

Document of  
The World Bank

Report No: 17465-RO

PROJECT APPRAISAL DOCUMENT  
ON A  
PROPOSED LEARNING AND INNOVATION LOAN (LIL)  
IN THE AMOUNT OF US\$5 MILLION  
TO  
ROMANIA  
FOR A  
CHILD WELFARE REFORM PROJECT

June 9, 1998

Human Development Sector  
Europe and Central Asia Regional Office

## CURRENCY EQUIVALENTS

(Exchange Rate Effective as of May 8, 1998)

Currency Unit = Leu  
1 Leu = US\$.00012  
US\$1 = LC 8,350

## BORROWER'S FISCAL YEAR

January 1 - December 31

## BANK FISCAL YEAR

July 1 - June 30

## ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CEF	Council of Europe Social Development Fund
DCP	Department for Child Protection ( <i>Departamentul pentru Protectia Copilului</i> )
ECA	Europe and Central Asia
EU	European Union
GoR	Government of Romania
GPN	General Procurement Notice
GSG	General Secretariat of the Government
IBRD	International Bank for Reconstruction and Development
IDF	Institutional Development Fund
ILO	International Labor Organization
LIL	Learning and Innovation Loan
MIS	Management Information System
MoF	Ministry of Finance
NGO	Non-governmental Organization
PHRD	Policy and Human Resource Development Fund
PIM	Project Implementation Manual
SA	Special Account
SERA	<i>Solidarite Enfant Romain Abandonnee</i>
SDF	Social Development Fund
SOE	Statement of Expense
SPSPCR	Specialized Public Services for the Protection of Children's Rights ( <i>Serviciul Public Specializat pentru Protectia Dreturilor Copilului</i> )
TA	Technical Assistance
UNICEF	United Nations International Children's Fund
USAID	United States Agency for International Development

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**Romania**  
**Romania: Child Welfare Reform Project (LIL)**

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Map           IBRD 28710

Romania  
Child Welfare Reform Project (LIL)

## Project Appraisal Document

Europe and Central Asia Regional Office

Date: June 9, 1998	Program Team Leader: John Innes
Country Director: Kenneth Lay	Sector Director: J. Christopher Lovelace
Project ID: RO-PE 55495 Sector: Social Protection	Program Objective Category: PA
Lending Instrument: Learning and Innovation Loan (LIL)	Program of Targeted Intervention: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**Project Financing Data**       **Loan**       **Credit**       **Guarantee**       **Other [Specify]**

**For Loans/Credits/Others:**

Amount (US\$m): US\$5 million

Proposed terms:

Grace period (years): 5 years

Years to maturity: 20 years

Commitment fee: 0.75% undisbursed loan balance, less any waiver.

Multicurrency       Single currency, US\$  
 Standard Variable       Fixed       LIBOR-based

**Financing plan (US\$m)<sup>1</sup>:**

Source	Local	Foreign	Total
Government of Romania:	3.3	0.0	3.3
Cofinanciers:			
Council of Europe Social Development Fund	8.7	2.2	10.9
Japanese Government (PHRD Grant)	0.2	0.3	0.5
USAID	4.4	1.1	5.5
The European Children's Trust	2.0	0.7	2.7
EU PHARE <sup>2</sup>	0.4	0.1	0.5
Spain	0.1	0.1	0.2
Switzerland	0.0	0.1	0.1
SERA	0.8	0.0	0.8
IBRD <sup>3</sup>	3.8	1.2	5.0
<b>Total</b>	<b>23.7</b>	<b>5.8</b>	<b>29.5</b>

Borrower: Romania

Guarantor: N/A

Responsible agency(ies): Department of Child Protection (DCP) and County Councils (Judets)

<b>Estimated disbursements (Bank FY/US\$m):</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Annual	1.3	2.0	1.2	0.5
Cumulative	1.3	3.3	4.5	5.0

Project implementation period: **42 months**      Expected effectiveness date: **07/01/98**      Expected closing date: **06/30/02**

<sup>1</sup> Excluding taxes estimated at US\$3.3 million to be paid by the Government of Romania.

<sup>2</sup> Additional funding will be provided in the future.

<sup>3</sup> Excluding an IDF Grant of \$0.4 million.

## **Introduction:**

Approximately 100,000 children are cared for in the Romanian state institutionalized child care system. Lack of counseling, financial support, and community resources for families in difficult situations (such as poverty, domestic violence, alcoholism, single parents, and families with special needs children) and the lack of alternative family care (fostering and adoption) are the main reasons for the institutionalization of the children.

The number of children placed in institutions dropped until 1993, in part as a result of substantial international adoptions; but since then the number has been increasing, and a growing number of very young children are still entering institutional care due to economic and social distress exacerbated by the economic transition. Once inside the system, children are rarely released from it due to a lack of specialized services and alternative solutions, and the inflexible, poorly managed and staffed institutional care system. In this way, the system keeps perpetuating itself as the growing children are moved from one institution to another. (see Annex 11 for more details.)

Although many non-government organizations (NGOs) have been involved in training, volunteer work and refurbishment of facilities, the care given to the children in most institutions is inappropriate by modern standards, and still leads to unnecessary disability and stunted emotional and physical growth in many children. The negative effects of the prolonged institutionalization on children deprived of a family environment are still very much evident.

The professional structure, training and skills of the staff working in child care institutions is not responding to the specific needs of the children in care. Costs of institutionalization are very high both financially (equivalent to three times the average salary per child per month and 2-3 times as high as professional foster care costs), and socially, as longer term institutional care can be detrimental to the health and functioning of children and can create a population of children whose disabilities need permanent care. They usually emerge from the system with inadequate education and insufficient skills to find productive employment, they are emotionally scarred, and unable to make a contribution to, or participate in society.

Conscious of the economic and social costs of the current child protection system, the Romanian Government is committed to implementing fundamental reforms to this field in order to meet the children's basic needs and enable them to become productive members of society.

In response to these problems, the Bank is proposing a LIL as part of an inter-linked series of activities to support the efforts of the DCP to reform the child welfare system. They include the following:

- An existing IDF Grant (US\$363,000; DCP-managed; March 1998-April 1999) will enable the DCP to complete the development of its strategy, undertake an inventory of all facilities and the children therein, and prepare a public relations program.
- A Japanese PHRD Grant (US\$506,000; DCP-managed; April 1998-December 1999) will both support the initial staffing of and launch of the LIL (including establishing the monitoring & evaluation arrangements) and prepare for a subsequent larger operation.
- As proposed here, the LIL (US\$5.0 million; DCP-managed; July 1998-June 2001) will test and promote community-based approaches as sustainable and cost-effective alternatives to institutionalized child care and to test approaches to reintegrate street children in Bucharest more fully into society.
- As a follow-on effort to the LIL, it is envisioned that an Adaptable Program Loan (APL) (FY2000/01) would expand upon and replicate successful approaches under the LIL with preparation support from the PHRD Grant.

## **A: Project Development Objective**

### *1. Project development objective and key performance indicators (see Annex 1):*

The project development objective is to improve child welfare in Romania through testing and promoting community-based child welfare approaches as sustainable and cost-effective alternatives to institutionalized child care and for reintegrating of street children in Bucharest more fully into society.

#### **Performance Indicators:**

1. Increasing the efficiency of funds management at local authorities' level so that by end of year 2001 more than 40 percent of the funds allocated from the central government budget for child welfare activities, will be used to provide community-based services.
2. Number of children entering former large state-run institutions decreases by 35 percent in participating Judets by 2001 (with intermediate decreases).
3. Number of children leaving former large state-run institutions increases by 35 percent in participating Judets by 2001.
4. Cost per child in community-based alternative child care is maintained at not more than 50 percent of state institution costs by 2001.
5. Incorporation by Government, NGOs and communities of lessons from sub-projects into future community-based child welfare services.
6. Street children with secure shelter rises by 60 percent in Bucharest.

## **B: Strategic Context**

### *1. Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex 1):*

CAS document number: **16559-RO** Date of latest CAS discussion: **June 3, 1997**

The CAS supports the Government's development agenda to advance substantial structural reforms to rationalize the role of the state and enhance European Union (EU) accession-related sector programs while simultaneously providing measures to protect poor and vulnerable groups during the transition.

The proposed LIL supports these CAS objectives in the following ways:

1. **Short-term** -- provide substantial advice, some direct finance, and leverage substantial additional finance from other partners for the reform program of the Government. The LIL allows the Bank to respond quickly and effectively to the Government's request for assistance in developing and implementing a comprehensive child welfare reform strategy. The LIL would contribute to the CAS goal by promoting decentralized services and providing support through technical assistance and training for capacity building both at the local and central level. It would support the government's reform strategy by providing an opportunity to pilot cost-efficient and socially viable community-based alternatives to the existing system of state institutionalization of children.

2. **Medium term** -- give priority to advice and financing for EU accession-related sector programs. The LIL will support EU accession through the observance and promotion of the concepts embodied in the UN Convention of Children and Recommendation 1286 of the Council of Europe Consultative Assembly.

3. **On-going** -- expand development assistance management role and broaden and deepen Bank partnerships with the EU, foreign and domestic foundations, private business and the NGO community. The LIL will support the government's initiatives in child welfare reform by providing development

assistance for capacity building of the DCP to manage the reform program, form partnerships, and coordinate the various donors involved (i.e. Council of Europe, EU, USAID, NGOs, among others.)

*2. Main sector issues and Government strategy:*

One of Romania's key objectives, shared across virtually all shades of the country's economic and political spectrum, is acceding to the EU. The broad challenges that this achievement implies are addressed in the Government's program to: (i) fight poverty and develop human capital, and (ii) strengthen and rationalize the role of the state.

Local initiatives to reduce poverty through the creation of a Social Development Fund (SDF) are being encouraged. The World Bank and the EU are also supporting the Government's efforts to reduce long term poverty in the country through investments in primary health care and basic education reform. The Child Welfare Reform Project will build a new administrative structure at Judets level for an effective administration for protecting children's rights. An IDF grant for Child Welfare Services, currently underway, will help develop a legal and regulatory framework for decentralized services; formulate financial and management guidelines for institutions; devise training programs for personnel associated with child welfare; develop greater public awareness of the need for reforms in child welfare services, and establish a new database on institutionalized children and services provided with a view to analyzing dimensions and causes of institutionalization. The Child Welfare Reform Project will benefit from and work in tandem with efforts made under the IDF.

*3. Sector issues to be addressed by the project and strategic choices:*

**Poverty and Human Capital Development.** Children are one of the vulnerable groups exposed to the costs of transition, and the country is faced with a problem of child institutionalization. Post-Communist Romania inherited a large number of institutionalized children. Despite improvements the number of children in child care institutions has been on the rise. A census of all children living in residential facilities, including disabled children in special boarding schools was carried out in 1997. According to the census 98,872 children live in 653 residential facilities nationwide. That is approximately 1.7 percent of the total population of children between the ages of 0-18. This does not account for street children and those abandoned in medical facilities, of which there are approximately 3,000 on the streets and 3,262 young children abandoned in health facilities.

Community-based services promoted through the LIL will strengthen local services protecting children. Support, counseling, and education provided through these services to families at-risk and in need will help raise self-awareness and contribute to poverty alleviation. Prevention and de-institutionalization mechanisms promoted through the LIL will contribute to maintaining/reintegrating the children in the social structure of the community. This will help them become future productive members of the society contributing both to poverty alleviation and human capital development. The street children program included in the LIL will also address poverty alleviation and human capital development by providing services that will give these children a better chance for social reintegration.

**Strengthening and Rationalizing the Role of the State.** The LIL will strengthen the managerial capacity of the DCP and SPSPCRs. The LIL will also support the process of restructuring the provision of child-care at the Judets level through de-institutionalization utilizing the development of enhanced partnerships with the NGO community and other development partners. The prevention and de-institutionalization strategies supported by the LIL will return child-care more fully to the family, where it truly belongs, with the state providing support mechanisms and direct care only to the most difficult cases in a more community-based approach and thereby rationalizing the role of the government in child welfare reform.



