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SEED Act Implementation Report

Fiscal Year 1995

February 1996

United States Department of State

Washington, D.C. 20520

February 29, 1996

Section 704 of the 1989 SEED Act (P.L. 101-179) requires a report on the United States Program of Support for East European Democracy (the SEED Program). This report is submitted in fulfillment of that requirement with particular emphasis on activities carried out in FY 1995 with funds appropriated for Central Europe.* Appropriated SEED funds totaled $359 million in FY 1995, $390 million in FY 1994, $400 million in FY 1993, $364 million in FY 1992, $369 million in FY 1991, and $285 million in FY 1990.

In this report, highlights of SEED activities immediately follow the political and economic summaries for each country. SEED activities are intended to help advance the ongoing economic and political transformations in each country. The report also includes summaries of U.S. assistance programs not funded by SEED, such as those of OPIC, Exim Bank, and the Peace Corps. We have also included brief summaries of other assistance to the region from international financial institutions and the G-24 countries.

I believe this report will be useful in keeping you abreast of the economic and political changes which are strengthening and extending democracy and market economies, and improving the quality of life in the counties of Central Europe. SEED assistance continues to play a key role in the transformation process.

James H. Holmes
Coordinator for
East European Assistance

*The Department of State now refers to the region of Europe covered by this report as Central Europe, a more accurate description of its geographic location.

FY 1995 SEED ACT IMPLEMENTATION REPORT

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INTRODUCTION

SUPPORT FOR EAST EUROPEAN DEMOCRACY

SEED Act Implementation Report for Fiscal Year 1995

I. INTRODUCTION

In the fall and winter of 1989, the people of Central Europe* achieved nearly peaceful revolutions against the authoritarian communist systems in their countries. The process of moving toward increased democracy and freer economies which began then has continued through 1995. This report will summarize efforts of the U.S. Government to assist this process.

Sovereign, democratic countries, through elected officials, are ultimately responsible for developing laws, democratic institutions and a system of governance. Central Europeans and their elected officials look to the West for assistance in building new societies, economies, and governing structures. That is why Congress, in November 1989, passed the Support for East European Democracy (SEED) Act to facilitate the development of democratic institutions, political pluralism, and a free market economic system.

In the political realm, SEED supports the formation of a democratic executive and legislature, an independent judiciary, independent political parties and groups, and an independent media. It also promotes respect for human rights and civil liberties. In the economic realm, SEED encourages development of free market economies characterized by privatization of economic entities, the right to acquire and hold private property, simplification of business regulations, removal of trade restrictions, liberalization of investment rules, and the dismantling of wage and price controls. SEED assistance, both nationally and regionally, also contributes to improving the quality of life of the peoples of Central Europe.

*The Department of State now refers to the region of Europe covered by this report as "Central Europe," a more accurate description of the region's geographic location.

SEED Rationale

The successful transformation of these countries is vital to U.S. political, economic and security interests. Central Europe's success in establishing democracy and free market economies is key to building a peaceful, democratic European region that assures security at lower cost to ourselves. Such success can demonstrate to other reformers further east that democracy and economic prosperity can be built from the rubble of failed communism. Peaceful, stable, and prosperous countries in the region can serve as models for other parts of Central Europe and the former Soviet Union still dogged by ethnic tensions and unrest.

Work in Progress

During 1995, the SEED Act countries generally enjoyed continued economic growth, declining inflation, and expanding private sectors. (See the graphs and tables at the end of this chapter.) Real GDP in all countries, after falling dramatically during the earlier part of the decade, has continued to rise. In all but three of the countries, annual GDP growth was over three percent in 1995. By contrast, in 1991 the best performing economy in the region suffered a decline of 7.6 percent in GDP. The growth in 1995 continues a major turnaround for the economies of these countries. This further year of expansion shows that the recovery is firmly established and that growth is liable to accelerate and spur the process of reform.

In all SEED countries, efforts to privatize state enterprises have continued. The pace of privatization varied from country to country and by sector, but the overall trend was toward a larger role for the private sector in all countries. 1995 saw the most forward movement of privatization in the last three years. In Romania, the government passed a mass privatization law. The government intends to privatize almost 4,000 state-owned enterprises by the end of 1996. In Bulgaria, a mass privatization program was close to implementation in December 1995. Toward the end of the year, privatization accelerated in Hungary in the energy and utilities sectors. The Hungarian Government is committed to privatize most of the remaining state assets by the end of 1996. In Albania, the government undertook an ambitious mass privatization program during 1995. Through our assistance programs and policy dialogue, the U.S. has actively encouraged the process of privatization throughout the region.

The SEED countries generally maintained open political systems. Poland and Hungary held free and fair presidential elections. Estonia and Latvia held parliamentary elections and Lithuania conducted local elections, all judged to be free and fair. Problems continued to be noted in some countries regarding the treatment of minorities and the extent to which the media are free from government interference.

Among the noteworthy initiatives taken in 1995 to assist democratization were creation of an independent media support program in seven SEED countries to strengthen media managers' abilities to function in free market economies. The USG, with the Soros Foundation, is

developing new funding mechanisms for the American University of Bulgaria (AUBG) to establish a basis for the university's long-term financial sustainability. In the "Democracy Network Initiative," U.S. non-governmental organizations (NGOs) will work with NGOs in 11 of the SEED countries to strengthen organizations that can act on the local level with community organizations and, thus, contribute to building a civil society.

The SEED program set aside $5.2 million in FY 95 as part of the President's "law and democracy" initiative to provide assistance and training to law enforcement agencies in the Central European states. This included establishment of an international law enforcement academy in Budapest during 1995, as President Clinton had announced in December 1994. The academy is to train mid-level law enforcement officials from the region in the management of efforts to combat narcotics and money-laundering. In addition, the law and democracy initiative's "rule of law" component provided $1.2 million to train judges and prosecutors in the fight against international organized crime.

Also in 1995, as part of social sector restructuring, the U.S. Department of Labor initiated the "Quick Start" labor market intervention program designed to strengthen vocational training, specific to the company and the job, of Hungarian workers. Three pilot programs were successfully completed in 1995 and the program is expected to expand in Hungary during 1996.

Bosnia Reconstruction

Prior to the end of fighting in Bosnia, the U.S. was engaged in a program of humanitarian and rehabilitation assistance in Central Bosnia and Sarajevo. FY 95 SEED funds totaled about $18.8 million.

The signing of the Dayton Peace Agreement and the successful deployment of the U.S.-led NATO Implementation Force provide the opportunity to begin recovery from the damages of war. Four years of war decimated Bosnia's infrastructure. A large part of the most productive segment of society was dislocated or eliminated. It is estimated that industrial production in Bosnia in 1995 was only 5 percent of what it was in 1991. Presently the average GDP per capita is about $500, compared with the pre-war average of around $1900. There will be a large international reconstruction effort coordinated on-the-ground by the World Bank and the European Union. The U.S. will be a key participant in this effort as contributor, facilitator and political leader.

This assistance is intended to bring Bosnia to the point where its people would be capable of helping themselves. The USG intends to focus its efforts in Bosnia on rebuilding municipal infrastructure, reconstruction finance and on economic transformation and democratic reforms. The USG has sought $200 million from Congress for Bosnia economic reconstruction in FY 96. At the December 20-21 Brussels Mini-Donors Conference, the USG pledged $62.7 million for Bosnia reconstruction for the first quarter of FY 96. The 28 states and seven international

n

financial institutions and NGOs which attended pledged a total of approximately $600 million for new and on-going programs for Bosnia for the first quarter of FY 96. This included $306 million pledged by European Union member states and institutions. A multi-year donors conference will take place in April 1996.

Improved Trade Prospects

The removal of sanctions on Serbia, in the wake of the Dayton Peace Agreement, will likely improve trade prospects for Albania, Romania, and Bulgaria. Reconstruction efforts in Bosnia may also bring commercial opportunities to frontline states in the region. The Former Yugoslav Republic of Macedonia's (FYROM) recent agreement with Greece will improve FYROM's situation.

In February 1995, President Clinton announced that the Administration would seek funding from Congress to promote transportation infrastructure development under the South Balkan Development Initiative (SBDI). The U.S. Trade and Development Agency, working with USAID and the IBRD, has identified options for financing critical elements of transportation links between Albania, FYROM, and Bulgaria. In 1996, we anticipate funding the first projects of this Initiative.

SEED Assistance Objectives

Country-specific assistance strategies for the region vary in focus but build on common, region-wide strategic goals: economic restructuring, democratic transition, and social stabilization. SEED-funded programs in general concentrate on the following areas:

- <u>Development of a market economy and strong private sector</u>
  - -- through support for privatization, development of small- and medium-sized businesses, policy and legal reforms, and key sector restructuring;
- <u>Development and strengthening of institutions necessary for sustainable democracy</u>
  - -- through support for the transformation of the public sector to better support democratic development, including assistance and training to improve public administration, promote decentralization, and strengthen local government, parliaments, independent media and non-governmental organizations;
- <u>Improvement of the basic quality of life in selected areas</u>
  - -- through assistance to build cost-efficient health care and housing systems, labor

retraining and employment services and environmental policy reform and enforcement measures, as well as assistance to individual firms on environmental control and management.

Organization of the Program

The SEED Act of 1989 called for the President to name a "Coordinator within the Department of State" to oversee an interagency assistance program to Central Europe. This organization of assistance under senior political leadership reflects the importance of the region to U.S. interests, the revolutionary character of the transitions (and their role as models for the NIS), and the need for effective interagency coordination.

The strength of the SEED program stems from its interagency character. USAID is the overall lead implementing agency for the SEED program. All SEED funding for projects carried out by other agencies is channelled through USAID. Other agencies direct projects in their area of expertise; for example, Treasury in the area of financial sector assistance; Commerce on development of trade and investment; EPA on environmental protection; Labor on labor market transition. Non-SEED funded activities of the Peace Corps, the U.S. Trade and Development Agency, USIA, and others also support the goals of the SEED Act. Other donors, such as the International Monetary Fund and the World Bank, provide substantial funds for reconstruction projects and for support of monetary and fiscal policies that promote economic reform and the growth of market economies. U.S. help in the form of feasibility studies and technical assistance leverages the release of funds from the World Bank to the Central European countries. Other non-SEED programs, such as political-military cooperation, are important areas of U.S. cooperation. For the convenience of the reader, this report includes descriptions of some of these additional areas.

The SEED program has evolved from being a regional program, without specific country allocations, to one which also, since 1993, involves country-specific assistance projects. This has taken into account the varying circumstances of the SEED countries as each, in its own way, has moved toward greater democracy, market economies, and expanded private sectors. Employing both regional and country-specific approaches has permitted flexibility, greater rigor in the programs, enhanced host country involvement, and better communication among Washington agencies and between Washington and the field.

The SEED program has focused on providing technical assistance where it is needed in Central Europe, particularly in the nascent private sector. U.S. assistance has generally been in the form of grants, as opposed to credits or loan guarantees. This assistance has therefore not increased the indebtedness of the recipient countries. According to the latest figures, which detail G-24 assistance to Central Europe from January 1990 through December 1994, the U.S. is the largest bilateral donor of grant assistance to the region.

Key Role of the Enterprise Funds

The enterprise funds continue to be an important part of the SEED program. The enterprise fund concept harnesses private sector talent to assist in the economic transformation of Central Europe. Set up as non-profit corporations with high-level private sector boards, the funds have maximum flexibility to promote the development of companies, including small- and medium-sized enterprises (SME's), through equity investments, loans, and grants.

Since their inception in 1990, enterprise funds have provided $375 million in financing to some 5,500 firms employing more than 70,000 people in Central Europe. Because of their flexibility and orientation to the private sector, the funds have been able to start up quickly and have proven to be the most effective donor program for financing the new entrepreneurial class in the region. Among the funds' most successful activities have been their small loan programs, such as the Enterprise Credit Corporation (ECC) of the Polish-American Enterprise Fund. The ECC has made almost 5,000 loans worth $162 million with a default rate of less than 3 percent. The Polish-American Enterprise Fund celebrated five years of operation in 1995.

Three new Enterprise Funds, two established in 1994--the Baltic American Enterprise Fund and the Romanian Enterprise Fund--and one established in 1995--the Albanian American Enterprise Fund--are now fully operational and have begun implementing their investment programs. There are now seven Enterprise Funds covering 10 countries of Central Europe with a combined capitalization of almost $600 million.

Future of the SEED Program

The SEED program is a temporary assistance program, designed to help Central European countries make the transition to democracy and a market economy. SEED resources are shifting gradually from northern to southern Central Europe, where the needs for assistance in democracy-building and market-economy restructuring are now the greatest.

We have had marked success in the Northern Tier, where we have worked longest and reforms have, in many cases, taken deeper root. As the transition takes hold and becomes irreversible in individual countries, their SEED assistance will phase out. Estonia and the Czech Republic will see the phasing out of almost all program funding and the closure of USAID in-country offices in FY 96 and FY 97, respectively. With continued strong progress in democracy and market economy reforms, the USG would expect Latvia and Slovenia, for example, to be in the next phase of assistance phase down and program closeout.

Central Europe: SEED Act Beneficiaries
Real GDP
(Annual percent change)

Countries	Real GDP 1989	1990	1991	1992	1993	1994	1995*
Albania	9.8	-10.0	-27.7	-9.7	11.0	7.4	6.0
Bulgaria	0.5	-9.1	-11.7	-7.3	-2.4	1.4	2.5
Croatia**	-1.6	-8.6	-14.4	-9.0	-3.2	0.8	2.0
Czech Republic	1.4	-0.4	-14.2	-6.4	-0.9	2.6	4.0
Estonia	-1.1	-8.1	-11.0	-14.2	-6.7	6.0	6.0
FYR Macedonia***	na	-9.9	-12.1	-14.0	-14.1	-7.2	-3.0
Hungary	0.7	-3.5	-11.9	-3.0	-0.9	2.0	3.0
Latvia	6.8	2.9	-8.3	-35.0	-15.0	2.0	1.0
Lithuania****	1.5	-5.0	-13.1	-37.7	-24.2	1.7	5.0
Poland	0.2	-11.6	-7.6	1.5	3.8	5.0	5.5
Romania	-5.8	-5.6	-12.9	-10.0	1.3	3.4	4.0
Slovakia	1.4	-0.4	-14.5	-7.0	-4.1	4.8	5.0
Slovenia	-1.8	-4.7	-8.1	-5.4	1.3	5.5	6.0

* Estimate.
** For 1989, the data refer to GSP, the value added concept of former Yugoslavia, which excludes government, financial and some personal services.
*** Figures refer to GSP.
**** Figures are for NMP until 1990, GDP thereafter. NMP excludes depreciation and the value added from most of the service sector.

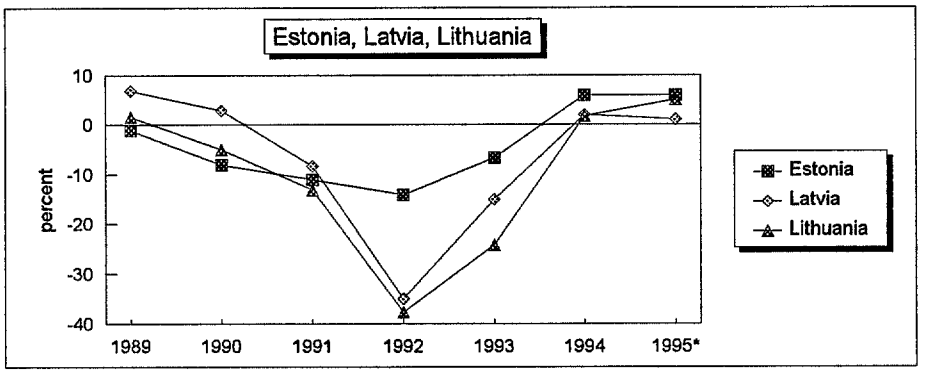
Sources: EBRD, IMF

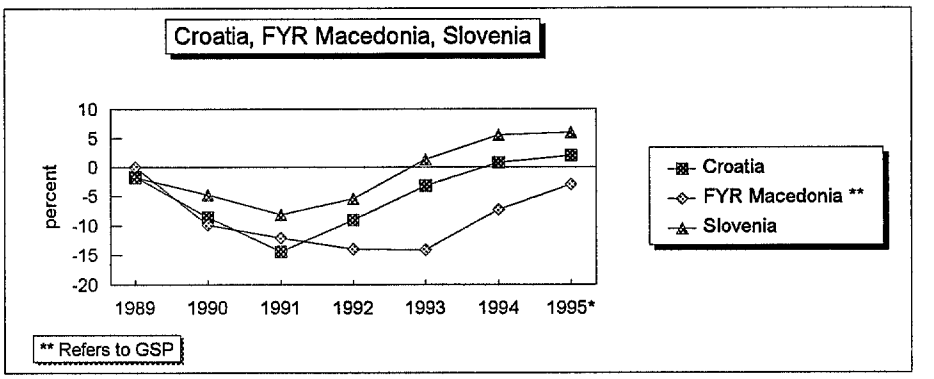
Central Europe: SEED Act Beneficiaries
Inflation
(Annual percent change)

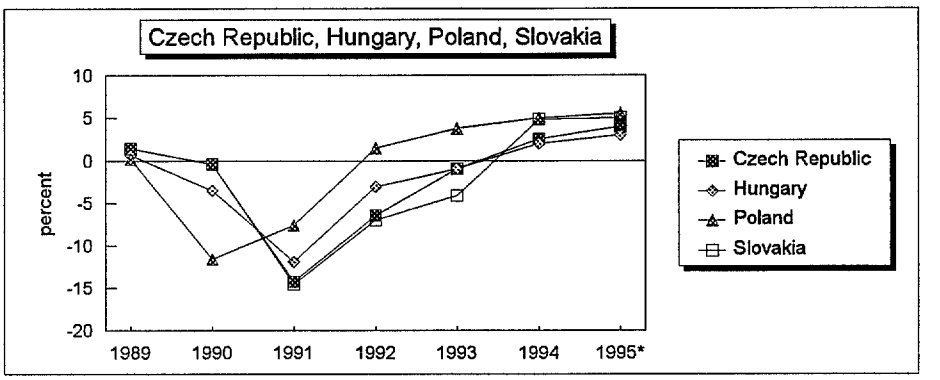
Countries	Consumer Prices (annual average) 1989	1990	1991	1992	1993	1994	1995 *
Albania	0.0	0.0	36.0	226.0	85.0	22.6	7.0
Bulgaria	6.4	26.3	333.5	82.0	73.0	96.3	68.0
Croatia	na	na	na	na	1,516.0	97.0	2.0
Czech Republic	2.3	10.8	56.7	11.1	20.8	10.0	10.0
Estonia	6.1	23.1	210.5	1,076.0	89.8	48.0	25.0
FYR Macedonia	na	na	na	1,691.0	350.0	122.0	50.0
Hungary	17.0	28.9	35.0	23.0	22.5	18.8	29.0
Latvia	4.7	10.5	124.4	951.2	109.1	35.7	25.0
Lithuania	2.1	8.4	224.7	1,020.5	409.2	72.0	35.0
Poland	251.1	585.8	70.3	43.0	35.3	32.2	27.0
Romania	1.1	5.1	174.5	210.9	256.1	131.0	40.0
Slovakia	2.3	10.8	61.2	10.1	23.1	13.4	11.0
Slovenia	1,306.0	549.7	117.7	201.3	32.3	19.8	15.0

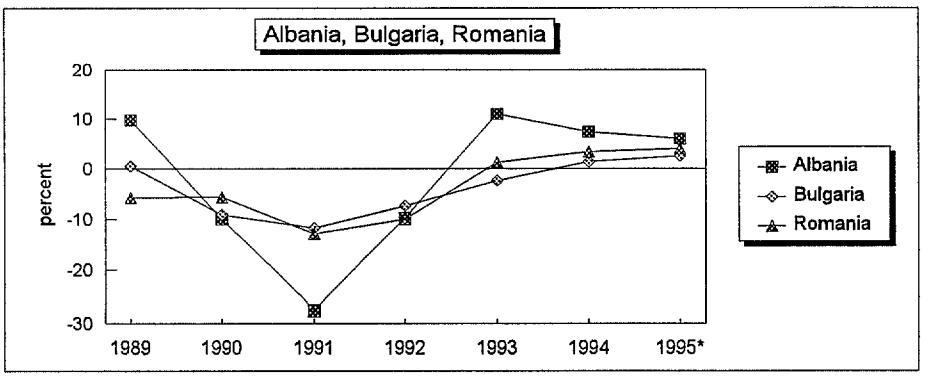
* Figures for 1995 are EBRD projections.
Sources: EBRD, IMF

Central Europe: SEED Beneficiaries
Real GDP Change



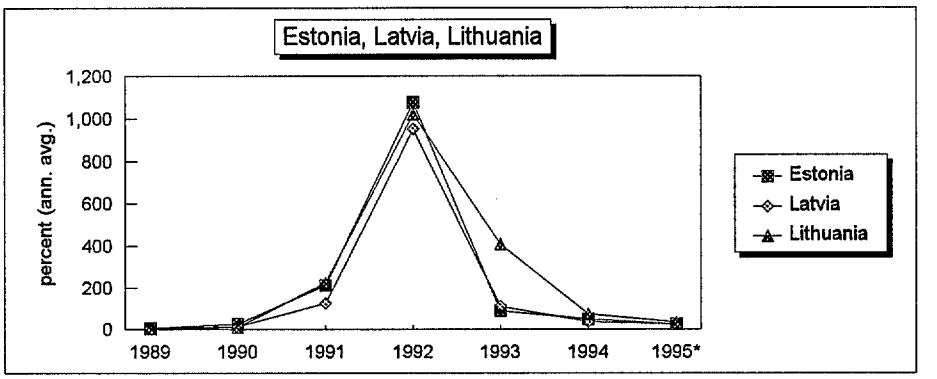


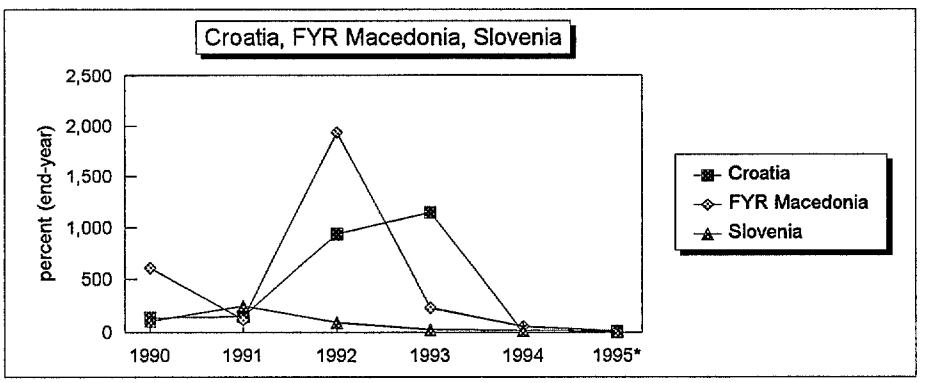


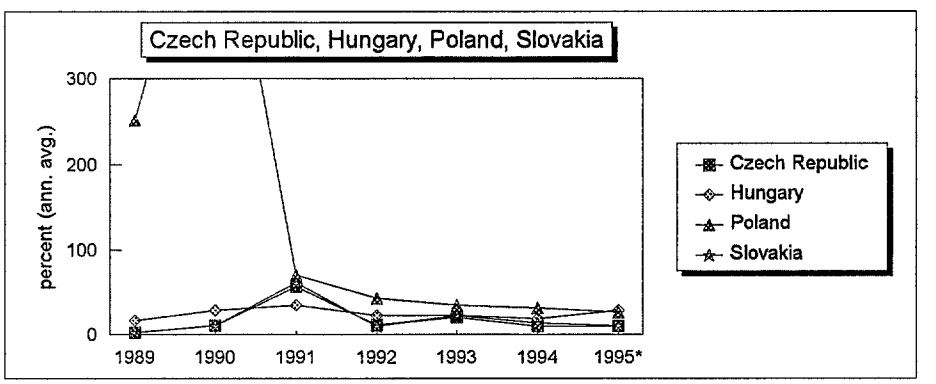


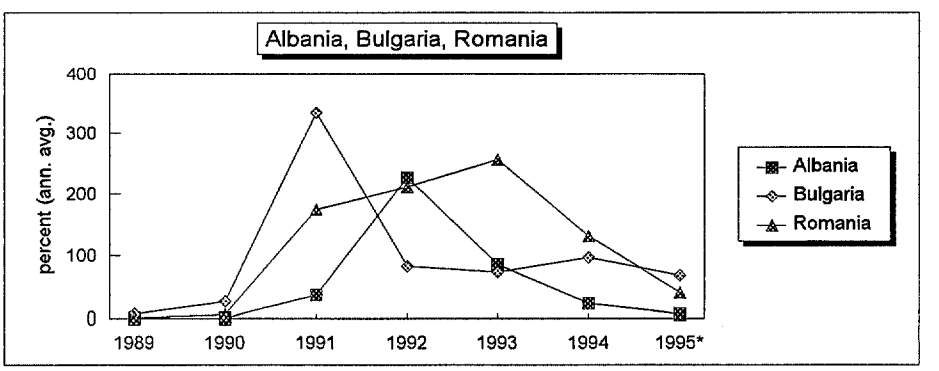
* Figures for 1995 are estimates.
Source: EBRD

Central Europe: SEED Beneficiaries
Consumer Price Inflation









* Figures for 1995 are EBRD projections.
Sources: EBRD, IMF

Central Europe: SEED Act Beneficiaries
Foreign Direct Investment
(millions of US dollars)

Countries	Foreign Direct Investment 1990	1991	1992	1993	1994	FDI Per Capita (US $) 1990-94
Albania	--	--	10	45	48	30
Bulgaria	4	56	42	55	100	31
Croatia	--	--	13	72	150	49
Czechoslovakia*	188	592	1,054	--	--	--
Czech Rep.	--	--	983	606	862	238
Slovakia	--	--	71	160	184	78
Estonia	--	--	58	122	212	261
Hungary	311	1,459	1,471	2,200	1,200	645
Latvia	--	--	43	51	155	92
Lithuania	--	--	10	60	60	35
Poland	88	117	284	580	600	43
Romania	-18	37	73	95	200	17
Slovenia	-2	41	104	113	154	205

* Czech and Slovak Federal Republic in 1992.
Sources: EBRD, IMF, World Bank

Central Europe: SEED Act Beneficiaries
Private sector share in GDP 1/
(in percent)

	1989	1990	1991	1992	1993	1994	1995*
Albania	--	--	--	--	<50	50	60.0
Bulgaria 2/	--	--	16.6	25.3	35.9	40.2	45.0
Croatia 3/	--	18.8	25.2	34.9	41.2	44.9	45.0
Czech Republic 4/	11.2	12.3	17.3	27.7	45.1	56.3	70.0
Estonia 5/	--	--	17.7	45.0	50.6	58.0	65.0
FYR Macedonia	--	--	--	--	25-40	35.0	40.0
Hungary	14.9	--	33.0	44.0	52.4	58.0	60.0
Latvia 4/	--	--	--	--	--	58.0	60.0
Lithuania 6/	10.4	11.6	16.0	37.0	57.0	62.3	55.0
Poland	28.6	31.4	45.3	48.2	53.5	56.0	60.0
Romania	12.8	16.4	23.6	26.4	32.0	35.0	40.0
Slovakia 7/	--	--	25.0	32.4	39.0	58.2	60.0
Slovenia 8/	8.1	11.4	15.7	19.5	--	--	45.0

* Mid-1995 EBRD estimate.

1/ Estimates are for the private sector excluding cooperatives, unless indicated otherwise.

2/ Data for 1994 are preliminary.

3/ End-of-year data.

4/ Share in GDP estimates are for the "non-state sector" which includes fully private companies as well as firms with only minority non-state ownership.

5/ Beginning in 1992, the share in GDP is for the non-state sector. The 1994-estimate refers to the private share of value added in non-financial corporations.

6/ Beginning in 1991, the share in GDP is for the non-state sector. The 1995 figure is an EBRD estimate for the "pure" private sector.

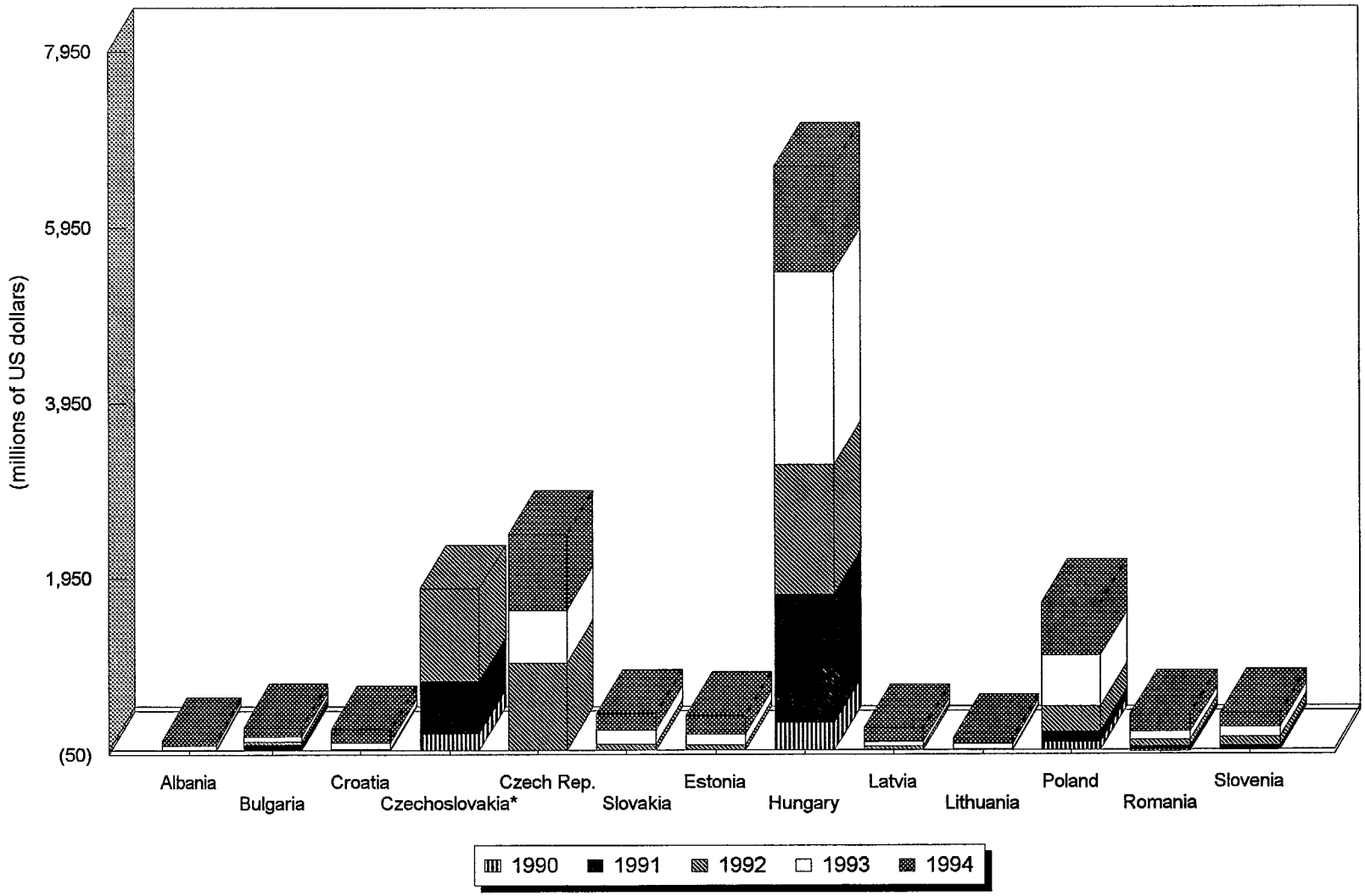
7/ Includes cooperatives. Beginning in 1994, firms with mixed ownership were partially included in the definition of the private sector.

8/ Excludes socially managed enterprises.

Sources: EBRD, Freedom House

Central Europe: SEED Beneficiaries

Foreign Direct Investment



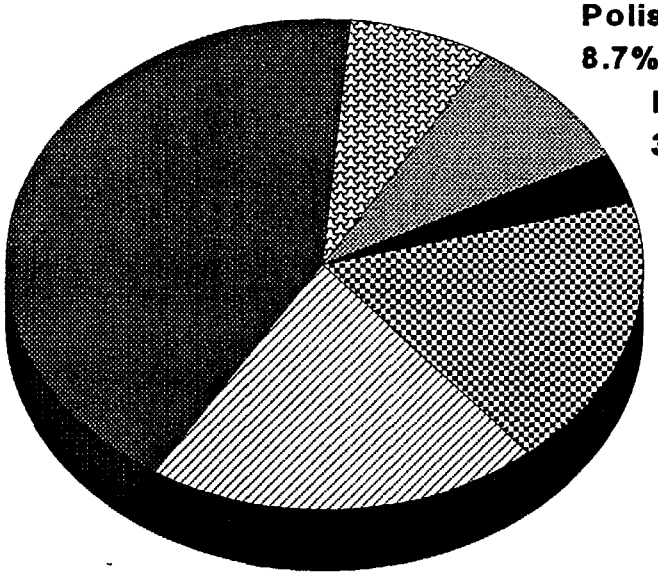
Sources: EBRD, IMF, World Bank

ENI/PD

SEED ASSISTANCE TO CENTRAL EUROPE

Cumulative Obligations, FY 90-FY 95

$ 2,209 Million



of which **Enterprise Funds**

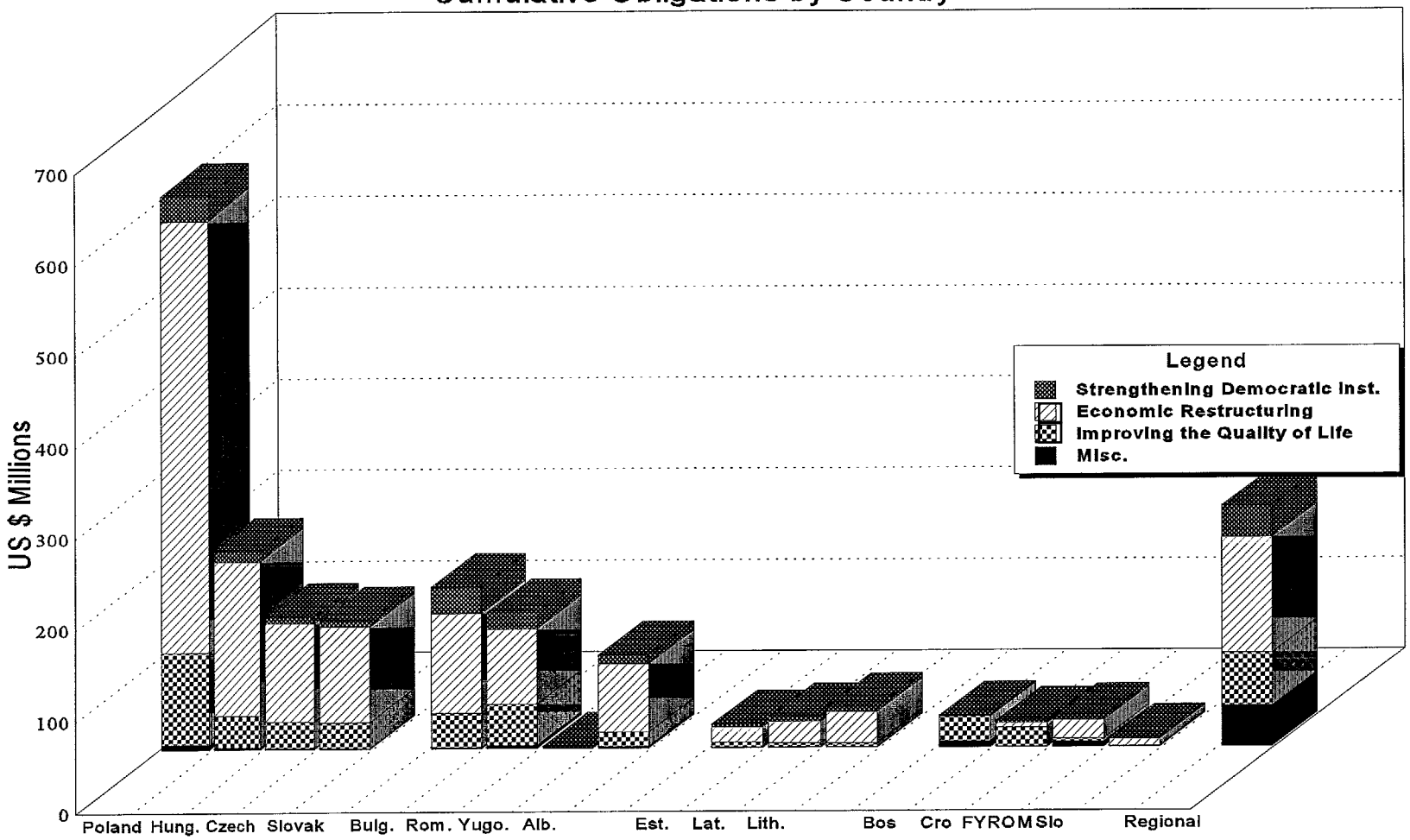
(20% of Economic Restructuring)

16

ENI/PD

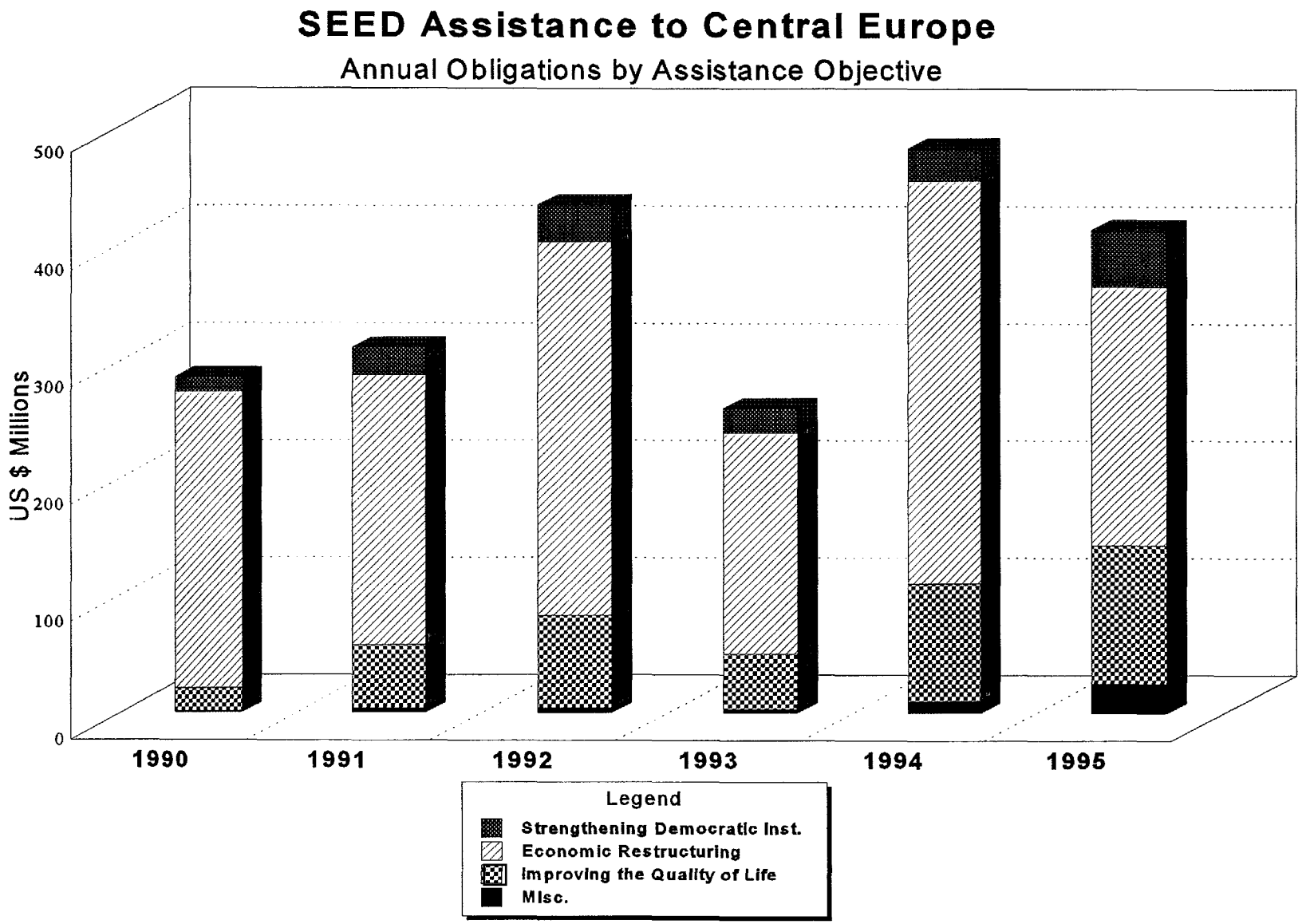
SEED Assistance to Central Europe

Cumulative Obligations by Country



*: Note: 1. Countries are presented in order of program initiation
2. Obligations for Poland do not include $199.1 million Polish Stabilization Fund.
3. Reflects cumulative obligations as of 9/30/95

ENI/PD


SEED Assistance to Central Europe
Annual Obligations by Assistance Objective
US $ Millions
500
400
300
200
100
0
1990
1991
1992
1993
1994
1995
Legend
Strengthening Democratic Inst.
Economic Restructuring
Improving the Quality of Life
Misc.

18

ECONOMIC, POLITICAL, AND SEED ASSISTANCE SUMMARIES

II. ECONOMIC, POLITICAL, AND SEED ASSISTANCE SUMMARIES

ALBANIA

Economic Developments:

Albania had one of the most centralized and repressive regimes in the world from the mid-1940s until late 1990. The collapse of communism in Albania came later and was more chaotic than in other Central and Eastern European countries. Attempts at reform only began in early 1992 after real GDP had fallen by over 50% from its peak in 1989.

The democratically-elected government which assumed office in April 1992 launched an ambitious economic reform program to halt economic deterioration and put the country on the path toward a market economy. Key elements included price and exchange system liberalization, fiscal consolidation, monetary restraint and a firm incomes policy. These were complemented by a comprehensive package of structural reforms including privatization, enterprise and financial sector reform, and creation of the legal framework for a market economy and private sector activity. Most prices were liberalized and are now at or near international levels. Most agriculture, state housing, and small industry have been privatized. Progress has continued in the privatization of transport, services and small and medium enterprises. In 1995, the government undertook the challenge of privatizing large state enterprises.

Results of Albania's efforts have been encouraging. Led by the agricultural sector, real GDP grew by an estimated 11% in 1993, nearly 8% in 1994, and 6% in 1995. Most of this growth occurred in the private sector. According to EBRD figures, annual inflation dropped from 226% in 1992 to single digits in 1995. The lek remained stable and actually appreciated against the dollar. Albania has not been dependent on massive amounts of food aid for several years. The speed and vigor of private entrepreneurial response to Albania's opening and liberalizing was better than expected. Farmers' small plots are being intensively cultivated, there are large numbers of new shops in the cities, and rural-to-urban migration is underway.

Relations with Albania's foreign commercial creditors are improving following a mid-1995 debt reduction agreement in which Albania, with World Bank help, wrote off its ruinous short-term commercial debt. Debt reduction should improve Albania's access to international commercial lending and increase its attractiveness to foreign investors.

Albania is, in effect, building a new economy. It abandoned central planning without the institutions, expertise or infrastructure required for a well-functioning market economy. The needs for reform are enormous and encompass all sectors of the economy. At the same time,

reforms are constrained by limited administrative capacity and low income levels, which make the population particularly vulnerable to loss of employment, price increases and other actions which negatively affect income. Albania is still dependent on foreign aid. Large scale investment from outside is still hampered by poor infrastructure, lack of a fully functional banking system, untested or incompletely developed investment and tax laws, and an enduring mentality that discourages bureaucratic initiative. Unemployment remains high, particularly in the cities and the northern districts.

The extent of poverty remains a serious concern. Albania is the poorest country in Europe, with GDP per capita estimated at $650 and per capita income at less than $400. Under the previous regime, the low level of income across the board was to some extent compensated for by good overall access to basic health and education. Access to, and to some extent the quality of, these services has deteriorated and pockets of extreme poverty have emerged, especially in remote rural areas.

The World Bank is involved in a variety of areas in Albania, including providing technical assistance to public enterprises, to privatization efforts and to the financial sector. The Bank is also providing loans for infrastructure and environmental projects. The EBRD has also assisted in infrastructure projects, in transport and in power generation, for example, and in developing tourism.

Political Developments:

Once the most repressive and isolated of Central Europe's Marxist-Leninist states, Albania has transformed itself into a nascent pluralist democracy. Parliamentary elections in March 1991, Albania's first multiparty elections in more than two generations, were flawed by instances of harassment and intimidation of the opposition. Communists claimed a majority of seats but had little popular support, and gave way to a mixed "unity" government and then to a caretaker government by the end of the year. March 1992 elections -- judged to be free and fair by international observers -- resulted in a landslide victory for President Sali Berisha and his Democratic Party. Local elections in July 1992, and especially the unexpected defeat of a nationwide referendum on a new constitution in November 1994, dealt setbacks to Berisha's government. The Socialist Party (renamed communists) and numerous smaller parties are expected to pose a strong challenge to the Democratic Party in parliamentary elections in the spring of 1996.

The 1991 Law on Major Constitutional Provisions remains the foundation for democratic government, as the country's political forces have not agreed on methods for drawing up and ratifying a constitution. New Civil and Penal codes, statutes on property questions, commercial rules and regulations, and hundreds of other laws have been enacted. In general, these are consistent with western concepts of human rights and commercial practice. However, judicial and law enforcement systems have lagged behind other institutions in the reform effort. Serious gaps

in understanding and implementing judicial procedure remain throughout the legal system. Corruption has also emerged as a significant problem.

Observance of human rights improved markedly after the collapse of the communist regime. Political prisoners were freed by the summer of 1991. Workers won the right to associate freely, and formed trade unions of their own choosing. Restrictions on freedom of movement within the country were dropped and regulations on foreign travel and emigration brought into accord with international norms. Freedom of religion was established in law and practice.

However, serious problems remain. The judiciary is subject to political pressure. The September removal of the Chief Justice of the Cassation Court was widely perceived to be unconstitutional and politically motivated. The Government adopted a comprehensive lustration law that bars a broad range of Communist-era officials from public office until 2002. Police beatings of citizens, poor prison conditions, prolonged pre-trial detention, occasional restrictions on freedom of speech and the press, limitations on freedom of assembly and association, and discrimination and violence against women continue. The ethnic Greek community continued to express dissatisfaction with education, public employment and the government's failure to return some religious property expropriated by the communist regime.

A sustained effort will be needed to complete the transformation to a fully functioning democracy. Special attention must be paid to perfecting the rule of law, an independent judiciary, the free press, a workable body of commercial and property law, and maintaining good relations with and fair treatment of minorities.

Political-Military Cooperation:

In line with its pro-Western policies, Albania seeks greater military cooperation with the West, particularly the United States. In 1991 Albania was admitted to the OSCE and agreed to implement its principles and standards. Albania institutionalized civilian control of the military: the Minister of Defense, Deputy Minister of Defense, and their two deputies are civilians. Forces are being slashed as part of a wholesale military reorganization. The number of troops has been reduced to 58,000, and is to be cut to 40,000 by the year 2000. The number of divisions has been reduced from 21 to 5.

An American Military Liaison Team has operated in Albania since 1992, overseeing visits and exchanges between the U.S. and Albanian militaries. In 1993, the U.S. and Albania signed a Memorandum of Understanding on Defense Cooperation laying out numerous areas of current and projected cooperation in security matters. Albania has become an active participant in U.S. military bilateral assistance programs. The U.S. has provided humanitarian assistance, security assistance, military to military contacts, and there is an annual Bilateral Working Group meeting on defense matters. The Albanian military received over 150 courses of instruction in

fundamental concepts, and obtained excess non-lethal defense articles from the U.S. Nine joint U.S.-Albanian training exercises were held in 1995.

