientation;” and Annexes C-1 and C-2, “Reducing Administrative Barriers to Private Sector Development” and “Public Information Access Initiative,” respectively – B. Lynn Salinger, Economist Consultant, Associates for International Resources and Development (AIRD), Cambridge, Massachusetts, USA.
- Annexes A and B, “Interview and Questionnaire Methodology” and “Summary of Questionnaire Survey Results,” respectively; Annex C-3, “Formulation of a Regional Development Strategy,” and Annex D, “The Evolution of CDF Implementation at National, Regional, and Community Levels” – Professor Dumitru Sandu, Faculty of Sociology, University of Bucharest.
- “Country-led Partnership” – John Eriksson, Operations Evaluation Department, World Bank. (Mr. Eriksson also served as team leader, with responsibility for the overall report, including the Executive Summary, and the concluding chapter, “Main Conclusions and

---

<sup>1</sup> Ms. Ioana Avadani, Director, Center for Independent Journalism; Ms. Virginia Gheorghiu, Business Environment Advisor to the Minister of Development and Prognosis; Dr. Sorin Ionita, Executive Director, Academic Society of Romania; Ms. Oana Lupu, Program Manager, DFID, British Embassy (formerly with the Soros Open Network); Mr. Denny Robertson, Director, USAID Mission to Romania; Ms. Cornelia Simion, Director, Office of Investment Promotion, Ministry of Development and Prognosis and Advisor to the Minister; Mr. Max Streit, Coordinator, and Ms. Marie-Louise Stoicescu, National Project Officer, Swiss Agency for Development and Cooperation (SDC).

Challenges Ahead,” which benefited greatly from the comments of Ms. Salinger and Professor Sandu.)

- The separate study, “Government-Donor Relations in Romania: Changes and Trends,” was prepared by Manuela Sofia Stanculescu, Institute for the Study of the Quality of Life, Bucharest, August 2002.

## Executive Summary

### A Sampling of Romanian Views on the CDF

“CDF was the first real experience of soliciting opinions from all stakeholders by the World Bank. From then on, many other donors and even the Government began to open up their doors to NGOs. The CDF gave NGOs a framework for understanding what role was possible for them, how they could actually have influence.” (Romania-based NGO).

Since the CDF consultations took place in 1999, “it seems the process has slowed down considerably, and in fact the Minister was wondering what happened to CDF... We still need a forum to debate broad national and international issues. There needs to be a structure, a forum for civil society to give the Government feedback as to how it’s doing.” (Romanian Government official).

“The World Bank’s CDF process in the Jiu Valley was an extraordinary process. Consideration of the social consequences of mining restructuring is now an accepted focus of the Ministry of Industry and Resources. Now you have to consult the community, discuss where the churches and cemeteries will go, bus them to other communities to see where this has happened elsewhere, before you can go forward.” (Romanian Government official).

1. This report presents the findings and conclusions of an international team that has reviewed the experience of Romania in implementing the principles of the Comprehensive Development Framework—*long-term, holistic development framework; country ownership; country-led partnership; and results orientation*. The Romanian Government was the first to respond to an invitation from World Bank President Wolfensohn at the Bank-Fund Annual Meetings in October 1998 to become a pilot country to implement the principles of what became known in 1999 as the “Comprehensive Development Framework” (CDF). This study is one of six country case studies conducted as part of a global multi-stakeholder evaluation of implementation of the CDF.<sup>2</sup>
2. Romania is the only transition economy among the case study countries; as a middle-income country, it does not have a Poverty Reduction Strategy Paper (PRSP). Romania’s experience is also distinctive for the large-scale and highly visible “CDF consultations” held in 1999-2000 that provided tangible evidence of the country’s designation as a CDF pilot.
3. The case study was guided by a set of evaluation questions contained in its Terms of Reference (TOR), which in turn were based on the CDF Evaluation Design Paper (see Annex H). These questions were designed to shed light on the following evaluation objectives:
  - the extent to which CDF principles are being applied and why;
  - their impact on the intermediate behaviors and practices of stakeholders;
  - evidence of higher level impact in terms of resource mobilization and allocation, and development outcomes and goals; and
  - lessons that emerge for improving aid quality in Romania and in other countries.

<sup>2</sup> The other case study countries are: Bolivia, Burkina Faso, Ghana, Uganda, and Vietnam.

Team members undertook fieldwork in Romania in two stages: February 4-12 and March 11-29, 2002. Through more than 90 interview meetings in Romania and Washington, the team elicited the views of about 150 central and local government officials; parliamentarians; and representatives of civil society, the private sector, and donors and international development agencies.

4. The semi-structured qualitative survey conducted through these interviews was supplemented by two more structured surveys: (1) a questionnaire survey of government and donor representatives that focused on government-donor relations; and (2) a largely quantitative survey employing a standardized questionnaire, administered to a stratified random sample of more than 700 respondents throughout the country. Detailed results of the latter survey are presented in Annex B and highlights of both surveys are included in the boxes and text of the main report. A detailed report of the findings of the government-donor relations survey is available as a separate report. The methodology and results are believed to be sufficiently representative and robust to permit valid inferences about the strengths and weaknesses of the way in which CDF-related development processes are working in Romania (see Appendices A and B for detailed discussions of methodology and the questionnaire survey results, respectively).

### **Main Findings: the “CDF Consultations” of 1999-2000**

5. *Romania as “CDF Pioneer.”* Following Romania’s designation as a CDF pilot country, the World Bank supported in 1999 a series of extensive “CDF Consultations” in the form of more than 20 focus group discussions with about 500 leaders from government, the private sector, civil society, and the donor community. The design and much of the organization of the consultations were entrusted to a U.S.-based consulting firm, “The Monitor Group.” A “feedback” session in mid-2000 presented an analysis of the results. Participants interviewed by the case study team uniformly praised the consultations for having brought together for the first time a large number of persons from different stakeholder groups to formulate the elements of “Romania’s Shared Vision” and the main challenges to realizing the vision.

6. *Legacies of the CDF Consultations.* The CDF consultations stimulated the development of a plan to institutionalize the promotion of CDF principles in the

#### **A Stream with Multiple Tributaries**

The processes of CDF implementation in Romania are analogous to an emerging stream, the multiple tributaries of which include —

- Pre-CDF antecedents, including: first Anti-Poverty Commission, birth of the Romanian Social Development Fund, National Sustainable Development Strategy, early efforts to introduce program-based budgeting.
- Launch of the CDF as such in Romania with the “CDF Consultations” of 1999-2000.
- Drive to EU accession, including processes leading to the *Medium-Term Economic Strategy* and a new regional development policy of the country.
- Subsequent mainstreaming of the CDF by the Government of Romania in 2001, with the development of the Business Environment Action Plan and the *Governing Programme Action Plan 2001-2004*.
- Passage of the *Law Regarding Free Access to Information of Public Interest* (commonly referred to as the *Freedom of Information Act*, or FOIA) through a multi-stakeholder consultative process.
- Multi-stakeholder coordinating mechanisms for child protection and HIV/AIDS.
- Consultative formulation of the *National Anti-Poverty and Promotion of Social Inclusion Action Plan*.
- Emergence of a regional development system, with a current “best practice” model unfolding as a result of the participatory formulation and Government launch of the Jiu Valley strategy.

These processes have involved learning-by-doing that has contributed to the “CDF stream.”

The World Bank has been an important catalyst in virtually all of these processes (except for the passage of the FOIA).

form of a multi-stakeholder Steering Committee, Executive Committee, and Secretariat to be located in the Prime Minister's Office. These structures partially functioned in early 2000 but for several reasons –e.g. government leadership changes, political volatility, demands of preparing for EU pre-accession—did not become fully operational and were abandoned with the change in government in November 2000.

7. Notwithstanding the failure to operationalize the CDF Secretariat in the Prime Minister's office, according to stakeholders interviewed by the case study team, the 1999/2000 consultations left the following legacies:

- identified poverty reduction and EU accession as over-arching goals of a "vision" for Romania;
- contributed to the *Medium-Term Economic Strategy* (2000) to meet EU pre-accession requirements, as well as the current government's *Governing Programme and Action Plan 2001-2004*;
- involved key leaders of the then political opposition who subsequently assumed leadership roles in the government that took power in January 2001;
- brought the Bank into contact with a much wider group of civil society organizations and private sector organizations than had been the case previously;
- brought the EU, UNDP, and the World Bank into closer strategic alignment with each other;
- provided a springboard for consultations on the World Bank Romania Country Assistance Strategy (CAS), issued in May 2001;
- facilitated a working relationship between the Bank and the Ministry of Development and Prognosis, a new key government actor in applying CDF principles; and
- stimulated cross-sectoral collaboration among Bank Romania country and sectoral teams and the creation of a "CDF Team" in the Bucharest Office.

8. *Expectations not fulfilled.* The 1999-2000 consultations also generated high expectations that were transformed into keen disappointment among a number of participants and a feeling of being let down when "nothing happened" after the demise of the effort to institutionalize the CDF. Although progress in implementation of CDF principles in the post-2000 period is evident in Romania, upon closer examination there appears to have been little attention given by either the World Bank or the Government of Romania to communicating such progress to the informed elite who participated in, or were aware of, the CDF launch in 1999-2000.

### **Main Findings: The CDF Experience in Romania since 2000**

9. Since the 2001 change in government in Romania, responsibility for oversight of CDF implementation has been assigned to the Ministry of Development and Prognosis. Elements of the CDF are implemented under the aegis of other actors as well. The following findings are organized by each of the four CDF principles. They cover the first eighteen months of the current government (January 2001 – June 2002).

#### ***Long-term, Holistic Development Framework – EU Accession and Tenuous Budget Links***

10. *The overarching role of the drive for EU accession.* The vast majority of Romania's leadership and population see the country's overarching goals as accession to NATO and the European Union. These goals and the requirements of accession are encapsulated in the *Governing Programme of 2001-2004 and Action Plan*, which are in turn based to a substantial extent on the *Medium-Term Economic Strategy* (MTES).

- However, a number of stakeholders have concerns about the limited extent to which the implications, including costs, of EU accession are understood, and the lack of attention in EU requirements to such issues as education, health, and poverty.
- The recently issued *National Anti-Poverty and Promotion of Social Inclusion Action Plan*, which is being linked to the recent initiatives within the EU on social inclusion, promises to fill a major strategic gap in the MTES and other EU accession requirements.
- There is a sense of “strategy fatigue” among Romanian stakeholders, a feeling that “we don’t lack strategies, we lack results.”

11. *Development frameworks and resource allocation: a weak link.* Linkages between strategy statements, such as the *Governing Programme* and the budget process are weak, as are linkages between what is published in the budget and what is spent; priorities are not clearly stated. The 2002 *Public Expenditure Review* (PER) prepared by the World Bank seeks to address these issues.

### ***Country Ownership – Building Consensus: the Role of Non-State Stakeholder Groups***

12. The 1999-2000 CDF consultations demonstrated the critical roles of civil society and the private sector in building consensus.

13. *Continuing “CDF-like” consultations: a work in progress.* The case study team reviewed several recent examples of CDF-like consultative processes in varying stages of development. Most of these initiatives have received direct or indirect support from government, parliament, donors, and/or civil society. A partial list includes:

- Formulation of an action plan for improving the business enabling environment, under the Ministry of Development and Prognosis.
- Formulation of a development strategy by a group of local stakeholders for the depressed sub-region of the Jiu Valley.
- The work of the Anti-Poverty Commission in the Office of the Prime Minister.
- The Romanian Social Development Fund (RSDF).
- Passage of the Freedom of Information Act (FOIA), guaranteeing citizen access to public information.
- The Center for Women, a women’s health program in Constanta.
- A coordination structure, involving government, donors, and NGOs, for child protection, and a similar mechanism recently established for HIV/AIDS.
- A micro-credit program supported by an NGO (Economic Development Center, affiliated with the Soros Open Network), with participation of a commercial bank.

14. *High expectations.* These initiatives will require in some cases (e.g. the Jiu Valley) substantial, sustained donor support if the high expectations that have been generated are to be met.

15. *The challenge of efficient and effective communication.* A basic challenge to greater ownership in Romania is expanding effective and efficient communication among and with stakeholders. The difficulties the CDF process faces in Romania in this regard are the direct result of the institutional environment: fragile capacity subject to weak or perverse incentives, political influence, and corruption; many new regulations without operational guidelines for

implementation; and centralizing and sectoral mentalities that frequently go against the comprehensive spirit of the CDF.

16. *The donor transaction costs of consultative approaches.* The Romania World Bank Office staff is enthusiastic about consensus-building consultations, but notes the high staff resource costs attached to such in-depth preparation.

***Country-Led Partnership: Weak and Fragmented***

17. Country leadership of the management of aid is hindered by lack of information, fragmented responsibilities among central ministries, and weak capacity. Data on external assistance flows are fragmented in several locations and are not available at one source. Donor reactions toward country leadership initiatives in the realm of aid management and coordination are mixed, varying from positive, to ambivalent, to skeptical.

18. *Aid coordination is largely informal and ad hoc.* Two clear exceptions to this generalization are child protection and HIV/AIDS, where a combination of factors, including the crisis nature of the issues, high visibility, international concern, and strong leadership have resulted in formal multi-stakeholder, country-led coordinating mechanisms.

19. *Inconsistencies in policy positions of Romania's "big 3" donors.* Romanian stakeholders cite inconsistencies in economic policy positions taken by the three largest donors (EU, IMF, and World Bank). One country proposal to establish a forum to seek resolution of these inconsistencies reportedly received a cool reaction from donors.

20. *Transaction costs of delivering aid are high.* Government complains of:

- divergent and complicated procurement procedures;
- high project unit costs, including high cost but low quality of technical assistance;
- divergent reporting, monitoring, and evaluation systems in the numerous PMUs (Project Management Units);
- other stakeholders

**Evidence from the Quantitative Survey**

The CDF survey results (Annex B) allow for assessing the country's CDF implementation progress from the point of view of key stakeholders' evaluations of projects with which they are familiar. Highest marks are given by respondents to implementation of the country ownership and long-term holistic framework principles. Results orientation is the lagging component.

A more detailed econometric analysis of the survey data indicates several independent factors of significant predictive power for explaining the variation in the perception of CDF implementation performance.

- Better access to information on projects and donors contributes to a more positive image regarding the CDF profile of the selected programs/projects. This finding implies that a negative assessment could, to a large degree, be an outcome of poor information on programs or donors.
- To the extent that donors provide adequate consultancy and relevant analysis, programs/projects are considered more successful, making a greater contribution to the implementation of CDF-like principles. Consultancy and analysis provided by the donor is the most important factor in increasing the positive perception of the CDF value of programs/projects.
- Large programs of the main donors, compared to those of smaller donors, are perceived as having lower overall CDF implementation performance. Results orientation and transparency are rated significantly lower for projects/programs supported by large donors than for those funded by smaller donors.

complain that donors “crowd in” to some sectors and provide insufficient assistance to other sectors.

21. *Interaction between donors and non-State stakeholder groups* (e.g. Parliament, private sector, trade unions, NGOs, women’s groups) varies from donor-to-donor. While Romanian stakeholders applaud the extent to which the World Bank has reached out to different groups in recent years, they view the majority of donors as being deficient in this regard.

***Results Orientation: Struggling Initiatives.***

22. *Demands for accountability for results in Romania are weakly expressed as such.* Instead, expressions of popular frustration due to lack of results are on the rise. Public opinion polls cite low “life satisfaction” (Eurobarometer 2001) and increasing concerns about corruption and poverty (Gallup Organization 2002). Journalists cite the limited effect of media criticism on political decisionmaking and weak utilization by the public of the media for expressing popular criticism. Voting incumbents out after only one term in office may be the only option for Romanian citizens to express their dissatisfaction.

23. *Results-based budgeting: issues of coverage, quality, and utilization.* While a program-based budgeting (PBB) initiative has been recently expanded to all line ministries, compliance and quality of indicators lags, particularly at the output and outcome levels. Feeding results back to strategy and budget is a missing link.

24. *Public administration reform is critical to PBB and other initiatives.* Public administration reform efforts are beginning but have a long way to go. Capacity is weak and stretched; salary levels are minimal; institutional memory is lacking; political influence and corruption is reportedly widespread. New government institutions, such as some of the newly established agencies, have been marked by poor working relationships with existing institutions and overall poor performance.

25. *Transparency is critical to strengthening public demand for results.* Channels for the public to demand results have been very limited. The Freedom of Information Act (FOIA) provides a potentially significant instrument to hold government accountable for results, but vigorous promotion among public servants is needed. Training programs for civil servants have been initiated and a public information and education campaign is underway, including the staffing of eleven new public information centers around the country. Budgetary resources are limited and probably inadequate, however.

26. *The design and choice of donor instruments can facilitate results orientation.* World Bank-supported “Adaptable Program Loans” for the Romanian Social Development Fund and the Rural Development Program provide mid-course opportunities to incorporate interim results in project redesign.

**Four Sets of Challenges and Possible Lines of Action**

27. Key Romanian officials who recognized opportunities to broaden the implementation of democratic principles at home and strengthen the country’s role in its relationships with its external partners embraced the CDF enthusiastically in 1998/99. In the political transition that followed in 2001, the prominence of the CDF as a distinct program diminished in the wake of pressures to set up a new government and respond to the twin pressures of NATO and EU accession. Nevertheless, the majority of informants interviewed by the CDF evaluation team expressed their desires that the CDF framework be revitalized in order to push the government



toward greater accountability. The case study finds four sets of challenges that remain, and suggests possible lines of action to address these challenges.

***1) What aspects of Romania's strategy need further specification?***

28. The EU *Acquis Communautaire* specifies many legal and regulatory details. EU accession requirements also call for annually updated plans in several areas, such as the *Pre-Accession Economic Program*. However, since the EU does not attempt to harmonize policy in some sectors among members (e.g. health, education, and poverty), or only addresses them tangentially, the *Acquis* does not address these. This leaves the door open for some division of responsibility among the donors. In fact, the World Bank has put a special emphasis on these social sectors in its own portfolio.

29. The case study team heard repeated views that Romanians do not want “another strategy.” They want action and results. Any new strategy will need to clearly satisfy two criteria: (1) being consistent with EU accession, and (2) filling a gap not covered by other EU accession-related documents. The new *National Anti-Poverty and Promotion of Social Inclusion Action Plan* potentially satisfies both criteria.

***2) How can the effectiveness of consultative process implementation be improved?***

30. How should policymakers react to the dissatisfaction reflected in public opinion polls, as well as the disappointment about unmet expectations expressed by a number of participants in the 1999-2000 CDF consultations? Are more intensified, broad or focused, periodic consultations needed among key stakeholder groups?

31. *Meeting challenges of implementation by enhancing the networking of CDF nuclei.* There are a number of focal points within Romanian society where the application of CDF principles is emerging. “Networking” these nuclei through communication and related programs or projects could make a substantial contribution to the implementation of CDF principles throughout society.

32. *National and regional development forums.* There is a palpable felt need for a locally-facilitated, institutionalized mechanism that would bring together informed Romanian stakeholders and donor representatives to take stock periodically of development issues and to share their concerns and proposals for action with decision makers in government, parliament, the private sector, and civil society. To build ownership, these stakeholders should represent the same broad spectrum of interest groups that were brought together for the “CDF Consultations” of 1999-2000. These periodic dialogues could occur at the center as well as at key nuclei around the country, such as the Jiu Valley. Such nuclei would, in effect, constitute national and regional “development forums.” Their efficacy would be enhanced by focusing on specific topics; promoting feedback between consultations involving experts and non-experts; and widely disseminating best practices.

33. *Practical Issues: Convening Power, Continuity, and Country Leadership.* If the notion of periodic national and regional forums along the lines outlined above garners significant support, then some institutional mechanism will be required to support and facilitate the process. The mechanism should have convening power and it should have a base in civil society in order to provide sufficient continuity to carry across changes in government, and it should also be country owned. There are organizations in government, the private sector, civil society, and among

donors that meet at least two of these criteria, but it is difficult to identify an existing institution that meets all three. There are obvious risks and costs to setting up a new institution for something along these lines. One approach would be to identify a respected autonomous institution, such as the Romanian Academy, to undertake the task. Another possibility would be the tripartite National Economic and Social Council (NESC) housed in the Prime Minister's Office.<sup>3</sup> The World Bank, in conjunction with other interested donors, could provide significant intellectual and financial support to Romanian institutions and experts who would nurture "CDF nuclei" and the development of a central networking and convening mechanism.

### ***3) How can aid coordination and management be improved?***

34. *More effective country-led aid partnership.* In addition to the current plan to establish a comprehensive aid data repository in the Ministry of Public Finance (MPF), with UNDP and World Bank support, a case can be made for periodic meetings between government and donors to discuss mutually agreed strategic, policy, and procedural issues. Two different types of meetings could be convened:

- A forum focusing on major macroeconomic policy issues and involving the EU, IMF, and World Bank on the donor side.
- A multi-stakeholder (government, donor, NGO) forum that would address aid coordination and management issues. It may make sense to undertake the second type of meeting on a sectoral basis, building on the experience of the Child Protection Executive Group. Possible subject areas include education; health; agriculture and forestry; and small and medium scale enterprise.
- The purpose of any group should be clear and participants must see it as being worthwhile. The government should take the initiative by convening and chairing meetings, but all participants should have a say in the selection of issues to be addressed.

*Greater country leadership in this arena requires changes by both government and donors.*

- Government, with support from the highest levels, should be prepared to dedicate resources and reforms to strengthening capacity for aid management leadership. A logical ministry for a central role, given its resource mobilization and budget responsibilities would be the Ministry of Public Finance.
- Donors should be prepared to:
  - Respond positively and constructively to government initiatives to exercise country leadership;
  - Align their assistance plans with government strategy, as reflected in the *Governing Programme and Action Plan* and the *National Anti-Poverty and Promotion of Social Inclusion Action Plan*,
  - Support efforts to reduce aid transaction costs;
  - Be more transparent regarding their activities, plans, and procedures;
  - Do a better job of reaching out to the private sector and civil society; and
  - Accept their own accountability and participate in reviews of their own performance in providing quality aid to Romania.

---

<sup>3</sup> If this option were to be pursued, the structure and functions of the Council would need to be carefully reviewed and appropriately modified.

#### 4) *What is needed to strengthen results orientation?*

35. *Meeting challenges on the results orientation demand and supply sides.* The Freedom of Information Act (FOIA) and the program-based budgeting (PBB) initiative represent promising results orientation developments, but full realization of the benefits of these initiatives will require successfully overcoming challenges on both the supply and demand sides.

- For FOIA and related legislation, the “supply” challenges include providing clear instructions, training, and incentives to government suppliers of information.
- The “demand side” challenges include vigorous promotion and educational campaigns among the public. Promotion of best practices from within Romania and from abroad could be a key component for effective action.
- For PBB, the supply challenges include enhancing the capacity and incentives of Ministry and agency officials to provide meaningful and measurable program objectives, targets, and indicators.
- The demand challenges include putting systems and incentives in place to *use* PBB-generated information in resource (financial and human) and policy decisionmaking.

#### **AN OPPORTUNE MOMENT? -- A PROPOSAL**

Since the CDF consultations took place in 1999, “it seems the process has slowed down considerably, and in fact the Minister was wondering what happened to the CDF... We still need a forum to debate broad national and international issues. There needs to be a structure, a forum for civil society to give the Government feedback as to how it’s doing.” (Romanian Government official, Interview, March 28, 2002)

36. The current juncture, at the mid-term point for the government, provides an opportune moment to reach out to the broad spectrum of stakeholders across Romanian society in order to deepen the dialogues begun as part of “Romania’s Shared Vision” in 1999. This spectrum should include adequate representation of the range of leadership among and within the following groupings: government; the political opposition; civil society (including NGOs, trade unions, professional associations, universities and research institutions, and church bodies); the business sector –private and state-owned; and the media. The dialogues need not be referred to as “CDF consultations,” although some explicit linkage between the new dialogues and those begun in 1999 would be useful for strengthening the perception of accountability to the earlier strategy.

37. For the many observers who asked the CDF case study team, “Whatever happened to CDF?,” laying out the record of “CDF-like” accomplishments through 2002, compared with the initial goals articulated in 1999, could be a very positive and empowering experience. The team interviewed Romanian leaders who are interested in developing a revitalized CDF initiative. The World Bank, in conjunction with other interested donors, could provide significant intellectual and financial support to Romanian institutions and experts who would nurture “CDF nuclei” and the development of a central networking and convening mechanism, with overarching goals of producing a broad consensus in support of the country’s development agenda and holding its public officials and the country’s international development partners accountable for results.

# 1. Introduction

## Meeting Expectations

“The World Bank assumed a great responsibility by coming here to work with us. We never even thought of approaching the World Bank – you came to us. Remember, if nothing happens [in the way of follow-up], if there are no results to show, if you only came to listen to us without supporting us financially, the disillusionment will be immense in the Jiu Valley.”

Local NGO leader in the Jiu Valley Development Strategy process  
March 18, 2002

“I am glad because I see in these actions the principles of what we call in the development community (including the World Bank) the Comprehensive Development Framework (CDF): which is a long-term strategy, owned and driven by the very beneficiaries of the development efforts.”

Ziad Alahdad, Country Manager, World Bank Romania Office  
Launch of Jiu Valley Development Strategy  
July 1, 2002

1.1 This report presents the findings and conclusions of an international team that has reviewed the experience of Romania in implementing the principles of the Comprehensive Development Framework. The Romanian Government was the first to respond to the invitation from World Bank President Wolfensohn at the Bank-Fund Annual Meetings in October 1998 to become a pilot country to implement the principles of what became known in 1999 as the “Comprehensive Development Framework” (CDF). The Romania study is one of six country case studies being conducted as part of a global multi-stakeholder evaluation of implementation of the CDF.<sup>4</sup>

1.2 The CDF concept, first articulated as such in January 1999, comprises a set of principles that a number of developing countries and development assistance agencies have been seeking to put into practice to improve the effectiveness and impact of the global aid system. The principles on which the CDF is based –*long-term, holistic development framework; country ownership; country-led partnership; and results orientation*—are distilled from development experience over the last five decades. The multi-stakeholder evaluation aims to identify the factors that favor and inhibit their successful implementation in a number of countries.

1.3 Romania is the only transition economy among the six case study countries; as a middle-income country, it does not have a Poverty Reduction Strategy Paper (PRSP). Romania’s experience is also distinctive for the highly visible “CDF consultations” held in 1999-2000 that provided tangible evidence of the country’s designation as a CDF pilot. The case study was guided by a set of evaluation questions contained in its Terms of Reference (TOR), which in turn were based on the CDF Evaluation Design Paper (see Annex H). These questions were designed to shed light on the following evaluation objectives:

- the extent to which CDF principles are being applied and why;
- the impact on the intermediate behaviors and practices of stakeholders;
- evidence of higher level impact in terms of resource mobilization and allocation, and development outcomes and goals; and
- lessons that emerge for improving aid quality in Romania and other countries.

<sup>4</sup> The other case study countries are: Bolivia, Burkina Faso, Ghana, Uganda, and Vietnam.

1.4 Team members undertook fieldwork in Romania in two stages: February 4-12 and March 11-29, 2002. Through more than 90 interview meetings in Romania and Washington, the team elicited views of about 150 central and local government officials; parliamentarians; and representatives of civil society, the private sector, and donors and international development agencies. The semi-structured qualitative survey conducted through these interviews was supplemented by two more structured surveys: (1) a questionnaire survey of government and donor representatives that focused on government-donor relations; and (2) a largely quantitative survey employing a standardized questionnaire, administered to a stratified random sample of more than 700 respondents throughout the country. Detailed results of the latter survey are presented in Annex B and highlights of both surveys are included in the boxes and text of the main report. A detailed report of the findings of the government-donor relations survey is available as a separate report.

1.5 The case study team believes that the questionnaire survey results come from a sufficiently large and balanced sample of respondents to make them representative of the actual community of informed Romanian development stakeholders. The interview results, while from a smaller sample, are consistent with the questionnaire results and allowed exploration of key CDF-related topics in more depth. To be sure, most of the respondents were not specialized evaluators and their responses reflected their personal interests and frustrations. However, these perceptions count because people act on their perceptions. Their views convey significant insights into real strengths and weaknesses of the way in which CDF-related development processes are working in Romania. Further discussion of methodology is contained in Annex A.

## 2. The Romania Experience

### CURRENT SOCIOECONOMIC CONTEXT AND TRENDS

2.1 The popular revolution that occurred in Romania at the end of 1989, with the swift and violent removal of Nicolae Ceausescu from power, marked the end of more than fifty years of Communist Party rule, significant state-provided social safety coverage, and a command economy. Eleven years later, Romania is still “in transition.” Now a member of the European Council, Romania’s official goal is to merge with Western Europe by joining its most esteemed regional institutions, namely NATO for security coordination and the European Union for economic coordination. Accession requirements spelled out in the *Acquis Communautaire* cover policies, institutions, and legal regulations in every sphere of Romanian society. They also come with a hefty price tag, covered largely by substantial financial and technical assistance from the European Union to implement these requirements.

2.2 In 1990, there was some understanding that the transition to democracy and a market economy would entail inevitable social costs. However, it was also believed that the transition would be short-lived, requiring “simple” injections of democracy and market competition in order to modernize the country. Yet despite the repeated public articulation of integration objectives by the country’s leaders since 1995, through several successive government leaderships, progress has been slow with regards to implementation of the full package of reforms needed to achieve these objectives.

2.3 Romania’s population of nearly 23 million people faces key challenges in almost every sphere. Progress in its macro economy has been rocky, plagued by three years of negative GDP growth from 1997 to 1999 and consumer price inflation averaging more than 80% during the same period (Table 1). The trend as of 2000 has been upwards for GDP growth and downwards for inflation, which auger well for increased confidence in Romania’s economic future.

**Table 1: Macroeconomic Indicators**

(%)	1996	1997	1998	1999	2000	2001*
GDP growth rate	3.9	-6.1	-4.8	-1.2	1.8	5.3
Annual inflation rate	38.8	154.8	59.1	45.8	45.7	34.5
<i>Breakdown of value-added</i>						
Agriculture	19.2	18.0	14.5	13.3	11.1	13.4
Industry (excluding Construction)	33.2	30.9	27.8	24.8	25.2	25.8
Construction	6.5	5.2	5.0	5.0	5.0	5.0
Services	41.1	45.9	52.7	56.8	58.7	55.9

Sources: EU (2001), National Institute of Statistics, and National Bank of Romania

Note: \* 2001 figures are provisional

2.4 Since 2000, GDP growth has resumed a positive trend and the rate of inflation has been more than halved. However, Romania’s economic performance lags well behind several reference countries in Central and Eastern Europe (Table 2). The private sector now represents an increasing share of Romania’s economy (consistent data are lacking, but various figures suggest it now represents two-thirds of the economy). Growth has been led by an expansion of re-export activity from Romania to European markets for labor-intensive manufactures such as garments and wood furniture. The EU’s 2001 report on Romania’s progress toward accession notes that the efficiency

of Romania's legislature has improved considerably, inter-ministerial cooperation in the executive branch has increased, and progress has been made with decentralization in the last year.<sup>5</sup>

**Table 2: Comparative Economic Performance Indicators**

	GDP growth, 1990-99	Gross national income, per capita 1999 (\$)	Consumer price index, 2001 (1990=100)
Bulgaria	-2.7	1410	170,497
Czech Republic	0.8	5020	145
Hungary	1.0	4640	220
Poland	4.5	4070	192
Romania	-0.8	1470	1,607

Sources: World Bank, *World Development Indicators*; International Monetary Fund, *International Financial Statistics*

2.5 A number of factors contributed to the failure of Romania to achieve positive economic growth in the late 1990s. Economic modernization in both the rural and urban sectors has been minimal. Privatization of state-owned enterprises has not been pursued vigorously across all sectors. In some instances where restructuring of public enterprises has proceeded, such as in the mining sector, labor's strong outcry has severely threatened government authorities. This in turn makes the latter even more reluctant to pursue needed reforms in other key parts of the economy.

2.6 The energy sector is one of these. Generation and distribution infrastructure are in dire need of modernization, and staffing and management practices need overhaul. Relative to high costs of inefficient supply, consumer energy prices have long been subsidized, leading international organizations to push for substantial domestic price increases to cover costs as a short-term measure to reduce the sector's drain on the public budget. At the same time, such price increases are meant to induce medium to longer-term investments in modernization. However, the impact of such short-term price increases on both consumer budgets and manufacturing sector competitiveness is likely to be severe.

2.7 Corruption,<sup>6</sup> weak institutions, ineffective legal and judicial systems, instability, and lack of transparency with respect to business regulation have hampered growth of the private sector, whether financed by domestic or foreign capital. A recent report by the University of Maryland's Center for Institutional Reform and the Informal Sector (IRIS) links the fact of reduced profitability of small and medium enterprises in recent years to Romania's regulatory system which "unnecessarily creates a drag on economic growth."<sup>7</sup> Environmental regulation is weak and enforcement has been all but nonexistent. Several ecological disasters in recent years have already attracted international concern and several others loom on the horizon, putting human health and investment potential in jeopardy.

2.8 The agricultural sector's poor performance is due to a combination of natural and structural factors. Low access to inputs such as fertilizers and machinery services and to market outlets for sales of agricultural products are the main factors that contribute to the low level of agricultural

<sup>5</sup> European Commission. *2001 Regular Report on Romania's Progress Towards Accession*. SEC(2001) 1753. (Brussels: [http://europa.eu.int/comm/enlargement/report2001/ro\\_en.pdf](http://europa.eu.int/comm/enlargement/report2001/ro_en.pdf)), referred to hereafter as (EU 2001).

<sup>6</sup> World Bank. *Diagnostic Surveys of Corruption in Romania*. (Bucharest 2001).

<sup>7</sup> IRIS (The Center for Institutional Reform and the Informal Sector). *Red Tape Analysis: Regulation and Bureaucracy in Romania*. (Bucharest. [www.iriscenter.ro/english/red\\_tape/Red\\_Tape\\_comments.pdf](http://www.iriscenter.ro/english/red_tape/Red_Tape_comments.pdf), 2000), p. 4.

productivity.<sup>8</sup> Drought in 2000 exacerbated sluggish supply responses to privatization of the state farming sector, which was completed by 1997. Such reforms resulted in fragmentation of land ownership to farm sizes below the threshold for economic viability (average of less than 2 hectares of arable land per farm household), decapitalization of the former state farms, disintegration of irrigation system management, and insolvency of the agricultural credit system. Chircă and Teșiu note, “The farm-household sector has yet to recover from the dramatic structural effects of the land reform.”<sup>9</sup> As a result, 4.2 million inhabitants out of 10 million in the rural sector are poor and practice subsistence agriculture. Rural markets are weak, modern input use is limited, and non-agricultural rural sector economic activity is minimal.

2.9 During 1996-2000, Romania’s center-right coalition government was marked by political paralysis. Popular dissatisfaction with the lack of strong political leadership culminated in the 1999 sacking by the President of the Prime Minister, who was replaced by the Governor of the National Bank. However, such political reorganization was insufficient for restoring public confidence. At the end of 2000, Romanians restored the Social Democrats to power in a single-party minority government, the same party that had ruled from 1990 to 1996.

2.10 Notwithstanding more recent positive economic signals, the experience of the last twelve years has not augured well for social trends. Factory, farm, and mine closures all over the country have left large pockets of unemployment. During the Ceausescu regime, labor relocation (both forced and voluntary) into booming industry towns was common. Today, there are few new jobs being created, and to the extent that workers relocate, it is back to rural-based families to eke out subsistence from agriculture. Average unemployment rose from 6.0 percent in 1997 to 8.6 percent by the end of 2001 (Table 3),<sup>10</sup> and is higher among males and those under the age of 25.<sup>11</sup> Of those without jobs, 51.5 percent are considered “long-term unemployed.” Of those employed, an increasing number are shifting into agricultural sector employment (42.8 percent of those employed), away from industry and construction.

**Table 3: Romania’s Unemployment Rates**

	1996	1997	1998	1999	2000	Dec.2001
Unemployment (total)	6.7	6.0	6.3	6.8	7.1*	8.6
Unemployment (males)	6.3	5.7	6.5	7.4	7.7*	N/a
Unemployment (females)	7.3	6.4	6.1	6.2	6.4*	8.2

Source: EU (2001); December 2001 figures reported by National Institute of Statistics

Note: \* preliminary; N/A = not available

2.11 With the deterioration of Romania’s economy during the second half of the 1990s, the incidence of poverty in Romania has increased (Table 4). It is too soon to know whether the recent apparent turnaround of Romania’s economy will significantly mitigate these poverty trends. Poverty data are under active discussion in Romania. As previously defined, the *relative poverty rate* measured the percentage of households whose expenditures were 60% of average household expenditure per equivalent adult, while the relative Extreme Poverty Rate was the percentage of

<sup>8</sup> Romanian Ministry of Food and Agriculture, World Bank, and European Commission, *Private Agriculture In Romania Farm Survey* (Bucharest 1997).

<sup>9</sup> Constantin Chircă and Emil Daniel Teșiu. *From Rural Poverty to Rural Development*. (Bucharest: World Bank and National Commission for Statistics, 1999).

<sup>10</sup> These figures are estimated using the ILO methodology. Other sources report higher figures, above 10 percent. Unemployment statistics must be interpreted with caution, given high rates of disguised unemployment.

<sup>11</sup> Note that unemployment among women is likely to be higher than official statistics would suggest, due to the disguised unemployment of that percentage of housewives who would prefer to be in the paid labor force.



households with an annual expenditure equivalent to 40% of average household consumption expenditure per equivalent adult. Because the relative measure ignored own-consumption, it has been criticized for overestimating the incidence of poverty in Romania. *Absolute poverty rates* have newly been estimated for Romania, using more conventional measurement methods. These track the percentage of households whose incomes do not provide for consumption of a (locally defined) food basket required for meeting basic needs. Using the newer method, poverty has increased by about five points over the last six years, rather than by almost twenty points as measured by the relative poverty figure. Extreme poverty has fluctuated but its trend over time is relatively flat.

**Table 4: Poverty in Romania, 1995-2001**

	Poverty Rate		Extreme Poverty Rate	
	Relative poverty using 1995 poverty line*	Absolute poverty**	Relative poverty using 1995 poverty line*	Absolute poverty**
1995	25.3	25.2	8.0	12.3
1996	19.9	23.3	5.1	9.8
1997	30.1	27.7	9.5	13.5
1998	33.8	27.3	11.7	11.8
1999	41.2	26.6	16.6	9.8
2000	44.0	30.6		12.2
2001		29.6		11.9

Sources: \*Government of Romania, *Anti-Poverty Commission, (2001) Poverty in Romania: Causes, Anti-Poverty Policies, Recommendations for Action. Policy Paper. Bucharest: Research Institute for the Quality of Life and United Nations Development Program, p. 9.*

\*\* Guvernul Romaniei, Comisia Antisărăcie si de Promovare a Incluziunii Sociale CASPIS, *Planul National Anti-sărăcie si promovare a incluziunii sociale. (Anti-Poverty and Pro Social Inclusion National Plan) Draft, March 2002. These are provisional figures, still under discussion at the Anti-Poverty Commission.*

2.12 Pockets of enduring poverty are particularly high in the East and South regions of the country. The most vulnerable groups in Romania are its young, single-parent families, families of the unemployed, rural/agricultural households,<sup>12</sup> and members of the Roma ethnic group. Pensioners, on the other hand, are less vulnerable, according to a 2001 report of the Government's Anti-Poverty Commission.<sup>13</sup>

2.13 Under the pressures of rising poverty, social dysfunction is increasing. Despite the fact that birth control is now legally obtainable in Romania, and population growth rates are negative, children are being abandoned and institutionalized at increasing rates.<sup>14</sup> Romania's capacity to deal with the psychosocial and educational problems of permanently institutionalized children is minimal. Domestic violence is achieving increased attention as a social issue, along with problems of commercial sex workers and human trafficking across international boundaries. Romania is characterized by a relatively low degree of urbanization and high percentage of agricultural employment. For example, while Bulgaria and Romania report similar levels of per capita income

<sup>12</sup> In 2000 the infant mortality rate, as an indicator of poverty, was 20.8% in rural areas, compared to 16.1% in urban areas. Although this represents a decline of the rates since 1990 (29.7% in rural villages or *communas*, and 24.1% in cities), Romania still has one of the highest infant mortality rates in Europe. For further detail, see.

<sup>13</sup> The Governmental Anti-Poverty Commission for Promotion of Social Inclusion was created in March 2001 by a decision of the Prime Minister to monitor poverty dynamics, evaluate all policies in terms of their impact on poverty, and design and implement an anti-poverty action program. The action plan is expected to be finalized in April 2002 and submitted to the government for approval.

<sup>14</sup> Greenwell points out that while the *birth rate* is decreasing in Romania, the number of institutionalized children has remained steady. This suggests that the *rate of abandonment*, i.e. the number of children being institutionalized as a percentage of the total child population, is actually on the rise. See Fern Greenwell, "Child Welfare Reform in Romania: Abandonment and De-Institutionalization, 1987-2000," prepared for USAID/Romania (mimeo, 2001).

(Table 2), their labor force and population structures, as shown in Table 5, differ markedly. Romania's population also suffers from severe health problems, as reflected in infant mortality and life expectancy rates. Romania and Bulgaria have the lowest Human Development Indicators, as compared with several other Central and Eastern European benchmark countries, and in 1999, Romania's infant mortality rate was fifty percent higher than even that of Bulgaria (Table 5).

**Table 5: Social Indicators for Five Central and Eastern European Countries**

	Urban population 1999 (%)	Employed in agriculture 1998 (%)	Infant mortality 1999 (%)	Life expectancy at birth 1998		Human Development Indicators 1999
				M	F	
Bulgaria	69.3	25.7	14	67.4 <sup>a</sup>	74.6 <sup>a</sup>	0.772
Czech Republic	74.7	4.7 <sup>b</sup>	5	71.1	78.1	0.844
Hungary	63.8	7.5	9	66.1	75.2	0.829
Poland	65.2	19.1	9	68.9	77.3	0.828
Romania	55.9	37.4	21	65.5 <sup>c</sup>	73.3 <sup>c</sup>	0.772

Sources: *Recent Demographic Developments in Europe*, Council of Europe, 1999; *Human Development Report*, UNDP 2001; *Romanian Statistical Yearbook*, National Institute of Statistics, 2000.

Notes: a. 1996, b. 1997, c. 1996-1998.

2.14 Considered from the point of view of its internal social dynamics over time, Romania illustrates a contradictory pattern, with ups and downs recorded by different indicators (see Table 6). The most salient negative tendencies relate to structural change in the economy, especially with regard to the decline of Romania's urban-industrial base. This has led to a population movement opposite to the expected rural-to-urban migration and a consequent substantial increase in agricultural employment, from 28% of total employment in 1989 to 41% in 2000. Accompanying this shift has been a sharp increase in urban-to-rural migration and a slight decrease in the degree of urbanization.

2.15 At the same time, while still lagging behind other countries in the region, the substantial decline in the overall infant mortality rate of about 30 percent in 11 years (from 26.9 in 1989 to 18.6 in 2000) represents important progress toward better quality of life. Positive trends in consumption and own investment are also suggested in Table 6, which shows growth in durable goods ownership and consumption in the form of private cars and housing space. These improvements are not evenly distributed, however. While infant mortality also declined in rural areas, Table 6 indicates that the gap between urban and rural rates increased by well over fifty percent between 1989 and 1998, followed by a modest narrowing by 2000.