## C: Project Description Summary

The project will support the Romanian Government Department for Child Protection (DCP) in reforming the child-care and the child protection system, through reducing the flow of children into institutions, improving the quality of care for institutionalized children, developing alternative care systems, and assisting older institutionalized children adapt to the community as productive citizens. It will also focus on street children in Bucharest who are a group particularly at-risk to poverty and social deprivation. The project would build upon existing small-scale initiatives of other donors and NGOs and the existing implementation structures within the DCP.

*1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):*

Component	Category	Cost Incl. Contingencies (US\$M)	% of Total	Bank-financing (US\$M)	% of Bank-financing
I. Community-based Child Welfare Services	physical (goods, works, services)	27.0	92	4.3	86
II. Street Children Initiative	physical (goods, works, services)	0.7	2	0.5	10
III. Institution Building, Monitoring and Evaluation	capacity building; project management; learning/adaptation; monitoring and evaluation	1.8	6	0.2	4
<b>Total</b>		<b>29.5</b>	<b>100</b>	<b>5.0</b>	<b>100</b>

*2. Key policy and institutional reforms supported by the project:*

The DCP achieved important changes in the Romanian legal framework in order to allow decentralization and support for the concepts embodied in the UN Convention of Children and Recommendation 1286 of the Council of Europe Consultative Assembly. The project would support the implementation of the following key policy reforms and legislation initiated by the DCP:

- Government Decision no. 205/1997 on the organization of the activity of the Local Public Administration Authorities in the field of the Protection of Children's Rights;
- Emergency Ordinance no. 25/1997 regarding adoption;
- Emergency Ordinance no. 26/1997 on the protection of children in need;
- Government Decision no. 245/1997 regulating the NGO accreditation in adoption;
- Government Decision no. 604/1997 regulating NGO involvement in child protection; and
- Government Decision no. 217/1998 regarding the accreditation of professional foster care givers.

As a consequence of these new regulations, new Commissions for the Protection of Children's Rights were established under the authority of each of the County Councils (Judets). They are chaired by the Secretary of their respective County Council. Specialized Public Services for the Protection of

Children's Rights (SPSPCR) were also established and they fall under the authority of the Commissions. They act as the executing agency for each of the Commissions. Residential care institutions for children have become the responsibility of the SPSPCRs. DCP is now the specialized structure within the Government responsible for the coordination, implementation, monitoring and evaluation of the reform strategy in the protection of children's rights field.

The project will support the DCP's short and medium term implementation program goals for child welfare reform:

- ensure the observance and application of the UN Convention on Children's Rights and of Recommendation 1286/1996 of the Council of Europe Consultative Assembly;
- reduce the numbers of institutionalized children by promoting prevention and alternatives which would lead to permanent family care solutions;
- improve the standards of care in residential institutions and to restructure and diversify their services; and
- facilitate the development, in the long term, of a cost-effective and sustainable child welfare system.

In so doing, the project will also support the DCP's program objectives:

- Develop and improve the legal and regulatory framework
- Develop decentralized integrated Specialized Public Services for the Protection of Children's Rights at county and local administration (towns, communes) level according to regional and county strategies for reform implementation, policies, regulations, work methodologies and training;
- Develop alternative care models, promoting especially family type care models as alternative to the residential care system; and
- Develop community based support services.

### *3. Benefits and target population:*

This project will provide a wide range of support services to the local communities, especially to families at-risk, including young single mothers, their children, those children already institutionalized, and other children in difficulty (especially street children). Without this project, local communities will continue without the much needed resources to provide counseling and support to the families and children in difficult situations. The main solution they can turn to will remain institutionalization.

Different levels of government, including the central DCP and local authorities will benefit through capacity building, direct investments, and through the support provided to them by the project to test and identify sustainable approaches to be developed on a larger scale subsequently. NGOs and private service providers may also benefit through the partnerships developed with the central and local authorities for the implementation of the sub-projects, as the project encourages the development of such partnerships. Additional benefits would include: (i) increased public awareness of child protection issues and enhanced participation of local communities to support families at-risk and children in need; (ii) improved community organization and implementation capacity at the Judets level; (iii) attraction and coordination of a wider network of development partners in support of child welfare reform; and (iv) eventually more cost-effective and socially-effective alternatives to large state institutions.

### *4. Institutional and implementation arrangements:*

**Implementation Period.** The project would be implemented over a period of 42 months, beginning July 1998 (i.e. 1998-2002).

### **Executing Agencies.**

- The Department for Child Protection (DCP) within the Prime Minister's office would serve as the Implementing Agency for project activities, and have overall responsibility for project implementation, management, coordination, and supervision. A project implementation manual (PIM) containing details about project implementation procedures and processes will be prepared by the DCP with technical assistance (TA) as required, provided through the PHRD Grant for Child Welfare Reform Project. Completion of this document, in a manner satisfactory to the Bank, is proposed as a condition of loan effectiveness. The financial chapter of the PIM will be cleared by a Bank-certified Financial Management Specialist. Proposals for use of financing from the community-based welfare services component would be reviewed and evaluated by the DCP which would also provide technical advice, supervision, monitoring and evaluation. Proposals for the use of financing from the street children initiative component would be reviewed and evaluated by the DCP in conjunction with the Municipality of Bucharest.
- At the Judets level, the SPSPCR, with technical assistance and coordination provided by the central DCP, would implement small-scale project activities in their respective counties.

**Project Coordination.** The DCP will serve as focal point for all communications with the Bank and other involved parties including coordination of all development partners in the field of child welfare reform. The DCP is currently headed by a Secretary of State and includes 14 other staff. The DCP will contract additional experts, in the fields of project management, procurement, financial management, construction engineering, social welfare, and monitoring and evaluation, in order to build capacity in the DCP to implement the project. Financing for this purpose is provided under the Institution Building, Monitoring and Evaluation component of the LIL and supplementary support is already being provided by the IDF Grant, PHRD Grant and other donors.

**Procurement and Disbursement.** Detailed procurement and disbursement arrangements have been agreed upon with the DCP/Government and will be reflected in the finalized project implementation manual. Procurement will be undertaken both by the DCP and the Judets under the oversight of the DCP. The DCP will open a special account with an authorized allocation of US\$500,000 for the operation of the project with an initial allocation of US\$200,000. The Judets would be reimbursed by the DCP for the eligible costs of the sub-projects approved under the LIL (see Attachments I and II of Annex 2). Retroactive financing of up to \$300,000 will be provided for eligible expenditure on civil works, goods, TA and training required for the initiation of project activities since **March 16, 1998** until effectiveness. Annex 5 contains a summary of the procurement and disbursement arrangements covering civil works, equipment, training and technical assistance.

**Accounting, financial reporting, and auditing arrangements.** The DCP would establish and maintain a project financial management system in a format acceptable to the Bank. The project annual financial statements will be audited each fiscal year in accordance with Bank guidelines, by independent auditors acceptable to the Bank. Whenever possible, grant finances from development partners would be used to cover the costs of audits. Detailed accounts will be kept for each project component and its sub-components. The accounts will also reflect the status of payment against each contract; utilization of the Special Account (SA) and replenishments made by the Bank; and sources of funding used. Copies of the audit reports will be submitted to the Bank within six months of the close of the country's fiscal year. The audit report will cover both the compiled account of expenditure incurred during the fiscal year as well as the Statement of Expenses (SOEs) used for withdrawals from the SA. Attention will be taken to confirm the transparency and accountability of the use of funds from the beneficiaries.

**Monitoring and evaluation arrangements.** A project-specific Management Information System (MIS) will be designed by a specialist (financed under the Japanese PHRD Grant) to serve as the key project monitoring tool. The DCP would be responsible for monitoring progress against specific performance and impact monitoring indicators. Indicators will include detailed progress benchmarks consistent with those spelled out in Section A.1 and Annex 1, and covering physical works, goods and services, institutional arrangements, procurement and disbursement, financial management, community involvement, and sustainability. The SPSPCR and community beneficiaries will furnish the DCP with quarterly reports for review, summarizing implementation progress and utilization of project funds. The DCP will prepare progress reports on the LIL every six months with the first report being prepared no later than **October 31, 1998**. The format for quarterly reports will be outlined in the PIM.

## **D: Project Rationale**

### *1. Project alternatives considered and reasons for rejection:*

**Sector Investment Loan.** This option was considered carefully, but was rejected as it did not allow for a rapid response to an urgent government request for support of child welfare reform, nor enable the Bank to be able to provide matching funds with other development partners in a timely manner. Moreover, it would result in the Government contracting a larger loan than could be justified currently given the uncertainties surrounding the most cost-effective child welfare solutions.

**Non-Lending Services.** The Bank is already supporting the Government through the IDF on strategy development for the reform of child welfare services. The requirement at present is to test this strategy operationally rather than undertake additional non-lending services.

**Adjustable Program Lending (APL).** While an APL would be an attractive approach for the long-term, additional work requiring more analysis over the next nine months would need to be completed first. An APL approach could be an appropriate follow-up to this LIL.

**Learning and Innovation Loan (LIL).** The approach is proposed here because it offers: (a) a flexible opportunity to test and promote different integrative approaches to child welfare reform, particularly approaches that try to emphasize community-based innovations; (b) the opportunity for small-scale innovation and experimentation which is essential in a transition economy that is moving from state-centered management to decentralized county level management; (c) better client-responsiveness, in that it enables the Bank to meet an urgent Government request. It also serves as an effective catalyst in helping to develop stronger support networks and a coordinated approach with other interested partners and donors who may have specialized expertise in child welfare reform (e.g. UNICEF; Council of Europe- Social Development Fund; bilaterals; and various NGOs).

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned):

Sector issue	Project	Latest Supervision (Form 590) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<b>Bank-financed</b>			
Institutional Development	Child Welfare Services - IDF (RO- 51079)	N/A	N/A
Facilities rehabilitation and groundwork for sectoral reform.	Health Services Rehabilitation (RO-PE-8759)	S	S
Assessment, quality, management and finance reform.	Education (RO-PE-8784)	S	S
Employment, social assistance and pension reform.	Employment & Social Protection (RO-PE-8776)	U	U
Higher Education Reform	Higher Education (RO-PE-8793)	S	S
Rehabilitation of basic educational infrastructure.	Schools Rehabilitation (RO-PE-44614)	S	S
Reform of social assistance and employment policy.	Social Protection Adjustment Loan (RO-PE-50432)	completed	
Financial and other health sector reforms.	Health Sector Reform (RO-PE-8797)	under preparation	
Social fund and innovative social service delivery.	Social Development Fund (RO-PE-49200)	under preparation	
APL for social protection reform.	Social Sector (RO-PE-8783)	planned	
<b>Other development agencies</b>			
Council of Europe- Social Development Fund	Restructuring and Diversification of the Institutions for Child Protection		
ILO	Street Children Study		
USAID	Child Welfare Initiative		
UNICEF	Technical Assistance		
Spanish Government	Technical Assistance		
Swiss Government	Technical Assistance		
EU - PHARE	Technical Assistance		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

**Ongoing Government and Development Partner Efforts in Child Welfare within Romania.**

The existing safety nets do not provide the needed support to families in need and at-risk. Besides poverty, the main reason for abandonment and institutionalization of children is linked to the lack of community-based resources to address the needs and the lack of alternative care solutions. NGOs proved their ability to develop and implement projects in the child welfare sector and indeed they were the only innovators in the sector over the last eight years testing different approaches. Unfortunately many of

them concentrated on giving support to existing state institutions, investing large amounts of money in refurbishment, equipment and other supplies, thus encouraging the perpetuation of these institutions. Since 1993, NGOs started to develop (sometimes in partnership with the local authorities) services to address prevention of abandonment and institutionalization, de-institutionalization and alternative care options (embryonic social services, day centers, mother and baby units, small group homes, foster care programs, etc.). Unfortunately most of these approaches are relatively small scale, albeit important pilot interventions scattered in different parts of the country. However, in most cases, they lack an integrated approach to the child welfare problem. At the same time, in most of the cases, local authorities were not involved enough in the project design and implementation.