Albania became the first Central European state to request membership in NATO, and fully supports and participates in the Partnership for Peace. The Albanian parliament ratified the PFP Framework Document in April 1994; Albania's Individual Partnership Program was approved by the NAC and accepted by Albania in January 1995. Forces available for PFP cooperation are expected to include one infantry brigade for peacekeeping operations and designated naval and air resources for search and rescue operations. The Albanians have offered NATO use of air, sea and land facilities for any peacekeeping activity. Some U.S. unmanned aerial vehicles were based in northern Albania in the summer of 1995. Albania has also offered logistical and other support for the Bosnia Implementation Force (IFOR).

SEED ASSISTANCE SUMMARY

Program Overview

Progress in implementing the Albanian SEED Program continues to reflect the overall performance of the Albanian economy which remains the fastest growing in the CEE region. Initiated in 1991, the U.S. assistance program originally consisted mainly of humanitarian assistance (food aid and medicine) and emergency responses (fertilizer and school textbooks), but now focuses on transforming economic and political conditions.

The USAID program has contributed significantly on both the economic and political fronts in Albania. Coordinating with other bilateral and multilateral donors, the SEED program has helped the reform government push forward an ambitious economic stabilization and adjustment program. Key elements included price and exchange system liberalization, fiscal restraint and monetary restraint. Concerns have been raised over the government's commitment to democratic rule. Accordingly, the SEED Program has increasingly focussed on political development activities.

Like other Central European countries receiving SEED assistance, the USG uses a three pronged approach by fostering economic growth, building democracy, and improving the quality of life. To achieve these goals, the USAID program emphasizes the following key strategic objectives:

* **Stimulating Private Enterprise Development** by promoting policy reform, agricultural development and private sector growth.

* **Assisting in Developing Laws and Legal Institutions Underpinning Democratic Processes** by supporting Albania's transition to transparent and accountable governance, strengthening the

judicial system, and developing a more responsive criminal justice system.

* **Developing Competitive and Fair Political Processes** by assisting in election processes, encouraging citizen participation, and providing training to party organizations with an emphasis on women as potential political leaders.

***Supporting Independent Media** by helping to strengthen media officials' business and management skills to operate in a free market economy.

* **Developing a Competitive, Efficient, Private Financial Sector** by supporting the Government's Mass Privatization Program (especially capital markets development), assisting private banking reform, and strengthening banking supervision.

* **Promoting Sustainable Use of Natural Resources** by encouraging forest and pasture management, and promoting supporting policies.

The U.S. contributed a little over $101 million in SEED assistance to Albania as of September 30, 1995. The FY 1995 level was $33.6 million.

Program Impact

Economic Growth:

Led largely by the private sector, the Albanian economy remains among the fastest growing in Central Europe. GDP grew 6% in 1995. Inflation continues to decline and is estimated by the EBRD to be approximately 7% this year. The Albanian lek has remained stable against the dollar.

Agricultural Development: Agriculture continues to dominate the economy by providing over 50% of the GDP and employment. USAID's FY 95 budget for Albania targeted this sector. Our efforts have yielded increases in agricultural production by assisting suppliers to obtain credit and to import fertilizer, seeds and other vital inputs that can not be produced locally. A USAID-supported agricultural input dealers' association and a national farmers' association successfully lobbied for reducing a turnover tax on fertilizer.

With USAID's assistance, over 92% of the land has been returned to private hands. Land registration offices are now open in 15 districts and 335,000 legal certificates, which establish secure tenure, have been issued to farm families. A law allowing for the buying and selling of agricultural land has been passed and will soon be implemented. This will permit the consolidation of fragmented parcels into economically viable holdings.

Private Enterprise Development: The small and medium enterprise sector is rapidly

expanding. Of the 48,000 registered non-agricultural enterprises, over 90% employ one or two persons. With SEED assistance, over 13,500 potential entrepreneurs have been trained in English, computers, secretarial skills, cosmetology, auto mechanics, business and other skills. Many graduates have started their own businesses, while others have found higher paying jobs. Technical assistance to small and medium enterprises and to a regional bank continues in the city of Korca. This support assists entrepreneurs in obtaining credit, thereby enabling business growth. Similar assistance is being provided country-wide in agribusiness. The Albanian-American Enterprise Fund, incorporated in March 1995, has opened for business in Tirana and New York and has begun making investments.

The mass privatization program was initiated in 1995 and began holding auctions in September. Coordinating with the World Bank and other donors, USAID provided advisors to the charter and auction working groups for this process. Advisory services are now focussing on establishing a share registry.

In the area of urban services, USAID has assisted the Ministry of Construction and three cities to privatize solid waste collection, and to develop a plan for water privatization in Tirana and other cities. During the last half of 1995, USAID and the World Bank worked with the Government to resolve contradictions over its housing sales policy. President Berisha has appointed a Task Force to address housing and land policy. The Task Force and the Ministry of Construction are also examining issues on land tenure, regulation and development.

Fiscal and Financial Systems: The Department of the Treasury, using SEED funds, provided an advisor who developed a capital budget information system to track revenues and expenditures for the Finance Ministry. This advisor also implemented a mechanism for issuing treasury bills. Another Treasury advisor assisted in revising bank licensing regulations, and advises Albanian counterparts in reviewing private bank applications.

Legal and Regulatory Framework: In 1992, Albania gained observer status to the World Trade Organization (WTO). Through an agreement with the Department of Commerce, USAID support continues to the Ministry of Industry, Transport and Trade to improve trade policies and to achieve full WTO membership. Albania has responded to WTO-related trade questions submitted by the U.S. The WTO Working Party will meet in 1996 to consider the general compatibility of Albania's trade regime and economy with WTO obligations. USAID's support will continue with the goal of accession by the end of 1996. In FY 96 a special effort will be made to form trade associations involved in import and export.

Next Steps: With virtually all the agricultural land, housing, and most small and medium enterprises (SMEs) privatized, the program will target improved productivity and quality in agriculture, increased access to credit and skills training for the private sector, and privatization of larger firms. Economic sustainability will depend on completion of the mass privatization of SMEs and larger enterprises, capital markets development, housing, land use development, and the quality of urban and infrastructure services. In addition, advisors from the Department of the

Treasury will continue developing and implementing a banking reform strategy. Issues related to the status of the state commercial banks must also be resolved. One or more new private banks should be opened.

The Administration announced its intention to seek funding for the South Balkan Development Initiative (SBDI). This project would promote construction of East-West transportation upgrades in Albania, Bulgaria, and the Former Yugoslav Republic of Macedonia (FYROM).

Building Democracy:

Albania is steadily moving forward from being a radically isolated society to one that is more open and democratic, characterized by rule of law, respect for human rights, judiciary independence, and free access to information and ideas. Since the parliamentary elections of March 1992, Albania has held local elections, two district by-elections and one national referendum. While irregularities were noted during each of these, the results of the votes as accurate reflections of the popular will have never been an issue. There has been a surge in formal and informal associations, with over 300 new organizations now registered with the government. The Government has also passed local government legislation and has begun decentralizing decision-making authorities.

NGO Development: In July 1995, the Democracy Network project began to support the Albanian NGO community. The project is encouraging the development and institutional strengthening of public policy-oriented NGOs involved in four priority sectors: democracy, the environment, economic growth, and social safety nets. An assessment of the problems facing the local NGO community has been completed, and an operations manual for implementation of a grant awards program has been published.

Media: USAID has supported the development of an independent media primarily through small grants provided by the German Marshall Fund and through direct grant activities of USIS.

Elections and Political Party Development: The National Democratic Institute (NDI) has worked closely with the Society for Democratic Culture (SDC) to oversee election activities, recruit and train election monitors, and encourage citizen participation. NDI and SDC are refining a comprehensive plan to include voter education, public opinion polling, monitoring, and a parallel vote tabulation for the 1996 parliamentary elections. The International Republican Institute (IRI) has worked to build more effective and representational political parties and to strengthen parliament as an independent legislative body. IRI has also provided training in party organization and civic participation to potential women political leaders.

Legal Framework: USAID is concentrating in four areas: (1) Judicial -- a program to

create the Albanian Association of Judges as a respected representative of the country's judges and the development of a judicial training program. (2) Legal -- a governing statute for the bar associations; establishment of the Women's Legal Group as a women's rights advocacy group and a women's bar association; and the development of a code of legal ethics. (3) Legal Education -- the development, publication and distribution of professional journals; establishment of a publicly-accessible law library; and the founding of a law journal at the University of Tirana law faculty. (4) Commercial Law -- creation of continuing education courses; preparation of a handbook on women's legal and commercial rights; and assistance in drafting and reviewing the body of new commercial laws.

Next Steps: A new Public Administration activity will focus on local municipalities fostering economic development, improved public management capacity, and training of local government officials. USAID will continue supporting activities to improve services and implement a land management and housing development plan for Tirana. Increasing the number and strength of Albanian NGOs will occur in FY 96. USIS will begin a new program to open information avenues by helping a spectrum of media organizations to become self-sufficient. A USIS grant will also support the project to strengthen media managers' abilities to cope with the business challenges of a free market economy.

The planned new Law and Democracy program is to concentrate on: disseminating to all courts the body of laws, codes, regulations and judicial decisions; a continuing legal education program for judges, attorneys, prosecutors, and investigators; revamping court system administration; reforming criminal justice procedures; and improving law enforcement training approaches.

For the 1996 elections, NDI and SDC will carry out a second pre-election assessment mission, implement a voter-education campaign, and field a monitoring presence. IRI will strengthen campaign and communication skills of the political parties.

Improving the Quality of Life/Social Sector Restructuring:

Health Reform: Access to primary health facilities declined due to the closure of many rural health and maternity clinics. Privatization of dentistry and pharmacies helped spur the increase of services and medicines. The number of private physicians has increased slowly, with fewer than 2% taking private licenses.

Training: USAID is emphasizing the development of marketable skills. In 1995, 214 Albanians received short-term U.S. training in areas including business planning and management, teacher and entrepreneurial training and environmental protection. USIA provided academic training in the U.S. and exchange visits to Albania for university professors.

Hospital Partnership and Health Management: The Jacobi Hospital (Bronx, New

York) established a partnership with the University Hospital of Tirana, the Maternity Hospital and the Central Trauma Hospital. The focus is on emergency medical services, health administration and management, and women's health. In addition, health care managers have acquired the skills needed to operate more efficiently in national and local level facilities. The Durres Hospital and the University Hospital of Tirana have served as models in demonstrating improved hospital operations.

Natural Resources Management: In collaboration with the Peace Corps and the World Bank, USAID is assisting the Albanian Forestry Directorate in developing policies which will encourage private forestry and village management of forest and pasture lands. The project is working with farmers and communes to encourage tree planting and pasture management. Over 50,000 forest and fruit tree seedlings have been purchased.

Next Steps: The Jacobi Hospital will accelerate its program of exchange visits and training in order to improve health care delivery at the three Tirana hospitals. Financial management advisors will reform hospital payment systems and will seek to develop sustainable health insurance mechanisms. A new partnership in health management education will be initiated between the University of Tirana and New York University.

In the natural resource sector, we expect approval of the laws and procedures for leasing state forest land to communities for private forestry enterprises in 1996.

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U.S. ASSISTANCE TO ALBANIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$101,584**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800017	Political Process	785
1800019	Democratic Governance and Public Administration	976
1800020	Rule of Law	830
Democratic Pluralism		
1800021	Political and Social Process	3,434
1800022	Independent Media	3,358
	Subtotal:	**$9,384**
	as % of Total:	**9.2%**

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	2,249
1800023	Technical Assistance to Enterprises	3,824
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	1,798
1800027	Business Services	4,482
Investment and Trade		
1800010	Enterprise Funds	7,800
1800028	American Business & Private Sector Dev. Initiative	200
1800047	Removing Impediments to Trade Enhancement (RITE)	30
Human Resources		
1800002	Human Resources Program	2,237
1800029	Management Training & Market Economics Education	2,468
1800045	Participant Training	1,931
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	9,317
Agriculture Sector Programs		
1800046	Agriculture Development Program - Albania	18,756
1800049	Restructuring Albania Agriculture	19,400

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	Subtotal:	**$74,491**
	as % of Total:	**73.3%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid		
1800016	Humanitarian Emergency Medical Supply	1,678
1800032	Non Governmental Organizations (NGO) Dev. Project	4,738
Employment and the Social Safety Net		
1800033	Labor Market Transition (DOL)	116
Housing		
1800034	Housing Sector Assistance	2,418
Health		
1800037	Partnerships in Health Care	2,546
1800038	Promotion of Private Health Markets	1,765
Environment		
1800004	Environmental Initiatives	90
1800039	Improved Public Sector Environmental Services	2,371
	Subtotal:	**$15,723**
	as % of Total:	**15.5%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	179
180632A	Transfers To Other US Agiencies	825
9260071	Training Eval. & Support Services	3
9363048	Service Expansion & Tech. Support	800
9365556	Forest Resources Management (FRM II)	179
	Subtotal:	**$1,986**
	as % of Total:	**2.0%**

BOSNIA-HERZEGOVINA

Economic Developments:

With the advent of peace, Bosnia will begin the difficult process of rebuilding an economy shattered by almost four years of war. Throughout 1995, Bosnia-Herzegovina remained a war zone with very little economic activity beyond smuggling and distribution of humanitarian supplies. Embassy Sarajevo estimates place the remaining industrial activity, which primarily supported the war effort, at 5% of the 1991 level.

Bosnia-Herzegovina receives its natural gas by pipeline from Russia via Hungary and Serbia. After being cut by the Bosnian Serbs, gas supplies were restored to Sarajevo in September 1995. The situation remains unstable, however, due to maintenance problems and war damage. Electric energy supplies for greater Sarajevo fell from a pre-war level of 250 MW to about 50 MW in 1995. Inadequate maintenance often results in power outages, especially when the weight of heavy winter snows snaps power lines in outlying areas.

Bad weather, fighting, and Bosnian Serb blockades often blocked supply lines into Bosnia-Herzegovina, Sarajevo, and the eastern enclave of Gorazde during 1995. Sarajevo remained under siege for most of the year and continues periodically to experience shortages of electricity and fuel due to the harsh winter weather. Humanitarian aid has been insufficient to meet full requirements. During most of the year Bosnian Serb sniper activity regularly halted use of the Sarajevo airport, effectively closing it. In the winter months, when the need is greatest, land supply routes become impassable and airports often close.

With the advent of peace, the economic outlook for Bosnia-Herzegovina is, nonetheless, hopeful. Four years of war decimated the nation's infrastructure and a large part of the most productive segment of society has been dislocated or eliminated. In cooperation with the NATO-led Implementation Force (IFOR), to which the U.S. is the largest contributor, there will be a large international reconstruction effort led by the World Bank and the European Union. This effort, to which the U.S. will also contribute money and guidance, will seek to rebuild important parts of Bosnia's infrastructure. It will take considerable international and self-help over several years for Bosnia-Herzegovina to recover from the current crisis, but the process is underway.

Prior to the December 20-21, 1995, Mini Donors Conference in Brussels, the World Bank and the IMF completed a priority financial needs assessment for Bosnia-Herzegovina that serves as a blueprint for the international community's assistance. The study, based on the work of several IMF/WB missions from May to November, indicated that the total of Bosnia's priority reconstruction needs is $5.1 billion over the next three to four years. Of this amount, approximately $2.1 billion will be met by international financial institutions. The remaining $3 billion will come from donors on a bilateral basis.

At the December Mini-Donors Conference, the USG pledged $62.7 million for Bosnia reconstruction for the first quarter of FY 96. The 28 states and seven international financial institutions and NGOs which attended pledged approximately $600 million for new and on-going programs for Bosnia for the first quarter of FY 96. This included $306 million pledged by European Union member states and institutions. A multi-year donors conference will take place in April.

Political Developments:

The Dayton Peace Agreement negotiated under U.S. leadership in November 1995 ended almost four years of devastating conflict between the Bosnian government and breakaway Serbs. The coming year should result in significant progress towards greater political freedom in Bosnia and Herzegovina.

However, Bosnia was under wartime conditions for almost all of 1995. At one point over 70% of its territory was under Serb occupation. In spite of such a direct threat to its continued viability, Bosnia continued to take steps in support of wider political freedom and the implementation of democratic principles.

The most significant political development in 1995 was the signing of a Peace Agreement ending the war. The constitution, approved under the agreement, stipulates that Bosnia and Herzegovina shall consist of two entities, the Federation of Bosnia and Herzegovina and the Republika Srpska. In the agreement, the Bosnian Federation and the Bosnian Serb entity pledged to take a number of steps that will lay the foundation for the growth of democratic institutions. These include:

-- The adoption of a constitution that guarantees respect for international human rights standards;

-- Free and fair elections throughout the country and for all levels of government;

-- The establishment of a Commission on Human Rights;

-- The establishment of a Commission for Displaced Persons and Refugees;

-- Complete cooperation with the International War Crimes Tribunal; and

-- An International Police Task Force to monitor and advise local police authorities.

In addition, during 1995 the Croat/Muslim Federation of Bosnia and Herzegovina continued to develop as a model for inter-ethnic cooperation. In November, the Croats and Muslims reached agreement on a plan to fully implement the Federation. Like the constitution for

Bosnia and Herzegovina adopted in Dayton, the Federation constitution guarantees the right to a fair trial, freedom from discrimination, rights of privacy, rights to property, freedom of speech, and freedom to change governments.

The peace plan agreed to in Dayton was based on the "Contact Group" plan, drawn up in June and July 1994 by the U.S., Britain, France, Germany and Russia. Under the plan, the Federation retained control of 51 percent of the Republic's territory, with Bosnian Serbs holding the balance.

While democratic values, with a few exceptions, remained generally intact in areas under Federation control, that part of Bosnia under the control of Bosnian Serb leader Radovan Karadzic's "Serb Republic" continued to suffer an oppressive, dictatorial regime with little or no adherence to democratic principles. Prior to Dayton, its hallmark was "ethnic cleansing" against non-Serbs to harass, intimidate and ultimately eliminate Bosnians not affiliated with it. Under the new constitution for Bosnia and Herzegovina, no person who is under indictment by the International Tribunal for the Former Yugoslavia, and who has failed to comply with an order to appear before the Tribunal, may stand as a candidate or hold public office.

Previous reports have emphasized that real progress towards the values called for in the SEED Act would not come until there was peace in Bosnia. Peace has now come and there can be confidence that those values will grow despite the wrenching war that has left nearly 250,000 dead. The initial phase of peace implementation, including the establishment of zones of separation, are encouraging for the development of a peaceful and democratic Bosnia.

Political-Military Cooperation:

Due to the arms embargo, there was no political-military cooperation between the U.S. and Bosnia. Now, however, the United States will take a leadership role in coordinating an international effort to ensure that the Bosnian Federation receives the assistance necessary to achieve an adequate military balance when IFOR leaves. Although there will be no direct U.S. military involvement in this effort, some individual military officers in OSD, DSAA or other agencies may have a role in planning and coordination. Bosnians may also be invited to participate in U.S. programs such as IMET.

SEED ASSISTANCE SUMMARY

Program Overview

The tragic deprivation and destruction in former Yugoslavia elicited a generous American response, and approximately $1 billion in non-SEED, USG humanitarian assistance was spent to

ease the suffering and prevent mass starvation. However, as selected areas of Bosnia were able to absorb modest reconstruction and reform programs, SEED funds were identified for Bosnia.

In 1994, $10 million in SEED funds were earmarked for Sarajevo to honor commitments made by President Clinton and Prime Minister Major to begin rebuilding the city. Upon the creation of the Federation of Bosnia-Herzegovina, the United States began programs intended to deepen the role and effectiveness of this newly formed government made up of Bosniacs and Croats. To this end, nearly $18.8 million in 1995 SEED funds were set aside for Bosnia.

The signing of the Peace Agreement in Paris on December 14, 1995, confers on the international community a responsibility to rebuild wartorn Bosnia and creates an opportunity to engender economic and democratic incentives for maintaining peace once IFOR leaves the country. Other donors, particularly the European Union and the OIC, are expected to assume the greatest financial burden for rebuilding Bosnia, but the U.S. will remain a leading presence in setting the course for sound reconstruction policies. For two years, USAID was the only bilateral donor with an active presence in Bosnia-Herzegovina. USAID's extensive humanitarian assistance involvement gives it an appreciation of local conditions, leaders, and realities.

The USG seeks a stable post-war Bosnia and Herzegovina with strong Federation institutions, a functioning free-market economy and democratic government. It is imperative that people quickly see the benefits of economic growth and reconstruction and feel they have participated in democracy building to cement the peace process. To accomplish these objectives, USAID envisions a non-permanent mission in-country with three years of reconstruction funding and closeout by the beginning of the 21st century.

Program Impact

Sarajevo Reconstruction Program: Use of 1994 SEED funds totaling $10 million represented an early attempt to ease some of the most ravaging effects of war in Sarajevo. Most notably, SEED funded the repair of 23 boiler houses for the emergency restoration of Sarajevo's central heating system and the replacement of dangerous makeshift gas connections. Therefore, SEED funds will ultimately provide a source of heat to as many as 132,000 of Sarajevo's residents. To further address the physical destruction, a contribution was made to the U.N. Trust Fund which surveyed and repaired utilities. Funds were also used to provide pharmaceutical and medical supplies to hospitals in Sarajevo as well as Tuzla and Mostar.

SEED funds also met other types of emergency needs, and laid the foundations for potential post-peace programs. Thus, USAID financed NGO programs which promote the recovery of refugees and host communities from trauma, displacement and loss resulting from the war, and the repair of the Mount Igman road enabling commercial and humanitarian traffic to enter the then-closed city of Sarajevo. SEED funds were also used for the following: sponsorship of a privatization seminar for key Federation government and business officials; and

the development of two pilot courses at the University of Sarajevo to teach entrepreneurs basic business skills and provide consultation services to small businesses.

Support for the Federation of Bosnia-Herzegovina: Following the 1994 Washington Agreement, FY 95 SEED assistance sought to consolidate the role of the newly formed Federation while simultaneously addressing critical issues affecting those parts of the country just beginning to emerge from war. Largely in central Bosnia, SEED funds were used to have the dual effect of performing small-scale infrastructure repairs while using selection, planning and execution of such repairs to improve communication among neighboring ethnic groups. NGOs in this project have used SEED funds to repair war damaged homes, apartment buildings, community centers, schools, hospitals, and marketplaces. Roads traversing Croat and Bosnian communities have also been repaired. In addition, nearly fifty Federation and local government officials, small businessmen, legal sector representatives, and public utilities experts were sent to the U.S. for training under the 1995 Participant Training project.

SEED funds were used to create the office of the Federation Arbitrator, Roberts Owen. This office arbitrated disputes on the ground between Bosnian and Croat officials seeking to resolve differences that might otherwise have had the unintended effect of sparking greater conflict. His decisions have facilitated the seating of new cantonal authorities and have rationalized, in some measure, an erratic and often punitive customs collection system.

A number of programs were started to underscore early Federation experiments with democratic institutions and governance. SEED funds supported the independent broadcast and print media and offered technical assistance and training to professional journalists so that an independent media might emerge throughout post-war Bosnia. Training and technical assistance was also provided to the newly created Constitutional Court and expertise was contributed during the drafting of the Constitution itself. Additions to law libraries and a sister school relationship between Sarajevo and American law schools were also funded. USAID has funded indigenous NGOs to provide services directly to disenfranchised populations and to create an environment where NGOs might become more readily accepted.

The Federation Constitution established a new cantonal system of governance, which had the effect of altering municipal, cantonal and federal relationships. In selected jurisdictions city management experts will become resident advisors in such areas as financial management, procurement and budgeting. The concept is to allow greater transparency in federal/canton/municipality relationships and to set precedents for sound governance in a still emerging system.

Finally, SEED funds helped establish a pre-membership trust fund within the World Bank to permit a thorough assessment of reconstruction and economic stabilization needs in post-war Bosnia. These assessments have become the blueprint for donor coordination efforts to date.

Next Steps: The most important economic task facing Bosnia and Herzegovina is the

reactivation of productive capacity, creating jobs and income, so that people can rebuild their lives and communities. Bosnia and Herzegovina faces a severe balance of payments deficit given the need to import most of the goods and services required for reconstruction. A substantial portion of USAID resources will start bridging this balance of payments gap to help ensure compliance with a structural adjustment program supported by international financial institutions.

Through a Municipal Infrastructure and Service initiative, grant financing will be made available to participating cantons and municipalities primarily in the U.S. military sector as well as in Sarajevo for urgent local infrastructure repairs and the restoration of essential services, such as electric power and water supply. The effort will emphasize attracting local citizens back to their homes and generating immediate employment and income. Federation officials and community leaders will participate in activity selection to assure the best investments. Stimulating economic activity will support a rapid return to normalcy and serve as a visible sign of U.S. commitment to the reconstruction effort to Bosnia and Herzegovina's citizens. Reconstruction of housing will also be a key element. USAID's pioneering work in housing finance should help guide as well as spur donor investment in this sector.

In FY 96, a Reconstruction Finance program will provide quick disbursing loans through commercial banks to small and medium private enterprises capable of importing, make available short term working capital, and finance medium-term capital investment. A network of U.S. technical assistance and expertise will be made available to improve credit evaluation procedures and train the future cadre of bankers. The feasibility of adding a small business lending component is under review. The Reconstruction Finance project will also supplement the World Bank's $45 million emergency line of credit to Bosnia.

In close collaboration with the IMF and the World Bank, the USG will provide technical assistance to new Federation institutions helping address critical fiscal and monetary policy issues. In a cooperative program, the Department of the Treasury and USAID will provide assistance in budget and expenditure management, payments systems, and tax policy and administration. USAID will provide assistance in the field of customs administration. Technical assistance in the banking sector will focus on supervision, asset restructuring and privatization. Assistance to enterprises will concentrate on privatization and enterprise debt. In the legal area, USAID will help develop the legal and regulatory framework needed for basic economic and commercial relations.

USAID and the U.S. Trade Development Agency have identified several promising projects where U.S. expertise can help accelerate international financial institutions' lending, U.S. exports, and private investment, thereby creating jobs in both Bosnia and Herzegovina and in the U.S. Donor coordination and consultations will ensure that specific projects undertaken at the local level complement the larger infrastructure projects undertaken by multilateral lenders.

USAID will focus on strengthening intergovernmental relations by linking municipalities and cantons to the Federation through a finance system. USAID's technical advisors will also

build the capacity of cantons and municipalities to manage their budgets and delivery services to fostering an environment for economic development and transparent governance.

Developing strong democracy and enduring Federation institutions are key elements to building a peaceful, just and multi-ethnic society in post-war Bosnia-Herzegovina. USAID assistance will concentrate on developing a commercially-viable, professional, and independent media to guarantee citizen access to information, serve as an open forum for alternative views and opinions, and help overcome the extremism, polarity, and ethnic nature of the current political system. In the pre-election period, USIA will provide training for journalists in electoral reporting techniques and provide small grants to local media, resulting in independent election-related information for voters. USAID is also exploring opportunities to create the necessary environment to broaden opportunities for a variety of candidates to participate fully and freely in elections and in the political system as a whole.

A professional and ethnically neutral judicial system is one of the essential building blocks of democracy. USAID will assist in developing rule of law principles and a system of judicial administration. This will complement international assistance for the maintenance of a civil police force, critical for ensuring the safety and security of Bosnian citizens, including displaced persons returning to their homes.

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PMIS Report

U.S. ASSISTANCE TO BOSNIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

		Obligation Amount SAI/ESF/DA:
		$34,500

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800019	Democratic Governance and Public Administration	34
1800020	Rule of Law	171
Democratic Pluralism		
1800021	Political and Social Process	100
	Subtotal:	**$305**
	as % of Total:	**0.9%**

B. ECONOMIC RESTRUCTURING

Human Resources		
1800045	Participant Training	468
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	350
Energy Efficiency		
1800030	Regional Energy Efficiency	25
	Subtotal:	**$843**
	as % of Total:	**2.4%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid		
1800016	Humanitarian Emergency Medical Supply	7,020
1800032	Non Governmental Organizations (NGO) Dev. Project	1,678
1800054	Bosnia Emergency Rehabilitation	17,973

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	Subtotal:	**$26,671**
	as % of Total:	**77.3%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	478
180632A	Transfers To Other US Agiencies	950
180TRAN	Transfer To Other Bureaus	5,000
9260071	Training Eval. & Support Services	2
9363057	Central Contraceptive Procurement	250
	Subtotal:	**$6,680**
	as % of Total:	**19.4%**

BULGARIA

Economic Developments:

The shift in Bulgaria's economic policy since the fall of communism in 1989 has been dramatic, but reform has not moved forward smoothly. Economic reform has advanced in stages, influenced by a shifting mix of internal and external political factors and buffeted by several sharp trade shocks. While macroeconomic stabilization has largely been achieved, structural transformation has proven far more difficult. The rapid pace of the early stages of Bulgarian economic reform (1991 to mid-1992) received high marks from the IMF, but the political paralysis that followed the fall of the UDF government in late 1992 slowed progress considerably. Following years of decline, real GDP rose slightly in 1994 (1.4 percent), with the 1995 figure estimated at 2.5 percent.

In April 1994, Bulgaria rescheduled its 1993 and 1994 maturities with the Paris Club (official creditors). In June of that year, it restructured $8.1 billion in commercial (London Club) debt, resulting in a 47 percent reduction. Bulgaria received $334 million from the International Monetary Fund (IMF) in 1994 as a result of a stand-by agreement, but agreement has not been reached in 1995 on the terms of a fourth stand-by arrangement. There will be a mounting need for Bulgaria to reach agreement as external debt servicing payments rise sharply beginning in 1996.

Trade liberalization measures included the elimination of import quotas, except for a few items. Export quotas were largely abandoned, and most export taxes were eliminated (an export tax on agricultural products was implemented in December 1994). While the tariff regime has been simplified and harmonized with international standards, the harmonization had the effect of raising average tariff levels. The Government also negotiated an Association Agreement in 1992 with the EU which went into effect in early 1994. Bulgaria's strong desire for EU membership will in the long term determine the direction of its remaining economic reforms.

The Constitution adopted in mid-1991 established the right to private property, and sanctioned economic initiative by private agents. The Agricultural Land Law of 1991 established the legal foundation for the return of agricultural land to private hands, although implementation has proven difficult. Controversial amendments to the Land Law in 1995 threatened to delay the break-up of state-owned farms further, but many provisions were struck down by the Constitutional Court. Other measures promoting private enterprise include the 1992 law on privatization, a revised commercial code, and laws on competition, accounting, banking, land reform and foreign investment. The enactment of an up-to-date Bankruptcy Law in 1994 was an important step in bringing Bulgaria's commercial environment up to international standards.

The Videnov government has pushed forward with a mass privatization program, patterned on the Czech voucher system. The program was close to implementation in December

1995. To date, market privatization has stagnated, although the government has developed an ambitious plan to accelerate the process. The government program calls for the privatization of 618 enterprises (20 percent) by the end of 1995; only 110 transactions were completed by mid-year.

On the bright side, the grassroots private sector has been steadily expanding. Some estimates put the private sector's contribution at 25% and 30% of GDP. EBRD estimates put the contribution at 45%. As elsewhere in the region, the private sector consists largely of reclaimed urban shops, small-scale traders, and a growing amount of privately-held farmland.

Tax administration and tax proceedings laws and the Value-Added-Tax (VAT) were passed under the Berov government in 1993. The VAT was successfully implemented in April 1994 and has produced better-than-expected results.

Added to the impact of reform measures on the Bulgarian economy has been the heavy cost of complying with recently-suspended UN sanctions against Serbia and Montenegro. Much of the disruption caused by the sanctions hit Bulgaria's export trade with Western Europe, most of which formerly transited Yugoslavia and had to be rerouted via costly alternative routes.

Bulgaria received MFN status and GSP privileges in 1991, and a Bilateral Investment Treaty (BIT) went into force in 1994. The U.S. Government has recommended to Congress Bulgaria's full "graduation" from Jackson-Vanik requirements.

Political Developments:

Six years after the overthrow of Communist dictator Todor Zhivkov, Bulgaria is a constitutional republic ruled by a democratically elected government. Bulgaria elected the former-communist Bulgarian Socialist Party (BSP) to an absolute majority in Parliament in December 1994. Prime Minister Zhan Videnov has headed an all-BSP government since its formation in January 1995. Bulgaria's president is Zhelyu Zhelev, former chairman of the anti-communist Union of Democratic Forces (UDF), who was elected in January 1992 to a five-year term in the country's first direct presidential elections. Despite continuing concerns about the treatment of members of minorities, we believe Bulgaria has instituted democratic practices.

From November 1991 to 1992, under a UDF-led government, the National Assembly enacted over 200 basic reform laws and resolutions, ranging from privatization and property restitution to new statutes on foreign investment, banking, labor, and the confiscation of totalitarian property. Progress on democratic and market reforms was slow under the non-party Berov government that followed, due to stiff opposition from hard-line elements of both the UDF and BSP, combined with the collapse of the state sector of the economy and exogenous shocks brought on by the loss of traditional markets and imposition of U.N. sanctions against Serbia and

Montenegro.

The BSP won 44 percent of the popular vote in December 1994 national elections, which gave it a slim majority of the parliamentary seats under Bulgaria's proportional voting system. Since assuming power, the BSP-led government has had mixed success on economic reform and continues to clash with President Zhelev on foreign policy.

Despite a constitutional prohibition against political parties based on race, religion, or ethnicity (and legal challenges based on this provision), the mainly ethnic Turkish Movement for Rights and Freedoms (MRF) has functioned freely as a major force in Bulgarian politics, and was unhindered in the December 1994 elections. However, in 1990, the courts denied registration to a small group of militant, self-described Macedonian nationalists, known as "Ilinden-UMO," on the grounds that it advocated breaking up the Bulgarian state; Ilinden-UMO's appeal was denied in 1991. Also in 1991, the ethnically based Roma Union, dedicated to protecting the rights of Gypsies, was denied registration as a political party. The stated aim of the constitutional prohibition described above is to forestall the kind of ethnic and religious conflicts to which the Balkan countries are especially prone. Its effect, however, is to limit the rights of minority groups to form associations which they believe would enable them to participate more meaningfully in the political process. Other ethnic organizations with non-political aims were registered with the courts.

The constitutional right to participate in trade unions was freely exercised in 1995, with no impediment from the Videnov government.

The Government generally respected freedom of speech, press, association, assembly, and travel, but xenophobia, nationalism, and anti-ethnic expression remain serious problems. Government actions and public intolerance significantly interfered with the activities of non-Eastern Orthodox religious groups. Police are not sufficiently accountable to parliament and to society, and the resultant climate of impunity is a major obstacle to ending police abuses.

Political-Military Cooperation:

U.S. relations with Bulgaria improved dramatically with the fall of the Zhivkov regime in 1989, and major strides were taken towards full normalization of political and trade ties, paralleling Bulgaria's democratic and free-market reforms.

Bulgaria was the eighth country in Central Europe to join the Partnership for Peace (PFP), and the fourth to submit a PFP Presentation Document. The Bulgarian Socialist Party-led government, in office since January 1995, has adopted a nuanced position toward the question of eventual NATO membership, in deference to Russian concerns and the views of many party members. The Videnov government continues to support active participation in PFP despite these concerns, having reaffirmed a commitment to increase cooperation with NATO and the

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WEU in order to be eligible for membership when those organizations decide to enlarge. The GOB stopped short of pledging that it will apply for NATO membership at that time, however. President Zhelev remains a vocal proponent of NATO membership for Bulgaria. Public opinion in Bulgaria is fairly equally divided for and against membership in the Alliance.

Bulgaria maintains regular contacts with NATO and Western military structures. These contacts include numerous ship visits by U.S. and NATO vessels and a visit by Secretary of Defense Perry to Sofia in 1994. In 1994 and 1995, Bulgaria hosted joint naval exercises within the PFP framework, including vessels from many Black Sea countries and the U.S. Bulgarian troops participated in the 1995 "Cooperative Nugget" exercise held in Louisiana. Bulgaria signed the NATO PFP SOFA in October 1995 (currently awaiting parliamentary approval). The Videnov government maintains an interest in NATO expansion issues and requested a briefing team visit on the expansion study results in October 1995.

SEED ASSISTANCE SUMMARY

Program Overview

The USG program of SEED assistance attempts to support and accelerate the transition process in Bulgaria. During the early years of post-Communist Bulgaria, and particularly from late-1990 until mid-1992, a number of political and democratic reforms were undertaken. The USG, along with other donors, helped the Government of Bulgaria (GOB) establish the underpinnings of a free market economy through liberalized pricing structures, expanded trade measures, right to private property, land restitution and liberal laws on privatization, and a legal framework for competition and foreign investment. Over 200 basic reform laws and resolutions were enacted between 1991-1992.

However, since 1992 reform has slowed in critical economic restructuring areas, e.g., public services pricing (especially energy and health), industrial and agricultural privatization, and the banking sector, leading to a re-evaluation of the USG program thrust. The central government's commitment to increase the reform pace has been unclear in a number of areas, although the most recent government (Bulgarian Socialist Party or BSP), has demonstrated renewed commitment to mass privatization and social reform. To help optimize the impact of our assistance, the USG has increasingly targeted assistance to local level partners such as reform-minded municipalities and non-governmental groups, while continuing to support reform at the central level when the prospects are promising.

The SEED assistance program in Bulgaria:

* **Encourages the appropriate legal and regulatory framework** by assisting in the implementation of the bankruptcy law, improving tax administration practices, developing an

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electricity tariff structure, and helping with the framework and implementation of municipal and mass privatization;

* **Supports the growth of a free market economy** by providing loans, technical assistance and training to private sector enterprises and business associations, with an emphasis on high potential small and medium enterprises;

* **Strengthens local government** to make it effective, responsive and accountable to citizens through programs like the Local Government Initiative (LGI);

* **Works to increase public participation** by strengthening the capacity of NGOs, independent media and political processes;

* **Helps to improve the sustainability of social benefits and services** by assisting the Ministry of Labor and Social Welfare.

The USG has contributed nearly $177 million in SEED assistance to Bulgaria through FY 95. Of that, almost $38 million was provided in FY 95.

Program Impact

Economic Growth:

After steep declines in the early 1990s, Bulgaria's economy appears to be rebounding, with 2.5% growth forecast for 1995 and with the inflation rate reduction from 122% at the end of 1994 to its current rate of 35%. The BSP government has continued to recognize the importance of maintaining a fairly open international trade regime. Training for GATT/WTO provided by the U.S. Department of Commerce, helped to facilitate this policy. The liberalized exchange rate has encouraged a slow, steady growth of exports to the point where Bulgaria in 1995 realized its first trade surplus since the 1989 revolution. USAID technical assistance to implement modern tax systems, protect intellectual property rights, rationalize import licensing, develop a grain policy, and introduce foreign investment laws have all contributed to this trade opening.

Private Sector Gains: The internal transition to a market economy has been marked by fits and starts. The private sector now contributes more than 45% to the GDP according to EBRD estimates. USAID's program has supported measures to facilitate property and small business ownership. SEED-funded assistance to help Bulgaria develop a market-oriented economy and a legal and regulatory framework conducive to broad based competition and private sector growth has focused on six basic issues: (1) developing the framework for mass privatization of government owned enterprises, (2) developing market-based energy pricing, (3) promoting bank restructuring and privatization, (4) supporting the application of modern tax laws, (5) encouraging the reorganization or bankruptcy of non-viable enterprises, and (6) assisting in

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the identification and development of financing procedures for environmental initiatives.

Privatization: USG assistance has been critical to the preparation of the Mass Privatization Program, helping the Center for Mass Privatization formulate its procedures and generate a list of over a thousand approved candidate companies. USAID supported the development and implementation of municipal privatization procedures for 22 localities throughout Bulgaria resulting in 487 properties now in private hands, raising US $22.8 million for the municipalities. These procedures have also been adopted by other municipalities.

Market Reforms: The USG has encouraged the GOB to decrease government subsidies. Cooperating with the World Bank and EBRD, USAID helped encourage the GOB to raise energy prices towards interim target levels recommended by the IBRD. USAID and the U.S. Department of the Treasury have helped the government address basic issues in bank restructuring, training, privatization and supervision. Tax reform was a bright spot, when Bulgaria launched a value added tax in April 1994, thereby improving the efficiency and accuracy of revenue collection. U.S. advisors have helped implement one of the region's best bankruptcy laws, a key to restructuring and privatization.

Private Enterprise Development: The SEED program seeks to help private firms with the potential to grow and compete. Funding to the Bulgarian American Enterprise Fund and CARESBAC helps meet some needs of the private sector for investment funds until important structural issues of the financial sector can be addressed. These programs have already approved about 450 investments totaling nearly $21 million to date, and have created hundreds of new jobs. SEED assistance supports efforts to train entrepreneurs on how to operate in a competitive environment. USAID has helped form industry associations in the agricultural sector to help members improve product lines, expand exports and generally become more competitive. Noteworthy efforts include Land O'Lakes support of a 5,000-member Milk Producer's Association and the VOCA/ACDI help in founding associations both for meat processors and flour millers. The program has also supported development of professional associations for business evaluators, real estate brokers, and private builders.

SEED assistance has helped some larger companies to become better employers and corporate citizens, as well as to increase competitiveness, through the World Environment Council's waste minimization program. The program has demonstrated to selected chemical firms how to apply recycling and waste prevention techniques through close cooperation with factory workforces, reducing costs and pollution and providing direction to post-Communist production management. For example, one of Bulgaria's largest employers with over 10,000 workers reduced air emissions by 200 tons/year, a $50,000 savings per year.

Next Steps: The Bulgarian economy is still far from reaching its potential. Last year, poor credit management and pricing policies resulted in Bulgaria falling out of compliance with World Bank and IMF macroeconomic agreements. Key laws related to finance and banking, the environment, non-governmental organizations and social programs have still not been passed by

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the GOB. Market privatization and investment continue to be hampered by bureaucratic lethargy or opposition. However, progress is being made. The USG will continue to work with individuals and organizations in Bulgaria committed to reform to accelerate the transformation process. The Bulgarian economy is expected to benefit from the South Balkan Development Initiative (SBDI) which would improve transportation links between Bulgaria, Albania, and FYROM. The U.S. will ask funds to help promote realization of the project.

Democratic Development:

The USG's programs encourage popular participation in decision making and strengthening local government by becoming more responsive to its citizens.

Local Government: Many mayors have devised innovative approaches to address local constraints. To build upon this progress, USAID launched the Local Government Initiative (LGI) in 1995 to focus upon ten change-oriented municipalities, in order to concentrate assistance for strengthening both the capacity and accountability of local governments. The LGI has given municipalities opportunities to test concepts, such as new means of financing city services, working with NGOs to involve the local citizenry, and developing new approaches to manage municipal utilities and services. USAID aims to create a coordinated assistance model which can be replicated once its effectiveness has been demonstrated. For example, the city and the region of Stara Zagora programs include establishment of an Economic Development Agency with the local Chamber of Commerce, environmental awareness building through voluntary organizations, new methods of financing, conversion of heating plants and facilities from high-polluting fuel to natural gas, municipal privatization, an innovative housing program, and improved administrative and financial systems.

The LGI has stimulated the formation of a coalition of innovative mayors taking the first steps at creating a unified voice for local government. Parliament incorporated the coalition's inputs related to revenue sharing into amendments to the local government law. The coalition, with donor support, is building local capacity through training and technical assistance. The mayors who had received USG assistance over the past three years have learned to use the courts, media, and associations to take their issues to the public and central government. Newly elected mayors, largely BSP, have indicated their commitment to the program and are actively participating. Currently, the ten LGI municipalities are refining municipal development plans and, under a competitive grants program, are starting quick-impact projects to improve responsiveness to citizens. Through another component, municipalities developed public/private partnerships promoting private housing, resulting in over 300 new housing units valued at over $9 million.

Civic Participation: Through programs implemented by the National Democratic Institute (NDI) and the International Republican Institute (IRI), USAID seeks to promote free and fair elections, citizen involvement, and political accountability and transparency. The principal local counterpart of NDI, the Bulgarian Association for Fair Elections and Civil Rights

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(BAFECR), has become a model election-monitoring organization and is assisting similar organizations in Central Europe and the world; it also focuses on increasing citizens' awareness of the democratic process and on empowering local leaders through a direct linkage to the LGI program. A new Democracy Network program focuses on strengthening NGOs as building blocks of civil society, and a new independent media program promises to begin the difficult task of improving media standards.

Political and Legislative Processes: IRI teaches effective campaign strategies to local pro-democratic political organizations and promotes decentralization of some national-level party decision making. One result has been increased local involvement in candidate selection for party lists. USAID's agreement with the Library of Congress and the Congressional Research Service has increased the National Assembly's capacity to research and to share information via electronic media.

Investing in Tomorrow's Leaders: The American University in Bulgaria (AUBG), with 16 countries represented among 630 students, graduated its first class of 161 in May 1995. Offering the only American-styled liberal arts program in Central Europe, AUBG is developing young leaders throughout the region. AUBG students established the first private radio station, the first (and only) student newspaper, the first student internship program and the first university career center in Bulgaria.

Next Steps: The successful conduct of several elections and the growth of the private sector are good first steps for acceptance of democratic principles. Local government will continue to push the process of decentralization by increasing the membership and organizational capacity of municipal associations, especially strengthening their abilities to lobby the central government. Programs will upgrade local government through increasing its responsiveness to citizenry, and equally, build successful models for civic participation in promoting reform and improving the quality of municipal services. USG programs will continue to strengthen non-governmental groups, the media, as well as help the Assembly and the Courts to sustain democratic progress. The U.S., with the Soros Foundation, is developing new funding mechanisms for the American University in Bulgaria to establish a basis for the university's long-term financial sustainability.

Social Sector Restructuring/Quality of Life:

Since 1989, the dismantling of the centrally planned economy, the high rate of inflation and institutional inertia have severely undermined the living standards of the Bulgarian population. The government appears committed to changing existing practices and introducing new services, with recent legislative steps in social insurance and pending, major health and environmental laws before Parliament.

Environment and Health: The USG program has targeted high impact activities which

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build upon Bulgaria's technically strong labor force to demonstrate new ways of delivering services or perform important governmental functions. USAID has coordinated closely with the other donors which are developing larger interventions in these sectors. Health partnerships in cardiovascular treatment and in pediatric trauma, and assistance in building a new means of hospital finance, are excellent examples of the success of this approach. In the environment, the USG and the World Bank have joined forces in showing some least-cost approaches to upgrading the condition of the Danube River Basin. The GOB and USAID have undertaken programs to protect Bulgaria's great biodiversity, to determine appropriate environmental safety standards, and to improve operational safety at Bulgaria's nuclear power plant. The Harvard Institute for International Development works in an advisory capacity with the Ministry of Environment to support policies aimed at improving efficiency in resource use, minimizing waste and reducing health risks and the application of market instruments to provide both economic and environmental benefits. The major preliminary activity is the gas conversion activity in Stara Zagora.

Labor Transition: The Bulgarian Ministry of Labor and Social Welfare (MLSW) has collaborated for over four years in a program to become a proactive force in assisting Bulgaria's painful labor market transition. Working with the US Department of Labor (DOL), the MLSW has put in place nationwide comprehensive operating procedures for use by local and regional labor offices. Regional employment service offices were suggested by USDOL, and are nearly all now in place. Other programs have sought to prepare the MLSW for new responsibilities in cases of mass layoffs, and in handling the long-term unemployed. Recently, the DOL has been leading a USG effort to assist the MLSW to develop and implement a viable strategy for social insurance reform.