2.16 Failure to adequately address these conditions, in part the social costs of its political and economic reform program, may jeopardize the very success of Romania's transition. As noted in a recent democracy and governance assessment prepared for USAID/Romania, "the population has become increasingly disenchanted with the lack of economic growth since the revolution, and many are questioning the benefits that the tentative moves toward market democracy have brought them."<sup>15</sup>

<sup>15</sup> Rhys Payne; Guilain Deneoux; and Sebastian Lazaroiu. *Democracy and Governance Assessment of Romania*. Prepared for USAID/Romania. (Burlington, VT: Associates in Rural Development, 2001), p. 5.

**Table 6. Trends in Selected Socioeconomic Indicators in Romania: 1989- 2000/2002**

	Indicator	1989	1992	1995	1998	Latest value and year	
STRUCTURAL	Urban population (%)	53.2	54.3*	54.9	54.9	52.7*	2002*
	Employed in agriculture (%)	27.5	32.1	33.6	37.4	40.8	2000
	Share of urban to rural migration out of total internal migration %	6.4	13.7	20.8	28.5	33.8	2000
	Rural infant mortality rate/ urban infant mortality rate	1.21	1.24	1.31	1.35	1.29	2000
HEALTH AND CONSUMPTION	Infant mortality rate (%)	26.9	23.3	21.2	20.5	18.6	2000
	Life expectancy at birth, M	66.51 <sup>16</sup>	66.56 <sup>15</sup>	65.70 <sup>15</sup>	65.46 <sup>15</sup>	67.03	1998-2000
	Life expectancy at birth, F	72.41	73.17	73.36	73.32	74.20	1998-2001
	Private cars per 1000 inhab.	54.5 <sup>17</sup>	67.9	92.8	118.8	131.5	2000
	Living floor area per dwelling m <sup>2</sup>		33.8*			37.5*	2002

2.17 These public opinions are tracked regularly by Romanian organizations. Their surveys reveal that large categories of social behaviors in Romania follow not only economic but also political cycles. Social optimism, an important resource for accomplishing market and democracy transformation, has been in general decline, with a sharp drop witnessed during the period 1997-1999 (Figure 1).

2.18 The institutional reconstruction of society involves not only the elaboration of certain legal regulations at a central, regional, or local level. The process takes place on a much larger plane and includes the social redefinition of the role of institutions. Certain articulations of such a process can be followed from the perspective of institutional trust. The opinion polls and mass media contributed substantially to outlining three types of contrasting images for the case of Romania in the 1990s (Figure 2):

- institutions manifesting a decline of trust, with the government and judiciary as examples of negative evolution;
- institutions manifesting high positive stability, with the church as a positive model; and
- institutions recovering their credibility and respect, with the police as a possible relevant example.

\* Census data (the data are preliminary for the 2002 census)

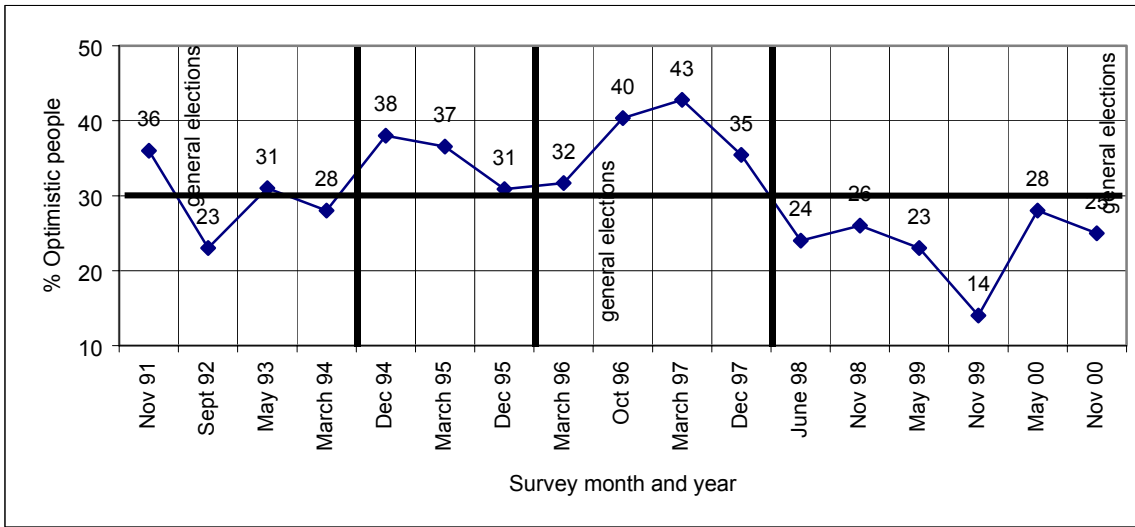
<sup>16</sup> 1989 cell = 1987-89; 1992 cell = 1990-92; 1995 cell = 1993-95; 1998 cell = 1996-98.

<sup>17</sup> Year 1990.

Data sources: Statistical Yearbooks of National Institute of Statistics NIS; Romanian Demographic Yearbook, NIS, 2001; Rezultatele preliminare ale recensământului populației și locuințelor din 18 martie 2002, INS, 2002.

The reference periods have been selected so as to capture census years and 1989 as the last pre-transition year.

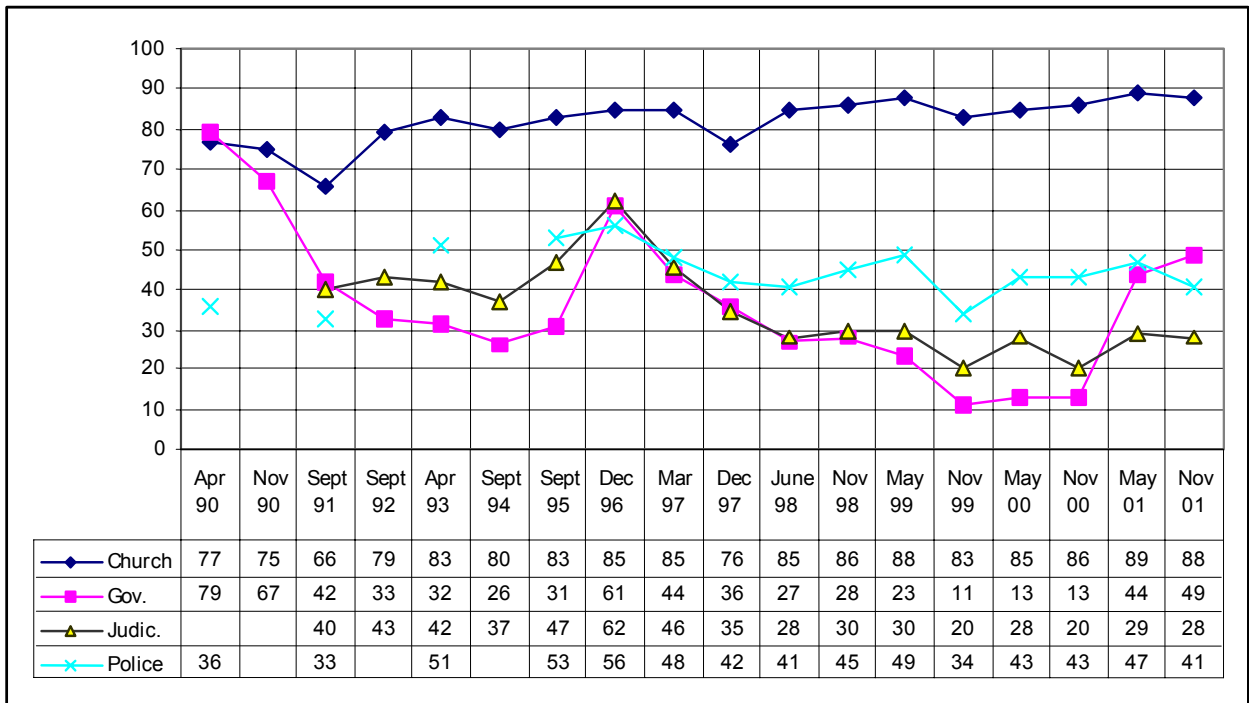
**Figure 1: Prevalence of Optimism in Romania, 1991-2000**



Source: USIA/Romania, collected by SOCIOBIT, and Public Opinion Barometers of Open Society Foundation Romania.

Note: Figures indicate the share of people answering “better” and “much better” to the question, “How do you think you will live one year from now?”

**Figure 2: Trust in Public Institutions in Romania, 1990-2001**



Source: Opinion polls from the Research Office of USIA for 1990-1994, carried out by Center for Urban and Regional Sociology until 1991 and then by SOCIOBIT; 1995 survey carried out by the Sociology Department of the University of Bucharest on “Voting behaviors of the population” (COMALP); 1995 survey carried out by the Sociology Department of the University of Bucharest on “Electoral Mechanisms;” 1997-2001 public opinion barometers of the Open Society Foundation Romania.

*Note: Figures indicate the percentages of interviewees answering “very much” and “much” to the question “How much trust do you have in the following institutions..?” Trust indicators are significant for the moral and efficacy value the people assign to a specific institution.*

2.19 Confronted with poverty and a stop-and-go reform process, within the context of a weak institutional environment, the population adopted very different life strategies as a function of their available resources in terms of human, material, and social capital. Those strategies are combinations of survival versus development, formal versus informal economy, or residential stability versus mobility. Among the various personal or household development strategies, those relating to entrepreneurship and the mobility of factors of production are particularly significant for economic growth (see Box 1).

**Box 1: Entrepreneurial Responses to Transition Challenges**

Key Challenges and Opportunities for Business in a Transition Economy	Typical Entrepreneurial Behavior Responses
Conditions causing uncertainty include inflation, difficulties coping with structural reforms given poverty conditions, and unstable legislative environment.	Cautiousness: Avoidance of borrowing from banks; caution in relations with unknown others; increase of interpersonal distrust; extreme risk aversion in all business decisionmaking.
Unstructured legal environment for business, high corruption.	Increased distrust of public institutions by entrepreneurs.
Low demand in both urban and rural areas due to poverty; poor information on demand and market opportunities in both domestic and foreign markets.	Diffuse entrepreneurial behavior; formal and informal entrepreneurship.
Opportunities related to increasing transnational mobility of capital, labor, and information.	Acceleration of globalization process and increasing accommodation by local entrepreneurs.
High regional variation of business opportunities, due to variation in economic and social circumstances, uneven access to projects and regional incentives.	Development regions increasingly more important than cultural regions for business. The economy of the region becomes a relevant factor for entrepreneurship.

**Composition and Significance of Development Assistance to Romania**

2.20 Estimated net official development assistance (ODA) to Romania in 1999-2000 was equivalent to 1.2% of Romania’s Gross National Income (GNI). In comparison, net private capital inflows into Romania represented about 3.3 % of GNI. The current ODA/GNI ratio is undoubtedly significantly larger. The reasons include the sharp expansion in aid from the European Union and likely undercounting of assistance from international financial institutions (EBRD, IMF, World Bank) in the above ratios based on OECD/DAC data.<sup>18</sup> The pre-accession EU assistance program to Romania currently supplies 700 million Euros per year of grant funds under three different funding instruments: (1) the PHARE (up to € 278.5 million in 2002 for institution building, regulatory infrastructure, and investments in economic and social cohesion programs); (2) ISPA (or Instrument for Structural Policies for pre-Accession, € 208-270 million annually, 2000-2006, for environment and transport programs); and (3) SAPARD (or Special pre-Accession Program for Agriculture and Rural Development, €153 million annually, 2000-2006). In addition, a second tranche of budget support of € 100 million is to be provided by the EU upon the successful conclusion of negotiations for a Standby Arrangement from the IMF.

<sup>18</sup> If a number of other candidate countries slated to join the EU in 2004 do so, remaining pre-accession countries like Bulgaria and Romania could see EU inflows double or more, although absorptive capacity constraints could limit any major increase (Interview with Jonathan Scheele, EU representative in Romania, March 21, 2002).

2.21 The World Bank, IMF, and European Bank for Reconstruction and Development are currently providing annual lending (in gross terms) to Romania of \$415 million, 300 million SDR (about \$375 million), and \$280 million, respectively. USAID is a distant fifth in development assistance with an average annual portfolio of \$42 million. Other bilaterals among the top ten donors, ranked here in descending order of their contributions to Romania, include Germany, Japan, France, Switzerland, and Denmark. In addition, a number of other bilateral donors and UN agencies provide smaller amounts of assistance to Romania. In 1999 the next ten donors/agencies, again ranked in descending order, were the U.K. (DFID at US \$ 6.0 million), Spain, Canada, Netherlands, Austria, Greece, UNHCR, UNICEF and UNDP (at \$0.8 million).

**Table 7: Romania's Top Ten Donors of Development Assistance**

Donor	Annual Average (millions of U.S. dollars)
European Union	620
World Bank	415
International Monetary Fund	375
European Bank for Reconstruction & Development	280
United States	42
Germany	28
Japan	19
France	18
Switzerland	9
Denmark	9

Sources: EU, WB, IMF, & EBRD – Mission estimates; Bilateral donor data represent 1999-2000 averages reported by donors to the OECD, Development Assistance Committee (<http://www1.oecd.org/dac/images/AidRecipient/rom.gif>)

2.22 Formal coordination of donor activity by the government is weak. The EU and international financial institutions maintain close, informal ties in order to coordinate activities. Many Romanian observers note the lack of policy coordination by these institutions. Other, smaller donors either operate independently, or seek to leverage their more modest contributions by using them to further large-donor objectives. Examples of the latter include USAID and DFID (UK), which provide design and/or technical assistance funds to some of the World Bank's more recent initiatives. In some sectors, such as the child protection and health sectors, one donor or government institution takes the lead in organizing periodic meetings that include representatives of both the Government of Romania (GOR) and donors.

2.23 Supervision of external assistance flows into Romania is managed in several different Ministries, depending on the source. The Ministry of European Integration and the Ministry of Public Finance oversee aid flows from the European Union to Romania; non-reimbursable aid flows from other bilateral donor groups are monitored by the Ministry of Foreign Affairs; and the Ministry of Public Finance monitors reimbursable foreign assistance. However, no coordinated tracking system presently exists to account for all aid inflows. In order to improve the Government of Romania's ability to track such flows, the UNDP and World Bank agreed in February 2002 to provide modest funding for the inauguration of an aid coordination unit in the Ministry of Public Finance.

### **Watersheds in the Evolution of CDF in Romania**

2.24 When the Comprehensive Development Framework was first announced by World Bank president James Wolfensohn at the 1998 IMF/World Bank Annual Meetings, Romania was the first country to volunteer to be a pilot country for implementation. In May/June 1999 a series of national-level "CDF consultations" was organized by the World Bank country team for Romania,

under the direction of the Country Director and the Country Coordinator out of Washington and led by a team of American consultants.

2.25 Participants at those meetings recall them as a radical change in the way the business of development planning was undertaken in Romania, both by the World Bank and by the government. It was also the first time that the focus of the development debate in Romania was less on long-term vision, consultative processes, country leadership, and results orientation as separate ideas, but on the synergy of the four principles. Insights gleaned through this process were used creatively by the then-political opposition to craft their campaign strategy for 2000 and by the World Bank country team to help define the Bank's country assistance strategy for FY2002-04.

2.26 Following the original CDF consultations, the Bank's strategy for Romania involved a plan to institutionalize its implementation. A Secretariat was to be located in the Prime Minister's office, to be guided by a broad Steering Committee (of fifty persons) and a smaller Executive Committee. The then-Minister of Transport, who enjoyed excellent relationships with the donor community, was enlisted to operationalize this plan. Resources were to be made available out of the Public Institution Building Loan. A small secretariat staff was recruited and began operations. However, for a variety of political and institutional reasons, the secretariat was never formalized and staff members were not compensated for their efforts. After the change in government in 2001, the notion of a formal CDF secretariat was abandoned in favor of mainstreaming CDF integration under the leadership of the newly created Ministry of Development and Prognosis.

2.27 Institutional change is never easy. It appears that the World Bank initially promoted the CDF secretariat concept vigorously. However, it is important to understand the broader institutional context within which this initiative was pursued. Changes in Romanian political leadership were one factor. As already mentioned, the Prime Minister in 1999 – the period of the original CDF consultations – was not the same as the Prime Minister in 2000. The Minister of Transport also changed, when the former office holder became Mayor of Bucharest through local elections. By mid-2000, the entire political leadership was focused on the upcoming national election, including the then-Prime Minister, who was himself a presidential candidate.

2.28 A second factor that led to the eclipsing of the secretariat was "strategy fatigue." Between 1998 and 2000, Romania's leadership was invited to participate in three separate visioning exercises: the National Strategy for Sustainable Development, supported by the U.N. Development Program (1998/99); Romania's Shared Vision, supported by the World Bank under the CDF (1999/2000); and the Medium-Term Economic Strategy, a key pre-accession requirement of the European Union (2000), that eventually was incorporated into the new government's overall Action Plan for 2001-2004. Each of these processes were undertaken in a broad-based and consultative manner, and evolved along a continuum in spite of political changes because of the shared nature of their processes. The respective sponsoring donor institutions each knew about the others' strategic planning processes, and indeed sent representatives to them. In retrospect, the lack of association of concrete programs with each of these strategies leads Romanians who participated in more than one of these broad-based exercises to refer to them now as "tiring," "unfocused," or "not leading to concrete actions." With specific regard to CDF, several informants have told the evaluation team of their extreme disappointment that since 2000, "nothing has happened."

2.29 A third factor was the need to manage resources within the World Bank country team itself. The value of the CDF was clearly understood by all members of the team. They appreciated the strengthened cross-sector approach to operations design that CDF encourages, and they clearly valued the strengthened local consensus for operations that CDF consultations generated. At the same time, however, CDF consultations were, and still are, perceived as significantly more staff and resource intensive than the usual practices for identifying, designing, and supervising of

operations. By late 2000, the Bank's country team had decided to abandon efforts to support the establishment of the CDF secretariat and focus on supporting the incoming government.

2.30 In 2002, national-level traces of the CDF consultations of 1999/2000 can still be found in the memories of participants. The survey questionnaire and interview results indicate that participants are ambivalent about the consultations and about the practice of CDF principles. On the one hand, they have positive, even enthusiastic, recollections of their experience. They expected that the CDF consultations would contribute directly to the way donors and government would interact with other stakeholders. On the negative side, they express disappointment that the course of events failed to live up to their expectations. These participants are also more qualified and critical in evaluating the performance of the activity of different donors and development projects than are other survey respondents (see survey results in Annex B).

2.31 The 1999/2000 consultations have left an institutional legacy in the current functions of the Ministry of Development and Prognosis (MDP). The Minister has been given a mandate to promote the implementation of CDF principles. The website of the Ministry includes a section on the CDF. Several specific activities undertaken under the aegis of the MDP, such as the creation of a Business Environment Working Group, are viewed by the Ministry as representing "the CDF in practice." The formulation of the Business Environment Action Plan (described in more detail in Annex C-1) was facilitated by a private sector consultant to the MDP with support from the World Bank's second Private Sector Adjustment Loan to Romania (PSAL 2). The Action Plan also underwent several revisions resulting from consultations involving members of the MDP inter-ministerial steering committee, the EU, and the World Bank. As a result, the current Action Plan incorporates a harmonization of EU and Bank recommendations. Furthermore, the recently approved "Sunshine Law" creates a legal framework for stakeholder consultations and requires them for all proposed legislation. Nonetheless, a number of representatives of the private sector do not make the explicit connection between the Action Plan activity and the World Bank or CDF. This lack of association between ongoing activities and the

**Box 2. Emergence of the regional development system as a CDF-like process**

- The evolution of "development regions" in Romania is a relevant example of how systematic interaction among experts, other stakeholders, and central, regional, and local actors in the context of a development program can lead to the implementation of functional institutions and policy formulation. Elaboration of regional development policy in 1996-1998 and the Freedom of Information Act in 2001 followed the same pattern of multi-stakeholder institutional building. The regional development policy case, which started under Democratic Socialist Party governance and ended up falling under the coalition Government of 1997-2000, also indicates that a capacity-building process can work beyond the limits of a governing period if the program is well structured and reaches the end of the electoral cycle with a clear momentum. Support from the European Union Delegation was also a key factor promoting continuity.
- The main elements of that system are the National Council for Regional Development (NCRD), regional councils for Regional Development, and Regional Development Agencies for each of the eight development regions and disfavored zones. The basic legal framework for the functioning of these institutions is provided by law 151/1998 (Regional Development Policy). The design of the system was accomplished by broad consultative processes, having as key actors an inter-ministerial committee, a group of Romanian and EU PHARE experts, civil servants, and experts drawn from various central and county institutions. A large national debate on how to group *judets* (counties) by development regions and how to organize the new system, was promoted in the media between 1996-1998. The eight development regions of the country were formed as voluntary associations of *judets* on the basis of experts' proposals and as a result of *judet* representatives acquiring ownership of the design. The development regions are not administrative units.
- Each of the eight development regions has an executive unit called the Regional Development Agency (RDA), subordinated to a Regional Development Council (RDC). The RDC is formed by representatives of associated *judets* (presidents of *Judets* Councils) and municipalities. RDAs are legal entities with NGO status. They are responsible for drawing regional development plans, providing technical assistance, and implementing the regional policy decided by the RDC, including oversight of PHARE-funded programs. The contracting unit for PHARE funds is the Ministry of Development and Prognosis.



CDF contributes to a perception by the 1999 CDF consultation participants of the World Bank having failed to maintain CDF momentum.

2.32 At the regional level, the World Bank's commitment to CDF principles is more visible. In mid-2001, the Bank supported a facilitator to work with stakeholder groups in the Jiu Valley (JV), a distressed coal-mining region in the west of Romania. As described in greater detail in Annex C-3, a nine-month process of intensive and extensive consultations among non-governmental organizations, the private sector, the University of Petrosani, and regional and local authorities culminated in the preparation of an integrated strategy for development of the Valley. This strategy encompasses infrastructure investment, technology transfer and innovation, the development of new sectors for innovation and job creation (such as information technology, environmental services, tourism, and organic agriculture), and the provision of business development services.

2.33 Formal government approval of the Jiu Valley Development Strategy was recently marked by high-level government participation in meetings in the JV at the end of June and beginning of July, led by the Prime Minister. The process leading to the JV strategy represents the first initiative explicitly embodying CDF principles involving a specific region. The bottom-up approach employed by the process –with all key stakeholders contributing their views on needs, development measures, and relative priorities – could be a model for other regions and the country as a whole.<sup>19</sup>

2.34 The Romanian Social Development Fund (RSDF) provides a good illustration of implementation of the CDF concept at the community level. Since its launch in 1999, RSDF has allocated about 500 grants on a competitive bid basis. Its goals are to alleviate poverty and build community social capital. The bid process involves the design of projects at the community level and open competition for about 2000 local initiative groups. RSDF functions with a built-in mechanism that promotes results orientation. Feedback is solicited on a regular basis from internal audit and systematic surveys.

2.35 A synopsis of the evolution of CDF implementation at national, regional, and community levels is presented in Annex D (Tables D-1 – D-4).

---

<sup>19</sup> Drawn in part from “Opening Remarks at the Launch of the Socio-Economic Development Strategy for Valea Jiului” by Ziad Alahdad, Country Manager, World Bank Romania Office, July 1, 2002.

### Box 3. Survey Questionnaire Findings on CDF Implementation at the Regional Level

- Regional development programs/projects are the best known in the country. This is due to the fact that the development institutions working with international donors cover the whole country with a system that has been in place since 1998 (founded by the law 151/1998 referring to regional development).
- Stakeholders from different institutions demonstrate distinct response patterns. For example, regional decisionmakers from *Judet* Councils or Prefectures mainly identify the low levels of results orientation and design partnership in programs and projects. For representatives of city halls, the highest degree of dissatisfaction is associated with low transparency of programming and poor results orientation. Government and non-government agencies complain especially about the low level of partnership in designing programs. For those working in education and health and in the private sector, the dissatisfaction is higher than for other institutional categories for the majority of CDF criteria and for the “CDF value index.”
- The highest level of criticism by survey respondents came from the regional decisionmakers category. An analysis of their unstructured comments finds that these criticisms target all the aspects of the implementation of CDF principles. These respondents state views to the effect that the current pattern of donor-supported development in Romania is negatively affected by: low transparency in project financing and identification; low accessibility of competitors for donor funds due to poor information; weak coordination among donors or among stakeholders; low partnership associated with poor involvement of local communities and of state institutions; and biased selection of projects, influenced by political manipulation or low competency of project designers and appraisers. (For more details, see Annex B).

### Box 4. CDF Challenges for the World Bank Country Team

*“Because of the CDF consultations experience, the CAS was also developed as a consultative document. We made it the first E-CAS, drafts of which were put out on the Web for feedback from the public. We also talked with lots of the rest of the donor community, and got lots of good feedback from them. Now, the CDF principles are being institutionalized within the government.” (World Bank staff)*

The successful introduction of the CDF is not only about changing practices and donor-client relationships within developing country partners but also about changing business as usual within the World Bank itself. The Romanians’ immediate enthusiasm for the CDF caught the Bank’s country team somewhat off-guard. However, the team immediately committed itself to marshalling resources to make a highly visible launch of the CDF in Romania. The CDF was welcomed by the country team, in part because it represented a promising new way for World Bank staff to reach out to political and civil society groups – even opposition parties and the clergy – which heretofore had been virtually “off-limits” to them.

The CDF in Romania was first directed out of Washington, rather than out of the Bucharest office. More recently, however, responsibilities for CDF oversight and implementation have been shifted to the Bucharest office. While some initial resources came *gratis* from several central sources, ultimately the budget for the consultations had to be carved out of operational resources to cover the cost of the U.S. consulting team hired to plan and implement them in Bucharest. As a result, some grumbling was heard from sector teams about being forced to contribute budget resources for “yet another new fad.” “CDF just reflects best development practice anyway, we were already doing this,” was one observation.

Some World Bank staff believes that the CDF has encouraged multi-sectoral and inter-disciplinary analysis and programming, and helped to reduce the problem of over-specialization, or “stove-piping” as it is commonly called. This is countered by others who believe that such a multi-sectoral design strategy aims to respond to the limited number of opportunities to present projects to the Bank’s Board of Directors. There is some concern that this encourages muddled, overly broad project designs.

The CDF also presents challenges to the Bank’s country team in its relationships with other donor partners. A bilateral donor based in Bucharest observed:

*“We’re following the CDF with interest to see the World Bank become more participatory. We were visited early on in the CDF consultations process and went over to the Mission office, but we haven’t heard from the World Bank again. We would welcome greater interaction with the Bank, but we were not invited to the CAS consultations.”*

### 3. The Evidence: Progress, Constraints, Issues

#### HOLISTIC, LONG-TERM DEVELOPMENT FRAMEWORK

3.1 The *Design Paper* for the CDF Evaluation describes the CDF principles as processes that lead to outputs, outcomes, and goals or impacts.<sup>20</sup> A two-part working definition for a long-term, holistic development framework is provided in the *Design Paper*. First, the framework includes the identification of a 15-20 year vision statement that contains monitorable development goals. These should take into account the broad aspirations of the population, and include sustainable poverty reduction as an overarching goal and related sub-goals that are in the same areas as the Millennium Development Goals. Second, the framework should include formulation of a comprehensive yet realistic medium-term (3-to-5 year) strategy for making progress toward goals, specifically addressing the need for balance among macroeconomic and financial issues and structural and social concerns, setting priorities in the face of capacity and hard budget constraints, and the specification of time-bound, concrete actions, with attention to phasing and sequencing.

#### Romania's Overarching Long-Term Vision for Development

3.2 Romania's long-term vision for development can be summed up in one word: accession. The country committed itself to the path of European Union accession in 1995,<sup>21</sup> and expressed its desire to join the North Atlantic Treaty Organization in 1999.<sup>22</sup> Since then, Romanian decision-makers and political opposition leaders have been united in their pursuit of membership in these two organizations.

3.3 Accession to these organizations symbolizes for Romanians the opportunity to join a peaceful, politically mature, and economically thriving regional system. It is understood as a kind of shorthand for eventual reduction in poverty and improvement in the quality of life for most Romanians. One observer hypothesized that, unlike most development relationships in which inequities between donor and recipient condition working relationships among institutions, accession to the EU and NATO appeals to Romanians because it connotes a permanent relationship among equal partners.

3.4 The overwhelming consensus of agreement in favor of Romania's accession goals is all the more remarkable,<sup>23</sup> given that contemporary Romania is a multi-party democracy. In 2000, eight

<sup>20</sup> World Bank, CDF Evaluation Secretariat, *CDF Evaluation Design Paper* (September 2001), pp. 10-11. The working definitions for the other three principles are taken from the same source.

<sup>21</sup> The European Agreement, which established an association between the European Communities and their Member States, on the one hand, and Romania, on the other, entered into force on February 1, 1995. Romania submitted its application for EU membership on June 22, 1995.

<sup>22</sup> The Washington Summit of NATO, held in April 1999, made a formal commitment to enlargement. Ten Eastern European countries, including Romania, expressed their intention to lobby collectively for entrance at a March 2002 conference held in Bucharest. A formal declaration of NATO membership expansion is expected at the Prague Summit in late 2002.

<sup>23</sup> According to the *Eurobarometer 2001*, 80% of Romanians indicated that their country's future membership in the European Union is "a good thing," the highest among the thirteen applicant countries. European Commission, "Applicant Countries Eurobarometer 2001: Public Opinion in the Countries Applying for European Union Membership" (Brussels: EC, March 2002), [http://europa.eu.int/comm/public\\_opinion](http://europa.eu.int/comm/public_opinion).

parties and alliances – the Alliance for Romania, National Alliance, Romanian Democratic Convention 2000, Democratic Party, Romanian Social Democratic Party, National Liberal Party, Greater Romania Party, and the Democrat Union of Hungarians from Romania – were involved in the general elections for president.<sup>24</sup> The present government is led by a minority ruling party, the Social Democrats, and the Humanist Party, with support from the Democratic Union of Hungarians from Romania. Opposition parties in many key areas of policy actively challenge it. Under these political conditions, the ability to plan beyond the next political cycle is extremely limited, let alone to commit to a long-term development framework.

3.5 EU/NATO accession can be understood as a long-term vision or goal in Romania, but *not* as a widely understood long-term development framework or strategy. While the general goal of accession is clear, the details and their implications for Romanian society are not. Accession negotiations specify the timetable for adoption of the *Acquis Communautaire*, which is the multitude of laws and regulations in thirty-one different policy areas (known as “chapters”) required for consistency with European law embodied in the treaties of Rome, Maastricht, and Amsterdam.<sup>25</sup> The adoption of new laws and regulations, in and of themselves, do not constitute a strategy for modernization, however. Romanian authorities in a number of areas, including the economy and the agriculture sector, have prepared pre-accession plans.

3.6 There remain a myriad of other policy areas for which coherent, long-term strategies are lacking, a lacuna which is recognized by the European Commission itself. For instance, because most social policy issues are left to local definition by the EU member states and are thus not included in the *Acquis*, they are also not addressed in Romania’s pre-accession program. The only social issues that are covered include labor law, employment, gender equality, discrimination, work health/safety, social protection, social dialogue, and public health. This leaves several large gaps in EU pre-accession cooperation with Romania, especially on poverty-related topics. However, the European Council’s 2000 decision to require all member states to develop Social Inclusion Action Plans may mitigate in favor of more active EU support for a Romanian poverty reduction action plan.

3.7 The EU also recognizes that the public understanding in candidate countries of what the EU accession process will entail is quite limited. A March 2002 progress report on a communications strategy in support of EU enlargement notes, “...while public support for enlargement remains high in the candidate countries, misperceptions persist, which give rise to fear and concerns that need to be addressed.”<sup>26</sup> The report goes on to recommend a communications strategy which is more closely linked to the specifics of pre-accession programs, more focused on specific policy issues rather than on introducing the EU to Romanians, more focused on the consequences of membership, and better integrated into the mainstream political debates of the country.

### **Romania’s Strategic Planning Process, 1998-2000**

3.8 Several consultative strategic planning processes in Romania, each championed by a separate development donor organization, marked the period 1998-2000. In chronological order, these included the UNDP-assisted National Strategy for Sustainable Development (NSSD), the

<sup>24</sup> Asociatia Pro Democratia, “The Monitor of General Elections 2000” (Bucharest 2001).

<sup>25</sup> European Commission, D-G Enlargement, “Enlargement of the European Union, Guide to the Negotiations Chapter by Chapter,” <http://europa.eu.int/comm/enlargement/negotiations/chapters/negotiationsguide.pdf>.

<sup>26</sup> European Commission, DG Enlargement, Information Unit, “Explaining Enlargement: A Progress Report on the Communications Strategy for Enlargement,” (March 2002), [http://europa.eu.int/comm/enlargement/communication/pdf/explaining\\_enlargement.pdf](http://europa.eu.int/comm/enlargement/communication/pdf/explaining_enlargement.pdf).

World Bank-assisted “Romania’s Shared Vision CDF Consultations” process, and the elaboration of a Medium-Term Economic Strategy (MTES) as part of the EU pre-accession process. Fruitful synergy occurred among these processes, as many attendees overlapped in two, if not three, of the groups. Multi-stakeholder participation was adopted in each process. In the end, however, only one – the MTES – has left any major visible legacy in 2002. Each of these is explored in turn below.

3.9 As early as the mid-1990s, a study group of individuals interested in sustainable development, including academics and representatives from all political parties, trade unions, non-governmental organizations, and government, had formed at the Romanian Academy. The group met twice a month, filtering a substantial set of existing analyses. By 1999, with support from the U.N. Development Program and other donors, the 60-member, multi-stakeholder group produced a National Strategy for Sustainable Development (NSSD). Although a document was emitted, the group’s findings were never implemented through legislation, and one participant lamented that it “ended up being ‘just a report.’” The UNDP reports in early 2002 that it has been asked by the Romanian President’s office to update the 1999 NSSD.

3.10 In 1999/2000, the World Bank initiated a consultative visioning exercise as a first contribution to fulfilling Romania’s role as a CDF pilot country. Interviewees suggest that when World Bank President Wolfensohn first announced his idea at the 1998 annual meetings, Romanian officials embraced the concept enthusiastically. They viewed CDF as a process that could offer tangible consensus building, at a time when Romania’s political leadership was not able to craft such consensus on its own.

3.11 In May/June 1999, “CDF Consultations,” or focus group presentations and debates, were held in Romania with more than five hundred stakeholders from the agriculture, forestry, and tourism sectors; economists and business schools; think tanks and academic institutions; industrialists and small/medium enterprise communities; trade unions; non-governmental organizations; political parties and Parliamentarians; government; and the international donor community. Consultants from the U.S.-based Monitor Group<sup>27</sup> designed and led the meetings, which took place in Bucharest and in several smaller cities around the country, including Tirgu Mures, Deva, and Iasi. While consultation participants interviewed by the case study team applauded the competent, professional work of the Monitor Group, some faulted the lack of involvement of Romanian institutions in the design and implementation of the consultations.<sup>28</sup>

3.12 The purpose of these meetings was to help Romanians build a shared vision for Romania’s future, identifying priorities and incorporating the perspectives of many different partners. Much of the content of the presentations drew from Monitor Group’s strengths in the area of competitiveness, exploring examples of national strategic planning undertaken elsewhere around the world. Romanian participants were surveyed at the end of these meetings for their reactions and views on Romania’s current situation and challenges ahead. Responses were analyzed and integrated into a feedback presentation, “Building a Shared Vision in Romania,” which was

---

<sup>27</sup> Based in Cambridge, Massachusetts, the Monitor Group is a private management consulting firm. One of its practice groups at the time specialized in competitiveness analysis and strategic planning processes for public and private clients. That group has now been spun off into a separate corporate entity, known as “On The Frontier,” based in Watertown, Massachusetts. See [www.onthefrontier.com](http://www.onthefrontier.com).

<sup>28</sup> Some interviewees also criticized the fact that most focus group sessions brought together participants only from the same stakeholder group. While this was recognized as valuable, these interlocutors also believe that greater opportunity for *cross-stakeholder* discussion would have been valuable (e.g. government with civil society with business). Monitor Group led the sessions in English but Romanian interpretation was provided.

delivered both by the World Bank Country Director in a high-level meeting of the government in the fall of 1999 and by several Romanian presenters<sup>29</sup> in July 2000.

3.13 Three hundred CDF participants responded to the Monitor Group Survey on Competitiveness and Prosperity, representing the business, NGO, government, research, media, and labor sectors. Their comments highlighted critical views on the lack of macroeconomic success and microeconomic progress, and concerns regarding the decline in wealth of the average Romanian and corruption.<sup>30</sup> Two-thirds of respondents sought leadership from the Romanian government, but less than one-third believed that it had the necessary skills to do the job. Foreign investors highlighted the well-educated and energetic youth of Romania as a key resource.

3.14 Priority challenges for Romania's leadership were identified in three policy areas. The first was the need to improve the effectiveness of government, by increasing transparency and accountability, and enforcing the rule of law. The second was a need to direct public expenditures toward investment in three fundamental areas: health, education, and infrastructure. Third, respondents focused on the need for increased attention to knowledge creation and innovation in order to increase Romania's international competitiveness. In conclusion, respondents almost unanimously confirmed that EU accession is critical to Romania's success. However, most supported taking a long-term approach to solving economic problems. An interesting gap emerged between private sector and government views on who has the necessary skills for creating increased prosperity. Overall, the CDF process was highly regarded. Participants credited it with helping to introduce a new mental model about social and economic change processes and the need to take active individual responsibility for it.

3.15 The 1999/2000 CDF consultations were envisioned by supporters in the government and the World Bank as a first step in the implementation of CDF principles in Romania. They planned to institutionalize CDF implementation by establishing a CDF organization within the Prime Minister's office. This formal structure, encompassing a fifty-person Steering Committee, a smaller Executive Committee, and a Secretariat, was set up, but never formally launched. As described earlier, the combination of political changes in leadership, "strategy fatigue," and World Bank management decisions, ultimately precluded institutionalization of the CDF process within the government in 1999/2000.

3.16 At the same time as the debate on the future of the CDF was proceeding, the pressures of EU accession were omnipresent. Previously expressed pessimism about the Romanian economy's ability to compete in the broad European market made it essential that a Medium-Term Economic Strategy (MTES) be submitted to Brussels. In 1997, the European Commission had concluded that while "Romania has made considerable progress in the creation of a market economy," it "would face serious difficulties coping with competitive pressure and market forces within the Union in the medium term."<sup>31</sup> In its 1999 Regular Report, the Commission found that "Romania cannot be considered as a functioning market economy and it is not able to cope with competitive pressure and market forces within the Union in the medium term." By 2000, Romania's strategic response to these observations required the full attention of Romania's leadership.

---

<sup>29</sup> Including Cristian Pîrvulescu of Pro-Democracy Association and Ovidiu Slavoiu, nominated to head the Romanian CDF Secretariat in the summer of 2000.

<sup>30</sup> Summarized from Monitor Group, "Building a Shared Vision in Romania – World Bank Consultations: Feedback Presentation," draft 7/12/99.

<sup>31</sup> Cited in European Commission, *2000 Regular Report from the Commission on Romania's Progress Towards Accession*. (Brussels, November 2000), p. 26. [http://europa.eu.int/comm/enlargement/report\\_11\\_00/pdf/en/ro\\_en.pdf](http://europa.eu.int/comm/enlargement/report_11_00/pdf/en/ro_en.pdf)

3.17 Members of the Romanian Academy were brought in to lead a working group of several hundred Romanian elites. Under the direction of a respected Romanian diplomat, the group made a critical contribution in developing multi-stakeholder consensus. Working in parallel to develop the technical details of the strategy was a much smaller group of economists, many of them advisers to National Bank Governor (and then-Prime Minister) Mugur Isarescu and other government leaders.

3.18 The MTES, submitted in March 2000, focuses on how to turn the Romanian economy into a well structured, functioning market system. Its primary emphasis is on clarification of property and capital ownership rights and structures, i.e. adopting regulations to strengthen confidence in Romania's system of property rights, speeding up settlement of ownership disputes, completing the privatization process, and delimiting the optimal sizes of the public and private sectors in Romania.

### **Present State of Long-Term Planning in Romania**

3.19 In January 2001, a new government took the reigns in Romania. Opposition leaders who had been active participants in the CDF process of 1999/2000 were now in power. Most elements of the MTES were folded into the *Governing Programme for 2001-2004*, prepared by the Ministry of Development and Prognosis (MDP). The program document thus constitutes a medium-term strategy, with primary emphasis on economic objectives and constraints but does not comprise a long-term, overarching development framework or vision. The accompanying Action Plan for 2001-2004 is a detailed, multi-chapter framework of specific actions to which the government is committed. It is not an analytic document, a fact recognized by the MDP, which is also charged with monitoring its implementation. The Action Plan covers discrete decisions that need to be taken with regard to macroeconomic policy, the business environment, poverty and unemployment, health and children's protection, education and research, judicial reform, defense and public order, public administration reform and regional development, inter-ethnic relations, and external policy. In monitoring implementation of the Action Plan and the government's Pre-Accession Economic Program (PEP),<sup>32</sup> the MDP invited several civil society representatives to comment on its draft monitoring reports. This civil society group is comprised mostly of private sector associations and professional groups of economists and engineers, and to a lesser degree, trade union leaders.

3.20 In addition to the above responsibilities, the government has also assigned general oversight responsibility for implementation of the CDF principles to the MDP. This oversight responsibility has mainly focused on the development and implementation of an action plan for the removal of administrative barriers confronting the business sector. The World Bank provided support from its Private Sector Adjustment Loan (PSAL) for a business environment adviser for this effort. With the guidance of the advisor, the MDP and its multi-stakeholder Steering Committee produced a Business Environment Action Plan (BEAP). Under the aegis of MDP's regional development functions, the MDP also tracks the Jiu Valley CDF sub-pilot strategic planning project,<sup>33</sup> for which the Ministry of Industry and Resources is the lead ministry, owing to its oversight of the National Coal Mine Company (located in the Jiu Valley) and its overall responsibility for assistance to depressed mining areas. These activities are assessed in greater depth in Annex C. They represent examples of CDF "mainstreaming," i.e. government-led activities that have proceeded according to CDF principles.

---

<sup>32</sup> The PEP, first issued in September 2001, is derived from the 2001-2004 Action Plan, Romania's National Program for Accession to the European Union, and the MTES, and covers the macroeconomic framework, public finance, and structural reforms in the enterprise sector, financial and banking sector, labor market, public administration, agriculture, and other sectors. The PEP is being updated annually, with a 2002 version due for completion by August 2002.

<sup>33</sup> See the MDP's statement of its CDF responsibilities at <http://www.mdp.ro/romana/cadru/implementare.htm>.



3.21 Most Romanians with whom the evaluation team spoke indicated that “Romania has enough plans,” and “we do not need any more strategies.” There is a general sense that planning, no matter how long-term or comprehensive, can only go so far in meeting the expectations of Romanians for visible signs of progress. “What is needed now are *implementation and results*,” was the repeated message.

3.22 As we have seen, tangible evidence of medium- and long-term planning in Romania can be observed in discrete *events* or *actions*. It is encapsulated in stand-alone strategy *documents*. However, medium- and long-term planning is also the product of *processes* that generate visions and strategies. A challenge will be finding a way to build on the CDF role of the Ministry of Development and Prognosis in order to generate development visions as an outcome of consensual processes that reach out to a broad group of stakeholders at diverse levels of Romanian society.

### 3.2 COUNTRY OWNERSHIP

3.23 The principle of country ownership may be defined as processes whereby the country, not development assistance agencies, identifies development goals and formulates strategy. Moreover, these processes involve regular and broad-based stakeholder participation, with evidence of sustained public support from top political leadership and intellectual conviction by key policymakers.