The LIL design will address all these issues by promoting an integrated approach to the projects, encouraging local (Judet) authorities to participate in a competitive selection process (which will also ensure quality of project design), building capacity at central and local level through TA and training, and building on previous NGO experience by including the already existing projects and encouraging the development of local authority - NGO partnership in the process of project design and implementation.

**Other countries efforts in Child Welfare Reform.** The Bank-financed Lithuania Social Policy and Community Social Services Development Project demonstrated that high levels of commitment to child welfare reform activities together with adequate budgetary allocations to sustain these activities, could be achieved through a competitive selection process. In this process, local authorities would submit sub-projects qualifying against agreed selection criteria. The LIL will follow the same path of competitive selective sub-projects against agreed selection criteria (see Annex 2).

**Other Bank-financed Projects in Romania.** The slow disbursement of some Bank-financed projects has demonstrated the need to keep projects simple, with straight-forward implementation arrangements, a limited number of components, clear assignments of responsibility for execution, and appropriate procurement methodologies. This LIL has adopted all these features in its design.

#### *4. Indications of borrower commitment and ownership:*

The Romanian Government recognizes the economic and social costs of the current system of institutionalized child care. It is committed to implementing fundamental reforms of child welfare services aimed at meeting the children's basic needs and enabling them to become productive members of the society. President Constantinescu launched a special initiative, "Romania's Children," in early 1997 to increase attention to the welfare of the young, in particular, those in institutions. The Government has appropriately opted for a multi-pronged approach, including: (i) reducing the flow of infants and children into institutions; (ii) removing children from institutions and placing them in more supportive environments such as foster homes and group homes; and (iii) addressing the needs of children who leave the institutions at age 18, having nowhere to go and no support network to draw on. Since it will take considerable time and effort to place the children elsewhere, in the interim, the Government needs to urgently improve the living conditions and welfare of children in the institutions. The proposed reforms include:

- changes in the legal and regulatory framework governing children;
- the devolution of administrative and financial responsibility from the center to the local (county) level;
- the strengthening of the capabilities of agencies at the local level to enable them to provide efficient services; this would include staffing and equipment, and training of a cadre of social workers, managers and para professionals; and
- a shift in service provision away from institutionalized care to alternatives such as family support, fostering and adoption, group homes, mother and baby centers, and day care centers.

The Government attaches high priority to this issue and has taken important initial steps towards achieving its objective. In January 1997, a special Department for Child Protection (DCP) was set up within the government executive structure, following the dissolution of the National Committee for Child Protection which had never functioned particularly well. The DCP made a start on the legislative front by abolishing the objectionable laws of the past and supporting the concepts embodied in the United Nations Convention of Children and Recommendation 1286 of the Council of Europe Consultative Assembly.

The DCP has been working with the Bank to formulate a comprehensive strategy for child welfare reform in Romania. The IDF grant will support the completion of the existing draft strategy this year. The strategy proposed by the DCP includes:

- changes in the legal and regulatory framework governing the protection of children's rights;
- devolution of administrative and financial responsibility from the center (currently fragmented among nine ministries) to the county (Judets) level;
- strengthening of the capabilities of institutional actors at the local level to enable them to provide efficient services; this would include staffing and equipment, and training of a cadre of social workers, managers and paraprofessionals;
- promotion of alternatives to the present residential care system, such as family support, fostering, small group homes, mother and baby units, day care centers; and
- increasing the role of civil society in the child protection field, by involving local community and NGOs.

#### *5. Value added of Bank support in this project:*

The Government has clearly set out a strategy for child welfare reform and child rights. This project is an opportunity for the Bank to lend support in collaboration with other donors to ensure the government's reform program is community-based and implemented with a fully comprehensive approach for achieving significant and sustainable child welfare reform. The Bank project would provide assistance to complement other development partners to bolster a comprehensive program that does not overlap or leave out targeted areas of the reform. While the CEF and USAID are committed to providing assistance to the DCP, their efforts are limited to certain areas. The CEF is lending only for civil works and equipment, and USAID has proposed an intensive project concentrating on training and technical assistance for three Judets. Other bilaterals have expressed interest in supporting the government effort in the form of small technical assistance grants. The Bank project will lend support to those areas not already addressed ensuring a more comprehensive integrative approach, including capacity building of the DCP to manage the reform program and coordinate the various development partners involved. Such investments are urgently needed and delays are unacceptable for children in institutions, on the streets, and in families at risk. The Bank has an opportunity to fill this gap by using its wider development experience and influence to catalyze more effective collaborative networks in support of the government's integrative strategy for reforming child welfare services and protection. The LIL offers flexibility and rapid response capability to test different approaches to child welfare reform and protection. The opportunity will better inform future program investments.

### **E: Summary Project Analysis**

#### *1. Economic*

The LIL is anticipated to provide economic benefits of three kinds: (i) improved welfare conditions for children including enhanced integration as productive members in society; (ii) reduced numbers of children in institutionalized care; and (iii) lower unit costs for child care for those remaining in state institutions. These benefits, have to be set against the costs of redundancy and providing

alternative employment opportunities for those staff working in large state-run institutions which are closed down.

a. **Improved Child Welfare.** Analysis undertaken by child welfare professionals and NGOs both in Romania and elsewhere demonstrate the welfare gain for children resulting from their de-institutionalization and enhanced re-integration into society. While these gains are difficult to quantify, the DCP proposes to establish a tracking system for children leaving state-run institutions and compare this to welfare indicators for similar children under alternative care modalities such as small community residential facilities, foster-care and adoption; however, such results will not be available for some time. Improved child welfare is expected to result in improved labor market results for these children as young adults, and much reduced rates of delinquency and criminality among such children as they become adults. Experience from other countries, e.g. USA and the UK, demonstrates very high economic rates of return to social programs which result in reduced delinquency and criminality. Indeed, such child welfare improvements are expected to lead to a lower flow of children escaping from the large institutions to the streets, a major current source of street children.

b. **Reduced Numbers of Children in State Care.** The reduced numbers of children in state-run institutions will have a directly positive budgetary impact. However the bulk of these budgetary gains will only be realized as the staff in these institutions are downsized and the facilities progressively closed down.

c. **Reduced Unit Costs of Child Care.** While further analysis is required, existing evidence shows that community-based child-care arrangements are significantly cheaper than the large state-run institutions. The unit cost per child in large state-run institutions averages between Lei 1.8 to 2.5 million per month. This compares to about unit costs per child per month in small residential facilities, foster-care and adoption of Lei 0.9 to 1.2 million, Lei 0.8 million, and Lei 0.2 million respectively. Further details are presented in Annex 4.

d. **Staff Redundancy and Facility Restructuring.** As the reform process continues, the economic and social costs of staff redundancy will be mitigated wherever possible through retraining such staff in alternative care modes (e.g. foster care, care-providers in the new small community residential facilities). Decisions on how to use the buildings vacated by the closed state child care institutions will be taken on a case-by-case basis by the Judets responsible.

e. **Improved Resource Management.** The reform process will lead to improved utilization of public resources and thereby have a positive economic impact.

## 2. *Financial (see Annex 4):*

Given the innovative nature of the LIL, the monetary and non-monetary benefits have not been analyzed in the comprehensive manner associated with a traditional Bank investment loan. Affordability at the Judets level is being ensured through: (i) a ceiling of US\$500,000 per tranche per Judets for sub-project clusters (see Attachment 1 to Annex 2); (ii) the encouragement of the participation of NGOs to help defray start-up costs; and (iii) a strict requirement that Judets will guarantee that adequate recurrent budget finance will be provided for the subsequent operation of any sub-projects.

a. **Fiscal impact.** As noted, in the section on economic analysis, over the medium-term, the alternatives to the institutionalization of children such as small residential facilities, foster-care and adoption, have a substantially lower unit cost, and thereby would be expected to generate



substantial budgetary savings. However, in the immediate-term the reforms are likely to result in increased costs due to: (i) the inability to match the downsizing of existing large state-run institutions exactly with the outflow of children from them; (ii) the upfront investment and training costs required; and (iii) the costs related to the retraining, redundancy and or alternative employment arrangements for staff in the existing institutions. These costs will be carefully monitored during implementation.

### *3. Technical:*

A sound strategy has been developed based on previous sector needs assessments undertaken by UNICEF and the EU-PHARE program. These preliminary evaluations revealed the need of a more in depth assessment which will be provided through the IDF Grant, the results of which will strengthen the current child welfare reform strategy of the DCP.

There is a great need for capacity building both at a central and local level. Resources of development partners will address these through technical assistance and training programs designed for the purpose by specialists appointed under the IDF Grant. However capacity has been significantly improved in certain Judets especially as a consequence of the intervention (technical assistance, training, pilot projects) of development partners.

Training will address needs identified through assessment (IDF, PHRD) and will be based on the experience gathered in the field by NGOs and other development partners. Qualified/experienced trainers and development partners with front-line experience will be involved in preparing and delivering the training both at a central and local level. High quality architecture and engineering standards will be ensured by using highly qualified local TA.

### *4. Institutional:*

**a. Executing agency:** The primary executing agency for the project will be the Department for Child Protection (DCP). Details of the executing agency and project management are described earlier in the Project Description Summary and in the Institutional and Implementation Arrangements section, see pages 5-6. The DCP has shown much energy in developing the child welfare reform strategy and has already overseen the execution of a few sub-projects scattered around the country. However, to enhance their capacity to implement a wider, more comprehensive program, further strengthening is being provided for under Component III (see Annex 2). The SPSPCRs demonstrate varying degrees of commitment and capacity. Therefore, a two-pronged approach is being adopted under the Government's child welfare strategy. TA and public awareness will be used to build up capacity and reform commitment in Judets where this is needed, while initial substantial investments will be made only in those willing and capable of moving ahead. This will establish a strong demonstration effect to encourage the less capable and willing Judets to catch up.

### *5. Social:*

The IDF Grant already awarded to DCP by the Bank will address, among other activities, a social assessment on the needs in the child welfare sector, with a special focus on institutionalized children. This assessment will come to complement other social assessments already completed for instance by UNICEF and EU-PHARE. The assessment will provide DCP with information needed to develop a database and a tracking system on institutionalized children. The LIL will also include as part of its monitoring and evaluation system selected beneficiary assessments which will be used for future project developments. A social assessment on the situation of street children and NGO supporting programs has also been completed under the Bank's SDF project. In addition, the LIL activities will disproportionately benefit the gypsy population, a marginalized group in Romania, as the activities of the project aim to

improve the lives of street children and institutionalized children of which gypsies are disproportionately represented.

6. *Environmental assessment:* Environmental Category  A  B  C

The project has been classified as C (see Annex 10, Environmental Data Sheet) as no substantive environmental issues are involved in the project.

7. *Participatory approach:*

**a. Primary beneficiaries and other affected groups:** Primary stakeholders such as local communities, local government, and NGOs will continue to be involved in a participatory approach to identifying, designing and implementing pilot investments selected through an open proposal process.

**b. Other key stakeholders:** Government of Romania, Department for Child Protection (DCP), County Councils, intermediary NGOs, parent associations, technical experts and development partners donors (foreign and local).