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U.S. ASSISTANCE TO BULGARIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

		Obligation Amount SAI/ESF/DA:
		$176,731

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003	Support of Democratic Institutions	2,568
1800017	Political Process	2,305
1800018	Local Government and Public Administration	350
1800019	Democratic Governance and Public Administration	3,117
1800020	Rule of Law	805
Democratic Pluralism		
1800021	Political and Social Process	18,710
1800022	Independent Media	1,060
	Subtotal:	**$28,914**
	as % of Total:	**16.4%**

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800044	Bulgaria (Agriculture)	10,000
Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	7,254
1800023	Technical Assistance to Enterprises	7,604
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	2,807
1800027	Business Services	6,649
1800035	Bank Training (Treasury)	2,148
Investment and Trade		
1800010	Enterprise Funds	31,100
1800028	American Business & Private Sector Dev. Initiative	2,549
1800047	Removing Impediments to Trade Enhancement (RITE)	87
Human Resources		
1800002	Human Resources Program	1,520
1800029	Management Training & Market Economics Education	7,749
1800045	Participant Training	3,852
1800052	Customs Service Training	50
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	17,245

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Energy Efficiency			
1800030	Regional Energy Efficiency		8,062
		Subtotal:	**$108,675**
		as % of Total:	**61.5%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid			
1800016	Humanitarian Emergency Medical Supply		918
1800032	Non Governmental Organizations (NGO) Dev. Project		4,381
Employment and the Social Safety Net			
1800033	Labor Market Transition (DOL)		2,437
Housing			
1800034	Housing Sector Assistance		6,749
Health			
1800037	Partnerships in Health Care		5,744
1800038	Promotion of Private Health Markets		587
Environment			
1800004	Environmental Initiatives		4,171
1800039	Improved Public Sector Environmental Services		10,613
1800041	Environmental Training		2,194
		Subtotal:	**$37,793**
		as % of Total:	**21.4%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support		726
180632A	Transfers To Other US Agiencies		600
9260071	Training Eval. & Support Services		4
9361421	AID/Peace Corps Small Project Asst		19
		Subtotal:	**$1,349**
		as % of Total:	**0.8%**

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CROATIA

Economic Developments:

In 1995, Croatia laid the foundation for substantial economic growth in the coming years. Croatia's military offensive re-gained most of the territory occupied by the Serbs and the Dayton peace plan consolidated the improvements in Croatia's security outlook. Resolution of the Eastern Slavonia region will take time, but the outlook remains hopeful.

Croatia's economy grew at an anemic 1 percent for 1995, but the prospects for 1996 are much brighter. Results of the stabilization program, introduced in 1993, have been good, paving the way for future growth. Croatia now can claim a stable exchange rate and single digit inflation. War expenditures, estimated at up to forty percent of government spending in 1995, are likely to decline dramatically in 1996, following the de-mobilization of Croatia's armed forces. The effect that 1995 defense expenditures have on the economy by fuelling inflation or crowding out resources for reconstruction and capital investment remains to be seen. Tourism, a major source of revenue for Croatia in the past, has been hard hit by the war, posting declines of over two-thirds its previous levels. Prospects are good for a resurgence of tourism in 1996.

Official and multilateral creditors have provided Croatia with much-needed assistance. The World Bank initiated its lending activity in Croatia with a $128 million emergency reconstruction loan in 1994. The Bank's country assistance strategy anticipates commitments totalling $690 million over the period 1995-98. The EBRD has approved projects totalling $230 million with another $30 million worth of projects in the pipeline. In October, 1994 the IMF approved a $190 million Special Transformation Facility and a $95 million Stand-by Arrangement for Croatia totalling 75% of its quota with the fund. Croatia is expected to seek a new Stand-by Arrangement in 1996. With stability in the region, Croatia may also be able to count on substantial inflows of private capital.

Croatia's economy supports over 400,000 refugees and displaced persons from Bosnia and Eastern Slavonia. With the advent of peace in the region, some attempt to resettle these refugees is likely.

Political Developments:

In its August 1995 military offensive, Croatia recaptured all of its Serb-occupied territories except for Eastern Slavonia. The subsequent Dayton Peace Agreement set the stage for a permanent end to the fighting in Bosnia, and Croatia simultaneously negotiated a settlement with Serbia over Eastern Slavonia. With the offensive, the Dayton Agreement, and the Eastern Slavonia settlement, Croatia's vulnerability to further outbreaks of fighting are very much reduced.

The clearest beneficiary of Croatia's military advances is President Franjo Tudjman, who wields considerable power under the Croatian constitution. The President appoints the Prime Minister and chairs the 23-member Council on Defense and National Security. He was elected to a five-year term in August 1992. The political party that he leads, the Croatian Democratic Union (HDZ) won a majority of seats in the 138-member House of Representatives in November, 1995 elections. The HDZ also won a majority in 1993 elections for the Chamber of Counties, the other house of the Sabor (Croatian Parliament), whose legislative role is more limited. A new government was named in November after multiparty elections were held for the lower house of parliament.

The Croatian legal system consists of municipal and district courts, a supreme court, and a constitutional court. In addition, a six-court military judicial system has broad jurisdiction under national security provisions, and many cases involving civilians are handled in these courts. The underfunded Croatian judiciary has made progress in adapting to a constitutional, multiparty democratic system. The judiciary remains in transition, however, and concerns persist about its vulnerability to ethnic bias and political manipulation.

Croatia's constitution is committed to human rights for all citizens. Concerns remain, however, about housing discrimination and government control of the press, and about reported human rights violations in recently "liberated" areas. Also of concern is the lack of investigation and prosecution of crimes against members of ethnic minorities. In addition, there has been little follow-up to cases of human rights violations that occurred during hostilities in Croatia in 1991 and 1995, although the Government has begun to take action in some of these cases.

Political-Military Developments:

A stable cease-fire and separation of forces were mandated in the Dayton peace accords. Compliance with the terms of Dayton has generally been good. Remaining sources of potential friction are Eastern Slavonia and the Prevlaka peninsula. Croatia's security posture has substantial improved over the last year.

The United States and Croatia signed a Memorandum of Cooperation in Defense Relations in November 1994. U.S. International Military Education and Training (IMET) programs were established in 1995. They are aimed at improving the management of Croatia's defense establishment, professionalism, democratic orientation, and civilian control of the military.

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SEED ASSISTANCE SUMMARY

Program Overview

The U.S. assistance program to Croatia began in 1991 after its independence from the former Yugoslavia. Between FY 1991-1994, the USAID country program provided over $15 million in SEED funds and $45.7 million in food aid via U.S. NGOs and the United Nations programs. The program focussed on the effects of the conflict in Croatia and the spillover of refugees and displaced persons from Bosnia - Herzegovina. USG humanitarian grants in Croatia for refugees and displaced persons in FY 1991-1994 totalled over $200 million. In FY 1995, the country program included almost $13 million in SEED funds (bringing the total to over $28 million since FY 1991), taking on a broader array of economic restructuring, democracy and quality of life aspects. The Europeans now deliver the bulk of food aid for displaced persons.

The U.S. assists Croatia in restructuring its economy along a market-oriented model, promoting respect for minority and human rights, and strengthening pluralistic democracy. Additionally, USAID is reinforcing political-diplomatic efforts to promote and secure a lasting peace in the region.

To achieve these goals, the SEED program managed by USAID:

* **creates a policy and legal framework** by helping to draft new securities, investment and bankruptcy laws, and commercial codes;

* **encourages private enterprise and financial sector development** by providing management training and support for small and medium sized enterprises, strengthening bank supervision and helping the GOC to refinance its debt;

* **strengthens democratic institutions** by promoting an accessible electoral system, strengthening political parties and unions which effectively represent constituents, encouraging a free and independent media, and providing support for numerous indigenous NGOs;

* **seeks solutions to the problems of local governance** by working with local governments to reform the housing sector, mortgage financing, and privatizing city services; and

* **alleviates human suffering and promotes recovery from the war.**

Program Impact

Economic Growth:

Croatia has aligned itself with Europe, aspiring to commercial integration and eventual recognition and membership in regional economic organizations. The Croatian economy has rebounded from its 1992 low. The benefits of economic growth are beginning to accrue to all segments of the population. However, privatization of state-owned enterprises and military demobilization are expected to create pressure in the labor market. The USAID economic restructuring program coordinates closely with the World Bank and the IMF and supports their macroeconomic goals.

Legal Framework: Technical advisors assist in revising modern finance laws and uniform procedures for contracts. In 1995, USAID contractors helped draft and enact a company law (incorporation) and revisions to the comprehensive labor code. USAID financed the training of judges in four commercial courts and the Croatian Bar Association members about the new laws.

Private Sector Growth: The Croatian private sector has emerged slowly. In FY 1995, USAID financed a pilot training program for 25 business executives in accounting and finance, and for another 25 in executive management through the University of Rijeka. USAID has worked with the banking sector and PVOs establishing a mechanism to provide capital and technical assistance to micro, small and medium sized enterprises, focusing especially on vulnerable populations

Financial Sector: SEED assistance to develop a transparent, well-regulated banking system has targeted strengthening bank supervision, cleaning up portfolios and improving internal procedures of the six state-owned banks now in privatization (there are nearly 50 private banks), and preparing for the establishment of a government securities market. SEED resources assist the GOC to improve investment procedures, management, and controls for the pension funds which it holds.

Fiscal Sector: The GOC plans to incorporate open-market techniques to fund the government budget deficit. In 1995, USAID assisted in structuring the conversion of large bonds and frozen accounts, and in pricing securities to be issued in 1996.

Next Steps: Strengthening the economy is key to maintaining the peace in Croatia. The GOC plans to enact USAID-supported reforms such as a securities and investment fund law, a bankruptcy law, and a commercial code in FY 1996. The USG will continue its assistance in bank rehabilitation with the aim of preparing three of the six portfolios for privatization. In coordination with the World Bank, USAID will fund the design of a central securities registry and provide a long-term advisor to its steering committee. USAID long-term technical assistance will help establish an office within the Ministry of Finance to manage the national debt. USAID will expand the delivery mechanism of capital and technical assistance to micro, small and medium

sized enterprises.

Building Democracy:

The U.S. is implementing activities to reduce political polarization and smooth the transition to democracy. However, the role of opposition parties has been circumscribed, media access is difficult, and the rights of minorities are tenuous.

Electoral Support: The legislative elections in 1995 occurred before any significant training could be accomplished, although 11 women political leaders returned from U.S. training in time to participate in their respective campaigns. USAID-financed monitoring pointed up legal and regulatory abuses related to electoral law and campaign access. SEED funds financed a post-election roundtable for the legislative elections to address reforms for future rounds.

Political Parties: In FY 1995, USAID sought to broaden the political process through the strengthening of all political parties. They received training and advice in organization and goal setting, campaign design and management, and overall election campaigning and monitoring. To bolster labor unions, USAID financed the training of 25 persons as shop stewards; another 25 were trained in the processes of privatization.

Judicial Reform: The Croatian judicial branch is not completely independent, and thus has had difficulty serving as the check and balance on the other two branches of government. In FY 1995, USAID continued its activities in judicial reform with the Ministry of Justice officials and members of the Croatian Judges Association (CJA). Several officials attended a judicial training seminar as a step to developing a more intensive program, and the CJA continued plans to become more active as a training entity for judges and lawyers. A series of workshops were presented on bar reform, law practice management, and English for lawyers. Progress has been slow due to the extended vacancy of the office of the Minister of Justice and delays in making judicial appointments across Croatia.

Continuing Legal Education: The sweeping changes in criminal and civil law as a result of Croatian independence and economic reform have rendered the original university training of many lawyers and judges obsolete. In 1995, USAID worked with the universities of Osijek and Split to implement pilot practical skills training programs in their respective law curricula. Continuing legal education was also provided through several workshops.

Local Government: In 1995, USAID launched a housing and urban development activity to assist major city governments to examine the issues of housing finance and construction, land development, and management of privatized apartments. In municipal finance, technical assistance will be provided in the areas of revenues, credit, budgeting, land servicing, urban services management and privatization. Eight municipal officials visited the U.S. to witness solutions to these problems.

Citizen Participation: USAID is trying to establish a network of self-sustaining indigenous NGOs committed to helping communities and vulnerable groups (victims of war, refugees, displaced, invalids) to cope with often difficult social, economic, legal, and political realities. In FY 1995, SEED resources financed the training of 14 Croatian NGO leaders in program management. USAID facilitated more than 30 indigenous NGOs which are providing psychosocial assistance to displaced persons and refugees; 13 which provide legal and human rights assistance to Croatians, especially minorities; and several environmental groups. This activity not only focuses on service delivery, but on the financial and administrative sustainability of the NGOs.

Next Steps: In FY 1996, USAID will continue efforts to strengthen Croatia's political parties by providing training and technical assistance. The USG hopes to engage the GOC in a dialogue for increased judicial independence through more stringent qualifications for incoming judges, as well as for mandatory continuing legal education. USAID plans to work with municipalities to develop the use of city bonds to back qualifying mortgages or to support privatizing electrical or water distribution. USAID plans to continue working with the local NGO community to strengthen their capacity and to lay the groundwork for legal changes which would encourage private donations.

Quality of Life:

The activities under this sector are mostly designed to provide systemic change and complement emergency humanitarian efforts. These activities cross over into project sectors of rule of law, economic development, citizens' groups and NGO development, training and human resource development.

War-related Recovery: Indigenous NGOs receiving technical and financial assistance from USAID-funded groups are assisting communities and vulnerable groups to recover from trauma, displacement and loss. Almost 10,000 beneficiaries (50% of them refugees from Bosnia and Herzegovina) exhibited marked improvement in their psychosocial well-being, as evidenced by increased social survival skills. More than 500 mental health providers (20% refugees from Bosnia and Herzegovina) clearly demonstrated more effective therapeutic approaches working with approximately 20,000 refugees and displaced persons in Croatia. A community-based mental health center has been established in Zagreb to serve as a demonstration project.

USAID also supports reestablishing community and family structures. More than 3200 unaccompanied children have been registered, with more than 100 reunited with their families during the first six months of 1995. Technical assistance has been provided to Croatian NGOs which engage in legal assistance and human rights protection services benefitting refugee and displaced populations and other minority groups in seven towns in Croatia. Cooperation and tolerance between different ethnic groups have been enhanced through conflict resolution training. A network of 12 women's groups is taking a leadership role in community affairs and in

promoting inter-ethnic cooperation and dialogue. Community pre-schools are helping 2,350 children and their families of different ethnic backgrounds to work together in divided communities.

Health Management: Partnerships between U.S. medical centers and counterpart institutions in Croatia facilitate the diagnosis, prevention and treatment of the leading causes of morbidity, and improve health care management within the Croatian medical system. Through two hospital partnerships, improvements are being made in nursing management, upgrading of information systems, and in a number of specific clinical areas.

Next Steps: In FY 96, project activities will continue to focus on the long-term effects of trauma, enabling these vulnerable groups to become active, productive members of society. USAID will examine ways to work with local communities to bolster their capacity to address social service and employment needs, job creation and microenterprise development. USAID activities will continue to target unaccompanied, orphaned and displaced children.

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U.S. ASSISTANCE TO CROATIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$28,560**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800020	Rule of Law	844
Democratic Pluralism		
1800021	Political and Social Process	835
1800022	Independent Media	719
	Subtotal:	**$2,398**
	as % of Total:	**8.4%**

B. ECONOMIC RESTRUCTURING

1800014	Privatization and Enterprise Restructuring	1,955
1800023	Technical Assistance to Enterprises	301
1800026	Competition Policy, Laws & Regulations	240
1800028	American Business & Private Sector Dev. Initiative	59
Human Resources		
1800002	Human Resources Program	175
1800029	Management Training & Market Economics Education	406
1800045	Participant Training	1,795
	Subtotal:	**$4,931**
	as % of Total:	**17.3%**

C. IMPROVING THE QUALITY OF LIFE

1800016	Humanitarian Emergency Medical Supply	12,549
1800032	Non Governmental Organizations (NGO) Dev. Project	4,663
1800034	Housing Sector Assistance	820
1800037	Partnerships in Health Care	2,671

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Environment

	Subtotal:	**$20,704**
	as % of Total:	**72.5%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	93
180632A	Transfers To Other US Agiencies	430
9260071	Training Eval. & Support Services	4
	Subtotal:	**$527**
	as % of Total:	**1.8%**

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CZECH REPUBLIC

Economic Developments:

The Czech Republic has made remarkable progress in reforming and stabilizing its economy since 1991. Tight fiscal and monetary policies, the liberalization of trade and prices and excellent progress on the privatization of state-owned enterprises have gradually overcome the initial shocks of the transformation from a centrally-planned economy, the collapse of the CMEA trading system and Czechoslovakia's own split into two nations.

As a result, after sharp contractions in 1990-92, the decline in real domestic production leveled off in 1993. GDP grew by 2.6 percent in 1994, and should post 4.0 percent growth in 1995. Inflation, which peaked in 1993 at an annual rate of 20 percent, according to EBRD figures, in the context of the imposition of a new value-added tax, is now settling down to about 10 percent for 1995 as a whole. Unemployment remains low at about 3 percent, compared to double-digit rates in the rest of Central Europe.

Performance of the Czech Republic's external account has been equally good. In 1993, a solid export performance, increasing tourism receipts and private capital inflows (largely in the form of loans to Czech enterprises) helped boost gross official reserves by more than $3 billion to five times their prior year level. By year-end 1994, gross official reserves reached $6.2 billion, which helped set the stage for the elimination of all restrictions on current account transactions in 1995. Official reserves stood at $11 billion in August 1995, despite its first current account deficit since 1990.

The Czech Republic's integration into the world economy has moved forward rapidly. Among its most recent achievements, the Czech Republic entered the OECD in November 1995 as the first former communist country to do so. It has already concluded an Association Agreement with the EU, free trade agreements with the members of the European Free Trade Area (EFTA) and its partners in the Central European Free Trade Area (CEFTA). It is a member of WTO, the IMF, the World Bank, the EBRD and other international institutions. Underpinning these successes, Czech exports to OECD nations rose to more than half of its total exports beginning in 1993; and foreign private capital inflows have been substantial.

Looking ahead, prospects for the Czech Republic are excellent. A strong industrial tradition, progress in privatization and prudent fiscal and monetary policies augur well for strong, non-inflationary growth. Real GDP growth in 1996 is expected to hit 5 percent; inflation to remain steady at about 10 percent and unemployment somewhat higher at approximately 4 percent.

However, there are potential problems. Fiscal adjustment is still incomplete. Overall government expenditures (at 50 percent of GDP) are excessive; corporate and individual income

tax rates are among the highest in Europe; and the forecast 1995 fiscal deficit reflects privatization proceeds that still leave an underlying deficit equivalent to 2.4 percent of GDP. In addition, serious moves on enterprise restructuring have yet to begin. The low rate of unemployment, low number of bankruptcies, and the poor or deteriorating financial situation of many Czech enterprises, testify to the limited effect on enterprise performance of the widespread privatizations that have taken place in recent years. Finally, there may be problems buried within the Czech banking system and elsewhere in Czech financial markets. The reluctance of Czech banks to exercise their rights under bankruptcy laws hint at problems, as does the pricing of Czech investment funds, which traded at a discount to the value of their underlying stocks throughout most of 1995.

Political Developments:

In the six years since the Velvet Revolution that ended communist rule, the Czech Republic has undergone a radical political and economic transformation and returned to the ranks of free-market democracies. Given the success and strength of this transition, the Republic will phase out of the SEED assistance program in 1997.

The Czech Republic is a fully functioning parliamentary democracy whose citizens enjoy the rights of free speech and free assembly. It has an independent legislature and a vigorous, free press.

Prime Minister Vaclav Klaus's ruling four-party, center-right coalition was elected in June 1992. There are also four left-of-center opposition parties and one radical right-wing party in the Parliament. The Czech Constitution mandates elections at least every four years to the Parliament; Klaus' coalition appears to be in a strong position to win the parliamentary elections scheduled for June, 1996.

Independent candidates won a majority of local council seats in nationwide local elections held in November 1994; among the national parties, Prime Minister Klaus's Civic Democratic Party (ODS) garnered the most votes, followed by the Communists (KSCM) and Christian Democrats (KDU-CSL).

The Constitution also calls for an upper house of Parliament, the Senate, which has not yet been constituted. Elections for the Senate will be held in 1996.

President Vaclav Havel, elected by the Parliament in 1993 to a five-year term, has limited constitutional authority but can veto legislation and return it to Parliament. The Parliament has the power to override the veto by simple majority.

Opposition groups, including political parties, function openly and without hindrance. Individuals speak out on political and other issues and freely criticize the Government and public

figures.

Print and electronic media publish without censorship or fear of government persecution, though the Constitutional Court in December 1993 upheld a provision in the Criminal Code forbidding defamation of the state or presidency. One person was tried and sentenced under this law in 1995.

The government is continuing a thoroughgoing reform of the judiciary and law enforcement bodies and has reasserted civilian control over military and intelligence organizations. The judiciary is impartial and independent.

The Czech Republic does not discourage the activities of domestic and international human rights organizations. The presidency of Vaclav Havel, former dissident and human rights monitor, serves as an important symbol for these groups, which work without government restriction or interference.

Nonetheless, some areas of concern remain. The main human rights problem continues to be discrimination against the significant Roma minority, estimated at around 200,000, which suffers disproportionally from poverty, crime, and disease. The citizenship law adopted after the separation from Slovakia has denied Czech citizenship to large numbers of Roma. Since the adoption of the 1992 citizenship law, which took effect after the dissolution of the Czechoslovak Federation, an estimated 10,000-25,000 Czech Roma have remained without citizenship.

The 1991 Lustration Law bars former Communist officials, secret police and collaborators from holding a wide range of elected and appointed positions for 5 years. Still, observers continue to criticize it in principle for embracing employment discrimination and the concept of collective guilt. In the fall of 1995, the center-right government extended the provisions of the law until the year 2000; parliament upheld the extension over Havel's objections, overriding his veto.

SEED ASSISTANCE SUMMARY

Program Overview

U.S. assistance to Czechoslovakia to support the rapid pace of economic and democratic reforms began in August 1990. This assistance was delivered to both Republics, contributing to the minimal level of disruption when the Czech Republic and Slovakia became independent nations in January 1993. Since the inception of the SEED program, the U.S. has helped the Government of the Czech Republic (GOCR) transfer state-owned assets to the private sector; put in place a policy, legal and regulatory framework for private sector development; create a competitive, efficient, private financial sector; promote self-sustainable use of natural resources;

and enact legislative reforms that support democratic processes. The U.S. has also encouraged the active participation of citizens and NGOs in the political and economic decision-making process. Concurrently, USAID has helped strengthen local governments and municipalities to make them effective, responsive, and accountable. The U.S. has supported reducing environmental risks to public health and improving the sustainability of social benefits and services.

The U.S. has played a key role in the success of the Czech economic and political transformation, but credit should be given foremost to the Czech leadership for its vision and commitment to successful policies. The U.S. has provided targeted, demand-driven assistance throughout the transition process. Of the emerging European democracies, the Czech Republic has one of the most developed industrial economies. It is viewed as a model of successful transition, and there is general optimism about the medium-term and long-term outlook. Over the past year, U.S. assistance has had a tighter focus. Assuming that economic and institutional reforms continue at their present pace, the USG will complete its assistance program by September 30, 1997.

Five priorities remain to enhance the likelihood of consolidating the transition: 1) furthering economic transformation, including privatization and restructuring; 2) strengthening local governments through public administration reform, municipal financing and management; 3) supporting civil society development; 4) improving the quality of life through work in energy, environment, and health; and 5) bolstering human capital, focusing on financial and managerial skills.

The U.S. contributed nearly $145 million in SEED assistance to the Czech Republic as of September 30, 1995. The FY 1995 portion of the aggregate was a little over $19 million.

Program Impact

Economic Growth:

In 1995, the Czech Republic continued to experience significant progress in transforming its economy. The economy expanded at a 4% rate, the second consecutive year of positive growth following the downturn of 1990-1993. Further confirmation of the Czech Republic's rapid progress in reform arrived with the introduction of a new exchange rate policy on October 1, 1995, which allows for full current account convertibility and further liberalization of the capital account. This move, along with the abolition of the bilateral clearing agreement with Slovakia, opened the door for the country's accession to the OECD in November 1995.

Private Sector Gains: In general, the Czech Republic is a good place to do business. The private sector contributed about 65%-75% of the GDP in 1995. Wages continue to grow, and inflation has stabilized. The demand for services remains strong and stimulated the growth of

thousands of small businesses in the past five years. The GOCR continued to reduce corporate and individual tax rates. It worked hard to modify transactions policy and tax law to meet OECD membership criteria. SEED assistance helped the GOCR establish a free-market legal and regulatory framework and private sector growth by (1) promoting bank restructuring and resolution of enterprise debts; (2) supporting the acceleration of the mass privatization program; (3) encouraging the application of modern tax laws and competitive regulatory frameworks for business, including the energy and telecommunications sectors; and (4) supporting the transfer of market economy knowledge to Czech entrepreneurs through business and economics training.

Privatization: In 1993 and 1994, privatization of approximately 3,200 state-owned enterprises occurred. Virtually all small and medium enterprises are in private hands. In 1995, the GOCR selected a foreign investor for a stake in the telecommunications sector, bringing in over $1 billion, and gaining partners with strategic plans for modernization and improved services. Direct foreign investment has continued to grow and the largest banks began to air plans for privatization and foreign partnerships. SEED-funded experts made a significant contribution to the process by helping to privatize over 130 enterprises through identifying and negotiating with foreign investors, who have invested $3.4 billion since 1992 (over 20% from U.S. sources). Compliance work for the National Property Fund ensured that foreign investors abide by the terms of their purchase contracts, including commitments on restructuring and investment, thereby strengthening public confidence in the free market economy.

Private Enterprise Development: Training opportunities in business and management, direct foreign investment, and foreign know-how have contributed to entrepreneurship and profitability in new firms. Privatized and new small and medium enterprises (SME) have created thousands of new jobs, absorbing a large portion of the shifting labor force. USAID advisors helped Czech businesses rationalize operations, market goods, manage personnel, and improve profitability. U.S. volunteer organizations greatly contributed to enterprise development by providing essential business advisory services. The U.S. provided local businessmen the opportunity to enhance skills through practical management training with the American business community. Over 1000 SME owners and managers were trained to apply market economics, financial management, and marketing in their business activities. The Czech Management Center and the Center for Economic Research and Graduate Education (CERGE) continue to produce a local pool of business-oriented graduates for employment in the private sector. Both institutions now train students from the NIS and other CEE countries. In the energy sector, USAID advisors assisted energy production and distribution enterprises to rationalize operations and improve strategic management in preparation for privatization.

Private Financial Sector Development: In 1995, with the help of U.S. advisors, both the large Czech Trading Bank (CSOB) and the Prague Stock Exchange (PSE) improved operations and instituted strategic plans. The CSOB also received U.S. assistance to upgrade information management and restructure operations, resulting in increased assets and profits.

The Municipal Finance program, in cooperation with the GOCR and commercial banks,

successfully introduced competition to the municipal lending sector and surpassed every performance objective for 1995. As a result, interest rates were reduced and loan maturities extended. The first $20 million tranche of the Housing Guaranty (HG) loan program helped four banks finance 23 municipal infrastructure projects with lower interests rates than ever before. Technical assistance to participating banks produced more flexible collateral requirements and more project financing by attracting other commercial banks to this sector. This program is a high priority for the GOCR.

Next Steps: During phasedown of the SEED program, USAID will concentrate on completing restructuring, providing privatization support, and creating models for similar key efforts after U.S. assistance ends. Planned activities in partial privatization of energy distribution enterprises was postponed in 1995, but should go forward in 1996. Funding to the CSOB and the PSE will target critical areas to ensure the viability of the financial sector, and the Municipal Finance program will focus on infrastructure projects and reducing lending rates through competition among commercial banks. Participating banks will begin using their own resources for municipal lending by matching HG funds with a minimum ratio of 20%.

Building Democracy:

The basic institutions necessary for a vibrant democracy are in place. The Czechs held free and fair multiparty elections, have a smoothly functioning central government, legislature, and judiciary, and enjoy access to diverse opinions in the media. Efforts continue under the SEED program to enhance local governments and support the development of a civil society.

Local Government: Significant progress was made in strengthening local governments as revenue and budgets devolved to this level. Public officials are competitively elected, have demonstrated considerable skill in managing public resources, and have been responsive to the needs of citizens. A new public procurement law, providing for transparent and competitive conditions for all purchases went into effect on January 1, 1995.

USAID encourages local government support through the Public Administration activity (including public procurement legislation) and the HG program that funds the Municipal Finance activities. Over 300 municipalities and more than 700 public administrators, municipal managers, and infrastructure professionals participated in technical assistance and training activities on capital budgeting and financial management. This assistance helped many small municipalities to initiate planning and budgeting for priority infrastructure activities.

Political Process: Political debate remains robust and open, and although the number of political parties diminished recently, this is widely viewed as a sign of maturation in the electorate. Recent passage of the not-for-profit law, drafted with SEED assistance, is an important element in creating an atmosphere conducive to organized participation of different interest groups. This law recognizes the status of NGOs as private providers of services and brings under one law all

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existing regulation and tax treatment for these entities.

U.S. assistance provided training for non-profit managers in financial and personnel management, while communications training undertaken by the Democracy Network Project allowed NGOs to pool resources and ideas, forging alliances for political and social action. This USAID activity provides a lifeline to NGOs, including charities providing services not covered by the state and those which partner with public officials and businesses. The Public Administration activity also encourages public-private partnerships in planning, creating, and maintaining the economic and civic infrastructure of the municipalities.

Next Steps: By mid-1996, the Democracy Network will provide support to over 100 NGOs. The Public Administration pilot projects will establish citizens' advisory councils in at least five municipalities to participate in decisions regarding economic development. Under the Housing Guaranty program, special pilot training will be conducted to help financial directors in 12 cities develop performance indicators. The process can then be used as a model for over 300 other towns. USAID funding to the International Center for Not-for-Profit Law will facilitate both full implementation of the non-profit law and the enactment of a new charitable foundation law.

Social Sector Restructuring/Quality of Life:

U.S. assistance reflects overall priorities of the GOCR leadership, with individual activities helping to reduce environmental risks to public health and improving the sustainability of social benefits and services.

Environment: The Czech Republic made quantifiable progress in reducing environmental risks to public health through improved identification and regulation of risks, economic investment and efficiency gains that eliminate wasteful polluting processes. Air and water quality continuously improved as inefficient fuels were replaced, production declines lowered consumption, and the worst polluters were simultaneously confronted with improved regulation and enforcement. U.S. assistance in 1995 contributed significantly to alleviating health risks by addressing these environmental problems. The U.S. Environmental Protection Agency's trans-border Project Silesia offered strategies to lower risks in that industrialized region. Industrial pollution, now monitored daily in the region, dramatically declined. Nationally, over the past five years, SO_2 emissions were reduced 36%, NO_x reduced 60%, and particulate emissions were cut in half. Assistance to the State Environmental Fund (SEF), a trust fund for mediating pollution and clean energy conversions, set priorities, developed a strategic plan and managed operations. The U.S. Department of Energy (DOE) improved operational safety and risk assessment at Dukovany Nuclear Power Plant and the Nuclear Regulatory Commission (NRC) assisted its Czech counterpart to improve oversight and licensing capabilities at the Temelin Nuclear Plant, due to come on line in 1997.

The Environmental Action Program Support (EAPS) Project has assisted the State Environment Fund by reviewing operating procedures and developing a model for improved lending practices. EAPS is also identifying and developing economically viable projects to alleviate ambient air pollution and health problems in the seriously affected regions of Bohemia and Moravia.

Health: Economic, nutritional and environmental conditions have improved in the Czech Republic. Life expectancies, morbidity, and infant mortality rates have all changed for the better in the past five years. USAID activities directly contributed to the sustainability of health services by improving quality of care, lowering costs through better management, and providing learning opportunities for health management professionals. U.S. assistance is effective in establishing health care standards (quality assurance) that will lead to health care institutions' accreditation and improved hospital management.

Next Steps: Ongoing activities include assistance to municipalities in project preparation for SEF funding to improve environmental conditions. DOE and NRC will continue their SEED-funded work to ensure nuclear safety in the Czech Republic. Resources are in place for successful completion of health sector activities in the next two years. In 1996, the model hospital management improvements package is expected to be replicated across the Czech Republic in over 50 hospitals.

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U.S. ASSISTANCE TO CZECH REPUBLIC
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$144,673**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003	Support of Democratic Institutions	570
1800017	Political Process	93
1800018	Local Government and Public Administration	325
1800019	Democratic Governance and Public Administration	3,570
1800020	Rule of Law	494
Democratic Pluralism		
1800021	Political and Social Process	855
1800022	Independent Media	1,187
	Subtotal:	**$7,093**
	as % of Total:	**4.9%**

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800043	Czechoslovakia (Environment)	9,999
Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	27,632
1800023	Technical Assistance to Enterprises	4,639
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	1,949
1800027	Business Services	2,591
1800035	Bank Training (Treasury)	1,074
Investment and Trade		
1800010	Enterprise Funds	26,000
1800028	American Business & Private Sector Dev. Initiative	4,522
Human Resources		
1800002	Human Resources Program	2,929
1800029	Management Training & Market Economics Education	11,205
1800045	Participant Training	2,901
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	4,843
Energy Efficiency		
1800030	Regional Energy Efficiency	7,276

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	Subtotal:	**$107,560**
	as % of Total:	**74.3%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid		
1800016	Humanitarian Emergency Medical Supply	372
1800032	Non Governmental Organizations (NGO) Dev. Project	3,756
Employment and the Social Safety Net		
1800033	Labor Market Transition (DOL)	225
Housing		
1800034	Housing Sector Assistance	6,186
Health		
1800037	Partnerships in Health Care	2,500
1800038	Promotion of Private Health Markets	5,631
Environment		
1800004	Environmental Initiatives	2,294
1800039	Improved Public Sector Environmental Services	6,249
1800041	Environmental Training	1,531
	Subtotal:	**$28,744**
	as % of Total:	**19.9%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	502
180632A	Transfers To Other US Agiencies	750
9260071	Training Eval. & Support Services	5
9361421	AID/Peace Corps Small Project Asst	19
	Subtotal:	**$1,277**
	as % of Total:	**0.9%**

ESTONIA

Economic Developments:

Estonia's successful market reforms put it among the economic leaders in Central Europe. A balanced budget, flat-rate income tax, free trade regime, fully convertible currency, competitive commercial banking sector, and hospitable environment for foreign investment enabled Estonia to sign an EU Europe Agreement in June 1995 without a transition period. These policies have also helped reduce inflation from 90 percent a month in early 1992 to less than three percent a month in 1995.

Estonia has also made excellent progress in regard to structural adjustment, with small- and medium-scale privatization complete, and more than 50 percent of larger state enterprises also privatized. Trade has continued to expand in 1995; the current account deficit reflects continuing imports of capital goods.

Yet Estonia still faces challenges, including a slow pace of establishing and putting into effect a legal framework compatible with a market economy. The government did enact basic bankruptcy legislation in 1992, which was used effectively to treat emerging banking system problems. Laws to streamline the privatization process, facilitate the transfer of real property, privatize housing and establish a commission for the enforcement of competition and anti-monopoly laws were enacted in late 1993, but have not yet been fully implemented. Housing privatization is moving relatively slowly. The same circumstances apply in regard to agricultural privatization, which has caused severe problems for farmers needing collateral to be eligible for loans.

Estonia has paid a price in terms of eroded standards of living, especially for the large portion of the population on fixed pensions. However, it is reaping the macroeconomic dividends from its "shock therapy," and is the first country from the former Soviet area to experience such a spectacular turnaround. After having declined for four consecutive years by a cumulative total of more than fifty percent, Estonia's GDP increased by nearly six percent in 1994, and should show a similar increase in 1995. During that four-year period overall, employment declined fifteen percent and average real wages and real disposable income declined sixty percent. In 1994, by contrast, real wages increased by about five percent and unemployment appears to have stabilized.

Estonia has made a determined effort to reorient its trade toward the West. Trade with Russia, which once accounted for the overwhelming majority of Estonia's imports and exports, now totals less than fifteen percent, while nearly 80% of Estonia's trade now is directed towards Western Europe. This reorientation of trade helped Estonia to conclude a Europe Agreement with the European Union in June 1995 which foresees no transition period to associated member status. With the United States in 1994, Estonia signed agreements on trade and intellectual property protection, investment, and science and technology cooperation. Given this base and

Estonia's associate status with the EU, U.S. firms should consider Estonia for significant investment and re-export opportunities.

Estonia's phase out from USAID's assistance programs, to be completed in September 1996, recognizes Estonia's position as a leading economic reformer in all of Central Europe.

Political Developments:

Estonia was an independent nation from 1918 to 1940, when it was occupied and forcibly annexed by the Soviet Union. The United States never recognized this annexation, and continued to recognize Estonia's de jure continuity of statehood. Estonia regained de facto independence in the wake of the unsuccessful August 1991 coup in the Soviet Union. On September 2, 1991, the U.S. formally reestablished diplomatic relations with Estonia. After more than three years of negotiations, on August 31, 1994 the armed forces of the Russian Federation withdrew. Estonia is a member of the United Nations, the Council of Europe, the Organization for Security and Cooperation in Europe, Partnership for Peace, and numerous other international organizations.

Estonia's new constitution dates from 1992 and protects fundamental human rights and civil liberties. There is freedom of association, freedom to form parties and organizations, and a flourishing free press. Citizenship laws based on the 1938 law and meeting international standards were passed in 1992 and 1995. Between 80,000 and 100,000 ethnic Russians are citizens of Estonia. Estonia held free and fair parliamentary elections in 1992 and again in 1995. The 1992 elections brought to power a right-of-center coalition government which dedicated itself to implementing free-market economic reform and to reintegrating Estonia into the West. The 1995 elections initially put a left-of-center coalition into power, but this government collapsed within six months, and the current government, once again right-of-center, has resumed the reform policies of the 1992-95 government. Those policies include devolution of significant power to local administrations, including substantial fiscal authority and the power to issue bonds for capital expenditures at the municipal level.

Estonia has an independent judiciary, but there is a continuing need for training to enable judges to work effectively in the context of Western-based criminal and commercial codes. The police are poorly trained and poorly paid, with continuing problems of corruption. The Estonian police authorities recognize the problems and continue to seek Western, including U.S., counter-narcotics, anti-organized crime, and financial crime training.

Political-Military Cooperation (U.S.-Baltic):

As both Vice President Gore and Secretary of Defense Perry stated in the Baltics in 1995, we consider the security of the Baltic states to be of direct and material interest to the United States. In order to contribute to Baltic security and regional harmony, the United States actively

promoted the withdrawal of Russian armed forces from Estonia, Latvia, and Lithuania. The United States has been similarly engaged in promoting Baltic armed forces on a scale relevant to the needs of each country and firmly grounded in democratic principles. Consequently, the United States has expanded its level of military and security cooperation with Estonia, Latvia and Lithuania in three main categories: bilaterally, cooperatively with NATO allies in the Partnership for Peace (PFP), and regionally.

The United States emphasizes that the Baltic states, along with all other PFP partners, continue to be included in the process of NATO enlargement. As Secretary Perry underscored in the three capitals during his November 1995 Baltics tour, Estonia, Latvia, and Lithuania are all making good progress in meeting the five criteria which NATO has determined are a salient element of any decision to admit new members.

In 1994, the Departments of State and Defense co-chaired the first annual Working Group on Defense and Military Relations in each of the Baltic capitals in order to define more precisely the elements of our expanded cooperation -- high-level visits, ship visits, exchanges of officers, visits by other officials, training programs, and other security assistance--for the purpose of promoting the development of defense establishments accountable to civilian authorities and democratic processes. The visits to Baltic capitals by Under Secretary of State for Security Affairs Davis in October-November 1994 and by Secretary Perry last November further highlighted U.S. support for the security of Estonia, Latvia, and Lithuania.

In FY 1995, as its cornerstone initiative in the Baltic states, the Administration provided $10.778 million to support the Baltic Peacekeeping Battalion, which is being formed from Estonian, Latvian, and Lithuanian units. We foresee continuing support in FY 1996, although at a lower level. Through material and technical support (including training, communications and cold-weather gear, vehicles, and light weapons), this program enhances regional cooperation, NATO-interoperability, and Baltic participation in peacekeeping and peace enforcement. The United States is also encouraging participation by units from each Baltic state in the NATO-led Implementation Force in Bosnia (IFOR).

On March 22, 1994 the President signed a determination making Estonia, Latvia and Lithuania eligible to receive U.S. Government-origin defense articles and defense services. This eligibility allows these states to participate in the Foreign Military Sales program. In February 1995 the Department approved the removal of the Baltic states from the International Traffic in Arms Regulations (ITAR), which now will facilitate these states' ability to purchase U.S.-origin defense articles and defense services commercially, on a case-by-case basis. Plans call for doubling International Military Education Training (IMET) funding from $200,000 in FY 95 to $410,000 in FY 96. The Defense Department is also considering ways to enhance the impact of the Military Liaison Team in each country. Drawing primarily on resources in the U.S. National Guard, the teams demonstrate Western approaches to military logistics, medicine, and judicial procedures. Defense attache offices are now open in Tallinn and Riga to complement the existing office in Vilnius.

Joint exercises include the annual Baltops sea exercise and such bilateral efforts as the U.S.-Lithuanian JCET exercise in Lithuania in summer 1995. We continue to work closely with Estonia, Latvia and Lithuania in NATO's Partnership for Peace. All three countries sent contingents to the PFP "Cooperative Amber" exercise in Louisiana in summer 1995; all three have developed plans for a heavy schedule of PFP and "In the Spirit of PFP" contacts and joint exercises in 1996.

Concerning Baltic airspace control, we plan to carry out an airspace architecture study in the first half of 1996; this study will help Estonia, Latvia, and Lithuania draw up plans for a regional airspace control center and will lay out what the three countries need to do to integrate civilian and military airspace management, improve interoperability of airspace systems with the West and NATO, and improve regional cooperation on airspace management.

The Unites States looks forward to an increasingly productive and close relationship over the broadest spectrum of military and security issues with the Governments of Estonia, Latvia and Lithuania. On a regional plane, we will continue to consult with the Baltic and Nordic states, other Western allies and friends, and Poland and other neighbors about ways to encourage greater regional cooperation in defense and security questions.

SEED ASSISTANCE SUMMARY

Program Overview

Like the country itself, the U.S. SEED Act assistance program in Estonia has undergone considerable change since its start in late FY 1991. The program quickly evolved from rapid-delivery humanitarian assistance (medicines and food) to providing long-term advisors and training in economic restructuring, democratic political processes, environmental clean-up, and social sector reform.

During the last five years, the Government of Estonia (GOE) has implemented a highly successful economic stabilization and restructuring strategy to promote the country's swift integration with Northern Europe and the European Union. The major factors contributing to Estonia's success include reform-minded political leadership, a liberal trade regime, responsible fiscal and monetary policies, timely privatization of small and medium-sized enterprises and land restitution, and legislation which invites investment and ownership of property by foreign companies. Democratic principles have taken root. The country has had a presidential succession, an elected legislature has been installed, prime ministers and cabinets have taken and left office democratically, and local elections have been held. While membership in formal political parties is small, the electorate is aware of political platforms, and there is a lively give-and-take in and out of parliament. Citizens increasingly participate in local government decision-making.

The United States considers Estonia's transformation to be firmly established. In accordance with a decision reached in FY 1994 between the GOE and the USG, USAID will close its office in Estonia at the end of FY 1996. Many SEED programs have already been concluded. Only a handful of activities will continue to operate in FY 1997 and beyond, mainly regional projects and those implemented by other USG agencies (especially USIA and the Department of State). It is expected that Estonia's political, economic and commercial relations with the United States will continue to grow.

SEED assistance has supported economic restructuring, democratic growth, and improved quality of life. In working towards these goals, the program managed by USAID:

* **encouraged the development of an appropriate legal and regulatory framework for market-based development**: drafting or improving basic commercial legislation; improving tax policy and administration, bank management and judicial training; and privatizing state enterprises of all sizes;

* **supported the growth of a free market economy:** providing loans, specialized business management assistance and training to new and newly-privatized firms;

* **strengthened local government**: increased public participation, improved budgeting and expenditure techniques; and

* **helped to improve the sustainability of social benefits and services**: improved environmental health conditions, public environmental policies and regulations, and medical care.

The USG contributed nearly $26 million in SEED funding to Estonia. Some $2.4 million of FY 1995 funds constituted the last increment of country-specific funding.

Program Impact

Economic Growth:

After steep declines in output in the early 1990s, Estonia's economy appears to be rebounding for the third straight year, with 5% growth forecast for 1996. Inflation has also been reduced from 42% in 1994 to 29% in 1995. This reflects both the price adjustments inherent in economic restructuring and Estonia's rapid wage increases. One measure of the economy's continuing shift to market prices is that administered prices rose 47% in 1995, while free prices rose just 22%. The GOE has also continued to recognize the importance of maintaining an internationally open economy. The full convertibility of Estonia's currency has encouraged a steady growth of foreign trade and provided a healthy climate for continued capital inflows. Reforms included privatization of public sector enterprises, financial sector strengthening, improved fiscal management, the creation of intellectual property rights legislation, stronger

customs administration, and foreign investment laws to sustain Estonia's external orientation.

Privatization: In 1995, USAID-funded investment consultants concluded the KPMG Peat Marwick advisory program to the Estonian Privatization Agency, ending more than three years of such cooperation. Our assistance, working in concert with that provided by other donors, was critical in helping the GOE negotiate the sale of a large number of state-owned enterprises to foreign and domestic investors. The USAID-funded Public Administration program is assisting several major cities determine which municipally-owned enterprises should be privatized or eliminated.

By the end of 1995, the whole service and retail/wholesale sector and roughly 50% of the large state-owned industrial sector was privatized. In the last nine months of FY 1995, 124 enterprises with a value of $66.7 million were sold. Follow-on investments worth $63.8 million and employment for 14,163 people have been guaranteed by these sales contracts. The private sector now generates approximately 60% of GDP, a number which will rise as the largest remaining public sector enterprises are sold.

Private Sector Growth: In 1995, the Center for International Private Enterprise continued to promote small and medium enterprise (SME) development. It enabled the Estonian Small Business Association to create a "Voice of Business" in Estonia and advocate for legislation in the interests of SMEs. The recently-established Baltic-American Enterprise Fund has provided over $500,000 in loans to SMEs. With the Fund, private enterprises may now obtain credit at reasonable rates for business expansions. This addition has contributed to the growing sophistication and deepening of capital markets in Estonia. In addition, assistance by the U.S. Departments of Justice and Commerce and the Federal Trade Commission resulted in the development and enforcement of legislation and policies on the trade and investment issues involved in creating a market-oriented business climate. Related investment assistance included bankruptcy legislation.

While the contribution of any individual assistance activity to the overall growth of the private sector is difficult to establish, Estonia's progress is clear. There are now over 62,200 private businesses registered in Estonia, including almost 6,000 foreign-owned enterprises. Almost 2,000 public sector businesses, including many large industrial and infrastructure/service organizations, are still in the process of being privatized or liquidated.

Fiscal and Financial Reform: In 1995, U.S. Treasury assistance contributed to improvements in proposed tax legislation, established a national training capability in tax administration, advised on the restructuring of local tax offices, and created a "Principles of Management" manual to improve local tax office structure, management and examination procedures. SEED funding also provided support to improve the GOE's oversight capability by helping create a statistical monitoring system for analyzing enforcement activity effectiveness and recommending changes to improve tax collection procedures. Under another SEED Act activity, our cooperation helped establish an effective Customs Service, a crucial requirement for

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membership in the European Union, of which Estonia is now an associate member.

Working through U.S. Department of the Treasury banking advisors and several private contractors, USAID assistance was key to establishing prudential supervision rules in banking institutions and to strengthening commercial bank management. As a result, Estonia has since been able to avoid recent banking pitfalls encountered elsewhere. Local banks are increasingly respected as financially solid institutions, and the GOE has regularly taken measures to protect and enhance that reputation.

Democracy Building:

Political Process Building: The National Democratic Institute (NDI) and the International Republican Institute (IRI) have provided assistance to strengthen the organizational capability and enhance the effectiveness of political parties and civic organizations. The citizen participation projects at the local level have fostered permanency in democratic beliefs. For example, permanent procedures for public hearings have been institutionalized in some cities for community development planning and budgeting processes. Experience with citizen study committees provides city officials with a public management tool when developing public policy and long-range decision-making. NDI and local government officials have jointly developed, printed and widely distributed public participation pamphlets in eastern Estonia. IRI conducted two parliamentary workshops in 1995, attracting parliamentarians, staffers and representatives of the major political parties and several ministries.