#### **Progress in Building Consensus for the Long-Term Vision**

3.24 Several broad-based consultative strategic visioning exercises were underway in Romania between 1997 and 2000. Romanians credit the 1999 CDF consultations as the first formal acknowledgment by the World Bank of the critical role of civil society participation in helping to build consensus, or “ownership,” with regard to Romania’s development framework. This was the first chance for many to interact with the World Bank. Participants contacted by the evaluation team uniformly expressed glowing accounts of the focus group sessions. The consultations also gave participants an opportunity to network, share their common frustrations, and formulate common proposals to commonly perceived challenges. This represented a marked change in “business as usual” for many Romanians, who were rather unaccustomed to such openness and brainstorming after fifty years of communist rule.<sup>34</sup>

3.25 In Romania today, there are numerous examples of cross-stakeholder collaboration in support of development objectives. The CDF evaluation team paid particular attention to three of these:

3.26 *Example of Country Ownership:* The collaboration of a business environment adviser and a diverse multi-stakeholder (government, private sector, and civil society) steering committee in the Ministry of Development and Prognosis (MDP) to develop a national action plan for eliminating administrative constraints to doing business in Romania, supported by the World Bank’s Private Sector Adjustment Loan (PSAL2, see Box 5).

---

<sup>34</sup> The World Bank reinforced this shift in thinking by hosting a workshop in Romania on Social Capital and Economic Development, with a keynote presentation by Francis Fukuyama.



**Box 5: Business Environment Action Plan**

The need to reduce the number and burden of administrative regulations constituting an effective barrier to the development of Romania's private sector emerged as a key challenge to renewed economic growth and prosperity in the country. Several analyses, including the World Bank's 2001 Country Assistance Strategy, linked Romania's poor business climate with the weak interest of the foreign investment community in Romania, and thus with lagging economic progress.

With funding provided by the World Bank from PSAL2, a Romanian consultant from a local private sector firm created a public-private sector collaboration within the Ministry of Development and Prognosis. This committee developed an Action Plan for the elimination of constraints, as prioritized by committee members. Policy and participation issues in thirteen separate areas were identified. Several targeted actions of the Plan have already been undertaken, although it remains to be seen whether the MDP has allocated adequate resources to oversee the Plan's full implementation. *For further details, see Annex C-1.*

3.27 *Building an Institutional Framework for Tracking Results:* A partnership between a member of Romania's Chamber of Deputies, representatives of several of Romania's democracy and human rights advocacy groups, and the Ministry of Public Information brought about passage of Romania's so-called Freedom of Information Act (FOIA). Implementation of this legislation is intended to help create conditions of transparency and allow Romanian citizens to gain information on Government activities and accomplishments (see Box 6).

**Box 6: Public Information Access Initiative**

Romania's accession to NATO is, in part, contingent on its solidification of the rule of law, democracy, and human rights. One of the democracy issues at stake involves free access to information by the Romanian public. Under communist rule, the state strictly controlled access to most information. Transitioning to a situation in which liberal access is the norm has been a complex process in Romania. A coalition of key lawmakers and Romanian and international civil society groups came together in 2001 and worked to ensure that free access to information became the default and restricted access, the sharply defined exception.

The Law Regarding the Free Access to the Information of Public Interest (commonly referred to as Romania's Freedom of Information Act, or FOIA) was successfully enacted in late 2001, making it the only law passed in the last year by the government with the concurrence of opposition political parties and civil society groups. However, passage of a final bill is only the first step in creating a new legal framework in Romania (as in many other countries). As important is the definition of the law's "implementing norms," e.g. the allocation of new budget and staff resources, the establishment of operational rules, and the adaptation of existing or creation of new institutional identities and responsibilities. *For further details, see Annex C-2.*

3.28 *Experience with Creating a Long-Term, Holistic Development Vision:* A regional cross-stakeholder consultative process (including representatives of local government authorities, the private sector, non-governmental organizations, and the university) was organized in the Jiu Valley, with facilitation services provided by the World Bank, to assess the economic and social situation, prioritize key issues, and develop joint solutions and a strategy for further assistance (see Box 7).

### Box 7: Jiu Valley Consultative Process

Stimulated by the CDF consultation feedback presentations, the idea for a CDF approach to Jiu Valley (JV) strategic planning emerged in July 2000. The World Bank made initial contact with JV representatives in the winter of 2000. The Bucharest CDF team and a local initiative group organized a large seminar in April 2001 in Petrosani, the outcome of which was an agreement to initiate a systematic process to elaborate the Jiu Valley development strategy. Eight meetings with large local representation from government authorities, non-governmental organizations, the private sector, and the university were organized between May and September 2001. The local and regional elite responded in a very enthusiastic manner to the CDF process. Their work resulted in a new development strategy for the JV, labeled by its authors the "Good Luck Program," after the common miners' refrain.

This strategy has now been incorporated into an inter-ministerial government strategy document, entitled *Romania's Strategy for the Economic Development of the Jiu Valley*. Both strategies emphasize the need for investments in infrastructure, environmental clean-up, tourism sector development, information technology, and youth training programs. The two strategies differ somewhat in terms of implementation approach, with the government's strategy more oriented toward central institutions and the Good Luck strategy emphasizing target groups and community/regional actors. The government strategy also integrates an overlay of mining sector restructuring and broad regional labor market analysis, acknowledging the need to stimulate out-migration to other judets. In June 2002, the Romanian government announced its intention to invest more than \$360 million to develop the JV via a four-year project focusing on environmental projects, infrastructure improvements, aid to small- and medium-businesses, the development of tourism, improved health care, and professional reconversion. On July 1, 2002, at a series of high-level meetings in the JV, the Romanian Prime Minister formally launched the Jiu Valley Development Strategy, largely based on the results of the bottom up processes initiated a year earlier. *For more details, see Annex C-3.*

3.29 Three other examples in Romania of consultative practices employed by donors or government offices in the development of strategy or policy include the Anti-Poverty Commission, the Romanian Social Development Fund, and the Center for Economic Development's micro-credit program. The new Anti-Poverty Commission, based in the Prime Minister's office,<sup>35</sup> brings together in one Steering Committee representatives of the national government, some local authorities, non-governmental organizations including trade unions, academic institutes, churches, and international organizations. The *National Anti-Poverty and Social Inclusion Promotion Plan*, drafted in March 2002, is being vetted first with national ministries via their tripartite Social Dialogue Commissions, which are comprised of government, business, and labor. The National Economic and Social Council (the same tripartite membership), associations of local authorities, and parliamentary Social Protection committees will also be asked for comments. Although the Anti-Poverty Commission views its term as running only until the next election, its Action Plan is phased with recommendations for the period 2002-2004 and for a longer ten-year term.

3.30 The Romanian Social Development Fund (RSDF) exemplifies best participatory development practices at the community level. RSDF involves active community participation in the identification of project ideas, submission of grant proposals, and administration of grant-financed activities. The principles of the Fund are highly consistent with the CDF approach: promoting participatory development and partnership, allocating resources according to community needs as expressed in proposals submitted by the communities themselves, and using a systematic orientation to results.<sup>36</sup>

<sup>35</sup> In 1998 an Anti-Poverty Commission was established in the Office of the President, with support from the UNDP. The weak political position of this office and its preoccupation with election issues precluded support for new social initiatives, and thus no action plan was developed. With a new government in place in 2001, the Prime Minister's office established a new Anti-Poverty Commission, reporting to the Ministry of Labor and Social Solidarity as its immediate government coordinator.

<sup>36</sup> Fondul Roman de Dezvoltare Sociala, *Manual de Operare*.

3.31 At the end of 2001, after being in existence for three years, about 500 RSDF grants – selected out of a total of about 2000 applications, using standardized targeting criteria – have been given either to small communities in poor villages or to disadvantaged groups from urban or rural areas. The three eligible activities for which RSDF funds are granted include small rural infrastructure, income-generating activities, and community social services. The community group is entirely responsible for choosing the proposed project and nominating project coordinators (CCP). Once elected, the CCP prepares the application to the Fund and, should the proposal be successful, manages implementation of the project.

3.32 Results orientation is assured by the fact that the RSDF is structured as an Adaptable Program Loan. This ensures several features, including: 1) a mid-term evaluation with results fed back into implementation redesign as necessary, 2) grantees selected on the basis of poverty criteria and quality of the project (cost-benefit, sustainability, social impact, etc.), 3) continuous monitoring by an internal audit unit of the Fund, and 4) periodic surveys undertaken to track operations and effects. The experience to date of the RSDF indicates clearly that community participation and social capital can be mobilized at the local level once there is an adequate institutional structure that clarifies and promulgates the opportunities and requirements of accessing resources for development.

3.33 The Economic Development Center’s micro-credit program provides another example of local collaboration across stakeholders. This NGO is a member of the Soros Open Network, having been supported by the Soros Open Society Foundation Romania during its initial startup. The Center works in four villages in Iasi judet and three in the Bucharest area, selected for villagers’ commitment to income-generating ideas. Romania’s financial sector legislative framework does not presently allow for non-bank financial institutions, thus obliging the EDC to work with a commercial bank partner. Other donors in Romania are increasingly interested in micro-finance, and the Center expects to partner with the World Bank soon in communities affected by mine closures.

### **Issues Regarding Consultative Processes**

3.34 In seeking to involve greater participation from Romania’s civil society to build consensus around long-term development objectives, it is important to understand what is meant in Romania by “civil society” today. In its broadest definition, civil society may include all organizations that are not part of the state (e.g., the private sector, trade unions, non-governmental organizations (NGOs)).<sup>37</sup> For many, “civil society” is synonymous with not-for-profit NGOs.

3.35 Even within some of these broad classifications, identities may still be quite fluid. For example, the Romanian private sector consists of those “employer groups” and traditional chambers of commerce representing firms that still maintain strong linkages to the state (usually because the firms are still wholly or partly state-owned), professional associations and alliances thereof that are more private market based, and business groups that represent foreign business interests. The Foreign Investors Council, presently led by the EBRD delegation head, avoids identifying itself with both local business interests. Similar distinctions exist among trade unions and federations of trade unions, according to the closeness of their affiliation with the state. Some observers feel that in talking about “the private sector” in Romania it is important to separate out

---

<sup>37</sup> A 2002 public opinion poll in Romania queried Romanians about their interests in joining civil society groups, and distinguished among political parties, professional associations, trade unions, religious organizations or churches, cultural associations, environment or ecology organizations, civil liberties organizations, any non-governmental organization, and women’s associations. See Institute of Marketing and Polls (IMAS), “SEE Public Agenda Survey: Romania,” prepared for International IDEA and SEEDS Network (Bucharest: January-February 2002).

the old elements who traditionally relied on support from the state to protect their firms and focus on those business leaders who understand private risk and entrepreneurship.

3.36 There are also several different categories of NGOs in Romania, some of which have a rather long history in the country and others of which are relatively recent arrivals on the Romanian scene. Some religious and cultural organizations have existed in Romania since well before 1989, though were not permitted to operate as freely or as openly as they might have liked. Social service groups, such as those working on behalf of children, youth, elderly, women, especially in health and education sectors, have also been active for some time. Other participants in the NGO sector in Romania are quite young, having emerged only since 1989. These include policy advocacy groups, such as democracy, environment groups, research institutions, or academic research think tanks, and economic development organizations, such as micro-credit centers, labor redeployment training centers, and regional development agencies. Many NGOs in these latter two categories have been created with substantial support from international donors and foundations.

3.37 These definitions affect the breadth of interactions pursued by various actors with respect to consensus building and policymaking. For instance, the 1999 CDF consultations reached out to stakeholders from a wide variety of groups (including the agriculture, forestry, and tourism sectors; economists and business schools; think tanks and academic institutions; industrialists and small/medium enterprise communities; trade unions; non-governmental organizations; political parties and Parliamentarians; government; the international donor community). In the Jiu Valley, the strategic planning working group similarly involved a broad group of stakeholders, as described above. However, in other cases, more targeted feedback groups are constituted. The MDP seeks feedback on the Governing Program Action Plan and the Pre-Accession Economic Plan from a group of civil society stakeholders (e.g., private sector associations, professional groups of economists and engineers, and, to a lesser degree, trade union leaders). The drafting of the Freedom of Information Act at the Government and Parliament levels last year involved the active participation of one category of NGO, i.e. democracy advocacy groups, including the Center for Independent Journalism, the Romanian Academic Society, the Romanian Helsinki Committee (also known as APADOR-CH), and the IRIS Center.

3.38 Romania's civil society sector development has had its vicissitudes over the last twelve years. Immediately

after the revolution, there was a rush from outside donor organizations, including many donors, political groups, and private foundations, to support local NGOs, especially those involved in advocacy and democracy building. The sector was energized by a vast array of social, political, economic, and environmental issues which needed addressing. However, in the mid-to-late 1990s, the intensity of NGO sector development abated somewhat in Romania. This has been attributed by informants to both the sense of accomplishment felt by the NGO community when a reform candidate and his coalition were voted into power in 1996 as well as a fall-off in international sources of funding to Romania, which became notable by the late 1990s. The slowdown in international financial support, coupled with a lack of domestic corporate responsibility and

#### **Box 8. Civil Society: Progress and Challenges**

- "The process of consultation with NGOs works, but there's a problem of civil society participation by groups such as the churches, unions, private sector associations. Average Romanians have a problem in assuming their responsibilities. We have a tendency to say 'the State is responsible for solving this problem.' We have to learn a lot about freedom and democracy, it's been such a short period of time." (Romania-based NGO)
- "Prior to this Government, there were no Government-NGO relationships. This Government has shocked society by inviting NGOs in directly to law-making processes. The NGOs themselves have been a bit nervous about 'public collaboration' because they don't want to lose their critical edge, and be accused of conspiring with the Government. But they're learning that they need to do more than simply criticize all the time." (Romanian Government official)

tradition of civic expression via NGOs, made it difficult for many NGOs to sustain themselves. This ebb in intensity reportedly continues, although some NGO activists note a new sense of purpose as key legislative and policy issues are being debated more openly in Romania.

3.39 Involving greater civil society participation can also be enhanced through indirect methods of contact. The media are quite active and diverse in Romania. Public opinion polling companies with the support of some NGOs<sup>38</sup> are another way to “take the pulse” of civil society and report feedback to policymakers.

3.40 Despite their contribution to multi-stakeholder consensus building, there were some limitations to the 1999 CDF consultations process. For one, while the facilitators were perceived as highly competent and informative, most of the meetings were organized within separate stakeholder groups. The only cross-stakeholder group meetings were organized for the CDF Steering Committee and a group of notable opinion leaders. This limited the extent to which consensus was built within the consultations structure. On the other hand, this approach allowed the facilitators to discern opinion trends within stakeholder groups, which were then highlighted in the cross-stakeholder “Feedback Presentation” in July 2002. Nevertheless, cross-stakeholder group communications pathways were not forged during the path-breaking 1999 period. While the case study team has explored several promising recent examples of cross-stakeholder collaboration, as described above and in Annexes C-1, C-2, and C-3, countrywide application of CDF principles would require a substantially expanded effort.

3.41 Internal World Bank management factors may also have limited the effectiveness of the 1999 CDF consultations process in Romania. In early 1999, CDF was a brand new concept for World Bank staff. It also emerged after a period of internal Bank strategic reflection when mechanisms were sought for increasing operations staff accountability for country outcomes. Such high visibility of the CDF within the Bank likely contributed to the decision to manage the Romania CDF process out of Washington, led by the Country Director, the Country Coordinator, and the Monitor Group, rather than have it managed by the World Bank Romania Office. One interviewee who occupied a senior position in the Bucharest office at the time suggested some tension between the field and Washington over the intensity of support in terms of dedicated staff and budgetary resources needed from the CDF Washington-based team in order to move the CDF institutionalization process forward.<sup>39</sup> This conclusion received some support from another interviewee but others believe that even if Bank support had been more forthcoming, other factors, such as the volatile political environment and the government’s absorption with preparation of the MTES, would have resulted in the sidetracking and eventual demise of efforts to “institutionalize the CDF” in the Prime Minister’s Office.

3.42 The CDF was therefore meant to be an institutional change process, not only with respect to Bank-country relations or country-led development planning processes, but also within the World Bank itself.<sup>40</sup> One leader of this internal training process worried that “World Bank staff are so used to running outside consultants that they’re not used to internalizing new skill sets themselves.” In fact, one of the reasons cited by the Monitor Group for declining to return to

---

<sup>38</sup> For example, since 1994, the Open Society Foundation Romania publishes a *Public Opinion Barometer* at least twice a year. Its insights are largely covered by the media and its data are frequently used to diagnose the status of the Romanian society.

<sup>39</sup> Telephone interview in Washington, March 5, 2002.

<sup>40</sup> The Monitor Group was thus involved not only in the Romania CDF consultations, but also in off-site training of both country teams and Washington-based teams in the CDF principles, how to work collaboratively across disciplines, stakeholder groups, and donors, and how to do outreach. Monitor also led CDF consultations in *inter alia* Zambia (a non-pilot country), Rwanda, Mozambique, the Dominican Republic, and Bangladesh.

Romania in the summer of 2000 was the desire to push Bank staff themselves to pursue implementation of the CDF principles, rather than relying further on external consultants.

3.43 The concern that World Bank staff was unwilling to internalize new skill sets appears largely unfounded, in light of several highly visible CDF-like processes observed by the case study team. World Bank Romania staff members involved in these and other CDF-like activities have become strong advocates of the CDF principles. Indeed, they are rather enthusiastic about the participatory process because of their perception of enhanced chances for successful outcomes. However, field staff are also quite realistic about the fact that implementation of the CDF principles in the course of identification, preparation, negotiation, and supervision of an operation takes significantly greater resources to do properly than a “non-CDF” operation. While they are keen to mainstream CDF principles into their practices, they warn that Bank management needs to understand the implied human and budgetary resource requirements as operations and resource envelopes are planned.

### *Donor Consultative Performance*

3.44 Consultations between country and donor stakeholders happen in many ways, not just through formal workshops or projects, but also in the course of regular programs and periodic visits from local and headquarters offices. The leaders of the major donors to Romania are highly visible and their performance in reaching out not only to government leadership but also to private sector and civil society leaders has an impact on their organizations’ effectiveness. Private sector and trade union leaders interviewed by the case study team uniformly fault the IMF for lack of consultation, but they report improvement by the EU, the World Bank, and some bilateral donors in recent years. For example, the World Bank’s Romania Country Program Manager meets periodically with the largest business association in

Romania, the Romanian Association for Economic Development (ADER) and the Bank’s Country Director meets a sample of business leaders during consultations on the Bank’s Country Assistance Program (CAS). However, given the visibility of a senior major donor representative, every visit, regardless of the purpose, receives considerable publicity and is noticed by the leadership of different stakeholder groups. The case study team heard complaints from the leaders of two major business associations that the recent visit of the Bank’s Country Director to conclude a Joint Bank-Government Portfolio Review had ignored them. While the comments cited in Box 9 may not reflect the views of all business leadership in Romania, the fact that a well-known and respected private sector leader expressed them precisely and pointedly to the case study team augurs for their serious consideration.

#### **Box 9: Donor Consultation: A Private Sector View**

The leader of a Romanian private sector association observed:

- “[Private sector] advice goes in one ear and out the other with the international financial institutions. The World Bank and IMF never talk to us; their officials come and go, straight to and from the Government. But the Government is not all of Romania. Please tell these organizations of our deep dissatisfaction with the way they are cooperating with civil society in Romania.”
- “The IMF/World Bank position is” ‘We sign agreements with the Government only.’ There should be expressions of opinion on these documents *before* the agreements are signed. We just ask for two things: to be consulted and if our opinions are not accepted, to be given reasons why this is so. We’re rational here, we know that negotiation means our full point of view won’t necessarily always be represented in the final agreements. We may not have as much experience as foreign experts, but we do know Romania.”
- When the international financial institutions operate in Romania without paying attention to this institution [the tripartite National Economic and Social Council], they haven’t done their job properly.”

3.45 An unintended risk of consultative processes is that they create unmet expectations. Providing an outlet for alternative voices from within Romanian society leads to high expectations by many participants that tangible progress will be forthcoming. Should raised expectations go unmet, there is a real danger of negative backlash against the sponsors of such consultations. As one NGO leader in the Jiu Valley observed to the CDF evaluation team, “The World Bank assumed a great responsibility by coming here to work with us. We never even thought of approaching the World Bank – you came to us. Remember, if nothing happens [in the way of follow-up], if there are no results to show, if you only came to listen to us without supporting us financially, the disillusionment will be immense in the Jiu Valley.” Several participants in the 1999 consultations also expressed feelings to the evaluation team of being letdown and disappointment when their expectations were not matched by concrete results. Other actors recognize that consultation means negotiation, and negotiation means that all positions will not be incorporated into a final plan of action. “We just ask for two things,” said one private sector leader, “to be consulted and – if our opinions are not accepted – to be given reasons why this is so.”

### **Future Challenge Regarding Consultative Practices**

3.46 One organizer noted, “In a sense, the CDF consultations opened a Pandora’s box, giving voice to various dissenters both in and out of government, many of whom used the CDF as an opportunity to ‘badmouth the government.’” There is a risk that without skillful facilitation, what is called “consultation” may devolve into gripe sessions. “The threat of destructive self-criticism is real,” cautioned a Bank staff member. While this may be a useful energy for political opponents out of power, it may present a threat, unless managed carefully, to those in power.

3.47 Romania does not lack opportunities for consultations among various stakeholders in society. Various institutions exist, such as the National Economic and Social Council, which offers tripartite social dialogue opportunities in each Ministry. The Ministry of Development and Prognosis also consults with selected interest groups as it monitors the country’s economic progress. However, the challenge for Romania is improvement in the breadth and effectiveness of these consultations. Many of these institutions function weakly at best, do not draw on a very large sample of interest groups, or are overly “center-based” and do not reach out deeply enough into Romania’s regions and localities. The results of the questionnaire survey reported in Annex B confirm these observations.

3.48 Improving the effectiveness of such consultations will require concerted effort in a number of areas. These include casting a wide net to include representatives of a broad cross-section of civil society in consultations, paying explicit attention to accountability for results targeted by existing strategic plans, actively seeking to utilize the talents of local experts to promote country leadership and ownership, and making a concerted effort to employ a variety of tools – media, Internet, and direct outreach in focus groups – to communicate about these efforts and diffuse the insights of analyses and evaluation reports to the Romanian people.

## **3.3 COUNTRY-LED PARTNERSHIP**

3.49 The principle of country-led partnership may be defined as processes where, with a view to increasing aid effectiveness, stakeholders in the recipient country influence or take a lead role in the management and coordination of aid resources. Government is a main stakeholder, but the principle also applies to relations between external partners and other country stakeholders, such as private sector and civil society entities. Effective country-led partnership is marked by mutual trust, transparency, and responsibility for development outcomes, as well as by respective accountabilities of the partners for sound financial and program management.

3.50 This section discusses progress, issues, and challenges in implementing the country-led partnership principle under five categories:

- aid coordination mechanisms and processes;
- alignment of aid with the country’s development strategy and donor comparative advantage;
- harmonization of donor procedures and practices;<sup>41</sup>
- conduct of analytical and diagnostic work;
- aid delivery modes and country capacity.<sup>42</sup>

### **Progress and Issues in Moving toward Country-Led Partnership**

3.51 Country-led partnership with external donors in Romania is, with few exceptions, weak. While some donors have attempted to fit their assistance within the EU accession framework as reflected in the *Governing Programme and Action Plan* and the *Medium Term Economic Strategy*, the content of aided projects and processes still tends to be donor-driven. Overall aid coordination responsibilities are divided among the Ministry of Public Finance (MPF) for loans; shared responsibilities between the Ministry of European Integration (MEI) and MPF for EU grants; and the Ministry of Foreign Affairs for other grants.<sup>43</sup> These coordination functions tend to be reactive rather than proactive. There is no structure or mechanism for overall management or coordination of aid (loan and grant) resources. Projects tend to get identified, developed, and finalized in direct negotiations between a line ministry or agency and each donor without the involvement at an early stage of a central ministry with a cross-sectoral overview. Some nascent efforts and intentions to assume a more proactive country-led coordinating role are described in the next section.

#### **Box 10: Stakeholder Views on Country-led Partnership in Romania**

##### ***Romanian advisor to the Government***

- “One of our problems is that international development programs organized for Romania by foreign donors in principle are agreed to by the Government but without any coordination by the Government. The donors don’t coordinate with each other or with the Government.”

##### ***Donor representatives***

- “Yes, the Government should take the lead in aid coordination, but the government itself is poorly coordinated.”
- “Compared with other countries, we barely have a donor community here because the ‘Big 3 or 4’ crowd out the others. The government is not active in aid coordination. Here in Romania, the EU dominates. There is a very weak demand for accountability. We try to support a country strategy, but no one seems to be used to defending his or her own interests. We feel that the general rules and mentalities must change. It’s no longer a country in transition, transition has been going on for 12 years.”

<sup>41</sup> The term “donors” is meant to include private external donors, such as international NGOs, as well as international financial institutions and multilateral agencies (e.g. UN agencies) that are not in a strict sense donors.

<sup>42</sup> The definition and categories are drawn from the *Design Paper* for the CDF Evaluation (September 2001) and from John Eriksson, *The Drive to Partnership: Aid Coordination and the World Bank* (OED, World Bank: 2001).

<sup>43</sup> A government decision in 1999 required that information about grant aid be provided to the MPF. As discussed further in a later section, the response by other ministries and agencies, as well as by donors, to requests from the MPF for such information has been minimal.



**Box 11: Joint Portfolio Review Exercises: Bimodal Participation and Partnership**

The annual review of the World Bank portfolio in Romania became in 2001 an intensive, multi-month joint exercise between the Government (GOR) and the Bank.

- The 2002 review was launched in mid-January with a series of project-by-project sessions involving relevant GOR officials, heads of project management units (PMUs), and Bank staff, who produced a Portfolio Improvement Plan.
- A two-day retreat followed at the end of February, in which participants exchanged ideas in order to identify lessons learned and best practices.
- The process culminated in a high-level plenary session March 12 that was chaired by the Prime Minister and the World Bank Country Director, and included eleven GOR ministers. This attracted substantial media coverage.
- The Joint Portfolio Reviews have not involved pertinent stakeholders from the private sector, civil society, or other donors.

**Aid Coordination Mechanisms and Processes**

3.52 Aid coordination can take place at three levels of intensity:

- **Information sharing and consultation** in order to obtain knowledge of the activities, plans, and perspectives of other actors.
- **Strategic coordination**, undertaken to reach a consensus on policies, strategic objectives, and key procedures and practices.
- **Operational coordination** to reach agreement on a common program or project to be undertaken and financed jointly. (Eriksson 2001:3)

3.53 It can also occur at different aid modality and geographic levels: project, sector, economy-wide; and local, regional, national. Most aid coordination in Romania takes place at the project level. If there is co-financing involved, which is true for a number of World Bank assisted projects, coordination necessarily takes place at the operational level. Regular GOR-multi-donor coordination rarely takes place at the sector-wide level and since 1999 not at all at the national level. Exceptions include:

- Child Protection High Level Group and Executive Group, established in 1999.
- Other multi-stakeholder (government, donors, NGOs) thematic groups: a maternal and child health group and a recently formed HIV/AIDS National Commission and Permanent Secretariat (see Boxes 12 and 13).<sup>44</sup>
- Health Sector Coordination Group, established in 1998, but which has not met since 2000.
- Periodic meetings of multiple stakeholders supporting public administration reform.
- Ad hoc meetings of donors involved in certain sectoral areas, such as privatization and finance, at the time of visiting missions or when serious policy issues arise.

3.54 These sectoral forums have addressed policy and strategic issues and sought to resolve them.<sup>45</sup> None of the above-mentioned forums has addressed issues of aid transaction costs or donor procedural harmonization.

<sup>44</sup> The information for these examples was garnered from telephone interviews with World Bank Romania Office staff, May 20 and 22, 2002.

<sup>45</sup> The new Federation of Local Authorities of Romania could evolve into a mechanism for coordination of aid at the regional, *judet*, municipal, and local levels. Interview with a municipal government official, March 27, 2002.

**Box 12: The Child Protection Group and Country-led Partnership**

“The Government has learned from this experience the importance of being proactive. Regular sharing of information in a participatory government-donor forum will anticipate tensions and prevent conflicts.”  
Staff member of the World Bank Office in Bucharest

A High Level Group (HLG) for Child Protection was established in 1999, composed of senior GOR officials and heads of donor agencies and Ambassadors, in response to increasing international criticism regarding practices of child abandonment and institutionalization in Romania.

- An initial HLG accomplishment was the achievement of consensus among the parties to shift from a strategy of providing support to traditional institutions to progressively closing them and shifting children to foster families and supporting the *prevention* of child abandonment.
- An “Executive Group” (EG) continues to meet on a monthly basis and includes 20 core members: 15 from the GOR at *central and judet* levels; four from donors (EU, UNICEF, WHO, World Bank); and one from the Federation of NGOs. Other donors, e.g. DFID and USAID, and NGOs attend on an occasional basis.
- Reported main accomplishments attributed to the HLG and EG include:
  - Policy and structural reforms in the child protection system.
  - Demonstration to the international community that reforms are being implemented.
  - Efficient sharing of program information and policy developments among participants.
  - Reassurance to donors that the recently enacted Law on Social Protection will not conflict with the child protection reforms accomplished over the last two years.
- Among the reasons given for the success of the Child Protection Group are:
  - The highly visible nature of the issue and strong interest by the international community.
  - Strong leadership by the Coordinator from the Prime Minister’s Office and from the Minister for Coordination of the General Secretariat of the Government.
  - An effective secretariat provided by staff from the Prime Minister’s Office and the General Secretariat of the Government.
  - Capacity in the National Authority for Protection of the Child for dealing with various donor requirements.
- Some donor participants view these groups as examples of effective country-led partnership, others believe that strong donor technical support and interest are the reasons for effectiveness (Stanculescu 2002: 13).

**Box 13: A Potential Example: The National Intersectoral HIV/AIDS Commission**

In response to increasing domestic and international concern, the GOR has recently established a National Intersectoral HIV/AIDS Commission (HIVCOM). The HIVCOM has a charter of 32 articles and a structure that includes the Commission, a Permanent Secretariat, and six Working Groups.

- The general objective of the HIVCOM is to assist the GOR in combating HIV/AIDS.
- Specifically, this includes the development and implementation of a strategy for HIV/AIDS control.
- The President of the Commission is an Adviser (Romanian) in the Prime Minister’s Office and Vice-Presidents are from the Ministry of Health and the Family (MHF) and the National Union of HIV Persons. Members include representatives from other ministries and agencies, including the Ministry of Public Administration; donor representatives (EU, UNDP, WHO, World Bank); and NGOs. The MHF provides the Secretariat.
- The six Working Groups (WGs) are to be formed by organizations involved in the domain of the particular WG. They will work at central and local levels. WG domains include social protection, integration of handicapped persons, HIV/AIDS treatment access, and prevention of HIV/AIDS transmission from mother to child.

The HIVCOM’s framework and approach appear to embody the four CDF principles. Its work will provide a significant test of CDF implementation in practice.

3.55 In contrast to the two examples presented in Boxes 12 and 13, the experience of the Health Sector Coordination Group was uneven and it ultimately stopped functioning. The group was established in 1998, at the instigation of the World Bank, which saw it as being important during the preparation of the *Health Sector Reform Project*. The Ministry of Health and the Family (MHF) participated in the monthly meetings. From late 1999 through 2000 leadership of the group shifted from the Bank to the MHF as convener and meeting host. Among the factors leading to the shift was the presence of interested and motivated leadership in the Ministry. However, during 2000, leadership from the Ministry side shifted to a department that saw the group mainly as an opportunity to present proposals for donor support. This shift from a previous focus on policy and strategic issues to a narrow focus on proposal promotion, accompanied by a lack of interest and input from higher levels in the MHF, led to reduced interest on the part of donor members.

3.56 Under the new government, elected in December 2000, there was an initial but unsuccessful attempt to resuscitate the health coordination group.

While some donors would like to see the reestablishment of a sector-wide health coordination group, there does not appear to be sufficient interest and commitment to do so.

3.57 At the economy-wide level, five Romania Consultative Group (CG) meetings (also known as “G-24 Meetings”) were held between 1993 and 1999. All meetings, with the exception of the 1994 CG, were held in Paris. The main substantive issues at the 1993 meeting revolved around bringing about macroeconomic stability, liberalizing the economy, and mobilizing donor resources.

The process leading up to the meeting and the meeting itself have been described as “chaotic” and tension-filled. One reason for this was the insistence of the EU that it convene and chair the meeting vs. the Bank’s insistence that the meeting be under the joint sponsorship of both institutions. The Bank’s position prevailed but not without tensions. Another reason was reportedly poor performance by the government in carrying out its CG role – a reflection of its generally weak capacity and relative lack of experience.

Nonetheless, the meeting was by its end declared a success. Subsequent CG meetings have been held in 1994, 1997, 1998, and 1999. By the 1997-1999 meetings, discussion of Romania’s

**Box 14. Stakeholder Views on Partnership at the Project Level: Results from a Questionnaire Survey**

The survey administered as part of the CDF evaluation case study to 722 Romanian stakeholders throughout the country yielded the following results pertinent to partnership at the project level. Respondents from ministries tend to have the most positive views of partnership in implementation (Annex B, Table B-6). This may reflect superior knowledge or it may, at least in part, represent a tendency to cast programs that they manage in a positive light.

In contrast, decisionmakers at regional levels give a low rating to partnership in design of programs and projects. Government and non-government agencies complain especially about the low level of partnership in designing programs. Respondents believe that aid effectiveness in Romania is negatively affected by:

- low transparency in project financing and identification;
- poor information that hinders access of competitors to donor funds;
- weak coordination among donors and other stakeholders;
- low partnership associated with poor involvement of local communities and of state institutions; and
- biased selection of the projects related to political infringement or low competency of project designers and appraisers. (Annex B, Table B-13)

**Box 15: A Spurned Country Proposal for Coordination at the Macro Policy Level**

Noting that the major donors concerned with macroeconomic policy issues in Romania do not always speak with one voice, a senior official of the National Bank of Romania (BNR) proposed the establishment of a group composed of representatives from government, the EU, IMF, and World Bank. The group would meet periodically to exchange views and seek greater convergence. The proposal reportedly met with a cool reception at the time from the three donors and was consequently dropped.

prospects for meeting the requirements for EU accession had become a prominent theme. The most recent CG for Romania was held in Brussels in November 1999.

3.58 During the 1990s, the UNDP Resident Representative convened monthly donor meetings in Bucharest, to which the GOR was invited. These meetings were at the informational level and did not attempt to harmonize on policy, strategic, or procedural issues. The meetings have lapsed since the late 1990s for lack of interest. Since then, there has been no regular in-country forum on economy-wide development assistance issues, even one solely involving donors.<sup>46</sup> A country proposal for a coordination forum on macro policy issues received a cool reception (see Box 15).

3.59 *A Step toward Country-led Partnership.* Given its budget and resource allocation responsibilities, the Ministry of Public Finance is a logical focal point for country-led aid coordination. A focal point located in this ministry would parallel arrangements in many other aid recipient countries. Since the mid-1990s, there has been a growing sense among senior MPF officials that ensuring the most effective use of external aid and domestic resources requires better coordination. Officials also recognize that a fundamental first step involves obtaining better information on sources, amounts, and uses of development assistance flows.

**Box 16: Putting Romania in the Aid Coordination Driver's Seat: Desires and Frustrations**

According to government officials:

- "There's very little donor coordination. Some donors coordinate directly with each other, leaving the Government out of the loop. There's no mechanism for sharing a Government strategy with donors as a group and asking them each to finance a part of it. If I have a project idea, I have to knock on donors' doors and ask for funding, and can be told, 'No, sorry, that's not in our strategy this year.' "
- "There is not a coherent vision of aid coordination among the donors."
- "The grant line in the national government budget normally has no data to fill it."
- "Some donors coordinate directly with each other, leaving the Government out. This is the case, for example, of the EU with the IFIs."
- "The country should be in the driver's seat!"

According to a donor representative:

- "The government is in the driving seat to make sure that money is spent according to the national priorities and ensure national coverage."
- But information should be shared. It has to be a negotiated balance between the donor and the government. Otherwise, it is no coordination. We have no idea what is the result, how many overlaps there are, or what is actually spent at the central level and what is spent at the issue/ decentralized level." (Stanculescu 2002:13)

3.60 As illustrated in Box 16, the problem is serious. There is no historical record of grants received from 1989 to the present, and no information regarding future grant assistance plans. Without such information, no central focal point, such as the MPF, has the basis for assuring that donor resources are complementary to the allocation of State resources and in alignment with the priorities expressed in the *Governing Programme and Action Plan*. Grant monies are therefore considered extra-budget resources that are not tracked in any comprehensive way, even by the line ministry receiving the grant.

3.61 *Getting a Handle on the Data Problem.* In 1999, the government issued instructions requiring other ministries and agencies to provide information about grants to the MPF. Funded by UNDP assistance for aid coordination, an UNCTAD consultant defined a methodology for obtaining the needed information. This methodology was distributed to all ministries, but only 10-20% of government institutions responded. The methodology was also sent to foreign embassies, but hardly any responses were received (interview at MPF, March 27, 2002). In early 2002, an

agreement was reached for the UNDP and the World Bank to provide modest assistance to the MPF to establish an aid coordination unit for the main purpose of pulling together adequate information on development assistance flows to Romania.<sup>46</sup> Given previous experience, this new initiative must address substantial challenges if it is to be successful. These challenges are discussed in a subsequent section.

### **Strategic Alignment and Donor Comparative Advantage**

3.62 Several stakeholders interviewed by the CDF case study team felt that the 1999-2000 Romania CDF consultations had the effect of bringing the EU, UNDP, and the World Bank in closer strategic alignment with each other. This resulted in a convergence on assistance plans that gave priority to EU accession, poverty reduction, and supporting key institutional reforms including in the justice sector and public administration.

3.63 However, further alignment of donor assistance with Romania's development strategy, as framed in the *Governing Programme Action Plan*, is hampered by several constraints:

- A weak linkage between monitoring of the plan undertaken by the MDP and the budget process overseen by the MPF;
- No central focal point in the GOR for assuring that donor assistance proposals are in alignment with the *Action Plan*; and
- Acceptance by the GOR and donors alike of the traditional approach, which was characterized by one interlocutor as one in which “donors discern needs and advise the government, rather than the government inviting donors to support specific medium- and long-term development priorities.”<sup>47</sup>

3.64 Some officials of the MPF clearly envision a more proactive role, whereby the new aid coordination unit would expand its purview beyond being an information repository to include periodic meetings with donors to review the alignment of their programs with the *Action Plan* and make recommendations for realignment. New project proposals, including all grants, would be reviewed to ensure their consistency with the *Action Plan*.

3.65 A logical extension of these functions would be to review needs for external assistance in different sectors to avoid “crowding in” by donors in favored sectors. One donor representative interviewed by the case study team argued that some “popular” sectors, such as small and medium enterprises (SMEs) were “overcrowded” with donors, whereas other sectors were neglected. He ascribed this to “poor coordination among donors” (interview, March 21, 2002). A business executive with NGO experience argued that “donors are not communicating; some programs are over-financed and others don't receive enough funding; donors have not done the market research to see where the needs are.” (interview March 24, 2002).

3.66 Annex E presents the results of an analysis of OECD/DAC data on donor trends in bilateral donor commitments to Romania over the decade of the 1990s. The table suggests a relative crowding effect in the “Productive Services” sector relative to the “Social Infrastructure” and “Economic Infrastructure” sectors. Since the former sector includes “industry” (manufacturing), these results would be consistent with a possible crowding in the SME sub-sector (see Annex E for definitions of the sectors). Finer disaggregation than is available from the OECD/DAC data, which

<sup>46</sup> The UNDP is to contribute US \$350,000 in grant funds for the new unit and a like amount is to be allocated from the current World Bank-funded Private Sector Adjustment Loan.

<sup>47</sup> Interview at European Institute of Romania, March 21, 2002.

would be required to come to a more definitive conclusion. The lack of data on aid receipts or disbursements by sector and the virtual absence of information on assistance flows from the international financial institutions and the UN agencies, constitute major limitations of the DAC data repository.

### **Harmonization of Donor Procedures and Practices**

3.67 There is a sense among some GOR officials and donor representatives that donors impose unnecessary burdens or “transaction costs” entailed by their various procedural requirements, ranging from those dealing with budgeting, procurement, and disbursement, to reporting, monitoring, and evaluation. One local donor representative characterized donor procedural requirements as “in general, overwhelming and burdensome.” However, these perceptions are not uniform. Some GOR officials do not see these requirements posing a particular problem although Romanian interlocutors consistently expressed frustration with complex, divergent, and time-consuming donor procurement procedures.<sup>48</sup>

3.68 A separate study, undertaken as part of the overall CDF Evaluation, has identified and analyzed the transaction costs of donor support to Romania through a combination of questionnaires and semi-structured interviews with 22 government, donor, and civil society representatives, representing 3 government ministries, 13 donor agencies (8 bilateral and 3 multilateral), and 2 NGOs.<sup>49</sup> Its findings supplement, and are largely consistent with, the evidence analyzed in this report. For example, the transaction costs study finds that most donors supported five-to-ten preparation appraisal missions in 2001, except for the three largest donors (EU, WB, EBRD) who each undertook a significantly larger number. Joint missions appear to be increasing but still account for a minor share of all missions (Stanculescu 2002: 18).

3.69 The EBRD, EU, and the World Bank have agreed on a core of common procurement procedures for their co-financed operations in Romania, with the procedures of the lead agency being followed by the other partners. While GOR officials and NGO representatives still complain about the complex and onerous procurement procedures of these organizations, the steps that have been taken toward greater harmonization are not trivial. However, other donors who feel that their own rules are superior or that the transaction costs of change are too high have not adopted these common procedures (Stanculescu 2002: 19). A relevant finding from the case study survey questionnaire is that the larger donors and the large projects and programs they support are perceived as being less transparent and with weaker results orientation than the operations assisted by smaller donors.

3.70 The MPF General Directorate of External Finance would like to improve its capacity to assess the cost-effectiveness of donor-financed project proposals. The Directorate has the sense that unit costs are sometimes excessively high (e.g. reflecting unnecessarily expensive equipment and technologies) and technical assistance (TA) is over-budgeted. The concern is not a theoretical one. Excessively priced proposals can cost budgetary resources. For example, for a \$50 million program

---

<sup>48</sup> For example, a Romanian NGO representative complained about “complex donor procedures with many restrictions, including refusal to pay administrative costs.” Interview, March 24, 2002. One reason that aid coordination and harmonization issues may not loom so large for some stakeholders is because ODA volume is perceived as small relative to the size of the economy. The most recent Official Development Assistance (ODA) figures for 1999-2000, published by the OECD/DAC, suggest a net ODA/Gross National Income (GNI) ratio of just over 1%. However, for the reasons mentioned in Chapter 2 (sharp growth of EU aid and undercounting of IFI aid), the current ODA/GNI is likely to be significantly higher. Assuming the current total ODA of about US \$1.8 billion implied by Table 6 in Chapter 2 is more or less correct, ODA to Romania is a substantial resource in both relative and absolute terms.

<sup>49</sup> Manuela Sofia Stanculescu, *Government – Donor Relations in Romania: Changes and Trends*, Institute for the Study of the Quality of Life, Bucharest, 2002. Available on request.

or project loan, the GOR must pay a commitment fee and if \$10 million remains in unspent funds, there is no rebate on the fee. Thus, the MPF has an incentive to see that over-borrowing/budgeting does not occur.