	Preparation	Implementation	Operation
Beneficiaries/community groups	CON	CON	CON
DCP	IS/CON/COL	IS/CON/COL	COL
Intermediary NGOs	IS/CON/COL	IS/CON/COL	IS/COL
Local government	IS/CON/COL	COL	COL
Other development partners	IS/CON/COL	COL	COL

Note: IS = information sharing; CON = consultation; COL = collaboration

## **F: Sustainability and Risks**

### *1. Sustainability:*

Sustainability of this project is based upon the existing experience which demonstrated that community-based services will prove their efficiency both from a social and a financial point of view in comparison to the existing institutional system. The future economic and administrative development of Romania will allow the local authorities to continue funding the ongoing recurrent costs of the project. The risks involved, as noted below, are considerable and relate to the national and local lack of experience and managerial capacity in the field, the lack of human resources, inexperience with NGO/private service providers support, project management, community participation, old fashioned mentalities, resistance from the existing institutional structures, and lack of sufficient financing at the national and local levels. The innovative nature of this project and its integrated monitoring and evaluation mechanisms permit the kind of testing and experimentation that are so essential in the search for practical approaches to mitigate these risks and to the identification of cost effective and socially viable solutions which will facilitate achievement of the long-term objective, reform of the child welfare system.

2. *Critical Risks (reflecting assumptions in the fourth column of Annex 1):*

Risk	Risk Rating	Risk Minimization Measure
1. Emergency Ordinance No. 26/1997 is applied.	S	Ongoing monitoring by the Bank and DCP of all compliance in those Judets benefiting from the project.
2. Regulations for local administration-NGO partnership and financing are designed and approved.	S	Technical Assistance through IDF grant for developing regulations regarding local administration partnerships and financing.
3. Minimal standard requirements and best practice policies for child welfare services are designed and approved.	M	Technical Assistance through IDF grant for developing standard requirements and best practices.
4. The Bucharest Municipality is committed to co-financing and cooperating with NGOs.	S	Intensive dialogue with DCP to build up understanding of need.
5. The Municipality continues funding the ongoing recurrent costs of street children programs.	S	Municipality establishes ownership and works in partnership with DCP and NGOs to set up cost-efficient alternative services.
6. Street children are receptive to programs and take advantage to services provided.	N	Active awareness program and confidence building are part of the project component.
7. Active involvement of key stakeholders.	M	The project provides for the development of partnerships between local governments, NGOs and private service providers.
Overall Risk Rating	S	Learning and adaptation through a strong Institution Building and Monitoring and Evaluation Component.

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. *Possible Controversial Aspects:*

**Social**

1. The development of the project would result in the reduction in the number of institutionalized children and, hopefully, will determine closing of some residential child care institutions. Staff working in such institutions will become redundant. In order to limit the consequences of this problem, Judets would be encouraged to address this issue and provide evidence of how the problem is being tackled.

2. Members of the local communities may have a negative initial reaction to the establishment of facilities such as shelters for street children, day care centers for children with special needs, and small group homes for children in their neighborhoods. Public awareness campaigns, involving the local community in the development of the sub-projects and providing services to the local community through the new facilities will help prevent such negative reactions

**Governance**

1. Inter-governmental coordination and especially coordination between the DCP and the local (Judet) authorities with clear delineation of roles and responsibilities, will be essential for effective implementation of the project. The SPSPCR should coordinate their activities with other local authorities (Health Department, Education Inspectorate, Inspectorate for People with Special Needs, Labor and

Social Protection Department, Town halls) and with NGOs in order to achieve their goals. Lack of specialists and trained/experienced managers may impede on the effective management and implementation of the project. Capacity building at the local level through technical assistance and training will be essential to enable effective implementation of the projects.

### G: Main Loan Conditions

#### 1. Effectiveness Conditions:

- a. Completion of the Project Implementation Manual in a manner satisfactory to the Bank. Target effectiveness date: **July 1, 1998.**
- b. Appointment of staff satisfactory to the Bank for the functions of project management, procurement, and accounting. Target effectiveness date: **July 1, 1998.**

#### 2. Disbursement Condition:

- a. Each sub-project meets the selection criteria as outlined in Annex 2.

#### 3. Covenants:

- a. The DCP will be maintained with an appropriate number of staff, adequate facilities, and authority satisfactory to the Bank.
- b. The DCP will carry out the Project in accordance with the PIM.
- c. A monitoring and evaluation specialist and a construction engineer will be recruited by the DCP, on terms and conditions satisfactory to the Bank, by **November 30, 1998.**
- d. The selection and implementation of sub-projects will be carried out in accordance with selection procedures and criteria agreed with the Bank.
- e. Policies and procedures adequate for monitoring and evaluating the project on an ongoing basis and in accordance with indicators acceptable to the Bank will be maintained and semi-annual progress reports will be submitted for Bank review, with the first expected by **October 31, 1998.**
- f. A financial management system will be established by **October 31, 1998.**

### H. Readiness for Implementation


[N/A] The engineering design documents for the first year's activities are complete and ready for the start of project implementation.


[N/A] The procurement documents for the first year's activities are complete and ready for the start of project implementation.


[X] The Project Implementation Manual is being finalized, and as a condition of loan effectiveness, will be completed by the DCP in a manner satisfactory to the Bank.


### I. Compliance with Bank Policies

[X] This project complies with all applicable Bank policies.

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Program Team Leader: John Unnes 

Sector Director: J. Christopher Lovelace 

Acting Country Director: Christiaan J. Poortman 

## Annex 1

## Project Design Summary

## Romania: Child Welfare Reform Project

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p><b>Sector-related CAS Goal:</b> EU accession-related sector programs enhanced; poverty reduced and human capital developed.</p>	<ol style="list-style-type: none"> <li>1. Clear timetable for Romania's EU accession is established.</li> <li>2. Percentage of population with per capita consumption below 50 percent of average is reduced from current level of 14 percent.</li> </ol>	<ol style="list-style-type: none"> <li>1. Government statistics/reports; project supervision reports.</li> </ol>	<p><b>(Goal to Bank Mission)</b></p> <ol style="list-style-type: none"> <li>1. Political stability is maintained.</li> <li>2. Government creates and maintains appropriate incentives for investment in community-based child welfare reform.</li> </ol>
<p><b>Project Development Objective:</b> To improve child welfare in Romania through testing and promoting community-based child welfare approaches as sustainable and cost-effective alternatives to institutionalized child care for the reintegration of street children in Bucharest into society.</p>	<ol style="list-style-type: none"> <li>1. Increasing the efficiency of funds management at local authorities' level so that by end of year 2001 more than 40 percent of the funds allocated from the central government budget for child welfare activities, will be used to provide community-based services.</li> <li>2. Number of children entering former large state-run institutions decreases by 35 percent in participating Judets by the end of the year 2001 (with intermediate decreases).</li> <li>3. Number of children leaving former large state-run institutions increases by 35 percent in participating Judets by the end of the year 2001.</li> <li>4. Cost per child in community-based alternative child care is maintained at not more</li> </ol>	<ol style="list-style-type: none"> <li>1. Department for Child Protection (DCP) reports and statistics.</li> <li>2. Local authority reports and statistics.</li> </ol>	<p><b>(Objective to Goal)</b></p> <ol style="list-style-type: none"> <li>1. Government and Judets remain committed to alternative community-based approaches to institutionalized child care.</li> </ol>

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
	<p>than 50 percent of state institution costs by the end of the year 2001.</p> <p>5. Incorporation by Government, NGOs and communities of lessons from sub-projects into future community-based child welfare services.</p> <p>6. Street children with secure shelter rises by 60 percent in Bucharest.</p>		
<p><b>Outputs:</b></p> <p><b>1. Community-based Child Welfare Services.</b> Selected community-based sub-projects completed, operational and financially sustained by the local authorities.</p>	<p>1.1. Selection of first round of sub-project proposals by DCP completed by December 1, 1998; second round by June 1, 1999.</p> <p>1.2. First round of selected sub-projects have been initiated by March 31, 1999.</p> <p>1.3. Second round of selected sub-projects have been initiated by October 30, 1999.</p> <p>1.4. Decrease in number of children entering institutions in sub-project areas by the end of the year 2001.</p> <p>1.5 A growing number of children are maintained in family care (family preservation, reintegration, adoption, fostering) by the end of the year 2001.</p> <p>1.6 The average stay for children in residential care is shorter by the end of the year 2001 in the sub-project areas.</p>	<p>1.1. DCP evaluation and selection reports.</p> <p>1.2. Local authorities reports, DCP reports.</p> <p>1.3. Local authorities and DCP project reports.</p> <p>1.4. Local Child Protection Commission statistics/reports, County Specialized Public Services for Protection of Child Rights (SPSPCR) reports, DCP reports.</p> <p>1.5. Local Child Protection Commission statistics/reports, SPSPCR reports, DCP reports.</p> <p>1.6. Local Child Protection Commission statistics/reports, SPSPCR reports, DCP reports.</p>	<p><b>(Outputs to Objective)</b></p> <p>1. Emergency Ordinance #26/1997 is applied.</p> <p>2. Regulations for local administration-NGO partnership and financing are designed and approved.</p> <p>3. Minimal standard requirements and best practice policies for child welfare services are designed and approved.</p> <p>4. The Bucharest Municipality is committed to co-financing and cooperating with NGOs.</p> <p>5. The Municipality continues funding the ongoing recurrent costs of street children programs.</p> <p>6. Street children are receptive to programs and take advantage to services provided.</p>

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
	<p>1.7 Average costs per child in community-based child care are lower than average costs in child care institutions.</p> <p>1.8 Community-based child welfare services continue operating effectively through year 2001.</p>	<p>1.7. Local authorities and DCP statistics/reports.</p> <p>1.8. DCP, local authorities and project supervision reports.</p>	
<p><b>2. Street Children Initiative.</b> Street children initiative completed, fully operational and financially sustained by the Municipality of Bucharest.</p>	<p>2.1 DCP and Municipality select proposals for Street Children Initiative by December 1, 1998.</p> <p>2.2 Sub-projects become operational by March 31, 1999.</p> <p>2.3 Municipality-NGO/Community Group alliances formed and functioning.</p> <p>2.4 Number of shelters for street children established and operational.</p> <p>2.5 Range of services improved and expanded at existing street children shelters.</p> <p>2.6 Number of beds provided for overnight stay increased by 60 percent by end of the year 2001.</p> <p>2.6 Decrease in the number of street children by 30 percent in Bucharest end of the year 2001.</p> <p>2.7 Evidence of social reintegration of a growing number of street children (reintegration, adoption, fostering, growing level of school attendance).</p> <p>2.8 Improvement of health status and education</p>	<p>1. DCP and Municipality's evaluation/selection reports.</p> <p>2. Local authorities, DCP, and NGO project reports.</p> <p>3. DCP, Child Protection Commission, and SPSPCR statistics and reports.</p> <p>4. NGO project reports, health reports/studies.</p> <p>5. Local authorities, DCP, NGO and Bank project supervision reports</p>	

<b>Narrative Summary</b>	<b>Key Performance Indicators</b> level for the assisted children. 2.9 Lower per capita operational costs than in classic residential care institutions.	<b>Monitoring and Evaluation</b>	<b>Critical Assumptions</b>
3. <b>Institution capacity building, monitoring and evaluation.</b> The Central (DCP) and local institutional capacity for implementing community-based child welfare reform is improved and a full monitoring and evaluation program is implemented.	3.1 Selection of consultants or staff to join DCP team completed by November 30, 1998. 3.2 Project MIS system fully developed and data/reports utilized by project managers and Bank team 3.3 Annual technical and financial audits completed.	1. DCP project reports and activities. 2. Bank supervision reports, 3. Annual beneficiary assessment 4. Consultant audits	
<b>Project Components/Sub-components: (see Annex 2 for project description)</b>  1. Community-based child welfare services. 2. Street children initiative 3. Institution Building, Monitoring and Evaluation  <b>Total</b>	<b>Inputs: (budget for each component)</b>  1. US\$4.3 million 2. US\$0.5 million 3. US\$0.2 million  <b>US\$5.0 million</b>	1. Progress reports (every 6 months commencing October 1998).  2. Disbursement reports.	<b>(Components to Outputs)</b>  1. Active involvement of key stakeholders .