Public Administration: Development Alternatives, Inc. experts worked with local government leaders in four key cities in 1995 to strengthen managerial capacity in budgeting and financial administration. As a result, budgets based on explicit objectives and performance criteria have been developed, thus improving the allocation of scarce resources. Economic development plans were modified to be more responsive to market forces, enabling competition for privatization of municipal assets.

Civil Society: Other means of building citizen participation through SEED assistance include activities to (1) enhance dialogue between ethnic Estonians and various communities of non-citizens, (2) improve professionalism of print and broadcast media, and (3) foster the growth of civil associations to influence public policy. In addition, using procedures developed with the U.S. Environmental Protection Agency, the first citizens' review of environmental impact assessments was completed and judged to be valuable by both residents and officials. Further, NDI has distributed a booklet on police and citizen interaction which has been well received by police officials.

Legal Systems: The American Bar Association's CEELI program has promoted legislation on constitutional reforms, civil and criminal codes and related areas, and the establishment of an Estonia Law Center to support the training of judges, lawyers, court administrators and law

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students in the development and consistent and equitable application of national laws. The Law Center has since attracted World Bank funding as well. U.S. Department of Justice attorneys have trained Estonians in combatting economic crimes, such as money laundering and criminal associations.

Quality of Life:

Environmental Health: SEED assistance is helping a chemical processing complex, one of Estonia's largest polluters, with a series of changes that reduce the plant's impact on the environment and enhance its financial, managerial, and technical viability. The plant will save about $1.5 million annually through electrical co-generation, while reducing energy demands from the nearby oil shale power station. The majority of the plant's most egregious toxins currently emitted to the Baltic Sea will be neutralized in revamped treatment systems or sold as specialty chemicals. The U.S. EPA is also strengthening the GOE Ministry of Environment with hands-on environmental impact and risk assessment training. These activities build on prior work by Harvard on environmental economic policies, such as water and other natural resource pricing and taxation.

Economically Sustainable and Environmentally Sound Energy Sector: Estonia has raised energy tariffs significantly, along with the prices of other public utilities, building on recommendations from USAID-financed regional energy pricing studies. Movement to full market prices will take a few years more. The privatization of energy utilities, starting in 1996, should speed price realignments. Environmental improvements in the energy area are coming more swiftly, with USAID and other donor assistance concentrating on relieving production inefficiencies in the oil shale mining and refining industries and on reducing pollution emissions in several industrial fields, including energy production. Efficiency in national and regional electrical production, transmission and distribution is being addressed in Estonia with the help of the U.S. Energy Association's exchange and seminar programs.

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U.S. ASSISTANCE TO ESTONIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

		Obligation Amount SAI/ESF/DA:
		$25,928

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800017	Political Process	193
1800018	Local Government and Public Administration	308
1800019	Democratic Governance and Public Administration	1,820
1800020	Rule of Law	585
Democratic Pluralism		
1800021	Political and Social Process	438
1800022	Independent Media	163
	Subtotal:	**$3,507**
	as % of Total:	**13.5%**

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	3,850
1800023	Technical Assistance to Enterprises	2,022
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	814
1800027	Business Services	2,361
1800035	Bank Training (Treasury)	167
Investment and Trade		
1800010	Enterprise Funds	3,473
1800028	American Business & Private Sector Dev. Initiative	49
Human Resources		
1800002	Human Resources Program	432
1800029	Management Training & Market Economics Education	1,072
1800045	Participant Training	564
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	790
Energy Efficiency		
1800030	Regional Energy Efficiency	893

	Subtotal:	**$16,488**
	as % of Total:	**63.6%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid

1800016	Humanitarian Emergency Medical Supply	170
1800032	Non Governmental Organizations (NGO) Dev. Project	66

Health

1800037	Partnerships in Health Care	1,621

Environment

1800004	Environmental Initiatives	1,310
1800039	Improved Public Sector Environmental Services	2,413

	Subtotal:	**$5,581**
	as % of Total:	**21.5%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	252
180632A	Transfers To Other US Agiencies	100

	Subtotal:	**$352**
	as % of Total:	**1.4%**

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HUNGARY

Economic Developments:

After falling dramatically from 1990-1993, Hungary's economy staged a modest upturn in 1994 that has continued into 1995. According to EBRD figures, real GDP grew 2 percent in 1994 and is projected to rise by 3 percent in 1995. Despite a devaluation and import surcharge in the March economic package, relatively tight monetary policy held inflation to about 29 percent in 1995. The government adopted a monthly crawling peg devaluation system in March. Annual inflation should decelerate in 1996 to about 20 percent. Unemployment stood at about 11 percent for both 1994 and 1995. While Hungary's macro-economic situation was on the upswing at the end of 1995, the economy remains in transition and continues to cope with problems of adjustment: relatively high unemployment and inflation, eroding domestic earnings and savings, and declining living standards for some Hungarians, especially pensioners, dependent mothers, and children.

Large budgetary and current account deficits continue to threaten Hungary's macro-economic stability. While down significantly from 1994 levels, in large part due to the March economic measures, Hungary's consolidated budget deficit for 1995 could reach 6.5 percent of GDP, while its current account deficit in the balance of payments may absorb 6 percent of GDP; i.e., around $2.5 billion.

Since taking office in July 1994, the new government led by Prime Minister Horn has acknowledged the daunting economic challenge it faces. In March 1995, Horn's government launched a new stabilization program that is making headway in addressing critical imbalances. In December 1995, the Parliament passed a 1996 budget which projects a substantial reduction in the budget deficit to just under 4.0 percent of GDP. A large part of this improvement comes from spending cuts, which will limit wage increases, reduce the number of government employees and reform the social welfare system by targeting benefits to the most needy.

Hungary has maintained access to international financial markets to stretch out external debt maturities and to lower interest rates. As of late 1995, Hungary had borrowed a net total of $22.8 billion in international markets, giving it the highest per capita debt of any country in Central Europe. Privatization receipts could reduce this number considerably (see below). Hungary is a prime target for foreign direct investment (FDI), attracting a cumulative total of about $13 billion through late 1995, including $5 billion from U.S. investors alone. These are the highest absolute and relative amounts of FDI in the region. Contracted privatizations in December 1995, particularly in energy and telecommunications, will boost the investment total by over three billion dollars. Investment inflows have become a major factor in maintaining Hungary's external balance, and are projected to offset current account deficits in coming years, preventing an increase in net external debt. The Horn Government and the IMF are negotiating a new Standby Arrangement. The government and the World Bank are now negotiating two

structural adjustment loans which could follow an IMF deal.

The private sector in Hungary has expanded rapidly since 1989. In late 1995, it generated about 60 percent of GDP and employed more than 40 percent of the labor force. Recent privatizations will boost these totals. The government has privatized almost all shops and small firms, although privatization of other state-owned enterprises has moved more slowly. The Horn government is committed to privatize much of the remaining value of state assets by the end of 1996. In addition, the Finance Ministry intends to reduce its holdings in or privatize the remaining state banks.

Hungary has successfully reoriented its trade from the East to the West. In 1994, approximately two-thirds of Hungary's trade was with Western Europe. This compares with the pre-1990 period, during which 90 percent of Hungary's trade was directed towards its CMEA partners. Hungary seeks full membership in the European Union (EU) and signed, in December 1991, an Association Agreement with the EU which afforded it duty-free entry for most non-sensitive industrial products beginning on January 1, 1995.

In 1994, the Hungarian Parliament ratified the Uruguay Round GATT Agreement, which paved the way for Hungary to become a founding member of the World Trade Organization (WTO). Currently, Hungary exceeds its WTO commitments for agricultural export subsidies. Hungary, the Czech Republic, Slovakia and Poland agreed to speed up implementation of the 1992 Central European Free Trade Agreement (CEFTA) and to open the door for Slovenia and others to join. Hungary applied for membership in the OECD in 1994 and participates actively in the OECD's Partners In Transition program. Hungary seeks entry into OECD by mid-1996.

Political Developments:

In 1995, the political institutions established by Hungary's constitution, as revised since 1989, continued to work well. An effective separation of powers among the legislative, executive and judicial branches of government exists. The current government is headed by the reformed Hungarian Socialist Party (MSP), which won a majority in Parliament in elections held in 1994. Despite its parliamentary majority, the MSP governs in coalition with the liberal Alliance of Free Democrats (SzDSz). The government is committed to continuing economic and political reform. It has identified its three principal foreign policy objectives as: 1) securing rapid Western integration, including into the OECD, the EU, and NATO; 2) improving relations with its neighbors; and 3) supporting the rights of ethnic Hungarian minorities abroad.

Improving balance in the Hungarian economy while maintaining the support of traditional constituencies has been a major challenge for the government. In its first eight months in power, economic reform and privatization stalled. At the same time, the government failed to reduce unsustainable budget and current accounts deficits. Finally, in March, amid concerns over a possible loss of investor confidence fueled by the crisis in Mexico, the Finance Minister's

resignation, and the cancellation of a major privatization deal, the government announced an economic stabilization program as a first step toward cutting expenditures (especially on the social welfare system) and improving the trade balance. Although unavoidable if the country is to negotiate a Standby Arrangement with the IMF, maintain access to world financial markets, and continue to attract major direct foreign investment, the program is neither popular nor well understood.

President Arpad Goncz serves as Head of State and is elected by the Parliament. Goncz is serving his second term, having been re-elected in June. Opinion polls consistently identify him as the country's most popular politician. He has used his position liberally to question government policies and can order Constitutional Court review of parliamentary legislation.

The Constitutional Court has the authority to rule on the constitutionality of laws and statutes brought before it. The Court's members are elected by Parliament to 9-year terms and none may belong to a political party or engage in political activity. Under a 1994 amendment to the Constitution, the Court's size has been reduced from fifteen to eleven members. In a demonstration of its independence, during 1995 the Court annulled as unconstitutional a number of provisions in the government's economic stabilization program that it felt took away social welfare benefits without adequate notice. The provisions themselves, however, are considered constitutional and are being implemented with greater advance notice.

There are essentially no restrictions on peaceful public gatherings, and any ten or more persons may form an association, provided that it does not commit criminal offenses or infringe on the rights of others. Citizens age 18 and over have the right to change their government through national elections held at least every 4 years. Observers judged the 1994 elections, which offered voters a broad variety of choices across the political spectrum, free and fair. A change in the law raised the minimum requirement for a party to enter Parliament from four to five percent of the votes cast; however, all of the parties that passed the old threshold exceeded the new one as well. As a result, in addition to the two parties that form the government, four others, ranging from moderate to conservative, constitute an active opposition in Parliament. Although the campaign focused largely on economic issues and the substantial decline in the standard of living since 1990, extremist politicians continued to be marginalized; unreformed communists took 3.3 percent and ultranationalists only 1.4 percent of the vote.

Hungary has generally been quite forward-leaning in efforts to adopt and implement measures to promote and protect fundamental human rights and civil liberties. For example, it enacted a law on ethnic and minority rights in 1993 that established the concept of collective minority rights in Hungary and explicitly permits local self-government in areas where ethnic groups are a majority. Where such groups are in the minority, minority councils, parallel to the local government, were authorized. The law also attempts to protect the right of members of ethnic groups to use their own language and to safeguard minority schools and newspapers. Hungary is proud of this legislation and has offered it as a model for the region, although its effectiveness in practice has not been demonstrated as yet.

Through 1995, however, problem areas did remain. Social prejudice and discrimination against Roma (gypsy) and people of color is widespread. Although the government does not systematically repress the Roma population, police harassment and abuse is common. A second issue was freedom of the press, specifically the freedom of the electronic media. Although some private radio and cable broadcasters exist, major ground-based television and radio stations that serve the entire country remained under government control through 1995. But, in a positive development, on December 21 Parliament passed a media law guaranteeing the institution of a free and independent media. The law provides for privatization of major TV and radio stations and the removal of remaining public TV and radio from the direct control of the government. The written press is free and unrestricted.

During 1995, Hungary served as Chairman-in-Office of the OSCE and discharged its duties in an exemplary fashion. It helped the OSCE prepare for an expanded European security role, including the role the OSCE will assume in Bosnia under the Dayton Accords.

Hungary enjoys excellent relations with the United States, and participates in U.S.-led initiatives, including the Organization for Security and Cooperation in Europe, the NATO Partnership for Peace program, and United Nations sanctions against Serbia (at considerable cost to Hungary's trade). As a 'front line State' with respect to Bosnia, Hungary serves as a major forward staging point for United States and other NATO troops serving in Bosnia. The facilitating role of the Hungarian authorities has been exceptional.

SEED ASSISTANCE SUMMARY

Program Overview

The U.S. plays an important role in assisting Hungary to complete the economic and political transformation now under way. The USG supports Hungary's drive for prosperity based on private ownership and a free market economy, democratic pluralism, and integration into Western economic and security institutions.

Since SEED assistance was initiated in 1991, a little over $217 million have been obligated, principally in technical assistance and training. About one third of this amount was in the form of a $70 million grant to the Hungarian-American Enterprise Fund, enabling the latter to engage in equity participation, limited lending, and technical assistance. Other major program outlays have been in privatization and enterprise restructuring, technical assistance to enterprises, management and market economics training, agribusiness and agriculture restructuring, housing, energy efficiency, strengthening of democratic institutions, and a one-time energy sector support grant.

The SEED program emphasizes assistance to:

* **speed economic reform** through privatization, enterprise restructuring, and transfer of business know-how, and by enhancing domestic credit opportunities through banking reforms;

* **strengthen democratic institutions** by helping local governments and indigenous NGOs to assume administrative, representational, and social service responsibilities formerly borne by the central government; and by promoting free and independent media through technical support and training; and

* **improve living standards** by combatting unemployment, environmental degradation, inadequate housing infrastructure, and deteriorating health infrastructure.

Program Impact

Fundamental steps have been taken to establish a free market economy; there has been considerable progress in privatizing State-owned enterprises; and a liberal foreign investment policy has attracted private foreign investment. The private sector now accounts for about 60% of GDP, and the Hungarian currency has become fully convertible on the current account. While Hungary's macro-economic situation was on the upswing at the end of 1995, the economy remains in transition and continues to cope with problems of adjustment: relatively high unemployment and inflation, eroding domestic earnings and savings, and declining living standards for some Hungarians, especially pensioners, dependent mothers, and children. Hungary continues to experience serious trade imbalances, and it remains one of the highest per-capita indebted countries in Europe.

Economic Growth:

Economic Recovery: Hungary registered a modest (about 3%) GDP growth in 1995, the first year of growth since inception of the SEED program. It is estimated that GDP will continue to grow at about 2.3% in 1996. Central budget outlays have been reduced, and repeated efforts to contain the deficit within 4% of GDP offer good prospects for compliance with IMF conditionality and Hungary's ability to qualify for World Bank strategic adjustment lending in 1996.

SEED-funded U.S. Treasury advisors consult regularly within the Ministry of Finance (MOF), and earlier USAID assistance helped to establish, within the MOF, the Government's first post-war centralized treasury. This will enable the MOF to review allocations of credits to all Government departments, with a view to controlling expenditures.

USAID's pioneering work in introducing means-testing methodologies to publicly-owned housing in Szolnok is now being applied across Hungary. USAID advisors are also assisting local governments in managing their resources more effectively, by improving local capacity to finance

both investment and the operation of municipal services. Assistance in municipal budgeting is provided to many Hungarian cities, enabling municipal governments to become more responsive and accountable to citizens. These and other facets of the housing assistance program are enabling local governments to work with the private sector more efficiently, without having to resort to new public ownership or necessarily resort to use of public funds. The existing stock of private housing is being improved through creation of new mechanisms to support homeowners as, for example, in managing condominiums and in helping homeowners to organize and to finance their own renovations.

The Housing Guaranty Program, signed in May 1994, provides U.S. guarantees in an initial tranche of $20 million to be spent on affordable loans for construction, rehabilitation, and infrastructure of modest homes. The goal of this project is to establish a model for more extensive market-based housing finance options for Hungarian consumers. The project supports reduction of central budget-funded housing finance subsidies, the removal of legal and regulatory impediments to developing a more competitive housing finance system, and integration of housing finance into the financial and capital markets.

Privatization: Hungary's second year of positive GDP growth reflects the growing contribution by the private sector to production and export enhancement. With 30% of Hungary's State-owned enterprises still to be privatized -- a process in which SEED funded advisors have played a major role -- it is estimated that the private sector now accounts for at least 60% of GDP. This includes virtually all of the retail industry. After facilitating privatization in 1995 of several major gas and oil conglomerates, USAID technical advisors recently assisted in the January 1996 privatization of VIDEOVOX and are completing preliminaries for privatizing the National Textbook Publishing Company, six electricity distribution companies, seven power plants, and part of the central electric works.

Small and Medium Enterprises: USAID has initiated two new projects aimed at conveying business management and marketing know-how to privatized firms. One is intended to help firms privatized under American-style ESOPS (employee stock ownership procedures) to acquire essential business management expertise. Another new effort will offer similar but more specialized, on-demand assistance to more established private firms on a part-reimbursable basis. Ten small energy service companies have been formed under a USAID energy management training project, and are now able to offer energy efficiency advice to Hungarian firms. Access to credit remains a major obstacle to Hungarian entrepreneurs, due in large part to the cautious lending policies of Hungarian credit institutions. In a project launched in 1995, USAID advisors began training senior managers of Hungary's national savings bank (OTP). Directed at high-level managers and OTP's own in-housing training unit, this project will enable OTP to expand new policies and skills so that loan officers in OTP's 1,400 branches will engage in "risk-taking" by lending to entrepreneurs on more commercially acceptable terms.

With assistance from another USAID partner, a major agro-business policy landmark --

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Hungary's first Comprehensive Agricultural Bill -- is near conclusion. In June, 1995, a SEED-funded technical assistance team helped to draft this omnibus farm legislation -- the first of its kind in over fifty years. A delegation of senior Hungarian officials and parliamentarians came to Washington in November, 1995, to discuss the American farm bill experience with the Under-Secretary for Agriculture for Policy Formation, U.S. legislators, and staff. The delegation also visited farmers and consumer groups to obtain their insights into the operations of the U.S. farm legislation. A Hungarian agricultural joint venture, benefitting from USAID technical support, was reported to have imported an impressive $720,000 worth of U.S. soymeal and U.S. high technology software in 1995.

Next Steps: Budget reform remains a major task, entailing further restructuring and privatizing of the economy, including key sectors such as banking and energy. SEED-funded technical assistance has greatly facilitated the privatization process, and the Government of Hungary is showing growing receptivity to highly targeted U.S. advisory services to the banking sector. SEED assistance has helped to establish a central treasury within the Ministry of Finance. Next steps include a shift in emphasis from the privatization process to helping privatized companies become more competitive and commercially viable.

Fiscal reform will also entail further review of many major social service outlays -- especially unemployment, housing, and health -- which are too costly for the cash-strapped central government to finance much longer. Advisors will also explore mechanisms to transfer financial and programmatic responsibility from the heavily burdened central budget to local government, non-governmental organizations, and individual beneficiaries.

***Democratization*:**

Local Government: Devolution of responsibility from central to local government has not been matched by a corresponding transfer of administrative experience and financial resources. The SEED program tries to address both issues: resource mobilization and effective representation of local interests and concerns. In 1995 twelve Hungarian mayors completed USAID training programs, studying how American practices can be applied to representation and employment generation in their respective cities. The Mayor of Pecs, Hungary's fifth largest city, subsequently established a tourism/business center (which may benefit from the stationing of U.S./NATO support personnel in nearby Kaposvar).

Participation: USAID launched two new programs in 1995, one aimed at upgrading public administration skills at local level and the other at supporting the establishment of local NGOs serving democratic reform and social service needs.

Next Steps: USAID efforts to promote participation in decision-making will focus increasingly on empowerment, through strengthening the capacities of local government and NGOs to articulate and represent the needs of the population.

Quality of Life/Social Sector Restructuring:

High unemployment (approaching 80% in some single-industry towns) continues to be the major preoccupation of the Government and a major impediment to economic reform. Costly redundancy within State-owned industries, such as the railways, has to be balanced against equally or even more costly unemployment benefits funded under the central budget.

Labor Retraining: Until World Bank, International Labor Organization and USAID/DOL advisors began their collaboration, Hungary had no mechanism for large-scale processing of redundant workers and assuring their re-employment. A model labor center was established in Baranya County with external donor assistance several years ago, but other more cost-effective measures have subsequently been explored.

One of these, the USAID-designed Rapid Response Project, is a pilot scheme which draws on existing local government counseling and training facilities to attract workers into alternative occupations. In Debrecen, one of the highest unemployment areas of Hungary, this project has helped to reduce unemployment by 1.5% in a fairly short period of time. Another USAID/DOL pilot project has also proven successful: the Quick Start project identifies local employers' needs and then provides appropriate training to match those needs. This project is credited with having so far put over 600 long-term unemployed back to work. Twelve additional sites have been activated to address mass layoff issues and to counsel an estimated 5,000 unemployed workers.

Health: A longstanding USAID Health Partnership with American and Hungarian medical institutions has established a center of excellence for treating children suffering from cancer. The introduction of new techniques and U.S. equipment has so far helped to reduce by over 50% the mortality rate of all child cancer patients under treatment in Hungary. As the result of SEED-funded training of Hungarian doctors and nurses in the U.S., it is estimated that 1,500 Hungarian patients have been able to receive modern cardiac care.

Next Steps: In its efforts to reduce charges against the central budget, in bringing Hungary into compliance with IMF conditions, health benefits will be cut substantially. USAID collaborators are helping to design a minimum health benefits package for the remaining national health insurance program. Other cost savings are expected to follow from USAID introduction of an improved hospital DRG system, to monitor health care costs more accurately.

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U.S. ASSISTANCE TO HUNGARY
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$217,017**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003	Support of Democratic Institutions	1,782
1800017	Political Process	1,300
1800018	Local Government and Public Administration	715
1800019	Democratic Governance and Public Administration	2,943
1800020	Rule of Law	368
Democratic Pluralism		
1800021	Political and Social Process	2,163
1800022	Independent Media	2,467
	Subtotal:	**$11,739**
	as % of Total:	**5.4%**

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800036	Sector Support - Hungary	10,000
Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	25,411
1800023	Technical Assistance to Enterprises	9,071
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	2,017
1800027	Business Services	7,709
1800035	Bank Training (Treasury)	2,148
Investment and Trade		
1800010	Enterprise Funds	70,000
1800028	American Business & Private Sector Dev. Initiative	6,279
1800047	Removing Impediments to Trade Enhancement (RITE)	97
Human Resources		
1800002	Human Resources Program	6,049
1800029	Management Training & Market Economics Education	10,856
1800045	Participant Training	2,975
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	7,898

Energy Efficiency

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1800030	Regional Energy Efficiency		7,427
		Subtotal:	**$167,936**
		as % of Total:	**77.4%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid			
1800032	Non Governmental Organizations (NGO) Dev. Project		3,470
Employment and the Social Safety Net			
1800033	Labor Market Transition (DOL)		4,047
Housing			
1800034	Housing Sector Assistance		8,735
Health			
1800037	Partnerships in Health Care		4,961
1800038	Promotion of Private Health Markets		1,313
Environment			
1800004	Environmental Initiatives		4,304
1800039	Improved Public Sector Environmental Services		6,688
1800041	Environmental Training		1,246
		Subtotal:	**$34,763**
		as % of Total:	**16.0%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support		1,281
180632A	Transfers To Other US Agiencies		1,275
9260071	Training Eval. & Support Services		4
9361421	AID/Peace Corps Small Project Asst		19
		Subtotal:	**$2,580**
		as % of Total:	**1.2%**

KOSOVO

Political and economic conditions continue to deteriorate in the Serbian province of Kosovo. Its autonomy was removed unilaterally by Serbian authorities in 1989, who have subsequently forced most ethnic Albanians out of their jobs and severed them from government services and the formal economy. Serbs are responsible for severe repression in Kosovo, including extra-judicial killing and torture. The province is firmly under the thumb of the heavily armed Serbian police.

As a result, ethnic tensions remain extremely high. Rejecting any restoration of autonomy, ethnic Albanian leaders seek international support for Kosovar independence which the Serbs vehemently oppose. Serb authorities employ the security apparatus to intimidate and harass the ethnic Albanian majority in the province. Numerous human rights violations have been documented.

Following the signing of the Dayton Accord, Kosovo remains one of the fundamental unsolved issues in reaching a comprehensive settlement in the Balkans. The United States supports the return of political autonomy and full human rights, but opposes independence or a UN protectorate for Kosovo. It is U.S. policy to encourage a dialogue between Serb authorities and Kosovar Albanians aimed at defusing tensions and restoring political and human rights in the province.

SEED ASSISTANCE SUMMARY

The Democracy Commission used a total of $15,000 to provide grants to support the operation of three Albanian-language newspapers in Pristina in 1995. As for non-SEED funded activities, USIA intends to open a USIS branch office in Kosovo during 1996. Also, during 1995 the Office of Foreign Disaster Assistance (OFDA) has been able to distribute substantial amounts of disaster relief. See Heading under USAID Disaster Relief (OFDA).

LATVIA

Economic Developments:

Latvia continued market-oriented reforms, although at a slow pace. Its freely-traded currency, the lat, was introduced in 1993 and has held steady, or appreciated, against major world currencies. For the past two years, inflation has been held under a monthly rate of 2-3 percent. Latvia's economy had contracted substantially since 1991: economic output shrank 34 percent in 1992 and 20 percent in 1993. Led by recovery in light industry and a boom in commerce and finance, the economy appeared to have steadied by late 1994. Modest growth was forecast for 1995. However, a prolonged banking crisis involving what had been Latvia's largest commercial bank, set the economy back in the second half of the year. The crisis caused the budget deficit for 1995--and projected deficit for 1996--to grow well beyond the 2 percent target recommended by the IMF.

Replacement of the centrally-planned system imposed during the Soviet period with a structure based on free-market principles has been occurring spontaneously from below much more than through consistently-applied structural adjustment. Official statistics tend to understate the booming private sector, suggesting that the Latvian people and their economy are doing much better than is reflected statistically. The private sector, especially in trade and services, accounted for about half of economic activity. Privatization initially proceeded at a good pace in the rural sector; by mid-1994, more than 50 percent of Latvia's farmland was in private hands, the rest in stock or government-owned companies. In the industrial sector, especially medium and large enterprises, privatization progress has been slow. The official unemployment figure has held steady in the 8 percent range.

Latvia reported a trade surplus of 36.4 million lats in 1993, with exports of 675.6 million lats and imports of 639.2 million lats. Given the persistently strong lat, Latvia is expected to record a larger balance of trade deficit in 1995. Russia remains Latvia's largest trade partner, accounting for 29 percent of exports and 28 percent of imports, mostly transit trade. Latvia remains heavily dependent upon Russia and the NIS for about 90 percent of its energy needs. Investment flows and net official transfers were positive in 1994, but outflows of mainly Russian portfolio investment in 1995 are likely to hurt the final 1995 balance of payments figure. Direct foreign investment appears to have grown only modestly since January 1994, when the total figure stood at an estimated $140 million. The United States remains at or close to the top in direct foreign investment. Latvia signed a Europe Agreement with the EU in June 1995, with a four-year transition period. In 1995, Latvia signed a bilateral investment treaty with the United States and is currently negotiating a double-taxation treaty.

Structural reform has proceeded most rapidly in agriculture and in the privatization of small enterprises. More than 58,000 private farms have been established and most remaining collective farms transformed into private joint stock companies. However, many of Latvia's new farmers are

operating at subsistence levels stemming from a lack of financial resources and credit. Urban and rural property is being returned to former owners, but the legal mechanisms for title registration, sale and mortgaging of real property are not yet fully developed. Other than privatization of the food processing and dairy industries, the pace of privatization of large industrial enterprises has been slow. Only about a dozen of Latvia's largest industrial enterprises have been privatized. Recovery in light industry and Riga's emergence as a regional financial and commercial center are offsetting shrinkage of the state-owned industrial sector and agriculture. Foreign investment in Latvia is still modest compared with levels elsewhere in North-Central Europe.

Political Developments:

Latvia restored its de facto independence in 1991 after 50 years of Soviet rule. A 1991 constitutional law, which supplements the 1922 constitution, provides for basic rights and freedoms. There is freedom of association and a lively free press. A parliamentary democracy, Latvia held free and fair parliamentary elections in 1993 and 1995 and local-council elections in 1994. The 1993 elections led to a right-of-center, Western-oriented coalition. The September 30-October 1, 1995 elections brought forth a deeply fragmented parliament with nine parties represented and the largest party commanding only 18 of 100 seats. Attempts to form right-of-center and leftist governments failed; seven weeks after the election, a broad coalition government of six of the nine parties was voted into office under prime minister Andris Skele, a businessman not in parliament. President Guntis Ulmanis, whose constitutional powers are limited, played a key role in leading the various political forces to agree finally to this broad coalition. Ulmanis' three-year term is up in summer 1996; since the Latvian president is elected by parliament, Ulmanis must continue to appeal to a broad spectrum if he is to be reelected.

Latvia's judiciary is formally independent, but needs training. Mainly Russian-origin organized crime is a pervasive problem; the police are overwhelmed and ill-trained in their fight against this phenomenon. As a result, Latvian law enforcement officials seek extensive training by Western law enforcement agencies, including numerous U.S. agencies.

On April 30, 1994 Latvia and Russia concluded agreements providing for withdrawal of Russian armed forces, continued Russian operation of an early-warning radar in Latvia for four years, and social guarantees for certain ex-Soviet military retirees. Russia completed its withdrawal of armed forces as scheduled by August 31, 1994. However, an undetermined number of demobilized officers remained in contravention of the agreement; Latvia and Russia have been negotiating the repatriation of this group.

A key development in 1994 was the adoption of a law on naturalization and citizenship. Fair implementation remains the key question. The law will allow most of Latvia's approximately 700,000 non-citizen to seek naturalization over the next eight years. The main requirements are knowledge of the Latvian language, history and constitution as well as a pledge of loyalty to Latvia. Russia and some non-citizens criticized the law; however, Western observers, including

the OSCE mission established in 1993, say it meets international norms. Latvia's law on aliens, passed in mid-1995, also meets international norms.

Ethnic Latvians comprise 54% of the 2.6 million population; citizens of other ethnic origins number approximately 400,000; there are approximately 700,000 non-citizens in Latvia. Ethnic Latvians are a minority in seven of the eight largest cities; non-Latvians are primarily urbanized and control an estimated 80% of the economy, making economic, not political reform a key issue to Latvia's future ethnic harmony.

SEED ASSISTANCE SUMMARY

Program Overview

Since regaining independence from the former Soviet Union in September 1991, Latvia has engaged in programs to reform economically and politically. The USG, through the SEED program, has supported this transformation. FY 1994 represented a high mark in resources received under the SEED Act. In 1994, the country achieved two percent growth in GDP, increased wage rates, lowered inflation, relatively stable employment and interest rates, strong national currency gains, and reorientation of trade to the West. On the democracy front, free and fair municipal elections were held, and a peaceful nonelection year transition in government took place. These positive indicators prompted a reevaluation of the SEED program strategy. With continued strong progress in democracy and market economy reforms, the USG would expect Latvia to be in the next phase of assistance phase down and program closeout.

Latvia was not without its share of development challenges in 1994-1995. In contrast to a surplus in the previous year, a budget deficit was recorded in late 1994. The Government of Latvia (GOL) remained committed to stabilization efforts, in accordance with IMF and IBRD arrangements, but structural and financial reforms continued to lag behind private sector growth. Then a significant crisis gripped the banking sector during the second quarter of FY 1995. By summer, three large banks failed and, according to IMF estimates, the collapse resulted in losses of around 8% of GDP. USAID modified its efforts to ensure core development objectives were met in bank supervision, tax administration, and budget implementation. SEED assistance contributed to addressing critical needs and thus enabled the GOL to avoid an economic collapse.

U.S. assistance priorities include economic restructuring, democratic growth, and improved quality of life. To achieve development, the SEED program's main objectives are to:

* **establish a viable private financial sector through bank supervision and fiscal sector reform:** strengthening the Central bank, promoting sound commercial bank and government securities management, improving tax collection and administration;

* **facilitate energy sector restructuring to support a market-oriented, environmentally-sound economy:** changing to more independent and efficient means of electricity and heating production, minimizing industrial waste; and

* **increase citizen participation in the political and economic decision-making progress:** targeting selected local governments, fledgling advocacy groups, political organizations, and other nongovernmental organizations (NGOs) with local/regional agendas.

The U.S. has contributed over $33 million in cumulative SEED assistance to Latvia. Of this amount, a little over $6.5 million was obligated in FY 1995.

Program Impact

Economic Growth:

As the economy endures the last stages of its financial crisis, the IMF considers that consumer confidence has already been restored. It is forecasted that GDP growth will be in the 3% range for both 1996 and 1997.

Financial Crisis: The bank failures sent a shock wave throughout Latvia and the region. About one in every 19 residents (150,000 people) lost money with the total estimated at $270 million in deposits. The IMF initially withdrew, then reestablished its $40 million credit line to the country. Depositors were largely uncompensated. USAID-funded bank supervision experts from KPMG Barents Group contributed significantly in assisting the GOL in all stages of the crisis. Initial work by the advisors Group enhanced the ability of bank examiners to perform audits at problem commercial banks. By May 1995, the supervision staff had already revoked the licenses of at least a dozen banks. However, it was clear that, in addition to bad banking practices, fraudulent and criminal activities had weakened the system. Barents Group advisors created a computerized depositor compensation scheme for the closed banks, and contributed to new banking legislation. In addition, the U.S. Treasury responded to an urgent GOL request to promote the sale of Treasury bills on the international market. As a result of this timely U.S. support, the GOL was able to avoid a major run on other banks. A comprehensive law was promptly approved to protect the interests of depositors.

Fiscal Reform: In 1994, USAID, through the U.S. Treasury, helped formulate laws in tax policy, local government finance, and budget management resulting in increased transparency and better planning for the use of governmental finances. Nevertheless, the 1995 budget deficit dominated the economy, as the result of stagnation of large-scale enterprise privatization, weakened enforcement of tax collection procedures and open tax evasion, and rising wages and pensions.

Growth in Private Enterprise: Since 1992, an estimated 30,000 new private enterprises

have been created, mostly in the service and trade sectors. Private enterprise now contributes almost 60% to the GDP and total direct foreign investment in 1994 was almost $155 million. Past USAID assistance facilitated the sale of all state-owned meat processing operations, dairies, and bakeries. In FY 1995, at the request of the GOL, USAID created a public certificate program to allow for direct participation in the purchase of businesses. In addition, SEED-funded advisors were instrumental in formulating credit union legislation and establishing model credit unions, including the first ever for Latvian railroad employees.

Next Steps: Out of 54 banks operating at the beginning of 1995, about 40 are still licensed with all but eight under some form of sanction. Further closings are expected in order to purge the financial system of undercapitalized or mismanaged banks. The GOL has already requested more assistance in bank examination and liquidation procedures. USG expertise will enable Latvia to accede into the GATT/WTO. SEED-funded advisors will also help the Ministry of Finance to better manage public debt. Tax administration techniques, in particular investigating delinquent claims, will prove invaluable to the GOL. Finally, one of the most important obstacles to the success of SMEs is lack of long-term finance. In addition to perfecting credit union legislation, SEED funding through the Baltic-American Enterprise Fund will help overcome the dearth of credit by providing long-term loans and guarantees to SMEs.

Building Democracy:

Continued mistrust of the public sector in general remains a continuing political challenge. The U.S. encourages civic participation through advocacy groups and legislative outreach, and strengthening local government to become more independent and responsive to citizen needs.

Political Process Building: In 1994, the first free and open local government election took place, moving Latvia closer toward democratic pluralism. USAID drew on the experience of both the National Democratic Institute (NDI) and the International Republican Institute to enhance access for the public to the parliamentary system, and to fund campaign leadership skills training, starting at the grassroots level. This resulted in a broad spectrum of political party participation at the national level. In particular, one of NDI's seminars ultimately influenced the drafting of a Law on Information (based on the U.S. Freedom of Information Act).

Nongovernmental Building Blocks: In FY 1995, USAID launched a program to increase the impact that nongovernmental organizations (NGOs) have on influencing public policy and promoting grass roots agendas. The International Center for Not-for-Profit Law, a U.S. NGO, assists in installing the basic legal foundation required to define, register, and govern Latvian NGOs. The U.S. Baltic Foundation and NDI work to educate local groups on management structure, fund raising skills, relations with Parliament, and promoting agendas on the local/regional level.

Next Steps: Continued mistrust of the public sector, in general, remains one of the main

obstacles to successfully increasing transparency, openness and accountability in government. USAID assistance will focus on training for selected municipal governments' internal management, budget allocation and finance staff, as well as on intergovernmental and public relations techniques for local civil servants. A major target in judicial reform will be to establish a judicial training center, as a self-sustaining organization, and codes of conduct through the American Bar Association's CEELI Program.

Quality of Life:

As a former Soviet satellite, Latvia is import-dependent for virtually all of its energy resources: heating oil, natural gas and coal. The dependence of all three Baltic republics on Russia for energy imports has resulted in a more coordinated regional approach to addressing energy efficiency issues.

Energy Solutions: The utility partnership created between Latvia's national energy company and Central Vermont Power Service is one of the strongest in Central Europe. The SEED program has encouraged collaboration with Latvia by national energy companies in Lithuania and Estonia to ensure a comprehensive energy policy throughout the region. As a result, between 1990-1994, consumption of energy resources decreased by 45%.

Pollution Prevention: The GOL approved a national environmental strategy in 1995 and created a number of new pollution "charges" or cost factors to encourage the prudent use of natural resources. These actions should have a positive impact on energy planning, private industrial and public investments, and environmental health. In 1995, the U.S. Environmental Protection Agency (USEPA) developed a national and Baltic regional environmental monitoring system. The USEPA has also provided assistance to the Ministry of Environmental Protection and the Latvian Privatization Agency on developing environmental liability policies. This enabled new privatization deals to meet environmental legislation requirements.

Health: As with most former communist countries, the health system in Latvia is undergoing a major transition from State funded services to medical insurance plans. The American International Health Alliance is contributing substantially to this transition in a partnership between several hospitals in the St. Louis area and in Riga. The program will improve the efficiency and effectiveness of health care administration and enable delivery of health services to adapt to new circumstances.

Next Steps: Latvia's national energy company should see measurable billing collection improvements in 1996/1997. More realistic fines which punish major polluters will be enforced. Enterprises will invest in environmental savings technology with help from the World Environment Center (WEC), a U.S. NGO. The WEC will also continue to support efforts of the Pollution Prevention Center to develop sources of revenue by replicating WEC's waste minimization and environmental assessment services.

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U.S. ASSISTANCE TO LATVIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$33,314**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800017	Political Process	284
1800018	Local Government and Public Administration	288
1800019	Democratic Governance and Public Administration	2,193
1800020	Rule of Law	616
Democratic Pluralism		
1800021	Political and Social Process	965
1800022	Independent Media	215
	Subtotal:	**$4,560**
	as % of Total:	**13.7%**

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	5,190
1800023	Technical Assistance to Enterprises	2,961
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	755
1800027	Business Services	2,935
1800035	Bank Training (Treasury)	167
Investment and Trade		
1800010	Enterprise Funds	3,473
1800028	American Business & Private Sector Dev. Initiative	1,044
Human Resources		
1800002	Human Resources Program	574
1800029	Management Training & Market Economics Education	1,734
1800045	Participant Training	861
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	2,157
Energy Efficiency		
1800030	Regional Energy Efficiency	2,091
	Subtotal:	**$23,942**
	as % of Total:	**71.9%**

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C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid		
1800016	Humanitarian Emergency Medical Supply	165
1800032	Non Governmental Organizations (NGO) Dev. Project	216
Health		
1800037	Partnerships in Health Care	799
Environment		
1800004	Environmental Initiatives	2,358
1800039	Improved Public Sector Environmental Services	850
	Subtotal:	**$4,388**
	as % of Total:	**13.2%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	172
180632A	Transfers To Other US Agiencies	250
9260071	Training Eval. & Support Services	1
	Subtotal:	**$423**
	as % of Total:	**1.3%**

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LITHUANIA

Economic Developments:

Given the slow pace of reorientation of its trade to the West, Lithuania was hit hard by the economic decline afflicting the NIS from 1991-94. However, with more than 50 percent of trade now with the West, Lithuania forecasts up to 5 percent growth in 1995. The Lithuanian government has achieved significant success in reducing inflation. The yearly inflation rate has declined dramatically since 1993. The annual rate for 1995 is expected to be in the 25-30% range. On the other hand, a slowly-brewing banking crisis boiled over in December 1995, leading to the suspension of licenses for at least two of the largest private commercial banks.

Although a Most-Favored-Nation (MFN) agreement with Russia was signed in November 1993, Moscow linked its implementation to Lithuanian agreement to conclude a bilateral Kaliningrad military transit arrangement. Russia formally implemented MFN at the end of 1994, but reports suggest that Lithuanian exports are still assessed fees by Russian customs at the Belarusian border. As a result, trade between the countries remains constrained.

In June 1995 Lithuania signed a Europe Agreement with the EU with a six-year transition period, reflecting the slower pace of structural adjustment in Lithuania compared to its Baltic neighbors. Lithuania continues to negotiate a bilateral investment treaty and bilateral tax treaty with the United States; these treaties will complement the agreements on trade and intellectual property protection and science and technology cooperation signed in 1994.

Lithuania is gradually transforming a centrally-planned economy into a market-oriented system. Nearly all housing and small businesses are now privately owned, but large enterprises continue to operate essentially as state firms or as firms privatized by former enterprise directors. More than 142,000 new private farms have been established on more than one-third of the country's total arable land. Newly-created small firms (more than 115,000 have been registered) are rapidly growing in number and steadily expanding the range of products and services on offer to Lithuanian consumers. It is estimated that the private sector now employs slightly more than half the workforce, thereby helping to cushion the effects of declining production in the state sector.

Although the official statistics indicated that 3.2 percent of the workforce was looking for work in 1994, hidden unemployment is a massive phenomenon in the state sector, which is running at less than half capacity. Wages have gone up in real terms and now average about 93 USD per month, compared to 50-60 USD per month in 1993. The IMF has extended stand-by credits to Lithuania and strongly endorsed the Government's opposition to an indexation of wages and investments sponsored in a failed August 1994 referendum by the left- and right-wing opposition.

The transportation infrastructure is adequate. Lithuania has one ice-free seaport with ferry services to German ports. The road system is good but border crossings may be difficult due to inadequate border facilities and bureaucratic delays at checkpoints with Poland and Belarus. Telecommunications have improved greatly since independence as a result of heavy investment.

Political Developments:

Lithuania, a parliamentary democracy, restored independence in 1991 after more than 50 years of Soviet occupation and forcible annexation. The constitution, adopted by referendum in 1992, provides for fundamental human rights and freedom of assembly and organization. The press and electronic media are lively, but appear to be hampered by government pressure and are subject to intimidation and bombings by unknown groups. The constitution established a 141-member unicameral legislature, the Seimas; a directly elected president, who functions as head of state; and a government formed by a Prime Minister appointed by the President and approved by the Seimas. The Government exercises authority with the approval of the Seimas and the President. The judiciary is formally independent but needs training; some observers see government attempts to reform the judiciary as an indirect method to exert pressure. The police are overwhelmed and under-trained in their fight against serious organized crime, with corruption a resulting problem. Law enforcement officials recognize the problems and rely on Western law enforcement agencies, including many U.S. agencies, for training.

In free and fair elections in late 1992, the Lithuanian Democratic Labor Party (LDDP)--the successor to the Communist Party of Lithuania--won a majority of parliamentary seats and formed the Government, replacing the nationalist Sajudis coalition which had been in power since Lithuania regained independence. In early 1993 voters elected Algirdas Brazauskas, then Chairman of the LDDP, as President. New parliamentary elections are scheduled for October 1996. In March 1995 local elections, the LDDP suffered a rout at the hands of center-right and conservative parties. Local administration is hamstrung by lack of expertise and over-centralization of fiscal authority; continuing U.S. technical assistance is key to strengthening municipal government.

Lithuania adopted a "zero-option" citizenship law since only 8 percent of the population is ethnic Russian and 8 percent ethnic Polish. Lithuania and Poland signed a Friendship Treaty in spring 1994, and a similar agreement with Belarus nears signature. Russia withdrew its armed forces from Lithuania in 1993; military transit to and from the Kaliningrad enclave remains an issue, although Lithuania and Russia have agreed to extend an arrangement used for the return of Russian troops from Germany.

SEED ASSISTANCE SUMMARY

Program Overview

After the U.S. recognized restoration of Lithuanian independence in September 1991, the U.S. promptly initiated a bilateral assistance program under the mandate of the 1989 SEED Act. Since 1991, USAID has transformed the program from emergency feed grain, energy aid and humanitarian efforts into an integrated strategy for achieving development goals. Fiscal year 1995 represented a high mark in SEED resources provided. Although the country has stabilized from a macroeconomic and political perspective, the basic legislative and management infrastructure is still too weak to sustain key reforms. U.S. assistance seeks to maintain progress achieved to date in order to further improve Lithuania's integration into the world economy.

Commitment on behalf of the Government of Lithuania (GOL) to economic reforms has been steady, but adverse legislation and corruption have prevented significant growth and foreign investment. In 1995, Lithuania applied for membership into the European Union and, with U.S. assistance, submitted its trade proposal to the World Trade Organization. By the end of 1995, nearly 6,500 state-owned enterprises of all sizes had been transferred into private ownership. In FY 1995, the U.S. altered its assistance strategy by discontinuing efforts on privatization and increasing support for legal and policy reforms; building viable private enterprises with management expertise; strengthening the financial sector through supervision by the central bank, training for bankers, and development of capital markets; and introducing new financial instruments. Since the Lithuanian economy is traditionally agrarian-based, approximately one-fourth of the U.S. assistance program is geared to benefit medium-sized farms and agribusinesses.

Overall U.S. assistance priorities in Lithuania include economic restructuring, democratic growth, and improved quality of life. To achieve development, the USAID-managed SEED program seeks to:

* **improve private firm-level business operations:** promoting western-style practices in small and medium size enterprises, including agribusiness, minimizing efforts which contribute to industrial waste, and providing financial credit and specialized management training to qualified enterprises;

* **restructure the energy sector to support a market-oriented, environmentally-sound economy:** transforming to more independent, efficient, and safer and environmentally sound means of electricity and heating production;

* **increase citizen participation in the political and economic decision-making progress:** targeting local governments, fledgling policy advocacy groups, political organizations, and other nongovernmental organizations (NGOs) with local regional agendas;

The U.S. has contributed $44 million in cumulative SEED assistance to Lithuania. Of this amount, $15.4 million was obligated in FY 1995.

Program Impact

Economic Growth:

After three years of drastic declines in output from the former Soviet industrial system, coupled with high inflation, increasing unemployment, and other economic shocks, Lithuania underwent a mild recovery. Following an estimated GDP growth of 1% in 1994, the economy is estimated to grow between 3-5% in 1995. Although inflation remains high, industrial output, income, and retail sales expanded in 1995 and the $105 million trade deficit shrank. The GOL has established a strong track record in economic policy implementation under IBRD and IMF sponsored loan programs; the latest IMF credit tranche is about $200 million through September 1997. The U.S. concentrates more than 80% of its assistance efforts to further restructure Lithuania's economy.

Commercial Growth: The private sector now contributes more than 60% to the GDP. Most small and medium-sized enterprises (SMEs) which have adopted western-style marketing and production methods, are showing marked success in their individual business ventures. In FY 1995 alone, the U.S. channelled technical advice to 80 SMEs, farmers, and agro-processors. Dozens of SMEs restructured their management, improved product quality, created their own marketing programs and significantly increased production. In 1995, U.S. assistance focused its private sector promotion strategy around the start-up of the Baltic-American Enterprise Fund, which has provided over $500,000 in loans to Lithuanian SMEs. USAID has concentrated Land O'Lakes business experts in the northern dairy region, where the quality of milk, and therefore financial benefits, improved substantially.