3.71 The Directorate would also like to promote a government-wide approach for reporting, monitoring, and evaluation, as opposed to the disparate “stove-pipe” systems of the Project Monitoring Units (PMUs) supported by different donors (interview, March 27, 2002). (See a following section on “Aid Delivery Modes” for further discussion of PMUs.)

### **Analytical and Diagnostic Work**

3.72 Romania is blessed with considerable social science analytical talent in its university system and numerous academies and think-tanks, as well as in the National Bank of Romania (BNR). Both the GOR and donors draw on this expertise. Policy analysis expertise is scarcer in the government although it exists in such Ministries as Development and Prognosis, Public Finance, and Foreign Affairs. However, there does not appear to be a critical minimum mass of such expertise in key central ministries to undertake substantial in-house analytical work on development and development assistance issues or to design and adequately manage analytical work done by outside experts. Apart from lack of expertise in numerical terms is the fact that professionally trained individuals in ministries tend, owing to low GOR salary scales, to take non-government jobs on the side.

### **Aid Delivery Modes and Country Capacity**

3.73 Romania is still a transition economy. The capacity of government institutions below the most senior levels is often weak. Therefore, technical assistance and training are important modes of aid delivery. This observation is supported by the finding of the survey questionnaire that:

Adequate consultancy and relevant analysis provided by the donor made the most important contribution to Romanian respondents’ perceptions of the effectiveness with which CDF-like principles at the project levels were being implemented.

3.74 The performance record of foreign consultants, as judged by country clients, is distinctly mixed, however, (see Box 17) the case study team heard similar stories from a wide range of Romanian stakeholders of how poorly prepared donor-funded consultants would be dropped into a ministry or region, undertake studies, and then leave.

- One interviewee in the Jiu Valley (JV) characterized strategies developed before 2001 for the region as “conducted by outside consultants, *without consultation, and then sat on a shelf.*” (Interview meeting at the CREDO Foundation, Petrosani, March 18, 2001).
- Another JV interlocutor described a donor-supported consultancy in business development services in 1997 as follows: “They came and offered their services *for needs they themselves had identified. We had the choice to take or leave their technical assistance.*”
- As noted above, the MPF believes that many technical assistance projects are over-budgeted. They would like to see government participation in the selection of donor-funded experts and consultants.
- A business association head expressed the view that donor-funded international experts tend not to have sufficient local knowledge and experience. (Interview, March 15, 2002).
- One local donor representative remarked on the large numbers of development consultants working on Romania, within and outside of the country, and “no consultation among

donors” regarding the timing and substance of their visiting consultancy missions. (Interview, March 20, 2002).

**Box 17: A Cacophony of Consultants**

A Romanian partner in a major international accounting firm and a member of the Confederation of Employer Associations in Romania (CPR) made the following observations about the qualifications, attitudes and practices of expatriate consultants and the organizations that hire them.

- “Consultants sent here do not have the skills and knowledge the country needs. They want to finish the job and leave (as soon as possible).
- When expatriate consultants are paid special salaries, this aggravates the ‘jealousy mentality’ among Romanian counterparts; consultants need to adjust to Romanian conditions.
- French, German, British, and U.S. consultants produce a ‘cacophony.’”

*Project Management Units (PMUs).*

3.75 The employment of PMUs for donor-supported projects and programs in Romania is pervasive. For example, of the 22 operations in the current portfolio of the World Bank in Romania, 16 are managed by PMUs (*Projects Portfolio Romania*, World Bank, October 2001). The salaries and other benefits for the directors and staffs of these units are topped up above corresponding public service scales. PMUs are typically physically located in the relevant ministry or agency, so that invidious comparisons are bound to be made, with a corresponding demoralizing impact on regular staff. Donors argue that given the weak staff capacity of most GOR ministries and agencies, PMUs are essential for effective project implementation. This becomes a vicious circle, since the continued reliance on PMUs undermines capacity strengthening among regular staff.

3.76 Fundamental to breaking this circle is public service reform, including pay reform and greater attention to human resource development in the public service. In an interview with the director of a donor-supported think tank (March 21, 2002), research was cited showing that less attention is paid to human resource development in the Romanian public service than in other countries in the region. According to an adviser in the Prime Minister’s Office, public administration reform is not moving forward in Romania. An Inter-ministerial Committee for reform has yet to meet. (Interview, March 27, 2002) Romanian legislation provides for topping-up of PMU staff salaries only for the life of the project. However, the legislation is enforced sporadically. In the absence of public service reform, the existing legislation needs to be enforced consistently to minimize the distorting effects of PMU salary scales.

**Challenges for Country-led Partnership**

*For Government*

3.77 *Supporting a more proactive aid coordination role.* If the MPF is to successfully carry out a more proactive aid coordination role, it will need visible support from other high levels of government (e.g. the Prime Minister and the Secretariat of the Government). However, there is a risk that the MPF will be empowered to take on more than a “coordination” role and will become involved as the final arbiter of technical decisions. Several key government, donor, and civil society representatives voiced concern that this would unwisely concentrate authority over foreign assistance resource allocation in the hands of one Ministry. The MPF has a “bookkeeping and control” image among many government and non-State stakeholders. The Ministry would need to persuade other GOR ministries and agencies, as well as donors, that: (1) the MPF has become more client-oriented; (2) that its expanded aid coordination functions will generate positive value for all stakeholders; and (3) that MPF officials will not venture beyond their areas of competence by trying to second-guess line ministry and agency staff on sector-specific technical issues.



*For Donors*

3.78 *Being more responsive to government initiatives to exercise country-led partnership.* Among those interlocutors with whom the case study team raised the earlier abortive National Bank proposal for a macroeconomic policy coordination group, several expressed receptiveness to something along these lines. Other initiatives, such as proposing greater government involvement in selection of consultants and harmonization of reporting and M&E systems, can be expected. If country-led partnership is to serve the interests of all parties, donors need to respond positively to such government initiatives. If there are concerns about a particular proposal, an attempt should be made to suggest modifications rather than dismissing it out of hand. Summarily rejecting an initiative for greater country leadership can have a chilling effect.

3.79 *Supporting the reduction of aid transaction costs.* No existing forum takes up this subject in Romania. The case study team heard expressions of concern from both government and donors about the burden these costs impose on government. In the absence of a multi-stakeholder forum that includes this set of issues as a part of its agenda, there is likely to be no overall progress in reducing unnecessary transaction costs. Among the questions that would need to be examined are:

- What scope is there for harmonization around government systems and procedures?
- What assurances would donors need to move toward greater harmonization?
- What steps can be taken toward greater harmonization and streamlining of procedures by donors *locally*, without having to obtain global policy change from their headquarters? (e.g. making their procedures and plans more transparent)

*Reaching out to the private sector and civil society.*

3.80 A number of donors, including the World Bank, are reportedly doing a better job at reaching out to institutions such as the Parliament, and in the private sector and civil society. Yet, the case study team heard complaints from the private sector in particular about not being given the opportunity to meet visiting senior donor officials. Several interlocutors in all three of these groupings told the team that:

*“This is the first time I have been visited by someone from the World Bank!”*

3.81 What steps can be taken to ensure more systematic contacts and dialogue between donors and members of Parliament, major private sector associations, trade unions, and other civil society organizations?

**3.4 RESULTS ORIENTATION**

3.82 The CDF principle of “results orientation” refers to a process that entails the design of programs in support of the national development framework with clear objectives that contribute to framework goals and can be evaluated; the monitoring of progress and accountability for results, meaning outcomes and goals, rather than only inputs; and the creation and enabling of capacities to generate, monitor, and utilize results information to improve performance in achieving goals and accountability.

**Progress in Establishing a Results Orientation**

3.83 There are two sides to the results orientation equation. In order to resolve the equation, a country must be able to supply results information to the public, while at the same time the public

must know to demand accountability and results from its public servants. Unfortunately, the notion of a country-led development process oriented to results is still a distant goal in Romania today. This is due to underdevelopment on both the supply and demand sides.

3.84 While Romania's progress in formalizing monitoring and reporting of results is slow, but moving forward (the health sector being an early example), popular demand for results is still in its infancy. Many Romanians – even well educated elites who may be affiliated with interest groups but not necessarily with the elite in power – do not know how to articulate a demand for results. Democracy is still quite young: only the best educated and most sophisticated interest groups know how to lobby government, Parliamentarians tend to be isolated from their constituencies,<sup>50</sup> and the notion of “partnering” between policymakers and civil society allies is uncommon. In the absence of more efficient linkages between citizens and their government representatives, turning a government out of office, such as happened in 2000, may be the only way for voters to communicate their “demand for results.”

3.85 Another aspect of strengthening the demand for results is with respect to the transparency of information regarding the government's intentions and actions. Two information-related laws and one governmental decision are of interest here. Romania's Freedom of Information Act, passed at the end of 2001, is one channel whereby citizens who seek results have the opportunity to get better access to information about government activity. The draft Law on Decisional Transparency in Public Administration (the so-called “sunshine law”) is designed to impart greater transparency of information regarding pending laws and actions by requiring public hearings prior to passage. In the meantime, until the sunshine law is enacted, Government Decision No. 396 (April 2002) assures that drafts of laws relevant to the business environment will be sent to business associations and NGOs for comment. The latter have ten days to provide consultative opinions, which are to be taken into account in the final draft law before it is sent for approval to ministries and other specialized bodies of the central administration.

3.86 The establishment of international results targets can also stimulate demand within Romania for results. One set of what might be called “international results benchmarks” is the Millennium Development Goals, adopted in the *United Nations Millennium Declaration* in 2000. These were based largely on International Development Goals agreed to by Development Assistance Committee (DAC) member governments in 1996. The Millennium Development Goals (MDGs) are expressions of broad international outcomes. Although the MDGs are not commonly referenced as such in Romania's written development strategies, international guidelines recognize that countries will adopt and adapt them as necessary in order to match their own strategies.<sup>51</sup> An explicit reference to poverty reduction results is Romania's National Anti-Poverty and Social Inclusion Promotion Plan. The operational target of the EU *Community Action Plan to Fight Poverty and Promote Social Inclusion* is to reduce the proportion of people living below the poverty level, from the current 18% to 15% by 2005, and to 10% by 2010, and to halve the proportion of children living in poverty by 2010. Romania's plan thereby joins itself to the

---

<sup>50</sup> The party list electoral system reduces incentives for lawmakers to be open and responsive to their constituency and maximizes responsiveness to party priorities. One observer noted that because parties can move lawmakers around the country as they deem necessary, there is no sense of obligation to represent one's district, rather lawmakers represent the whole country. See Rhys Payne, Guilain Denoeux, and Sebastian Lazaroiu, “Democracy and Governance Assessment of Romania,” prepared for USAID/Romania (Burlington, VT: Associates in Rural Development, 2001).

<sup>51</sup> The DAC's *Guidelines on Poverty Reduction* (2001) observed, “While expressed in terms of their global impact, Ministers noted that these goals must be pursued, country by country, through individual approaches reflecting local conditions and locally-owned development strategies.” Development Assistance Committee, *Guidelines on Poverty Reduction* (Paris: OECD/DAC, April 2001) <http://www.oecd.org/EN/document/0,,EN-document-68-2-no-24-2124-0,00.html>, p. 2.

European Union's action plan in this same area, and indirectly affirms the Millennium Development Goal on poverty reduction.<sup>52</sup>

3.87 Romania's experiences with regard to the monitoring and *supply* of results information are described below.

### ***1999-2000***

3.88 Efforts of the Government of Romania to track results in a program- (or performance) based budgeting system pre-date the CDF exercise in Romania. As early as 1997, the Ministry of Health and the Family (MHF) decided to move to program-based budgets, as a way of directing national resources into preventative care in addition to curative health programs, and to give more weight to funding public health centers in addition to hospitals. The 1999 budget for the MHF, with over thirty distinct programs,<sup>53</sup> was the first to allocate both financial resources and medicines among these. Physical results indicators definitions, by program, were added in 2000.

### ***2001-2002***

3.89 Romania's national development framework, embodied in the Governing Program for 2001-2004 and its accompanying Action Plan, enumerates an extensive list of objectives. The Romanian Ministry of Development and Prognosis (MDP) is the key institution in charge of developing and monitoring the implementation of this action plan, as well as the Comprehensive Development Framework. It is also the ministry in charge of the 2002 Business Environment Action Plan. This is a natural task for this Ministry, several key leaders of which have backgrounds in central planning and implementation monitoring.<sup>54</sup> However, a significant gap remains in Romania between the articulation of strategies and encouragement of multi-stakeholder participation on the one hand, and effective results orientation on the other. Many informants observed to the evaluation team, "Romania does not lack for strategies, where it's weak is in the area of results," or "we don't need more plans, we need actions."

### ***Defining results***

3.90 The Governing Program Action Plan lists a multitude of objectives in thirty-eight separate domains. Several examples from the sections on economic policy reform and on poverty and unemployment are listed in Table 8. Employing to the language of "logical frameworks," the majority of the Governing Program Action Plan's objectives may be considered "immediate outputs." Most are practical, targeted objectives, not nearly as broadly defined as are the Millennium Development Goals (MDGs).

---

<sup>52</sup> See [http://europa.eu.int/comm/employment\\_social/soc-prot/soc-incl/index\\_en.htm](http://europa.eu.int/comm/employment_social/soc-prot/soc-incl/index_en.htm) for links to both the European Union member states' National Action Plans against poverty and social exclusion and the Community Action Plan.

<sup>53</sup> In the early years, the Health Ministry allocated expenditures across 31 distinct programs. This grew most recently to 34 programs. These have now been reclassified into four broad programs: community public health, prevention of non-communicable diseases, children and family health, and health policies and sanitary health administration.

<sup>54</sup> Many key figures served in earlier days under central planning with the State Planning Commission (SPC). After the disbanding of the SPC in 1990, two government agencies shared responsibility for economic planning, namely the former National Agency for Regional Development (established under the Law of Regional Development, 151/1998) and the former General-Direction of Prognosis within the Ministry of Finance. These were then blended into the Economic-Financial Coordination Council, which in 2000 was transformed into the Ministry of Development and Prognosis.

**Table 8: Governing Program Action Plan Examples**

Domain	Objectives
<i>Economic Reform examples:</i>	
I. Financial policy	Controlling budget deficit Consolidating reform of the taxation system Improving tax collecting Rationalizing expenses Enhancing fiscal transparency & increasing allocation and operational efficiency of budget expenses Enhancing the flexibility of taxation policy by eliminating special funds
II. Improving the business environment; competition	Eliminating administrative barriers confronting entrepreneurs Restoring stability & predictability of the regulatory and legal framework Improving the accounting & audit systems Creating favorable conditions for industrial activities Improving economic performances Reviewing existing legislation with view to harmonizing it with the relevant <i>acquis</i> Clarifying the objective & limits within which the state regulates activities in various economic sectors Enforcing rules concerning the granting of state subsidies Developing market competition; enforcing competition policy Developing market competition; enforcing policy of state-aids Promoting competition and state aids regulations Consolidating and enhancing the capacity to manage competition and state aids legislation
<i>Poverty and Unemployment Examples:</i>	
III. Labor market	Employment of labor Measures to support unemployed people Emphasizing active instead of passive measures for protecting the unemployed Workers' health and security
IV. Social welfare	Social welfare policy and institutions Policies concerning people with special needs Fighting poverty

Source: Government of Romania, *Governing Program Action Plan, 2001-2004*

3.91 Additional columns in the Action Plan specify a set of discrete actions for each objective, which often entail the passage or reform of legislation, along with a timetable for implementation. Only in rare instances are quantified results indicators included. Some exceptions include the limiting of the budget deficit to 4% of GDP by December 2001 and 3% for 2002-2004; privatizing x% of various state-owned industries; initiating land surveys for 41 local communities (165,000 ha) by December 2001 and 164 local communities (600,000 ha) in 2002-2004. The Governing Program Action Plan also specifies that Romania will adopt the *acquis communautaire* in the domain of statistics, which stipulates a large set of quantitative data to be tracked in the future.

3.92 Within the *Governing Program Action Plan's* section on fighting poverty and unemployment, the objectives are less specific, but are elaborated further in the "Actions" column. Under the Labor Market Objective #1 (Employment of labor), for example, the following actions are detailed:

- Elaborating a policy regarding the employment of labor according to EU trends; adopting the Law on the stimulation of employment and training of people in search of a job.
- Protecting and implementing the National Action Plan in employment.

- Adopting laws on equal chances.
- Adopting the new Labor Code.
- Increasing the mobility, flexibility, adaptability of labor by promoting the concept of continuous training; amending the law regarding the National Council for Training of Adults.
- Assuring equal chances by creating an independent organism for the promotion of equal chances and treatment between men and women.

3.93 For Social Welfare objective #3.3 (Fighting poverty), there is but one specified action. It states:

- “Improving the policy impact on reducing poverty by:
- Taking into consideration the elements meant to fight poverty while preparing all sets of norms;
- Adopting the Law on the warranted minimal income;
- Allotting at least 0.4% of the GNP for fighting extreme poverty by means of the warranted minimal income program.”

3.94 This small entry is input-oriented and does not constitute a clearly articulated poverty reduction strategy. Instead, the Anti-Poverty and Social Inclusion Promotion Commission released in March 2002 a draft of a more comprehensive plan to deal with this issue. Strategic goals of the *National Anti-Poverty and Social Promotion Inclusion Action Plan* are specified for both the present governing period (“priority goals” for 2001-2004) and beyond (“medium-term goals” for 2002-2012) (Table 9).

3.95 In addition to the multitude of other goals listed in anti-poverty Action Plan, there is a distinct overlap between some of the language it uses and the language of the MDGs, summarized in Table 10. The Romania plan contains far fewer quantitative targets than do the MDGs, however.

**Table 9: National Anti-Poverty and Social Promotion Inclusion Action Plan Goals**

Priority Goals (2001-2004)	Strategic Medium-Term Goals (2002-2012)
Elimination of the most severe forms of extreme poverty	Elimination of extreme poverty
Vigorous steps to protect children from extreme factors of distress: abandonment, violence, economic and sexual exploitation, human trafficking	Elimination of severe social exclusion cases, and promotion of social inclusion
Rapid reduction of poverty by increasing absorption of economically active persons	Gradual reduction of poverty for economically active persons and pensioners
Stabilization of the pension system	Promotion of social cohesion and development
Establishment of monitoring mechanisms for implementation of the Anti-Poverty and Social Promotion Inclusion Action Plan	Provision of decent living conditions and access to personal development opportunities for children
Design of county-level anti-poverty and social inclusion promotion plans	Development of individual capacities
Implementation of the national social assistance system	Development of the capacities of national, county, and local public authorities to identify social issues, design and implement social policies and programs, evaluate and monitor these policies and programs
Initiation of plans for rehabilitating decaying housing spaces and for producing public utilities at acceptable costs, in all localities	Activation of community forces and collective initiatives to build a social partnership culture

*Source: National Anti-Poverty and Social Inclusion Promotion Commission, The National Anti-Poverty and Social Inclusion Promotion Plan, version for consultations, March 2002.*

**Table 10: Comparison of Millennium Development Goals and Targets with National Anti-Poverty and Social Inclusion Promotion Action Plan**

Millennium Development Goals and Targets		National Anti-Poverty and Social Inclusion Promotion Action Plan
I. Eradicate extreme poverty and hunger	Halve proportion of people whose income is less than \$1 per day Halve the proportion of people who suffer from hunger	Goal 3.3: Priority for providing decent minimum wages to everyone
II. Achieve universal primary education	Ensure that boys and girls alike can complete full course of primary schooling	Goal 5.3: Improving the school education rate for girls from social segments where discrimination operates in development opportunities
III. Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education	(see Goal 5.3 above) Goal 2.15: Fighting all forms of discrimination against women, and promoting equal opportunities in all fields and situations
IV. Reduce child mortality	Reduce by 2/3 the under-5 mortality rate	Goal 5.4.1: Reducing infant death-rate
V. Improve maternal health	Reduce by ¾ the maternal mortality rate	Goal 2.1.6: Reduce avoidable sickness and death cases (maternal death rate, juvenile death rate, etc.)
VI. Combat HIV/AIDS, malaria, and other diseases	Halt and begin to reverse the spread of HIV/AIDS, malaria, and other diseases by 2015	
VII. Ensure environmental sustainability	Integrate principles of sustainable development into country policies; reverse loss of environmental resources Halve proportion of people without access to safe drinking water Improve lives of at least 100 million slum dwellers by 2020	Goal 4.4.1: Providing access to drinking water supply for 90% of population by 2004, with emphasis on poor communities Goal 4.2.5: Reduce the number of indigent housing spaces by 50% by the end of 2012
VIII. Develop a Global Partnership for Development	Further develop an open, rule-based, predictable, non-discriminatory trading and financial system Address special needs of Least Developed Countries, landlocked countries, and small island developing states Deal comprehensively with debt problems of developing countries Develop and implement strategies for decent and productive work for youth Provide access to affordable, essential drugs in developing countries Make available the benefits of new technologies	Goal 2.5.1: Access to employment services, and training for all those aspiring to become active persons in the economy Goal 3.5.6: Assisting youth to find employment

*Note: Formulation of MDGs taken from OECD/DAC, "Executive Summary: In the Face of Poverty – meeting the global challenge through partnership," 2001.*

### *Tracking results*

3.96 *Monitoring reports.* As part of its tracking and reporting functions, the MDP prepares progress reports on the implementation of government strategies, such as the Governing Program Action Plan, the Pre-Accession Economic Plan (PEP), and the Business Environment Action Plan (BEAP). Synthesis progress reports are prepared by MDP and presented to stakeholders for public comment. The most recent report detailing the implementation progress of the Governing Program from January through July of 2001 was published in September 2001.<sup>55</sup> Most of the observations have to do with passage of specific laws and compliance with loan conditionalities from the international financial institutions. The BEAP is also available in matrix format on the MDP website, with some accomplishments noted.<sup>56</sup> The PEP is being updated annually, with a 2002 version due for completion by August 2002.

3.97 *Program-based budgeting.* A second example of results tracking is the use of results information to strengthen the effectiveness and efficiency with which government budget resources are allocated. A program-based budgeting system has been instituted recently across all ministries, with technical assistance provided by experts from the U.S. Department of the Treasury. Several Ministries have been using this system for several years, while others are just beginning to build their budgets by program and to identify results indicators. As mentioned above, the Ministry of Health and the Family pioneered the use of program-based budgeting in 1997 and is the only Ministry to standardize a methodology for performance budgeting. With the help of the U.S. Treasury technical assistance, it is hoped that this can be replicated throughout the government.

3.98 In theory, once a program-based budgeting process is operational, there is a link between national and sector strategies and objectives (vision), programs and activities within programs as defined in national and local budgets, and results as measured by performance indicators. Tracking performance indicators over time should give development policymakers sufficient information to introduce modifications as necessary to vision and to budget resource allocations in order to ensure that they are used as efficiently as possible in order to refocus on results.

3.99 Few of the Ministries have completely bought into this new budgeting system. Performance indicators are empty, or set to zero, for many programs. Results indicators are not being tracked in year (t) with the purpose of feeding back to define strategy and budget for year (t+1). Instead, monies are still budgeted according to prior spending levels. The Ministry of Public Finance is supposed to analyze the budget by sector (from relevant Ministries, local governments, and specialized agencies) before individual budgets are integrated into the general consolidated government budget. However, Finance Ministry personnel admit that their sector expertise capacity is still in its infancy, making it difficult for them to judge program rationales and results information.

3.100 The current Budget Law stipulates a budget calendar which is thought to be somewhat unduly complicated, due to the fact that line ministries submit draft budget requests (May 1) before the overall macroeconomic guidelines are determined by the Ministry of Public Finance (MPF) (June 1). Budgets are then negotiated with the MPF (July 1) and re-submitted at revised, negotiated levels (August 1). A consolidated budget is sent to the government (September 25) for consideration before being submitted to the Parliament for debate (October 10) and final approval (December 31).

---

<sup>55</sup> Available at <http://www.mdp.ro/engleza/prognosis/plan7luni/index.htm>.

<sup>56</sup> See [http://www.mdp.ro/engleza/business\\_env/measures.htm](http://www.mdp.ro/engleza/business_env/measures.htm).



3.101 *Poverty reduction planning.* A third example of the intention to track results is the monitoring of the National Anti-Poverty and Promotion of Social Inclusion Action Plan. One of its Priority Goals for 2001-2004 is the establishment of a system for monitoring the implementation of this plan. Chapter 7 details many implementation “sub-goals” for each Strategic Goal, although quantitative results indicators are absent in the present format, except in a few rare instances. The monitoring and evaluation plan anticipates that a tracking form organized along the following lines will monitor progress:<sup>57</sup>

Strategic goal	Objective	Problem/ Action	Indicator	Data source – who, how	Method	Collected at....and reported at ...

### Challenges Ahead

3.102 Romania appears to be on its way to developing a more results-oriented approach to its development. Demand for results should be strengthened as Romanians become more accustomed to involvement in the early stages of legal and regulatory reform under the Sunshine Law and as they become more familiar with their rights under Romania’s Law on Free Access to Information (No. 544/2001). The Ministry of Public Information has published a citizen’s guide on free access to information to inform about what is available, what may still be restricted by the government, and how citizens can apply for access to information.<sup>58</sup>

3.103 However, NGOs and at least one bilateral donor, which have generally been quite supportive of the law, have several implementation concerns. First, passage of the Law on Decisional Transparency is not yet assured. The CDF case study team heard expressions of optimism from the government side and skepticism on the NGO side about the feasibility of its implementation, given the enormous burden of law and regulatory enactment faced by lawmakers in the context of European Union accession. Second, the draft Classified Information Act, which was being debated in Parliament when the CDF evaluation team was in-country, may countermand aspects of the Freedom of Information Act. Third, adequate resources may not be available to help implement the Free Access to Information Act, which will require citizen education and additional manpower in all government agencies. Local NGOs (e.g., Transparency International, the Media Monitoring Agency, the Center for Independent Journalism, and the IRIS Center) are assisting in this effort. Finally, there is some disagreement regarding the extent to which implementation of the Free Access to Information Law is the primary responsibility of the Ministry of Public Information or is to be shared by all government agencies.

3.104 On the supply side of the results equation, Romania needs assistance to solidify its efforts in the area of results monitoring. According to a World Bank study, integrating results-based management into Romania’s governmental structures will require the following key steps: assigning primary responsibility to the Ministry of Public Finance for ensuring the success of the performance management approach; strengthening and supporting the program budgeting effort already underway; mandating an audit by the Court of Accounts of program budgeting implementation efforts across line ministries; building capacity to support reform and make this management approach a real priority of the national leadership; developing a strategy to move

<sup>57</sup> A recently announced grant from the World Bank and the GOR to the Commission for Poverty Reduction and the Promotion of Social Inclusion will be used to provide the capacity to monitor and evaluate poverty reduction efforts in Romania (ROMPRES May 31, 2002).

<sup>58</sup> “Citizen’s Guide On Free Access to Information,” <http://www.publicinfo.ro/ENGLEZA.html>.

performance management to the local government level in a meaningful way but only over time; refining national statistical capacity to capture and analyze performance data; and encouraging donor support and coordination.<sup>59</sup>

3.105 Reform of the public service is also critical to instituting results-based management in the Romanian Government. This includes not only salary reform but also introducing, in incremental steps, linkages between the performance of public servants in terms of their contributions to objectives and outputs and personnel action, such as placements, promotions and pay.<sup>60</sup>

3.106 More broadly, Romania's concerns with results have been quite input-focused to date, with little articulation of overall quality of life aspirations. The passage of laws, regulations, conditions, and yet new strategies and plans are important elements of Romania's modernization-cum-accession strategy, to be sure. However, greater publicity and debate in Romania about the broader Millennium Development Goals to which global leaders have committed their countries might deepen an understanding in Romania about the ultimate objective of the myriad of laws, regulations, and strategies being put on the books. Strengthening the linkages between these inputs and the *ultimate* development goals that the world has articulated for itself may help to strengthen both the demand for and supply of more profound development results in Romania.

---

<sup>59</sup> World Bank, "Readiness Assessment: Toward Results-Based Monitoring and Evaluation in Romania," World Bank Diagnostic Mission report, November 12-18, 2001, pp. 5-7.

<sup>60</sup> A DFID-funded adviser in the Prime Minister's office, Kenneth Sigrist, has been working with the Secretariat of the Government and the Ministry of Public Administration on public service reform. Under development is the introduction of a performance-based system for senior public servants.

## 4. CDF Inter-relationships

4.1 The consultative process entailed by the “CDF Consultations” of 1999-2000 simultaneously outlined the elements of a holistic development vision and strategy and built ownership. As recounted in previous chapters, what could have evolved into a broadly country-owned comprehensive, long-term development framework was overtaken by the NATO and EU accession processes and other factors. While these accession processes began as externally imposed requirements, and in many respects remain such, they enjoy a higher degree of country-ownership today, at least by the elite of Romania. The de facto EU accession strategy is embodied in several instruments: the *Medium-Term Economic Strategy* (MTES) of 2000, the *Governing Programme and Action Plan, 2001-2004*, and potentially, the *National Anti-Poverty and Promotion of Social Inclusion Plan* of 2002. If the anti-poverty plan is formally adopted and implemented by the government, taken together, these three instruments could be viewed as a long-term, holistic development framework.

4.2 The extent of ownership of this de facto strategy by civil society, the private sector, and the population as a whole, is still an open question. Moreover, linkages to the budget and expenditure process are still tenuous.

4.3 While the first two elements of the strategy (MTES and Governing Action Plan) provide something of a template for aligning the assistance strategies of major donors to Romania, government-donor partnerships are mainly limited to individual donor-government relationships, with country-led, multi-donor approaches being limited to a few sub-sectors.

4.4 Nascent efforts to move to greater results orientation, including program-based budgeting, freedom of information developments, and plans to establish a performance management system in the public service, are still at early stages.

4.5 At the sectoral and local levels it is easier to discern mutually reinforcing relationships between three of the CDF principles: strategy, ownership, and partnership. Application of all three principles has been essential to what has been achieved so far in the three initiatives examined in more depth in this case study the Business Environment Action Plan, the Freedom of Information Act, and the Jiu Valley Strategy. In each case, the participation of most if not all interested stakeholders has facilitated strategy development, strengthened ownership by stakeholders, and forged embryonic partnerships among them.

4.6 Major challenges in terms of the full application of all four CDF principles lie ahead if even these three specific initiatives are to be sustained and produce lasting results on the ground. The following chapter lays out some of the key challenges and suggests some courses of action for consideration.

## 5. Main Conclusions and Challenges Ahead

### A Stream with Multiple Tributaries

5.1 The processes of CDF implementation in Romania are analogous to an emerging stream with multiple tributaries:

- There are pre-CDF antecedents, including the first Anti-Poverty Commission; the birth of the Romanian Social Development Fund; the National Sustainable Development Strategy (NSDS); and early efforts to introduce program-based budgeting.
- The CDF, as such, was formally launched by the World Bank in Romania with the “CDF Consultations” of 1999-2000.
- Since then, a number of tributaries have been gathering force. These include:
  - Drive to EU accession, including the processes leading to the *Medium-Term Economic Strategy*.
  - Subsequent mainstreaming of the CDF in 2001, with the development of the Business Environment Action Plan and the monitoring of the *Governing Programme Action Plan 2001-2004*.
  - Passage of the *Freedom of Information Act (FOIA)* through a multi-stakeholder consultative process.
  - Emergence of a regional development system, with a current “best practice” model unfolding as a result of the participatory formulation and government launch of the Jiu Valley strategy.
  - Multi-stakeholder coordinating mechanisms for child protection and HIV/AIDS.
  - Consultative formulation of the *National Anti-Poverty and Promotion of Social Inclusion Action Plan*.

5.2 These processes have occurred at different speeds by sector, level, and institution. Even with the “stops and go’s” of these processes, and the accompanying trials and errors, learning and creative processes were engendered that have contributed to deepening the CDF stream.

5.3 The World Bank has been an important catalyst in virtually all of these processes (the exception being the passage of FOIA, where it was not involved).

### The Four CDF Principles: Conclusions, Issues, and Challenges

#### Long-term Holistic Development Framework

5.4 *Conclusions and questions.* Romania is driven today by its strong desire to join NATO and its commitments to accede to the European Union, goals that surpass the domain of any one political party or coalition. For the majority of the Romanian elite, the component documents most closely related to EU accession, including the MTES and the *Governing Programme Action Plan 2001-2004*, constitute Romania’s development strategy. However, the implications of the goals embodied in these documents do not appear to be well understood by most Romanians. What do the accession goals imply for Romania’s domestic economic and social organization and its relationships with the international community (including and beyond the EU)? How will livelihoods, incomes, relationships, rights, and obligations be altered? What are the financial,

economic, social, political, costs of meeting the requisite Chapters of the EU *Acquis Communautaire*? What kind of society does Romania hope to be in ten or twenty years?

5.5 At the same time, Romanian stakeholders do not want “another strategy.” They want action and results. Any new strategy will need to clearly satisfy two criteria: (1) being consistent with EU accession: and (2) filling a gap not covered by other EU accession-related documents. The new *National Anti-Poverty and Promotion of Social Inclusion Action Plan* has the potential to satisfy both criteria.

5.6 **Tightening the link between the Governing Programme Action Plan and the Anti-Poverty Action Plan and resource allocation decisions.** The challenge is to tighten the linkages between these strategic frameworks, on the one hand, and budget and expenditure decisions, on the other hand.

### Country Ownership

5.7 *Conclusions and questions.* Romanians need time and assistance to bring their democracy to maturity, and learn how to build collaboration among various groups: central government, local government, politicians, non-governmental organizations, academia, media, private firms, labor, etc. How best to promote partnerships between and among various coalitions of actors? How to help Romania’s polity find a better balance between social interests and private interests?

5.8 Multi-stakeholder consultative and participatory processes are still nascent and fragmented. Among the more significant initiatives at the national level are FOIA, BEAP, and the Anti-Poverty Action Plan. Others have not lived up to expectations (Economic and Social Council and the National Sustainable Development Strategy). Some of the most innovative and broadly participatory initiatives are taking place at local levels, most notably the Jiu Valley strategy, as well as the Romania Social Development Fund and Rural Development Program approaches, and initiatives stimulated by the Federation of Local Authorities of Romania.

5.9 *The challenge of efficient and effective communication.* A basic challenge to greater ownership in Romania is expanding effective and efficient communication among and with stakeholders. A large share of the country’s development experts and decisionmakers agree that freer circulation of information and higher transparency are critical for CDF implementation. The difficulties the CDF process faces in Romania in this regard are the direct result of the institutional environment: fragile capacity subject to weak or perverse incentives, political influence, and corruption; many new regulations without operational guidelines for implementation; and centralizing and sectoral mentalities that frequently go against the spirit of the CDF.

5.10 *Meeting challenges of implementation by enhancing the networking of CDF nuclei.* There are a significant number of focal points within Romanian society where the application of CDF principles is emerging. “Networking” these nuclei through communication and related programs or projects could make a substantial contribution to the implementation of CDF principles throughout society.

5.11 *National and Regional Development Forums.* There is a palpable felt need for a locally-facilitated, institutionalized mechanism that would bring together informed Romanian stakeholders and donor representatives to take stock periodically of development issues and to share their concerns and proposals for action with decisionmakers in government, parliament, the private sector, and civil society. To build ownership, these stakeholders should represent the same broad spectrum of interest groups that were brought together for the “CDF Consultations” of 1999-2000. These periodic dialogues could occur at the center as well as at key nuclei around the country, such

as the Jiu Valley. Such nuclei would, in effect, constitute national and regional “development forums.” Their efficacy would be enhanced by focusing on specific topics; promoting feedback between consultations involving experts and non-experts; and widely disseminating best practices.

5.12 *Practical Issues: Convening Power, Continuity, and Country Leadership.* If the notion of periodic national and regional forums along the lines suggested above finds significant support, then some institutional mechanism will be required to support and facilitate the process. The mechanism should have convening power and it should have a base in civil society in order to provide sufficient continuity to carry across changes in government. It should also be country owned. There are organizations in government, the private sector, and civil society that meet at least two of these criteria, but it is difficult to identify an existing institution that meets all three. There are obvious risks and costs to setting up a new institution for something along these lines. One approach would be to identify a respected autonomous institution, such as the Romanian Academy, to undertake the task. Another possibility would be the tripartite National Economic and Social Council (NESC) housed in the Prime Minister’s Office. Donors could also help the process by supporting a series of project opportunities for organizations able to facilitate development partnerships embedding CDF principles.

### **Country-led Partnership**

5.13 *Conclusions and questions.* The international donor community in Romania is not united around a substantive central theme, as, for example, the donors in HIPC countries have rallied around “poverty reduction.” This may be one reason why donor-supported operations in Romania are so diffuse and can be overlapping rather than complementary.

5.14 Multi-stakeholder aid coordination in Romania is weak. With few exceptions, it is neither “country-led” nor “donor-led.” Some officials in the Ministry of Public Finance have a vision of country-led partnership, but they are constrained by:

- Lack of comprehensive data on grant assistance, a “black hole” that makes it impossible to consider all external assistance in the resource allocation process.
- Lack of consensus within the government (GOR) and among donors about who in the GOR should take a lead role in aid coordination, how this should be conducted, and even *if* it should take place.
- Lack of capacity and orientation for effective partnership leadership.

5.15 Under the circumstances, donor procedures diverge widely and can exact heavy transaction costs on the GOR. There are also complaints that donors tend to “crowd in” to some sectors and provide insufficient assistance to others.

5.16 Among the questions that could be raised are the following. As the largest single current donor, what role should the EU assume in aid coordination? Alternatively, should this also include the other three main sources of development finance: the EBRD, IMF, World Bank? Should more members of the bilateral donor community be encouraged to co-finance in collaboration with other donors, or to move to sector-wide assistance via direct budget support to the government?

5.17 *More effective country-led aid partnership.* In addition to the current plan to establish a comprehensive aid data repository in the MPF, with UNDP and World Bank support, a case can be made for periodic meetings between government and donors to discuss mutually agreed strategic, policy, and procedural issues. Two different types of meetings could be convened:

- A forum focusing on major macroeconomic policy issues and involving the EU, IMF, and World Bank on the donor side.
- A multi-stakeholder (government, donor, NGO) forum that would address aid coordination and management issues. It may make sense to undertake the second type of meeting on a sectoral basis, building on the experience of the Child Protection Executive Group. Possible subject areas include education; health; agriculture and forestry; and small- and medium-scale enterprise.
- The purpose of any group should be clear and participants must see it as being worthwhile. The government should take the initiative by convening and chairing meetings, but all participants should have a say in the selection of issues to be addressed.

5.18 As pointed out in Chapter 3.3, greater country leadership in this arena will require changes on the part of both government and donors.

- Government, with support from the highest levels, should be prepared to dedicate resources and reforms to strengthening capacity for aid management leadership. A logical ministry for a central role, given its resource mobilization and budget responsibilities would be the Ministry of Public Finance.
- Donors should be prepared to:
  - Respond positively and constructively to government initiatives to exercise country leadership;
  - Align their assistance plans with government strategy, as reflected in the *Governing Programme and Action Plan* and the *National Anti-Poverty and Promotion of Social Inclusion Action Plan*;
  - Support efforts to reduce aid transaction costs;
  - Be more transparent regarding their activities, plans, and procedures;
  - Do a better job of reaching out to the private sector and civil society; and
  - Accept their own accountability and participate in reviews of their own performance in providing quality aid to Romania.

## Results Orientation

5.19 *Conclusions and questions.* There has been a certain tendency in Romania to concentrate on consultancy, without much attention to moving beyond consultants and consultations to implementation and achieving results. Interviewees and questionnaire respondents reached by the case study team consistently expressed greatest dissatisfaction about the discontinuity of development processes, about the breaks between designs, consultancies, and implementation actions.

5.20 *Demands for accountability for results* in Romania are weakly expressed as such. Instead, expressions of popular frustration due to lack of results are on the rise. Public opinion polls cite low “life satisfaction” (Eurobarometer 2001) and increasing concerns about corruption and poverty (Gallup Organization 2002). Journalists cite the limited effect of media criticism on political decisionmaking and weak utilization by the public of the media for expressing popular criticism. Voting incumbents out after only one term in office may be the only option for Romanian citizens to express their dissatisfaction. How can fledgling efforts to “report results” to Romanian society be strengthened?

5.21 *Meeting challenges on the results orientation demand and supply sides.* The Freedom of Information Act (FOIA) and the program-based budgeting (PBB) initiative represent promising results orientation developments, but full realization of the benefits of these initiatives will require successfully overcoming challenges on both the supply and demand sides.

- For FOIA and related legislation, the “supply” challenges include providing clear instructions, training, and incentives to government suppliers of information.
- The “demand side” challenges include a vigorous promotion and educational campaign among the public.
- For PBB, the supply challenges include enhancing the capacity and incentives of Ministry and agency officials to provide meaningful and measurable program objectives, targets, and indicators.
- The demand challenges include putting systems and incentives in place to *use* PBB-generated information in resource (financial and human) and policy decisionmaking.

#### **AN OPPORTUNE MOMENT? -- A PROPOSAL**

Since the CDF consultations took place in 1999, “it seems the process has slowed down considerably, and in fact the Minister was wondering what happened to the CDF... We still need a forum to debate broad national and international issues. There needs to be a structure, a forum for civil society to give the Government feedback as to how it’s doing.” (Romanian Government official, Interview, March 28, 2002)

5.22 The current juncture, at the mid-term point for the government, provides an opportune moment to reach out to the broad spectrum of stakeholders across Romanian society in order to deepen the dialogues begun as part of “Romania’s Shared Vision” in 1999. This spectrum should include adequate representation of the range of leadership among and within the following groupings: government; the political opposition; civil society (including NGOs, trade unions, professional associations, universities and research institutions, and church bodies); the business sector—private and state-owned; and the media. The dialogues need not be referred to as “CDF consultations,” although some explicit linkage between the new dialogues and those begun in 1999 would be useful for strengthening the perception of accountability to the earlier strategy.

5.23 For the many observers who asked the CDF case study team, “Whatever happened to CDF?” laying out the record of “CDF-like” accomplishments through 2002, compared with the initial goals articulated in 1999, could be a very positive and empowering experience. The team interviewed Romanian leaders who are interested in developing a revitalized CDF initiative. The World Bank, in conjunction with other interested donors, could provide significant intellectual and financial support to Romanian institutions and experts who would nurture “CDF nuclei” and the development of a central networking and convening mechanism, with overarching goals of producing a broad consensus in support of the country’s development agenda and holding its public officials and the country’s international development partners accountable for results.



## **Annex A. Interview and Questionnaire Methodology**

1. Methodology for the case study involved documents analysis; a qualitative survey based on semi-structured interviews of key informants from a wide range of stakeholder categories, a more structured survey of government and donor representatives that focused on government-donor relations; and a largely quantitative survey of 722 development experts and decisionmakers. The latter survey instrument is included as an appendix to this annex.

### **STRENGTHS AND LIMITATIONS OF THE CASE STUDY APPROACH AND METHODOLOGY**

2. The case study team believes that the questionnaire survey results come from a sufficiently large and balanced sample of respondents to make them representative of the actual community of informed Romanian development stakeholders. The interview results, while from a smaller sample, are consistent with the questionnaire results and allowed exploration of key CDF-related topics in more depth. To be sure, most of the respondents were not specialized evaluators and their responses reflected their personal interests and frustrations. However, these perceptions count because people act on their perceptions. Their views convey significant insights into real strengths and weaknesses of the way in which CDF-related development processes are working in Romania.