**Annex 2**  
**Romania: Child Welfare Reform Project**  
**Project Description**

**Project Component I -- US\$27.0 million -- Community-based Child Welfare Services.**

This project component will support the Romanian Government to improve the welfare of children through identifying, financing, monitoring and evaluation of sub-projects over a period of 42 months targeting prevention of abandonment and institutionalization of children, de-institutionalization and quality of residential care improvement through alternative community-based services such as:

- **Family counseling and support** -- providing advice and support (including material support) to families at risk in order to keep them together and this way to prevent abandonment and institutionalization of children;
- **Parental education** -- teaching young parents how to cope with their children, helping them to become reliable and good parents, encouraging parent/child bonding as a prevention to child abandonment and institutionalization
- **Mother and baby units** -- providing temporary shelter for young single mothers and their babies in order to promote attachment and support the young mothers by providing counseling (including legal advice) and parental education;
- **Day care centers** -- (i) providing day care for children coming from families at risk (e.g. where both parents have to work during the day time and there is no extended family support), (ii) providing day care and therapeutic assistance for children with special needs and parental advice to their families in order to support the family to understand better their children and cope with their special situation
- **Small group homes** -- as community-integrated alternative residential care facilities providing short/medium term care for children when other solutions are not available, until a family solution is found; and
- **Foster care training services** -- to recruit, assess and train future foster parents.

Sub-projects will be identified through a competitive selection process. County/local authorities will be invited to respond with sub-project proposals submitted to the DCP according to selection criteria as outlined in Attachment I to Annex 2 (see page 24). Over the 42 months duration of the project, there will be at least two rounds for sub-project selection. Sub-project proposals should be comprehensive and may include: civil works for building small facilities, redesign and refurbishment of newly identified facilities or (when carefully and fully justified) of the old residential care facilities. According to each particular situation, the following costs may be included in the sub-project:

- procurement of goods (e.g. furniture, equipment, supplies)
- administrative costs
- training and technical assistance
- costs for local monitoring and evaluation

- other operating costs (e.g. salaries, foster-care allowances - to be financed as a counterpart contribution.)

Selected sub-projects will be carefully monitored through component III below, and will serve to test/pilot the advantages/disadvantages of community based services and to assess the capacity of the local authorities in order to prepare a larger scale intervention.

**Project Component II -- US\$0.7 million -- Street Children Initiative.**

The number of street children in Romania ranges from approximately 2,500 to 4,000 with seasonal fluctuations between winter, when the number is smaller, and summer when it is warmer and the number grows. Of the total, it is estimated that some 65 percent of street children live in Bucharest of which, about 50 percent are concentrated in the central area (Sector No.1). About 70 percent of the street children in Bucharest have come from other areas of the country.

**a. Centers for Coordination and Information on Street Children (US\$0.05 million).** Up to this point, a number of NGO projects, including those of *Salvati Copiii*, *Parada*, and *Terre des Hommes*, have tried to address the issue and needs of street children with limited results. A Center for Coordination and Information on Street Children was established recently in Bucharest to share information among NGOs and the municipalities on street children. This has facilitated the tracking and case handling of street children, reduced overlapping services, and provided a means for enhanced collaboration with other government-funded social services, police and judicial entities. The center, established with the support of several NGOs, has been so successful that a decision has been taken to expand the approach to other cities in Romania with significant populations of street children. This subcomponent will finance the DCP in conjunction with NGOs and the SPSPCRs, to add six more Centers at approximately \$8,000 each in the following cities: Timisoara, Iasi, Constanta, Craiova, Brasov, and one other city to be determined.

**b. Strengthening Bucharest Street Children Services (US\$0.65 million).** This sub-component will support the DCP and the Municipality of Bucharest to work in partnership with NGOs and to identify, finance and monitor a number of sub-projects targeting service provision for street children and reducing their number through family and social reintegration. Street children focused services could include: (i) night and day shelters; (ii) counseling and legal advice; (iii) learning/ educational facilities; and (iv) medical assistance.

Sub-projects will be identified through a competitive selection process. NGOs will be invited to respond with sub-project proposals to a tender offer organized by DCP and the Municipality of Bucharest according to selection criteria as outlined in Attachment II to Annex 2 (see page 26). Sub-project proposals may include:

- civil works for building or refurbishing small facilities
- procurement of goods (e.g. furniture, equipment, supplies)
- administrative costs
- operating costs
- training and technical assistance
- costs for local monitoring and evaluation

Selected sub-projects will be carefully monitored and evaluated through component III below, and will serve to test, pilot and demonstrate services for street children and to assess the capacity of the

local authorities to develop partnerships with NGOs. The results will be used for preparing a larger scale intervention.

### **Project Component III -- US\$1.8 million -- Institution Building, Monitoring and Evaluation**

**a. Institution Building.** This project component will support the DCP to oversee the execution of the project, monitor and evaluate all project activities. For this purpose DCP will recruit a firm to provide specialists, satisfactory to Bank standards, for: (i) project management; (ii) procurement; (iii) accounting and disbursement; (iv) construction engineering/civil works supervision (v) child welfare services and (vi) monitoring and evaluation.

**b. Training.** The project will provide for the training of DCP staff in all the areas identified in the paragraph above, as well as seminars and other training events for the SCSPCR and other operational staff at the Judets level. Limited study tours abroad on child welfare management (principally to the USA and Western Europe) for key staff will be included, together with local study tours in Romania to disseminate the best practice from one Judets to another.

**c. Public Awareness Program.** The DCP will implement a major public awareness campaign through newspapers, radio and television as part of the prevention strategy; encouraging families to seek support and alternative services rather than abandoning children in institutions. The program will also be used to inform NGOs and communities about the possibilities of support through sub-projects under this project and also to educate and reorientate the staff in those Judets which are less reform-minded.

**d. Monitoring and Evaluation (M&E).** Monitoring and evaluation of all project activities would be supported under this program subcomponent. The M&E specialist in the DCP will develop a project-specific Management Information System (MIS) which will be the major tool for monitoring impacts and performance. **Impact indicators and other performance measures will be developed and will be outlined in the Project Implementation Manual.** They have been designed to allow sufficient time for testing, learning and adjustment in order to successfully achieve project goals. Other elements of the M&E program will include: annual technical audits, financial audits, periodic beneficiary assessments, and Bank supervision. The project would finance establishment of a new monitoring and evaluation capacity in the DCP. The SPSPCR, as beneficiaries, would be required to provide quarterly project reports to the central DCP to facilitate this process.

Attachment I to Annex 2  
Romania Child Welfare Reform Project

**Community-based Child Welfare Services Component  
Sub-Project Selection Criteria and Procedures**

**Objective:** The funding for this component would be used to carry out sub-projects targeting prevention of abandonment and institutionalization of children, de-institutionalization and the increased quality of residential care through alternative community-based services.

**Amount:** Funds from the Bank amounting to US\$4.3 million over 42 months. The funding would be disbursed in at least two tranches, with the first tranche not to exceed US\$2.5 million.

**Design:** A competitive mechanism which will respond to proposals from the Judets and award grants to the best comprehensive sub-projects. Sub-projects are hereby defined to cover a cluster of integrated and complementary activities and services for child welfare reform which could cover the construction/refurbishment of any number of small facilities within a maximum total grant amount of US\$500,000<sup>1</sup> (however any one civil works contract would have a maximum value of US\$200,000). A review of the criteria for size and limitations of proposed activities will take place after the first year.

**Institutional Framework:**

1. Funds out of the Special Account will be used to finance the Judets for the actual costs incurred in implementing the agreed sub-projects. The DCP will collaborate closely with the Judets, and will be responsible for technical assistance, supervision, and monitoring of these activities.
2. Evaluation and selection of eligible sub-project proposals will be undertaken by the DCP. The DCP will review and select sub-project proposals against agreed criteria as elaborated below and submit to the Bank for review. The Bank would submit its approval and or comments, as a rule, within 10 working days.

**Procedures:** The funding would be accessible on the basis of proposal requests by the Judets. Application forms would be made widely available to all interested Judets nationwide. The Judets application form would require detailed information on the proposed activity, including:

1. Name of Judets;
2. Title of sub-project;
3. History and current situation of child welfare in the Judets;
4. Objectives of proposed sub-project;
5. Description of proposed project;
6. Estimated cost of the activity and costs over time;

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<sup>1</sup> The total cost of the sub-project would exceed this grant amount due to the counterpart contributions of the Government and any other development partner contributions.

7. Specific works to be funded;
8. Management responsibility for implementation (including designation of local site supervisor);
9. Detailed work plan;
10. Sub-project budget;
11. Evidence of community support and contribution to project; and
12. Commitment by the Judets to finance recurrent costs of the sub-project.

**Timeframe:** The target submission date for the first year's competition for proposals would be no later than December 1, 1998.

**Selection Criteria:**

**Mandatory**

1. **Priority needs.** A list of needs to be addressed should demonstrate the integrated/complementary functioning of community-based services for prevention, de-institutionalization and alternative care facilities, including completion for those that already exist in some form.
2. **Commitment.** Tangible commitment as evidenced by the Judets' commitment to sustain sub-project and recurrent costs.
3. The number of clients, range of complementary/integrated services, and cost per beneficiary.
4. **Contribution.** Local contribution in financing of the project.
5. **Community Involvement.** Demonstration of community involvement/participation in the sub-project and commitment to continue.
6. **Cost effectiveness of proposed sub-project.** Each sub-project activity should be justified as a cost-effective investment in support of the reform of child welfare.
7. **Cost limit.** The cost of the sub-project must be budgeted within the limits set.
8. **Funding.** No project activity can be funded in part (unless if for completion) and subject to additional unsecured funding.
9. **Feasibility.** Each project must be justified as technically sound and should be fully implementable within 1-2 years (within the life of the project).

**Desirable**

10. **History of Collaboration.** Prior history of collaboration with NGOs, private service providers, and donor agencies.
11. **Partnership.** NGO partnership in the design and implementation of the proposed sub-project.
12. **Prior Experience.** Prior achievements of local authorities in similar projects.

**Attachment II to Annex 2  
Romania Child Welfare Reform Project**

**Bucharest Street Children Services Component  
Sub-Project Selection Criteria and Procedures**

**Objective:** The funding for this component would be used to carry out sub-projects targeting service provision for street children and reducing their number through family and social reintegration.

Street children are understood to be children between 0 and 18 years old who have left their homes and are living on the streets and/or railway stations of larger towns. Street children have been classified into three categories:

1. Children chronically on the street;
2. New comers on the street (having recently run away from home, or having recently been abandoned); and
3. Children occasionally on the street (working on the street) and returning home in the evenings.

**Amount:** Funds from the Bank amounting to US\$0.45 million over 42 months. The funding would be disbursed in one or more tranches.

**Design:** A competitive mechanism which will respond to proposals from NGOs and other organizations and award grants to the best comprehensive sub-projects. Sub-projects are hereby defined to cover a cluster of integrated and complementary activities and services for street children to be developed in partnership with the Bucharest Municipality and sector SPSPCRs. These could include the construction/refurbishment and furnishing of any number of small facilities within a maximum total grant amount of US\$75,000<sup>1</sup>.

**Institutional Framework:**

1. Funds out of the Special Account will be used to finance the Municipality of Bucharest for the actual costs incurred in implementing the agreed sub-projects. The DCP will collaborate closely with the Bucharest Municipality and sector SPSPCRs, and will be responsible for technical assistance, supervision, and monitoring of these activities.
2. Evaluation and selection of eligible sub-project proposals will be undertaken by the DCP and Municipality. The DCP will review and select sub-project proposals against agreed criteria as elaborated below and submit to the Bank for review. The Bank would submit its approval and or comments, as a rule, within 10 working days.