Financial Sector Reform: In 1994, the economy entered a decisive stage where development could proceed no further without an effective, independent central bank and private commercial banks. New and newly-privatized enterprises needed access to credit, capital markets, effective laws, and foreign investment. The SEED program strove to strengthen the Central Bank, revise legislation to benefit SMEs, and assist the Ministry of Finance in tax administration. As a result, the Central Bank's supervision department, expanded and trained by U.S. advisors, closed seven problem banks in 1995. This action initially steadied the existing banking system. Under the SEED program, experts targeted the collateral law for improvements since the existing legislation lacks reference to moveable property, which remains a financing hindrance for SMEs. In addition, the U.S. Treasury began to restructure the tax revenue program which, in FY 1995, resulted in collection of more than 90% of personal income and profit taxes, as well as a Value-Added Tax (VAT).

Next Steps: Incomplete banking reform is the most pressing obstacle to economic recovery

and foreign investment in Lithuania. As of this writing, two major domestic banks, equal to $150 million in deposits, have closed, sending the country into a serious financial and political crisis. Policy actions at the Central Bank are not being taken and the GOL is negotiating a new agreement with the IBRD and IMF to restructure the banking sector. The GOL has requested continued assistance in bank examination and liquidation procedures, basic financial and managerial training for bankers and managers of public shares in banks. Private sector alternatives such as credit unions and capital markets will continue to be developed. A strong legal framework is urgently needed in order to promote a sound banking system. SEED assistance will therefore help to improve six key pieces of legislation: civil and criminal codes, commercial and central banks, deposit insurance, and enterprise law.

Building Democracy:

Lithuania already can count several diverse political groups among its motivated nongovernmental movement. This activism is evidence that democratic ideals have taken hold again after 50 years of Soviet occupation. To build on this network, the U.S. encourages popular participation through advocacy groups and legislative decision-making, and strengthening local government to demonstrate independence and responsiveness to citizens.

Political Party Campaigning: Lithuania's March 1995 municipal government elections, the first since independence, reflected a more organized campaign by all major political parties. An election advisor from the International Republican Institute was instrumental in bringing about a strategic campaign planning program, largely attended by municipal council members, mayors and other candidates. The result was a campaign focused more on local and regional issues than on personalities. The election outcome coincided with a GOL decision to transfer more administrative authority to regional and municipal leaders. By distributing campaign handbooks based on U.S. practices, national party chapters continue to utilize modern campaign strategies in preparation for the October 1996 parliamentary elections.

Nongovernmental Building Blocks: In FY 1995, USAID launched a program to increase the influence that private, voluntary and other NGOs have on public policy and promoting grass roots agendas. As the International Center for Not-for-Profit Law, a U.S. NGO, assists in installing the basic legal foundation required to define, register, and govern Lithuanian NGOs, the U.S. Baltic Foundation and the National Democratic Institute strive to educate indigenous groups on management structure, fund raising skills, relations with Parliament, and promoting agendas on the local and regional level.

Next Steps: Local elections have sparked renewed vigor in strategic campaign planning. The SEED program will build on this momentum to assist parties in developing a systematic candidate recruitment process, and in conducting candidate and campaign manager training. The elections have left new municipal leaders, however, with significant administrative shortfalls. USAID assistance will address internal management, municipal budget allocation and finance

issues, as well as intergovernmental and public relations techniques for local civil servants. Major opportunities exist to support judicial reform through technical assistance and training. Development of Lithuanian NGOs will continue and its impact on public policy evaluated. Finally, there is a need for the U.S. to further support the GOL's efforts to address crime and corruption issues, the spread of which severely curtails economic development.

Quality of Life:

For decades, Lithuania suffered the effects of pollution and disregard for environmental health stemming from the mismanagement of a centrally-planned government. The GOL has placed the energy and environment sectors as two of the top three public investment priorities. Most of the country's former Soviet military bases are contaminated, and clean-up estimates in the tens of millions of dollars show this to be a long-term problem. The U.S. and other donors have applied top notch technical assistance and training to selected enterprises in the energy and environment sectors. Without redressing these basic inefficiencies, Lithuania's economy, which is heavily reliant on imported gas and oil from Russia, will be unable to expand.

Energy Solutions: Although distortions persist, the energy sector has made progress in the transition from a state-owned public service model to a corporate model which responds to market forces. In 1995, U.S. assistance enabled the national utility company to undergo its first financial audit by international standards. Arthur Andersen has been retained for another year. Also in 1995, district heating prices were doubled, and electricity prices significantly increased. The utility partnership, formed with Alabama Power, has convinced the Lithuanians to establish a strong customer service outlook, and to set up an energy efficiency service for its clients. An Energy Pricing Commission has been created, and charged with developing a cost-based energy pricing methodology for use by the commission in setting retail energy prices.

In the nuclear safety arena, the U.S. Department of Energy continues to provide assistance focused on reactor safety for Lithuania's nuclear power plant at Ignalina. Both standard and emergency operating procedures are now being developed and finalized. The plant had previously operated without such procedures. In addition, a nuclear power plant analyzer is in operation at the Lithuanian Energy Institute. These measures should help maintain safe and efficient production of nuclear power until the GOL initiates an alternative or upgraded power strategy.

Environmental Investments: The GOL initiated plans for a national environmental strategy in 1995 and created a number of new pollution "charges," or cost factors, to encourage the prudent use of natural resources. These actions should have a positive impact on energy planning, private industrial and public investments, and environmental health. The SEED program has targeted selected industrial enterprises which, through modest capital improvements, will attract significant investments from international donors. Other industrial facilities have been targeted for investment projects which will reduce pollution levels and improve operational

efficiencies, thereby improving the economic viability of these privatized enterprises. In 1995, the U.S. Environmental Protection Agency (USEPA) established an environmental education center to teach the value of sustainable development practices. USEPA also provided assistance in developing a national and Baltic regional environmental monitoring system. This system was the catalyst for a substantial financial commitment from the Swiss Government.

Next Steps: In the next two years, with USAID and EU PHARE assistance, an Energy Pricing Council will be able to function independently as a regulatory pricing entity. The national energy company should see measurable billing collection improvements in 1996/1997. A second partnership between the Lithuanian national gas company and a U.S. utility is envisioned. New methodology for export tariff setting assistance will be presented to Parliament for approval in 1996. The U.S. Nuclear Regulatory Commission has begun its long-delayed program of assistance to the local nuclear regulatory body to prepare the latter for the 1997 re-certification of the nuclear power plant. USAID support will also enable a national Environmental Investment Fund to become operational in 1996. Seven additional plants will invest in environmental savings technology with help from the World Environment Center, a U.S. NGO. In addition, more realistic fines which punish major polluters will be enforced.

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U.S. ASSISTANCE TO LITHUANIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$44,060**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800017	Political Process	382
1800018	Local Government and Public Administration	204
1800019	Democratic Governance and Public Administration	2,241
1800020	Rule of Law	394
Democratic Pluralism		
1800021	Political and Social Process	1,586
1800022	Independent Media	247
	Subtotal:	**$5,053**
	as % of Total:	**11.5%**

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	5,576
1800023	Technical Assistance to Enterprises	4,273
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	1,868
1800027	Business Services	2,718
1800035	Bank Training (Treasury)	167
Investment and Trade		
1800010	Enterprise Funds	3,579
1800028	American Business & Private Sector Dev. Initiative	762
Human Resources		
1800002	Human Resources Program	459
1800029	Management Training & Market Economics Education	2,313
1800045	Participant Training	1,609
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	5,947
Energy Efficiency		
1800030	Regional Energy Efficiency	4,585
	Subtotal:	**$33,855**
	as % of Total:	**76.8%**

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C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid

1800016	Humanitarian Emergency Medical Supply	565
1800032	Non Governmental Organizations (NGO) Dev. Project	326

Environment

1800004	Environmental Initiatives	2,181
1800039	Improved Public Sector Environmental Services	1,415

Subtotal:	**$4,487**
as % of Total:	**10.2%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	283
180632A	Transfers To Other US Agiencies	380
9260071	Training Eval. & Support Services	2

Subtotal:	**$665**
as % of Total:	**1.5%**

FORMER YUGOSLAV REPUBLIC OF MACEDONIA (FYROM)

Economic Developments:

At the breakup of Yugoslavia in 1992, the FYROM was the poorest of the Socialist Republics. It remains one of the poorest countries in Europe. The breakup of the former Yugoslavia, U.N. sanctions on Serbia, war in nearby Bosnia, and an embargo imposed by Greece from February 1994 to October 1995 led to a breakdown of capital flows and delivered successive external shocks to the FYROM's trade-dependent economy. Over 60 percent of its export market and foreign suppliers were displaced by the trade shocks and by the regional economic stagnation of 1992-94. Additional economic dislocation was generated by the government's structural reforms and a strict (and largely successful) macroeconomic stabilization program. The FYROM was also deprived of needed European Union technical and financial assistance because of its dispute with Greece. Unemployment is approximately 32 percent by FYROM estimates but 20 percent using Western methods of estimation.

With the lifting of the Greek embargo in October 1995 and the opening of the suspension of U.N. sanctions on Serbia in November 1995, prospects for an economic upturn are evident. Thanks to a strict monetary policy and cautious exchange rate policies, reserves have been growing and now stand at over 160 million dollars. The FYROM was able to reschedule its Paris Club debt in 1995, opening the door for a rescheduling of its commercial debt. The fledgling nation, however, faces challenges both in improving its inadequate infrastructure and in diversifying its trade dependence on north-south transportation links.

The government remains committed to creating a market economy. The constitution guarantees market freedom and entrepreneurship, competition, and the right of foreign investors to free transfer of invested capital and profits. The Parliament has approved legislation on securities, foreign investment, foreign exchange activities, external credit relations, customs, banking and savings institutions, accounting and financial services.

The FYROM's economic stabilization program, begun in early 1994, and bank reform programs begun in 1994 have yielded positive results and won praise from the IMF and the World Bank. A severe financial austerity program stabilized the Macedonian denar and reduced the fiscal deficit. From quadruple figures in 1992, inflation had substantially declined by 1995. Additionally the FYROM's stable and restrictive monetary policy eliminated the parallel market for foreign currency.

The government's privatization law, adopted in 1994, identified 1,200 enterprises to be privatized, including approximately 115 companies with more than 250 employees. A law on 25 loss-making companies was passed in January 1995 with the aim of creating more efficient companies. The law provides that claims against these companies held by banks, public

enterprises and the state be converted into company shares. The program for restructuring the 25 biggest loss makers called for 16,800 lay-offs in 1995. While these workers are eligible for monetary compensation, not all have received what they are due.

The government continues to struggle with bank reform, though it remains in compliance with the terms of its World Bank sectoral adjustment loan at present. The challenge ahead will be for the National Bank of Macedonia to adopt regulations ending the ability of its commercial constituent banks to extend soft credits to large non-performing state enterprises. Much valuable assistance has been extended by the IMF and USAID through advisers and training programs.

Industry and mining, still the largest sectors of the economy, contributed approximately 40 percent of GDP. The agricultural sector, mostly privately held, comprised approximately 15 percent of GDP. Annual imports and exports account for nearly 65 percent of GDP. The FYROM does not subsidize its exports. Imports face no significant obstacles.

Political Developments:

The Former Yugoslav Republic of Macedonia (FYROM) is the only former Yugoslav republic to have gained independence without bloodshed. The United States recognized the country on February 8, 1994, using the provisional name, pending resolution of a dispute between Skopje and Athens on the name issue. On September 13, 1995, the United States and the FYROM established diplomatic relations.

All members of the European Union, except Greece, have established diplomatic relations with the FYROM. Relations between Skopje and Athens have improved with the signing of an interim accord in September 1995. The two countries announced they will exchange liaison offices in the other's capital in early 1996. U.N. mediator Cyrus Vance and U.S. Special Envoy Matthew Nimetz were instrumental in bringing both sides together. Following the accord, the FYROM became a member of the Council of Europe, the Organization on Cooperation and Security in Europe, and the Partnership for Peace.

The FYROM, a parliamentary democracy, declared its independence from Yugoslavia in September 1991 after a public referendum. The first parliamentary and presidential elections since independence were held in November 1994. International monitors declared these elections to be generally free and fair although some procedural problems occurred. Sixty parties participated in the first round. Two major opposition parties (with nationalist leanings) boycotted the second round of elections to protest technical irregularities in the first round. OSCE and COE observers ruled that the irregularities were not widespread enough to have prejudiced the result. A three-party coalition supported by President Gligorov won more than a two-thirds majority in Parliament, while ethnic Albanian parties, independents, and small parties occupy the remaining seats.

President Gligorov, first elected president by Parliament in 1991, was re-elected by direct popular vote in 1994. President Gligorov exercises broad authority based on his personal prestige. His authority has been greatest in the area of foreign affairs.

An assassination attempt gravely injured President Gligorov October 3, 1995. In accord with the constitution, President of the Assembly Stojan Andov temporarily assumed the duties of the presidency. He and Prime Minister Branko Crvenkovski kept their pledge to maintain the course set by President Gligorov, who is gradually resuming his duties. The investigation of the attack is still inconclusive.

The constitution provides for the maintenance and protection of fundamental human rights. The government generally respects these principles in practice, although ethnic Albanians, Turks and Serbs have raised allegations of human rights infringements and discrimination. In February 1995, an attempt by the ethnic Albanian community to open an Albanian-language university in Tetovo was declared illegal by the government. The government's use of police to close the university resulted in a violent clash that left one demonstrator dead and nearly 30 demonstrators and policemen injured. The university has continued to operate informally. The government has not taken any action against it.

The Constitution forbids censorship and provides for freedom of speech, public access, public information, and freedom to establish media outlets. However, in 1995 the authorities shut down a number of private broadcast stations, including local affiliates of the VOA and BBC. The government's explanation is that it is seeking to introduce order in a chaotic broadcast milieu, but it has not yet taken action to put a proper regulatory framework in place. There are several daily newspapers in Skopje, and numerous weekly political publications, including some published by opposition groups.

The Ministry of Interior oversees a security apparatus that includes uniformed police, border police, and the state intelligence service. A civilian minister controls the ministry and a parliamentary commission oversees operations. Ministry branch offices in 13 precincts are in charge of security at the local level.

Political-Military Cooperation:

The FYROM welcomes close cooperation with the U.S. military and wishes to deepen this relationship as it tries to build a modern, professional defense force. The government established the armed forces in 1992 following the withdrawal of the Yugoslav National Army (JNA). By constitutional mandate, the Ministry of Defense is headed by a civilian. The Macedonian armed forces, numbering approximately 10,000 - 15,000, is poorly equipped since the JNA took its equipment when it withdrew and because the arms embargo on the former Yugoslavia has prevented the acquisition of new equipment.

The FYROM has been seeking to align itself with the U.S. and Western Europe. The government had wanted membership in the Partnership for Peace (PFP) for a long time. The October 1995 signing of an interim accord with Greece paved the way for the FYROM's acceptance into PFP the following month.

In 1994 the United States and the FYROM established a Bilateral Working Group (BWG) dealing with defense issues. The second meeting of the BWG was held in May 1995. A military-to-military subgroup was established in 1995 to focus on management and social issues within the military. The United States began providing IMET assistance in 1995.

Approximately 550 U.S. troops are stationed in the FYROM as part of the U.N. Preventative Deployment Force (UNPREDEP). U.S. troops, deployed since July 1993, are stationed in Skopje and eastward along the poorly-demarcated border with Serbia. By all accounts, UNPREDEP, particularly the U.S. continent, has been welcomed by the Macedonian people and government.

The seeds of UNPREDEP were sown December 11, 1992, when UNSCR 795 authorized the Secretary General to establish a U.N. Protective Force (UNPROFOR) in the FYROM. Originally calling for 700 troops, 35 UN military observers and 26 civilian policy, UNPROFOR/FYROM was given the mandate of monitoring and reporting any developments along the borders with Albania and Serbia which could undermine stability in the FYROM or threaten its territory. At the same time, it was thought that this presence would serve as a deterrent to external aggression.

Senior leaders have warmly received visits to Skopje by senior U.S. military officials including Secretary of Defense Perry, CJCS Shalikashvilli, and Secretary of the Army West. In fact, Secretary of Defense Perry was the first foreign visitor received by President Gligorov after the October 3 assassination attempt.

SEED ASSISTANCE SUMMARY

Program Overview

The SEED program for FYROM began in 1992 with the provision of humanitarian assistance, primarily food for Bosnian and Croatian refugees and medical supplies for the population. In 1993, USAID initiated development activities in democratization (political party capacity, media training, rule of law), privatization, and a farmer-to-farmer program. In 1994, these activities were expanded considerably, and assistance was also provided in tax reform, energy, and bank reform. The U.S. also provided balance of payments support to assist the FYROM in obtaining access to IMF and World Bank credit. FYROM's strong commitment to democracy and to a market economy, as demonstrated by its compliance with fiscal and structural

reforms, has warranted continued support.

USAID activities have played a central role in the reforms undertaken by FYROM. USAID experts provided critical assistance in developing key tax legislation enacted in January 1994, government procedures for privatizing some 1,200 socially owned enterprises, and bank supervision functions within the central bank, a key initial step to reforming the banking sector. The farmer-to-farmer program provided grassroots assistance to the private farmers who form the economic backbone in this basically agrarian society. In addition, SEED-funded organizations provided advice to political parties organizing themselves for the 1994 national elections. The USG program was the major external source of assistance for the country.

USAID's program has evolved over time in response to both internal and external events. After the 1994 elections, USG advisory efforts focused on citizen participation in governance. As industry floundered following the imposition of sanctions to the north and an embargo to the south, the agricultural sector gained in importance and USAID focussed more resources there. As other donors targeted assistance to health and capital markets, USAID shifted to key areas such as commercial banking, commercial law, and support to enterprises.

At present, USAID addresses the three major SEED objectives: economic restructuring, democratic development and quality of life. In light of heavy involvement by other donors in quality of life areas, USAID emphasizes the first two. The key strategic objectives under these goals include:

* **Stimulating the Private Sector** by supporting the Privatization Agency, establishing business resource centers, developing micro-lending and rural credit programs, assisting the sheep sector, and reforming the pension and welfare systems.

* **Developing the Framework for a Market Economy** by assisting the government in legal reforms, and facilitating a capacity to assess the economic impact of agricultural policy options.

* **Developing an Efficient, Private Financial Sector** by facilitating bank supervision and resolving debts transferred from commercial banks undergoing rehabilitation.

* **Fostering Democratic Systems** through assisting indigenous NGO's to participate in the democratic process at local and national levels, strengthening of municipal governments and training for media professionals.

The U.S. has provided a little over $32 million in assistance to FYROM so far, including nearly $14 million in FY 1995.

Program Impact

The SEED program has just completed its second full year of activities. Many new programs were just initiated during FY 1995. Nevertheless, there have been significant contributions to economic restructuring and democratization over the last year.

Economic Growth:

The FYROM economy has been battered by the effects of the UN-imposed sanctions against Serbia, as well as the Greek-imposed embargo which ended in October, 1995. Since FYROM trade has always been aligned on a north/south axis, these two border closings effectively closed off access to its major markets. East/west trade, historically very limited, has been further hampered by poor infrastructure. The result has been a constantly eroding economy, which in 1995 fell to 50% of its 1991 levels. Despite these stresses, the Government has maintained its commitment to economic reform and has complied with (or even bettered) the stabilization program developed in conjunction with the IMF and World Bank. Inflation in 1994 and 1995 fell below the targets; government foreign currency reserves were increased; and wages were effectively controlled. Structural reforms, although moving slower than monetary reforms, also saw significant progress: most subsidies were eliminated; the major bank (accounting for approximately 70% of assets and liabilities) was restructured and privatized; and the majority of socially-owned enterprises have been privatized. USAID has played a key role in many of these reforms.

Privatization: The World Bank established a target of 791 companies to be privatized by the end of 1995; it is anticipated that this target will be met. USAID advisors from Deloitte Touche Tohmatsu (DTT) worked with Privatization Agency staff to establish the procedures for privatizing public enterprises. Most viable small and medium enterprises have now been incorporated into the process. USAID advisors trained staff on valuation techniques, developed processing schedules, advised companies on privatization options, wrote a guide to doing business for foreign investors, and issued investment kits to prepare companies for foreign investment and stock market listings. Under a restructuring program, USAID advisors participated in a World Bank-directed assessment of 25 loss-leaders - companies accounting for 60% of the bad debts accumulated over the last ten years.

Financial Systems: USAID has worked in related areas to assure that financial systems can support the new private sector. Technical advisors, in conjunction with IMF-funded advisors, have assisted in creating a bank supervision function to enhance banking viability. One advisor to the Bank Rehabilitation Agency provided assistance in the definition of its functions and the training of newly-hired staff. KPMG/Barents, the contractor for both activities, has also provided legal experts to advise on the revisions needed to laws on the central bank, commercial banks, and savings houses. In addition, the SEED-funded IRIS project has provided advice on revisions needed to collateral law; while DTT has provided advice on revisions to bankruptcy laws.

Legal Framework: USAID's contractor Carana has initiated support in reforming pension and welfare systems, now a serious drain on the national budget. ABA/CEELI has been working with the judiciary, the courts, the bar association and the law faculty to ensure that the basic legal prerequisites have been put in place. They have also been involved in preparation for a new commercial code. The Land Tenure Center (University of Wisconsin) has taken on land tenure issues, and Abt Associates has helped reform the system of agricultural subsidies, tariffs, and price controls.

Restructuring: Under a SEED-funded contract, Crimson Capital is establishing resource centers to assist entrepreneurs in basic business skills. Opportunity International is establishing a micro-lending program to provide credit and assistance to new small businesses. Land O'Lakes has initiated a program to assist sheep farmers in improving the breed of sheep, controlling diseases and parasites, improving the quality of milk products, and enhancing marketing both domestically and internationally. The World Council of Credit Unions is trying to create rural, user-owned credit institutions to provide access for farmers. Finally, VOCA, the farmer-to-farmer program, provides grass-roots advice to individuals and farmers associations on low-cost methods increasing production and improving product quality.

Next Steps: Considerable effort will be needed to ensure that new entrepreneurs gain the skills needed to ensure survivability. More emphasis needs to be placed on the legal and banking systems. Now that banks are being rehabilitated and privatized, assistance will focus on service skills in commercial banks. Commercial laws require additional modification particularly in enforcing contracts. Further work is needed in privatization itself including the agrikombinats -- the large, socially-owned agro-industries which provide most of the storage, packaging, transportation, distribution and marketing of agricultural produce. The government will have to address the 388 companies (communications, power, water, electric, etc.) excluded from the original privatization law based on their "strategic" nature.

Democratization:

As with reforms to a market economy, FYROM has shown a strong and enduring commitment to the transition to a democratic society. The country has run two national elections which were deemed to have been generally fair and open by both domestic and international election monitors. A new law on local governments has been passed. Political parties, high in numbers initially, are evolving, formulating their political platforms and consolidating where they share common interests. Nongovernmental organizations (NGO's) are forming around special interests and are learning how to interact with one another and with the government. The media is becoming more sophisticated about their responsibilities as the watchdogs of democracy; and independent radio and television stations are solidifying their positions in the normal shakeout of competition. SEED activities have contributed significantly to this transition.

NGO Development: USAID supports a variety of activities involved in institution-building

indigenous NGOs. In the "Democracy Network Initiative," U.S. non-governmental organizations (NGOs) will work with NGOs in the SEED countries to strengthen organizations that can act on the local level with community organizations. In FYROM, Catholic Relief Services (CRS) is developing parent/teacher associations in ethnically mixed schools throughout the country. This activity became a model for other countries dealing with ethnic issues at the local level. Delphi International works with womens' groups to hone their capacities to participate in resolving community issues, and to network with womens' groups in other former Yugoslav republics. The relationships and connections established through this network will be invaluable in the implementation of the peace agreement in Bosnia, Croatia and Serbia. The National Democratic Institute (NDI) assisted in the creation of an indigenous civic organization which trained and fielded 900 domestic monitors in the last national election and now focuses on participation at the local government level. ABA/CEELI works with the judges' and lawyers' associations to expand their ability to represent their members on vital issues affecting an independent judicial system. The Institute for Sustainable Communities (ISC) focusses on institution-building of indigenous environmental NGO's which are working to ensure citizen involvement. In addition, through USIS, USAID provides financial support to NGO's through its Democracy Commission grants.

Legal Framework: Through the International Foundation for Electoral Systems (IFES), an assessment of the election process at the national level is now being used in drafting new legislation for both local and national elections procedures. The International Center for Not-for-Profit Law (ICNL) is working with the government and a variety of NGOs to develop new legislation on the registration and regulation of both foreign and domestic NGOs operating in FYROM.

Media: Through the U.S. Information Service (USIS), USAID has provided a range of activities aimed at expanding media involvement in the transition to democracy. Activities have included U.S.-based training for journalists, in-country training in television and radio news production, and training for the new independent media in basic business practices. Also, a number of new private media activities received funding from the Democracy Commission grants.

Public Administration: A new project being implemented through Development Associates Inc. (DAI) is working with local governments to develop their institutional capacities. Given a series of new laws affecting local government, DAI will establish pilot programs in five cities, and will work with the Association of Mayors to ensure that local leaders can meet the challenges.

Next Steps: Most of the USAID programs described above are just starting multi-year programs, so their efforts at democracy building are still in the early stages. Changing people's perceptions is not something accomplished lightly or quickly. Parliamentarians need to be more aware of their responsibilities to the constituents who elected them. Citizens need to be more aware of their ongoing responsibilities to participate actively in their government. Additionally, governments need to be more aware of their responsibility to include citizens in the decision-making process. USAID support for these activities will therefore continue over the next few

years.

Another area in democratization where further assistance is needed is public administration. Legislation and procedures are needed to formalize the structure of the national government (delineation of responsibilities, organization, a civil service system, articulation of government standards of ethics, etc.). In addition, administrative procedures need to be established to address government regulatory responsibilities, including public participation.

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U.S. ASSISTANCE TO FORMER YUGOSLAV REPUBLIC OF MACEDONIA TOTAL OBLIGATIONS

as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$32,376**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800019	Democratic Governance and Public Administration	842
1800020	Rule of Law	563
Democratic Pluralism		
1800021	Political and Social Process	1,092
1800022	Independent Media	408
	Subtotal:	**$2,905**
	as % of Total:	**9.0%**

B. ECONOMIC RESTRUCTURING

1800014	Privatization and Enterprise Restructuring	6,553
1800023	Technical Assistance to Enterprises	588
1800026	Competition Policy, Laws & Regulations	692
1800027	Business Services	500
1800028	American Business & Private Sector Dev. Initiative	70
Human Resources		
1800002	Human Resources Program	1,137
1800029	Management Training & Market Economics Education	742
1800045	Participant Training	1,161
1800052	Customs Service Training	400
1800024	Restructuring Agriculture and Agribusiness	7,047
1800030	Regional Energy Efficiency	1,246
	Subtotal:	**$20,134**
	as % of Total:	**62.2%**

C. IMPROVING THE QUALITY OF LIFE

1800016	Humanitarian Emergency Medical Supply	2,961

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1800032	Non Governmental Organizations (NGO) Dev. Project	666

Environment

Subtotal:	**$3,627**
as % of Total:	**11.2%**

D. MISCELLANEOUS

1650053	Macedonia Cash Transfer (ESF)	5,000
1800249	Audit, Evaluation, and Project Support	256
180632A	Transfers To Other US Agiencies	398
9260071	Training Eval. & Support Services	1
9365451	Implementing Policy Change	55

Subtotal:	**$5,710**
as % of Total:	**17.6%**

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POLAND

Economic Developments:

"Shock therapy" reforms adopted in 1990 have been highly successful in squeezing out hyperinflation and putting the economy on a path to sustained growth. The GDP dropped by about 18 percent in 1990 and 1991 but then regained nearly all that ground over four straight years of strong growth. In 1995, growth is likely to reach about 6 percent. Growth has been fueled by surging exports -- up 25 percent in 1994 and close to 40 percent in 1995.

At the same time, inflation fell from near 600 percent in 1990 to 32 percent in 1994. While steadily declining, inflation remains high. Strong foreign reserve inflows resulting from the export boom are one major source of continued inflationary pressure. Relatively high tariff barriers are another. Exchange rate adjustments made in the early part of 1995 helped move inflation down near 20 percent at the end of the year.

The success of Poland's macroeconomic stabilization helped restore its international financial standing. In 1991, the Paris Club forgave about 50 percent of Poland's official foreign debt. In 1994, London Club commercial bank creditors did the same. In mid-1995, Moody's gave Poland an investment grade credit rating; immediately after that Poland returned to international financial markets with a highly successful $250 million Eurobond issue. After a series of successful IMF stand-by arrangements, in 1995 Poland paid back all drawings from the IMF and is no longer subject to close IMF monitoring.

Reforms did not come without cost. Unemployment rose to just under 17 percent in mid-1994, but then edged down toward 14 percent at the end of 1995. Tight government budgets led to painful spending cuts in sensitive areas such as education and health care. Major reform of Poland's pension system -- long promised but still in planning stages -- is essential to free up more resources for investments in public infrastructure.

From the outset, Poland's approach to privatization emphasized individual transactions and gave employees and plant managers considerable influence over the privatization of their own companies. The result has been a very slow pace of privatization surrounded by controversy over how to divide the resulting wealth. At the end of 1989 there were over 8,000 state enterprises; six years later nearly 5,000 still remained. However, in late 1995 Poland's mass privatization program, encompassing about 500 enterprises, was finally launched. Many major industries -- steel, coal, defense plants, railways, petroleum refineries, telecommunications -- have yet to be privatized.

The coming to power of a leftist coalition in 1993 did not lead to major changes in the direction of economic reforms. Deputy Prime Minister Kolodko has consistently maintained tight fiscal discipline and produced a "strategy for Poland" -- a comprehensive program of

infrastructure reforms that is slowly being implemented. However, Kolodko and Central Bank President Gronkiewicz-Waltz have been unable to agree on a common approach to fighting inflation, complicating each other's tasks in the process. Some of the government's positive economic reform efforts became caught up in the political struggle between the coalition and President Walesa.

Poland's capital markets have evolved slowly but systematically. The stock exchange boomed in 1993 (prices increased tenfold), slumped in 1994, and stabilized in 1995. Other than the stock exchange, capital markets have been dominated by short-term Treasury bills used to finance the budget deficit. However, trading is growing in longer-term Treasury bonds, commercial paper, currency futures and stock market options; commodity exchanges and an over-the-counter-market are on the horizon.

Bank privatization has been slow, and some of the biggest state banks still have major structural problems. However, the banking system is successfully emerging from a bad debt crisis caused in part by overly optimistic lending when real interest rates were very high in 1990 and 1991.

Polish agriculture is privately owned but suffers from major distortions: overemployment, small farm size and technological backwardness. There has been some effort to restructure and modernize, but agriculture has also been given increased protection from foreign competition.

Looking ahead, the biggest economic challenge Poland faces is the need to prepare for integration with the European Union. Energetic efforts toward integration could drive forward the infrastructure reforms needed to complete the transition to a market economy. Conversely, slow progress on reforms could greatly complicate entry into the EU. In the short term, prospects look good for continued economic growth fueled by strong exports and rising foreign investment -- a favorable environment for continued reform and adjustment.

Political Developments:

During the past six years, Poland has firmly established a parliamentary democracy based on a multiparty political system and free and fair elections. Poland's President shares power with the Prime Minister, the Council of Ministers, and the bicameral Parliament. The government itself is a coalition between the Democratic Left Alliance (SLD), a successor to the Polish United Workers Party (PZPR, former Communist party), and the Polish Peasant Party, a successor to the United Peasants Movement (ZSL). Headed by Prime Minister Wlodzimierz Cimoszewicz (SLD), the coalition is four lower house seats short of a veto-proof 2/3 majority. On November 19, Polish voters chose SLD Party Chairman Aleksander Kwasniewski to succeed Lech Walesa as Poland's new president.

Although the SLD and the Polish Peasant Party ran on pledges to mitigate the hardships

accompanying Poland's economic transformation, since forming a government in 1993, they have largely followed the reformist policies of their Solidarity-based predecessors. Strains in the coalition surface periodically, especially over economic policy. Former President Walesa, now a prominent spokesman for the opposition, has pledged to reunite the parties of the right to regain control of the Parliament in elections scheduled for September 1997.

The Polish armed forces and the internal security apparatus are subject to governmental authority and are under civilian control. The precise division of authority over the military between the president and prime minister continued to be the subject of debate in 1995 and will probably be addressed as part of the new constitution being drafted by Parliament. Under the provisional "Little Constitution," the government must consult with the president on filling three ministries deemed crucial to Poland's security: Foreign Affairs, Defense, and Internal Affairs.

The National Assembly (the Sejm and the Senate jointly) formed a constitution-drafting committee, which began work during 1994. There is no legal deadline for completion of work on the new constitution, but President-elect Kwasniewski cites enactment of a new constitution, via national referendum, as one of his top priorities for 1996.

Human rights are generally well respected in Poland, although some infringements on the rights of free speech and assembly continued in 1995. The lack of opportunity for women in the labor market remains a fact of life, despite some signs of improvement in recent years.

SEED ASSISTANCE SUMMARY

Program Overview

Poland, as the first country in Central and Eastern Europe to declare its independence, began receiving U.S. assistance in 1989 with the inception of SEED Act support. Major debt restructuring and relief from the U.S. and other creditors has helped Poland through this period. Poland has served as a leader in the transition experience in the region. It was willing to use shock therapy at the earliest critical point in its transition, which succeeded in breaking its initial hyper-inflation crisis. Country progress indicators show that fundamental economic strength has been established. Inflation and debt are now contained at manageable levels, thanks to Poland's tight discipline on money supply, government budgets, and enterprise credit. Poland enacted the most profound reforms in the region, notably, more enterprise restructuring and shedding of excess labor, resulting in major productivity increases at the enterprise level. Poland is second only to Albania in having the highest rate of economic growth in the region. U.S. funding levels have declined annually since 1992.

With U.S. assistance, Poland has seen an impressive increase in privately owned businesses (now producing over half of Poland's GDP) bolstered by an improved policy climate, greater

competition within the banking sector, expansion of mortgages and development of new financial products and capital markets, and the introduction of models for environmental improvement, housing privatization, and delivery of key services. U.S. assistance has also further strengthened democracy in Poland through its focus on the role of local governments, and the broadening of participation, notably through non-governmental organizations.

The USAID program in Poland in 1995 contributed to all three of the SEED Act's strategic assistance areas: economic restructuring, the transition to democracy, and to a more limited extent, improving the quality of life. In view of Poland's transition, USAID is focussing the program to intensify efforts on aspects critical to Poland's eventual phase out from assistance. The major objectives through FY 95 were:

* **Stimulating Private Sector Development** by assisting with the mass privatization program; strengthening the marketing and business planning of entrepreneurs; expanding small and medium enterprise credit programs; developing collateral and bankruptcy laws, and related property registries needed to implement the collateral law; and helping over 300 home builders/developers.

* **Developing a Competitive, Private Financial Sector** through upgrading financial instruments and bank procedures to international standards, privatizing state-owned commercial banks, and improving the functioning of capital markets.

* **Strengthening Local Governments** by increasing capacity to manage and deliver services, especially infrastructure, housing and health; promoting modern budgeting; and supporting municipal associations and training institutions.

* **Promoting the Active Participation of Citizens and Non-Governmental Organizations** by strengthening the sustainability of NGOs, improving their capacity to effectively participate in determining public policies, strengthening NGO support services, and training of independent media.

* **Reducing Environmental Health Risks and Promoting Sustainable Use of Natural Resources** by focussing on "hot spot" hazards including industrial landfills in Upper Silesia, air pollution in Krakow, EPA pilot projects in farm waste water management, and rationalizing energy pricing and minimizing industrial waste.

As of September 30, 1995, the U.S. has contributed over $800 million in assistance to Poland, including a little over $83 million in FY 95.

Program Impact

Economic Growth:

The Polish economy expanded by 5% in 1994 and estimated 6% in 1995, with the private sector accounting for roughly 60 % of GDP. The private sector share of employment reached 61% by the end of 1994. Private sector industrial output rose by 23 %, while that of State enterprises expanded by only 6%. Inflation dropped to around 32% in 1994. As the largest domestic market in the region, Poland has great potential for attracting foreign investment now that economic stabilization is completed and growth is steady.

Privatization: Poland's long-awaited Mass Privatization Program (MPP) was launched and 15 National Investment Funds (NIFs) were created, which now own the major stake in and manage 500 state-owned enterprises (SOEs). Distribution of NIF universal share certificates to all adult Poles and of 15% of the shares to employees of the MPP companies began in 1995. USAID-funded advisors have assisted with the conceptual and regulatory design of the MPP and helped negotiate the compensation agreements for NIF managers and plans for share distribution. USAID has helped stimulate interest in the privatization of locally-managed SOEs by conducting business skills and privatization training for 1,100 persons representing the work force, owners, and managers of 293 SOEs. Over two-thirds of participating SOEs have decided to privatize.

Private Sector Growth: USAID has contributed to the rapid expansion of the private sector by directly providing help to 658 Polish small businesses to develop plans as well as to improve their marketing and overall enterprise management. By collaborating with Polish consultants to undertake technical assistance assignments, a small cadre of independent, experienced local business experts has been formed, capable of meeting the needs of a modern market economy. Consulting groups at the Olsztyn and Krakow agricultural universities have been trained and are now able to secure fee-for-service business.

To help new small businesses acquire the financing needed for business expansion, USAID has helped create a special small business credit program through the Polish American Enterprise Fund which has now consolidated with a Polish bank. This program has extended 4,300 loans to small enterprises valued at over $100 million. Of 15 equity investments made so far, returns are estimated at over 25% per annum. The Polish Foundation for the Support of SMEs has successfully lobbied the government to adopt a formal strategy in support of small business. USAID-financed technical assistance was instrumental in establishing the foundation and in helping to formulate the government policy statement. In addition, a modern collateral law was approved by the Polish Council of Ministers and recently submitted for consideration by Parliament.

A Competitive, Private Financial Sector: Of the initial nine regional state-owned commercial banks, four have been privatized, two over the past six months. Two major banks, PKO BP and PBK, have designed and launched their own mortgage programs. The surety and

safety of the banking system were considerably enhanced by creation in February 1995 of a new bank guarantee fund which insures small depositors against loss in the event of bank failure. USAID had provided policy advice on the parameters for the new deposit insurance scheme.

Thanks to USAID assistance the Polish National Securities Depository now meets international standards for securities clearance and settlement, security dematerialization, and independence. The Polish brokerage community has agreed to form a private self-regulated entity to own and operate an Over-the-Counter (OTC) Market. USAID advisors have helped the brokerage community agree on the kind of trading system and market to be developed and have designed the necessary communication linkages so that the OTC market can operate. Finally, a mortgage and construction lending system became operational, as demonstrated by banks approving over 740 mortgage applications.

Next Steps: SEED activities will focus on stimulating private sector development at the firm-level and creating a market-oriented private financial sector. More state-owned banks will be privatized, bank supervision will improve, and the percentage of housing constructed by the private sector will increase. Longer term capital will be provided for municipal projects through commercial bank lending and the issuance of municipal bonds. Energy activities will be refocused to support private enterprise development.

Democracy:

Democracy in Poland has developed rapidly, and the necessary laws and legal institutions to support democratic processes are in place. Local governments have assumed greater responsibility and are demonstrating increased capacity. The NGO sector is increasing in diversity, growing to over 12,000 organizations since independence. In addition, Poland now boasts more than 1,000 independent newspapers and periodicals with national, regional, or local circulation.

Democratic Processes: Through the U.S. Library of Congress, USAID assisted the Polish Parliament to develop independent, effective research and analysis offices. Polish parliamentarians will have greater access to information from the United States and throughout the region, and their information system will be able to support greater use and inquiries from outside users.

Local Governments: Currently between 30-50% of local government revenues are self-generated, primarily through property taxes and user fees. Recognizing the importance of strong local government in a democracy, USAID has concentrated on public administration activities, and housing and urban development. As a result, municipal associations and support institutions have been strengthened, including creation of a Municipal Development Agency; modern budgeting techniques are being disseminated throughout the country; dozens of localities have prepared financeable infrastructure projects; and a $50 million loan from the World Bank and a

$4.0 million ECU grant have been leveraged for infrastructure. In addition, local lobbying has improved, which led to changes in the housing allowance law reflecting more equitable treatment related to housing stock and burden.

Citizen and NGO Participation: The number of NGOs in Poland has increased dramatically, but most need technical assistance and training to strengthen themselves and successfully raise funds. In response, USAID has facilitated several NGOs and community groups that provide business advisory services. A group of 100 ecological NGOs have improved skills in financial management, fund-raising, conflict resolution and joint planning. USAID is also supporting the Free Trade Union Institute which has helped to establish 13 Bureaus of Consultation and Negotiation, providing factory commissions with the economic and legal expertise necessary in labor-management negotiations. Through a grant to USIA, civic education and economics courses are being taught in over 60 primary/secondary schools.

Independent Media: Access to information is not limited in Poland and several international news agencies offer their services to Polish newspapers. Public TV/Radio are successful in the difficult task of maintaining full programmatic independence from the government that subsidizes them. USAID continues to provide assistance to strengthen the capacity of the Warsaw Journalism Center (WJC) to meet the needs of the media sector through training seminars, courses for the professional media community, and the establishment of a practical two year training program. A proposed Press Law that would create a new national body to indirectly control the press is being strongly contested.

Next Steps: Given progress across all democracy fronts, USAID will increasingly concentrate resources on the objective of making local government more effective, responsive and accountable. Such assistance will target: building internal resource management capacity, strengthening financial and legal authority, fostering citizen involvement, improving service delivery, developing capital budgeting and planning capacity, and stimulating self generated revenues. The Warsaw Journalism Center will become self-sustaining in 1998, ensuring the continued professional training of the Polish press and media. NGO activities will emphasize relationships and contributions to local government development.

Social Sector Restructuring/Quality of Life:

The Government of Poland has proposed a public pension reform legislation package and a health insurance plan. Both proposals are controversial and have generated considerable criticism and debate. The long-expected reform in the Polish Social Security Administration leading to the development of a "single identifier system" for tracking individual contributions has recently been initiated under an EU program. The Social (Welfare) assistance system is working relatively well, since decentralization in 1990. New environmental regulations strongly promote pollution prevention through the introduction of economic incentives and waste minimization.

Social Benefits and Services: Beginning in 1995, USAID's activities in this area are focusing on health service delivery at the local government level, especially local government capacity to contract for goods and services, and strengthening the capacity of individual health facilities to deliver services more autonomously.

Natural Resources: Since 1990, Poland has channeled significant resources into water pollution abatement, resulting in a 22% decrease in municipal wastewater discharge into surface water between 1990 and 1993. Two municipal wastewater treatment plants became operational in 1995 and two USAID-assisted municipalities received Presidential awards as having the best ecological records in Poland. A new water management law is in preparation. In 1995, waste minimization practices in 52 companies resulted in a decrease in disposal of 45,000 tons of sulfuric acid, 1,530,000 tons of wastewater, and 1,010 tons of ammonia. The participating companies realized savings of over $7.0 million and generated $1.5 million in investments. USAID assistance has also worked on reducing low-level air emissions in "hot spot" areas.

SEED funds have financed technical assistance on environmental policy. Recommendations have covered the use of economic measures in environmental management. Furthermore, advisors have worked closely with national and regional groups to strengthen technical and managerial capacities.

Labor Training: The U.S. Department of Labor is providing assistance to reform employment services, to improve techniques of labor-management relations, and upgrade worker skills. Through an interagency agreement with USAID, the Department of Labor provided much-needed training in 1995 to improve workers' construction skills. Two training centers have been established and more than 1500 graduates placed in jobs. Also, 50 management and union members at Ostrowiec Steelworks were provided training in how to operate an employee-owned enterprise. The Steelworks, an employee-owned company previously unprofitable, showed a remarkable improvement in sales, productivity and profit.

Next Steps: The reform of the social benefit system is a huge undertaking that requires close collaboration between Poland and the EU as part of its move towards EU membership. U.S. assistance will be limited to strengthening the capacity of local governments to test and disseminate new models for more autonomous health finance and service delivery, and addressing environmental "hot spot" hazards to human health.

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U.S. ASSISTANCE TO POLAND
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$805,480**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003	Support of Democratic Institutions	3,193
1800017	Political Process	2,414
1800018	Local Government and Public Administration	1,600
1800019	Democratic Governance and Public Administration	12,124
1800020	Rule of Law	307
Democratic Pluralism		
1800021	Political and Social Process	5,560
1800022	Independent Media	2,394
	Subtotal:	**$27,590**
	as % of Total:	**3.4%**

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800008	Polish Stabilization Fund (Treasury)	199,140
Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	40,142
1800023	Technical Assistance to Enterprises	41,751
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	5,768
1800027	Business Services	14,520
1800035	Bank Training (Treasury)	2,148
Investment and Trade		
1800010	Enterprise Funds	254,500
1800028	American Business & Private Sector Dev. Initiative	7,123
1800047	Removing Impediments to Trade Enhancement (RITE)	250
Human Resources		
1800002	Human Resources Program	13,594
1800029	Management Training & Market Economics Education	15,527
1800045	Participant Training	6,430
Agriculture and Agribusiness		
1800005	Assistance to Private Farmers (Poland)	10,000
1800024	Restructuring Agriculture and Agribusiness	32,131

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Energy Efficiency

1800030	Regional Energy Efficiency	11,508
1800031	Krakow Clean Fossil Fuels and Energy Efficiency	17,500
	Subtotal:	**$672,031**
	as % of Total:	**83.4%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid

1800016	Humanitarian Emergency Medical Supply	325
1800032	Non Governmental Organizations (NGO) Dev. Project	9,954

Employment and the Social Safety Net

1800033	Labor Market Transition (DOL)	17,255

Housing

1800034	Housing Sector Assistance	29,008

Health

1800006	Medical Supplies, Equipment & Training (Poland)	498
1800037	Partnerships in Health Care	4,880
1800038	Promotion of Private Health Markets	4,306

Environment

1800004	Environmental Initiatives	21,100
1800039	Improved Public Sector Environmental Services	10,761
1800041	Environmental Training	2,393
	Subtotal:	**$100,480**
	as % of Total:	**12.5%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	2,915
180632A	Transfers To Other US Agiencies	1,340
9260071	Training Eval. & Support Services	5
9361421	AID/Peace Corps Small Project Asst	19
9365974	Health Care Financing & Sustainability	100
9400017	Financial Services Volunteer Corps	1,000
	Subtotal:	**$5,380**
	as % of Total:	**0.7%**

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ROMANIA

Economic Developments:

After a slow and stumbling start following the fall of the communist dictatorship in 1989, Romania embarked upon an adjustment program in 1993 that has shown positive results. Real GDP, which had fallen for four consecutive years, stabilized in 1993, posted 3.4-percent growth in 1994, and will achieve 4 percent growth in 1995. Retail price inflation, which stood at an annual rate of 256 percent in 1993, is expected to decline to 40 percent for 1995, according to EBRD estimates. However, performance on the external account has deteriorated sharply in 1995, increasing pressures to depreciate the national currency.

Romania's economic stabilization program enhances prospects for continued growth. The budget deficit, after rising to more than 3 percent of GDP in 1995, is projected to fall to 2.2 percent of GDP in 1996 under constraints imposed by the IMF. Broad money growth remains at less than half its 1993 level, and interest rates were maintained at positive levels throughout 1995. Relatively tight monetary policy has restrained inflation.

Also helpful were steps taken earlier to liberalize prices, trade and Romania's exchange rate system. By the end of 1993, Romania had eliminated most price controls and quantitative restrictions on trade, and in 1994 achieved a decentralized, direct-dealing interbank exchange market.

The GOR has worked diligently to expand its trade ties with the West. In November 1992, Romania signed an Association Agreement with the European Union, committing the country to harmonize gradually its trade and tariff policies with those of the Union. This was followed in 1993 by a Free Trade Arrangement with the remaining states of the European Free Trade Area and designation as a Most Favored Nation by the United States. President Clinton determined Romania to be in full compliance with Jackson-Vanik emigration criteria in May 1995. Finally, private sector activity has played a major role in Romania's revival. By the close of 1995, the private sector (excluding agriculture) accounted for almost 40 percent of Romania's GDP; there are now more than 600,000 registered and unregistered private enterprises operating in Romania.