3. With additional time and resources, additional stakeholders in different categories and in different parts of the country could have been interviewed in depth. The application of CDF principles in different economic sectors could also have been examined. The case study team believes that notwithstanding these limitations, the purposeful stratification and sampling involved in selecting in-depth interviewees and questionnaire respondents have provided a sufficient basis for identification of the key issues and drawing valid conclusions.

### **KEY INFORMANT INTERVIEW SURVEY**

4. Semi-structured interviews were undertaken with a broad set of informants in order to: a) reconstitute the history of the 1999 CDF consultations organized by the World Bank in Romania; and b) understand the contemporary manifestations of the CDF in Romania.

5. The interviews were conducted in two rounds (February 4-12 and March 11-29, 2002), mainly by face-to-face discussions in Bucharest, Petrosani in the Jiu Valley of Romania, and in Washington, DC. In some cases, telephone interviews were conducted with persons in other locations. Altogether, 84 interviews were conducted with 140 persons (40 from the donor community; 35 from the central government; 6 from local government bodies; 27 from civil society, largely NGOs; and 23 from the private sector). Of this total, 22 were from the Jiu Valley and other localities in Romania, with the balance from Bucharest and Washington (110 and 8, respectively). In all these domains relatively high-ranking interviewees included 35 directors, 15 presidents, and 16 ministers/state secretaries.

6. The selection of persons for interviewing resulted from the need to cover information related to implementation of the four CDF principles and to the special cases to be reviewed (business environment, regional development and access to public information). The initial list of the persons to be interviewed was expanded as new references emerged from earlier interviews. The list of participants in the 1999 CDF consultations was employed as a guide to identify 1999 participants to interview and to select some members of a reference group.

7. The list of the 64 institutions from which the interviewees were selected is presented in Table A-1: 14 are government bodies, 11 NGOs, 12 private sector units, 12 institutions from the mining area of Jiu Valley, 10 donor/development agency institutions and 4 in the category of “others.” The interviews were primarily with institutions at the center. A list of interviewees is provided in Annex G. As shown in the next section, the quantitative survey reached a much larger number of persons, including respondents from central, regional and local levels.

#### **GOVERNMENT-DONOR RELATIONS SURVEY**

8. The Government-Donor Relations Survey was conducted in Bucharest in July-August 2002 by a local consultant.<sup>61</sup> The study identifies and analyzes the transaction costs of donor support to Romania through a combination of questionnaires and semi-structured interviews with 22 government, donor, and civil society representatives, representing 3 government ministries, 13 donor agencies (8 bilateral and 3 multilateral), and 2 NGOs.

#### **QUESTIONNAIRE SURVEY METHODOLOGY**

9. **Sampling design.** The target population for the survey was experts and decisionmakers who deal with development programs or projects and are in direct or indirect interaction with international donors and development agencies. (See Table A-1).

---

<sup>61</sup> Manuela Sofia Stanculescu, Institute for the Study of the Quality of Life, *Government-Donor Relations in Romania: Changes and Trends* (September 2002), available on request.

**Table A-1. Interviewee Institutions by Sectors** (see Annex G for a list of interviewees)

Government of Romania	NGOs	Private Sector	Other	Jiu Valley	Donor/ Development Agency
Ministry of Development and Prognosis	Cartel-Alfa	American Chamber of Commerce in Romania	<i>Adevarul</i> (Romanian daily newspaper)	CNH	Department for International Development (UK)
Ministry of Public Finance	Romanian Center for Economic Policy	Central European Financial Services	Chamber of Deputies	CREDO	European Bank for Reconstruction and Development
Ministry of Public Information	Center for Independent Journalism	CPR (including representatives of ANA Group, Grivco Energy, Price Waterhouse Coopers)	National Television	Enterprise Support and Workspace Centers Management Project	European Union, Delegation of the European Commission
Ministry of Public Administration	Center of Assistance for Non-governmental Organizations (CENTRAS)		Senate	Foundation for Small and Medium Enterprises	International Monetary Fund (IMF), Washington
Ministry of Labor, Agency for Employment	Open Society Foundation Romania	Gallup Organization		Global Invest	Japanese Aid (JICA and JBIC)
Ministry of Industry and Resources	Eurohelp	IMAS		Hunedoara Prefecture	Netherlands Aid Program
Ministry of Foreign Affairs	European Institute of Romania	International Center for Entrepreneurial Studies		Lupeni Mayor's Office	Swiss Development Cooperation (SDC)
Ministry of Health and Family	National Trade Union Federation METAROM	IRIS Center Romania		Petrosani Mayor's Office	United Nations Development Programme (UNDP)
General Secretariat to the Government	Pro-Democracy Association	National Association of Romanian Exporters and Importers		Regional Development Agency, West Region	US Agency for International Development (USAID)
Anti-Poverty Commission, Prime Minister's Office	Romanian Academic Society	National Council of Small & Medium-Size Private Enterprises in Romania		Save the Children, Hunedoara	World Bank Romania and Washington
CDF Secretariat	Romanian Social Development Fund	On The Frontier (formerly with The Monitor Group)		University of Petrosani	
Federation of Local Authorities		Tofan Group		Vulcan Mayor's Office	
National Bank of Romania					
Prime Minister's office					

10. Two stratification criteria were employed for the sampling design; namely, decisionmaking level and type of institutional affiliation. Central (or national), regional, and local were the three decisionmaking levels. Regional institutions are those that are relevant for the functioning of the 41 counties (“*judets*”) as basic regional administrative units of the country and for the functioning of the eight development regions (these are not administrative units but voluntary associations of *judets*). Combining the three decisionmaking levels with type of institution resulted in a set of 28 institutional positions. The number of counties or *judets* (41), ministries, agencies, large cities, and representative NGOs at the three levels resulted in an estimated total of 623 persons to be reached by survey in those institutions (see Table A-2). The identification of respondents and administration of the survey were undertaken by a specialized company during March 18 - April 9, 2002 (GALLUP Organisation- Romania).

**Table A-2. Sample Design for the Basic Sub-sample (those not participating in the 1999 consultations)**

Stratification criteria			Quantity		
Decision level	Type of institution	Institutional position*	predetermined number of questionnaires per institutional position	no. of existing units	no. of questionnaires to be filled by type of institution
Central level	Ministries	state secretary, director (excepting PMU/PIU/PCU)	3	23	69
	Government and non-government agencies			20	20
	Business environment	employers association chamber of commerce			20
	NGOs of national coverage	Soros Open Network (SON) Foundation for Civil Society Development PRO-DEMOCRACY Foundation			20
	PMUs, PIUs, PCUs	directors/managers		39	39
	health education, culture units**	directors, university professors, researchers, physicians			20
Regional level	judet councils	president of judet council	1	41	41
		service of European Integration	1	41	41
	business sector	Chamber of commerce and industry	1	41	41
	Prefectures	Prefect	1	41	41
		Service of European integration	1	41	41
	regional development agencies	Agency chief	1	8	8
		Chiefs of <i>judet</i> branches	1	41	41
		Judet agency for employment	1	41	41
	Regional NGOs	Two most active NGOs in the judet	2	41	80
	education, health, culture**	Directors, university professors, researchers, physicians			10

**Table A-2 continued**

Stratification criteria			Quantity		
Decision level	Type of institution	Institutional position*	Predetermined number of questionnaires per institutional position	No. of existing units	No. of questionnaires to be filled by type of institution
Local	city hall for cities of more than 100,000 inhabitants and capital cities of <i>judets</i>	Mayor	1	25	25
		Chief office of programs and strategies	1	25	25
Total					50

\* Selected as close as possible to development programs/projects, the business environment, and regional/community development. Shadowed cells indicate provisional figures.

\*\* Category added after pre-testing the sampling scheme by GALLUP-Romania. Regional institutions covered by the survey were in all the 41 *judets*. The stratification scheme called for the completion of 623 questionnaires. This scheme was defined by types of institutions and positions and was used by GALLUP-Romania to select the basic sub-sample of the survey. The structure of the sample design limited the potential for sampling errors: the majority of strata result directly from the number of institutions of the specified type. In some cases, the minimum stratified sub-sample size was reduced further to 20 cases (not so far from the theoretically defined limit of 30 for a small sample).

11. The design of the sample was guided by the following basic principles:

- Multilevel approach: to identify stakeholders of programs/projects development at national, regional and local levels.
- Multi-institutional approach to identify stakeholders of development programs/projects in as many relevant institutions as possible.
- Potential exposure and experience with CDF principles, having a basic sub-sample of 2002 stakeholders (who did not participate in the 1999 CDF consultations) and a sub-sample of participants in the 1999 CDF consultations (“99ers”).
- Independence among selected persons within the same institution.

12. Following these principles, the final sample came to 722 respondents, of whom 71 were “99ers.” The sub-sample of non-99ers was a bit larger than designed (651 instead of 623) and the sub-sample of 99ers smaller than expected.

13. The resulting sample, including 99ers, is generally consistent with the sampling design (see last column of Table A-3). An over-representation of the business sector and NGO categories resulted from the fact that 99ers who could be identified and surveyed pertained to a large degree to those two sectors.

14. The target population of experts and decisionmakers in donor-assisted development activities is a fuzzy population, with fluid and diffuse borders. This must be taken into account when comparing the actual sample with the criteria that generated the sampling design scheme (Table A-2). The sample is consistent with what it was expected to be. Secondly, there are highly diverse social situations in which the interviewed persons work: the sample has 15 strata (see conditional distribution in Table A-3).

**Table A-3. Sample Distribution by Decision Level and Type of Institution**

Type of institution	Actual sample (percent)			Total	Total – designed sample
	Decision level of respondent's institution				
	Central	Regional	Local		
Ministries	10,1			10,1	11,5
Agencies, PMUs	5,3	9,3		14,5	23,9
Business sector	7,5	11,1	1,1	19,7	9,8
NGOs	8,7	11,8		20,5	15,3
Judet Councils		10,8		10,8	13,2
Prefectures		9,6		9,6	13,2
City Halls			7,3	7,3	8,0
Education, health, culture	2,8	1,8	0,7	5,3	4,8
Other	2,2			2,2	0,0
Total- actual sample	36,6	54,3	9,1	100,0	100,0
Designed sample	30,3	60,5	9,2		

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania.

15. **Socio-demographic profile of the sample.** The mean age of the interviewed person is 45.5 years old, quite close to the national average age for the adult population of Romania. About two-thirds are males, which reflect a national leadership bias in the same direction.<sup>62</sup> The sub-sample of persons that participated in the 1999 CDF consultations is older (50 years old on the average), with a higher domination of males (72%).

16. Engineers and economists are the dominant professional subgroups within the sample (Table A-4) with economists and technical experts comprising a significantly greater relative share in the group of 99ers compared to the group of non-99ers.

**Table A-4. Sample by Profession of Respondents and their CDF Experience (%)**

Profession	Did not attend 1999 CDF consultations	Attended 1999 CDF consultations	Total sample
Engineer	39,3	26,8	38,1
Economist	20,2	29,6	21,1
Professors or social scientists	13,4	12,7	13,3
Manager, leader	5,2	4,2	5,1
Expert/technical specialist	8,3	15,5	9,0
Other	13,6	11,3	13,3
Total %	100	100	100
Number	651	71	722

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. The classification of professions is dependent on the way the respondents declared them as an answer to an open-ended question.

<sup>62</sup> The *Public Opinion Barometer* issued by the Open Society Foundation Romania (OSF) in May 2001 indicated, for the national level, a figure of about 60% males out of the total adults declaring themselves as having a leadership position (at least three subordinates).

17. The overwhelming majority of the respondents are leaders (Table A-5) at different levels, from ministries to local units. Of the total sample, 82% are leaders and directors; chiefs of offices and presidents account for 71% of the total. Leadership positions account for 83% of the “non-99ers” sub-sample, but only 69% of the 99ers’ sub-sample.

18. The two sub-samples also differ according to the institutional affiliation of the respondents: 99ers are practically absent from regional and local levels in the sample. The business, health, education, and culture sectors are much better represented in the 99ers group than in the non-99ers (Table A-6).

**Table A-5 Sample by Official Position of Respondents and their CDF Experience (%)**

Official position in 2002	Did not attend 1999 CDF consultations	Attended 1999 CDF consultations	Total sample
Director/manager/administrator	43,0	42,3	42,9
Chiefs of office/program	16,9	11,3	16,3
President/vice president	12,6	12,7	12,6
Prefect/vice prefect	3,5		3,2
State secretary/senator	2,8	2,8	2,8
Mayor/vice mayor	2,6		2,4
Judet council president/vice	1,7		1,5
Consultant/expert	4,6	2,8	4,4
Councilor	4,9	7,0	5,1
Academic	1,7	7,0	2,2
Other	4,3	9,9	4,8
Unspecified	1,4	4,2	1,7
Total %	100	100	100

*Data source: “Best Principles and Practices in Development” survey, March-April 2002, conducted by Gallup Romania. The classification of official positions is dependent on the way the respondents declared them in answering an open-ended question.*

**Table A-6. Sample by Respondent’s Institution and their CDF Experience (%)**

Institution	Did not attend 1999 CDF consultations	Attended 1999 CDF consultations	Total sample
Ministries	10,1	9,9	10,1
Agencies and PMUs	16,0	1,4	14,5
Business sector	17,7	38,0	19,7
NGOs	20,0	25,4	20,5
Judet Councils	12,0		10,8
Prefectures	10,6		9,6
City Halls	8,1		7,3
Education, health, culture	3,5	21,1	5,3
Other	2,0	4,2	2,2
	100	100	100

*Data source: “Best Principles and Practices in Development” survey, March-April 2002, conducted by Gallup Romania. The classification of institutions is dependent on the sampling design (Table A-2) that served as a basis for the construction of the sample.*

19. The sub-sample of 99ers differs according to age, gender, profession and institutional affiliation compared to non-99ers. Consequently, it is necessary to test the basic hypotheses of the analysis by controlling for such factors. This is the reason that the data analysis for the survey employed multiple regression models with very detailed specifications.



**APPENDIX TO ANNEX A. SURVEY QUESTIONNAIRE**

The Gallup Organization Romania  
Bd. N. Titulescu 1, ap. 116-117  
Sector 1 București  
Tel: 01-210 5016  
Fax: 01-211 0366  
E-mail: [office@gallup.ro](mailto:office@gallup.ro)  
Web: <http://www.gallup.ro>

**QUESTIONNAIRE****THE BEST PRINCIPLES AND PRACTICES IN DEVELOPMENT****March 2002**

---

The Gallup Organization Romania is conducting a survey concerning the understanding of Romania's experiences in applying the best principles and practices of cooperation for development. The survey, conducted as part of a global evaluation governed by an international consortium of development agencies and recipient government and civil society representatives, focuses on development programs and projects in areas such as business environment, regional development, access to public information etc., especially those financed through external funds.

In order to evaluate these experiences, The Gallup Organization Romania will interview actors from various organizations: Romanian Government, local and regional authorities, Parliament, the business sector, NGO's, trade unions, media and academia. You have been selected to participate in this survey because of the important role you are playing in one of these organizations.

The data gathered through this questionnaire will be processed by The Gallup Organization Romania. Our company guarantees the confidentiality of your views, in accordance with the standard rules of surveying. The results will be analyzed statistically and they will serve to make up a final report concerning Romania's experiences.

Thank you very much!

---

**A. THE EXTENT OF INFORMATION ABOUT DEVELOPMENT PROGRAMS AND PROJECTS ACTIVITIES**

CIRCLE ONE FIGURE ONLY IN EACH ROW AND OPTIONALLY WRITE DOWN FEW WORDS IN THE LAST COLUMN.

<b>How do you rate the quality of your information on programs and projects accomplished in the last three years or underway in Romania, in the following domains:</b>		Very good	Good	Rather poor	Poor	No information at all	<b>Specify, if possible, by one or two words the name of the program or project you know best</b>
A1.	Agriculture	4	3	2	1	9	
A2.	Industry	4	3	2	1	9	
A3.	Infrastructure	4	3	2	1	9	
A4.	Education	4	3	2	1	9	
A5.	Health	4	3	2	1	9	
A6.	Regional development	4	3	2	1	9	
A7.	Poor rural communities	4	3	2	1	9	
A8.	Employment	4	3	2	1	9	
A9.	Other sector – <i>Specify which one?</i> .....	4	3	2	1	9	

<b>Please mention the names of two international aid donors . What is the level of your knowledge regarding the development programs or the projects accomplished in the last three years or underway in Romania, financed by the agencies you have just mentioned?</b>		Very good	Good	Rather poor	Poor	No information at all
A10.	<b>Donor No.1</b> – <i>Please specify which one.</i> .....	4	3	2	1	9
A11.	<b>Donor No.2</b> – <i>Please specify which one.</i> .....	4	3	2	1	9

<b>How often do you seek information on development programs / projects opportunities using...</b>		Very often	Often	Rare	Never	I do not have free access to it
A12.	Internet	4	3	2	1	9
A13.	Other media (TV, radio, newspapers, etc.)	4	3	2	1	
A14.	Personal acquaintances	4	3	2	1	
A15.	Existing official channels	4	3	2	1	

A16. Which one of these sources mentioned above is the most important for your information on development programs or projects?

NOTE ONE OF THE CODES: 12, 13,14 OR 15.

\* Donors are international financing agencies who give grants or loans for development programs/projects, ex: USAID WB, UNDP, EBRD etc.

## B. Development Programs and Projects

Please specify two of the best development programs/projects undertaken in Romania in the last three years WRITE THE NAME OF THE 2 PROGRAMS/PROJECTS →	PROGRAM / PROJECT NO.1						PROGRAM / PROJECT NO.2				
	..... .....						..... .....				
According to your knowledge of these programs/projects undertaken in Romania in the last three years, to what extent do they:	CIRCLE ONE FIGURE ONLY IN EACH ROW.						CIRCLE ONE FIGURE ONLY IN EACH ROW.				
	Very large extent	Large extent	Small extent	Not at all	I cannot evaluate		Very large extent	Large extent	Small extent	Not at all	I cannot evaluate
B1. Take into account economic, social and political priorities in a balanced way?	4	3	2	1	9	B10.	4	3	2	1	9
B2. Ensure a sustainable development?	4	3	2	1	9	B11.	4	3	2	1	9
B3. Involve partnership among different actors, including beneficiaries in the design stage?	4	3	2	1	9	B12.	4	3	2	1	9
B4. Involve partnership among different actors, including beneficiaries in the implementation stage?	4	3	2	1	9	B13.	4	3	2	1	9
B5. Are in accordance with Romania's main needs?	4	3	2	1	9	B14.	4	3	2	1	9
B6. Are transparent both in the design and implementation procedures?	4	3	2	1	9	B15.	4	3	2	1	9
B7. Use information on results in order to improve performance?	4	3	2	1	9	B16.	4	3	2	1	9
B8. If you know of the donor agency participation to the development project you mentioned, please specify its name. →	..... .....					B17.	..... .....				
B9. IF YOU SPECIFIED THE DONOR'S NAME AT B8. According to your knowledge, to what extent does the donor that you mentioned above supports the needs of the program or project with consultancy or relevant analysis?	Very large extent	Large extent	Small extent	Not at all	I cannot evaluate	B18.	Very large extent	Large extent	Small extent	Not at all	I cannot evaluate
	4	3	2	1	9		4	3	2	1	9

**C. Examples Of Government and Donor Practices**

(IF THE SPACE IS INSUFFICIENT, PLEASE USE A SEPARATE SHEET, INDICATING THE REFERENCE CODES FOR THE ROW AND THE COLUMN)

In your experience with development programs and projects, please give us some examples of good practices and examples of practices needing to be improved, with respect to the following aspects:	GOOD PRACTICES			PRACTICES NEEDING IMPROVEMENTS	
	A. <u>Examples of good practices</u> <i>(specific activities undertaken in a certain development program or project)</i>	B. <u>Main contributors to the practice</u> <i>(agents that contributed the most to applying the good practice you mentioned)</i>		C. <u>Examples of practices needing improvements</u>	D. <u>The main constraints</u> <i>that condition the improvement of the practices mentioned in prior column</i>
C1. Consideration of economic, social and political priorities in a <u>balanced way</u>	..... .....	..... .....	C8.	..... .....	..... .....
C2. Ensuring <u>sustainable</u> development	..... .....	..... .....	C9.	..... .....	..... .....
C3. Involving partnership among different actors, including beneficiaries in the <u>design stage</u>	..... .....	..... .....	C10.	..... .....	..... .....
C4. Involving <u>partnership</u> among different actors, including beneficiaries in the <u>implementation stage</u>	..... .....	..... .....	C11.	..... .....	..... .....
C5. Accordance with Romania's <u>main needs</u>	..... .....	..... .....	C12.	..... .....	..... .....
C6. <u>Transparency</u> both in the design and implementation procedures	..... .....	..... .....	C13.	..... .....	..... .....
C7. Use of information on results in order to improve performance	..... .....	..... .....	C14.	..... .....	..... .....

## D. Experience With Consultative Processes

D1.	<b>In the last three years, have you been involved in a certain development program or project?</b> (CIRCLE ONE FIGURE ONLY)	Yes 1	No 2
-----	---	----------	---------

IF "NO" AT D1 → GO TO E

IF "YES" AT D1 ANSWER AT D2, D3, D4

D1.	<b>In what capacity?</b> (CIRCLE ALL THE ANSWERS THAT APPLY IN YOUR CASE)
	1 As a designer                      5 As a lobbyist 2 As a consultant                    6 As an implementer 3 As a decisionmaker                7 As a beneficiary 4 As a financier                        8 Other
D2.	<b>How often have you participated in consultations on this program or project with multiple actors involved?</b> (CIRCLE ONE FIGURE ONLY)
	Very often              Often              Rare              Never              I cannot evaluate 4                              3                              2                              1                              9
D3.	<b>How could the effectiveness of these consultations be improved?</b> PLEASE EXPLAIN. ..... ..... .....

## E. Organizational Behavior

E1.	Does your organization or firm report to the Romanian public its result and accomplishments? ( <b>ÎNCERCUIEȚE UN SINGUR RĂSPUNS</b> )	Yes 1	No 2
E2.	If YES, in which way does it publicize these? ( <b>PLEASE EXPLAIN</b> ) ..... .....		
E3.	If NO, why doesn't it publicize these? ( <b>PLEASE EXPLAIN</b> ) ..... .....		
E4.	Does your organization or firm seek to attract the participation of other interest groups in defining your strategy?	Yes 1	No 2
E5.	If YES, please give us an example of an effective implementation of such participation. ..... .....		
E6.	If NO, why not? ( <b>PLEASE EXPLAIN</b> ) ..... .....		
E7.	Does your organization or firm use information on results in order to make decisions in respect to strategy and budget?	Yes 1	No 2
E8.	If YES, please give an example of such decision. ..... .....		
E9.	If NO, why not? ( <b>PLEASE EXPLAIN</b> ) ..... .....		

**F. Personal Data**

PLEASE FILL IN COLUMN TO THE RIGHT.

F1.	Age	..... years
F2.	Gender	1 - Male 2 - Female
F3.	Profession	.....
F4.	<b>Are you affiliated to/working in...</b> (YOU MAY CIRCLE AS MANY FIGURES AS APPLY IN YOUR CASE)	1 - NGO 2 - Trade Union 3 - Government, central authorities 4 - Local authorities 5 - Political party 6 - Academic 7 - Business organization 8 - Media 9 - Other
F5.	<b>Institution of employment in 1999</b>	.....
F6.	<b>Official position in 1999</b>	.....
F7.	<b>Institution of employment now in 2002</b>	.....
F8.	Official position now in 2002	.....

**Additional Comments and Suggestions in Respect to Development Programs/Projects in Romania:**

IF SPACE IS INSUFFICIENT, PLEASE USE A SEPARATE SHEET.

---



---



---

We thank you for your time and efforts on completing this questionnaire. If you are interested in participating in a follow-up discussion on the theme of this survey, please provide your name and contact information below:

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

**The following information is to be completed only by field interviewer:**

- O1. **Locality:** \_\_\_\_\_
- O2. **SIRUTA CODE:** \_\_\_\_\_
- O3. **Judet** \_\_\_\_\_
- O4. **Interview date:** \_\_\_\_\_
- O5. **Interviewer code:** \_\_\_\_\_
- O6. **How was the questionnaire filled? (circle one)**
1. entirely assisted  
2. partially assisted  
3. self-completion

## **Annex B: Summary of Questionnaire Survey Results**

1. The purpose of the largely quantitative questionnaire survey was to elicit and analyze the views of key stakeholders on the implementation of best principles and practices in development projects and programs assisted by international donors and development agencies. Respondents were asked to consider two programs or projects that they know best, and to judge them from the point of view of CDF principles. A set of seven criteria measured respondents' perceptions of the extent to which the program or project reflected CDF principles. Based on the ratings on these criteria, an index of the "CDF value" of the reference projects was generated.<sup>63</sup> The survey cannot measure the objective degree of CDF consistency for the 1194 projects that are evaluated by the 722 survey respondents. However, survey results give a good estimate of the respondents' perception of the extent to which CDF principles are embedded in the considered projects. Due to the fact that the majority of the respondents are generally development policymakers or practitioners, the CDF index is considered to be relevant for assessing the CDF implementation process in Romania from the point of view of the stakeholders. The first part of this annex describes the extent and quality of the survey respondents' knowledge of development programs and projects and of donors. The second part is devoted to describing and explaining the CDF value assigned by different stakeholders to different projects. Qualitative views of the subjects on the practice of development in relation to CDF principles are presented in the third and fourth sections. Implications for tracking CDF progress are suggested at the end of the annex. (The survey instrument is appended to Annex A.)

### **Sources of Information on Programs and Donors**

2. The survey tried to gauge to what extent respondents believe that they are well informed about development topics, and what sources they use to inform themselves.

3. The presented data indicate clearly that the surveyed population believes it has sufficient information to evaluate development programs/projects. They frequently consult a wide range of relevant information sources.

4. Results suggest that the Internet is by far the most widely used source of information on development program opportunities. The practice of learning about development activities on the Internet is especially high for NGO respondents (Box B-1). These organizations rely much more on the Internet than on official channels for accessing information on development projects.

---

<sup>63</sup> The "CDF value index" is computed as a simple average for the seven indicators of CDF orientation.

**Box B-1 Categories of Indices for the Evaluation of Information on Development Projects/Programs and Donors**

Five indices for evaluation of information that stakeholders have about development projects and donors:			
Evaluation approach	Object of evaluation by stakeholder		
	Programs/projects	Donors	Sources of information
Frequency		(1) frequency of mentioning donor as best known BESTDON*	(2) frequency of using a certain information source by the person (INTENSITY of use)
Quality or importance	(3) INFOPRO quality of information on projects	(4) INFODON quality of information on donors	(5) most IMPORTANT personal source of information

\* This is the only index in the box that is computed only on an aggregated level; all the other four are relevant at personal and aggregated levels.

(1) Frequency of reference to best known donors (BESTDON) as an answer to the question: "Please mention the names of two international aid donors."

(2) Frequency of using a certain source of information for project opportunities (INTENSITY -see questions A12 –A16 in Annex A). A set of four questions was asked on a four point scale, about "How often do you seek information on development programs / projects opportunities using...." The indicated sources were Internet, other media (TV, radio, newspapers, personal acquaintances and existing official channels).

(3) Quality of information on projects: "How do you rate the quality of your information on programs and projects accomplished in the last three years or underway in Romania, in the following domains...?" The self-assessed levels on information referring to programs/projects in nine areas (agriculture, industry, infrastructure, education, health, regional development, poor rural communities, employment and other sector) were rated on a five-point scale. An index of the quality of information on projects (INFOPRO) was computed as a mean of ratings on the nine rescaled items (10 very good information, 5 good, -5 rather poor information, -7.5 poor information and -10 no information at all).

(4) Level of knowledge about the specified donor: "What is the level of your knowledge regarding the development programs or the projects accomplished in the last three years or underway in Romania, financed by the agencies you have just mentioned?" The answers on a five-points scale have been rescaled so as to derive an index of the level of information on donors (INFODON) of five points (10 very good information, 5 good, -5 poor information, -7.5 poor information, -10 no information at all).

(5) A fifth question in the series sorted out the most IMPORTANT source from the four sources mentioned in (2) above. --"Which one of these sources mentioned above is the most important for your information on development programs or projects?" An information source could be evaluated, consequently, from three points of view: how frequently (very often, often, rare, never) used by the respondent; its place in the series regarding importance; and the frequency of access of the most important sources of information at aggregated level (all the samples or sub-samples).

5. The second most frequently accessed source is official –i.e., government channels, ministries, agencies and prefectures—rely on these channels for getting development project information. Private businesses prefer traditional media outlets –e.g., radio, TV, and newspapers– for information. City halls, education and health institutions, and *Judet* Councils appear to use a combination of several sources of information, with no one source being very prominent.

6. The Internet is not only the most frequently accessed source of information (Table B-1), but also the one that is used most intensively. Accessing a diversity of sources at a rather high degree of intensity is the dominant feature of the surveyed population. Generally, formal channels – e.g. Internet, media, and government – are much more important than the informal ones. This may contribute to a higher probability of more equal opportunities for getting information on development projects opportunities in a non-discriminatory manner. Internet users are somewhat younger than the average age for all respondents

\* Donors are international financing agencies that give grants or loans for development programs/projects, ex: USAID WB, UNDP, EBRD etc.



(43 years old vs. 46 years old). The persons that did not indicate a privileged source of information on programs/projects are the oldest (with an average age of 51 years old).<sup>64</sup>

**Table B-1. Survey Respondents' Sources of Information (%)**

Respondent's Institution	"Which one of these sources .... is the most IMPORTANT for your information on development programs or projects?"					Total
	Internet	Other media	Personal acquaintances	Existing official channels	NA	
NGOs	<b>62,2</b>	12,8	8,1	16,2	0,7	100
<i>Judet</i> Councils	50,0	<b>6,4</b>	7,7	33,3	2,6	100
Business units	47,5	<b>19,9</b>	9,9	22,0	0,7	100
Education, health, culture	47,4	13,2	15,8	15,8	<b>7,9</b>	100
City halls	47,2	20,8	5,7	22,6	3,8	100
Prefectures	46,4	2,9	4,3	<b>43,5</b>	2,9	100
Agencies	32,4	14,3	11,4	<b>41,0</b>	1,0	100
Ministries	21,9	19,2	6,8	<b>47,9</b>	4,1	100
	45,8	13,7	9,0	29,4	2,1	100

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. The figures in bold indicate cell where observed frequencies are significantly higher than the theoretical frequencies in the hypothesis of no relation between the column and row variables. The figures in italics indicate the cases where observed frequencies are significantly lower than theoretical ones (the technique used to do the assessment is that of adjusted standardized residuals.)

A set of 17 responses has been eliminated from the analysis since they do not fall into one of the eight categories of institutions (eg. Romerica International, DFID, EU, M&R Consulting, UNDP, Document Consulting, etc). Their distribution on each of the five categories of information sources gives very unstable figures; its use would be somewhat inconsistent with the technical requirement of adjusted standardized residuals.

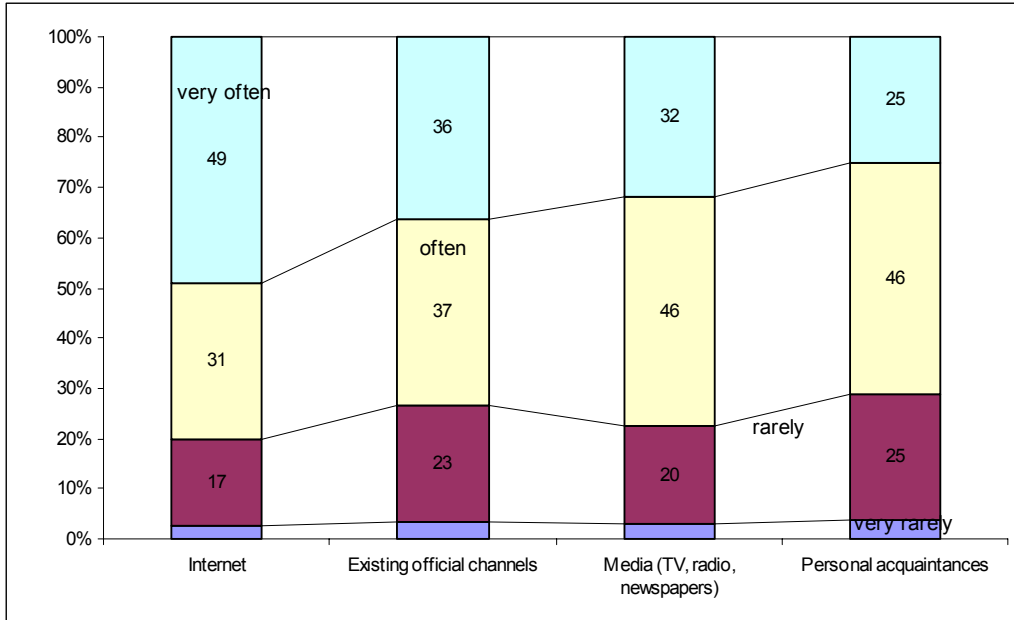
7. The central level decisionmakers rely mostly on media and personal sources for getting information on development projects ("IMPORTANT" index -- see Table B-4). At the regional level, the most widely used sources are Internet and official channels. Mass media is the most important source of information at the local level. In this last category, official information is very poor.<sup>65</sup>

8. Regional development programs/projects are the best known in the country (Figure B-2). This is due to the fact that the development institutions working with international donors cover the whole country with a system that has been in place since 1998 (founded by the law 151/1998 referring to regional development). Information on health programs is by far the poorest. This could be due not only to the diffused nature of such information, but also to its rather high technical content.

<sup>64</sup> The average ages for respondents as a function of their main source of information on development programs are: 43.07 for Internet users, 47.05 for users of official channels, 47.43 for those relying on personal sources of information, 48.26 for those adopting mainly government channels and 48.26 for persons relying on the media. Multiple comparisons among the medium ages for the five categories of sources, using the Dunnett C test, indicate that only two pairs of means are significantly different for  $p=0.05$ : internet users are younger than media and government channel users.

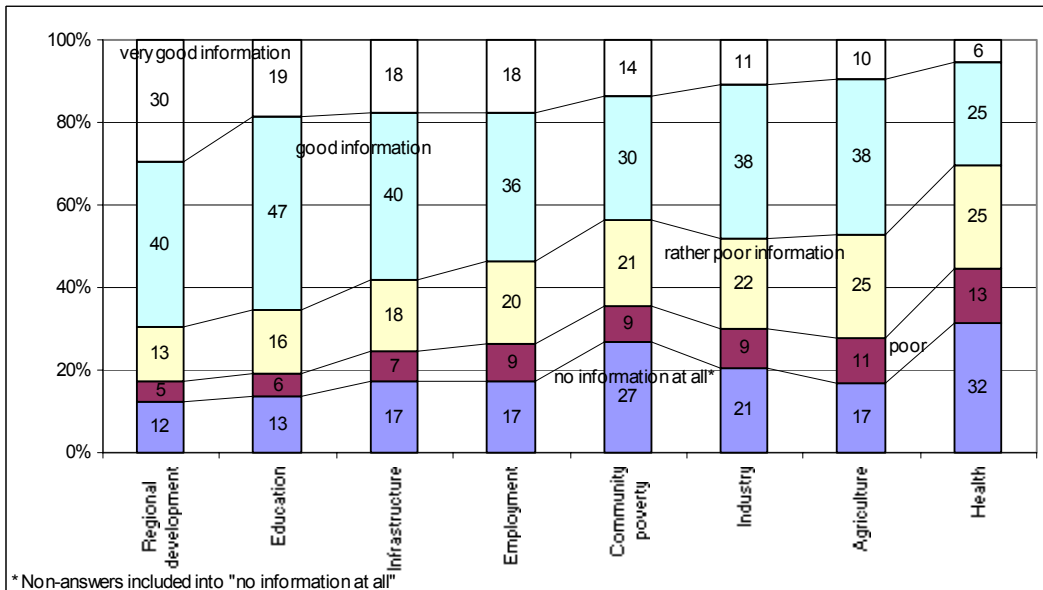
<sup>65</sup> Findings based on crossing "main source of information" with "decision level" for the respondent's institution. Significant cell associations in Table B-1 were determined by the use of the technique of adjusted standardized residuals.

**Figure B-1. Frequency of Information Access on Development Programs/Projects**



Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. Note: Responses to the question, "How often do you seek information on development programs/projects opportunities using...?" See index INTENSITY in Box B-1.

**Figure B-2. Quality of Information on Development Programs/Projects in Romania**



Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania.

Note: Responses to the question, "How do you rate the quality of your information on programs and projects accomplished in the last three years or underway in Romania, in the following domains...?"

9. There are specific patterns of information for clusters of sectors. For agriculture, industry, and labor, information is obtained mainly from the most standardized sources in official entities and the media. For infrastructure and community poverty, the Internet provides an additional significant source of information. For regional development, the pattern is based on the Internet and official sources. It is only

for education, health, and other sectors that informal information coming from personal acquaintances plays a significant role (Table B-2).

10. Even if the Internet is the most widely used source of information, it does not provide the best quality, for which the highest ratings are associated with information coming from official sources (Table B-3). Respondents who believe they have the poorest quality of information rely mainly on personal sources and media.

**Table B-2. Pattern of Information Sources by Development Sector**

Sector	Information sources that are highly used (INTENSITY)*			
	Internet	Media	Personal acquaintances	Official sources
Agriculture		+		+
Industry		+		+
Labor		+		+
Infrastructure	+	+		+
Community poverty	+	+		+
Regional development	+			+
Education	+		+	+
Health			+	+
Other		+	+	+

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania.

Note: For each line of the table, multiple regression models were constructed. Independent variables are the information sources measured from the point of view of the intensity of their use (four-point scale, ranging from 1 "never" to 4 "very often"). The + signs indicate significant predictors for the dependent variable. See Box B-1.

11. The group of Internet users is split into two subcategories – one where users believe they have good information on projects (25.6% out of the total respondents that rely mainly on the Internet) and another of quite equal share (24.2%) who believe they are poorly informed (Table B-3). The most active Internet searchers for information on development programs and obtaining information of good quality (by self-estimated standards) are the stakeholders at the regional decisionmaking level.<sup>66</sup>

**Table B-3. Quality of Information on Projects by Source of Information (%)**

Quality of information on projects INFOPRO*	Main source of information (IMPORTANT)					Total
	Personal acquaintances	Internet	Other media	Existing official channels	Non-answer	
Very poor	<b>29,2</b>	14,8	<b>29,3</b>	17,5	<b>53,3</b>	19,7
Poor	23,1	<b>24,2</b>	16,2	17,5	13,3	20,8
Middle	18,5	19,9	20,2	17,0	6,7	18,7
Good	18,5	<b>25,7</b>	17,2	22,6	26,7	23,0
Very good	10,8	15,4	17,2	<b>25,5</b>		17,9
	100	100	100	100	100	100

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania.

\* For the way INFOPRO index is constructed see Box B-1. The five categories of quality are the results of segmenting data series by quintiles.

The figures in bold indicate cells where observed frequencies are significantly higher than the theoretical frequencies in the hypothesis of no relation between the column and row variables. The figures in italics indicate the cases where observed frequencies are significantly lower than theoretical ones (the technique used to do the assessment is that of adjusted standardized residuals.<sup>67</sup>)

<sup>66</sup> The finding is based on a separate analysis of the relation between quality of information on projects (INFOPRO) and the decision level of the respondent's institution, only for the subsample of persons that use mainly the Internet as an information source: the Bravais-Pearson correlation between INFOPRO and location in a regional level institution is 0.30, significant for  $p=0.01$ ; for the same subsample INFOPRO correlates negatively with a central-level location of the institution ( $r=-0.29$ ,  $p=0-01$ ) and in a non-significant way with the local decisionmaking level ( $r=-0.03$ ).

<sup>67</sup> A standardized residual for a cell in a cross-tab is the observed minus the expected value in that cell, divided by an estimate of its standard error. The value could be interpreted as a significant difference between the observed and expected frequency, for a certain  $p$ , as it is expressed in standard deviation units above or below the mean.

12. The level of information on donors also varies from one respondent category to another. *Judet* Councils, agencies and NGOs seem to be the most active in collecting information on donors. The poorest information from that point of view is for the last categories in the first column: business, education, health and culture units (Table B-3 and last column of Table B-4). The quality of information on individual projects is clearly much more problematic for all respondent categories. Better quality information on donors than on projects is a direct consequence of the way media focus: higher frequency of donors being mentioned and low rates of specific reference to programs/projects.

**Table B-4. Quality of Information on Known Projects and Donors**

Respondent's Institution	Level of knowledge on donors (INFODON)	Quality of information on projects (INFOPRO)
<i>Judet</i> Councils	4,5	1,8
Agencies	4,2	-0,7
NGOs	4,2	-1,5
City Halls	4,1	0,0
Prefectures	3,5	2,5
Ministries	3,3	-2,0
Business units	2,9	-1,7
Education, health, culture	2,8	-2,4
Total	3,7	-0,7

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. The two indices INFODON and INFOPRO (see Box B-1) are scaled in the same way for minimum -10 to maximum 10, so they are comparable. All the figures in the table indicate average scores for the respondents in the column-row cell. The differences between INFODON and INFOPRO average scores should be considered as indicative and not as precise measures, considering the fact that the initial scores are from ordinal not from cardinal scales.

13. The World Bank is the donor most frequently (BESTDON) mentioned by the respondents. About one-third of the respondents mention it as one of the donors they know best to evaluate (Table B-5). The second and the third in the hierarchy are the European Union (EU) and USAID. The order is a bit different if one considers the depth of knowledge of the donor (INFODON). Here, the EU ranks highest, followed by WB and USAID. The high score for EU is related to its wide range of programs that result in multiple contacts with Romanian stakeholders. There is also a high degree of knowledge for small donors grouped in the category of "others." The latter category manages smaller loans or grants and it is easier for them to interact with smaller and targeted groups.

**Table B-5. Level of Knowledge of Programs/Projects for the Largest Donors**

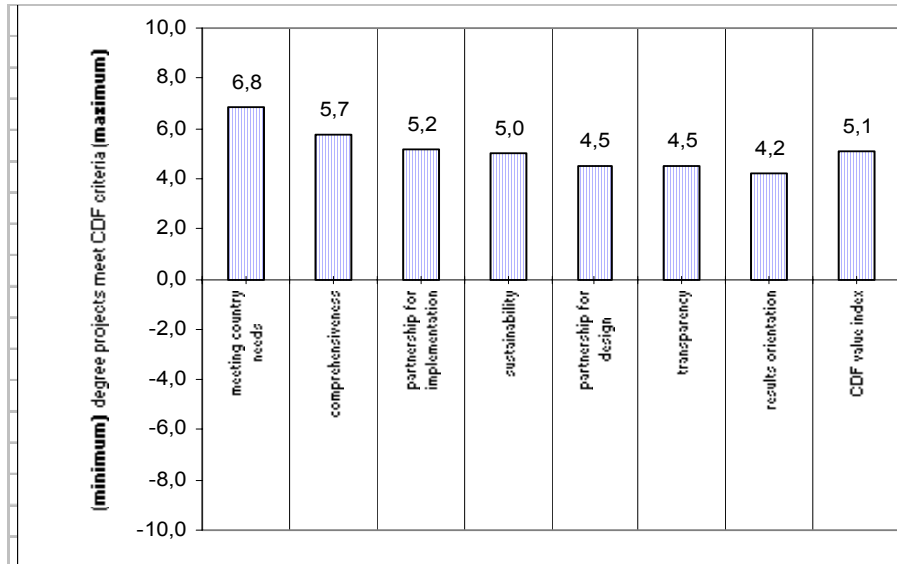
Donor selected for evaluation	Number of mentions per donor (BESTDON)		Level of knowledge on donors (INFODON)*	Coefficient of variation of knowledge score %
	N	%		
World Bank	438	30,3	4,2	131,8
EU	299	20,7	5,9	84,0
USAID	223	15,4	4,2	134,1
EBRD	143	9,9	3,1	197,2
UNDP/UNICEF	83	5,7	4,0	135,0
GBRITAIN	26	1,8	5,1	102,4
OTHER DONORS	140	9,7	6,0	85,6
Non-Answer	92	6,4		
	1444	100	3,7	171,3

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. \*The figures in the column are average scores assigned by respondents referring to the donor category row. As an example, respondents that mentioned World Bank as one of the donors they know better assigned on average a score of 4.2 for the degree of information on that donor, on a scale from -10 (very poor) to 10 (very good). The estimations for EBRD, UN and WB are rather unstable considering the high coefficients of variation recorded in the last column of the table.