**Procedures:** The funding would be accessible on the basis of proposal requests by NGOs, the Bucharest Municipality and other organizations providing services to street children. Application forms would be

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<sup>1</sup> The total cost of the sub-project would exceed this grant amount due to the counterpart contributions of the Government and any other development partner contributions.

made widely available to all interested NGOs and organizations. The application form would require detailed information on the proposed activity, including:

1. Name of NGO/organization;
2. Title of sub-project;
3. History of applicant's activity with street children;
4. Objectives of proposed sub-project;
5. Description of proposed project;
6. Estimated cost of the activity and costs over time;
7. Specific works to be funded;
8. Management responsibility for implementation;
9. Detailed work plan;
10. Sub-project budget;
11. Evidence of community support and contribution to project; and
12. Commitment by the Bucharest Municipality to finance recurrent costs of the sub-project.

**Timeframe:** The target submission date for proposals would be no later than December 1, 1998.

**Selection Criteria:**

**Mandatory**

1. Prior achievements in implementing child welfare services.
2. Prior commitment to street children issues.
3. Previous experience of partnership with local authorities.
4. Community involvement/participation to the sub-project.
5. Quality of project design (vision, number of clients, type and structure of services, etc.).
6. **Sustainability.** The continued financing of the activity should be clear - including commitment by the municipality to finance ongoing recurrent costs where this is applicable
7. **Cost Effectiveness of proposed intervention.** Each sub-project activity should be justified as a cost-effective investment in addressing street children.
8. **Cost limit.** The cost of the sub-project must be budgeted within the limits set.
9. **Funding.** No project activity can be funded in part (unless if for completion) and subject to additional unsecured funding.
10. **Feasibility.** Each project must be justified as technically sound and should be fully implementable within 1-2 years (within the life of the project).

**Annex 3**  
**Romania: Child Welfare Reform Project**  
**Estimated Project Costs**

**Total Costs (All Financiers)**

Project Component	Local	Foreign	Total
	-----US \$ million-----		
<b>I. Community-based Child Welfare Services</b>	21.9	5.1	27.0
<b>II. Street Children Initiative</b>	0.6	0.1	0.7
<b>III. Institution Building, Monitoring and Evaluation</b>	1.2	0.6	1.8
<b>Total Project Cost</b>	<b>23.7</b>	<b>5.8</b>	<b>29.5</b>

**IBRD**

Project Component	Local	Foreign	Total
	-----US \$ million-----		
<b>I. Community-based Child Welfare Services</b>	3.4	0.9	4.3
<b>II. Street Children Initiative</b>	0.4	0.1	0.5
<b>III. Institution Building, Monitoring and Evaluation</b>	0.1	0.1	0.2
<b>Total Project Cost</b>	<b>3.9</b>	<b>1.1</b>	<b>5.0</b>



Annex 4  
Romania: Child Welfare Reform Project

**Financial Summary**  
(in US\$ million, base year 1998)

	Implementation Period			
	1998	1999	2000	2001
<b>Project Costs</b>				
Investment Costs	5.9	8.7	9.5	3.9
Recurrent Costs	0.1	0.3	0.5	0.6
<b>Total</b>	<b>6.0</b>	<b>9.0</b>	<b>10.0</b>	<b>4.5</b>
<b>Financing Sources (% of total project costs)</b>				
IBRD	8	18	21	18
Co-financiers	85	72	68	62
Government	7	10	11	20
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Main assumptions:

- The project becomes effective by July 1, 1998.
- The CEF loan becomes effective by July 1, 1998.
- All donor-funded programs maintain their current schedule.

**Recurrent Cost Analysis of Alternative Child Welfare Modalities**  
March 1998 (Lei in million per child per month)

Cost Category	State Institutions	Community Residential Care	Professional Foster Care	Voluntary Foster Care	Adoption or Family Reintegration
Operational Costs per child	1.70 to 2.40	0.80 to 1.10	0.00	0.00	0.00
Foster Parent Salary	0.00	0.00	0.40	0.00	0.00
Foster Allowance	0.00	0.00	0.15	0.15	0.00
Child Allowance	0.07	0.07	0.07	0.07	0.07
Supervision Costs	0.00	0.00	0.18	0.18	0.10
<b>Total</b>	<b>1.77 to 2.47</b>	<b>0.87 to 1.17</b>	<b>0.80</b>	<b>0.40</b>	<b>0.17</b>

## Annex 5

### Romania: Child Welfare Reform Project

#### Procurement and Disbursement Arrangements

##### Procurement

###### *Procurement methods (Table A)*

Procurement will be undertaken both by the DCP and the Judets under the oversight of the DCP. The procurement of goods and services of the Bank financed components would be procured in accordance to the Bank procurement guidelines. The project components not financed by the Bank would be procured in accordance with the national regulations or the co-financing institutions procurement regulations. The project elements, their estimated cost and procurement methods are summarized in Table A of Annex 5. A procurement plan detailing the packaging and estimated schedule of the major procurement actions is presented in Table B of Annex 5. Estimated dates for publication of the General Procurement Notice (GPN) is June 15, 1998, and the Project Launch Workshop is early July.

**Civil works:** (US\$4.4 million). Civil works consists of modest rehabilitation and new construction of up to 30 facilities. The Government will provide for any local taxes in civil works contracts. Due to the (i) small contract values; (ii) works that are geographically scattered and spread over time due in part by climatic conditions; and (iii) labor intensive techniques, procurement of small scale civil works will be procured under lump sum, fixed price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. Each year, the DCP will advertise to solicit expressions of interest from contractors in carrying out the civil works to be financed under the sub-projects. The Borrower shall use bidding documents developed in the ECA region. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, and relevant drawings where applicable. Short letters of invitation and a brief standard form of contract will be reviewed and accepted by the Bank. The award shall be made to the contractor who offers the lowest price quotation for required work, and who has the experience and resources to successfully complete the contract.

**Goods.** Goods packages will be procured under the project -- multiple packages under National Shopping (NS) totaling US\$0.84 million (furniture and equipment for facilities); and three packages under International Shopping (IS) totaling US\$0.39 million (computers, scanner, and office equipment). The aggregate amount of these packages will be US\$1.23 million.

**Consultant Services.** Depending on types of services needed, individuals will be engaged for design of sub-projects and training under Individual Consultant (IC) method; and consulting firms will be engaged for auditing and public awareness services following Least Cost Selection (LCS). Single source selection for consultants for project management and child welfare may be permitted in accordance with the Bank's guidelines.

*Procurement schedule (Table B)*

The Project Procurement Schedule is given in Table B.

*Prior review thresholds (Table C)*

Prior Review thresholds are given in Table C.

**Disbursement**

*Allocation of loan proceeds (Table D)*

The allocation of the loan proceeds is given in Table D.

*Use of statements of expenses (SOEs):*

SOEs will be used for all expenditures, except for any works contract above US\$200,000 and for any services contract above US\$100,000 for consulting firms and above US\$50,000 for individual consultants.

*Special account:*

A special account will be opened by the DCP with an authorized allocation of US\$500,000 with an initial allocation of US\$200,000. Retroactive financing of up to \$300,000 will be provided for eligible expenditure on civil works, goods, TA and training required for the initiation of project activities since March 16, 1998 until effectiveness. Judets will be reimbursed for eligible expenditures of sub-projects approved under the LIL by the DCP.

**Annex 5**  
**Romania Child Welfare Reform Project**

**Table A: Project Costs by Procurement Arrangements**

(US\$'000)

Expenditure Category	Procurement Method				Total Cost (including contingencies)
	Inter-national Shopping	Consultant Services	Other	N.B.F	
<b>1. Works</b>	-	-	4,400.0 <sup>1</sup> (3,520.0)	12,400.0 <sup>4</sup> (-)	16,800.0 (3,520.0)
<b>2. Goods</b>	390.0 (315.0)	-	840.0 <sup>2</sup> (675.0)	2,620.0 <sup>5</sup> (-)	3,850.0 (990.0)
<b>3. Consultant Services, Trainings &amp; Public Awareness</b>	-	316.0 (316.0)	174.0 <sup>3</sup> (174.0)	6,160.0 <sup>6</sup> (-)	6650.0 (490.0)
<b>4. Operating Costs</b>	-	-	-	2,200.0 <sup>7</sup> (-)	2,200.0
<b>Total</b>	390.0 (315.0)	316.0 (316.0)	5,414.0 (4,369.0)	23,380.0 (-)	29,500.0 (5,000.0)

Note: N.B.F. = Not Bank-financed. This includes elements procured under parallel cofinancing procedures and consultancies under trust funds.

Figures in parenthesis are the amounts to be financed by the Bank loan.

<sup>1</sup> Minor works to be procured under ECA procedures designed for small scale civil works.

<sup>2</sup> National shopping (N.S.) comprised of furniture, equipment, supplies in packages of approximately US\$66,000 each.

<sup>3</sup> Dissemination seminars, services (Broadcasting).

<sup>4</sup> Civil works funded by CEF and USAID.

<sup>5</sup> Goods funded by CEF and USAID.

<sup>6</sup> Consultancy services and training costs funded by various development partners.

<sup>7</sup> Operating costs funded by the Government.

**Annex 5**  
**Romania Child Welfare Project**

**Table B: Procurement Schedule**

Packages		Total Cost (\$'000)	Procurement Method	Issuance of Invitation to Bid	Submission of Bids	Signing of Contract	Completion of Package
<b>1</b>	<b><u>CIVIL WORKS</u></b>						
<b>a.</b>	<b>Facilities Construction</b>						
	Multiple Packages - approximately 6 (1998)	1092.00	N.S.	Oct-98	Nov-98	Dec-98	Jun-99
	Multiple Packages - approximately 6 (1999)	1110.00	N.S.	Mar-99	Apr-99	May-99	Dec-99
	Multiple Packages - approximately 2 (2000)	360.00	N.S.	Jan-00	Feb-00	Mar-00	Sep-00
<b>b.</b>	<b>Facilities Rehabilitation</b>						
	Multiple Packages - approximately 6 (1998)	792.00	N.S.	Oct-98	Nov-98	Dec-98	May-99
	Multiple Packages - approximately 6 (1999)	822.00	N.S.	Mar-99	Apr-99	May-99	Nov-99
	Multiple Packages - approximately 2 (2000)	224.00	N.S.	Jan-00	Feb-00	Mar-00	Aug-00
	Total Cost:	4,400.00					

Not N.S. - National Shopping (US\$4.40M).

**Annex 5**  
**Romania Child Welfare Reform**

**Table B: Project Procurement Schedule**

Package	Total Cost (\$'000)	Procurement Method	Issurance of Invitation to Bid	Submission of Bids	Signing of Contract	Completion of Package
<b>2 GOODS</b>						
a. <b>Furniture &amp; Equipment for Facilities<sup>1</sup></b>						
Multiple Packages - approximately 6 (1999)	312.00	N.S.	Mar-99	Apr-99	May-99	Jun-99
Multiple Packages - approximately 8 (2000)	528.00	N.S.	Jan-00	Feb-00	Mar-00	Sep-00
b. <b>JUDETS</b>						
Computer & Office Equipment (1998)	135.00	I.S.	Aug-98	Sep-98	Oct-98	Nov-98
Computer & Office Equipment (1999)	150.00	I.S.	Mar-99	Apr-99	May-99	Jun-99
c. <b>DCP</b>						
Computer Equipment & Scanner	105.00	I.S.	Aug-98	Sep-98	Oct-98	Nov-98
<b>Total</b>	<b>1,230.00</b>					
<b>3 CONSULTANT SERVICES, TRAINING &amp; PUBLIC AWARENESS</b>						
Design of Sub-projects	160.00	IC	Jul-98	Aug-98	Sep-98	Dec-00
Consultants (Audit, Social)	90.00	LCS	Jan-99	Feb-99	Mar-99	Jun-00
Training	66.00	IC	various	various	various	various
Pubic Awareness Services	174.00	LCS	various	various	various	various
<b>Total</b>	<b>490.00</b>					

Note:

LCS - Selection Based on Least-Cost Selection (US\$0.26M);  
 I.C. - Selection Based on Individual Consultants (US\$0.23M);  
 N.S. - National Shopping (US\$0.84M);  
 I.S. - International Shopping (US\$0.39M).