Looking ahead, prospects for Romania are relatively good provided the government can hold to the current firm macroeconomic policies. Growth is now expected to run in the range of 4-5 percent in 1996, while average annual inflation is expected to stay below 30 percent. Meanwhile, Romania's debt burden, although growing $1 billion per year, remains relatively small in comparison to Hungary and Poland, Ceausescu having paid off Romania's external debt during the 1980s, at a high cost to growth and development.

Nevertheless, there are economic pressures. Unemployment is expected to rise in 1996. By the close of 1995, inter-enterprise arrears in Romania had risen to the equivalent of 20 percent of

GDP, putting pressure on the government's fiscal accounts, other potentially healthy companies and the banking system. More vigorous restructuring of Romania's economic dinosaurs could sharply increase unemployment which in an election year is politically difficult.

Finally, the privatization of state-owned enterprises has been slow, although a new wave of mass privatization is ongoing, involving almost 4,000 state-owned enterprises to be privatized by the end of 1996. Up to 1995, the privatization of Romanian companies was limited almost exclusively to some 1,500 small- and medium-sized enterprises in retail trade and services. Little has been done with the larger enterprises and doubts persist regarding the government's political capacity to deal comprehensively and effectively with all the issues related to the privatization of the remaining state-controlled companies, including long-term company governance and, most importantly, the economy-wide resolution of outstanding corporate debts. Foreign ownership of business enterprises is not a problem in Romania and the Government is presently making a major effort to attract foreign investment, particularly American.

Political Developments:

In 1995, Romania continued its progress toward consolidating a democratic society and integrating itself into Western economic and security structures. Romania is seeking to develop good relations with all its neighbors, and is currently negotiating bilateral treaties normalizing relations with Hungary and Ukraine. There have also been preliminary treaty talks with Moldova. In August, President Iliescu delivered a major policy address calling for "historic reconciliation" between Romania and Hungary.

In May, Romania became the first country to ratify the Council of Europe's Framework Convention for the Protection of Ethnic Minorities. In the same month, President Clinton determined that Romania was in "full compliance" with the emigration criteria of the Jackson-Vanik Amendment, in recognition that Romanian citizens are free to travel and to emigrate. The President's decision allows Romania to retain MFN status without an annual waiver. In July, the Romanian government passed a mass privatization law which is intended to privatize nearly 4000 of Romania's 8000 state-owned companies. In September, the President welcomed President Iliescu to the White House.

Prime Minister Vacaroiu's minority government includes members of the Party of Social Democracy of Romania (PDSR, President Iliescu's former National Salvation Front) and the nationalist Party of Romanian National Unity (PUNR), four members of which hold cabinet portfolios. In October, the PDSR excluded the xenophobic, anti-Semitic Great Romania Party (PRM) from the majority parliamentary coalition after attacks by PRM leader Vadim Tudor on President Iliescu. In December, the neo-communist Socialist Workers' Party (PSM) announced that its protocol with the PDSR was no longer operative. As a result of the split with PRM and PSM, the PDSR no longer controls a parliamentary majority. However, the opposition has not moved to bring down the government and precipitate early elections.

All political parties and non-governmental organizations, including ethnic and extreme nationalist groups, have carried out a full range of political activities without hindrance.

In 1995, the Romanian press was free of censorship, although there were spot newsprint shortages and distribution problems for newspapers and magazines. There is no evidence that the shortages and distribution problems were a disguised form of censorship or had a disproportionate impact on opposition publications. The draft Penal Code rejected by the Romanian Chamber of Deputies in November contained several potentially troubling provisions, particularly in the areas of libel, slander, and insults against officials.

A parliamentary committee was established in June 1993 to oversee the activities of the Romanian Intelligence Service (SRI). There were no documented cases of interference with privacy in 1995.

The 1992 law on the reorganization of the judiciary, which took effect in July 1993, has increased the independence of the judicial branch, reestablished an appellate court system, and granted life tenure to senior judges. Technical, financial, and staffing problems continue to hamper the effective operation of the court system.

A National Council for Ethnic Minorities was established in 1993 to monitor problems associated with Romania's ethnic minorities. Six months after the Council's inception, delegates of the Hungarian minority, Romania's largest and most vocal minority, withdrew, charging that the Council had failed to make substantial progress. Other minorities claim that the government seldom acts on the Council's recommendations. However, the government has committed itself to supporting a (minority) communal property restitution law currently being drafted in the Council.

Roma continued to be subjected to isolated acts of discrimination, harassment, and sporadic violence. Ethnic Romanians who set fire to three Roma houses in a 1995 incident were arrested by the police.

Ethnic Hungarians continue to claim they suffer from the risk of cultural assimilation, and extremist statements are made by both sides, fueling political, but for the most part not social, tensions. Ethnic Hungarians express particular concern about the recently enacted education law which, they say, restricts Hungarian-language education in certain subjects and disciplines. Council of Europe Commissioner for Minorities van der Stoel visited Romania in August and publicly deemed the law, which guarantees state-financed kindergarten through university Hungarian-language instruction in most disciplines, as compatible with European norms.

Attacks in the nationalist-extremist press against Jews, Roma, and Hungarians still occur. In 1995, a Jewish cemetery in Bucharest was vandalized, apparently by minors. There were no indications of anti-Semitic signs or graffiti, however.

SEED ASSISTANCE SUMMARY

Program Overview

Immediately after the revolution, the Romanian economy experienced a 35 percent drop in real output levels, a 25% compression in real wages, and triple digit inflation. The U.S. assistance program to Romania began in 1990, by addressing direct provision of social services and humanitarian aid. It also sought to strengthen the very tenuous democracy which emerged from Romania's revolution. As conditions permitted, an increasing share of SEED resources were devoted to fundamental economic restructuring and democratic development programs, which now account for the largest shares of USAID commitments.

During 1995 Romania made substantial progress toward economic reform and recovery. The strong GDP performance (4% annual rate of growth in 1995, according to EBRD estimates) was Romania's best since 1984. Foreign investment rose steadily during the course of the year, with cumulative, registered foreign investment reaching $1.55 billion in October 1995 (up from $1.25 billion on January 1). Among the U.S. companies making new commitments were Pizza Hut, AMOCO, Reynold's Tobacco, McDonald's, Proctor and Gamble, Citibank, and IBM. Despite steady improvement in the overall economy, however, Romania's per capita GDP ($1,352 in 1995) remains among the lowest in Central Europe.

Economic reform has entailed creating new laws in virtually every sphere: finance, commerce, privatization, intellectual property rights, banking, labor, foreign investment, environment and taxation. Among the most recent developments are the passage of the bankruptcy act, the mass privatization (MPP) law and several executive ordinances to assist state-owned enterprises in downsizing and restructuring. Several bills related to a modern copyright law, a petroleum law, and a modern telecommunications law are now before the Parliament. The USG has played a significant role in formulating this legal framework.

U.S. assistance continues to pursue a "three pronged" approach -- **economic restructuring, democratic development, and social sector restructuring/quality of life**. Although the USG program has made a major commitment to economic restructuring assistance, it also emphasizes other economic and political transition efforts, such as supporting direct business development programs; fostering additional development of the country's developing democratic system; increasing decentralization of government towards the municipal/county levels; facilitating development of Romanian non-governmental organizations (NGOs); and promoting sustainable use of natural resources and reduction of environmental risks to health. The program also pursues key social service restructuring opportunities, moving beyond earlier service delivery programs in family planning and help for institutionalized children.

The use of SEED resources to leverage financial contributions from other donors has also been an explicit element of the assistance program in Romania. These efforts have principally

involved collaboration with the international financial institutions (IFIs).

Since FY 90, a little over $148 million in SEED, Economic Support, and Development Assistance resources have been obligated, of which over $42 million were made available during FY 95.

Program Impact

Economic Growth:

The emerging private sector in Romania, which generates 40% of GDP, has been the single most dynamic element of Romania's economic restructuring. It employed an estimated 52% of Romania's occupied labor force, including 3 million farmers, 1.9 million owners and employees of private firms, and 0.3 million self-employed individuals. With SEED support, business development contractors, such as Washington State University-supported Centers for Business Excellence and the Citizens Democracy Corps, have provided technical assistance to companies with excellent growth potential. Important business-related laws covering intellectual property protection to bankruptcy were assisted by ABA/CEELI's Rule of Law program.

USAID technical assistance provided significant help in accelerating the use of IBRD's Farmers and Enterprise Support Project (IBRD $100 million and EBRD $75 million). Agriculture Cooperative Development International (ACDI) staff established a training program for the two Romanian banks responsible for managing these funds, working with executives and staff to improve skills. Volunteers in Overseas Cooperative Assistance (VOCA) followed with in-bank advisory assistance. Lastly, staff from Land O'Lakes assisted dairy businesses with preparation of loan requests and provided pre-screening services to the banks.

The Romanian American Enterprise Fund, which was established in June 1994, has so far approved direct investments of $3.5 million to eight companies.

Privatization: The Romanians took significant steps forward in reducing the number of publicly-owned enterprises. A functional banking system and new financial markets to underpin private sector support also began to take shape. SEED support for pre-privatization financial restructuring produced tangible results in 1995. A total of 123 restructuring programs for large state enterprises were completed. These programs identified over $110 million in short-term cost savings and concluded debt restructuring plans for $1 billion. In addition, a total of 250 companies in the portfolio of the Private Ownership Fund/Brasov, which received assistance from U.S. advisors, were privatized. And, a bankruptcy law was passed in August 1995, providing protection to restructuring companies.

A World Bank Financial and Enterprise Sector Adjustment Loan (FESAL) for $250 million was executed in 1995. The loan calls for activities related to enterprise privatization, financial

sector reform, and enterprise restructuring. USAID worked with the major donors to coordinate efforts, particularly relating to targets for enterprise privatization.

In 1995, USAID undertook a major new assistance effort to support the development of a transparent and efficient capital market in Romania. The development of a viable capital market is essential for the long term success of Romania's new mass privatization program.

Assistance to the agricultural land privatization program was also successfully implemented. The percentage of private landholders with legal titles increased to over 50 percent. Cumulative transactions increased by 25% in 1995 in private sector land and housing sales. Sophisticated technical assistance using satellite technology and parallel support financed through local currency generations are being provided through a USAID agricultural program. These efforts address current constraints to issuing clear titles to private agricultural land owners, and lay the groundwork for an anticipated IBRD titling project.

Bank Reform: The USG supported bank privatization efforts by providing pre-privatization assistance to the Romanian Bank for Foreign Trade, one of the five State-owned banks which should become eligible for privatization. The U.S. Department of the Treasury also offered assistance in developing specific privatization plans for the banking sector.

Fiscal Performance: With SEED-financed technical assistance from the Department of the Treasury, the GOR consolidated its national accounts, keeping better track of its funds flow and enabling greater control over revenues and expenditures. Government securities advisors focussed on the legal framework, development of the primary market, and approaches to debt management. SEED financing has also fostered several cooperative partnerships with U.S. electrical utilities to improve the energy efficiency of the power sector and its major clients. These efforts have reduced government subsidies, thereby relieving pressure in public spending.

Large Industry Profitability: USAID technical assistance prepared the original sector analyses and restructuring recommendations for the World Bank's Petroleum Rehabilitation Project (total cost $345.6 million). This project makes the industry more efficient and less destructive to the environment.

In the area of waste minimization, programs are being applied in four major industrial plants. Cost reductions amounting to $1.7 million were achieved at the ARPECHIM Refinery and Petrochemical Complex.

Next Steps: The new MPP program will greatly expand the private sector by shifting perhaps 10% more of GDP from the state to private hands. It is also expected that in 1996, over 3,000 companies will have been privatized. Likewise, a well-functioning, transparent secondary trading forum for potential stockholders will give Romanian citizens the opportunity to fully participate in the MPP and attach a market value to the issued coupons. More progress in the

issuance of titles for land is also expected.

Democratic Development:

The building of democratic attitudes, practices and institutions, critical to future stability, are slowly but firmly taking root. The September 1992 elections in Romania were declared "free and fair" due in part to the efforts of USAID and other donors who provided assistance in poll monitoring, voter education, and electoral management. During 1995, election awareness and monitoring NGOs such as International Foundation for Election Systems (IFES), International Republican Institute (IRI), and National Democratic Institute (NDI) continued their programs. Other programs addressed the issue of public participation in local government and accountability of elected officials. Specific voter election awareness drives in preparation of the 1996 elections were also initiated.

Parliamentary Strengthening: To improve the legislature's ability to make decisions based on independent and sound policy research, USAID is working with the Congressional Research Service (CRS) to assist parliamentarians through training programs, and greater access to information. In addition, ABA provided continued assistance to the School of Magistrates, and sponsored seminars for young magistrates and lawyers, who interpret the laws enacted by the Parliament.

Local Governments: Ongoing SEED-funded municipal infrastructure projects in three cities dealt with backlogs for customer services, management improvements and increased reliability of services. These activities helped reduce backlogs in requests for water, sewage, and heating services.

In addition, EBRD's Municipal Utilities Development Project ($65 million) will be financing infrastructure improvements in five cities. In two of those cities (Brasov and Craiova) USAID is assisting the implementation of infrastructure development activities through the International City/County Managers Association (ICMA).

Next Steps: USAID anticipates providing election-related assistance for the 1966 elections. The most critical pieces of legislation concerning electoral laws are expected to be in place in 1996. Together with support for the 1996 elections, both Parliamentary and Presidential, this support will have further strengthened Romania's maturing democratic process.

Social Sector Restructuring/Quality of Life:

The USAID program targets the special circumstances facing children in Romania. In addition, it attempts to reduce dependency on social welfare and produce changes in the health system, particularly impacts from environmentally degrading practices which characterized the

former Communist regime.

Child Care Improvements: As a result of USAID's intervention, neonatal care protocols have been developed in seven cities and the General Practitioner Associations are beginning to introduce quality assurance concepts, including establishment of protocols and standards, plans to continue medical education for doctors and nurses, appropriate referral systems, and analysis of infant mortality and morbidity data.

Some SEED-supported programs have a direct aim of reducing human suffering and improving the long-term prospects for the disabled, i.e. UNICEF's Early Childhood Development Program promoting decision making, initiative, team work and cognitive and motor development; and World Vision's Handicapped Services Project, setting up two physical therapy rooms and training others to provide upgraded levels of service.

Orphans/abandoned children issues have also been addressed. A total of 1224 children have been reunited with their families, 65 handicapped or abandoned children were placed in foster or group homes instead of institutions, and over 450 children were adopted into domestic and international homes.

Environmental Health: The USAID program has also helped reduce health risks. For example, regulatory authorities and community representatives have worked together to improve worker health and safety in Zlatna, site of an outdated copper smelter responsible for heavy metal contamination and sulfur dioxide emissions. Air monitoring equipment was successfully installed to reduce emissions from the "Ampellum" copper smelter.

Health Reform: Since 1994, SEED technical assistance has supported three key elements of IBRD's Health Rehabilitation Project implementation (total cost $207.5 million). First, a SEED grant to UNICEF for Hepatitis B vaccinations directly leveraged the inclusion of a $15 million vaccination component in the IBRD project. Second, the Centers for Disease Control (CDC) provided training and advice in family planning logistics management, helping the GOR Ministry of Health and the National Pharmacy to better implement a large IBRD-financed contraceptive commodity distribution program. Third, ongoing assistance to regional hospitals, chosen as test sites for health finance and management reform, is laying the groundwork for an entirely new system of payment for health care services.

Worker Retraining/Placement: Through the U.S. Department of Labor (DOL), the U.S. is supporting implementation of the IBRD-sponsored Employment and Social Protection Project (total cost $96.7 million). DOL technical assistance with employment services is being coordinated with programs by other bilateral donors, notably the German Government.

Next Steps: A minimum set of standards for hospital accreditation is expected to be established and implemented in 1996. Likewise, child care improvements will continue by helping reunite 2,000 more children with their families and by assisting 700 adoptions. In order to

improve the sustainability of social benefits, newborn care protocols are expected to be in effect in several hospitals.

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U.S. ASSISTANCE TO ROMANIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$148,129**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003	Support of Democratic Institutions	1,938
1800017	Political Process	2,499
1800019	Democratic Governance and Public Administration	2,379
1800020	Rule of Law	870
Democratic Pluralism		
1800021	Political and Social Process	6,731
1800022	Independent Media	3,366
	Subtotal:	**$17,782**
	as % of Total:	**12.0%**

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	12,889
1800023	Technical Assistance to Enterprises	6,173
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	1,749
1800027	Business Services	5,179
Investment and Trade		
1800010	Enterprise Funds	14,519
1800028	American Business & Private Sector Dev. Initiative	1,575
Human Resources		
1800002	Human Resources Program	995
1800029	Management Training & Market Economics Education	7,300
1800045	Participant Training	2,949
1800052	Customs Service Training	50
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	11,544
Agriculture Sector Programs		
1800048	Agriculture Development Program - Romania	10,000
Energy Efficiency		
1800030	Regional Energy Efficiency	6,740

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	Subtotal:	**$81,662**
	as % of Total:	**55.1%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid		
1800016	Humanitarian Emergency Medical Supply	2,240
1800032	Non Governmental Organizations (NGO) Dev. Project	13,722
1860001	Humanitarian Assistance for Romanian Children	4,000
Employment and the Social Safety Net		
1800033	Labor Market Transition (DOL)	578
Housing		
1800034	Housing Sector Assistance	1,632
Health		
1800037	Partnerships in Health Care	5,474
1800038	Promotion of Private Health Markets	2,381
1860002	Romanian Family Planning	4,999
Environment		
1800004	Environmental Initiatives	4,746
1800039	Improved Public Sector Environmental Services	4,207
1800041	Environmental Training	1,289
	Subtotal:	**$45,268**
	as % of Total:	**30.6%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	695
180632A	Transfers To Other US Agiencies	950
9260071	Training Eval. & Support Services	2
9361421	AID/Peace Corps Small Project Asst	19
9363038	FP Logistiocs Management	100
9363054	Population Services Fellowship Program	150
9363056	Promoting Financial Invest. & Transfers	1,100
9363078	Policy Analysis Planning & Action	400
	Subtotal:	**$3,416**
	as % of Total:	**2.3%**

SLOVAKIA

Economic Developments:

The Slovak economy maintained its strong recovery in 1995 driven largely by increased domestic consumption and, to a lesser extent, a rise in domestic investment. This recovery follows several years of deep recession, climaxing in a 4.1-percent decline in real GDP in 1993. Slovakia's dramatic turnaround began in 1994, when it posted a 4.8 percent rise in real GDP. This upward trend continues, with real GDP up 6 percent in 1995 compared with a year earlier. Industrial production was up 5.5 percent in the first half of 1995 compared to the same period in 1994. Tight monetary and fiscal policy led to a sharp reduction both in the annual inflation rate, which fell from 14 percent in 1994 to under 8 percent in 1995. EBRD inflation figures show the same trend. The fiscal deficit fell from 7.6 percent of GDP in 1993 to about 1.4 percent in 1994 and 1995. Unemployment, while still high, declined gradually through 1994 and 1995, dipping below 13 percent for the first time in late 1995.

The new Meciar Government has maintained Slovakia's conservative fiscal and monetary policies in place. In mid-1995, Slovakia ceased to draw on its IMF stand-by arrangement (with the concurrence of the IMF), while maintaining a regular policy dialogue with the IMF. In June 1995, the government cancelled earlier plans for a mass privatization voucher-based program to institute a less transparent approach offering state enterprises for direct sale to current management, employees, and other bidders. The government has retained a decisive voice in the privatization of key enterprises, and has followed a policy of favoring domestic over foreign investors during this phase of privatization.

As a result, Slovakia's record on privatization is mixed. Almost all small state-owned enterprises in Slovakia have been privatized. At the same time, a large number of the most lucrative Slovak state enterprises in the energy, telecommunications, pharmaceuticals, and transportation sectors have been placed off limits to privatization for the foreseeable future on the grounds that they are strategic. The government has committed itself, however, to completing privatization of all other firms, including the vast majority of large state enterprises, by mid-1996. So far, 700 large enterprises, valued at $5.8 billion, have been privatized; about 150 large enterprises, valued at about $2.0 billion, remain for privatization. This government has accelerated the pace of the privatization process. Since February 1995, the National Property Fund has approved the sale of all or part of more than 342 state enterprises valued at approximately $1.78 billion.

Foreign investors have not flocked to Slovakia. Through the first half of 1995, Slovakia had received just over $660 million in total direct foreign investment. Austria and Germany are the largest investors. U.S. investment, more than $90 million, ranks fourth among foreign investors.

Despite the low level of foreign investment and unpredictable nature of privatization, the grass roots private sector in Slovakia has grown rapidly. In 1995, the private sector generated an estimated 60 percent of GDP, compared with 2 percent in 1989, and employed nearly half of the industrial workforce. By the end of 1996, the private sector is expected to generate over 70 percent of Slovakia's GDP.

Slovakia's export sector has been a driving force behind the country's economic recovery and supports the investment-powered growth in capital goods imports. Slovakia reported a $97.4 million trade surplus during the first nine months of 1995, compared to a surplus of $130 million for 1994 as a whole. Exports increased by 22 percent from the first nine months of 1994, while imports rose 21.3 percent. In March 1994, the Moravcik Government imposed a ten percent import surcharge to help correct its balance of payments situation, which the current government has continued in 1995. The government has made a commitment to the World Trade Organization (WTO) that it will eliminate the surcharge by mid-1996. A May 1995 five percent devaluation of the Slovak crown against the Czech crown also contributed to the large $240 million trade surplus with the Czech Republic in the first half of 1995. The Czech Republic purchases nearly 35 percent of Slovakia's exports and supplies 28 percent of its imports.

The United States accounts for about two percent of total trade with Slovakia. The Slovak Republic has Most Favored Nation status and receives duty-free (GSP) benefits for many of its exports.

Slovakia enjoys a healthy foreign exchange position. It has little foreign debt, $4.6 billion in 1995, and has built up its reserves to $4.3 billion in 1995 compared with $400 million in 1993.

The government has applied for membership in the OECD and the EU. Slovakia signed an Association Agreement with the EU in October 1993, which went into effect in February 1995. The agreement provides for the phased-in creation of a free trade arrangement concerning most industrial goods. In 1994, Slovakia, Hungary, the Czech Republic and Poland agreed to speed up implementation of their 1992 Central European Free Trade Agreement (CEFTA; now including Slovenia). During the first half of 1995, Slovakia sent over 45 percent of its exports to its CEFTA partners and nearly 30 percent of its exports to the EU.

Political Developments:

Prime Minister Vladimir Meciar's party, Movement for a Democratic Slovakia (HZDS), returned to power in December 1994 after winning a substantial plurality in the Fall 1994 elections. HZDS has formed a narrow based coalition government with two smaller parties: the ultranationalist Slovak National Party (SNS) and the leftist Association of Slovak Workers (ZRS). This makes the third government that the Slovak Republic has had since gaining its independence on January 1, 1993, following the peaceful dissolution of the Czech and Slovak Federal Republic (CSFR). The previous government headed by then Prime Minister Jozef Moravcik had succeeded

the country's initial HZDS-SNS coalition government led by Meciar after it lost a vote of no-confidence in March of 1994.

Slovakia is a functioning parliamentary democracy whose constitution guarantees fundamental rights recognized under OSCE principles. Its parliament and government were elected in free and fair multi-party elections.

The right to associate freely and form political parties and movements is protected by law and was respected in practice in 1995. Freedom of religious belief and faith are guaranteed by the Constitution and by law. Citizens who associate on the basis of a particular religious persuasion may freely proclaim and practice their beliefs.

The constitution mandates independent courts. The 10-judge Constitutional Court in Kosice reviews the constitutionality of laws and the decisions of national and local government bodies. The Supreme Court reviews the decisions of lower courts.

Despite constitutional guarantees protecting fundamental human rights and civil liberties, there were disturbing allegations of human rights abuse by civil authorities this year. In August, the President's son was tortured during the course of a violent abduction to Austria in which Slovak Intelligence Service (SIS) personnel are alleged to be implicated. SIS initially refused to permit its personnel to be questioned and has accused police investigators of wrongdoing. The lead police investigator and key supervisory personnel were fired. In September an opposition politician was beaten at his home after two days of surveillance. In both cases government representatives sought to discredit the victims' reports of their injuries. The "lustration" law of the former CSFR, barring from high public office persons who previously collaborated with the Communist-era secret police, is technically still in effect in Slovakia, though not enforced.

The constitution prohibits censorship and guarantees freedom of information and expression. Though dependent on state-owned printing and distribution companies, the print media are free and uncensored, and newspapers and magazines regularly publish a wide range of opinions and news articles.

The state-owned electronic media have become increasingly politicized since the Parliament named new television and radio councils, which hired new directors, in November 1994. The diversity of views, political coverage, and objectivity of news and documentary programming on Slovak television have dropped sharply. Further, the government has stated its desire to enact legislation for the Protection of the State, which would penalize "slanderous" remarks that besmirch the image of Slovakia. These actions have caused some journalists and citizens to fear speaking out publicly.

Though most Slovaks and ethnic Hungarians coexist peacefully, a political debate continues over the legal status of the country's large (estimated 560,000) ethnic Hungarian minority. The Constitution provides minorities with the right to develop their own culture, receive information

and education in their mother tongue, and participate in decision making in matters affecting them. In March the government signed a bilateral treaty with Hungary, which deals extensively with treatment of ethnic minorities. Parliament, however, has not yet ratified the treaty. In June, Parliament ratified the Council of Europe framework Convention on Ethnic Minorities.

There are occasional outbreaks of anti-Hungarian feeling in Slovakia, mostly in areas where the two ethnic groups do not coexist. The government continued to provide funding for cultural, educational, broadcasting, and publishing activities for the major ethnic minorities, but at greatly reduced levels. Ethnic Hungarians worry about the Ministry of Education's "alternative education" plan, which seeks to introduce the use of the Slovak language for certain subjects in schools where Hungarian is the language of instruction. Supporters of the program note that participation is voluntary. Ethnic Hungarians also criticize the Meciar government's plans to redistrict Slovakia, saying it could dilute their vote by incorporating their communities into overwhelmingly ethnic Slovak districts.

Ethnic Hungarians have also expressed great concern over the State Language Law which the Parliament passed in November. They charge the law violates constitutional minority language rights as well as the Council of Europe's Convention on Minority Rights. Slovak government leaders have denied these accusations, declaring publicly that minority rights will not change as a result of the law. The government has also promised to pass companion legislation on minority languages in early 1996. The final form of the minority language law, as well as the administrative regulations being developed to implement the language law beginning in January, 1996, will in large part determine the actual impact this legislation will have on the lives of ethnic minorities in Slovakia.

The Romanies, whose numbers are estimated at between 100,000 and 400,000, suffer disproportionately from poverty, crime and disease. Credible reports by human rights monitors indicated Roma continue to suffer from discrimination in employment, housing, and administration of state services. Skinhead violence against Roma is a serious and growing problem, and human rights monitors report police remain reluctant to take action. Prime Minister Meciar has declared that the government would devote special attention to the economic, social and cultural advancement of the Romanies, and established a government plenipotentiary to deal with problems of "disadvantaged citizens."

SEED ASSISTANCE SUMMARY

Program Overview

With the peaceful dissolution of the Czech and Slovak Federal Republic, Slovakia became an independent nation on January 1, 1993. The SEED program, which started in January 1992 with the establishment of an office in Bratislava, was positioned to respond to the rapid pace of

economic and democratic reforms. The U.S. was the first donor to establish a presence in Slovakia. As a result, the U.S. remains a major player in helping Slovakia establish a policy, legal and regulatory framework conducive to free market principles. USG programs stimulate private sector development, strengthen the effectiveness, responsiveness, and accountability of local governments, and promote fiscal reform and discipline. The U.S. also encourages citizen and non-governmental organizations (NGOs) participation in political and economic decision-making, promotes the flow of information by strengthening the independent media, and facilitates the development of a competitive and fair political process.

The goal of SEED assistance is to help root Slovakia firmly in the Western economic and political community and to accelerate its transformation toward a pluralistic society and a market economy. While significant progress has been made toward democracy and competitive markets, the picture has been marred by the centralizing policies of the current national government. An assistance strategy aimed at increasing pluralism, decentralization of decision-making and establishing a market economy will help counter these trends.

Today the U.S. assistance efforts emphasize:

* ***Efforts to ground Slovakia in a tradition of democracy and pluralism*** by strengthening non-governmental organizations, facilitating educational reform, establishing a multi-voiced media, preparing elected officials to manage city affairs, and providing technical assistance for the creation of an independent judiciary.

* ***Accelerating the transition to a market economy*** by restructuring enterprises and creating a strong financial system, while encouraging the growth of small and medium-sized private enterprises and a private sector housing market.

* ***Helping to improve the quality of life*** through promotion of quality health care and prevention and rationalizing housing allowances.

The U.S. has contributed a little over $140 million in SEED assistance to Slovakia as of September 30, 1995. The FY 1995 portion of the aggregate was a little over $29 million.

Program Impact

Economic Growth:

The Slovak economy enjoyed an impressive turnaround of 5% real GDP growth in 1994 after a cumulative GDP decline of 24% between 1990 and 1993. In 1995, this growth continued with a probable GDP increase of more than 6%. The country experienced strong export growth, resulting in a trade surplus for the first nine months. Industrial production, which fell by more than 10% in 1993, rose by an estimated 7% in 1994 and increased by 7.9% for the first nine

months of 1995. Tight monetary and fiscal policies have succeeded in curbing inflation. According to EBRD figures, in 1994, inflation was 13%. The annual rate for 1995 was expected to be 11%, according to EBRD estimates. Unemployment declined to less than 13%.

Private Sector Gains: The private sector contribution to overall GDP increased from 1994 to an estimated 60%. Most prices are free, with foreign trade relatively liberal and thriving. SEED assistance helped Slovakia establish a market-oriented system and legal and regulatory frameworks conducive to competition and private sector growth by promoting bank restructuring and workout of enterprise debts; encouraging application of modern tax laws; improving Slovaks' entrepreneurial skills through business and economics training and advice; and assisting the development of a capital market. The U.S. also supported training for the banking and financial sectors. Working through the Institute for Banking Education, U.S. assistance programs sponsored nearly 2,000 participants in banking courses from 1992 to 1995. Under USAID's participant training program, close to 100 Slovaks from the banking and financial sector received hands-on experience in the United States.

Privatization: After much stagnation, the privatization process accelerated after April 1995. The government has set June, 1996, as a target for completing the second wave of privatization, which includes an estimated 500 to 600 medium to large enterprises. Privatization of small enterprises, in addition to approximately 500 medium and large enterprises, was completed in the first wave in 1991-92. This first wave of privatization constituted 98% of small and medium enterprises. Privatization of state-owned housing units by sale to their occupants is accelerating.

Private Enterprise Development: Enterprise assistance focuses on privatized small and medium-sized firms (SME) with growth potential. Funding to the Slovak American Enterprise Fund (SAEF) fosters the development of SMEs through equity investment and loans to more than 50 Slovak companies. As of the end of FY 95, the SAEF has approved over $19 million in direct investments to some 30 companies. In addition, another $1 million was provided to 25 small businesses under the SAEF's small loan program. U.S. volunteer organizations have also contributed significantly to enterprise development by providing business advisory services. To date, the U.S. has helped 140 entrepreneurs and senior level managers enhance their skills through management training in the United States. USAID has also helped the government develop pro-business regulations to implement the public procurement law and train local officials in the administration of competitive contracting.

Market Reforms: The U.S. has promoted economic liberalization in Slovakia. Early assistance was targeted toward antimonopoly efforts. The U.S. Treasury Department helped reform tax laws and regulations, while addressing fiscal and budgetary policy issues. ABA-CEELI was key in preparing amendments to the current bankruptcy code for Parliament's approval. USAID has also advised the National Bank of Slovakia, representatives from ministries, banks, local governments, and construction and real estate groups in mortgage lending and allocation of central government funds for housing assistance.

Next Steps: The banking system in Slovakia is burdened by a large amount of questionable debt, much of it inherited before 1989. Many enterprises are unable to service their bank debt and qualify for new credit necessary to implement restructuring plans. To help end this cycle, the SEED program will target private sector firms to help them improve management to create a positive cash flow position and implement restructuring plans to make them profitable in the medium term. SME assistance will continue to focus on the enabling environment, supported by enterprise-level assistance and training.

Building Democracy:

SEED democracy assistance is working to develop more effective, responsive, and accountable local governments, and increased citizens' participation in political and economic decision-making.

Local Government: After the Velvet Revolution of 1989, local government was reconstituted and vested with substantial responsibility. There are over 2,800 towns and villages in Slovakia, each with a directly-elected mayor, vice-mayor, and municipal council. Elections took place in 1990 and again in 1994. The Local Self-Government Program fosters the decentralization of governmental authority and promotes democratic pluralism. The program aims to help municipalities manage their affairs in a transparent way, while providing necessary municipal services and facilities.

The International Republican Institute (IRI) works to develop the political skills of locally elected officials and political party activists. The program has increased communication and public outreach skills, encouraged negotiation and coalition-building within and among parties, and improved party organization by increasing fund-raising and recruitment abilities. IRI has also discovered better ways to solicit citizen input on local policy issues.

Informed Citizens' Participation: USAID's Democracy Network Program is strengthening the ability of NGOs to affect the formulation and implementation of public policy, act as a forum for debate and advocacy, and provide services to their constituents. The National Democratic Institute (NDI) will begin a train-the-trainers program in community organizing to work in tandem with a program funded by the National Endowment for Democracy. The University of Northern Iowa (UNI) conducts a collaborative educational reform/civic education program designed to introduce democratic teaching practices into Slovak basic schools and reform the curriculum for training new teachers. In its second year, this program has received overwhelming support from teachers and administrators.

The Media Program aims to strengthen independent media to provide the citizenry with a more balanced pool of information. It seeks a better informed public more actively participating in the process.

Political Process: The Congressional Research Service (CRS) provides assistance to the Parliament to help improve research and analytical skills of its staff. The CRS is also helping upgrade the Parliament's library and information management systems. ABA/CEELI provides assistance in the area of judicial reform, including training lawyers in commercial and bankruptcy law and reforming legal education.

Social Sector Restructuring/Quality of Life:

Since 1989, the health status of the population has decreased and life expectancy has declined. Slovakia's health providers are inefficient and inadequately managed. The government wants to guarantee quality and accessible health services, with an emphasis on women, children and elderly citizens. It has also been working to restructure the social assistance program to reduce dependence on subsidies and focus limited resources on low-income earners.

Health: Priority programs aim to reduce the number of premature deaths and increase average life expectancy. Under the partnership grant to Project Hope, the Boston Children's Hospital helped the Bratislava Children's Hospital reduce child mortality from 40% in 1989 to 7.4% in 1994. The Bratislava Children's Hospital performed 284 pediatric cardiac surgeries in 1994, compared with only 144 in 1989.

Health Care Management: USAID helped improve the efficiency and quality of care in two pilot hospitals by introducing quality management practices. A team of nurses continues to install the quality methodology developed with U.S. consultants. Current activities seek to institutionalize and replicate these practices by training lecturers in fields of health care management and developing better curriculum for public and private institutions in this area.

Environment: Most of Slovakia's critical environmental problems can be attributed to poor water quality, air pollution, and hazardous and solid waste dumping. The SEED program addresses these issues through policy advisory work carried out by the Harvard Institute for International Development (HIID), and the Environmental Health Project. USAID activities improve environmental quality and reduce related health risks by supporting economically viable pollution prevention/abatement projects. The U.S. EPA has trained central government, and regional and local staff in health risk assessment.

In addition, an HIID advisor helped draft legislation creating the Slovak Environmental Revolving Fund, which will finance urban infrastructure projects. The advisor also helped the Slovak Government prepare its presentation to an international environmental conference held recently. At the conference, Slovakia proved it is well ahead of other participating countries in preparing an effective environmental action plan. The advisor has also assisted the government in implementing aspects of this plan in two environmental "hot spots."

Lastly, USAID funds training at the local level to develop the institutional capacity needed

to address environmental concerns. Workshops and training are offered to environmental NGOs and businesses, local and regional governments, and academic institutions on environmental management and approaches to pollution prevention.

Housing: USAID was instrumental in introducing the condominium approach to housing privatization in Slovakia and was a key player in drafting the conceptual antecedent of the 1993 condominium law. An estimated 10 percent of the 344,600 housing units owned by municipalities have been sold so far. USAID has also been providing technical assistance and training to help develop a program for selling city-owned housing units. This training helps explain to new unit owners how to manage and maintain a condominium. U.S. assistance is also helping the Slovak Government revise housing subsidies to focus on a needs-based housing allowance to boost the private housing market.

Through curriculum development, the USAID is bringing market-oriented engineering concepts, such as cost containment and cost/benefit analysis, into design and construction. SEED advisors are developing a mortgage law to provide the legal framework for making loans secured by real property for home purchase/construction.

Next Steps: The U.S. will help reform health policies at national and local levels. Resources will be devoted to reducing negative health impacts of industrial manufacturing and processing facilities. Training will give Slovaks better ways to deal with various health risks, including environmental pollution. Under a new hospital partnership project, USAID is continuing its efforts to develop quality health care by providing technical assistance and training for physicians. This assistance will help improve health care in areas such as neonatal intensive care, pediatrics and gynecology. The U.S. will work to improve the management and organizational skills of hospital administrators as well.

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U.S. ASSISTANCE TO SLOVAKIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

Obligation Amount
SAI/ESF/DA: $140,266

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003	Support of Democratic Institutions	456
1800017	Political Process	146
1800018	Local Government and Public Administration	325
1800019	Democratic Governance and Public Administration	679
1800020	Rule of Law	509
Democratic Pluralism		
1800021	Political and Social Process	3,078
1800022	Independent Media	1,517
	Subtotal:	**$6,709**
	as % of Total:	**4.8%**

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800043	Czechoslovakia (Environment)	5,001
Privatization and Assistance to Enterprises		
1800014	Privatization and Enterprise Restructuring	21,663
1800023	Technical Assistance to Enterprises	8,021
Improving the Business Climate		
1800026	Competition Policy, Laws & Regulations	2,301
1800027	Business Services	3,667
1800035	Bank Training (Treasury)	1,074
Investment and Trade		
1800010	Enterprise Funds	39,000
1800028	American Business & Private Sector Dev. Initiative	1,928
1800047	Removing Impediments to Trade Enhancement (RITE)	76
Human Resources		
1800002	Human Resources Program	2,464
1800029	Management Training & Market Economics Education	6,368
1800045	Participant Training	2,214
Agriculture and Agribusiness		
1800024	Restructuring Agriculture and Agribusiness	4,484

Energy Efficiency

149

1800030	Regional Energy Efficiency	5,861
	Subtotal:	**$104,122**
	as % of Total:	**74.2%**

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid		
1800016	Humanitarian Emergency Medical Supply	743
1800032	Non Governmental Organizations (NGO) Dev. Project	2,582
Employment and the Social Safety Net		
1800033	Labor Market Transition (DOL)	1,042
Housing		
1800034	Housing Sector Assistance	6,152
Health		
1800037	Partnerships in Health Care	3,211
1800038	Promotion of Private Health Markets	4,129
Environment		
1800004	Environmental Initiatives	3,747
1800039	Improved Public Sector Environmental Services	5,647
1800041	Environmental Training	1,502
	Subtotal:	**$28,755**
	as % of Total:	**20.5%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	176
180632A	Transfers To Other US Agiencies	500
9260071	Training Eval. & Support Services	4
	Subtotal:	**$680**
	as % of Total:	**0.5%**

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SLOVENIA

Economic Developments:

Slovenia has made remarkable progress over the past three years in stabilizing and transforming its economy following the break-up of the former Yugoslavia. Real GDP, which declined by 16 percent in 1991 and 1992, stabilized in 1993 at a growth rate of 1.3 percent. GDP growth then accelerated to 5.5 percent in 1994 and is expected to reach 6 percent by the end of 1995. Unemployment, which peaked at 9.1 percent, according to ILO standards, in 1993, has since declined. Meanwhile, Slovenia's average annual retail price inflation dropped from among the highest rates in Central Europe (201 percent in 1992 according to EBRD figures) to one of the lowest (19.8 percent in 1994), and is expected to fall to 15 percent in 1995, according to EBRD estimates. Similarly, in the balance of payments, Slovenia has been able to establish a consistent pattern of current account surpluses that has helped rebuild the net foreign assets of its banking system, which were severely affected by the break-up of the former Yugoslavia.

There are a number of factors behind this progress, including some favorable initial conditions that Slovenia inherited from the former Yugoslavia. These included a market-oriented economic system with liberalized prices, openness to foreign trade, relatively robust export markets, and a greater degree of market discipline than was evident in other economies in transition.

To these initially favorable conditions, the Government of Slovenia has added a strong dose of fiscal and, to a lesser degree, monetary discipline. Overall, the Government has run a balanced budget since 1992, posting a budget deficit of about 0.2 percent of GDP in 1994. Slovenia is likely to record a budget deficit of 0.5 percent of GDP in 1995. Monetary policy targeted a constant real exchange rate, but benefitted in any case from a rise in money demand sufficient to sop up an increase in broad money supply of 62 percent in 1993 and 44 percent in 1994. Broad money supply growth is expected to remain virtually unchanged in 1995. Price performance was also restrained in 1994 by a new incomes policy which permitted the government to tax companies, which in many cases are still owned by their workers, for excess wage settlements.

Slovenia also continued its efforts to integrate more fully with the world economy. In 1993, it signed an agreement on economic cooperation with the European Union. In 1995, it hopes to expand that agreement into a full Association Agreement comparable to those enjoyed by other Central European states. Slovenia will, however, have to overcome Italian objections arising from a post-World War II property restitution dispute. In 1994, Slovenia joined the General Agreement on Tariffs and Trade and, in 1995, became a member of the new World Trade Organization. It has also signed free trade agreements with a number of its Central European neighbors, including Hungary, the Czech Republic, Slovakia, Poland and the EFTA countries.

In addition, Slovenia has worked diligently to strengthen its relationships with external

creditors, which were complicated by the break-up of Yugoslavia. In February 1993, Slovenia reached agreement with the IMF which fixed its share of the quota of the former Yugoslavia at 16.39 percent. That same percentage was accepted by the Paris Club as Slovenia's share of the debt of the former Yugoslavia. In early 1995, Slovenia concluded an agreement with Yugoslavia's former commercial bank creditors on its share of the former Yugoslavia's commercial bank debt.

In 1992 and 1993, private foreign direct investment in Slovenia reached approximately $110 million annually, but declined 9 percent in 1994. (The U.S. portion of this total is less than USD 8 million.) This trend may continue in 1995, given the relative lack of opportunities for foreign investment. Investment flows remain low compared with the peak period of the late 1970's. The Slovenian government and its major financial institutions all enjoy access to international capital markets under investment grade conditions.

Looking ahead, Slovenia's economic performance should continue to improve. Real GDP growth is expected to be between 5 and 6 percent for both 1995 and 1996, unemployment is expected to decline, inflation should retreat to single digit levels, and the current account within the balance of payments should remain in surplus.

However, there are risks and challenges ahead. The banking system remains weak and in need of government support. The privatization process has just begun, and has moved slowly, leaving in place a still large state-owned sector that may become a burden to Slovenia's growth prospects, a deterrent to investment and a complicating factor in macro-economic management. Finally, further progress must be made in Slovenia's relations with its neighbors, including in particular the states of the European Union. Slovenia is a small, open economy which can only flourish in the context of a broader community such as the EU. Until that broader context is in place, Slovenia's long term future will remain uncertain.

Political Developments:

In the brief period following its successful struggle in 1991 for independence from Yugoslavia, Slovenia has been exemplary in its commitment to democracy, human rights and peaceful relations with its neighbors. Prior to independence, Slovenia was the most progressive and democratic of the former Yugoslav republics. Following its break with Yugoslavia, Slovenia endeavored to complete its political reforms, approving a constitution in December 1991 that established a multiparty political system and a mixed presidential-parliamentary form of government. The President and parliament were elected by secret ballot in free and fair elections in 1992. Slovenia continues to take important strides to consolidate democratic reforms by maintaining an excellent human rights record and by establishing a free press and an independent judiciary. However, concerns remain among journalists about self-censorship and political pressure. Thorough reform of the judiciary also has progressed slowly.

Slovenia has striven to distance itself from its former Yugoslav compatriots and has actively pursued integration into Europe. The high priority placed on membership in NATO and the EU should serve to further cement Slovenia's democratic reforms. Today Slovenia is a fully functioning, stable democracy, where citizens and political parties freely and openly debate issues of public policy. There are ten active political parties, which offer a wide variety of political and economic programs. Although there remain bitter divisions between political forces on the left and right, all of the parties respect democratic principles, including the peaceful transfer of power.

In its foreign relations, Slovenia has sought to maintain friendly relations with its closest neighbors, while vigorously pursuing strong ties with Western Europe and the countries of the CEFTA (Poland, Czech Republic, Slovakia and Hungary). Relations with Croatia remain friendly, but some bilateral issues, including unresolved border issues, threaten to complicate the relationship. Slovenia's primary problem is with Italy, which sought to reopen the issue of properties lost by Italian citizens after World War II. The dispute has set back Slovenia's progress toward EU membership.

Political-Security Cooperation:

A leading area of U.S.-Slovenian cooperation is the U.S.'s rapidly growing security relationship. Following its brief war of independence in 1991 and the withdrawal of the Yugoslav National Army, Slovenia was left with not much more than a small reserve militia. Recognizing its inadequate defense capability, Slovenia embarked on a program to upgrade and modernize its small defense forces, convert its military to Western standards, and integrate itself into European security arrangements.

The Slovenian government has consistently looked to the U.S. as an important ally in its effort. The U.S. has tried to be as helpful as possible within the limits of the UN arms embargo on successor states of the former Yugoslavia, approving the sale of an air traffic control system and helicopters. Direct U.S. assistance to the Slovenian military has been limited to a small training program. Defense Secretary Perry's recent trip to Slovenia reinforced the growing security relationship with the U.S. Dr. Perry told his hosts that he was impressed with Slovenia's move toward democracy, free-market economy and civilian control of the military and indicated that Slovenia would be in the "first rank" of new NATO members. Perry also announced the decision to assign a Defense Attache and Security Assistance Officer to our small embassy in Ljubljana. The scheduled lifting of the embargo in connection with the Dayton peace agreement for Bosnia will allow expansion of the areas of military cooperation with Slovenia.

Slovenia's desire to join NATO is key to attaining its defense goals. Slovenia joined the Partnership for Peace in 1994 and has been an active participant. The Slovenian Parliament has earmarked funds for equipment purchases after the embargo is lifted to make its defense forces interoperable with NATO.

SEED ASSISTANCE SUMMARY

Program Overview

Since attaining independence in 1991, Slovenia set out on the path of political and economic transformation, with democratic institution-building proceeding at a relatively rapid rate for the region. Peaceful and democratic transfers of power from one party to another have taken place. In addition, a free press and independent judiciary have been established, and human rights are respected.

More positive effects of macroeconomic reform and growth of exports to the West are now becoming apparent: economic performance has gradually improved, with GDP showing its first positive growth in 1993 and attaining comparatively high levels (5%) in 1994 and 1995. Inflation was brought down to about 8.6% by the close of 1995, and registered unemployment to about 14%. The national currency became fully convertible in September, 1995. Slovenia currently enjoys a balance of payments surplus, and public debt is still relatively small. The country became a member of the IMF in 1993 and joined GATT the following year. It is also a founding member of the World Trade Organization and recently acceded to full membership in the Central European Free Trade Organization. Negotiations for associate membership in the European Union began in 1995.

The USG assistance program, about $9.4 million in SEED funds through FY 95, is modest and narrowly focussed. The principal goal the USAID program pursues is to support and accelerate the transition to a free market economy. The key objectives are to establish a well-functioning and well-regulated financial system, expand the proportion of GDP originating in the private sector, and increase capital flows to small and medium-sized businesses. In democracy, the program is quite modest, and is being channelled chiefly through the U.S. Information Agency in the form of training and administrative support for NGOs. With continued strong progress in democracy and market economy reforms, the USG would expect Slovenia to be in the next phase of assistance phase down and program closeout.