### The CDF Profile of Evaluated Programs/Projects

14. Decisionmakers and experts in development on the Romanian scene consider that of the development programs/projects they know, a large majority meet to a high degree the criterion of focusing on country needs. Comprehensiveness of the programs or projects, i.e. taking economic, social, and political priorities into account in a balanced way, is also considered to be good (see Figure B-3).

**Figure B-3. Assessment of CDF-like Characteristics for Selected Programs/Projects**



Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania.

Notes: Figures for the first seven columns indicate average values for seven factors that relate to the four CDF principles – namely comprehensiveness, country ownership, country leadership, and results orientation. Each scale is a four-point estimation: -10 (very negative), -5 (negative), 5 (positive), and 10 (very positive). Each subject was asked to provide evaluations for two programs or projects he/she decided to evaluate. Projects, not subjects, are the units of analysis for this diagram.

The "CDF value index" is computed as a simple average for the seven indicators of CDF orientation. The total "population" of evaluated projects is 1194, out of a total possible 1444 projects (i.e., 722 respondents x 2 projects per respondent = 1444).

15. The whole set of evaluation criteria, including sustainability, partnership, transparency, and results orientation, get good grades from very different respondents. The highest consensus is for comprehensiveness and meeting country needs (coefficients of variation under 76%). The highest controversy seems to be on the degree to which the development programs/projects perform well from the point of view of results orientation, transparency, and partnership for design (coefficient of variation higher than 130%). This last finding is significant because it fully confirms the information gathered from in-depth interviews presented in the body of the report.

16. Respondents' institutional affiliations and experiences shape their evaluations of programs/projects from the CDF point of view (Table B-6). For example, respondents from city halls are the most satisfied with the way development projects meet the needs of the country (average score of 7.6). Respondents from ministries tend to have the most positive views of partnership in implementation. This may reflect superior knowledge or it may, at least in part, represent a tendency to cast programs that they manage in a positive light.

17. Stakeholders from different institutions demonstrate distinct response patterns. For example, regional decisionmakers from *Judet* Councils or Prefectures mainly identify programs/projects low levels of results orientation and design partnership. For representatives of city halls, the highest degree of dissatisfaction is associated with low transparency of programming and poor results orientation. Government and non-government agencies complain especially about the low level of partnership in designing programs. For those working in education and health and in the private sector, the dissatisfaction is higher than for other institutional categories for the majority of CDF criteria and the “CDF value index.”

**Table B-6. Assessment of Programs/Projects in Terms of CDF Principles as a Function of the Respondent's Institution**

Respondent's institution	Programs' average grades from the point of view of respondents*							
	“CDF value index” **	Meeting country needs	Comprehensiveness	Sustainability	Partnership for implementation	Partnership for design	Transparency	Results orientation
Ministries	6,2	7,2	6,5	6,4	6,9	5,3	5,9	4,9
<i>Judet</i> Councils	5,6	7,4	5,6	5,5	5,6	4,7	6,0	4,6
City Halls	5,6	7,6	6,0	6,4	5,3	5,0	4,4	4,7
Agencies	5,5	6,9	6,0	5,0	5,1	4,5	5,5	5,2
NGOs	5,0	7,0	5,7	4,8	5,1	5,0	4,0	4,1
Prefectures	5,0	6,6	5,7	4,8	4,7	4,8	4,5	4,2
Education, health, culture	4,2	5,7	5,5	4,6	4,9	3,7	3,9	3,3
Business environment	4,2	6,1	5,3	4,1	5,6	3,3	3,0	3,1
<b>Total</b>	<b>5,1</b>	<b>6,8</b>	<b>5,7</b>	<b>5,0</b>	<b>5,1</b>	<b>4,5</b>	<b>4,5</b>	<b>4,2</b>

Data source: “Best Principles and Practices in Development” survey, March-April 2002, conducted by Gallup Romania.

Notes: \* Two programs/projects best known by the respondent are evaluated according to seven CDF criteria: the extent to which the program/project exhibits comprehensiveness, sustainability, partnership for design, partnership for implementation, meeting the basic needs of the country, transparency, and results orientation, using five-points direct scales (10, 5, 0, -5, -10). The index is computed for each of the evaluated program/project (1194 evaluations out of the total  $722 \times 2 = 1444$  possible ones). Figures indicate averages on scales of estimation from -10 (very negative) to 10 (very positive) grades. The table gives the average grades for 1194 evaluations (each subject could give a maximum of two evaluations for two programs or projects that he/she decided to evaluate). For this table, projects, not respondents, have been the units of analysis. The “CDF value index” is computed as a simple average for the seven indicators of CDF orientation. The total “population” of evaluated projects is 1194, out of a total possible 1444 projects (i.e., 722 respondents x 2 projects per respondent = 1444).

18. Better foreknowledge of the CDF and its principles seems to be of consequence for the subsequent evaluation of programs/projects. Those who knew more about the CDF were more critical of the degree to which actual programs/projects measure up: responding participants in the 1999 CDF consultations were on some criteria more critical than those who did not attend the consultations (Table B-7).

**Table B-7. Impact of Prior CDF Experience in Assessing CDF Value of Known Programs/Projects**

Evaluation Criteria respondents	Project CDF value assigned by respondents that	
	Did not attend 1999 CDF consultations	Attended 1999 CDF consultations*
Meeting country needs	6,86	6,55
Comprehensiveness	5,73	5,81
Partnership for implementation	5,18	4,80
Sustainability	5,06	4,51
Partnership for design	4,53	4,04
Transparency	4,56	3,64
Results orientation**	4,40	2,60
<b>Global CDF value assigned to the projects***</b>	<b>5.19</b>	<b>4.35</b>

Data source: “Best Principles and Practices in Development” survey, March-April 2002, conducted by Gallup Romania. Note: \* 109 projects assessed by the 71 respondents who participated in the 1999 CDF consultations, from the total number of 1194 projects assessed by the entire sample of 722 persons. \*\*Significant difference between the means for  $p=0.01$ . \*\*\*Difference between the means is not significant for  $p=0.05$  but it is for 0.06. All the other pairs of means do not differ significantly.

19. The 1999 CDF participants received in effect “good training” from those consultations regarding the extent and quality of transparency and results orientation that should be expected for developmentally effective projects or programs. This could explain the fact that the scores they gave to the identified projects for results orientation are much lower than the scores conveyed by those respondents who did not participate in the 1999 CDF consultations. A second important factor, and perhaps a more important one, considering the data from Table B-9, is related to the difference in the degree of information for the two categories of respondents. The participants in the 1999 consultations are considerably less informed on specific projects than their counterparts who did not join the event.<sup>68</sup> An implication of these results is that less specific information is associated with higher criticism. (For a more detailed analysis, see the interpretation to Table B-9).

20. The projects/programs are assessed differently not only as a function of the respondent and his/her reference sector but also as a function of the donor about which they are speaking (Table B-8). The highest CDF scores come up with program/projects associated with USAID, the UN, or other bilateral donor agencies. However, it is not possible to conclude definitively on the basis of available data whether this association results from the “style of the donor” in dealing with the program (and with Romanian counterparts), or is a “size effect” (or some other factor). Donors such as the World Bank, EU, and EBRD support large programs with large amounts of money, involving multiple components and perhaps higher degrees of formality, more elaborate institutional structures, and lower flexibility than those of other bilateral donors and UN programs. Such a “size effect” could explain the fact that the CDF value for these larger donors is perceived by the respondents as lower. (Table B-8, Table B-9, Table B-10).

**Table B-8. “CDF Value” of Programs/Projects by Reference Donor**

Reference donor	Mean score of CDF value assigned to the projects by respondents*	Coefficient of variation of CDF value score %	Number of program/projects evaluations	
			N	%
USAID	6,9	37,3	56	4,7
UNDP/UNICEF	6,5	45,9	24	2,0
OTHER	5,3	71,1	219	18,3
World Bank	5,2	67,5	216	18,1
EU	5,2	67,2	505	42,3
EBRD	4,2	105,1	27	2,3
Non-Answer	3,6	124,0	147	12,3
<b>Total</b>	<b>5,1</b>	<b>72,8</b>	<b>1194</b>	<b>100</b>

*Data source: “Best Principles and Practices in Development” survey, March-April 2002, conducted by Gallup Romania.*

21. A more detailed econometric analysis of the CDF survey results indicates several independent factors of significant predictive power for explaining the variation in the results (Table B-9, Table B-10):

- Better access to information on projects and donors contributes to a more positive image regarding the CDF profile of the programs/projects. This finding implies that a negative assessment could be, to a large degree, an outcome of poor information on programs or donors.
- There is a striking segmentation of the respondents from the point of view of information channels and their implications for CDF survey results. Use of the media and official channels of information significantly increases the CDF value associated with the identified projects. The relatively widespread use of the Internet does not relate significantly to CDF survey results. This may suggest that the kind of information available from Internet sources is not appropriate or sufficiently detailed to permit a thorough understanding of programs/projects. Media sources and easily accessible official

<sup>68</sup> The “INFOPRO index,” defined in the notes to Table B-4, is -2.76 for the category of participants in the 1999 CDF consultations versus -0.43 for the non-participants to the consultations. The difference could be attributed to the under-representation of respondents from prefectures and judet councils (categories with higher information scores – see Table B-4) in the group of 99ers (see Table A-6 in Annex A).

information on programs/projects seem to be more convincing in the promotion of the CDF principles.

- To the extent that donors provide adequate consultancy and relevant analysis,<sup>69</sup> programs/projects are considered to be more successful, making a greater contribution to the implementation of CDF –like principles. Consultancy and analysis provided by the donor is the most important factor in increasing the positive perception of the CDF value of programs/projects (see beta values in Table B-9). Providing consultancy could be interpreted as part of the quality of the management assured by the donors in program implementation. Even if the questionnaire did not dig with other questions into the topic, it is very likely that the respondents considered not only the simple fact of the donor as provider of consultancy but also to the quality of that consultancy, to its adequacy to real needs of the project. Not all the components of CDF value are as affected by consultancy and analysis to the same degree. Results orientation and transparency are associated more closely with consultancy and analysis than are other CDF-like factors.<sup>70</sup>
- Large programs of the main donors, compared to the programs of the smaller donors, appear to be perceived as having lower CDF values.<sup>71</sup> It is especially results orientation and transparency that are perceived as being of lower level for large donors compared to smaller ones (see the last two columns for Table B-10 ).
- Transparency and results orientation are perceived to be of higher levels if the available information is better and the respondent attended more frequently consultations with multiple stakeholders.
- Better knowledge of CDF principles contributed to making the respondents more critical especially on the results orientation value of the evaluated projects (see last column in Table B-10).

---

<sup>69</sup> For each evaluated program/project, respondents answered the question: *"According to your knowledge, to what extent does the donor that you mentioned above support the needs of the program or project with consultancy or relevant analysis?"* The answers to that question have been used as to assess the perceived quality of the donor's effectiveness in providing consultancy and relevant analysis for implementing the program.

<sup>70</sup> Compare the row values of the B coefficients for "attending CDF consultations" in Table B-10.

<sup>71</sup> The finding emerges when controlling by the regression procedure for personal experience, demographics, and information variables. That is to say, there is not a bias in the sample related to personal experience, demographics and information variables that could account for the value of the regression coefficient.



Table B-9. Factors Affecting CDF Values: Econometric Analysis

Predictors		Unstandardized Coefficients***		Standardized Coefficients	t	Significance
		B	Std. Error			
	(Constant)	2,74	0,43		6,32	0,00
INFORMATION	Quality of information on projects INFORPRO	0,05	0,02	0,06	2,14	0,03
	Quality of information on donors INFODON	0,08	0,02	0,12	4,13	0,00
	Use of media for information on development projects*	0,04	0,02	0,06	2,34	0,02
	Use of existing official channels for information on development projects*	0,03	0,02	0,06	2,02	0,04
	Use of internet for information on development projects*	0,02	0,02	0,03	1,19	0,23
CDF EXPERIENCE	Attended consultations often or very often (1 yes, 0 no)	0,43	0,22	0,05	1,93	0,05
	Attended 1999 CDF consultations (1 yes, 0 no)	-0,02	0,35	0,00	-0,05	0,96
PROFESSIONAL EXPERIENCE	Central level decisionmaking (1 yes, 0 no)	0,44	0,22	0,06	2,04	0,04
	acted as consultant (1 yes, 0 no)	0,24	0,19	0,03	1,25	0,21
	background of engineer (1 yes, 0 no)	0,39	0,21	0,05	1,88	0,06
	background of economist (1 yes, 0 no)	0,11	0,26	0,01	0,42	0,68
DEMO-GRAPHICS	Age	0,00	0,01	0,00	-0,04	0,97
	male (1 yes, 0 no)	-0,33	0,20	-0,04	-1,62	0,11
DONOR	Major donor related to the project (1 yes, 0 no)	-0,52	0,20	-0,07	-2,62	0,01
	Donor provides adequate consultancy**	0,32	0,02	0,47	17,62	0,00
R <sup>2</sup>		0,34				

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. Notes: \*Four-point scale, direct scaling.\*\* Five-points scale, direct scaling. \*\*\* Dependent variable (CDF value) assigned to the reference project by the interviewee. N=1036 estimations of projects by the 722 interviewees. The unit of analysis was the "project-estimation."

The same regression model applied for the specific indicators that are components of the synthetic index of CDF value. Changing the way of computing the index for the dependent variable from averaging to a factor score will bring a very similar result with R<sup>2</sup>=0.35 and the same pattern of statistical significance. The only exception is the fact that the coefficient for "attending consultations often or very often" becomes insignificant.

Running the same model for separate sub-samples of 99ers and non-99ers brings some changes in the prediction pattern: for 99ers quality of information on projects, attending consultations and location at a central level of decisionmaking are no longer significant predictors of CDF value. For the sub-sample of non-99ers use of media for information becomes insignificant but being an engineer and being female become significant predictors of CDF value. The predicative power for each of the two sub-sample models is of R<sup>2</sup>=0.36.

**Table B-10. Factors Affecting CDF Perceived Value by Specific Criteria of CDF Implementation Assessment**

Predictor in the multiple regression model		Dependent variable in the regression model						
		meeting country needs	comprehensiveness	sustainability	partnership for design	partnership for implementation	transparency	results orientation
	(Constant)	3,91	3,40	2,61	3,32	3,64	0,83	0,82
INFORMATION	Quality of information on projects INFORPRO	0,01	0,09	0,08	0,02	0,04	0,08	0,07
	Quality of information on donors INFODON	0,07	0,07	0,06	0,10	0,04	0,10	0,82
	Use of media for information on development projects*	0,03	0,05	0,02	-0,02	0,01	0,08	0,10
	Use of existing official channels for information on development projects*	0,01	-0,02	0,05	0,05	0,05	0,07	0,06
	Use of internet for information on development projects*	0,01	0,02	0,02	0,00	0,05	0,01	0,06
CDF EXPERIENCE	Attended consultations often or very often (1 yes, 0 no)	0,30	0,47	0,23	0,20	0,52	1,13	0,38
	Attended 1999 CDF consultations (1 yes, 0 no)	0,27	0,87	-0,12	0,06	-0,05	-0,43	-1,31
PROFESSIONAL EXPERIENCE	Central level decisionmaking (1 yes, 0 no)	0,01	0,74	0,39	0,26	0,95	0,66	0,09
	acted as consultant (1 yes, 0 no)	0,72	0,16	0,26	0,53	0,27	0,00	-0,24
	background of engineer (1 yes, 0 no)	0,36	0,57	0,30	0,17	0,02	0,87	0,43
	background of economist (1 yes, 0 no)	0,44	0,43	0,21	-0,10	-0,28	0,12	-0,21
DEMO-GRAPHICS	Age	0,01	0,00	0,00	-0,02	-0,01	0,01	0,02
	male (1 yes, 0 no)	-0,14	-0,02	0,31	-0,52	-0,76	-0,71	-0,50
DONOR	Major donor related to the project (1 yes, 0 no)	-0,25	-0,35	-0,44	-0,08	-0,14	-1,14	-1,44
	Donor provides adequate consultancy**	0,29	0,24	0,30	0,33	0,26	0,42	0,43
R <sup>2</sup>		0,19	0,16	0,15	0,13	0,11	0,26	0,26

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania.

Each column of the table represents a multiple regression model with the dependent variable specified in the column heading. Shaded cells indicate unstandardized partial regression coefficients that are not significant for  $p=0.05$ . All the others are significantly different from zero. In terms of their magnitude, coefficients can be compared only in rows not in columns.

### Types of Assessments of CDF Implementation

22. The ability to evaluate the degree to which donor-supported programs or projects are consistent with CDF principles is, as indicated in Table B-9 a function of two variables: the degree to which donors back their programs or projects with technical expertise and the amount of donor and project information available for the respondent. A focus on these two basic conditions for the evaluation of the projects gives a more detailed view of the range of survey responses and respondents. Critics of CDF implementation may have selected programs or projects where donors provide poor support in terms of consultancy and advice and they could be poorly informed on development programs and donors. They represent about one

fifth in the total stakeholders able to give an evaluation (Table B-11). These are consistent low level evaluations of the CDF values of the programs. The probability of assigning a low CDF value to a development project is about 20% if the respondent considers him/herself as poorly informed and if he/she evaluates the donor as providing low technical expertise. This is what might be called a consistent negative CDF evaluation: the respondent is unsatisfied with the CDF value of the projects and, at the same time, he/she has a negative view on the donor's competence (as reflected by assessment of consultancy and advice) and on his/her own information on development projects and donors.

23. There is also a type of evaluation where there is consistency between level of information-resources and level of CDF positive perception, both of them being at high values. If the respondent feels very informed on projects and donors and has a good view on the donor's ability to provide adequate consultancy, the probability of assigning high CDF ratings to the projects is about 23%.

**Table B-11. CDF Implementation Assessments as a Function of the Estimated Quality of Donors and Information, from the Point of View of Respondents (%)**

Factors that are of maximum relevance for CDF evaluations of the projects by stakeholders		Estimated CDF value of the known projects		Total
Donors considered as providing sound consultancy and advice at:	Self-estimated level of information on donors and projects*	Low	high	
Low level	low	<b>20,1</b>	7,1	27,3
Low level	high	<b>18,2</b>	12,3	30,5
High level	low	4,3	<b>9,5</b>	13,9
High level	high	5,0	<b>23,4</b>	28,4
Total expressing a view		47,6	52,4	100,0

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. Bold figures indicate cells where observed frequencies are significantly higher than the theoretical ones, for  $p=0.05$  (significance determined on the basis of adjusted standardized residuals). Out of 722 respondents 260 are not classified as they do not answer for at least one of the classifying questions.

\*Variable computed by dichotomizing  $(\text{INFORPO} + \text{INFODON})/2$ . High and low levels in the whole table are equivalent to above and under the average of the considered variable.

24. Between the two extremes of negative and positive consistent evaluations are the inconsistent ones. It could be a situation where the evaluation of CDF value of the project is negative, when the information resources are high (type B in Table B-11), or it could be a positive evaluation under the condition of poor information on donors or programs (type C in Table B-11). The eight types of situations from Table B-11 could be reduced to only five types (in Table B-12) if one considers only the most structured situations.<sup>72</sup> The CDF implementation assessments by stakeholder level would then be, according to this last typology:

- A. negative: for poorly informed persons and unsatisfied with donor consultancy and advice (consistent critics of CDF implementation – low "CDF index value");
- B. negative: rich information and dissatisfaction with donor consultancy and advice (mixed critics of CDF implementation);
- C. positive: poor information on programs and projects and satisfaction with donor consultancy and advice (mixed supporters of CDF implementation);
- D. positive: rich information on donors and satisfaction with donor consultancy and advice (consistent supporters of CDF implementation);
- E. other more or less inconsistent types.

<sup>72</sup> Those that differ significantly from what would have been expected under the hypothesis of independence between the crossing variables.

**Table B-12. Factors Affecting Assessments of “CDF value” (%)**

Type of CDF evaluation	Perceived CDF value of the projects	Donor is evaluated as	Self information on donors and projects is considered as	Share of the sample in category (%)	Average CDF value
A. consistent negative (uninformed – critical of donors)	Low	unsupportive	poor	20	2,0
B. negative inconsistent (informed-critical)	Low	unsupportive	rich	18	2,7
C. positive inconsistent (uninformed-positive about donors)	High	supportive	poor	10	7,8
D. consistent positive (informed –positive about donors) resources pro CDF	High	supportive	rich	23	8,0
E. other inconsistent types				29	5,8
Total				100	5,2

Data source: “Best Principles and Practices in Development” survey, March-April 2002, conducted by Gallup Romania. The typology is derived from that in the Table B-11 by putting in the same class all the figures that do not differ significantly from those expected under the hypothesis of independence between the crossing variables.

25. The four basic types of CDF implementation assessments (A,B,C,D) are consistently rooted in the life situations of the respondents – their institutional and decisionmaking levels, their professions and consultancy experiences (Table B-13).

26. The positive assessments of CDF implementation of type D (informed and referring to donors that provide sound consultancy) are more frequent at the level of ministries, mayors and people that usually attended consultations with multiple stakeholders (Table B-13). The finding supports the view that attending consultations with multiple stakeholders considerably increases the probability of more positive views on CDF values of the development projects.

27. A perception of low CDF project/program value, (i.e., donors do not support programs/projects with sound consultancy and advice; and the level of information on programs/projects is low) is found to a higher degree by people who do not attend consultations with multiple stakeholders, as well as those who came from the business sector.

**Table B-13. Categories of Respondents Associated with Increased Probability of Different Types of CDF Assessments**

Type of CDF evaluation	categories of respondents that significantly favor the probability of a positive assessment of CDF implementation				
	by type of institution	by official position	by profession	by decision level	by participation in consultations with stakeholders
A. consistent negative (low resources critical)	people from business sector				non-participants
B. negative inconsistent (informed-critical)				Regional level	
C. positive inconsistent (uninformed-pro CDF)				Central level	
D. consistent positive (high resources pro CDF)	people from ministries	mayor	expert/consultant		Frequently participants
E. other inconsistency types					

Data source: “Best Principles and Practices in Development” survey, March-April 2002, conducted by Gallup Romania. Each column of the table presents in a synthetic form the results of a cross-tab analysis between CDF type of evaluation and the column variable. The categories mentioned in the cells are those significantly associated with the row categories (e.g. adjusted standardized residuals technique).

28. The highest level of criticism for informed people (according to personal standards) is for regional decision makers (Table B-13). An analysis of the unstructured comments of respondents from that category made at the end of the questionnaire points out to the fact that their criticism targets all the aspects of the implementation of CDF principles. These respondents state views to the effect that the current pattern of donor-supported development in Romania is negatively affected by: low transparency in project financing and identification; low accessibility of competitors for donor funds due to poor information; weak coordination among donors or among stakeholders; low partnership associated with poor involvement of local communities and of state institutions; and biased selection of the projects in connection with political infringement or low competency of project designers and appraisers.

#### **Concerns and interests of the stakeholders**

29. A large number of respondents showed a high degree of interest in the survey: 60% out of the total number of 722 formulated comments at the end of the questionnaire and practically all (696) indicated their name and address for eventual later debates on the topic of the questionnaire. A more in-depth scanning into the 435 comments at the end of the questionnaire could bring the evaluation closer to interests and action orientations of the most active respondents. The comments are very different by topic and length. A content analysis on the electronic file of these comments makes possible a mapping of the key actions or interest the stakeholders have in donor-supported development. A set of 31 descriptors (key-root words) has been used to identify the presence of seven key concepts of direct relevance for CDF implementation (Table B-14): information, results, selection, regional, participation, specialists, and strategy.

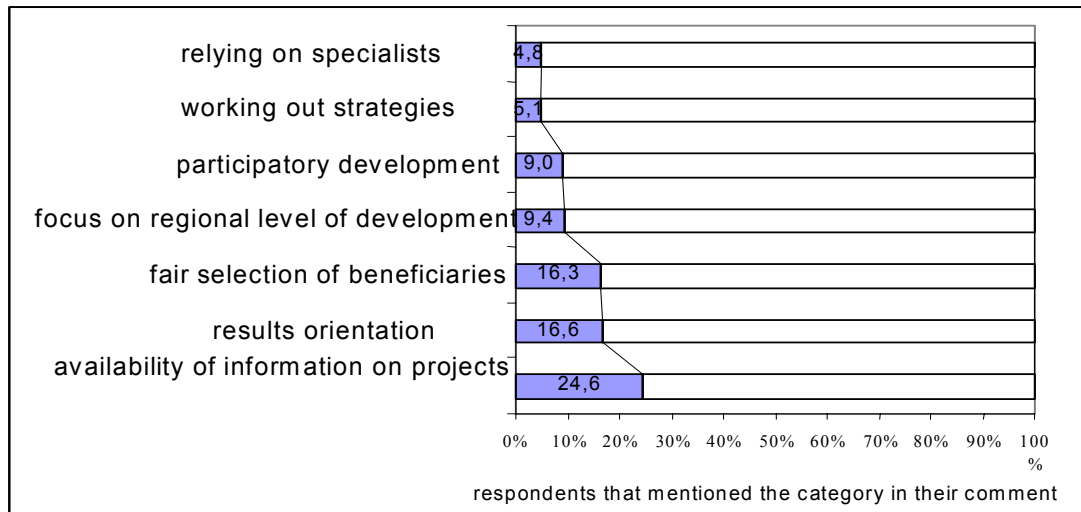
**Table B-14. Key Categories of Content Analysis of Unstructured Comments by Survey Respondents**

Categories/ concepts for analysis	Descriptors used for counting the frequency of mentioning the category (roots of word families in Romanian)		Frequency of using the word root into the comments
	Romanian root of words used for search in the data file	approximate referent in English	
Information	Informa	information	53
	Comunic	communication	10
	Internet	Internet	8
	Media	mass media	31
	Promov	promotion	15
	Populariz	popularization	7
	Difuz	diffusion	2
	Disemin	dissemination	5
Results	Result	results	28
	Realiz	accomplishments	18
	Eficie	efficiency	22
	Concret	concrete	8
	Solut	solution	7
	Finaliz	finalizing	2
Selection	Select	selection	11
	Transpar	transparency	46
	Obiectivit	objectivity	3
	Client	clientelistic	4
	Correct	correct	8
	Eligibil	eligibility	8
Regional	Regi	region/al	31
	Judet	county	11
	Reg.	abrev. for region	2
Participation	Particip	participation	20
	Consultare	consulting	7
	Parten	partnership	14
Specialists	Consultan	consultant/cy	11
	Expert	expert	6
	Specialist	specialist	7
strategy	Strateg	strategy	20
	Politici	politics	4
Total frequency of mentioning keywords			429

Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania. A certain category was coded as present in the comment of the respondent (1 vs. 0 if not present) if at least one of the root-words significant for it appeared in the text of his/her comment. The counting unit for the content analysis was the category (one of the eight mentioned in the table). The 31 descriptors (key root-words) have been used as descriptors for identifying the presence of the category in the respondent's comment.

30. **Figure B-4** is on accessibility of information referring to new programs or projects. The specifications in this family of interests are in terms of “better information on available projects;” “a more active role of the media in providing relevant information;” “promotion campaigns on new projects;” and “easier access to Internet.”

**Figure B-4. The Key Concerns/Interests of Respondents about Improving CDF Implementation in Romania**

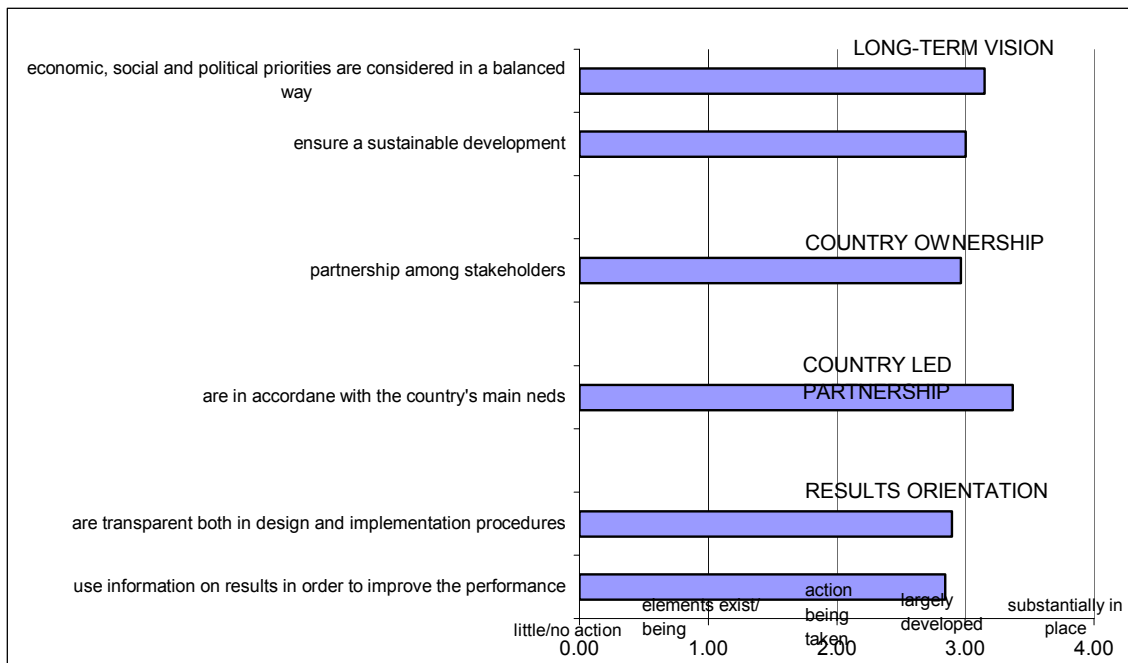


31. The second basic concern is related to results orientation. Respondents’ comments regarding results orientation tracked closely with elements of the working definition of this principle: better focus on results in project design; improved results-based management; organizing the whole investment process as to meet real needs of the country; and bringing real solutions to basic problems. A third concern or even dissatisfaction is related to the way project opportunities are distributed by decisionmakers – more transparency is needed (after “information,” “transparency” is the second most frequent word in the commentaries in the series of the 31 descriptors); clear eligibility criteria are asked so as to avoid clientism and interference of politicians. The fourth and fifth most frequently mentioned areas refer to the need to rely more on the regional level for promoting efficient, results oriented and participatory development.

#### **Implications for tracking CDF progress**

32. The survey results allow for tracking the country’s CDF implementation progress from the point of view of key stakeholders. According to the estimations of the 722 local evaluators, the country is in a consolidating stage of the CDF process (Figure B-5). The best estimates are for the country ownership and long-term, holistic development framework principles. Results orientation is the lagging component.

**Figure B-5. CDF Country Progress: Stakeholder Assessments as of March 2002**



Data source: "Best Principles and Practices in Development" survey, March-April 2002, conducted by Gallup Romania.

33. The above approach to tracking the country's progress CDF implementation is in fact an analytic tool that permitted the identification of patterns and problems in donor-supported development in Romania. Contrasting previous approaches to tracking CDF implementation, such as that employed by the World Bank CDF Secretariat, with the above approach, which is "field generated" and produced by "local" evaluators, could be useful.<sup>73</sup> The field survey-grounded model is standardized and could give useful reference points for chronological or cross-sectional comparisons, to the degree that data collection methodology (sampling design and questionnaire) are kept as comparable as possible.

<sup>73</sup> Irrespective of the two approaches, which use knowledgeable persons as respondents, the resulting assessments are rather weak due to the fact that the estimation target is a multiple one. The CDF inherently involves multiple institutions, stakeholders and programs. Technically speaking, the scales of estimation are all of an ordinal type, without an absolute zero and with unequal intervals among the values of the scale. The labels "no action," "elements exist," "largely developed," or "substantially in place," used by the World Bank CDF Secretariat, are indicative but are also limited by the ordinal nature of the measurement scale.



## Annex C. Reviews of Application of CDF Principles in Three Key Issue Areas

### ANNEX C-1. REDUCING ADMINISTRATIVE BARRIERS TO PRIVATE SECTOR DEVELOPMENT

#### Analysis of Business Environment Issues

1. One of the hallmarks of economies in the first decade of transition from centrally planned to private markets has been the small size of the private sector, relative to that of the state-owned or public sector. While Romania started from a higher base than most other countries in the region except Hungary, progress in private sector growth has been surpassed in most other countries. Figures for Romania suggest that Romania's private sector comprises sixty percent of GDP (Table C-1C-1), although anecdotal estimates in Romania vary from one-third to two-thirds of the economy. Table C-1C-1 also indicates the extent to which Romania has lagged behind other central and southeastern European countries in terms of cumulative foreign direct investment (FDI) inflows, measured per capita from 1989-2000. However, at \$301 per capita, Romania's performance does surpass that of several benchmark countries in the Commonwealth of Independent States.

**Table C-1: Private Sector Indicators of Transition Economies**

	Private Sector Growth (% of GDP)			Cumulative Foreign Direct Investment Inflows per capita (US\$)
	1990	1994	1999	1989-2000
<b>Central and Southeastern Europe &amp; Balkans</b>	<b>11</b>	<b>50</b>	<b>68</b>	<b>N/a</b>
Czech Republic	12	65	80	2,102
Estonia	10	55	75	1,400
Hungary	18	55	80	1,964
Romania	17	40	60	301
<b>Commonwealth of Independent States</b>	<b>10</b>	<b>20</b>	<b>50</b>	<b>167</b>
Armenia	12	40	60	145
Belarus	5	15	20	123
Russian Federation	5	50	70	69

Sources: Private sector growth – EBRD Transition Report 2000, reported in World Bank (2002), p. 6.

Foreign direct investment – EBRD Transition Report 2001, Table A.3.9., p. 68.

2. For the private sector and FDI inflows to grow in Romania, policymakers must heed the twin challenge of providing an environment that not only pursues vigorous and well-conceived privatization of state enterprises but also encourages both domestic and foreign investment in new companies. In order to gauge the extent to which such an environment exists in Romania, several surveys and analyses were undertaken in the late 1990s by Romania-based and international organizations.<sup>74</sup> Their ensuing reports – which constitute a comprehensive vision for what Romania's business environment could look like – highlighted fundamental issues with the legal, regulatory, and judicial environments as well as with economic and investment policies and the way they are implemented. Specific problems identified included:

<sup>74</sup> See, *inter alia*, Foreign Investment Council, "Investment Climate in Romania: Proposals for Improvement" (December 1999); Center for Institutional Reform and the Informal Sector (IRIS Center), "Red Tape Analysis: Regulation and Bureaucracy in Romania" (May 2000); Foreign Investment Advisory Service (FIAS), "Romania: Administrative Barriers to Investment" (July 2000); UNDP, "Promoting Entrepreneurship and Investment in the Romania Economy" (August 2001).

- the increasing incoherence of legal and regulatory controls over Romanian business, due to rapid passage of new laws, ordinances, and decrees, and little opportunity for the business sector to provide feedback on drafts before enactment;
- lack of transparency with regard to hidden fees and taxes mandated by government decrees and ordinances;
- the multiplicity of government offices approved to conduct broad economic inspections of private firms increases opportunities for graft and corruption;
- difficulty of access to land, much of which is still under public ownership;<sup>75</sup>
- complexity of bureaucratic “red tape” procedures required for investment and new business registration;
- a weak judicial sector, precluding effective dispute resolution;
- high cost of non-wage labor costs (e.g. social insurance, unemployment benefits, health insurance, etc.); and
- weak public administration capacity to analyze such problems and propose reforms.

3. An additional issue raised during interviews with the CDF evaluation team is the lack of high-level government management of foreign trade and market issues. There is no Ministry of Trade or Commerce in Romania. Foreign trade issues are subsumed within the Ministry of Foreign Affairs. The Foreign Trade Promotion Center, under the direction of the private National Association of Romanian Exporters and Importers (ANEIR), works on foreign trade promotion under contract to the Ministry of Foreign Affairs.<sup>76</sup>

### **Strategy for Addressing Business Environment Issues**

4. In response to these findings, the World Bank’s 2001 Country Assistance Strategy for Romania identified the unattractive business environment and its repercussions on weak foreign investment and slow private sector development as one of the root causes of Romania’s poor economic performance through 2000. In support of a strategic process that would maximize input from Romania’s private sector, resources were provided as part of the World Bank’s Private Sector Adjustment Loan (PSAL2) for a Business Environment Advisor to develop an action plan for the removal of administrative barriers in the business environment under the auspices of the Ministry of Development and Prognosis (MDP). A respected and senior Romanian business woman was named to the position.

5. The action plan, known as the *Business Environment Action Plan* (BEAP), was drafted by the Adviser in consultation with the Romanian government and more than eighty business associations. It was subsequently formulated into a government decree and signed in December 2001 by the Prime Minister. A Business Environment Task Force, consisting of representatives of government, the private sector, and economic think-tanks meets bi-weekly to monitor implementation of the plan. Government representatives on the Task Force include the Ministries of Development and Prognosis, European Integration, Foreign Affairs, Justice, Public Finance, Public Information, Public Administration, and Small and Medium Enterprises. Private sector groups include several representatives of employers (i.e.

---

<sup>75</sup> 1998 statistics suggest that about 70% of agricultural land has been privatized. However, taking into account public ownership of some or all of the land covered by buildings, water, forests, and roads/rails suggests that approximately 50% of all land is still under public ownership.

<sup>76</sup> <http://www.aneir-cpce.ro>

owners), traders, and business associations. Economic think-tanks include the Romanian Center for Economic Policies (CEROPE) and the IRIS Center.

6. There are eight employer associations in Romania, two of which (the Confederation of Industrial Employers and UGIR 1903) represent companies that are largely still under public sector control. The Confederation of Romanian Employers (CPR) represents the other six associations. The National Confederation of Romanian Employers (CNPR) represents all eight associations. The head of the CNPR is appointed by the Ministry of Industry and Resources, and represents Romanian employers at international employers' fora. In addition to employers' groups, other private sector groups include the Romanian Entrepreneurs' Association, the National Association of Romanian Exporters and Importers (ANEIR), and the Romanian Chamber of Commerce. These groups differ in terms of their orientation. The Chamber of Commerce has semi-official status and until recently under a mandate from the GOR, required enterprises to join the Chamber and pay dues.<sup>77</sup> ANEIR and the Romanian Entrepreneurs' Association are known for expressing their views forcefully. The Association makes a clear distinction between the two associations dominated by state enterprises (the Confederation of Industrial Employers and UGIR 1903), on the one hand, and other associations comprised whose member enterprises are in private hands, on the other.

7. The BEAP covers a fairly comprehensive list of policy and participation issues to be solved:

- (1) poor communications between the government and the private sector;
- (2) poor involvement of the business community in making decisions that impact on business;
- (3) weak relationship between government authorities and entrepreneurs;
- (4) lack of correlation between Romanian financial audit procedures and accounting standards, on the one hand, with internationally recognized ones, on the other hand;
- (5) inefficient new business authorization/approval process;
- (6) slow claims procedures for VAT refunds;
- (7) lack of rapid and integrated information on finance and consulting opportunities for the business community;
- (8) difficulties in acquiring a residence visa for foreigners working in Romania;
- (9) absence of an authorized translation of the Fiscal Code;
- (10) need for direct communication between the MDP and the business community on the BEAP;
- (11) difficulties in communication with foreign investors and redundant responsibilities among present institutions;
- (12) lack of corporate governance applied to state-owned enterprises and public sector companies;
- (13) unresolved post-privatization problems.

8. For each of these areas, a list of measures or actions to be taken to resolve the problem has been identified, along with the responsible institution and a target completion date. The entire Action Plan has been posted on the MDP website.<sup>78</sup> In early 2002, the Ministry established a division for Improving and Monitoring of the Business Environment, and named a director to oversee its work.

---

<sup>77</sup> This requirement has recently been dropped and membership in the Chamber is now voluntary.

<sup>78</sup> See [www.mdp.ro/engleza/business\\_env/measures.htm](http://www.mdp.ro/engleza/business_env/measures.htm).

**Box C-1. Non-Government Views of the BEAP**

Many business men and women with whom the evaluation team spoke were satisfied with the process leading up to the definition of the Business Environment Action Plan (BEAP).

- One private sector representative commented, “The Business Environment Action Plan is the first time that something like this is being taken seriously by the government. Our association will finance public hearings on it, because we feel it is important. But the government should proceed carefully and focus on no more than three things at once.”
- A foreign investor representative was also aware of the process: “We have a lot of hopes for this process and overall think it’s a good thing.”
- However, an international NGO observer noted: “passing a plan and enacting a decree are the easy parts. How will the Plan be implemented, how quickly, with what resources? The Business Action Plan is already behind in meeting its target dates.”

9. A few of the plan’s targeted actions have already been fulfilled, and several others are being pushed forward. For example, a new Romanian Foreign Investment Agency has recently been proposed by the government and in early May 2002 was still being considered by the Parliament. This will be an independent government agency, whose charge will be to pull together various ongoing activities being conducted under the auspices of the Prime Minister’s office, the Ministry of Foreign Affairs (MFA), the MDP, and others.

10. Another example of forward movement under the BEAP is the so-called “sunshine law.” Formally known as the draft Law on Decisional Transparency in Public Administration, it was introduced in April 2002 by the Ministry of Public Information, with input provided by civil society and donor-sponsored groups such as the IRIS Center. According to the BEAP, this law responds partly to concerns about the weak relationship between government and entrepreneurs and the lack of opportunity of the business community to comment on business sector-related legislation. The purpose of the law is to make transparent the activities of public authorities. The law obliges authorities not only to consult with citizens and civil society organizations, but to require their active participation in the elaboration of laws and regulations. Pending its enactment, Government Decision 396, adopted by the government on April 18, 2002, assures that draft acts relevant to the business environment will be sent by the initiator to business associations and NGOs for comment. Upon receipt of the draft, these groups have ten days to return consultative opinions, which will then be integrated into a final draft before being circulated to ministries and the other specialized bodies of the central public administration.

11. A third example is the recruitment of the Foreign Investment Advisory Service (FIAS – a joint service of the World Bank and the International Finance Corporation) to help the GOR improve its regular communications with the business sector. FIAS will train government officials in the use of its monitoring and evaluation tool, which is already in use elsewhere in Central and Eastern Europe.

**Business Environment Action Plan Implementation Challenges**

12. Two challenges for the BEAP will be to shift successfully to implementation and tracking of results and to decentralize business environment concerns beyond Bucharest.