<sup>1</sup> For facilities in different Judets.

Annex 5  
Romania Child Welfare Reform Project

**Table C: Thresholds for Procurement Methods and Prior Review**

Expenditure Category	Contract Value (Threshold)  <i>(US \$ thousands)</i>	Procurement Method	Contracts Subject to Prior Review / Estimated Total Value Subject to Prior Review
<b>1. Works</b>	< \$200,000 <sup>1</sup>	Minor Works	First Two Contracts
<b>2. Goods</b>	< \$70,000 < \$300,000 > \$300,000	N.S. I.S. I.C.B.	First Contract First Contract All
<b>3. Consultant Services, Training and Public Awareness</b>		Individual and Single Source  LCS	All TORs  All contracts for firms exceeding \$100,000 and \$50,000 for individual consultants.

<sup>1</sup> Minor works to be procured under lump sum, fixed price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. There will be no works contracts above US\$200,000.

Annex 5  
Romania: Child Welfare Reform Project

**Table D: Allocation of Loan Proceeds**

Expenditure Category	Amount in US\$million	Financing Percentage
1. Works	3.2	80% of expenditures
2. Goods	0.9	100% of foreign expenditures, 100% of local expenditures (ex-factory); 80% of local expenditures for other items procured locally.
3. Consultant Services	0.4	100% of expenditures
4. Unallocated	0.5	
<b>Total</b>	<b>5.0</b>	



**Annex 6**  
**Romania: Child Welfare Reform Project**

**Project Processing Budget and Schedule**

<b>A. Project Budget (US\$000)</b>	<b>Planned (At draft PAD stage)</b>	<b>Actual</b>
	\$30,000	\$34,800 (as of 5/05/98)
<b>B. Project Schedule</b>	<b>Planned (At draft PAD stage)</b>	<b>Actual</b>
Time taken to prepare the project (months)	2 months	
First Bank mission (identification)	02/23/1998	02/23/1998
Appraisal mission departure	03/16/1998	03/16/1998
Negotiations	04/13/1998	05/05/1998
Project Approval by Vice President	05/08/1998	
Planned Date of Effectiveness	07/01/1998	

Prepared by: DCP and Bank

Preparation assistance: Japanese PHRD Grant

Bank staff who worked on the project included:

<b>Name</b>	<b>Specialty</b>
John Innes	Program Team Leader
Adrian Guth	Task Leader (Child Welfare Expert)
Angela Demas	Operations Analyst
Maurizio Ragazzi	Counsel
Rohit Mehta	Senior Disbursement Officer
Francois Etori	Romania Resident Representative
Velayuthani Vijayaverl / Ron Venezia	Procurement Specialist
Mely Mueller	Task Team Assistant

**Annex 7**  
**Romania: Child Welfare Reform Project**

**Documents in the Project File\***

**A. Project Implementation Manual**

1. Draft

**B. Bank Staff Assessments**

1. Proposal for Child Welfare Strategy, IDF Grant, August 1997.
2. Proposal for Child Welfare Services, PHRD Grant, December 1997.
3. Needs Assessment and Proposed Strategy for Child Protection Issues, E. Roberts-Schweitzer, May 1997.

**C. Other**

1. Child Welfare Reform Strategy, DCP, February 1998.
2. Romania, Country Assessment, UNDP, December 1997.
3. Can Romania Afford Not to? The Costs and Benefits of Implementing Community-based Alternatives to Institutional Care. UNICEF, November 1996.
4. Proposed Strategy for a Child Welfare Initiative in Romania, William Saur, April 1992.
5. Who is Caring for the Children? An explanatory Survey Conducted in Hungary, Poland, Bulgaria, and Romania. J. Evans, September, 1995.

\*Including electronic files.

**Annex 8**  
**Statement of Loans and Credits**  
**Status of Bank Group Operations in Romania**  
**IBRD Loans and IDA Credits in the Operations Portfolio**

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/		
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm	Rev'd
Number of Closed Loans/credits: 36											
<b>Active Loans</b>											
RO-PE-34213	IBRD42580	1998	GOVERNMENT OF ROMANIA	GENERAL CADASTRE	25.50	0.00	0.00	25.50	0.00	0.00	
RO-PE-44614	IBRD42130	1998	ROMANIA	SCHOOLS REHABILITATI	70.00	0.00	0.00	70.00	2.50	0.00	
RO-PE-39250	IBRD41780	1997	GOVERNMENT OF ROMANIA	SECOND ROADS	150.00	0.00	0.00	144.68	-32	0.00	
RO-PE-8778	IBRD40790	1997	ROMANIA	BUCHAREST WATER SUPP	25.00	0.00	0.00	22.63	7.63	0.00	
RO-PE-8793	IBRD40960	1997	ROMANIA	HIGHER EDUCATION	50.00	0.00	0.00	48.50	26.67	0.00	
RO-PE-8795	IBRD41760	1997	GOVERNMENT OF ROMANIA	ASAL	280.00	0.00	0.00	80.00	0.00	0.00	
RO-PE-8795	IBRD41761	1997	GOVERNMENT OF ROMANIA	ASAL	70.00	0.00	0.00	65.17	0.00	0.00	
RO-PE-36013	IBRD39760	1996	SNCFR	RAILWAY	120.00	0.00	0.00	116.95	42.30	0.00	
RO-PE-8773	IBRD39750	1996	ROMANIA	FESAL	170.00	0.00	0.00	20.00	100.00	0.00	
RO-PE-8773	IBRD39751	1996	ROMANIA	FESAL	90.00	0.00	0.00	46.09	100.00	0.00	
RO-PE-8773	IBRD39752	1996	ROMANIA	FESAL	20.00	0.00	0.00	16.52	100.00	0.00	
RO-PE-8794	IBRD39360	1996	RENEL	POWER SECTOR REHAB.	110.00	0.00	0.00	105.04	76.39	0.00	
RO-PE-8776	IBRD38490	1995		EMPLOY. & SOC. PROTE	55.40	0.00	0.00	54.05	36.73	0.00	
RO-PE-8774	IBRD37350	1994	GOVT. OF ROMANIA	INDUSTRIAL DEVELOPMENT	175.00	0.00	0.00	135.15	124.17	43.67	
RO-PE-8777	IBRD37230	1994	Government of Romania	PETROLEUM SECTOR REH	175.60	0.00	0.00	134.13	113.19	0.00	
RO-PE-8784	IBRD37240	1994	REPUBLIC OF ROMANIA	EDUCATION	50.00	0.00	0.00	38.34	5.37	0.00	
RO-PE-8771	IBRD35930	1993	MOT	TRANSPORT	120.00	0.00	0.00	.86	-5.14	0.00	
RO-PE-8759	IBRD34090	1992	MOF	HEALTH SERVICES REHA	150.00	0.00	0.00	45.00	44.95	44.95	
RO-PE-8772	IBRD34860	1992	ROMANIA	PRIVATE FARMER & ENT	100.00	0.00	0.00	.66	.65	0.00	
<b>Total</b>					<b>2,006.50</b>	<b>0.00</b>	<b>0.00</b>	<b>1,169.27</b>	<b>775.09</b>	<b>88.62</b>	
<b>Total Disbursed (IBRD and IDA):</b>					<b>Active Loans</b>	<b>Closed Loans</b>	<b>Total</b>				
of which has been repaid:					815.02	2,811.39	3,626.41				
Total now held by IBRD and IDA:					16.54	2,216.55	2,233.09				
Amount sold :					1,989.96	594.84	2,584.80				
Of which repaid :					0.00	19.78	19.78				
Total Undisbursed :					0.00	19.78	19.78				
					1,169.27	0.00	1,169.27				

- a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.  
b. Rating of 1-4: see OD 13.05. Annex D2. Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

**Note:**

Disbursement data is updated at the end of the first week of the month.

# Romania at a glance

## POVERTY and SOCIAL

	Romania	Europe & Central Asia	Lower-middle-income
Population mid-1996 (millions)	22.7	479	1,125
GNP per capita 1996 (US\$)	1,440	2,180	1,750
GNP 1996 (billions US\$)	32.6	1,043	1,967

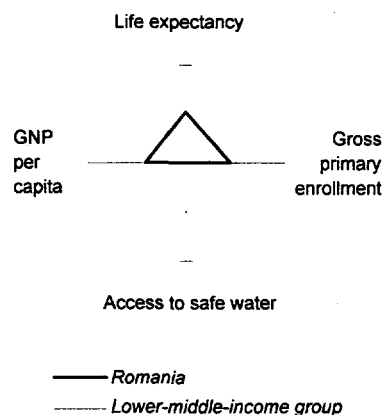
## Average annual growth, 1990-96

	Romania	Europe & Central Asia	Lower-middle-income
Population (%)	-0.4	0.3	1.4
Labor force (%)	0.1	0.5	1.8

## Most recent estimate (latest year available since 1989)

	Romania	Europe & Central Asia	Lower-middle-income
Poverty: headcount index (% of population)	22	..	..
Urban population (% of total population)	55	65	56
Life expectancy at birth (years)	70	68	67
Infant mortality (per 1,000 live births)	23	26	41
Child malnutrition (% of children under 5)	..	..	..
Access to safe water (% of population)	..	..	78
Illiteracy (% of population age 15+)	..	..	..
Gross primary enrollment (% of school-age population)	94	97	104
Male	94	97	105
Female	93	97	101

## Development diamond\*

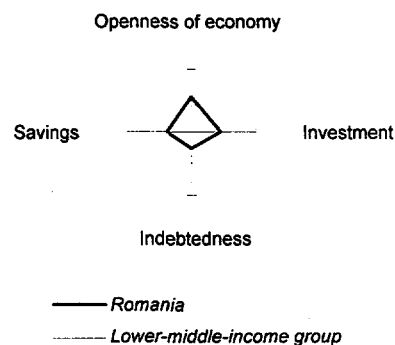


## KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP (billions US\$)	..	47.6	35.5	35.5
Gross domestic investment/GDP	40.4	33.0	25.6	25.4
Exports of goods and services/GDP	..	22.9	27.4	26.9
Gross domestic savings/GDP	..	37.2	21.1	18.9
Gross national savings/GDP	..	35.9	21.4	18.8
Current account balance/GDP	..	2.9	-4.9	-6.6
Interest payments/GDP	..	1.1	0.8	1.4
Total debt/GDP	..	..	18.7	26.4
Total debt service/exports	0.0	18.7	11.5	13.4
Present value of debt/GDP	..	..	18.9	..
Present value of debt/exports	..	..	67.7	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	4.8	-3.4	6.9	4.1	5.0
GNP per capita	4.0	-3.3	6.1	4.5	5.1
Exports of goods and services	..	0.2	11.8	0.8	5.9

## Economic ratios\*

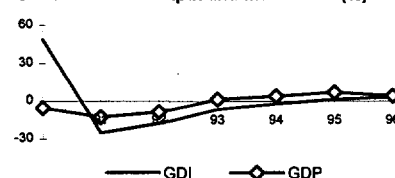


## STRUCTURE of the ECONOMY

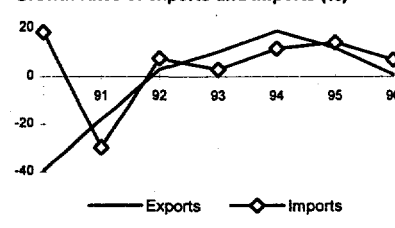
	1975	1985	1995	1996
(% of GDP)				
Agriculture	..	..	20.4	19.8
Industry	..	..	39.3	38.2
Manufacturing	..	..	..	..
Services	..	..	40.3	42.0
Private consumption	..	58.9	66.6	70.2
General government consumption	..	3.9	12.2	10.9
Imports of goods and services	..	18.7	31.9	33.4