Program Impact

Economic Growth:

Some progress has been made in structural reforms. For example, Slovenia is undertaking the rehabilitation and reform of the financial sector and the privatization of socially-owned capital. The banking system remains weak and dependent on government support. Privatization has moved comparatively slowly, with 45% of GDP generated by the private sector in late 1995. The large State and socially-owned companies are a burden to Slovenia's growth prospects, threatening, by their high cost, to deter investment and undermine macro-economic management.

Domestic and foreign direct investment is still relatively small.

Financial Sector: The USG has supplied assistance in financial and banking sector reform. At the Bank Rehabilitation Agency, procedures based on the Federal Deposit Insurance Corporation's Deposit and Asset Services model were adopted on the advice of USG advisors. The two most important socially-owned banks were put under the SEED-assisted rehabilitation program. At the Nova Ljubljanska Banka, USAID advisors trained bank staff in securing bank loans (to improve liquidity in preparation for privatization), project finance, and development of mortgage finance options. The Bank has made good progress in its technical preparations for successful post-privatization operations.

At the Bank of Slovenia (BOS), USAID advisors assisted in the effort to strengthen the banking law, regulations, and bank supervision. Regulations and accounting standards are being developed, along with BOS regulatory procedures. At the same time, other requisite implementing legislation for financial sector reform is being prepared, covering both ownership transformation and bankruptcy, as well as laws governing companies, banks, securities markets, and mutual funds.

Complementary short-term assistance from the Financial Services Volunteer Corps (FSVC) has prepared the ground for bank reform and privatization. FSVC also assisted in preparing the initial public offerings on the Ljubljana Stock Exchange, and worked with the Ministry of Finance to develop a central clearance depository and insurance industry regulation.

Fiscal Improvements: Short-term U.S. Treasury advisors collaborated with the Ministry of Finance in developing a government securities market, highlighting the need for Slovenia to produce a strategic debt management plan for both domestic and foreign debt. Assistance in developing the telecommunications sector also received SEED support, with USAID advisors reviewing and recommending changes in the 1994 legislation subsequently enacted by parliament. Technical assistance to the Ministry of Transport and Communications helped in preparing its long-term telecommunications strategy, a new regulatory regime, tariff controls, and modernization, with a view towards eventual privatization of the national telecommunications monopoly.

Privatization: Privatization in Slovenia did accelerate in 1995 with support from USAID technical advisors. By October 1995, over 950 (of some 1,400) transactions were approved by the Slovene Privatization Agency. The companies involved account for about 40% of all Slovenes currently employed.

Next Steps: The USAID program will target expansion of the private sector through financial programs to assist small and medium-sized businesses (in cooperation with other donors), and technical assistance and training to private sector managers in finance and marketing. The benchmark is to widen the share of GDP attributable to private sector activities to 50% in 1996, and expand the amount of capital available to small entrepreneurs.

USAID will continue short-term assistance to the banking sector for privatization, as well as short-term support to the Bank of Slovenia for its supervising, transforming, and privatizing functions. The Government will receive assistance in expanding capital markets capabilities, such as initial public offerings and issuance of bonds in the Eurobond market. Continued support will also go to implementing an effective system for regulating private commercial banking, including enactment of a new banking law and implementation of U.S. Comptroller of Currency standards for on-site and off-site bank examinations.

USAID is currently negotiating with the European Bank for Reconstruction and Development (EBRD) to increase the capitalization of two venture capital funds. The planned grants for $1 million each will fund credit for small and medium enterprises.

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U.S. ASSISTANCE TO SLOVENIA
TOTAL OBLIGATIONS
as of 30 September 1995
(US $000)

	Obligation Amount SAI/ESF/DA:	**$9,371**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800020	Rule of Law	14
Democratic Pluralism		
1800021	Political and Social Process	92
1800022	Independent Media	422
	Subtotal:	**$528**
	as % of Total:	**5.6%**

B. ECONOMIC RESTRUCTURING

1800014	Privatization and Enterprise Restructuring	5,453
1800023	Technical Assistance to Enterprises	1
1800026	Competition Policy, Laws & Regulations	353
1800027	Business Services	555
1800028	American Business & Private Sector Dev. Initiative	59
Human Resources		
1800002	Human Resources Program	200
1800029	Management Training & Market Economics Education	555
1800045	Participant Training	566
1800024	Restructuring Agriculture and Agribusiness	180
	Subtotal:	**$7,922**
	as % of Total:	**84.5%**

C. IMPROVING THE QUALITY OF LIFE

1800016	Humanitarian Emergency Medical Supply	100
1800038	Promotion of Private Health Markets	1

157

Environment

	Subtotal:	**$101**
	as % of Total:	**1.1%**

D. MISCELLANEOUS

1800249	Audit, Evaluation, and Project Support	109
180632A	Transfers To Other US Agiencies	710
9260071	Training Eval. & Support Services	1
	Subtotal:	**$820**
	as % of Total:	**8.7%**

OTHER U.S. ASSISTANCE INITIATIVES AND PROGRAMS

III. OTHER U.S. ASSISTANCE INITIATIVES AND PROGRAMS

FOOD ASSISTANCE AND CREDIT GUARANTEES

The U.S. continued to support high levels of food assistance to Central Europe during FY 95. Total direct food assistance dropped 21% from $106 million to $83.67 million but indirect GSM credit guarantees increased from $136 million to $156 million. In keeping with the goals of the SEED program, direct food assistance was reduced as other food sources improved and the need decreased, and assistance was concentrated where the problems were greatest. Bosnia-Herzegovina received the majority of the direct food assistance, $60.17 million in emergency PL-480 Title II. All the rest of the programs were funded at the $5-$10 million level under the more commercially oriented PL-480 Title I program.

Albania received $5 million in non-emergency food aid, down from $12.6 million in FY 94.

Bulgaria did not receive any food assistance in FY 95 versus $5.3 million under the now moribund Section 416(b) program in FY 94.

Croatia received $4.6 million in non-emergency PL-480 Title I food assistance down from $15.1 million in Title I and Title II in FY 94.

The **Czech Republic** did not receive any food assistance in FY 95. The FY 94 $25 million GSM credit loan program was renewed for $20 million in FY 95.

Estonia did not receive any food assistance in FY 95, a repeat of FY 94.

Ex-Yugoslavia (Bosnia-Herzegovina, Serbia-Montenegro) received a total of $60,167 in commodities, up from $49.9 million in FY 94, in FY 95 under Title II emergency programs. Ex-Yugoslavia also received $10 million under the GSM program.

The **Former Yugoslav Republic of Macedonia** did not receive any assistance in FY 95 versus a $4.5 million program under Title I in FY 94. A planned Title I program was cancelled when agreement could not be reached on program requirements.

Hungary received a reduced GSM program down to $20 million from $25 million in FY 95.

Latvia did not receive any food assistance in FY 95, a repeat of FY 94.

Lithuania received $8.9 million in non-emergency food assistance, down from $13.3 million in FY 94.

Poland received a $20 million FY 95 GSM 102 credit loan guarantee program and a $5 million Title I program. Poland was not a program recipient in FY 94.

Romania received a $70 million FY 95 GSM 102 credit loan guarantee program and no direct assistance. The GSM program was increased from $52 million in FY 94 and a $4.6 million Section 416(b) was not renewed.

Slovakia did not receive any food assistance in FY 95 but did receive a $10 million GSM program.

Slovenia's GSM program was reduced significantly from $40 million in FY 94 to $10 million, and a small $700,000 Title II program was not renewed.

U.S. Food Aid and Credit Guarantees in Eastern Europe
(all figures given in $ millions)

	GSM-102 Credit Guarantees /1	PL-480 Title I Concessional Sales /2	Sec 416(b) Grant Aid /2	PL-480 Title II Emergency Programs /2	Food for Progress CCC Purchases /2	FY90-FY95 Aid totals Excluding GSM-102 /2
Albania						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	0	22.0 /3	15.74	.26	0	38
FY 93	0	14.7 /3	7.0	1.58	0	23.28
FY 94	0	12.6 /3	0	0	0	12.6
FY 95	0	5.0 /c	0	0	0	5.0
Subtotal	0	54.3	22.74	1.84	0	78.88
Bulgaria						
FY 90	0	0	0	0	0	0
FY 91	0	0	34.0	0	0	34.0
FY 92	0	0	0	0	0	0
FY 93	0	15.0	0	0	0	15.0
FY 94	0	0	5.3	0	0	5.3
FY 95	0	0	0	0	0	0
Subtotal	0	15.0	39.3	0	0	54.3
Croatia						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	0	0	0	0	0	0
FY 93	0	0	0	0	0	0
FY 94	0	9.2	0	5.9	0	15.1
FY 95	0	4.6	0	0	0	4.6
Subtotal	0	13.8	0	5.9	0	19.7
Czech Republic and Slovakia						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	20.0	0	0	0	0	0
FY 93	25.0 (Czech)	0	0	0	0	0
FY 94	25.0 (Czech)	0	0	0	0	0
FY 95	20.0 (Czech)	0	0	0	0	0
	10.0 (Slovakia)					
Subtotal	100.0					
Estonia						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	0	8.0	9.8	0	0	17.8
FY 93	5.0	0	0	0	0	0
FY 94	0	0	0	0	0	0
FY 95	0	0	0	0	0	0
Subtotal	5.0	8.0	9.8	0	0	17.8
Ex-Yugoslavia (Bosnia-Herzegovina)						
FY 90	40.0	0	0	0	0	0
FY 91	12.0	0	0	0	0	0
FY 92	0	0	0	4.4	0	4.4
FY 93	0	0	9.6	53.6	0	63.2
FY 94	0	0	0	49.9	0	49.9
FY 95	10.0	0	0	60.17	0	60.17
Subtotal	62.0	0	9.6	168.07	0	177.67
Former Yugoslav Republic of Macedonia						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	0	0	0	1.4	0	1.4
FY 93	0	0	0	2.0	0	2.0
FY 94	0	4.5	0	0	0	4.5
FY 95	0	0	0	0	0	0
Subtotal	0	4.5	0	3.4	0	7.9

	GSM-102 Credit Guarantees /1	PL-480 Title I Concessional Sales /2	Sec 416(b) Grant Aid /2	PL-480 Title II Emergency Programs /2	Food for Progress CCC Purchases /2	FY90-FY95 Aid totals Excluding GSM-102 /2
Hungary						
FY 90	26.0	0	0	0	0	0
FY 91	20.0	0	0	0	0	0
FY 92	10.0	0	0	0	0	0
FY 93	10.0	0	0	0	0	0
FY 94	20.0	0	0	0	0	0
FY 95	16.0	0	0	0	0	0
Subtotal	102.0	0	0	0	0	0
Latvia						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	0	8.0	9.8	0	0	17.8
FY 93	0	0	0	0	0	0
FY 94	0	0	0	0	0	0
FY 95	0	0	0	0	0	0
Subtotal	0	8.0	9.8	0	0	17.8
Lithuania						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	0	8.8	9.8	0	0	18.6
FY 93	0	19.6	0	0	0	19.6
FY 94	0	13.3	0	0	0	13.3
FY 95	0	8.9	0	0	0	8.9
Subtotal	0	50.6	9.8	0	0	60.4
Poland						
FY 90	0	14.8	35.9	0	0	50.7
FY 91	0	0	0	0	0	0
FY 92	0	0	24.0	0	0	24.0
FY 93	0	0	0	0	19.0	19.0
FY 94	0	0	0	0	0	0
FY 95	20.0	5.0	0	0	0	5.0
Subtotal						
Romania						
FY 90	0	20.0	40.8	0	0	60.8
FY 91	0	0	33.5	0	0	33.5
FY 92	50.0	10.0	0	0	0	10.0
FY 93	51.0	10.0	00.58	0	0	10.58
FY 94	52.0	0	4.6	0	0	4.6
FY 95	70.0	0	0	0	0	0
Subtotal	223.0	40.0	79.48	0	0	119.48
Slovenia						
FY 90	0	0	0	0	0	0
FY 91	0	0	0	0	0	0
FY 92	0	0	0	0	0	0
FY 93	13.0	0	0	0	0	0
FY 94	40.0	0	0	0.7	0	0.7
FY 95	10.0	0	0	0	0	0
Subtotal	63.0	0	0	0.7	0	0.7
Program Totals	575.0	214.0	240.42	179.91	19.0	653.33

/1 GSM figures are announced allocations, some of which may not have been used fully during the fiscal year.
/2 Commodity values, excluding ocean freight costs.
/3 Provided as a grant aid under the Food for Progress program, resources from Title I.
/4 Including the GSM-102 programs, the commercial and food aid total is $1,198.33 million.

PEACE CORPS

Since FY 91 Peace Corps has received $4,617,986 in SEED funding to support business development activities in 10 countries in Central Europe. These funds, used for supplemental training and technical assistance support, have been in addition to Peace Corps' own appropriations to maintain operations. This funding is currently utilized under four Inter-Agency Agreements which are effective through FY 97. As of September 30, 1995, $1,880,867 has not yet been disbursed.

Funds Received

In FY 91 Peace Corps received $100,000 for the Small Projects Assistance (SPA) Program which funded small environmental and small enterprise projects in primarily Poland, Hungary, and Bulgaria. To date, all of these funds have been disbursed.

In FY 92, Peace Corps received $1,447,986 to: 1) establish a Free Enterprise Transition Center for Poland in the amount of $986,300; 2) establish 12 Multi-Link Resource Centers (business information centers) in Bulgaria in the amount of $171,686; and 3) support business training and technical assistance activities in Central Europe, including Albania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia in the amount of $290,000. This program is known as the European Business Development Program (EBDP).

In FY 93, Peace Corps received $2,666,000 including: 1) an additional $500,000 in SEED funding to supplement the Bulgaria; and 2) an additional $2,166,000 to supplement the European Business Development Program.

In FY 95 Peace Corps received $404,000 to support business training and technical assistance activities in the Czech Republic.

FY 95 Fund Utilization

In FY 95 Peace Corps utilized $898,704 of SEED funds to support its business development programs in Eastern and Central Europe and the Baltics, including Albania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia. SEED funds in these countries are disbursed through one regional Inter-Agency Agreement, known as the European Business Development Program to provide training and technical assistance. In addition, there are three other Inter-Agency Agreements: one for Poland (the Free Enterprise Transition Center), one for Bulgaria (the Multi-Link Resource Center Project), and one for the Czech Republic (the AKCE Project). The projects in Poland and Bulgaria provide operational and training expenses to run business information centers. The AKCE Project in the

Czech Republic provides funds for entrepreneur and counterpart training and technical assistance.

The following are brief descriptions, by country, of SEED-funded activities of the Peace Corps.

Albania

The majority of the 20 Volunteers work in Regional Business Agencies (RBA) or Private Business Associations. The RBAs are centers organized by the European Community to assist in the development of small and medium-sized enterprises. Volunteers help to establish and manage these centers and provide training for entrepreneurs in cash management, accounting, marketing, transportation, advertising, and tourism. During FY 95, $13,844 SEED funding supported a project planning conference, translation of training materials, and a study of the feasibility of business use of e-mail in Albania. Late in FY 95, an additional contingent of volunteers was stationed in Albania to implement a component of a major USAID forestry project.

Bulgaria

29 Peace Corps Volunteers (PCVs) work with small business owners and entrepreneurs in Project Enterprise to provide business skills training and resource information. Most PCV's are assigned to one of the eleven Multi-Link Resource Centers, which provide training and resource support to entrepreneurs, that are organized by municipal governments in cities throughout Bulgaria. During FY 95, $241,658 SEED Funding supported the provision of technical assistance, market research, and training by these centers. Each center has roughly 35 client businesses. Collectively, the centers sponsored 66 seminars for 600 entrepreneurs and recruited 60 new clients during the first three quarters of FY 95. About 2,000 people visited the centers to do research.

The Czech Republic

The 12 Volunteers in the Czech Republic work with various government and non-government organizations to develop business assistance programs, systems, and services and to provide training and one-on-one counseling for entrepreneurs and students. In FY 95, $65,307 SEED Funding supported training for the newly-formed association of independent broadcasters, business workshops for women managers and for entrepreneurs in Bohemia, and regional seminars on business fundamentals. USAID also established an Interagency Agreement worth $800,000 to the Czech Republic for FY 96-FY 98 for business support.

Estonia

In Estonia, 20 PCVs work in rural areas with the Department of Local Government and Regional Development, providing newly privatized businesses and potential entrepreneurs with access to basic business skills and planning assistance to economic development units of municipal governments. Among the activities supported by the $46,648 of SEED funding during FY 95 were computer networking training and the establishment of an e-mail system, translation and publication of technical materials, and seminars on business skills, marketing and business planning.

Hungary

The Small Business Development Project in Hungary now has 15 PCVs who are assigned primarily to small business centers (many funded by EC/PHARE) and private foundations. The project promotes development of small and medium enterprises. Volunteers are developing and organizing information resource services at their host institutions as well as providing on-going individualized assistance. They also conduct short evening and weekend courses for entrepreneurs. During FY 95, $13,829 of SEED funding supported these activities.

Latvia

21 PCVs work with the Agriculture Advisory Council to set up networks for farmers and assist them in writing business plans. The purpose of the Latvia project is the build small enterprise capacity in Latvia's rural areas by providing newly privatized farmers with access to those business skills necessary to function profitably in a free market economy. During FY 95, $51,480 SEED funding provided for establishment of an e-mail system and computer network, translation of business training materials for farmers on bookkeeping and business financing, and publication of an economic analysis of the Cesis region keyed to investment possibilities.

Lithuania

The Lithuania project builds small enterprise capacity by providing entrepreneurs with access to business skills necessary to compete profitably in a free market economy. 22 PCVs are assigned to the Ministry of Economics and to various local and municipal governments. The Ministry of Economics has established an Entrepreneurship Division. Three Business Advisory Service Centers, sponsored by the European Community, have also been set up. PCVs assigned to the economic development units of local governments are providing business management skills and training entrepreneurs, assisting with economic development plans for the local governments and training host country agency staff in systems management and controls. During FY 95, $40,180 SEED money funded the training of 100 Lithuanians to educate unemployed

borrowers on how to obtain interest free business start-up loans, the publication of marketing brochures on agricultural products, and the development of an e-mail system with training and technical handbooks.

Poland

Poland has 55 Volunteers in its three Small Business Development Projects. Their purpose is to improve the operations, functioning, and management of Polish local and provincial government institutions to design and implement programs for local economic restructuring. The three projects are as follows: 1) as municipal advisors, PCVs provide technical assistance and training at the municipal, county, and regional level on economic development, municipal finance, small business assistance, regional promotion, and tourism development under the general supervision of the Council of Ministers; 2) as business training advisors, Volunteers help establish business schools by providing assistance and training on curriculum development, school management, and long term planning with general coordination from the Ministry of Education. Volunteers also teach courses either as their primary or secondary assignment; 3) as privatization advisors, Volunteers are assigned to regional development agencies, chambers of commerce, or specific state-owned enterprises to provide technical assistance and training for regional economic development, and small business start-ups under the general supervision of the Ministry of Foreign Economic Assistance. Under the Ministry of Labor, a business incubator project links small business advisory services with development funds to provide entrepreneurial opportunities for the unemployed.

Among the activities supported by $316,111 of FY 95 SEED funding were publication of training materials; workshops on business start-ups, financial management, and business marketing; provision of books, periodicals, videos, CD ROMs and software; development of a placement program for graduates of the Center for Continuing Education; training in tourism promotion; supply of computer hardware, software, e-mail and internet training programs to the Polish Chamber of Commerce; and a conference for 150 mayors and provincial agencies on assistance available from international donor agencies.

Romania

27 PCVs focus on improving the management skills of small- and medium-sized businesses with special attention to agriculture-related activities. Volunteers are working with the Romanian Development Agency (RDA), county governments, Chambers of Commerce, UNIDO, Washington State University (WSU) and the Romanian Center for Small Business (CRIMM). Romania is the most active country under this grant. PCVs are involved in advising individual business owners, farmers, and agribusiness owners on the business and financial aspects of their enterprises through workshops and seminars on business start-up, planning, marketing, costing, and pricing. Volunteers are also developing and improving systems, organizations, and programs

of the Small Business Centers in Romania. The purpose of the project is to promote an increase in the number of profitable small- and medium-sized businesses by improving access to Business Development Centers that will develop effective business management, strategies, and practices. Among the activities which $50,887 in SEED funding supported during FY 95 were the provision of computers to a business resource center, as well as training in their use, training for Romanian computer technical support personnel, provision of resource materials for a business resource center, and seminars on international marketing and agricultural export opportunities, on how to attract foreign investors, and on Total Quality Management.

The Slovak Republic

The 28 PCVs in the Slovak Republic are involved in a range of training and business assistance activities by providing training, direct consultancy, and technical services. Among the activities supported by $58,760 of SEED funding in FY 95 were seminars on marketing, on opportunities in international trade, on maximizing tax benefits, on accounting, on sources of investment funds for new business ventures, and on preparing business plans. In addition, a database of economic and social information on the Nitra region was developed.

SMALL BUSINESS ENTERPRISE DEVELOPMENT COMMISSION

The Central European Small Business Enterprise Development Commission (CESBEDC) was established by Public Law 101-515, in accordance with Section 25 of the Small Business Act, as amended November 25, 1990. The Commission's mandate is to assist Poland, Hungary and the Czech and Slovak Republics in developing a self-sustaining system to provide management and technical assistance to small business owners. By law, the Commission is composed of three members: one representing the Association of American Universities, one from the Association of Small Business Development Centers, and one from the Small Business Administration. The Commission was funded for three years and reached the end of its period of operation at the close of FY 95.

Country Overviews

Poland

In Poland, Small Business Centers were established at the Lodz Polytechnic in Lodz, at the Gdansk Technical University in Gdansk, and at the Polish Chamber of Commerce in Warsaw. SBC staff were selected and trained and each site was equipped with furnishings, computers, and communication equipment. In each location and in the country as a whole, the Commission's contractors worked to ensure a sound, non-partisan base of support. To assist in the operation

and overall implementation of the SBC program, a non-profit Polish Foundation was created. The Foundation ensures appropriate financial control, encourages greater Polish participation, and helps build a basis for the SBC program after U.S. support ends. The commission placed a full-time American coordinator in Poland to work closely with the Foundation, SBC staff, and host institutions. The contractor for this project is The Scientex Corporation.

Hungary

In Hungary, Small Business Centers were established in Debrecen and Pecs. In both locations, the SBCs are hosted by a non-profit Foundation and local governments. Initial assistance has focused on creating the formal organizations to support the SBCs and establishing the internal accounting and management systems. In both cities, Foundations were chartered, Boards of Directors were established, and SBC staff were selected and trained. A Hungary Small Business Central National Advisory Council was formed to advise the Board of Directors, maintain relationships with the government, and provide public relations and fund remaining assistance. The contractor for this project is Public Access Incorporated.

Donor Organization

Organization:	Central European Small Business Enterprise Development Commission
Contact Person:	James R. Wingrove
Title:	Executive Officer
Phone Number:	202/205-6662
Fax Number:	202/205-7592
Address:	409 3rd Street, S.W. Room 8100 Washington, D.C. 20416

Recipient Organization

Country:	Poland
Organization:	Polish American Small Business Advisory Foundation Warsaw - The Polish Chamber of Commerce
Contact Person:	Andrzej Stasiek
Title:	Director
Tel/Fax:	48-22-26-25-96
Complete Address:	ul. Trebacka 4 rm.321, 00-074 Warsaw, Poland
Types of Assistance:	Technical Assistance, Small & Medium Enterprises, Entrepreneurship, Marketing, Privatization, Accounting
Status of Project:	Project assistance terminated at end of FY 95

Start of Operations:	Center opened in November 1992
Completion of Operations:	U.S. funding terminated at end of FY 95
Total Project Costs:	
FY 1992	$260,000 US
FY 1993	$250,000 US
FY 1994	$140,000 US
FY 1995	$120,000 US

* * * *

Country:	Poland
Organization:	Polish American Small Business Advisory Centers Gydnia Small Business Center
Contact Person:	Przemyslaw Kulawczuk
Title:	Director
Tel/Fax:	58-22-35-32
Complete Address:	ul. Biskupa Dominike 8 81-402 Gydnia, Poland
Types of Assistance:	Technical Assistance, Small & Medium Enterprises, Entrepreneurship, Marketing, Management, Privatization, Accounting
Status of Project:	Project assistance terminated at end of FY 95
Start of Operations:	Center opened in November 1992
Completion of Operations:	U.S. funding terminated at end of FY 95
Total Project Cost:	
FY 1992	$260,000 US
FY 1993	$250,000 US
FY 1994	$140,000 US
FY 1995	$120,000 US

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Country:	Poland
Organization:	Polish American Small Business Advisory Centers Lodz - The Lodz Polytechnic
Contact Person:	Izabela Firkowska
Title:	Directory
Tel/Fax:	0-42-36-69-94
Complete Address:	ul. Piotrowska 109/191 90-477 Lodz, Poland
Types of Assistance:	Technical Assistance, Small & Medium enterprises, Entrepreneurship, Marketing, Privatization, Accounting
Status of Project:	Project assistance terminated at end of FY 95
Start of Operations:	Centers opened in November 1992
Completion of Operations:	U.S. funding terminated at end of FY 1995

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Country:	Hungary
Organization:	Pecs Small Business Center - Non Profit Foundation - Local Government
Contact Person:	Istvan Pidl
Title:	Managing Director
Tel/Fax:	36-72-333-753
Complete Address:	Felsomalom u.13 P.O. Box 55 7618 Pecs, Hungary
Types of Assistance:	Technical Assistance, Marketing, Management, Privatization, Small & Medium Enterprises, Accounting
Status of Project:	Project assistance terminated at end of FY 95
Start of Operations:	Center opened in November 1992
Completion of Operations:	U.S. funding terminated at the end of FY 95
Total Project Costs:	
FY 1992	$200,000 US
FY 1993	$150,000 US
FY 1994	$110,000 US
FY 1995	$110,000 US

* * * *

Country:	Hungary
Organization:	Debrecen Small Business Center - Non Profit Foundation - Local Government
Contact Person:	Istvan Bogyo
Title:	Managing Director
Tel:	36-52-347-301
Fax:	36-52-348-251
Complete Address:	Peterfia u.25 4026 Debrecen Hungary
Types of Assistance:	Technical Assistance, Small & Medium Enterprises, Entrepreneurship, Marketing, Privatization, Accounting
Status of Project:	Project assistance terminated at end of FY 95
Start of Operations:	Centers opened in November 1992
Completion of Operations:	U.S. funding terminated at end of FY 95
Total Project Cost:	
FY 1992	$200,000 US
FY 1993	$150,000 US
FY 1994	$110,000 US
FY 1995	$110,000 US

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BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

SEED funding was made available in FY 95 to support S&T programs in the Visegrad countries (Poland, Hungary, the Czech Republic, and the Slovak Republic). However, grants for research activities under the "Joint Funds" approach pre-date the use of SEED money.

Joint Funds were established under bilateral S&T agreements with Poland, Hungary, the Czech Republic, and the Slovak Republic after 1989. They are currently based upon matching contributions from the U.S. and each cooperating country. In this light, they truly represent precedent "joint ventures" between U.S. scientists and their counterparts in the region. The joint funds, overseen by small secretariats in Warsaw, Budapest, Prague and Bratislava, provide grants for peer-reviewed research in such fields as agriculture, environment, energy, health, basic research, transportation, mining, and geology. They also support workshops and exchanges of scientists and information.

Bilateral S&T agreements and joint funds exist in other states of Central Europe as well. During the Cold War, cooperative S&T agreements helped to foster democratic values and provided invaluable contacts between U.S. and Central European scientists, many of whom were instrumental in leading the political reforms of the last decade. In the post-Cold War era, the agreements increasingly buttress U.S. foreign policy objectives to continue the democratic and free market evolution of these former Communist countries, to promote sustainable economic development, and to address significant global issues of common concern through basic and applied research.

The total U.S. contribution for each joint fund program is used directly to support such research efforts. The costs associated with administrating these joint funds is taken from either interest earned by the Joint Fund accounts or in-kind contributions from the partner country.

Individual grants customarily average $30,000 over a three-year period, matched in local currency by the partner government. These funds typically represent a fraction of the cost of the joint project. The prestige of receiving one of these grants draws the highest qualified candidates and proposals and returns much larger dividends in terms of scientific innovations. The process also can stimulate significant additional funding from participating technical agencies and institutions on both sides. For each agreement, "joint boards" composed of U.S. and counterparts, annually review the outcome of the peer review process and award funds to the highest ranked proposals.

SEED Funding for S&T Programs

Resource constraints resulted in elimination of funding for the bilateral S&T programs as a separate line item from the FY 1995 Department of State budget. However, after forceful appeals

from Central European governments, and in light of an impressive record of accomplishments, it was agreed that the S&T programs should continue to be funded in FY 95, particularly as they clearly support U.S. post-Cold War foreign policy objectives.

Accordingly, for FY 1995, the Department used SEED funds for S&T programs with the Visegrad nations - Poland, the Czech and Slovak Republics, and Hungary - at a total level of $2.9 million, with the understanding that these programs support the stated SEED objectives for the region. Funds are now being disbursed for projects in four areas - agriculture, energy, health, and environment. Because cooperative activities in other areas of basic research (in chemistry, physics, and astronomy), the U.S. also invited proposals for work in these disciplines provided projects be funded entirely from host country currencies.

Visegrad Country S&T Programs

Poland

U.S.-Polish S&T cooperation takes place under an umbrella S&T Agreement signed by Vice President Bush in September 1987. The Agreement was renewed on September 4, 1992, for an additional term of five years. Collaborative research has been conducted in such areas as environment, agriculture, medical science and health, basic science, geoscience and mining, energy, engineering, construction, transportation, oceans, parks management, fish and wildlife conservation, medical research in physiological and genetic disorders, information exchange, U.S. clean coal technology, and other energy research fields.

The joint research program has helped to reinforce and sustain the best sectors of the massive Polish scientific infrastructure during a critical transition period, and to introduce peer-reviewed traditions to a system dominated in the past by Soviet-style scientific academy institutes and cronyism. Much of the joint research has been excellent, bringing U.S. researchers opportunities to work with world-class Polish scientists in unique research settings. In FY 95, $1.275 million in SEED funding supported the work of the U.S.-Polish S&T Joint Fund. In 1995, the Joint Fund Board approved 36 research projects in the fields of agriculture, environment, energy, health, basic science, engineering, geology, and parks management.

Hungary

U.S.-Hungary S&T cooperation takes place under an umbrella agreement announced by President Bush in July 1989 as a centerpiece of an East European Environmental Initiative. The agreement and the process of administering the associated joint fund have helped make Hungarian science more innovative and productive for economic development generally. As with Poland, the U.S./Hungarian scientific relationship has opened unique research opportunities to both nations,

and attracted many more high-quality proposals than resources can support. Important fields of cooperation include environment, health and medical sciences, agriculture, energy, natural resources, engineering and basic sciences.

In FY 1993, the Joint Fund also co-sponsored a number of special activities such as a workshops on science policy, peer review systems, and grants applications, which brought together scientists and science policy officials from the U.S., Hungary, the Czech Republic, and Poland. Based on the successful precedent in Poland, plans are underway to sponsor a technology commercialization conference in Budapest in 1996. In FY 95, $900,000 of SEED funds supported the work of the U.S.-Hungarian S&T Joint Fund. In 1995 the Joint Fund Board approved 17 research projects in the fields of basic science, energy, medical research, engineering, and environment.

Background, Czech Republic and Slovakia

An S&T agreement was established between the U.S. and the Government of the Czech and Slovak Federal Republic in October 1991. The first Joint Board meeting was held in Prague in March 1992. Following the establishment of the Czech Republic and the Slovak Republic on January 1, 1993, the members of the Joint Board agreed that the administrative and financial arrangements for S&T cooperative activities would be handled for each successor republic through, respectively, a U.S.-Czech Joint Board and a U.S.-Slovak Joint Board.

Czech Republic

To date, U.S. S&T cooperation with the Czech Republic has been concentrated in environmental fields, energy research, health and medical sciences, basic sciences, engineering, natural resources, agriculture, and standardization, which will help build a technological base important for sustained economic growth. First results from the three-year projects are beginning to filter in and many, particularly in the basic science and engineering fields, are excellent. In FY 95, $450,000 of SEED assistance funded the work of the U.S.-Czech S&T Joint Fund. In 1995, the Joint Fund Board approved 22 research projects in the environmental, health and medical, energy, basic science, engineering, natural resources, and agriculture fields.

Slovak Republic

Significantly less well-endowed than its Czech analog, the Slovak scientific community is nonetheless talented in many fields and expected to make important contributions to Slovak economic development. Indicative of this role is the sustained, successful effort of the Slovak scientific community and government officials to commit its Joint Fund contribution despite large political and financial uncertainties. These efforts underscore the vital importance of maintaining

the continuity of our S&T cooperation with Slovakia as an important sign of U.S. interest in their scientific potential and in continuing successful and mutually beneficial relationships.

Many of the joint research projects getting underway are directed at the most acute problems in Slovakia in the agricultural, environmental, and health fields, which all face difficulties resulting from indiscriminate industrial development during the Communist era. $275,000 of SEED funds supported the U.S.-Slovak Joint Fund in FY 95. In 1995 the Joint Fund Board approved 13 research projects, including work in the fields of basic science, energy, health and medical, sciences, and environmental protection.

S&T Programs in Other Central European Countries

Background, Former Yugoslavia

U.S.-Yugoslav S&T cooperation began in 1972 and ended in October 1993 with the expiration of the 1988 U.S.-Yugoslav S&T Agreement. In light of events in Yugoslavia, Congress approved funds in FY 93 and FY 94 for cooperation with Slovenia, Croatia, and the Former Yugoslav Republic of Macedonia (FYROM) to conclude successor S&T agreements. No S&T programs presently exist with Serbia, Montenegro and Bosnia.

Slovenia, Croatia, and FYROM have sophisticated scientific expertise of great interest to the U.S. scientific establishment, especially in the areas of agriculture, mining, physics, and health. All three were active participants in S & T cooperation. Previous U.S. experience with researchers in these states was very good. Science officials in these newly independent republics are either previous grantees from the Joint Fund, or former Joint Board members and delegates under the expired U.S.-Yugoslav S&T Agreement.

Slovenia

Slovenia has a long history of cooperation with U.S. scientists in a number of areas, including high energy physics, agriculture, mining, and health.

In April 1993, the U.S. negotiated and signed an S&T agreement with Slovenia, the first bilateral agreement between the U.S. and the new republic. In September 1993, the State Department led a delegation of ten technical agencies to Slovenia to initiate project proposals under the new Agreement and associated Joint Fund. Significant cooperative activities were explored in areas related to environment, health, mining and geology, transportation, energy, agriculture, maritime research, engineering, and basic science. In addition to their matching contribution, the Slovenes offered in-kind contributions to the Joint Fund, including a secretariat from their Ministry of Science.

Croatia

Like Slovenia, Croatia was a significant participant in scientific cooperation under the old agreement. Croatia received roughly 30% of proposals under the former agreement. Given the level of interest in both countries, the U.S. signed a new agreement which entered into force on March 18 of 1993.

Former Yugoslav Republic of Macedonia

As with Slovenia and Croatia, the U.S. had developed an active S&T relationship with FYROM under the old U.S.-Yugoslavia S&T Agreement. The U.S. negotiated an S&T Agreement with the FYROM in September of this year and is currently developing the program announcement required for project submission to the newly established Joint Fund.

USIA NON-SEED FUNDED ACTIVITIES

ACADEMIC PROGRAMS

Academic Specialists in English Language Programs: This program awards grants to American academic experts and distinguished professionals to consult with colleagues at foreign universities and institutions. Academic specialists engage in a variety of activities that include conducting seminars and workshops on selected topics. Specialists are selected in response to requests from USIS posts abroad. Programs range from two to six weeks in duration.

Approximately 40 English Language Academic Specialists conducted seminars for English language teachers on Teaching English as a Foreign Language (TEFL) methodology and the incorporation of American Studies topics in the English-language classroom. Other specialists conducted seminars and workshops on a variety of themes, including business management and computer instruction.

College and University Affiliations Program: The College and University Affiliations Program is an annual, worldwide program that awards grants to support three-year affiliations between American and foreign universities. Affiliations activities consist mostly of faculty and staff exchanges but may also include curriculum development and research components.

Currently, there are seventeen active College and University Affiliation projects in nine of the countries of Central Europe. Fields for exchanges include public administration, law, environmental studies, liberal arts, business administration, and American Studies. Successful program linkages, like the linkage between the University of Missouri-Columbia and University of Sibiu in Romania, work to cement the basis for a long-term relationship that continues after

completion of USIA grant activities.

Fulbright: USIA's Fulbright Scholar Program exchanges faculty lecturers, researchers, professionals and graduate students between the United States and Central Europe for periods ranging from one semester to one academic year to lecture and conduct research. Foreign applications are submitted to the Fulbright Commission or USIS Post in the applicant's home country. Bilateral Fulbright Commissions operate in Hungary, Poland, Czech Republic, Romania, Bulgaria and Slovakia.

In fiscal year 1995, 362 Fulbright grantees were exchanged between the United States and the countries of Central Europe. A total of 116 American lecturers, researchers and graduate students travelled to thirteen countries in Central Europe and approximately 246 Central European individuals lectured or studied in the U.S. Grants were awarded for a variety of fields including business administration, law, economics, American Studies and literature, arts and humanities, social sciences, hard sciences, communication, education, and engineering.

Fulbright Teacher Exchange Program: This program provides academic year exchange opportunities for secondary school educators. A limited number of post-secondary educators also participate on the program. Exchanges are generally reciprocal and focus on social science fields, curriculum reform, English teaching, and foreign languages. During the 1995-1996 academic year, a total of 58 secondary school teachers will be exchanged between American and Central European schools.

Hubert H. Humphrey Fellowship Program: As part of a world-wide program, the Humphrey Program brings mid-career professionals from Central Europe to the United States for ten months on combined academic and professional training. Fellows are placed in non-degree programs at universities around the U.S. Fellows are recruited through the USIS post in their home country.

Individual grants were awarded to 21 Humphrey fellows from Central Europe for the 1993-1995 program. This year, 17 grants were awarded for the 1995-1996 program. Participants came from a variety of fields including public administration, economic development, and environmental management.

Edmund S. Muskie Fellowship Program: The Muskie Fellowship program provides scholarships for graduate study and hands-on training in the United States in the fields of business administration, economics, law, and public administration for students from the NIS and the Baltics. Individual programs range from one to two years in length, with some programs concluding with the award of a graduate degree or certificate. Candidates are recruited through a merit-based competition administered by an inter-organizational operating committee consisting of the American Council for Teachers of Russian (ACTR), the International Research and Exchanges Board (IREX), the Institute for International Education (IIE), and the Soros Foundation. U.S. host campuses are selected through a competitive process.

In the 1995-1996 academic year, 24 students from the Baltic states are participants in the program.

Student Advising: USIA operates student advising centers in Central Europe that provide counseling and advising services for individuals interested in studying in the United States. Advising Centers are located at USIS missions, Fulbright Commission sites, universities, public libraries, and other public foundations which provide personnel and working space. USIA provides funding for training programs, books and reference material, and advising center equipment.

USIA currently has 53 advising centers in thirteen Central European states. Additionally, USIA provides funding for a Regional Educational Advising Consultancy (REAC) which provides support to individual advising centers in the region. Staff at the REAC organize training programs, make evaluation and consultation visits to local centers, and facilitate communication among the region's centers and with USIA

Training programs for advising center staff have included an in-country coordinators' workshop in Romania which spurred in-country workshops for educators in the Czech Republic, Poland, and Hungary. Advisers from Central Europe also participated in a month-long U.S. based training program.

Speakers and Professionals-Residence Programs: USIA recruits American distinguished scholars and professionals to consult with Central European counterparts and provide advice in their particular areas of expertise. Generally, Speaker's programs last 1-2 weeks and Professionals-in-Residence operate for three weeks or longer.

In fiscal year 1995, USIA sent 151 U.S. Speakers and Professionals-in-Residence to Central Europe in a variety of fields including rule of law, market economics and the U.S. political system.

CITIZEN EXCHANGES

Central European Training Program: This program provides assistance awards to U.S. non-profit institutions to conduct training programs for Central European target audiences. In fiscal year 1995, USIA awarded CEETP grants to 17 U.S. institutions. Grant activities took place in ten countries in Central Europe and focused on local government, media, municipal and public administration business administration and management.

Discretionary Grants: This global program provides grants to non-profit organizations in support of projects that link their international exchange interests with counterpart institutions/groups in ways supportive of USIA aims. In 1995 USIA provided funds for a program on conflict resolution in Bulgaria, the Czech Republic, Slovakia and Hungary.

INTERNATIONAL VISITOR PROGRAMS

International Visitor Program: The International Visitor (IV) Program affords opportunities for established or potential foreign leaders in government, politics, media, education, labor relations, the arts and other key fields to confer with their American professional counterparts and to experience U.S. culture firsthand. Visitors participate in individualized programs or group projects for a period of 3-4 weeks.

Visitors are nominated by American embassies in Central Europe. In fiscal year 1995, over 370 visitors from 15 countries participated in IV individual, single-country, European regional, and multi-regional programs. Over thirty single-country projects were completed on a wide range of regionally important issues - market economics, the federalist system of government, rule of law, free press, human rights and ethnic diversity, the American political system, state and local government, and civics education.

Voluntary Visitors: The Voluntary Visitor Program arranges professional appointments and operates shorter-term programs for individuals and groups travelling to the U.S. at their own expense. Voluntary visitors are nominated by American missions abroad. Over 129 visitors from Central Europe participated in Voluntary Visitor Programs in fiscal year 1995.

ARTS PROGRAMS

Performing Arts: Each year, in consultation with U.S. Embassies, the Office of Arts America organizes a small number of fully-funded performing arts presentations in music, dance and theater. In addition to performances, overseas tours usually involve workshops or master classes, interviews with foreign media, and representational events such as dinners or receptions. Through its partnership in the Fund for U.S. Artists at International Festivals and Exhibitions, Arts America supports U.S. musicians, dancers, and theater artists invited to perform at international festivals abroad.

Artistic Ambassador Program: The Artistic Ambassador Program sends often undiscovered classical musicians to various countries to enhance USIA's mission of promoting cross-cultural understanding. In addition to performing, Artistic Ambassadors also may conduct workshops and master classes. Artistic Ambassadors are sought from music schools, conservatories, colleges and universities throughout the U.S. Artistic Ambassadors are selected through live auditions.

Corridors of Culture: The Corridors of Culture program was created in 1994 to demonstrate support for writers and other members of the intellectual community in emerging democracies of Central Europe and the NIS. The program introduces foreign writers to the American publishing business, the role of literary agents, and the practical realities of publishing in the global marketplace. In 1995, USIA funded programs involving Hungary, Estonia, Poland,

Albania and Latvia.

Creative Arts Discretionary Competition: This biannual, world-wide competition invites proposals from U.S. non-profit organizations for exchanges of professionals in the arts and museum fields. In 1995, USIA funded three grants which involved participants from Central Europe.

Museum Linkages: Since 1981, USIA has supported the International Partnerships Among Museums (IPAM) program to encourage linkages between U.S. and foreign museums. This program, which runs on a two-year funding cycle, is administered by the American Association of Museums. USIA currently sponsors three linkages between U.S. museums and museums in the Czech Republic and Hungary.

Speakers and Cultural Specialists Programs: These programs are designed to encourage the exchange of ideas in the areas of creative and performing arts. USIA recruits experts in response to requests made to U.S. Embassies by foreign cultural institutions, schools or associations. USIA sent fifteen American Cultural Specialists and Speakers to eight Central European states on a variety of topics in fiscal year 1995.

Visual Arts: USIA works with museums across the U.S. to send a wide variety of fine arts exhibitions around the world. Exhibitions normally tour for one to two years. Exhibits must be recommended by an expert panel, meet the stated needs of U.S. embassies, and be suitable for touring overseas. Two exhibitions, one a contemporary photography exhibit and the other a print exhibit, were presented in Central Europe in 1995.

BOOK & PUBLICATIONS PROGRAMS

Book Translations: USIA assists independent publishers who have a commercial interest in producing either translated versions of U.S. works or low-priced English-language reprints of the original works by bringing together foreign and U.S. publishers so that agreements can be reached. In Central Europe the Book Translations Program has produced books on American history and fundamentals of government (e.g. "Democracy in America", The Federalist Papers") as well as books on American law, municipal government, market economics, business management and marketing and books on the environment, such as Vice President Gore's "Earth in the Balance," which has been published in Hungarian, Bulgarian, Polish, Serbo-Croatian, Slovenian and Czech. President Clinton's book "Putting People First" has also been published in Russian.

Publications: USIA produces pamphlets and short publications about U.S. life, democratic government and the market economy. Many of these publications are made available in the languages of Central Europe, including Albanian, Bulgarian, Croatian, Czech, Estonian, Hungarian, Latvian, Lithuanian, Macedonian, Polish, Romanian, Serbian, Slovak, and Slovene.

Publications range from basic documents (U.S. Constitution and Declaration of Independence) to educational pamphlets ("What is a Market Economy") and series papers such as the Prosperity Paper Series (economics) and the Freedom Paper Series (democratic institutions).

Wireless File: USIA produces the Wireless File, a news-service communication network compendium of official United States Government texts, reports, speeches and media items intended to explain U.S. government policy. The Wireless File is published in English, French, Spanish, Arabic and Russian. The Wireless File is transmitted to U.S. missions abroad for usage by the Foreign Service community and dissemination to foreign opinion leaders. The Wireless File is transmitted five times a week to all Central European missions.

BROADCASTING

Media training: USIA's Office of International Media Training implements several programs that are designed to promote the development of a free and independent media in Central Europe. All participants are nominated by American missions abroad.

WORLDNET: WORLDNET, USIA's television and film service's global satellite television network, presents a wide variety of programming about life in the United States. WORLDNET broadcasts to U.S. embassies and USIS posts around the world which receive its satellite transmissions and then make them available to select and mass audiences. In addition to U.S. embassies and cultural centers, various broadcast companies and cable systems can receive WORLDNET directly for retransmission of its programs for free if they sign usage contracts with WORLDNET. Following is a brief description of specific WORLDNET programs.

Acquisitions: WORLDNET's Acquisitions Department purchases broadcast and educational rights to new series and renews rights to old series. In FY-94, WORLDNET had the rights to about 55 different series. Priority areas for Central European programming include economics, business and political process.

TV-Coops: Under this program, USIA sponsors television crews from the region to travel to the U.S. for a two to three week period to film short documentaries on a variety of themes. Topics included trade and investment, banking, business management, the U.S. politics and society.

Language Versions: WORLDNET programs are translated into many regional languages including Albanian, Bulgarian, Croatian, Czech, Estonian, Latvian, Polish, Romanian, Serbian, Slovak and Slovenian.

Interactives: Interactive dialogues are live satellite television dialogues which provide a forum for Central European political leaders, journalists and professionals to speak directly with American experts in government, business, science, education and the

arts.

VOA: The Voice of America (VOA) is the international broadcast service of the United States Information Agency. VOA programs cover global, U.S., regional, and to the extent possible, local news and related political and economic events. Other programming is designed to teach foreign audiences about the United States. Along with music of all varieties, features on democratic institutions, market economies, science, medicine, sports, the United States through the eyes of a first-time observer, making the information more accessible to the target foreign audiences.

VOA has over forty Central European affiliates which rebroadcast VOA programs and receive equipment from VOA. Language services include many of the regions languages.