13. With regard to results, though a director has been named to the new MDP division for monitoring improvements in the business environment, she is not well supported in terms of staff resources. Also, the business environment is only one of several key responsibilities in her portfolio, raising concerns that this subject will not receive the attention it requires to be successful. One modification already introduced to help make monitoring of the Action Plan somewhat more realistic is a shift from monthly to quarterly

deadlines for 2003. Another possibility being explored is donor-supported long-term technical assistance to this directorate.

14. Another results-oriented concern involves efficient implementation of business environment reforms. One example of such a reform that left procedures more complicated than before was Ordinance 76, passed in May 2001, enacted to streamline the process for business registration and authorization. A one-stop shop was established to bring all paperwork under one roof, managed by the Romanian Chamber of Commerce's territorial offices. In designing the ordinance, the Ministry of Small and Medium-Sized Enterprises solicited private sector views and the IRIS Center was actively involved on the private sector's behalf. Much of this advice was not incorporated into the final design, and operations of the one-stop shops in early 2002 are still viewed as very inefficient.<sup>79</sup> It is said to be difficult to find the appropriate officials at the office, and the new one-stop system of business approval is said to be taking *longer* than it did under the previous system. Modifications of implementing norms will be required to improve the situation, which should take better account of independent think-tank advice before implementation.

15. The second challenge is with respect to replication of the BEAP outside of Bucharest. Plans are now underway to establish a consultative commission, the purpose of which would be the development of *judet*-level Action Plans on this topic. There is precedent for business environment reform activity at the local level. After identifying a host of "red tape" constraints to the small/medium enterprise business environment in 1999, the USAID-supported IRIS Center held a competition in 2000 to foster administrative deregulation at the municipal level. Of the eighty municipalities invited to submit proposals to IRIS, forty responded with ideas for red tape reforms that could be implemented without needing supplemental legislation. This high-profile activity received a fair amount of attention from the Romanian media, the U.S. Ambassador, and foreign investor groups such as the Foreign Investment Council and the American Chamber of Commerce. It also offers an interesting road map for the kind of work which the Ministry of Development and Prognosis may wish to pursue at decentralized levels.

---

<sup>79</sup> A citizen's guide ([www.iriscenter.ro/english/projects/Registration/Brochure\\_english\\_internet.pdf](http://www.iriscenter.ro/english/projects/Registration/Brochure_english_internet.pdf)) has been prepared to help facilitate the new process.

## ANNEX C-2: PUBLIC INFORMATION ACCESS INITIATIVE

### Background

16. In its 1994 invitation to European countries to its east to join the Partnership for Peace (PfP), the North Atlantic Treaty Organization (NATO) noted:

We expect and would welcome NATO expansion that would reach to democratic states to our East, as part of an evolutionary process, taking into account political and security developments in the whole of Europe.<sup>80</sup>

17. Alliance members stressed that “protection and promotion of fundamental freedoms and human rights, and safeguarding of freedom, justice, and peace through democracy are shared values fundamental to the Partnership.”<sup>81</sup> The Washington Summit Declaration of April 1999 reconfirmed and elaborated upon NATO’s intention to expand its membership, linking accession to a panel of political, economic, defense, resource, security, and legal issues in its Membership Action Plan. One element of that plan explicitly states that aspirants are expected, *inter alia*, to demonstrate commitment to the rule of law and human rights.<sup>82</sup>

18. Romania is one of twenty-seven members of PfP, and a candidate for NATO accession at the Prague Summit in November 2002. The country’s leadership has worked hard to build a legal framework for democratic rights to symbolize its commitment to NATO. Among the democratic and human rights items of interest opened or passed in the last few years are:<sup>83</sup>

- enactment of the Law Regarding the Free Access to the Information of Public Interest in 2001;
- passage of the Strategy of the Government of Romania for Improving the Roma’s Condition in 2001;
- elaboration of Romania’s Policy in the Domain of the Protection of the National Minorities’ Rights;
- establishment of a National Board on Fighting Discrimination in 2000;
- establishment of a National Minorities Council in 2001;
- issuance of the *National Anti-Poverty and Social Inclusion Promotion Plan* in April 2002.

19. This annex focuses on the first of these, i.e. information access legislation, and especially on the process of local collaboration among stakeholders which led to successful passage of Romania’s Law Regarding the Free Access to the Information of Public Interest, commonly referred to as Romania’s “Freedom of Information Act” (or Romania’s FOIA). It draws from interviews held with the Minister of Public Information and his Secretary of State for Communications, a key member of the Romanian Chamber of Deputies, and representatives of civil society organizations involved in the issue. The case is an interesting example of policy reform work undertaken in Romania without World Bank involvement, but which nonetheless embodies some of the principles mirrored in the Comprehensive Development

---

<sup>80</sup> Ministerial Meeting of the North Atlantic Council/North Atlantic Cooperation Council, NATO Headquarters, Brussels, 10-11 January 1994, “Partnership for Peace: Invitation,” <http://www.nato.int/docu/comm/49-95/c940110a.htm>.

<sup>81</sup> Ministerial Meeting of the North Atlantic Council/North Atlantic Cooperation Council, NATO Headquarters, Brussels, 10-11 January 1994, “Partnership for Peace: Framework Document,” <http://www.nato.int/docu/comm/49-95/c940110b.htm>.

<sup>82</sup> NATO, “Membership Action Plan,” Press Release NAC-S(99)66, 24 Apr. 1999, <http://www.nato.int/docu/pr/1999/p99-066e.htm>.

<sup>83</sup> Government of Romania, Ministry of Public Information, “Legislative Initiatives,” <http://www.publicinfo.ro/Einit.html>.

Framework. In particular, it is a good example of local interest groups coming together and forging consensus around a key policy issue, albeit one driven in part by foreign pressure.

### **Domestic Ownership in Action: FOIA Coalition-Building in Romania**

20. The Freedom of Information Act for Romania has been several years in the making. Mungiu-Pippidi (2001) reports that draft versions of a Law on Classified Information had circulated since 1993, although both Chambers of Parliament did not pass their own versions of the law until 1999. When the Social Democratic Party returned to power in 2000, a final form of the bill was sent to the President for promulgation, covering both free and classified aspects of information access. Many members of civil society met this draft with consternation. The definition of “classified information” was still left largely to the government’s discretion, and citizens were to be held responsible for guarding such information under serious penalty even if they came across such information by the most accidental means. This lack of clarity concerning the definition of classified information and rights and responsibilities regarding it was troubling enough. However, local and international critics expressed concern that the proposed legislation focused on restrictions of access to classified information, when the thrust should be freedom of access to information (IHF-HR 2001). Mungiu-Pippidi writes (2001, p. 1):

The Romanian media had not forgotten, however, that under the same President Ion Iliescu the Romanian parliament rushed in 1991, before even the adoption of a new Constitution and when the country was barely liberated from the strongest totalitarian regime in eastern Europe to pass not a FOIA, but a National Security bill sealing the archives of Ceausescu’s secret service for 50 years. Many of the initiators of that bill were also behind the classified information draft of 1993 and managed to return in the 2000 Parliament. The media and the NGO community feared that in the absence of a law granting *access* to information, attempts to classify it could only further foster corruption and give discretionary powers to the politicized bureaucracy and secret services, which had never been brought to proper accountability.

21. Civil society groups, such as the Romanian chapter of the International Helsinki Federation for Human Rights (known in Romania as the Association for the Defense of Human Rights in Romania – the Helsinki Committee, or APADOR-CH) and the Center for Independent Journalism, donor-supported groups such as the IRIS Center in Romania, and think tanks such as the Romanian Academic Society, came together to work with members of the government and parliament to bring a better draft to the table.<sup>84</sup> According to Mungiu-Pippidi (2001, p. 2), “The decisive event was a ruling in early 2001 of the Constitutional Court, which declared the bill [i.e. the 2000 draft Law on Classified Information] ‘unconstitutional’ and won more time for the nascent coalition opposing it. After this event, the president and the prime minister changed strategy overnight, dissociated themselves moderately from the initiators of the draft and agreed it should be put on hold until a FOIA was passed to create a general regulatory framework of access to information.”

22. On the Committee for Culture, Arts and Mass Media of the Chamber of Deputies, National Liberal Party Deputy Mona Musca led the FOIA effort.<sup>85</sup> In parallel, the Government’s Ministry of Public

---

<sup>84</sup> One informant observed that NGOs have been a bit nervous about “public collaboration” with lawmakers because they are reluctant to compromise their critical edge and be accused of conspiring with the government. However, some have apparently decided that they need to find a more constructive role than simply offering criticism.

<sup>85</sup> One USAID official noted, “What was incredible was the extent to which the media committee of the Chamber of Deputies requested extensive NGO assistance and testimony. This was a completely new phenomenon.” Interview, February 4, 2002.

Information (MPI) presented its own draft FOIA legislation to the media committee.<sup>86</sup> Professional media groups such as the Center for Independent Journalism were concerned about special access by the media to public information. An earlier draft of the FOIA had specified government obligations to prepare information within a 10-day turnaround. Such a lengthy period would obviously constrain reporters trying to pry information for a breaking news story. A compromise proposal was to require information to be made available to journalists within a twenty-four hour period. Democracy groups such as APADOR-CH strove to minimize the number of exceptions to freedom of information access and to abandon any law of classified information. Other Romanian NGOs involved in the coalition included the Media Monitoring Agency and Transparency International. International partners of these NGOs were also active in providing legal counsel to their Romanian partners on the FOIA drafts.

23. Mediation between the Parliament, the MPI, and media and democracy groups was provided by the Romanian Academic Society in March 2001. This effort resulted in the successful creation of a coalition of support behind a negotiated compromise draft. By July 2001, the Academic Society sent a “wake-up call” email message to a dozen development donor groups, stating in effect that the FOIA bill was by then in a fairly advanced stage and any input from these organizations would have to be delivered in a timely fashion to be effective. The message energized USAID Romania’s Democracy and Governance group to become involved by lending the services of its contractor, the IRIS Center. Although the IRIS project in Romania focuses largely on business environment issues, IRIS has broader regional experience with freedom of information act implementation that recommended them for assistance to the FOIA coalition in Romania.

24. The FOIA was successfully enacted in late 2001, making it the only law passed in the last year by the government with the concurrence of opposition political parties and civil society groups. One participant close to the 2001 lobbying process noted in March 2002, “The FOIA is not ‘the mother of all information acts.’ One of its greater failings is that it does not officially supersede all other information laws. In other words, there are other laws still or already on the books that classify information, and the FOIA does not have the authority to remove those restrictions. Yet while it’s not perfect, it was a good start.”

25. However, passage of a final bill is only the first step in creating a new legal framework in Romania (as in many other countries). As important is the definition of the law’s “implementing norms,” is the e.g. the allocation of new budget and staff resources, the establishment of operational rules, and the adaptation of existing or creation of new institutional identities and responsibilities. During the CDF evaluation team’s visits to Romania in February-March 2002, debate regarding these norms, passed in late January, was lively.

26. To help the government gain a clearer sense of how FOIA is implemented in the U.S., two study tours to the U.S. were organized for MPI officials with support from the U.S. Embassy and the International Republican Institute. The MPI is creating ten regional MPI offices, staffed with sociologists, journalists, and lawyers, to promote support and supervise the dissemination of information under the FOIA. The MPI also sees these offices not only as information offices, but as the “ears of the government in the regions.”<sup>87</sup> This is seen by critics as an overstepping of MPI’s role and responsibilities. Also, there is a concern that all government agencies should be responsible for releasing information, not just the MPI. In addition to the MPI, every public organization will be required to have a spokesperson, press office, and FOIA office to handle information requests. Each Ministry has been notified of their

---

<sup>86</sup> One informant noted that the Liberal Party’s version did not originally take other countries’ FOIA experiences into account, while the MPI version did. Trips arranged to the U.S. for senior MPI officials seemed to have a galvanizing impact on them, indicating the value of relevant, well-timed study tours to other countries.

<sup>87</sup> Interview with an official of the Ministry of Public Information, March 12, 2002.



responsibilities, and the MPI will follow up with training to help each institution establish an information plan.

27. The MPI has ambitious plans, hoping to create a citizens' campaign to provide basic information regarding everything from pensions and health insurance to how to apply for a PHARE grant. The MPI Communications secretary is also working with the Ministry of Communications and Information Technology to establish Internet-based access to information under FOIA. Government offices are all obliged to disseminate information, but the choice of format is up to each Ministry. Over time, as more Romanians learn about their rights under FOIA,<sup>88</sup> lawsuits may be filed to push the boundaries of the law. It is expected that the first likely requesters of information will be journalists, researchers, and archivists. In the meantime, several NGOs are involved in training members of the judiciary and local governments, while others are targeting the broader population.

### Remaining Challenges

28. The biggest threat to the success of Romania's FOIA is the Classified Information Act (CIA). Finalized as a separate piece of legislation only after the FOIA was enacted, information restrictions under the CIA provide a sharp counterpoint to the information access afforded by FOIA. Although Romanian authorities pushed for its passage under the aegis of NATO accession requirements, one informant noted to the CDF evaluation team that NATO may require a classified information act, but it is narrowly restricted to military, not government, secrets.

29. The CIA was not developed in as consultative a fashion as was the FOIA. Nevertheless, the FOIA coalition of civil society groups and opposition party Parliamentarians had honed their lobbying skills during the FOIA debates and brought them to bear in the early months of 2002 regarding the CIA. A member of the Liberal Party reported that articles referring to citizens' obligations to report on classified information to authorities and punishment protocols were removed during hearings in February and March 2002. A public hearing was held in Liberal Party offices in March, organized by a consortium of NGOs, the purposes of which were to air grievances regarding the draft bill and to decide on a public information campaign about the CIA. Civil society and media partners' support, along with the contributions of views from western consultants and experts, were said to be critical for changing the mentality of conservative lawmakers. Opposition parties and even some allies in the current ruling party worked for a more liberal interpretation. Also, the U.S. Ambassador's publicly expressed views on corruption in Romania and his interpretation of NATO's classified information needs were thought to have been helpful in bringing policymakers around to a more open view.

30. A new classified information act was passed in April 2002. According to an April 8, 2002 news release,<sup>89</sup> the law establishes a national defense system for classified information. Authorized persons who issue, manage, or come into possession of such information are obliged to protect classified information. Such information can be classified at three levels: "strict secret and of exceptional importance," "strict secret," and "secret." Those responsible for making these classifications are the president of Romania, speakers and general-secretaries of the two chambers of the parliament, the members of the Supreme Council for National Defense, the prime minister, government ministers, and the Secretary-General of the Government, the head of intelligence services, and the director of the national administration of state reserves. This roster is significantly reduced from the 1200 original positions proposed for such authority in an earlier draft of the bill. The law also establishes a National Registry of

---

<sup>88</sup> To help inform them of their rights, the Ministry of Public Information has already published a *Citizens' Guide on Free Access to Information* (Ministry of Public Information 2002), available from their website, [www.publicinfo.ro](http://www.publicinfo.ro).

<sup>89</sup> "Senate passes bill on classified information," Bucharest, April 8, 2002 (MEDIAFAX).

Classified Information inside the government to organize and keep track of classified levels and categories of information as well as of the personnel authorized to deal with this kind of information.

31. A second challenge to the optimism regarding domestic ownership and collaboration practices observed with respect to passage of the FOIA is the limited understanding among Romanian politicians of the art of “partnering.” There is said to be no customary practice of coalition-building among Romanian lawmakers. Those who do collaborate with civil society partners do so more out of intuition than training. One member of the Romanian Parliament voiced the desire for more training of Romanian politicians in this area. Similarly, there is little understanding of how to draw media attention for minority points of view regarding key pending legislation.

## References

Government of Romania. Ministry of Public Information. (2002) *Citizen’s Guide On Free Access to Information*. [www.publicinfo.ro](http://www.publicinfo.ro).

International Helsinki Foundation for Human Rights. (2001) “Romanian Law on Protection of Classified Information Would Put Democracy At Risk.” Bucharest and Vienna, 14 March 2001. <http://www.ihf-hr.org/appeals/010314.htm>.

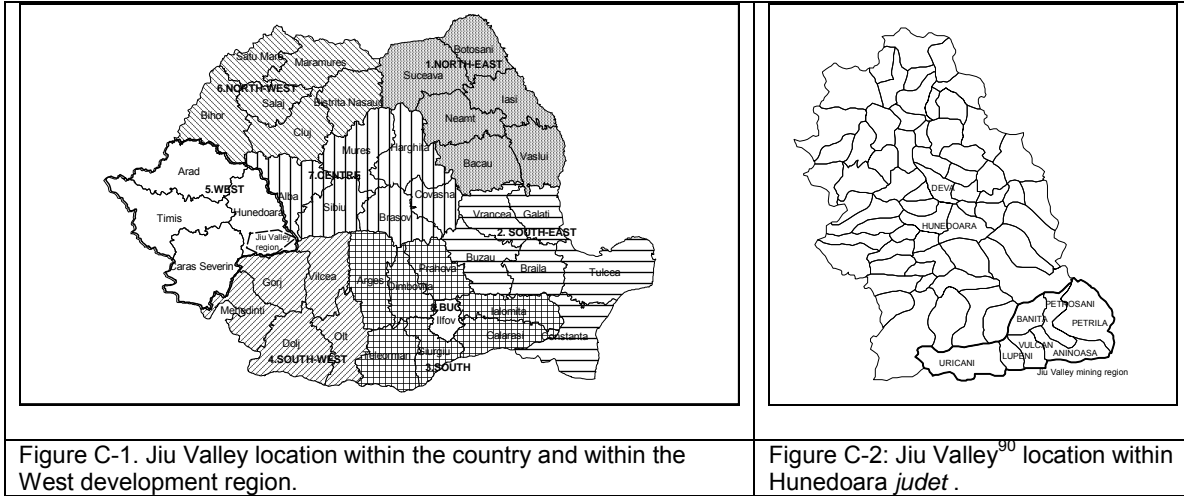
\_\_\_\_\_ (2002) “Romania.” [http://www.ihf-hr.org/reports/AR2002/2\\_Country%20Issues/Romania.pdf](http://www.ihf-hr.org/reports/AR2002/2_Country%20Issues/Romania.pdf).

Mungiu-Pippidi, Alina. (2001) “Coalition for transparency – The passage of the Freedom Information Act (FOIA) in Romania Case Study.” Bucharest: Romanian Academic Society, <http://www.sar.org.ro/foia.pdf>.

**ANNEX C-3. FORMULATION OF A REGIONAL DEVELOPMENT STRATEGY**

**Jiu Valley strategy as CDF application**

32. A multitude of development strategies and projects has been proposed since 1989 for one of Romania’s key coal mining regions, the Jiu Valley (JV) (see Figure C-1 and Figure C-2).



33. This preponderance of proposals is in direct proportion to the severity of the social and economic problems of the area, the history of which is summarized in Box C-2. In spite of a number of promises and strategies worked out by governments and non-governmental organizations (NGOs), with or without the help of international organizations, the results have been modest at best. The Jiu Valley is by far one of the most significant tests of the efficacy of regional policies and development frameworks of a series of governments since the revolution.

<sup>90</sup> The region is formed by six towns – Petrosani, Petrila, Lupeni, Vulcan, Aninoasa and Uricani – and a commune (Banita). The whole population of the area was of 161,764 inhabitants at January first 2001. It is a rather stable population, with a decline of no more than 6,000 persons in the period 1998-2000.

**Box C-2. Relevant Recent History of the Jiu Valley**

1977 large strike with forced out-migration and low labor force quality in-migration in the area:	“The mines began to decline as socialist practices encouraged shoddy labor. However, this was exacerbated after 1977 by immigration of poorly educated, minimally motivated, and socially troubled populations from other Romanian regions, mainly Moldavia. They were sent to the Jiu to dilute miner political unrest that erupted in a strike in early August 1977. This strike closed the mines and forced Nicolae Ceaușescu to travel to Petroșani to address miner concerns.” <sup>91</sup>
Large redundancies in 1997 <sup>92</sup> that did not result in significant out-migration or in increased entrepreneurship but in consolidating local circles of poverty:	“Today, as is well known, the Jiu Valley mining industry ( <i>minerit</i> ) is reeling from two rounds of mass layoffs spurred by worker “contract buy-outs” ( <i>disponibilizare</i> ) that offered lump-sum severance packages to miners of from twelve to twenty months of pay in addition to regular unemployment benefits. The buy-outs enabled closure of two of thirteen mines, threaten an unspecified additional number today, and have decreased <i>minerit</i> employees from roughly 42,000 in 1997 to 18,216 today. The largest part of the unemployed miners now sits idle in the Jiu Valley towns, their benefits running out in December 1999. As discussed below, many idled miners who had immigrated to the region, used part of their severance pay to return to their areas of origin, chiefly Moldavia. However, they returned to the Jiu when their prospects did not pan out. Similarly, in the three factories of the Făgăraș region the number of employees declined precipitously from a total of 17,239 in 1989 to 5,636 today. While many of these laid-off workers have immigrated to Italy, both legally and illegally, most remain in the region seeking other sources of livelihood.” <sup>93</sup>
“Mineriade” as a particular mixture of social movements and collective behaviors of the miners in 1990, 1991 and 1999:	The last movement <i>per se</i> , from January 1999, was a mixture of spontaneous collective behavior and social movement. The decision of the government to close two mines without well-designed measures for retraining the laid off persons was the basis for the unrest. The form taken by the movement involved a march of the miners toward the capital city of the country, clashes with police and, in some cases, a spontaneous solidarity behavior of the rural population from the villages crossed by the miners. Due to the turn toward violence and law-breaking, similar to what happened in Romania in 1990 and 1991 during other miner marches, the entire media condemned the movement.

34. It was in this environment that the newest strategy for JV development was conceived by applying CDF principles to the planning process. The idea for a CDF approach to JV strategic planning emerged after the July 2000 CDF feedback presentations, generated by data collected in 1999 by the Monitor Group. Two factors help to explain the emergence of this approach. First, in 2000 the new CDF Secretariat in the Prime Minister’s Office, staffed with a young, dynamic staff, sought to legitimize the CDF concept in Romania by very specific actions going beyond pure consultations. Second, the goals of the CDF Secretariat coincided with the presence of a highly experienced person in the World Bank country team, with good knowledge of both CDF and mining area problems. The Jiu Valley was selected as an ideal place to prove how comprehensive and effective the new CDF development concept could be.

<sup>91</sup> David A. Kideckel with Bianca Elena Botea, Raluca Nahorniac and Vasile Coflău, “A New “Cult of Labor:” Stress and Crisis Among Romanian Workers,” in *Sociologie Românească*, 1/2000.

<sup>92</sup> See Social Costs of Economic Transformation in Central Europe SOCO papers: Dan Chiribucă, Mircea Comă, Vasile Dîncu, and Traian Rotariu, *The Impact Of Economic Restructuring In Mono-Industrial Areas*, SOCO Project Paper No. 87, Vienna 2000; Angela Dobrescu, Cosima Rughinis, and Catalin Zamfir, *Coping Strategies in Three Regions of Romania Affected by Mass Redundancies*, SOCO Project Paper No. 82 Vienna 2000. See also *Mine Closure and Social Mitigation Loan: 4509 ro*, Social impact monitoring component for National Agency for Development and Implementation of Reconstruction Programs in Mining Regions, presented by Hart Group in association with Vienna Survey Centre and CURS SA, 2001.

<sup>93</sup> Kideckel et al, 2000.

35. In order to launch the CDF approach for the Jiu Valley, local counterparts were identified to put into action CDF principles at the regional level, especially those of “regional ownership” and “region-led partnership.” Synergy was achieved during the first contact in the winter of 2000 between the Bucharest team, composed of the CDF Secretariat and World Bank staff, and a regional team based in the Jiu Valley. The Bucharest CDF team and a local initiative group subsequently organized a large seminar on April 3-4, 2001, held in Petrosani, the most important city of the region.<sup>94</sup> The outcome of the workshop was an agreement to initiate a systematic process to elaborate the Jiu Valley development strategy. Eight preparatory meetings with major local representation were organized between May and September 2001. These meetings resulted in a review of different development models proposed for the JV between 1995-2000; the establishment of a Steering Committee of 29 members, chaired by the Prefecture Office in Petrosani, to discuss regional problems and solutions; and the creation of a Working Group (WG), comprised of 31 members,<sup>95</sup> to function as a regional representative body. The output of the process was a first draft of a new JV development strategy, labeled by its authors the “Good Luck Program” (“*Noroc Bun!*” a traditional miners’ greeting in Romanian).

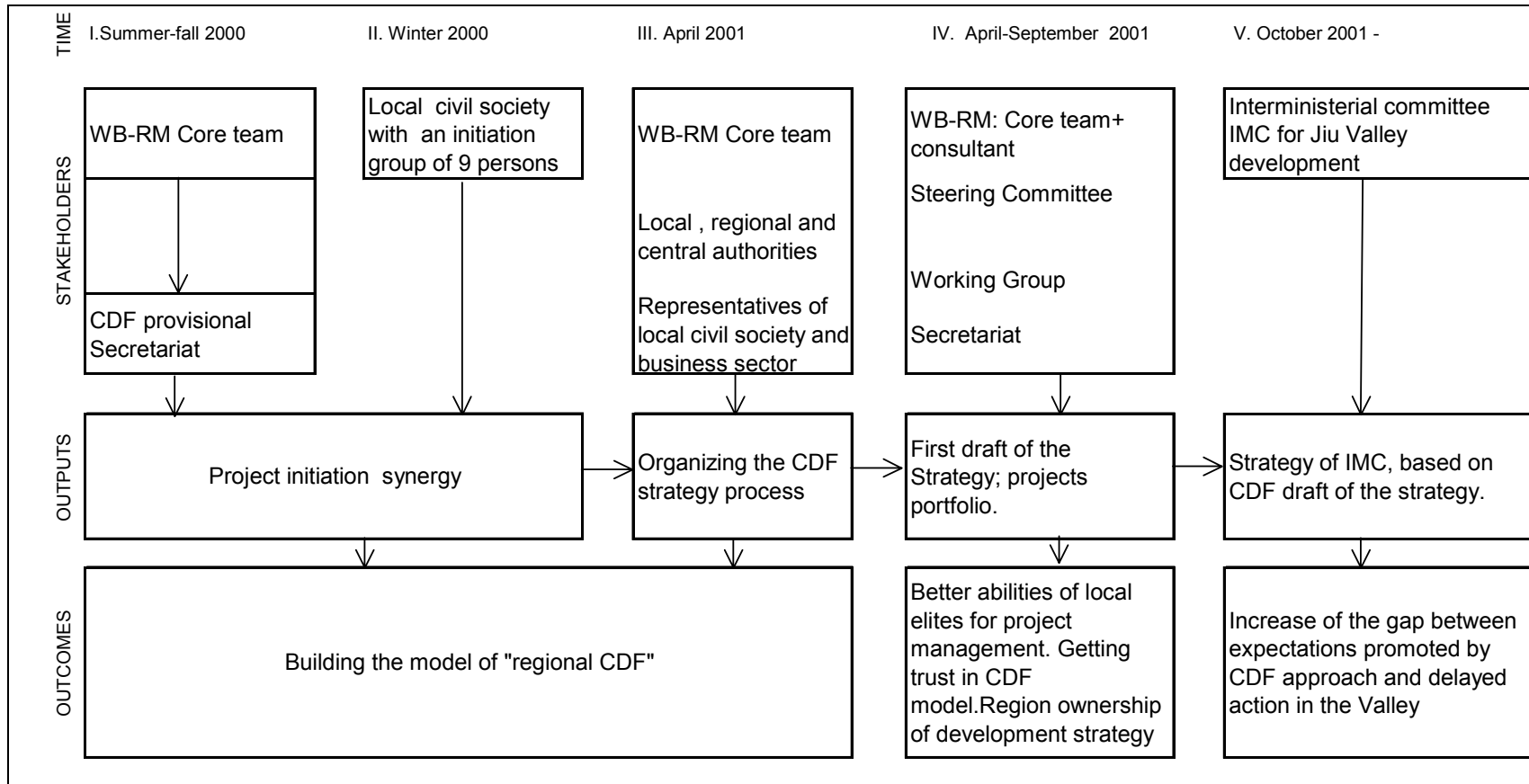
36. The outcome was a large shared local feeling that “the Valley has now its own strategy,” expressing local views on needs, priorities, and possible actions to be taken. The feeling was still vivid in March 2002 when the case study team interviewed a large number of JV actors involved in the strategy design. Local stakeholders noted that it was for the first time that very different community and regional actors for development met and worked together on their own future. Some training courses also increased the ability of participants to deal with basic tools of Internet communication and design of development plans. (See Figure C-3 below for a schematic description of the strategy process.)

---

<sup>94</sup> The seminar was attended by representatives from a wide range of organizations, including the Romanian Presidency, Government, Parliament, Ministries of Development and Prognosis, Industries and Resources, Tourism, Labor, Small and Medium Enterprises, National Coal Company, World Bank, European Union Delegation, Prefecture of Hunedoara, *Judet* Council, Chamber of Commerce from Deva, NGOs, the business sector, University of Petrosani, city halls of the region, National Agency for Regional Development, and the National Agency for Mining Regions.

<sup>95</sup> The Working Group included representatives from the city halls of Petrosani, Lupeni, Petrila, Uricani, Vulcan, Aninoasa, and Banita; Petrosani University; the business sector; NGOs; Petrosani hospital; National Coal Company; Chamber of Commerce Petrosani; banks; Hunedoara Prefecture; Development Agency for Region 5; Coal Unions League; and a World Bank consultant. Representatives from the National Coal Company and Banita town hall did not attend the WG meetings. For details, see the series of six reports by the World Bank consultant and facilitator Aurel Rizescu, *Strategy for the Jiu Valley Region Development*.

**Figure C-3: The CDF Process Involved in Development of the Jiu Valley Strategy**



37. Despite some key differences, the fact that the locally formulated “Good Luck” strategy was largely incorporated into the strategy of the Government’s *Interministerial Committee for Jiu Valley*<sup>96</sup> is considered a positive step toward strategy implementation. The two strategies are consistent in terms of identified needs and objectives. However, the government strategy is oriented more toward sectors and central institutions than the Good Luck strategy, where the accent is put on target groups and community/regional actors. There are also some differences in relative emphasis among certain actions. The interministerial strategy gives more prominence to restructuring the mining sector and solving local problems by stimulating out-migration to other *judets*. The key policies considered by the interministerial strategy are related to employment generation, reform, and rehabilitation of the National Coal Company, environmental clean-up, tourism development, urban planning, youth training, a “policy of diminishing the Jiu Valley population by employment and resettlement in developed areas,” reducing prolonged unemployment, and attraction of foreign investors. The major difference between the two strategies lies in the references they make to key actors for implementation. The Good Luck strategy favors implementation by the Hunedoara Prefecture, in concert with local authorities and other local stakeholders.<sup>97</sup> In the government approach, the key actors are the Romanian Government (Prime Minister’s office, ministries, and central agencies), donors, central agencies, etc. However, the complexity of Jiu Valley problems calls for multilevel – central, regional and local – action plans. Components should be specified at each level in the two strategies.

38. The main potential obstacles to implementation of the Jiu Valley strategy include, whether along the lines proposed in either the “CDF” strategy or the inter-ministerial version:

- poor communication/action consistency between central and local stakeholders;
- poor communication/action consistency between the National Coal Company and other local stakeholders;
- poor communication/action consistency between Romanian stakeholders and international donors;
- lack of sufficient resources, especially for capital-intensive needs, such as infrastructure and environmental clean-up;
- lack of detailed, operational action plans;
- poor management abilities among some key stakeholders.<sup>98</sup>

39. While the local and regional elite responded very enthusiastically to the CDF approach, the case study team interviews also indicated a deep concern on the part of those who participated in the 2001 strategy process that their work could have the fate of many other strategies for the Valley. A long list of programs have been proposed for, and initiated in the Jiu Valley. The results have been distinctly less than convincing. There have also been failed tentative trials of

---

<sup>96</sup> The Interministerial Commission has representatives from 12 ministries (Industries and Resources, Public Finance, Development and Prognosis, Labor, Public Works, Public Administration, Internal Affairs, Water, Law, Health and the Family, Education, Tourism), the Mining Union League, Hunedoara Prefecture, and Hunedoara *Judet* Council. See Ministerul Industriei si Resurselor. Comisa Interministeriala pentru Valea Jiului, *Romania. Strategia de Dezvoltare Economica a Vaii Jiului*, pp. 20-21.

<sup>97</sup> Aurel Rizescu, *Report 2. Strategy for Jiu Valley Region Development*, WB, Bucharest, August 2001. The Hunedoara Prefecture and *Judet* Council published a strategy in October 2001 that is virtually identical to the August 2001 strategy. *Strategia pentru dezvoltarea zonei Vaii Jiului “Noroc Bun!” 2001-2004, Prefectura Judetului Hunedoara, Octombrie 2001.*

<sup>98</sup> Several of the persons interviewed indicated poor management in the case of the National Agency for Development and Implementation of Reconstruction Programs in the Mining Areas (ANDIPRZM), up to the beginning of 2002.

development strategies even before 2000.<sup>99</sup> The same “strategy fatigue” reported in the main text discussion on preparing a national long-term development framework seems to be present as well at the Jiu Valley level.

40. The high-level government support to the Jiu Development Strategy demonstrated by the visit of the prime minister and members of the Cabinet to the region to launch the strategy at the end of June and beginning of July augurs well for the current effort living up to expectations. However, the launching of a strategy does not guarantee sustained implementation. To the extent that concrete actions identified in the Good Luck Strategy are not actually implemented, the distrust in any similar approach will inevitably be reinforced. The participatory approach followed in the Jiu Valley has attracted interest in other mining areas of the country. If the synergy created among local, regional, national, and international stakeholders in the Jiu Valley does not yield tangible results, a positive model will turn into a negative one.

### **POSTSCRIPT: The beginning of Implementation of the Jiu Valley Development Strategy: Recent Announcements**

*Bucharest, June 14, 2002 (Agence France Presse):*

“Romania will invest more than 360 million dollars (380 million euros) to develop the Jiu Valley, an impoverished mining region that has repeatedly spawned social unrest, a government source said Friday. The four-year project hopes to create 18,500 jobs by 2005 in non-mining sectors to help absorb unemployment, currently estimated at 30 percent in the southwestern region. An initial 80 million dollars, of which 7.6 million is to be provided by the European Union and World Bank, would be spent this year on environmental projects, infrastructure improvements and aid to small and medium businesses. Part of that sum is targeted for the development of tourism, improved health care, and professional re-conversion.”

“Public services in the regional capital, Petrosani, are to be modernized and decrepit housing blocks are also slated for renovation under the plan. A restructuring of the coal mining industry is in the works as well, with loss-making mines to be closed and the others equipped with modern technologies. Several accidents have cost the lives of around 30 miners in the past 12 months. In 1999, a World Bank plan to restructure the sector resulted in the loss of some 90,000 jobs from a total of 175,000. According to official statistics, around 63 percent of families in the area do not earn the minimum necessary for survival.”

*Bucharest, July 3, 2002 (Dimineata):*

“Chief of the World Bank in Romania, Ziad Alahdad, appreciated the Strategy for Development in Valea Jiului Monday, in a press conference he had together with Premier Nastase. He declared that the strategy is “a very good example of what we call bottom-up development.” Ziad Alahdad showed that the mission of the World Bank is to “work in areas where poverty is extreme,” and try to reduce it. The representative of the World Bank mentioned as favorable more chapters included in the strategy, such as replacement of the dependency on the mining industry of the region, creation of more jobs through development of the private sector, attracting new investment, and a stronger focus on industry, tourism, construction and agriculture. “These are elements of a successful regional strategy,” he said. “I believe you can count on our support and we are proud to be part and a partner in implementing this strategy in your country,” he concluded.

### **The CDF in the Practice of Regional and Community Development**

41. Understanding the Jiu Valley CDF experience can be enhanced by considering some other best practices in the area of community and regional development in Romania. At least two other experiences are relevant: components of regional development policy at the national level

---

<sup>99</sup> Local leaders interviewed in the JV mentioned the fact that a similar attempt at a large consultancy among local stakeholders took place in 1994. Known as a joint action of the “Save the Jiu Valley” program and the Presidency, implementation of the program was terminated in 1997 by the new coalition government.



and the design and implementation of the Romanian Social Development Fund. Both cases are notable as examples of the openness in some quarters of Romanian society to CDF principles.

42. The new institutional system for regional development in Romania follows EU models to a large degree. The key elements of that system are the National Council for Regional Development (NCRD), regional councils for Regional Development, and Regional Development Agencies for each of the eight development regions and disfavored zones.<sup>100</sup> The basic legal framework for the functioning of these institutions is provided by law 151/1998 (Regional Development Policy). The design of that institutional system was accomplished by broad consultative processes, having as key actors an interministerial committee, a group of Romanian and EU PHARE experts, civil servants, and experts from very different central and county institutions. The above-mentioned stakeholders promoted a large national debate on how to group judets (counties) by development regions and how to organize the new institutional system, in the media in the period 1996-1998.<sup>101</sup> The representatives of the judets formed the eight development regions of the country as voluntary associations of judets on the basis of experts' proposals and as a result of getting ownership of that development design. They are not administrative units.

43. The basic principles for the functioning of the regional policy are decentralization, partnership, planning, and co-financing.

44. The case of the development regions is a relevant example of how systematic interaction among experts, other stakeholders, and central, regional, and local actors in the context of a development program can lead to the implementation of functional institutions and policy formulation. Elaboration of regional development policy in 1996-1998 and the Freedom of Information Act in 2001 followed the same pattern of multi-stakeholder institutional building. The regional development policy case, which started under Democratic Socialist Party governance and ended up falling under the coalition government of 1997-2000, also indicates that a capacity-building process can work beyond the limits of a governing period if the program is well structured and reaches the end of the electoral cycle with a clear momentum. Support from the European Union Delegation was also a key factor promoting continuity.

45. For each of the eight development regions, there is an executive unit called the Regional Development Agency (RDA), subordinated to a Regional Development Council (RDC). Representatives of associated judets (presidents of Judets Councils) and municipalities form the RDC. RDAs are legal entities with NGO status. They are responsible for drawing regional development plans, providing technical assistance, and implementing the regional policy decided by the RDC, including oversight of PHARE-funded programs. The contracting unit for PHARE funds is the Ministry of Development and Prognosis.

46. RDAs usually have a *judet* branch. The Hunedoara *judet*, a component of Development Region 5 West, does not have such a branch within its territory. But the way such branches function has been established and proven to be efficient in other regions of the country. This raises the possibility of locating the implementation unit for the Jiu Valley strategy within the RDA of the West region and its Hunedoara branch. As an NGO with executive abilities, the RDA

---

<sup>100</sup> On the basis of the Romanian Government's *Ordonanța de Urgență*, 24/1998, a disfavored zone meets at least one of the following conditions: 1) a mono-industrial production profile that employs at least 50% of the labor force; 2) a mining zone where workers were released by collective termination of their work contract; 3) collective termination of the work contract affects at least 25% of the local work force; 4) an unemployment rate of at least 25% higher than the national rate; 5) a poor communications and transportation infrastructure.

<sup>101</sup> *Green Paper. Regional Development Policy in Romania*. Romanian Government and European Commission. PHARE Programme, 1997.

could better absorb the Working Group that designed the strategy in Petrosani in 2001. As in the case of other development projects, the contracting unit for utilizing the funds from different donors could be either the Ministry of Development and Prognosis or the Ministry of Industries and Resources. A linkage between the “Good Luck” strategy and the West Region RDA would also have the advantage of a better connection between policies for development in the Jiu Valley and in other regions.

47. The Romanian Social Development Fund (RSDF), the second example selected here, is a relevant example of best participatory development practices at the community level. The institution’s legal frame was established by the law 129/1998. The principles of the Fund are highly consistent with the CDF approach: promoting participatory development and partnership, allocating resources according to community needs as expressed in proposals submitted by the communities themselves, and using a systematic orientation to results.<sup>102</sup>

48. At the end of 2001, after three years of functioning, about 500 RSDF grants have been either given to small communities in poor villages or to disadvantaged groups from urban or rural areas (selected out of about 2000 applications using standardized criteria). The three eligible activities for which funds are granted include small rural infrastructure, income generating activities, and community social services. Decisions on the conformance of an application to RSDF objectives and who will coordinate the project (the CCP) are taken entirely by the community group. Once elected, the CCP is in charge of preparing the application to the Fund and, in case the grant is awarded, project management.

49. Results orientation is assured by several elements: (1) the fact that the program is an Adaptable Program Loan, which ensures a mid-term evaluation, with the potential for redesign; (2) project selection, based not only on the basis of poverty criteria but also as a function of the quality of the project (cost-benefit, sustainability, social impact, etc.); and (3) continuous monitoring by an internal audit unit of the Fund and periodic surveys.

50. The successful experience to date of RSDF indicates clearly that community participation and social capital can easily be mobilized once there is an adequate institutional structure that makes clear the opportunities and the requirements of accessing resources for development.