	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	..	2.4	4.8	1.4
Industry	..	-6.5	9.4	1.6
Manufacturing	..	..	..	..
Services	..	-5.0	5.7	10.0
Private consumption	..	0.7	12.3	9.2
General government consumption	..	4.0	-2.4	-8.7
Gross domestic investment	..	-3.2	1.5	3.3
Imports of goods and services	..	2.7	14.1	7.0
Gross national product	4.7	-3.5	5.9	4.0

## Growth rates of output and investment (%)



## Growth rates of exports and imports (%)



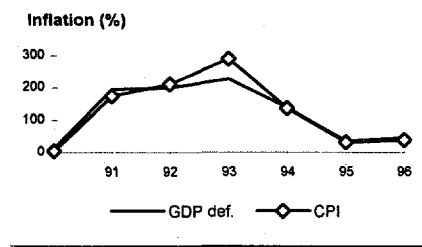
Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

## Romania

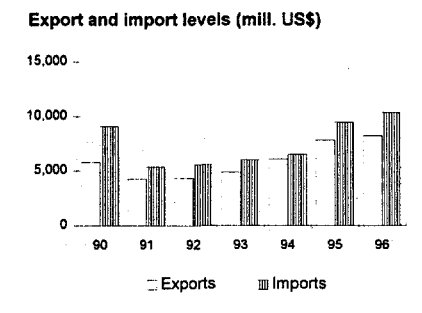
## PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
<b>Domestic prices</b>				
<i>(% change)</i>				
Consumer prices	..	..	32.0	38.8
Implicit GDP deflator	..	0.4	35.7	45.6
<b>Government finance</b>				
<i>(% of GDP)</i>				
Current revenue	..	48.9	32.0	29.6
Current budget balance	..	29.7	2.7	1.4
Overall surplus/deficit	..	12.1	-2.6	-3.9



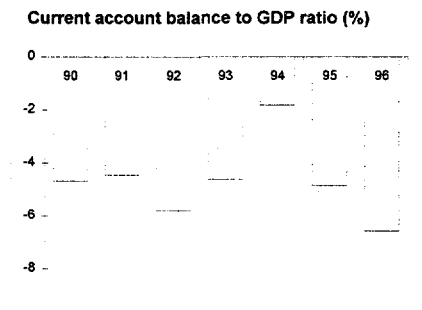
## TRADE

	1975	1985	1995	1996
<i>(millions US\$)</i>				
Total exports (fob)	..	10,174	7,882	8,238
Textiles	..	..	2,065	1,985
Metals	..	..	1,513	1,310
Chemicals	..	..	1,001	1,145
Total imports (cif)	..	8,402	9,487	10,368
Food	..	160	818	892
Fuel and energy	..	4,753	1,160	1,265
Capital goods	..	3,489	7,509	8,211
Export price index (1993=100)	..	..	106	108
Import price index (1993=100)	..	..	105	104
Terms of trade (1993=100)	..	..	102	104



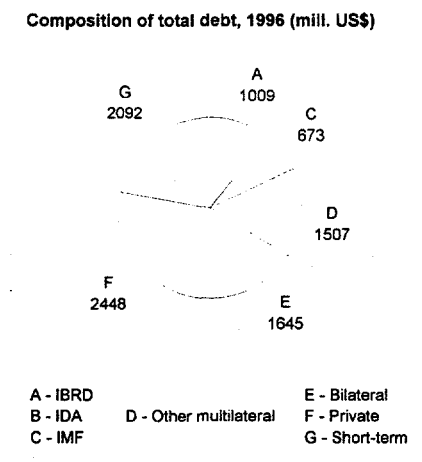
## BALANCE of PAYMENTS

	1975	1985	1995	1996
<i>(millions US\$)</i>				
Exports of goods and services	5,812	10,920	9,333	9,554
Imports of goods and services	5,858	8,926	11,172	11,868
Resource balance	-46	1,994	-1,839	-2,314
Net income	-89	-613	-262	-401
Net current transfers	0	0	369	379
Current account balance, before official capital transfers	-135	1,381	-1,732	-2,336
Financing items (net)	103	-1,698	1,541	3,216
Changes in net reserves	32	317	191	-880
<b>Memo:</b>				
Reserves including gold (mill. US\$)	904	1,447	1,579	2,103
Conversion rate (local/US\$)	..	..	2,033.4	3,085.4


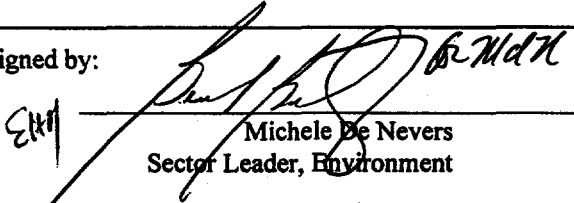


## EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
<i>(millions US\$)</i>				
Total debt outstanding and disbursed	211	7,008	6,653	9,374
IBRD	19	1,633	844	1,009
IDA	0	0	0	0
Total debt service	1	2,064	967	1,349
IBRD	0	274	53	63
IDA	0	0	0	0
<b>Composition of net resource flows</b>				
Official grants	0	0	30	0
Official creditors	30	-61	698	737
Private creditors	0	-645	267	..
Foreign direct investment	0	0	419	410
Portfolio equity	0	0	1	..
<b>World Bank program</b>				
Commitments	160	0	340	475
Disbursements	19	49	129	227
Principal repayments	0	146	0	0
Net flows	19	-97	129	227
Interest payments	0	127	53	63
Net transfers	19	-225	76	164



Annex 10  
Romania Child Welfare Reform Project

ENVIRONMENTAL DATA SHEET FOR PROJECTS in the IBRD/IDA Lending Program			
Country:	Romania	Project ID No:	RO-PE-44595
Project Name:	Child Welfare Reform Project (LIL)	Total Project Cost:	US\$5.0 million
Appraisal Date:	03/16/98	Task Team Leader:	John Innes
Board Date:	04/24/98	Sector:	Social Protection
Managing Division:	ECSDH	Date Assigned:	04/01/98
Est. date for receipt of EA by Bank:	N/A		
EA Category (A/B/C):	C		
<b>Date Sheet Prepared/Updated</b> 04/01/1998 (Please do not leave any items blank: use "N/A" or "To be developed" when appropriate)			
<b>Major Project Components:</b> (presents description of project components)			
<p><b>I. Community-Based Child Welfare Services:</b> This component will support sub-projects proposed by the Judets to develop alternative child care arrangements to the large state-run institutions and strategies to prevent the abandonment of children.</p> <p><b>II. Street Children Initiative:</b> This component will support NGO and local government initiatives to improve the welfare, security and societal re-integration of street children.</p> <p><b>III. Institution Building, Monitoring &amp; Evaluation:</b> This component will strengthen the institutional capacity of the DCP through training and TA and support the monitoring and evaluation of the LIL.</p>			
<b>Major Environmental Issues:</b> (describes major environmental issues identified or suspected in project)			
No negative environmental effects are anticipated. The Project will follow accepted Bank procedures.			
<b>Other Environmental Issues:</b> (describes environmental issues of lesser scope associated with project)			
There are no environmental issues involved.			
<b>Proposed Actions:</b> (describes actions proposed to mitigate environmental issues described in project)			
N/A			
<b>Justification/Rationale for Environmental Category:</b> (reasons for env. category selected & explanation of any changes from initial classification)			
No environmental impact is anticipated.			
<b>Status of Category A Environmental Assessment:</b> (presents EA start-up date, EA first draft, and current status)			
N/A			
<b>Remarks:</b> (gives status of any other environmental studies, lists local groups and local NGOs consulted, tells whether borrower has given permission to release EA, etc)			
N/A			
Signed by:		Signed by:	
 John Innes Program Team Leader		 Michele De Nevers Sector Leader, Environment	

## Annex 11 Romania Child Welfare Reform Project

### Child Welfare Issues in Romania

Post-Communist Romania inherited a large number of institutionalized children. Despite improvements the number of children in child care institutions has been on the rise. At the request of the DCP, a census of all children living in residential facilities, including disabled children in special boarding schools was carried out in 1997. According to the census 98,872 children live in 653 residential facilities. That is approximately 1.7 percent of the total population of children between the ages of 0-18. This does not account for street children and those abandoned in medical facilities, of which there are approximately 3,000 on the streets and 3,262 young children abandoned in health facilities.

About 41 percent of the children in institutions are there because their families have socio-economic problems, while 56.4 percent are there for medical reasons. Of those in institutions, 97 percent have parents and only 3 percent are orphans. For those children with parents 51.6 percent do not stay in contact with them for more than six months. Although for the most part these children have been abandoned, their formal legal status is unclear and this makes their de-institutionalization, placement in foster care or adoption extremely difficult. Only 3,400 children living in institutions are formally declared abandoned by the court, therefore, only these children are freed for adoption. Additionally, about 2.6 percent of institutionalized children do not have a birth certificate, and most of them are over one year old.

The care for very small institutionalized children is of an excessive medical nature. Very long periods of hospitalization (sometimes for life) are extremely harmful, causing handicaps and chronic disease. Their health status indicators show a high incidence of infant mortality, anemia and macro-nutrient deficiencies.

The number of children abandoned in various hospital units is not yet known. They include many children without any form of identification and some are nameless. These children are thus outside the protection system and have access only to low-quality medical care which is sometimes administered unnecessarily.

Non-disabled children between the ages of 3-18 live in Children's Homes (*Casa de copii*). They are poorly prepared for any form of independent life, and most face serious difficulties of being integrated into a community, especially if they leave the homes after the age of 18.

One of the most vulnerable groups of institutionalized children are the very severely handicapped ones living in Hospital Homes (*camine-spital*). The basic needs of these children are rarely met and they receive no rehabilitation. Their chances of leaving the institutions and being reintegrated into a community are extremely limited. However, an estimated 20 percent of children living in Hospital Homes are not disabled and could be reintegrated into the community.

In recent years many efforts were made at the local level to develop community-based alternative services to institutionalization. A successful model of social services for families with

children in crises was developed by NGOs and local authorities with financial and technical support from UNICEF, USAID and the European Union. Recently the experience gained through these projects was incorporated into a new legislative framework whose main objective is the reform of the whole child protection system. This includes great emphasis on the development of community-based alternative services for children at risk of being institutionalized.

Another issue is the growing number of street children, currently estimated at 3,000. Many children are sent by their families to beg in the streets as a means of supporting the entire family. Abuse of these children ranges from younger children being exploited and controlled by gangs of older children, to those being forced into prostitution and sex tourism.

Multiple types of social problems like domestic violence, broken homes, alcoholism and crime, identified as the main cause of the institutionalization of children, were all aggravated by increased poverty. At least 60 percent of surveyed cases were classified under one of these categories. It was found that more children entering institutions were sent by their own families than from maternity units and pediatric hospitals.

<b>Type of institution</b>	<b>Number of children</b>
Nurseries ( <i>Leagane</i> )	9,309
Center for Minors ( <i>Centrul de primire a minorilor</i> )	379
Hospital Homes ( <i>Camine-spital</i> )	4,473
Children's homes with/without schools ( <i>Case de copii</i> )	35,165
Schools for Children With Special Needs (all grades, including pre-school)	47,107
Other types of institutions	2,439
<b>TOTAL</b>	<b>98,872</b>

Source: National Commission for Statistics



**MAP SECTION**