---

<sup>102</sup> *Fondul Roman de Dezvoltare Sociala, Manual de Operare.*

## Annex D. The Evolution of CDF Implementation at National, Regional, and Community Levels.

**Table D-1: Evolution of the CDF in Romania at the National Level**

Action:	Time	Stakeholders	Outputs	Outcomes and Risks
Subactions				
<b>Launching of CDF:</b> formal request by Prime Minister to Bank President Wolfensohn to include Romania among CDF pilot countries	January 1999	WB GOR	<ul style="list-style-type: none"> <li>• CDF core team formation</li> <li>• Design of focus groups with various stakeholders on their vision on development and of workshops organized by World Bank Institute</li> </ul>	Start of CDF process in Romania
<b>Consensus building:</b> consultations on development priorities and constraints in Bucharest and in Tirgu Mures, Iasi and Deva	May – July 1999	WB GOR NGOs Private sector Donor agencies Academics, think tanks Sector representatives (agriculture, forestry, tourism)	Vision of development and of workshops organized by the World Bank Institute	<ul style="list-style-type: none"> <li>• Start of consensus process</li> <li>• Networking among stakeholders</li> </ul>
<b>Institutionalization of CDF:</b> Design – Country level intention to define Steering Committee, Executive Committee, Secretariat	September – December 1999	GOR WB	PM appointment of CDF Secretariat Director (Petrica Diaconu, State Sec'y for Public Administration)	Disappointment that the original design for CDF was not achieved
Implementation (1): Start by PM and Ministry of Transport	January 2000	GOR WB	Attempt to create CDF Secretariat and Steering Committee with Ministry of Transport using PIBL funds (New representative of PM for CDF = Mihai David; New Secretariat Director = Ovidiu Slavoiu)	Each change of Prime Minister brought a change in the CDF process
Implementation (2): Change in strategy, with Ministry of Development & Prognosis (MDP) as institution for CDF	2001 –	GOR WB		Abandonment of discussion of CDF Secretariat; movement in direction of a mainstreamed CDF with MDP and regional projects as hard pillars of CDF

Table D-1 continued

<p><b>Post-consultations feedback:</b></p> <ul style="list-style-type: none"> <li>– Presentations to Cabinet and donor agencies</li> <li>– Presentations to stakeholder groups who participated in 1999</li> </ul>	<p>September – December 1999</p> <p>July 5-11, 2000</p>	<p>WB</p> <p>1999 CDF participants: WB GOR NGOs Private sector Donor agencies Academics, think tanks Sector representatives (agriculture, forestry, tourism)</p>	<ul style="list-style-type: none"> <li>• Consensus on development objectives</li> <li>• Forest development project as a cluster project</li> <li>• Romanian Gateway initiative</li> </ul>	<p>Greater GOR awareness of national priorities</p> <ul style="list-style-type: none"> <li>• Consensus on basic targets for development: institutional reform and rule of law; access to larger opportunities; meeting basic needs in health, infrastructure, child welfare</li> <li>• Dissatisfaction with the delay between data collection and feedback (no access to MONITOR database, which limited the use of data for the presentation)</li> <li>• Dissatisfaction of Romanian specialists with transparency of primary data and survey methodology</li> </ul>
<p><b>Linkages with:</b></p> <ul style="list-style-type: none"> <li>– National Strategy for Sustainable Development (NSSD 1999); promoted by the NSSD Working Group and the support of the civil society, with UNDP support</li> <li>– Medium-Term Economic Strategy; approved by GOR on March 16, 2000 as part of EU pre-accession strategy</li> <li>– Government Action Plan</li> </ul>	<p>1999 through September</p> <p>2000</p> <p>2001</p>	<p>GOR UNDP CDF representative as observer CDF-NSSD common participants</p> <p>Under leadership of Amb. Postolache, broad consultations team for political consensus; technical details provided by economic team of experts in PM's office</p> <p>GOR, especially MDP</p>	<p>NSSD</p> <p>MTES</p> <p>Action Plan and regular monitoring reports by MDP</p>	<p>Consensus on EU integration as basic objective of Romanian society and as basic mean to reach development; basis for a more stable national strategy for development</p>

Table D-2: National Level CDF in Romania – Current Examples

Action: Subactions	(a)	Stakeholders	Outputs	Outcomes and Risks
<b>Building social capital:</b> Workshop on social capital at Sinaia	January 2000	WBI, SAR	Better information on social capital in larger social segments	Failure of project in systematic networking for promoting social capital
Development of Romanian-American Business Network; 375 participants to RABN in Washington	January 2000	GOR, WB, US Embassy		Improved network between Romanians coming back from abroad and the local business environment
<b>Improving transparency of information:</b> Freedom of Information act (the so-called Romanian FOIA)	2000 2001	Opposition MP MPI Media NGOs	Typical example of a “CDF-like” process	Improved public trust in the possibility of using large participatory mechanisms to promote a law. The intense involvement of various actors makes it hard to identify one specific author of the law.
Classified Information act	2001 2002	Opposition MP GOR Media NGOs	Draft law presently being debated in the Parliament	Evolving debate already marked by the FOIA experience.
Government Transparency act	2001 2002	Ministry of Public Information	Project in working stage	
<b>Improving the business environment:</b> Action Plan for business environment (BE)	2001- 2002	WB MDP IRIS Private sector associations	Series of GOR decisions for improving BE	Example of efficiency of a systematic interaction of participatory nature, focused on a specific domain and well guided by a devoted expert; consensus in business community built by systematic interaction in actual and virtual meetings organized by MDP
Micro-credit	2001 -	Center for Economic Development (Soros Open Network), BankPost	Promotion of model of active measures for poverty reduction in the rural areas	<ul style="list-style-type: none"> <li>• Training of rural entrepreneurs on micro-credits topics</li> <li>• Contributing to rural poverty reduction</li> </ul>
<b>Poverty:</b> Anti-Poverty Commission	1997-2000	UNDP-WB Presidency Antipoverty commission	Strategy for reducing poverty exists “only on paper”	Awareness of poverty problems
	2001-	WB-GOR-UNDP-DFID Antipoverty commission	Antipoverty strategy being developed with higher probability of implementation	Higher probability of effective action in reducing poverty

Table D-3: CDF Implementation at the Regional Level in Romania

Action:	(b)	Stakeholders	Outputs	Outcomes and Risks
Subactions				
<b>New regional development policy:</b> Building the institutional structure of the new regional policy, in line with EU principles, based on a large consultative process	1996-1998	GOR by inter-ministerial committee EC	Law of regional policy 151/1998: Councils and agencies for regional development at national and regional level	<ul style="list-style-type: none"> <li>• Training in a pre-CDF participatory process</li> <li>• Formation of Regional Development Agencies as NGOs with executive role at regional level</li> </ul>
Promotion of regional initiative for regional development	1999-	NARD, MDP, RDA, RDC		Promotion of a participatory approach in regional development
<b>Jiu Valley consultations:</b> Joint initiative of WB and a local working group of 9 persons to work out a strategy	Fall 2000	WB NGOs Local authorities Private sector		Mobilizing local resources as to define a bottom-up strategy
Building consensus on the strategy with the help of a WB expert, steering committee, periodic meetings with stakeholders, training	April-September 2000	WB NGOs Local authorities Private sector	Steering Committee (formed May 30, 2001) of 30 persons that worked by specific working groups First draft of the CDF strategy for Jiu Valley development	<ul style="list-style-type: none"> <li>• Fostering high expectations that the new CDF strategy will succeed</li> <li>• An active learning process on drawing development projects</li> </ul>
Conversion of CDF Jiu Valley Strategy into an interministerial strategy recently adopted and launched by the government	2002	MIR	Official document adopted by the GOR; high-level visit by Prime Minister, Cabinet, and World Bank Country Manager to the region to launch the strategy, early July 2002	Demonstrated high level GOR support, but risk of disillusionment and disappointment if strategy implementation lags for lack of adequate outside financial and technical resources, despite local efforts.

Table D-4: CDF Implementation at the Community Level in Romania

Action: Subactions	(c)	Stakeholders	Outputs	Outcomes and Risks
<b>Reducing rural poverty by social and human capital mobilization:</b> Promoting a new institutional pattern for reducing community poverty – Romanian Social Development Fund (RSDF)	1998-	WB-GOR RSDF	Law of RSDF 129/1998	<ul style="list-style-type: none"> <li>• Reducing rural poverty</li> <li>• Increasing community social capital</li> <li>• Training people in project development</li> <li>• Offering a high replicable model for rural development/ poverty-reduction</li> </ul>
<b>Community development:</b> Offering a model of rural development RDP by institutional building and providing opportunities for meeting needs of rural infrastructure	2001-	WB-RDP PMU		Model to be tested by implementation efficiency and under the aspect of replicability potential

## Annex E. OECD/DAC Data on Bilateral Donor Commitments to Romania

<b>Table E-1. Bilateral Donors and Commitments, Selected Sectors, Romania</b> (Commitments and Commitments per Donor, US\$ 000; annual averages; see notes below for sector definitions)					
Sector (annual averages)	Bilateral Donors	Number of Commitments	Commitments (US\$ thousand)	Commitments per Donor (US\$ thousand)	Average Commitment (US\$ thousand)
<b>All Sectors</b>					
<b>1991-1994</b>	8	23	9,155	1,444	398
<b>1997-2000*</b>	12 (11)	35 (34)	103,728 (61,188)	8,644 (5,562)	2,964 (1,800)
<b>Percent Change</b>	50% (38%)	52% (48%)	1,033% (558%)	499% (285%)	645% (352%)
<b>Social Infrastructure and Services</b>					
<b>1991-1994</b>	8	20	5,030	629	252
<b>1997-2000</b>	12	35	31,512	2,626	900
<b>Percent Change</b>	50%	75%	526%	317%	257%
<b>Production Services</b>					
<b>1991-1994</b>	4	10	1,395	349	140
<b>1997-2000</b>	11	24	6,188	563	258
<b>Percent Change</b>	175%	140%	344%	61%	84%
<b>Economic Infrastructure and Services</b>					
<b>1991-1994</b>	3	5	1,008	336	202
<b>1997-2000*</b>	9 (8)	21 (20)	60,190 (18,195)	6,688 (2,274)	2,866 (910)
<b>Percent Change</b>	200% (167%)	320% (300%)	5,871% (1,705%)	1,890% (577%)	1,319% (350%)

**Notes:** \* "All Sectors" also includes Multi-Sector and Cross-Cutting categories. Data in brackets for "All Sectors" and for "Economic Infrastructure" for 1997-2000, respectively, delete commitments from Japan of US\$ 170 million and \$168 million, respectively, in 1998.

All data are taken from the OECD/DAC Creditor Reporting System. "Social Infrastructure and Services" includes Education, Health, Population, Water and Sanitation, Government and Civil Society, Employment, Housing, and Other; "Production Services" includes Agriculture, Fisheries, Forestry, Industry, Mining, Construction, Trade, and Tourism; "Economic Infrastructure and Services" includes Transport and Storage, Communications, Energy, Banking and Financial Services, and Business and Other Services.



## Annex F. Documents Reviewed

- Asociatia Pro Democratia. 2001. *The Monitor of General Elections 2000*. Bucharest.
- Center for Institutional Reform and the Informal Sector (IRIS). 2000. *Red Tape Analysis: Regulation and Bureaucracy in Romania*. Bucharest: U.S. Agency for International Development.
- Dakova, Vera; Bianca Dreossi; Jenny Hyatt; Anca Socolovschi. 2000. "Review of the Romanian NGO Sector: Strengthening Donor Strategies."
- European Commission. 2001. *2001 Regular Report on Romania's Progress Towards Accession*. SEC(2001) 1753. Brussels.
- \_\_\_\_\_. 2002. *Applicant Countries: Eurobarometer 2001 – Public Opinion in the Countries Applying for European Union Membership*. Brussels: European Commission, March. [http://europa.eu.int/comm/public\\_opinion](http://europa.eu.int/comm/public_opinion)
- Government of Romania. 1999. *Romania: National Sustainable Development Strategy*. Bucharest. [UNDP sponsored planning document, former government]
- \_\_\_\_\_. Ministry of Development and Prognosis. 2000. *Romania's Medium Term Economic Strategy*. Bucharest. (GOR planning doc; former government)
- \_\_\_\_\_. Ministry of Development and Prognosis. 2001. *Action Plan for the Governing Programme 2001-2004*. Bucharest. [GOR planning doc; matrices; current government]
- \_\_\_\_\_. Ministry of Development and Prognosis. 2002. "The Implementation Stage of the Action Plan for the First Quarter of 2001."
- \_\_\_\_\_. Ministry of Development and Prognosis. 2002. "Action Plan for the Removal of the Administrative Barriers of the Business Environment. Annex."
- \_\_\_\_\_. The Anti-Poverty and Social Inclusion Promotion Commission. 2002. "The National Anti-Poverty and Social Inclusion Promotion Plan: Version for Consultations." March.
- International Finance Corporation. Foreign Investment Advisory Service (FIAS). 2000. *Romania: Administrative Barriers to Investment*. Washington, DC: The World Bank.
- International Monetary Fund and World Bank. 2002. "Review of the PRSP Experience: An Issues Paper for the January 2002 Conference." January 7.
- Institutul de Marketing si Sondaje. 2000. "Opinions and perceptions about NGOs." November.
- Kideckel, David A. 2000. "A New 'Cult of Labor': Stress and Crisis Among Romanian Workers." *Sociologie Românească*, 1: 142-161.
- Monitor Group. 1999. *Romania's Shared Vision*. CDF Consultations with Economists and Business Schools. 26 May. World Bank.

- \_\_\_\_\_. 1999. *Creating Competitive Advantages for Romania: Building a Shared Vision*. CDF Consultations with Donors and Embassies. 2 June. World Bank.
- \_\_\_\_\_. 1999. *Building a Shared Vision in Romania*. World Bank Consultations: Feedback Presentation. 12 July, draft.
- Mungiu-Pippidi, Alina. 2002. "Coalition for transparency – The passage of the Freedom of Information Act (FOIA) in Romania: Case Study." Romanian Academic Society, Bucharest. <http://sar.euroweb.ro>
- \_\_\_\_\_. 2001. "Objective Criteria Country Report – Romania." <http://sar.euroweb.ro>.
- Research Institute for the Quality of Life. 2001. *Poverty in Romania*. Bucharest: U.N. Development Programme, Country Office Romania.
- Rizescu, Aurel. 2001. "Inception Report: Regional Development Study for the Jiu Valley Region – Romania." Prepared for the World Bank. June.
- \_\_\_\_\_. 2001. "Report 02: Strategy for the Jiu Valley Region Development." Draft prepared for the World Bank. August.
- \_\_\_\_\_. 2001. "Report 05: Review of all international and national programs that target the Jiu Valley." Prepared for the World Bank. August.
- \_\_\_\_\_. 2001. "Report 06: Final Report." Prepared for the World Bank. October.
- Romanian Academic Society. *Romania after 2000: Threats and Challenges (Annual Early Warning Report)*. Bucharest: U.N. Development Program, Country Office Romania.
- United Kingdom. Department for International Development. 2001. *Romania: Annual Plan and Performance Review*. April.
- United Nations Development Program. 2001. *National Human Development Report: Romania 2000 – Implications of the Process of EU Accession for Human Development*. Bucharest.
- United Nations Organization. 2001. "Romania's Future Viewed by the Young Generation: Essays Collection." Bucharest.
- Wiesner, Eduardo. 2000. "Evaluation Capacity Development and Institutional Reform in Romania." Prepared for UNDP, Evaluation Office, New York.
- World Bank. 2001. *Country Assistance Strategy of the World Bank Group for Romania*. Report No. 22180-RO. May 22.
- \_\_\_\_\_. CDF Evaluation Secretariat. 2001. "Design Paper for a Multi-Partner Evaluation of the Comprehensive Development Framework." September.
- \_\_\_\_\_. 2001. *Project Appraisal Document: Social Sector Development Project*. Report No. 22130-RO, May 18.

\_\_\_\_\_. 2001. "Readiness Assessment: Toward Results-Based Monitoring And Evaluation In Romania." Draft. World Bank Diagnostic Mission, November 12-18, 2001, Bucharest, Romania.

\_\_\_\_\_. 2002. *Transition: The First Ten Years – Analysis and Lessons for Eastern Europe and the Former Soviet Union*. Washington, DC: The World Bank.

\_\_\_\_\_. 2002. *Romania: Joint Portfolio Review 2002*. Washington, DC: The World Bank, January-March.

## **Annex G. Persons Interviewed**

### **GOVERNMENT OF ROMANIA**

#### **Prime Minister's Office**

Professor Dr. Cătălin Zamfir, Counselor on Social Policy to the Prime Minister, Executive Director, Anti-Poverty Commission  
Kenneth Sigrist, Advisor, Public administration reform

#### **General Secretariat to the Government**

Petru Serban Mihailescu, Minister for Coordination  
Florica Vasiliu, Diplomatic Counselor

#### **Ministry of Development and Prognosis**

Minister Leonard Cazan  
Mihai David, Secretary of State  
Mircea Panaite, Secretary of State  
Cornelia Simeon, Advisor to the Minister  
Ion Ghizdeanu, Advisor  
Virginia Gheorghiu, Advisor, Business Environment  
Florin Bonciu, Director-General, Directorate for Investment Promotion

#### **Ministry of Foreign Affairs**

Cosmin Dobran, Economic Advisor to the Minister

#### **Ministry of Health and the Family**

Elena Badea, Director of Budget

#### **Ministry of Industry and Resources**

Gavril Baican, Secretary of State  
Nicolai Turdean, Project Management Unit, Mining Sector Restructuring Loan

#### **Ministry of Labor**

Elena Baboi, Agency for Employment

#### **Ministry of Public Administration**

Romeo Postelnicu, Secretary of State for Local Communities

#### **Ministry of Public Finance**

Daniela Gheorghe Marinescu, Subsecretary of State  
Stefan Petrescu, Director General, General Directorate for External Finance  
Moise Popescu, Director General, Director for Budget  
Otilia Frolu, Deputy Director, General Directorate for External Finance  
Aura Gereanu, Deputy Director  
Nicoleta Bala, Director, PIBL Project Management Unit  
Angela Caju, Personal Counselor to Secretary of State Giru  
Mioara Ionescu, Counselor for Program Coordination  
Maria Elena Anghel, External Public Finance Department  
Mariana Misu, Deputy Director, Synthesis Office, Budget Directorate  
Marius Dinescu, External Public Finance Department

Mariana Misu, Deputy Director, Synthesis Office, Budget Directorate  
 Silviu Uilacan, External Public Finance Department  
 Victor Zafra, Resident Advisor for Budget and Management Policy

**Ministry of Public Information**

Minister Vasile Dîncu  
 Dan Jurcan, Secretary of State for Communications

**National Bank of Romania**

Mugur Isarescu, Governor  
 Cristian Popa, Deputy Governor  
 Luciano Croitoru, Advisor to the Governor  
 Cezar Botel, Director, European Integration and International Relations Department  
 Ovidiu Slavoiu (Former Director, CDF Secretariat)

**Federation of Local Authorities**

Emil Calota, Mayor of Ploesti (and President of Federation of Local Authorities)

**Romanian Parliament**

**Chamber of Deputies**

Emil Boc (PD), Vice chairman, Committee for Legal Matters, Discipline, and Immunities  
 Florin Georgescu (PSD, VP), Chair, Committee for Budget, Finance, and Banking  
 Mona Musca (PL), Committee for Culture, Arts, and Mass Media Information

**Senate**

Elena Sporea (PSD), Agriculture/Forestry Committee

**NON-GOVERNMENTAL ORGANIZATIONS**

**Cartel-Alfa (National Trade Union Confederation)**

Bogdan Hossu, President  
 Petru Sorin Dandea, Vice president

**Romanian Center for Economic Policy**

Alexandru Ene, Director

**Center for Independent Journalism**

Ioana Avadani, Executive Director

**Center of Assistance for Non-governmental Organizations (CENTRAS)**

Viorel Micescu, Executive Director  
 Ioana Ilea, Program Director

**EuroHelp (Alexandria, Romania)**

Adrian Vidrighin, Executive President

**European Institute of Romania**

Nicolae Idu, Director General

**National Trade Union Federation METAROM**

Valentina Contescu, Vice president

**Soros Open Network**

Anca Ciobanu, Executive Director, Center for Economic Development (CED)

Mihai Duran, Economic Development Officer (CED)

Oana Lupu, Women's programs

Florentina Bocioc, Women's programs

Anton Niculescu, Director, European Integration Program

**Open Society Foundation Romania**

Renate Weber, Chair

**PRO-DEMOCRACY ASSOCIATION**

Cristian Pîrvulescu, President

**Romanian Academic Society (SAR)**

Alina Mungiu-Pippidi, Director

Sorin Ionita, Executive Director

**Romanian Social Development Fund (RSDF)**

Liliana Vasilescu, Director

**PRIVATE SECTOR**

Theodor Stolojan (private business, President, National Council of National Liberal Party, former Minister of Finance)

Petrica Diaconu (private business, former Director, CDF Secretariat)

**American Chamber of Commerce in Romania**

Anca Harasim, Executive Director

**ANA Group/Confederation of Romanian Employers**

Gheorghe Copos, Chairman and CEO

**Central European Financial Services**

Florin Pogonaru, President (and President, Romanian Association of Businessmen)

Camil Apostol, CEO

Matei Dimitriu, Associate

**Grivco Energy**

Aureliu Leca, General Manager (also Senator, Humanist Party)

**IMAS (Institute of Marketing and Polls)**

Alin Teodorescu, Director General

**IRIS Center Romania**

Alberta Ashbrook, Project Director

Adelina Vestemean, Associate Director

**International Center for Entrepreneurial Studies**

Ion Anton, Managing Director

**National Association of Romanian Exporters and Importers**

Dr. Mihai Ionescu, Secretary-General

Dumitrache Dima, Director-General

Ileana Petrache, Deputy Director, Information Systems

**National Council of Small and Medium-Sized Private Enterprises in Romania**

Prof. Dr. Ovidiu Nicolescu, President

Doina Cociorvei, General Manager

**National Union of Road Carriers of Romania (UNTRR)**

Gheorghe Dinu

**On The Frontier (formerly, Monitor Group)**

Michael Fairbanks, President, Cambridge, Massachusetts, USA

**Price Waterhouse Coopers**

Vasile Iuga, Partner

**Tofan Group**

Dana Visoianu, Executive Director, Human Resources

**MEDIA****Adevarul newspaper**

Adina Sadeanu, Journalist

**National Television**

Cristina Chinole, Reporter

**INTERNATIONAL DONORS AND DEVELOPMENT AGENCIES****Department for International Development, U.K.**

Mircea Ciocan, Project Coordinator

**European Bank for Reconstruction and Development**

Salvatore Candido, Head of Delegation (and President, Foreign Investors Council)

Philippe Leclercq, Deputy Director

Mihail Sevortov, Principal Banker

**European Union, Delegation of the European Commission**

Jonathan Scheele, Head of Delegation

Nicolas Bulte, Team Leader Political/Economic/Trade issues

Simona Botea, Task Manager

**International Monetary Fund, Washington, DC**

Neven Mates, Division Chief

**Japanese Embassy**

Tatsuhiko Kamada, First Secretary

**Royal Netherlands Embassy**

Fred Duijn, Second Secretary, [bkr@minbuza.nl](mailto:bkr@minbuza.nl)

**Swiss Agency for Development and Cooperation (SDC)**

Max Streit, Coordinator

Doris Roemer, Deputy Coordinator

Marie-Louise Stoicescu, National Project Officer

**United Nations Development Programme**

Winston Temple, Resident Representative (retired March 31, 2002)

Dan Dionisie, Head of Governance Section

Ruxandra Stan, Head of Sustainable Livelihoods Section

Tudor Stefanescu, Inter-Agency Support Unit

**U.S. Department of State**

James Rosapepe, Former U.S. Ambassador to Romania

**U.S. Agency for International Development (USAID), Romania**

Denny Robertson, Mission Director

Jane Nandy, Office Director, Democracy & Social Sector Reform

Randy Tift, Senior Democracy Advisor

Gabriel Gheorghe, Project Management Specialist, Democratic Governance Programs

Roslyn Waters-Jensen, Strategic Development Officer

Eleanor Kennelly, Project Development Advisor, Strategy Development & Operations Office

**World Bank/Romania**

Andrew Vorkink, Country Director for Bulgaria, Croatia, and Romania (based in Zagreb, Croatia)

Ziad Alahdad, Country Manager

Arabela Negulescu, Deputy Country Manager and Senior Operations Officer

Richard Florescu, Senior Operations Officer

Ana-Maria Sandi, Senior Operations Officer (Social Development Fund)

Dan Petrescu, Communications Officer

Gabriel Ionita, Rural Development Program Project Manager

Catalin Pauna, Economist

Silviu Radulescu, Health Specialist

Dana Dobrescu, Rural Development Team

Doina Visa, Business Environment & Energy Specialist

Leonica Serban, former CDF Administrative Assistant, World Bank Romania Office (now in Montreal)

**World Bank, Washington, D.C.**

James Anderson, Economist, Europe and Central Asia Region (ECA)

Carlos Cavalcanti, Lead Economist, ECA

Farid Danji (retired; former Deputy Country Manager, Romania Office)

Henry Gordon, Rural Development Sector Leader, ECA



Pablo Guerrero, Head, CDF Secretariat  
 Jody Kusek, Senior Monitoring and Evaluation Officer, Operational Policy and Core Services (OPCS)  
 Maureen Lewis, Sector Director, ECA  
 Gary Reid, Sector Leader, ECA  
 Xiafang Shen, Senior Investment Policy Officer, Foreign Investment Advisory Service  
 Myla Taylor-Williams, Country Program Coordinator, Bulgaria, Croatia, and Romania, ECA  
 Emil Tesliuc, Economist, ECA  
 Gregory Toulmin, CDF Secretariat  
 Laura Tuck, Sector Director, ECA

#### **JIU VALLEY INTERVIEWEES**

CNH (National Hard Coal Company)  
 Ilarie Bora, Chief Engineer

#### **CREDO Foundation**

Alexandru Blaj, President  
 Virgil Dascalescu, Executive Director  
 Victor Chiaburu

#### **Foundation for Small and Medium Enterprises**

Carmen Tarnovschi, Executive Director  
 Tom Galbraith (Peace Corps)

#### **Save the Children, Hunedoara**

Valeria Popescu, President

#### **University of Petrosani**

Dr. Nicolae Ilias, Rector  
 Dr. Alexandru Florea, Vice-Rector  
 Dr. Grigore Buia, Head of Distance Learning Department  
 Dr. Sorin Radu, Lecturer  
 Adriana Bociat, International Relations Department  
 Hunedoara Prefecture  
 Constantin Nelega, Director for Programs and Strategies

#### **Global Invest**

Sorin Avramescu, Administrator

#### **Vulcan Mayor's Office**

Petru Hodor, Mayor  
 Petrosani Mayor's Office  
 Florin Racotea, Vice Mayor  
 Lupeni Mayor's Office  
 Iuliana Cimponer, Staff Assistant

#### **Regional Development Agency, West Region, Deva**

Marcela Ungureanu, Inspector

**Enterprise Support and Workspace Centers Management Project**  
Aurel Rizescu, Team Leader

## Annex H. Romania CDF Evaluation Case Study Terms of Reference

January 2002

### Background

1. The development assistance system has expanded far beyond the scope and structures envisioned by its architects at the mid-point of the last century. Yet, in spite of notable successes in some countries and regions, poverty has increased and concessional flows have shrunk, even as demands for official resources have multiplied. Public concern with the efficacy of aid has grown. It was in this context that the Comprehensive Development Framework (CDF) was articulated by the World Bank president in January 1999.

2. The CDF comprises a set of principles that a number of developing countries and development assistance agencies have been seeking to put into practice over the last two years. The principles on which the CDF is based—long-term, holistic development framework; country ownership; country-led partnership; and results orientation—are not new; they are distilled from development experience over the last five decades.<sup>103</sup> They are intended to help resolve persistent problems in the development assistance system, by:

- Bringing about a better balance between macroeconomic and financial issues, on the one hand, and structural, social, and human dimensions, on the other hand.
- Shifting from donor-driven development processes to full ownership by the country.
- Eliminating ineffective coordination marked by aid poorly aligned with country strategies, wasteful competition among externally-funded programs, and burdensome donor procedures.
- Using results information to improve the performance and accountability of aid programs.

3. In late 1999 the Committee on Development Effectiveness of the World Bank Executive Directors requested that the Bank's Operations Evaluation Department (OED) undertake an evaluation of the implementation of the CDF. The evaluation has evolved into a multi-stakeholder effort, governed by a 30-member Steering Committee, financed by contributions from nine bilateral donors and the World Bank, and coordinated by a secretariat provided by OED and the Bank's Development Research Group.

4. The evaluation will be conducted over an 18-month period and will be completed by January 2003. It consists of the following main components:

- case studies of five CDF pilot countries (Bolivia, Ghana, Romania, Uganda, and Vietnam) and one non-CDF pilot country (Burkina Faso);
- four thematic studies and a cross-cutting econometric study; and
- a synthesis report.

5. The draft findings and conclusions of the synthesis report will be the subject of a multi-stakeholder workshop in November 2002 and will be presented to the Evaluation Steering Committee and the World Bank's Executive Directors in early 2003.

---

<sup>103</sup> See Box 1 at the end of the TOR for “working definitions” of the CDF principles.

## Objectives and Scope of Work

6. In consultation with country representatives, Romania has been selected by the Evaluation Steering Committee as one of the country case studies. The objectives of the country study are: (1) to assess how CDF principles are being implemented on the ground; (2) to identify the factors that have facilitated implementation of CDF principles and those that have hindered it; and (3) to promote learning and capacity development in countries where CDF principles are being implemented. The evaluation will assess the relevance, efficacy, and efficiency of the development assistance system, including the quality of aid, donor practices, and linkages to the international development assistance architecture and the *Millennium Development Goals* (MDGs).

7. The country study will not constitute a “country evaluation” as normally undertaken by the World Bank and other development agencies, although it will draw on relevant methodologies to assess the performance of development actors. To the full extent feasible, the study will be conducted with the involvement of representatives of the main stakeholders – government, legislature, civil society, private sector, donors, and other development agencies. Such representatives will constitute a *country reference group* for the case study. The aim will be to initiate or strengthen a process that informs decisionmakers and leads to institutional change in support of poverty reduction.

8. The Romania country case study will assess implementation of the four CDF principles individually and in tandem. A set of proposed core evaluation questions will be formulated during the planning phase of the case study and will be added to this term-of-reference as an annex. The questions are intended to elicit from the perspectives of both recipient and donor stakeholders:

- 1) the extent to which CDF principles are being applied and why;
- 2) the impact on aid quality on the ground in terms of intermediate behaviors and practices;
- 3) evidence of higher level impact in terms of resource mobilization and allocation, and development outcomes and goals; and
- 4) lessons that emerge for improving the impact of development assistance as a whole.

9. The case study will include a more in-depth review of experience in implementing CDF principles to address selected key issues and produce results. Namely,

- how consultations on the administrative barriers to private sector development led to the development of an action plan on improving the business environment in Romania;
- how consultation on barriers to public information access led to formulation of new legislation on the subject;
- how consultations at regional level (the Jiu Valley) led to the formulation of a regional development strategy.

10. In its preparation and field work the Romania case study team will work with the country reference group to:

- agree on detailed terms-of-reference, implementation modalities, and format for the case study;
- assemble and analyze pertinent literature, documents, and data sources;

- design key informant and focus group interview protocols;<sup>104</sup>
- conduct key informant and focus group interviews and analyze the results of the various data sources, including surveys;
- conduct workshops with key stakeholders, including decisionmakers, to discuss and validate the findings of the analyses of interviews, and other data sources, drawing out their policy and programmatic implications.

### **Composition of the Case Study Team**

11. The Romania case study team will be composed of persons who, taken together, are skilled in the following areas:

- Economics (market level and macro-economic level)
- Public sector management, governance, and institutional development and organizational strengthening
- Conducting evaluations of development activities
- Facilitation of group interviews and workshops
- Knowledge of the political economy of development in Romania.

12. The Romania team will consist of three persons – a Romanian consultant, an international consultant, and a member of the CDF Evaluation Secretariat, who will act as team leader. The team members are:

- Professor Dumitru Sandu, national consultant (University of Bucharest)
- B. Lynn Salinger, international consultant (AIRD, Cambridge, Massachusetts)
- John Eriksson, CDF Evaluation Secretariat and team leader.

### **Timetable**

#### ***Phase I***

Preparation	3 days	January 30 – February 1, 2002
“Scoping” mission	11 days	February 2 – February 12, 2002
Inception Report		At end of scoping mission

#### ***Phase II***

Preparation	10 days	February 21 – March 8
Fieldwork mission	21 days	March 9 – March 29
Interim Report		At end of fieldwork mission
Draft Final Report		May – June 2002
Final Country Case Study Report		2 weeks after comments are received on draft
Possible Dissemination Workshop	4 days	Fall 2002 or Spring 2003 (to be determined)

<sup>104</sup> The questions posed in the survey and interview protocols will include the core questions presented in the Annex to this Terms of Reference, but will also include country-specific questions proposed by the Reference Group.

## **Team Member Terms of Reference**

### *National Consultant*

13. The national consultant will participate as a full member of the country case study team, including involvement in design of interview protocols and workshops, as well as conducting interviews and workshops. Special responsibilities of the local consultant may include assistance in contracting with a local organization for setting up workshops and arranging interviews. The national consultant will also contribute specific sections to the inception, interim, and final written reports of the case study.

### *International Consultant*

14. The international consultant will participate as a full member of the country case study team, including involvement in design of interview protocols and workshops, as well as conducting interviews and workshops. The international consultant will contribute specific sections to the inception, interim, and final written reports of the case study and will assist the team leader in preparing and editing these reports.

### *CDF Evaluation Secretariat Member and Team Leader*

15. The team member from the CDF Evaluation Secretariat will also be the team leader and official liaison between the mission and in-country stakeholders. The team leader will provide overall guidance to the team with respect to the case study Terms of Reference, including ensuring that:

- 1) the case study is utilizing the core questions for all country case studies and in other ways is following an approach that is consistent with the other case studies;
- 2) the timetable for the case study is maintained; and
- 3) effective working relationships are maintained with key country stakeholders, such as the case study Reference Group, government officials, donor representatives and leaders of civil society and the private sector.

16. The team leader will also be responsible for overseeing the preparation of the inception, interim, and final reports and for the summary to be provided to the Dissemination Workshop, incorporating inputs from the other team members.

## **Reference Documents**

CDF Evaluation Approach Paper, May 2001

CDF Evaluation Design Paper, September 2001

Other documents on CDF Evaluation Web site

### **The Principles of the Comprehensive Development Framework: Working Definitions**

In logframe terms, the CDF principles are *processes* that lead to outputs, outcomes, and goals or impacts. The following working definitions of the principles are framed in terms of processes.

- *Long-term, Holistic Development Framework*

Processes involving:

- 1) Identification of a 15-to-20 year vision statement containing monitorable development goals that:
  - take into account the broad aspirations of the population, and
  - include sustainable poverty reduction as an overarching goal and related sub-goals that are in the same areas as the MDGs.
- 2) Formulation of a comprehensive yet realistic medium-term (3-to-5 year) strategy for making progress toward goals, specifically addressing the need for:
  - balance among macroeconomic and financial issues and structural and social concerns,
  - setting priorities in the face of capacity and hard budget constraints,
  - time-bound, concrete actions, with attention to phasing and sequencing.

- *Country Ownership*

Processes involving:

- 1) Identification of development goals and formulation of strategy by the country, not by development assistance agencies.
- 2) Regular and broad-based stakeholder participation,<sup>105</sup> with evidence of sustained public support from top political leadership and intellectual conviction by key policymakers.

- *Country-Led Partnership*

Processes involving:

- 1) Government leadership in the management and coordination of aid resources, including:
  - analytical and diagnostic work;
  - aligning external support on the basis of the country's development strategy and development agency comparative advantage;
  - harmonization of development agency procedures and practices, e.g. procurement, reporting, and evaluation.
- 2) Relations among government, development agencies, other stakeholders, marked by:
  - mutual trust, consultation, and transparency;
  - assumption of accountability for sound financial management and performance;
  - effective, demand-led support for strengthening government management and coordination capacity and not undermining it.

- *Results Orientation*

Processes involving:

- 1) Design of programs in support of the national development framework with clear and evaluable objectives that contribute to framework goals.
- 2) Monitoring and regular reporting and sharing of progress, with a focus on and accountability for results, including outcomes and goals, rather than only on inputs.
- 3) Creation and enabling of capacities to generate, monitor and utilize results information to improve performance in achieving goals and accountability.

<sup>105</sup> Government at all levels, parliament, civil society, the private sector, and other domestic stakeholders.

## Appendix. Proposed Core Evaluation Questions

17. The country case study will look at the four CDF principles individually and in tandem. The following questions are grouped by themes relevant to each principle. The first four sections below have two main objectives: (1) to elucidate the factors that have facilitated and those that have hindered implementation of CDF principles in Romania; and (2) to identify the intermediate results of the implementation of CDF principles in terms of changes in behaviors and practices of key stakeholder groups. The fifth section includes questions designed to elucidate potential inter-relationships between the four CDF principles, as well as to marshal any evidence of higher level impacts on resource mobilization and development outcomes and goals. Some of the following questions will be addressed to each key stakeholder group – government (central and local), parliament, civil society, private sector, and donor representatives – in order to enable a comparative analysis of perspectives among the groups. Other questions are more pertinent to particular stakeholder groups. The suggestions of reference group participants will help to refine the questions before they are framed in interview protocols.

### I. Long-term, Holistic Development Framework

What has been done to implement this principle and when, how, and why did it happen?

#### *Long and Medium-Term Strategy Frameworks*

1. A document that identifies key actions to be undertaken over a 4-year period, *Action Plan for the Governing Programme 2001-2004*, was issued by the new government in 2001. It draws on a document from the previous government, *Romania's Medium-Term Economic Strategy*, which covers the same time frame.
2. Is there a longer-term (i.e., 10-20 years) development vision statement from which these strategy documents draw?
3. What circumstances – institutional, political, economic, etc. – led Romanian policy-makers to initiate the preparation of these documents?
  - a) What were the main turning points?
  - b) What were the underlying causes?
4. To what extent do these documents set forth measurable development goals?
  - a) How practical are these goals?
  - b) How do they relate to globally articulated goals, such as the MDGs?

#### *The Roles of External Partners and Levels of Government*

5. To what extent and how have external partners supported (or undermined) the formulation and implementation of long-term vision and medium-term strategy documents?
6. How well do different governmental levels coordinate on implementation of the *Action Plan* (e.g. central ministries, local bodies)?



What have been the intermediate results in terms of changes in behaviors and practices?

*Linkages between Long- and Medium-Term Strategies and the Budget*

7. To what extent is the framework of *Action Plan* linked to Romania's program performance-based budget process? Why/ why not?

***Sustainability***

8. A "long-term" time frame for a development framework implies a process capable of withstanding changes in political leadership and/or government. How sustainable in this regard are the processes that have produced the above-mentioned frameworks?

***Balance***

9. To what extent does the *Action Plan* strike a balance between macroeconomic/financial stabilization and structural and institutional reforms?

***Alignment of Development Assistance***

10. How well have external assistance strategies, instruments, analytical support been aligned with the *Action Plan*?

**II. Country Ownership**

What has been done to implement this principle and when, how, and why did it happen?

*Ownership of the Action Plan*

1. A possible objective of society-wide consultations (e.g. the CDF consultations in 1999 and 2000) would be to anchor the priorities of the poor in basic strategy documents, such as the *Action Plan* and the *Medium Term Economic Strategy (MTES)*, so as to build ownership.
  - a) How representative is ownership of the *Action Plan* and *MTES* among the various strata, regions, and constituency groups of Romanian civil society and the private sector?
  - b) What factors facilitated the attainment of a national consensus on the *Action Plan* and the *MTES*?
2. To what extent can ownership of the development agenda as outlined in the *Action Plan* and the *MTES* be attributed to all branches of government – executive (central, sectoral, and local), legislative, and judiciary?
3. How significant was the role of Romanian advisers and policymakers relative to the role of external technical assistance and advisers (e.g. in time and financial resources) in designing the *Action Plan* and the *MTES*?

*External Partners and Ownership*

4. To what degree have aid agencies helped foster country ownership (e.g. support for capacity building and participatory approaches)?

What have been the intermediate results in terms of changes in behaviors and practices?

Evolution of Country Stakeholder Involvement

5. To what extent, if any, has the breadth of involvement of country stakeholders in strategy formulation and the budget process expanded over time?
  - a) What mechanisms have been employed and how sustainable are they?
6. In seeking understanding and endorsement of the *Action Plan*, how have divergences of stakeholder views been bridged or resolved?

***Role of External Partners***

7. How has the behavior of external partners changed to accommodate country ownership (e.g. in the design and implementation of assistance strategies, in procedural flexibility)?
8. How is the role of aid conditionality viewed by country stakeholders – compatible with country ownership or in conflict?

**III. Country-led Partnership**

What has been done to implement this principle and when, how, and why did it happen? What have been the intermediate results in terms of changes in behaviors and practices?

***Selectivity and Harmonization of Development Assistance***

1. What efforts have been made to bring about greater *selectivity* in development assistance? What have been the obstacles?
  - a. What role have local donor representatives played?
  - b. What role has government played?
  - c. What actions can only be taken by donor headquarters?
  - d. What have been the results in terms of reduced duplication and increased selectivity along lines of comparative advantage?
2. What efforts have been made to bring about greater *harmonization* of donor procedures (e.g. reporting, procurement, financial management, evaluation, safeguards)? What have been the obstacles?
  - a. What role have local donor representatives played?
  - b. What role has government played?
  - c. What actions can only be taken by donor headquarters?
  - d. What have been the results in terms of reduced aid transaction costs? To what extent has this been reflected in the budget?

***Government Leadership and Aid Coordination Mechanisms***

3. To what extent has the quality of partnership with donors been influenced and affected by the extent of Romania's indebtedness?
4. What mechanisms exist for the coordination of external loan and grant assistance to Romania?
  - a) What are the strengths and weaknesses of these mechanisms?
  - b) What strategies are in place for strengthening aid coordination capacity in the government?
5. To what extent has the government taken a lead role in periodic donor group meetings?
  - a) What has been the extent of involvement of other domestic stakeholder groups in these meetings?
  - b) What are the views of civil society, local NGOs, and private sector organizations about these meetings?
  - c) To what extent has holding donor group meetings in Romania made a difference?

***Roles of External Partners***

6. To what extent has development assistance strengthened or undermined Romania's capacity and efforts to lead aid coordination?
  - a) What role have Project Management Units played in this regard?
  - b) How transparent are donors in providing information about their existing and planned assistance flows, policies, and procedures?
  - c) What measures could result in more effective support for capacity building?
7. To what extent have partners recognized their responsibilities and accountabilities through such mechanisms as joint reviews of their respective performance?
8. What other forums exist for coordination among donors?
  - a) To what extent and how effectively do they address issues of alignment of donor strategies with the *Action Plan* and *MTES*?
  - b) Of programmatic selectivity along lines of comparative advantage?
  - c) Of harmonization of donor procedures?

**IV. Results Orientation**

What has been done to implement this principle and when, how, and why did it happen?

***Country Capacity***

1. What changes have occurred (and when and why) in Romania's capacity to collect, analyze, and disseminate results-oriented performance information through monitoring and evaluation systems?

***Level and Transparency of Information***

2. To what extent is such information being accurately, transparently, and publicly disseminated)?

- a) To what extent does it include information on actual execution of the *Action Plan*?
- b) To what extent does it include information on outputs or outcomes (e.g. service quality) and development results (e.g. MDGs)?
3. How are disincentives to a results orientation being addressed (e.g. performance assessed and rewarded based on outputs and outcomes rather than spending)?
4. Is a focus on results seen as excessive? If so, how so, and what solutions are possible?

### ***Role of External Partners***

5. To what extent and how effectively have external partners assisted in evaluation capacity development (statistical capacity, research, knowledge management)?
6. To what extent is information on planned and actual disbursements from external partners readily available to the country?

### **What have been the intermediate results in terms of changes in behaviors and practices?**

7. To what extent is results information being used for lesson-learning and accountability; what are the constraints?
8. To what extent and how effectively is results information fed-back into decision-making, including resource allocation; what are the constraints?
9. To what extent have non-government domestic stakeholders (civil society, private sector, etc.) benefited from evaluation capacity development and other aspects of increased results orientation?

## **V. Implementation Relationships among CDF Principles and Higher Level Impacts**

1. To what extent has implementation of a CDF principle reinforced or adversely affected implementation of other principles? For example:
  - a) To what extent have implementation of long-term vision and ownership reinforced each other?
  - b) Has concern with good relations in support of ownership come at the expense of partnership or results orientation on the part of external partners?
2. To what extent has substantial progress in implementing one principle been a prerequisite to being able to implement another principle –e.g. building country ownership before results orientation can take hold?
3. To what extent is CDF implementation viewed by some stakeholders, e.g. civil society or the private sector, as imposed by donors?
4. What roles have such factors as the resource envelope, external shocks, violent conflict, and political instability played in implementation of the CDF principles?

### **What discernible evidence is there of higher level impact of implementation of one or a combination of CDF principles on resource mobilization and development outcomes and goals?**

5. To what extent have bottlenecks in the economy been eliminated as a result of implementing a long-term, holistic strategy and/or other CDF principles?
6. To what extent has policy design been influenced by participatory processes?

- a) Are there policies set out in the *Action Plan* (and *MTEF*) that otherwise would not have been included had there been no participation?
- b) Have there been any unintended impacts on policies as a result of participation?
7. What discernable impact in other respects has there been on development policy as a result of implementation of one or a combination of CDF principles?
8. What discernable impact in other respects has there been on resource mobilization?
9. What discernable impact in other respects has there been on institutional capacity (arrangements, performance incentives, financial management, information systems, accountability mechanisms)?
10. What has been the impact of expanded participatory processes undertaken as part of the *Action Plan* (and *MTEF*) initiatives on Romanian women – particularly women in rural areas who account for a significant share of the agricultural labor force and of the population in poverty?
11. What plausible evidence is there that implementation of CDF principles, individually or in tandem, has led to progress in achieving MDGs or similar high-level development goals?