U.S. DEPARTMENT OF AGRICULTURE (USDA)

USDA's Emerging Democracies Program is a way of sharing agricultural and agribusiness expertise with countries that are considered emerging democracies. Under the 1990 Farm Bill, the Secretary of Agriculture is charged with developing, maintaining, and expanding markets for U.S. agricultural exports by assessing those countries' needs for U.S. expertise, and then carrying out follow-up activities to enhance the effectiveness of their food and agricultural systems. The program is funded at up to $10 million per year. Beneficiary nations fit the statutory definition of an emerging democracies: any country taking steps toward political pluralism, based on progress toward free and fair elections and a multi-party political system; carrying out economic reform, based on progress toward a market-oriented economy; demonstrating respect for internationally recognized human rights; and expressing a willingness to build a friendly relationship with the United States. Commercial market potential is also an important criterion.

The Secretary of Agriculture appoints private-sector representatives to two-year terms on the Emerging Democracies Advisory Committee. The Committee advises the Secretary on strategies, proposals, and activities developed for and carried out under this program. The program combines dual objectives of market promotion and development assistance. Through extension of technical assistance and sharing of expertise, participants in the Emerging Democracies Program seek to increase prospects for U.S. trade and investment in selected countries. These programs complement the core credit and market development activities of USDA's Foreign Agricultural Service. Activities are carried out both by USDA agencies and by private contractors. Those activities funded in Central and Eastern Europe are described below.

Regional

From the program's inception in FY 1992, a number of activities have been undertaken in

Central Europe. By yearly total, assistance to Central and Eastern Europe was provided at the following levels: FY 1991, $62,000; FY 1992, $3,869,000; FY 1993, $2,387,000; FY 1994, $4,305,347; and FY 1995 for $2,017,780. While most activities were country specific, Emerging Democracies funds were allocated to the regional Cochran Fellowship program to augment existing appropriated funding. This regional funding for the Cochran Fellowship program was: FY 1992, $500,000; FY 1993, $600,000; FY 1994, $700,000, and FY 1995, $800,000 for a total of $2,600,000. The Cochran program is described in further detail in the following section. Two additional regional programs included technical assistance in food safety and inspection ($364,920) and a regional conference on dissemination of economic information ($200,000).

Baltics. Of equal weight, yearly totals of funding allocated to the three Baltic Republics are as follows: FY 1992, $604,000; FY 1993, $639,000; FY 1994, $434,200; and FY 1995, $504,360 for a total of $2,181,560. Past activities included poultry, dairy, livestock, and feed sector assessments; poultry sector development; dairy sector development; and a regional dairy genetics resident advisor. FY 1995 activities included extending the regional resident dairy advisor and completing the food warehouse feasibility study.

Bulgaria. Yearly totals of funding allocated to Bulgaria are as follows: FY 1992, $1,312,000; FY 1993, $445,000; and FY 1994, $408,000 for a total of $2,165,000. There were no new FY 1995 activities in Bulgaria; however, ongoing activities included grades, standards, and market news assistance for the fruits and vegetables sector. Past activities included a fruits and vegetables sector assessment, a resident economic advisor, and training for fruits and vegetables processors in marketing and processing.

Czech and Slovak Republics. Yearly totals of funding allocated to Czechoslovakia (FY 91-93) and the Czech and Slovak Republics (FY 94) are as follows: FY 1991, $85,000; FY 1992, $628,000; FY 1993, $17,000; and FY 1994, $73,000 for Czech Republic and $200,000 for the Slovak Republic for a total of $1,003,000. There were no FY 1995 activities in either country. Past activities included an agriculture banking and finance sector assessment, farm managers training, bank managers and loan officers training, and wholesale market development.

Hungary. Yearly totals of funding allocated to Hungary are as follows: FY 1992, $325,000 and FY 1993, $58,000 for a total of $383,000. There were no activities funded in Hungary in FY 1994 or 1995. Past activities included funding for a trade and investment assessment of the country.

Poland. Yearly totals of funding allocated to Poland are as follows: FY 1992, $415,000; FY 1993, $628,000; FY 1994, $289,000; and FY 1995, $148,500 for a total of $1,480,500. Past activities included marketing and testing of perishable products and business plan training. FY 1995 activities included support for a wood frame construction seminar and continuation of the business plan training. Poland hosted the regional economics information dissemination conference.

Romania. Total funding to Romania was $2,151,000 in 1994. There were no new FY 1995 activities in Romania; however, ongoing activities included an agribusiness opportunity mission, economic situation and outlook, economic policy assistance, and agricultural statistics assistance.

Slovenia/Croatia. Total funding to Slovenia and Croatia equally was $50,000 in FY 1994. There were no FY 1995 activities in Slovenia or Croatia. Past activities included joint plant and animal health training.

USDA COCHRAN FELLOWSHIP PROGRAM
1989 to 1995

USDA's Cochran Fellowship Program provides short-term agricultural training in the United States for agriculturalists from selected middle-income countries and emerging democracies. Training programs are specifically developed for selected senior-and mid-level specialists and administrators from both the public and private sectors concerned with agricultural trade, management, marketing, policy, and technology transfer. The program works closely with USDA agencies, U.S. agricultural trade and market development associations, agricultural colleges and universities, and agribusinesses to implement the training programs. The Cochran Fellowship Program is part of USDA's Foreign Agricultural Service (FAS), International Cooperation and Development (ICD) program, Food Industries Division (FID). The program is coordinated through USDA Agricultural Affairs Offices in each country.

The objectives of the Cochran Fellowship Program are: (1) to assist countries to develop agricultural systems necessary to meet the food needs of their domestic populations; and (2) to strengthen and enhance trade linkages between the countries and agricultural interests in the United States. Since its start in 1984, the program has provided training in the U.S. for 4,114 international participants from 47 countries.

SEED-Recipient Countries: The Cochran Fellowship Program (Cochran Program) has been providing U.S.-based agricultural training for participants from SEED-recipient countries since 1985 when the program was initiated in Yugoslavia. The program was started in Poland in Fiscal Year (FY) 1989; Czech Republic, Slovakia, Hungary and Bulgaria in FY 1991; Albania in FY 1993; Croatia and Slovenia in FY 1994; and Romania, Latvia, Lithuania, and Estonia in FY 1995. The program in Yugoslavia was suspended in FY 1991. During the FY 1989 to 1995 period, a total of 984 participants received agricultural training in the U.S. under the Cochran Program: Poland (394 participants), Hungary (113), Czech Republic (181), Slovakia (66), Bulgaria (139), Albania (31), Croatia (12), Slovenia (22), Romania (2), Latvia (7), Estonia (8), and Lithuania (9).

The Cochran Program received funding for these countries from three sources:

Congressional appropriations (1989-1995); SEED Act funding from USAID (1991-1992), and USDA's Emerging Democracies Program (1992-1995). Because the Cochran Program operates in 47 middle income countries and emerging democracies worldwide, appropriations provided only a small amount for SEED countries. The majority of participants from the countries were funded under the SEED Act and USDA's Emerging Democracies Program.

Congressional Appropriations: During the FY 1989 to 1995 period, Congressional appropriations allocated to SEED countries totalled about $1.8 million. These funds provided training in the U.S. for 248 participants: Poland (106), Hungary (44), Czech Republic (23), Slovakia (19), Bulgaria (26), Slovenia (10), Croatia (3), Romania (2), Latvia (4), Estonia (5), and Lithuania (6). Funds were used to pay participant' costs in the U.S. such as food and lodging, domestic U.S. airfares, emergency medical insurance, training fees, and to provide USDA staff support.

Under the Cochran Program, the participant or their sponsor pays the round trip international airfare to the United States. Using an estimate of $1,200 per trip, the total contributions for the 248 participants was about $297,600.

Albania: All 31 Cochran participants from Albania were funded through USDA's Emerging Democracies Office (EDO). The 1995 program highlights included a training activity for the Albanian Minister of Agriculture, as well as special sunflower-oil related training with the National Sunflower Association.

Baltics: The Cochran Program initiated a small pilot program in Latvia, Estonia, and Lithuania in 1995, using about $40,000 of appropriated funds per country. In 1995, 4 participants from Latvia, 5 from Estonia and 6 from Lithuania received training. In addition, 3 policy makers from each country (9 total) received training in the Agricultural Provisions of the World Trade Organization (WTO) with funding from USDA's Emerging Democracies Office.

Bulgaria: About $250,000 of appropriations have been used for Cochran training for Bulgarians between 1992 and 1995, or about $60,000 per year. Although Bulgaria has been relatively slow to shift to free market agriculture, Cochran Programs can be directly linked to improvements in the management of food processing facilities and, together with USDA's Extension Service, assisting with the establishment of a counterpart Bulgarian extension system. In FY 1995, for the first time, Bulgarian participants purchased U.S. agricultural products either during or after their training: one Cochran fellow purchased about $30,000 of U.S. wood products, and another about $250,000 of U.S. soybean products.

Croatia: The Cochran Program has had a small program in Croatia in 1994 and 1995, spending about $20,000 per year. These funds were used to provide Croatian officials with training in meat and poultry inspection in conjunction with USDA's Food Safety and Inspection Service (FSIS). Interestingly, when USDA/FAS Officers responsible for Croatia met with Croatian Ministry of Agriculture officials they discovered that two Croatian Deputy Ministers of

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Agriculture had been former Cochran participants under the program in Yugoslavia.

Czech Republic and Slovakia: The Cochran Program was started in Czechoslovakia in 1991. In 1993, separate programs were established in the Czech Republic and in Slovakia. Appropriations allocated for both countries from 1991 to 1995 totalled about $420,000 or about $40,000 per country per year. This provided training for 23 participants from the Czech Republic and 19 from Slovakia. Cochran Programs have been cited by the USDA/FAS Agricultural Affairs Officer as having facilitated the use of GSM-102 and the Export Enhancement Program (EEP) for sale of U.S. grain to the Czech Republic, while also assisting both countries in areas of agricultural policy.

Hungary: Appropriations allocated for Hungary from 1991 to 1995 averaged about $60,000 per year or $310,000 for the five-year period, and provided training for 44 participants. As with Poland, there has been a dramatic shift from public to private sector participants over the past two years, which have provided increased U.S. agricultural trade opportunities in livestock genetics, seeds, consumer ready products, and food and feed grains.

Poland: Appropriations allocated for Poland averaged about $110,000 per year for the 1989 to 1995 period, for a total of about $660,000. This provided training for 106 Polish participants. About 80% of Cochran participants in the past three years were from the Polish private agribusiness sector, in areas such as consumer-ready agricultural products, livestock genetics, grain trading, wood home construction, and other topics that relate to the potential for increased trade with the United States. Reported results of several of these later training activities indicate that over $9 million of U.S. commodities were sold to former Cochran participants since 1992.

Romania: At the request of USDA's Agricultural Affairs Office, the Cochran Program initiated a pilot program in Romania in 1995, with a budget of about $50,000. To date, two Romanian bankers have received training in agricultural banking and finance; two additional Romanians will receive training in agricultural policy in FY 1996.

Slovenia: The Cochran Program started a pilot program in Slovenia in 1994 which continued into 1995. Ten (10) participants were sponsored with about $80,000 in appropriations over the two years. A 1995 grades and standards training program in connection with USDA's Federal Grain Inspection Service (FGIS) led to the sales of 47,000 MT ($8 million) of U.S. wheat to Slovenia. Former 1994 Cochran participants have been credited with initiated the opening of the Ljubljana Futures Exchange.

USDA SCIENTIFIC COOPERATION PROGRAM
1989 to 1995

The Research and Scientific Exchanges Division (RSED) of the Foreign Agriculture Service administers the Scientific Cooperation Program to gain new knowledge and technology beneficial to the United States and cooperating countries through collaborative research and scientific exchanges on a broad range of subjects in agriculture and forestry such as germplasm acquisition and storage, animal sciences, aquaculture, biological control, food technology, agro-environmental problems, and forest monitoring. Support of short term visits allows scientists to acquire data, special research techniques, unique resources such as germplasm or biological control organisms not available in the United States, and to consult or conduct field work on significant problems facing U.S. agriculture. Support of long term projects allows U.S. researchers and their international counterparts to collaborate on high priority problems and to study plant and animal disease or pest problems that have their origins in foreign countries. Thus, U.S. scientists gain access to resources and/or expertise not available in the U.S. Both short-term and long-term scientific cooperation efforts involve scientists from USDA agencies, other federal departments, as well as the U.S. university community. Because these programs are international in scope, collaboration has been undertaken with Central European scientists over the last four years. Cumulative funding (1989-1995) for Central Europe is $581,300.

Bulgaria. Total funding for Bulgaria FY 1990 - 1995 for scientific exchanges and research collaboration is $66,300. In 1995, a long term collaborative research study was initiated to control asochyta blight and anthracnose in lentil.

Czech and Slovak Republics. Total funding for Czech and Slovak Republics FY 1990 - 1995 for scientific exchanges and research collaboration is $22,900. In the Slovak Republic in FY 1995, a long term collaborative research project was initiated to develop a method for conversion of soybean hull and sugar beet pulp to anion-exchange resins for use in water and wastewater treatment.

Estonia. Total funding for Estonia FY 1990 - 1995 for scientific exchanges and research collaboration is $7,800.

Hungary. Total funding for Hungary FY 1990 - 1995 for scientific exchanges and research collaboration is $273,500. Topics of exchanges and research collaboration for FY 1995 included a short term scientific exchange visit to study new genetic engineering techniques to reduce the incidence of respiratory disease in swine and a long term collaborative research project for developing production of a biodegradable plastic from corn via genetic engineering.

Latvia. Total funding for Latvia FY 1990 - 1995 for scientific exchanges and research collaboration is $11,900.

Lithuania. Total funding for Lithuania FY 1990 - 1995 for scientific exchanges and research collaboration is $161,000. In FY 1995, a short term scientific exchange was funded to evaluate biological control agents for Gypsy moth and other forest defoliators in the Baltics.

Poland. Total funding for Poland FY 1990 - 1995 for scientific exchanges and research collaboration is $9,900. In FY 1995, a long term research project was initiated to characterize the Ribes collection at the USDA-ARS National Clonal Germplasm Repository.

Romania. Total funding for Romania FY 1990 - 1995 for scientific exchanges and research collaboration is $28,000.

DOD EXCESS PROPERTY

The Department of Defense (DOD) has had a very active and robust program supporting the donation and delivery of humanitarian supplies in Central Europe. This program began with the start of the 1989 Support for East European Democracy (SEED) Act. The Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict, Office of Humanitarian and Refugee Affairs, administers the program as part of the administration's efforts to promote democracy and free market economies in Central Europe. Under the authority of U.S.C. Title 10, Sections 2547 and 2551, DOD can make available and transport DOD excess non-lethal property to foreign recipients, when tasked through and in coordination with the Department of State.

Since the first mission to Hungary in March 1990, all Central European countries have benefited from this program. Excess property has been supplied from the draw down of U.S. military facilities in Europe and the excess stocks of food and medical supplies from Operation Desert Storm. The U.S. military launched Operation Provide Promise in July 1992, flying C-130 aircraft from Rhein-Main Air Force Base in Germany to Sarajevo supporting UNHCR relief efforts. Airdrop operations over Bosnia-Herzegovina began in February, 1993, and provided food and medical supplies to enclaves that had been cut off from ground convoy support.

Although the quantity of excess property available in Central Europe has been significantly drawn down, fiscal year 1995 proved to be another highly successful year. The major types of excess property included clothing, construction equipment and tools, dental/medical equipment and supplies, institutional furniture, school books and supplies, vehicles and other transportation assets. The following summarizes the excess military supplies donated to SEED-recipient countries:

COUNTRY

DATE	DESCRIPTION OF CARGO	VALUE ($ in thousands)
	ALBANIA	
Mar 95	Vehicles and school supplies	200.0
Apr 95	Mixed medical supplies	400.0
Apr 95	Medical/school supplies and vehicle	240.0
Aug 95	School supplies	210.0
Aug 95	School supplies	50.0
Aug 95	Medical supplies	50.0
	BULGARIA	
Nov 94	School books/supplies and (2) 40' trucks	8.4
Nov 94	School furniture/books, (5) 2.5T trucks, (2) 5T cranes, (2) D7 bulldozers and (4) 40' trucks	650.0
Dec 94	Cold weather clothes and(27) 40' trucks	300.0
Apr 95	(4) BN AID stations, (2) AR CLEAR stations and school supplies	348.0
Aug 95	School supplies/furniture and (7) vehicles	160.0
	CROATIA	
Mar 95	(1) Road grader	15.0
Jun 95	School/medical supplies and (6) vehicles	86.0
	CZECH REPUBLIC	
Oct 94	Medical/office equipment, books, sleeping bags and cots	140.0
Feb 95	Dental/medical equipment, blankets and office machines	140.0
Feb 95	Medical/dental supplies and equipment, office machines, books, furniture and sleeping bags	140.0
Mar 95	Clothing, office machines, TVs and VCRs	140.0
Apr 95	Office and medical supplies, personal items, lanterns and cameras	140.0
May 95	Office and medical equipment, furniture and tools	120.0

May 95	Office and medical equipment, furniture and computers	120.0
Jun 95	Office equipment, tents, tools, TVs and vehicles	200.0
Jun 95	Medical supplies, tools, textiles, office machines and furniture	200.0
Jun 95	Office furniture and textiles	120.0
Jun 95	Furniture, office machines, textiles, tools and vehicles	200.0

HUNGARY

Mar 95	(7) M1029 cargo vehicles	140.0
Aug 95	School supplies	30.0
Aug 95	School supplies	25.0
Sep 95	School supplies and equipment	120.0

LITHUANIA

Sep 95	(4) BN AID stations and (1) CLEAR station	170.0

POLAND

Dec 94	(1) AR CLEAR station and medical supplies	55.0
Apr 95	School supplies and clothing	23.0
Jun 95	School furniture	17.0

ROMANIA

Jan 95	(10) Trucks	560.0
Jun 95	School supplies and furniture	282.0

SLOVAKIA

Aug 95	School supplies	25.0

POLITICAL-MILITARY COOPERATION

Since the collapse of communism in Central Europe, and especially since 1991, the U.S. has developed warm bilateral security relationships with nearly all non-combatant states in the

region. We have also been the driving force behind NATO's effort to reach out to the countries of Central and Eastern Europe, primarily through our support of the Partnership for Peace (PFP). In 1996, the U.S. plans to provide $100 million in security-related assistance through the President's Warsaw Partnership for Peace, and prepare those countries interested in joining NATO for eventual membership.

U.S. efforts in the area of political-military cooperation are designed to complement the SEED program. By helping to forge close ties between NATO and its new Partners in Central Europe and the NIS, our security-related assistance will help erase Cold War lines of confrontation and bring former adversaries into a community of shared values, principles, and interests. This transformation of NATO's relations with Partners will help provide a secure and stable environment conducive to increased trade, development, and market-based reforms. In addition, an important component of PFP -- and a key to NATO membership -- is effective civilian control of the military. NATO and the U.S. are working with all Partners to strengthen, or in some cases build from scratch, the institutions necessary to ensure that the armed forces are completely integrated into the democratic political process.

The overarching aim of our security assistance policy in Central Europe is to promote regional stability -- through democratization of armed forces, expansion of contacts between Central European armed forces and NATO (especially U.S.) militaries, and the reorientation of the militaries themselves. Training and contact programs, for example, aim to foster in Central European militaries respect for civilian oversight, both by means of instruction and by exposure to the U.S. system.

Transfers of U.S. defense articles and services are aimed at helping these militaries downsize, professionalize and reorient toward defensive postures, while at the same time achieving greater compatibility with NATO and U.S. forces. Enhanced military interoperability will allow states to participate more effectively in PFP activities and multinational peacekeeping operations. As an example of the latter, several Central and Eastern European states, including the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia, and Ukraine have offered to work alongside NATO forces in Operation Joint Endeavor to bring peace to the former Yugoslavia.

Key components of our political-military cooperation include:

- The Warsaw Initiative: The President's $100 million Warsaw Initiative will provide $60 million in Foreign Military Financing and $40 million in Department of Defense authority for Central Europe and the NIS in FY 96. The FMF portion of the Warsaw Initiative will be used for training and equipment to support participation in PFP and interoperability with NATO. DOD funds will be used to assist Partner participation in joint exercises as well as enhance interoperability with NATO.

- International Military Education and Training (IMET): All SEED countries participate or

will soon participate in the IMET program, which emphasizes civilian oversight and English-language instruction to military and civilian defense officials. In FY 96, the proposed IMET budget for Central Europe was slightly more than $7 million.

- Baltic Peacekeeping Battalion: The U.S. supports the multilateral effort to develop and sustain the joint peacekeeping battalion from Latvia, Lithuania and Estonia. BaltBat is the foundation for Baltic interoperability with NATO, especially in peacekeeping and peace enforcement (such as IFOR).

- Military Cooperation: The U.S. has engaged in a range of traditional military-to-military contacts with virtually all the Central European states, including ship visits, air shows, and visits of high-ranking defense officials. In addition, USEUCOM manages a Military-to-Military Contact Program (MMCP) in most CE states. In each capital, resident military liaison teams coordinate visits, exchanges, and seminars between U.S. and host-country militaries.

- Bilateral Working Groups on Defense Matters: The U.S. holds BWG's -- annual, bilateral fora for consultations on regional security, defense relations and security assistance -- with all SEED recipients except Bosnia. On the U.S. side, BWG's are chaired by a senior DOD official, with senior participants from State and NSC.

- Bilateral Security and Arms Control Dialogues: Similar to the BWG's, these talks are chaired by foreign ministries and focus on political-military issues. The U.S. side is led by a senior State Department official.

- Bilateral Agreements: DOD has signed Memoranda of Cooperation on Defense Relations -- non-binding framework documents -- with nearly all of the Central European countries.

- Multilateral Cooperation: We and our NATO allies have greatly expanded our multilateral political-military cooperation with the Central European states through PFP and the NACC.

NON-SEED USAID DISASTER RELIEF

Bureau for Humanitarian Response (BHR)
Office of U.S. Foreign Disaster Assistance (OFDA)
Office of Food for Peace (FFP)
and
Office of Transition Initiatives (OTI)

USAID/BHR FUNDING TO SEED-RECIPIENT COUNTRIES*
Fiscal Year 1995

1) Bosnia-Herzegovina - FY 95 - Complex Emergency

BHR/OFDA Funding for the Disaster
Grants: $24,838,918
DART Rapid Response Fund: $900,000
Logistics and Transport: $1,830,500
Total BHR/OFDA Spending: $27,569,418

BHR/FFP Funding for the Disaster
Title II Food Assistance: $60,166,903
Total BHR/FFP Spending: $60,166,903

BHR/OTI Funding for the Disaster
Grants: $982,365
Services/Personnel: $945
Total BHR/OTI Spending: $983,310

TOTAL BHR SPENDING: $88,719,631

2) Croatia - FY 95 - Complex Emergency

BHR/OFDA Funding for the Disaster
Grants: $2,256,305
DART Administration: $2,613,730
TOTAL BHR/OFDA SPENDING: $4,870,035

3) Federal Republic of Yugoslavia (Serbia, Montenegro, and Kosovo)- FY 95 - Complex Emergency

BHR/OFDA Funding for the Disaster
Grants: $8,580,728
TOTAL BHR/OFDA SPENDING: $8,580,728

4) Former Yugoslav Republic of Macedonia - FY 95 - Floods

BHR/OFDA Funding for the Disaster
Grants: $25,000
TOTAL BHR/OFDA SPENDING: $25,000

* BHR/OFDA and BHR/OTI use International Disaster Account (IDA) appropriations while BHR/FFP uses Title II Farm Bill appropriations.

BHR/OFDA FUNDING TO SEED-RECIPIENT COUNTRIES*
Fiscal Years 1990 - 1994

1) Romania - FY 90 - Civil Strife

BHR/OFDA Funding for the Disaster
Grants: $500,000
Supplies: $225,751
Transport: $50,000
Services/Personnel: $27,705
TOTAL BHR/OFDA SPENDING: $803,456

2) Yugoslavia - FY 90 - Coal Mine Accident (Aleksinac)

BHR/OFDA Funding for the Disaster
Grants: $10,000
TOTAL BHR/OFDA SPENDING: $10,000

3) Yugoslavia - FY 90 - Coal Mine Accident (Kreka)

BHR/OFDA Funding for the Disaster
Grants: $10,000

TOTAL BHR/OFDA SPENDING: $10,000

4) Albania - FY 91 - Emergency

BHR/OFDA Funding for the Disaster
Services/Personnel: $259,912
TOTAL BHR/OFDA SPENDING: $259,912

5) Romania - FY 91 - Floods
BHR/OFDA Funding for the Disaster
Grants: $10,000
TOTAL BHR/OFDA SPENDING: $10,000

6) Former Yugoslavia - FY 92 - Civil Strife

BHR/OFDA Funding for the Disaster
Grants: $1,812,496
Supplies: $872,783
Transport: $931,320
Services/Personnel: $143,602
Total BHR/OFDA Spending: $3,760,201

BHR/FFP Funding for the Disaster
Title II Food Assistance (Balkans): $7,128,900
Title II Food Assistance (Macedonia): $2,960,000
Total BHR/FFP Spending: $10,088,900
TOTAL BHR/OFDA SPENDING: $13,849,101

7) Albania - FY 93 - Floods

BHR/OFDA Funding for the Disaster
Grants: $25,000
TOTAL BHR/OFDA SPENDING: $25,000

8) Former Yugoslavia - FY 93 - Civil Strife
BHR/OFDA Funding for the Disaster
Grants: $26,108,462
Supplies: $1,106,747

Transport: $614,597
Services/Personnel: $1,747,493
Total BHR/OFDA Spending: $29,577,299

A. Kosovo - FY 93

BHR/OFDA Funding for the Disaster
Grants: $4,989,561
Total BHR/OFDA Spending: $4,989,561

BHR/FFP Funding for the Disaster
Title II Food Assistance (Former Yugoslavia): $92,291,500
Title II Food Assistance (Macedonia): $3,466,000
Total BHR/FFP Spending: $95,757,500
TOTAL BHR SPENDING: $130,324,360

9) Bosnia-Herzegovina - FY 94 - Civil Strife

BHR/OFDA Funding for the Disaster
Grants: $19,751,043
DART Administration: $2,202,907
DART Rapid Response Fund: $369,352
Logistics and Transport: $719,374
Total BHR/OFDA Spending: $23,042,676

BHR/FFP Funding for the Disaster
Title II Food Assistance: $86,271,000
Total BHR/FFP Spending: $86,271,000

TOTAL BHR SPENDING: $109,313,676

10) Croatia - FY 94 - Displaced Persons and Refugees

BHR/OFDA Funding for the Disaster
Grants: $819,473
DART Administration: $50,000
Total BHR/OFDA Spending: $869,473

BHR/FFP Funding for the Disaster
Title II Food Assistance: $8,367,300
Total BHR/FFP Spending: $8,367,300

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BHR/FFP Funding for the Disaster
Title II Food Assistance (Slovenia): $1,023,300
TOTAL BHR SPENDING: $10,260,073

11) Federal Republic of Yugoslavia (Serbia, Montenegro, and Kosovo)- FY 94 - Emergency

BHR/OFDA Funding for the Disaster
Grants: $6,683,765
TOTAL BHR/OFDA SPENDING: $6,683,765

12) Former Yugoslav Republic of Macedonia - FY 94 - Food Shortage

BHR/OFDA Funding for the Disaster
Grants: $25,000
TOTAL BHR/OFDA SPENDING: $25,000

* BHR/OFDA uses International Disaster Account (IDA) appropriations while BHR/FFP uses Title II Farm Bill appropriations.

U.S. TRADE AND INVESTMENT INITIATIVES

IV. U.S. TRADE AND INVESTMENT INITIATIVES

During fiscal 1995, the United States continued to promote liberalized trade and investment as a means of encouraging the development of market economies and restoring economic stability and growth the Central Europe and the Baltic countries. It expanded the role of unconditional most-favored-nation (MFN) treatment and eligibility for generalized system of preferences (GSP) in trade relations with countries in the region. The United States actively supported the participation of Central European and Baltic countries in the world trade system and promoted investment in the region through bilateral investment treaties.

The status of U.S. trade and investment relations with countries covered by the SEED Act, including developments through the end of fiscal 1995, is as follows:

MOST FAVORED NATION TRADE STATUS

The United States has MFN trade relations with Bosnia-Herzegovina, Croatia, the Czech Republic, Estonia, the Former Yugoslav Republic of Macedonia (FYROM), Hungary, Latvia, Lithuania, Montenegro, Poland, Serbia, Slovakia, and Slovenia. In addition, the United States provides conditional MFN treatment to Albania, Bulgaria, and Romania as permitted under Title IV of the Trade Act of 1974, as amended. MFN treatment for Serbia and Montenegro was revoked by legislation adopted in 1992.

On May 19, 1995, the President determined and reported to Congress that Romania was in full compliance with the requirements of Sections 402 and 409 of the Trade Act of 1974 (also known as the Jackson-Vanik amendment). This eliminated the need for an annual presidential waiver of Jackson-Vanik requirements in order to maintain MFN for Romania. In view of Bulgaria's favorable record on emigration and human rights, the Administration of 1995 proposed legislation that would discontinue application of the Jackson-Vanik amendment to Bulgaria. (The President previously determined that Bulgaria was in full compliance with the requirements of the Jackson-Vanik amendment; a presidential waiver of Jackson-Vanik requirements is in effect for Albania.)

AGREEMENTS ON TRADE AND INTELLECTUAL PROPERTY RIGHTS

The United States has bilateral agreements on trade and the protection of intellectual property rights (IPR) in force with Estonia and Latvia. The United States has bilateral trade agreements in force with Albania, Bulgaria, the Czech Republic, Romania, and Slovakia. There is an agreement on the protection of intellectual property rights in force with Hungary.

Following ratification by the Latvian parliament, the U.S.-Latvian agreement on trade and IPR went into force on January 20, 1995. A trade and IPR agreement signed with Lithuania is awaiting ratification by the Lithuanian parliament.

GENERALIZED SYSTEM OF PREFERENCES

The United States extends GSP benefits to all Central European countries except Serbia-Montenegro. Following the dissolution of Yugoslavia, the President announced in August 1992 that Bosnia-Herzegovina, Croatia, Slovenia, and FYROM would be eligible for GSP. However, Congressional authority for the GSP program expired on August 1, 1995. The Administration supports multi-year renewal of the GSP program, but its fate in Congress remained uncertain as of January 1996. No decision will be made to accept new country practice petitions until the GSP program is renewed.

NORMALIZATION OF TRADING RELATIONS UNDER WTO

Central European countries' participation in the World Trade Organization (WTO) reduces barriers to U.S. trade in these countries. As members of the WTO, countries must bring their trade regimes into conformity with rules governing international trade, a step that augments economic reforms undertaken by Central European governments. As WTO members, these countries can take advantage of liberalization resulting from the Uruguay Round of trade negotiations.

The Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia have acceded to the WTO, while WTO working parties are examining the applications of Albania, Bulgaria, Croatia, Estonia, Latvia, and Lithuania. FYROM has also applied to join the WTO.

BILATERAL INVESTMENT TREATIES

Countries in Central Europe have continued to pursue bilateral investment treaties with a wide range of partners. This reflects a growing recognition of the private sector role in these countries, the importance of foreign capital in transforming their economies, and the need to establish stable legal frameworks for the protection of investments.

The basic aims of the U.S. bilateral investment treaty (BIT) program are:

-- To protect U.S. investments abroad, and in particular, to guarantee: national treatment

for U.S. investments; free transfer of all funds related to investment; access to international arbitration to settle investor disputes with host country governments; freedom from performance requirements, such as local content or export quotas; the right to engage top managerial personnel of the investor's choice; and expropriation only under internationally recognized standards and with prompt, adequate and effective compensation.

-- To encourage the adoption of market-oriented domestic policies that treat private investment fairly.

-- To support the development of international legal standards consistent with these two objectives.

The United States has signed BITs with eight of the fifteen countries covered by this Act. Five of these are in force. These BITs are summarized as follows:

Country	Date BIT Signed	Date BIT In-Force
Poland[1]	3/21/90	8/6/94
Czech Republic[2]	10/22/91	12/19/92
Slovakia[2]	10/22/91	12/19/92
Romania	5/28/92	1/15/94
Bulgaria	9/23/92	6/2/94
Estonia	4/19/94	
Albania	1/10/95	
Latvia	1/13/95	

1: BIT provisions included in the Business and Economic Relations Treaty.
2: Entered into force for the Czech Republic and Slovakia as separate states on January 1, 1993.

The U.S. has continued its BIT discussions with Lithuania and is close to agreement on a final text. BIT negotiations with Hungary have been stalled since 1993 over Hungary's insistence that it be permitted to take unilateral, discriminatory measures for up to ten years to protect infant industries or industries undergoing restructuring. The U.S. Government has informed Government of Hungary that negotiations cannot resume until Hungary changes its position on this issue.

TEXTILE AGREEMENTS

The United States has bilateral agreements governing trade in textiles with Bulgaria and Romania. Previous bilateral textile agreements with Poland, Hungary and the Czech and Slovak Republics have been superseded by the WTO Agreement on Textiles and Clothing (ATC). The

ATC establishes an automatic, progressively more liberal regime, which increases quota growth rates and phases out textile quotas entirely over the course of the ten-year agreement. The U.S. also has a unilateral quota on one category of wool apparel from the Former Yugoslav Republic of Macedonia (FYROM), Category 434, men's and boy's wool coats.

Bulgaria has agreed to extend its bilateral agreement (which was to have expired on December 31, 1995) through March 31, 1996 pending consultations. The U.S. issued a call for consultations on the basis of market disruption in Category 444, Women's and Girls' Wool Suits on November 29, 1995. The two governments expect to begin consultations on the bilateral agreement and the call in February 1996.

Romania is a WTO member. Therefore, the ATC would normally govern it's textile trade with the U.S. However, the United States invoked WTO non-application provisions with respect to Romania because the U.S. cannot grant unconditional MFN treatment to Romania. This is because Romania is still subject to the provisions of Title IV of the Trade Act of 1974 (Jackson-Vanik amendment). Consequently, the two countries maintain a bilateral textile agreement pending removal of impediments to application of the provisions of the WTO/ATC by the United States to Romania. On December 11, 1995, the two sides agreed to extend the December 1994 bilateral for three years through calendar years 1996, 1997 and 1998. The agreement to extend the bilateral also includes various adjustments to restrictions on categories covered by the agreement.

Our bilateral textile agreement with Yugoslavia expired in 1992. The United States receives significant amounts of imports of textiles from Slovenia, Croatia and the FYROM. Since the United States recognized the FYROM in late 1995, we have been able to undertake negotiations with the FYROM on the call on Category 434. We hope to arrive at a mutually satisfactory solution with the FYROM in the near future.

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

The Overseas Private Corporation (OPIC) is committed to providing loan guaranties and insurance services to the nations of Eastern Europe as part of the Clinton Administration's support of privatization, market reform, and democratization in those countries. OPIC programs are available in 13 SEED Act countries, including Albania, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

OPIC has a major role in assisting U.S. companies investing in the region, having provided approximately $2 billion worth of investment assistance to date. OPIC has already provided finance, insurance, and/or investor services in 10 SEED Act countries, including, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

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OPIC provides the following services in SEED Act countries:

Finance: OPIC's Finance department operates like an investment bank, customizing and structuring a complete financial package for each project. OPIC currently has 20 projects in SEED Act countries totaling more than $515 million of support.

Insurance: OPIC's Insurance department provides political risk insurance against loss by expropriation, currency non-convertibility, and political violence. OPIC currently has 81 projects in SEED Act countries totaling more than $1.5 billion in support.

Investor Services: OPIC's Investment Development department sponsors conferences and other events for U.S. businesses exploring investment opportunities. Over 250 American executives have participated in OPIC investment development programs focusing on Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia. In addition, OPIC has obligated over $2 million to support feasibility studies for 23 projects in the region. This feasibility program was discontinued in 1995.

Finance: From FY 1990 - 1995, OPIC committed $515 million in direct loans and loan guaranties to 20 projects in the region.

Insurance: From FY 1990 - 1995, OPIC provided over $1.5 billion in assistance to 81 projects.

TOTAL GEOGRAPHIC DISTRIBUTION OF FINANCING & INSURANCE (US mil)									
	OPIC Total	CZE	HUN	LAT	LITH	POL	ROM	SVK	FUND
Finance Projects	20.0	1.0	5.0	1.0	0.0	6.0	1.0	0.0	6.0
$	515.76	.58	113.5	4.3		109.0	5.0		263.38
Insurance Projects	81	12	26	2	1	34	2	4	0
$	1544.14	349.68	576.21	50.1	10.8	453.43	16.67	87.25	0
Total	101	13	31	3	1	40	3	4	6
$	2059.9	350.26	709.71	54.4	10.8	562.43	21.67	87.25	263.38

EXPORT-IMPORT BANK OF THE UNITED STATES (EXIMBANK)

Eximbank is an independent U.S. government agency whose mission is to facilitate the export of U.S. goods and services by providing a variety of short and medium term export credit insurance programs and medium and long term loan/guarantee programs to supplement those available from commercial sources. Eximbank is directed by law to find reasonable assurance of repayment in all of its undertakings.

Albania: Eximbank is not open in this market.

Bosnia-Herzegovina: All Eximbank programs, available in Yugoslavia since the early 1960s, were closed in June 1991. Eximbank is not open in this market.

Bulgaria: Eximbank initially opened for short term cover in Bulgaria in September 1991. Eximbank is currently open for short and medium term cover in the public sector.

Czech Republic: Eximbank opened for general cover in Czechoslovakia in March 1990 and subsequently opened in the Czech Republic following partition in January 1993. At that time, all Eximbank exposure devolved to the Czech Republic. In May 1995 Eximbank signed a cooperative financing agreement for exports to third country markets with the Czech export credit agencies.

Croatia: All Eximbank programs, available in Yugoslavia since the early 1960s, were closed in June 1991. Eximbank is not open in this market.

Estonia: Eximbank initially opened for short term cover in Estonia in April 1992. At present EXIM is open for short, medium and long-term cover in the public and private sectors.

Former Yugoslav Republic of Macedonia (FYROM): All Eximbank programs available in Yugoslavia since the early 1960s, were closed in June 1991. Eximbank is not open in this market.

Hungary: Eximbank opened for general cover in April 1979. In 1995, Eximbank signed a cooperative financing agreement for exports to third country markets with its Hungarian counterparts.

Latvia: Eximbank opened for short term cover in Latvia in April 1992. Eximbank is presently open for short, medium, and long-term cover in the public and private sectors.

Lithuania: Eximbank opened for short term cover in this market in April 1992. It is presently open for short, medium, and long-term cover in the public and private sectors. In June, 1995 Exim approved an $18 million loan to finance two Boeing B737-200 A/C's to Lithuanian

Airlines.

Poland: Eximbank re-opened its short term trade credit insurance programs for Poland in March 1990. It is presently open for short, medium, and long-term cover in the public and private sectors. In 1995, Eximbank signed a cooperative financing agreement for exports to third country markets with its Polish counterpart. In February Eximbank approved a $36 million guarantee for engineering services for the rehabilitation of the Turow Power Station.

Romania: Eximbank opened for short term cover in March 1992. It is presently open for short, medium, and long-term cover in the public sector. In 1995, Eximbank signed a cooperative financing agreement with its Romanian counterpart. In September 1995 Exim authorized a $79.5 million guarantee for five radar systems for Romania's air traffic control system.

Serbia-Montenegro: All Eximbank programs available in Yugoslavia since the early 1960s were closed in June 1991. Eximbank is not open in this market.

Slovakia: Eximbank opened for general cover in Czechoslovakia in March 1990 and subsequently opened in Slovakia following partition in January 1993.

Slovenia: All Eximbank programs available in Yugoslavia since the early 1960s, were closed in June 1991. Eximbank is open in this market for short term in the public sector and for short, medium, and long-term cover in the private sector.

EXIMBANK CUMULATIVE OUTSTANDING EXPOSURE IN SEED-RECIPIENT COUNTRIES

Insurance/Loans/Guarantees Booked through September 30, 1995

	Exposure (US$ Millions)			Cover Policy
	FY 93	FY 94	FY 95	Eff. 11/26/95
Albania	-	-	-	Closed
Bosnia-Herzegovina	*	(38)*	(37)*	Closed
Bulgaria	-	-	-	Open ST/MT Pub.
Croatia	*	(111)*	(108)*	Closed
Czech Republic	263	559	509	Open
Estonia	1	-	-	Open
FYROM	*	(64)*	(61)*	Closed
Hungary	127	120	108	Open
Latvia	-	-	-	Open
Lithuania	40	20	26	Open
Poland	649	556	548	Open
Romania	8	46	117	Open Pub. Sec.
Serbia-Montenegro	*	(144)*	(119)*	Closed
Slovakia	-	-	-	Open
Slovenia	*	(122)*	(110)*	Open ST
	Pub./Gen. Priv.			

Short term (ST) cover represents insurance programs under one year. Medium term (MT) cover represents both insurance and loan/guarantee programs with maximum maturities of five to seven years.

*Debt of the former Yugoslavia for FY 93 estimated at $507 million. FY 94 and 95 figures include debt of the former Yugoslavia apportioned to the various republics and are subject to revision.

U.S. TRADE AND DEVELOPMENT AGENCY (TDA)

The U.S. Trade and Development agency (TDA) began its program in Central Europe in 1989. Since then, TDA has provided nearly $56 million in grants for feasibility studies, technical assistance, development of bankable business plans, reverse trade missions (orientation visits), and conferences. Of this amount, TDA has received nearly $14.6 million in transfers under the SEED Act, mostly through the American Business Initiative (ABI) program. In addition, our agency has invested nearly $41 million of appropriated program funds for activities in the region. Already, 36 TDA projects have produced approximately $55 million in U.S. exports. However, TDA's Europe program is only six years old; actual U.S. exports are only a fraction of what are expected for the future as a result of TDA funded projects.

In Central Europe, TDA has focused primarily on the energy, transportation, and telecommunications sectors. However, the Agency has also funded projects associated with the environment, information technology, and manufacturing sectors. TDA has helped to package projects in these sectors with U.S. Ex-Im Bank and multilateral developmental bank financing. In addition, TDA continues to work with OPIC and the respective U.S. Enterprise Fund managers to develop projects involving U.S. joint ventures.

During FY 95, TDA funded over 100 separate activities in the region. For example, in Poland TDA provided funding for technical assistance for an $8 billion toll road project and for the development of a telecommunications interconnection policy. In Romania, TDA provided a grant for the development of a computerized railway ticketing system. In Latvia, TDA funded the development of a joint venture for a natural gas storage facility. And in Croatia, TDA assisted the national utility, HEP, with the development of a thermal power and heating plant.

In addition to feasibility studies and "business plans," TDA funded several industry reverse trade missions (orientation visits) and business briefings for Central European officials. These events unite financing and industry experts from the U.S. and Central Europe to promote trade and joint venture cooperation.

Orientation visits provide a unique opportunity to bring Central European decisions makers face-to-face with U.S. business leaders. In January, TDA funded a visit of the Polish Minister of Transportation and other senior Polish officials to the United States to meet with suppliers of highway, port, and civil aviation equipment. In June, TDA brought the Romanian Minister of Telecommunications to the United States to discuss opportunities with U.S. telecommunication equipment suppliers, operators, and long distance providers in various U.S. cities.

In 1995, TDA also sponsored a number of business briefings, including a regional energy conference, in cooperation with DOE, in Bucharest, a workshop in Budapest on financing environmental projects, a telecommunications summit in Warsaw, and an aviation infrastructure workshop in Warsaw. TDA also brought together the U.S. oil and gas industry with the President of Romania, the Minister of Industry, and dozens of top decision makers for a conference in Houston which focused on trade and

investment opportunities in Romania's petroleum sector. U.S. private sector participation at the Houston Conference totaled over 200 people.

TDA is continuing in the effort to assist the Balkan countries in the development of their transportation infrastructure. The Agency recently funded a mission that identified $30 million worth of projects for direct funding with hundreds of millions of dollars in U.S. export potential.

Due to increasing demand from Central and Eastern European project sponsors and U.S. industry, TDA is increasing support to private sector investor projects. For example, TDA is supporting a study for the development of a cable television and telephone network in Poland. A U.S. firm intends to invest $40 million in this project, with expected U.S. exports of $175 million.

With strong foreign competition on many projects, TDA is expanding its technical assistance efforts by providing funding for pilot projects. In Poland, TDA funded a Hazardous Materials Tracking System for the Ministry of Industry and Trade. Also in Poland, the Agency funded a demonstration billing system for TPSA, the nation's telecom monopoly. For both projects, the private sector is paying 50% of the study's costs. And when the project becomes an economic success, both firms have agreed to reimburse the U.S. Government for the grant.

TDA FUNDING FOR CENTRAL AND EASTERN EUROPE
(in Millions)

Fiscal Year	SEED Transfers	TDA	TOTAL SEED & TDA
1989	0.00	0.50	0.50
1990	1.99	2.91	4.90
1991	3.00	9.72	12.72
1992	4.10	7.13	11.23
1993	2.50	3.22	5.72
1994	3.00	5.76	8.76
1995	0.00	10.10	10.10
TOTALS	14.59	39.34	53.93

(Last update - 12/07/95)

FY 1994 AID Transfer to TDA for Central Europe
FY 1995 Obligations

TDA did not receive SEED transfer money for FY 1995. But our Agency did receive $3 million in SEED transfer in FY 1994. The projects below were funded with FY 1994 SEED transfer funds, and were obligated in FY 1995.

Bulgaria $160,000	ATC Navaids and Radar
Bulgaria $406,000	Telecom
Estonia $100,000	VSAT and International Gateway Telecom
Hungary $220,000	Government Informatics
Lithuania $150,000	Aircraft Maintenance Facility
Romania $430,000	Oradea Airport Development
Slovakia $135,828 (TDA contributed an additional $387,172 to this study.)	Telecom ATM

INTERNATIONAL INSTITUTIONS AND INITIATIVES

V. INTERNATIONAL INSTITUTIONS AND INITIATIVES

OECD

The OECD established the Center for Cooperation with Economies in Transition (CCET) in March 1990 to assist the reforming countries of Central Europe in establishing pluralist democracies and making the transition to market economies. Since its inception, the CCET has expanded beyond Central Europe to include Russia and the other NIS.

In June 1991, the OECD founded the "Partners in Transition" (PIT) program, a CCET effort to channel OECD policy advice and opportunities for participation in OECD meetings to countries that had achieved significant reforms: Poland, Hungary, the Czech Republic, and Slovakia. The PIT program was designed to concentrate assistance in areas where the OECD had a "comparative advantage", e.g., country economic reviews, economic policy dialogue on both macro and structural issues, and competition policy.

At its 1994 and 1995 Ministerial meetings, the OECD endorsed membership negotiations with the four PIT countries. To become an OECD member, a country must meet objective criteria laid out in formal Codes of Liberalization and adhere to OECD Decisions governing the free movement of capital, treatment of foreign investors, and the environment. The Czech Republic passed its accession examinations and became OECD's 26th member in December 1995. Poland and Hungary are well along in the accession process, and Slovakia is expected to begin the process in mid-1996.

After being held to zero real growth since 1993, the CCET budget is likely to decrease in both real and nominal terms in 1996, once the OECD budget for 1996 is determined. Even so, activities for the Central European region will continue, including useful programs for Bulgaria, Romania and Slovenia.

Many CCET programs have been praised by participating countries for stimulating the transition to a market economy, including tax assistance training provided by four regional tax centers, public administration courses provided in conjunction with the European Union, and numerous seminars on issues related to privatization and sectoral development. Particularly noteworthy are the OECD's in-depth country economic reviews of CEE countries and a variety of sectoral reviews that focus on crucial sectors in the overall reform process.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

The EBRD formally came into existence on March 28, 1991. It was created to support market-oriented economic reform and democratic pluralism in Central and Eastern Europe (including the former USSR). All SEED recipient countries, except Bosnia-Herzegovina and Serbia-Montenegro, are members of the EBRD.

The EBRD is unique among multilateral development banks in its private sector focus and inclusion of political conditionality which requires beneficiaries to be committed to democracy and the rule of law. By its charter, the EBRD is required to devote 60% of its total resources to private sector projects within five years of Bank start-up. As of September 30 1995, 69% by value and 78% by volume of Bank commitments were to the private sector. The Bank is also supposed to meet the 60% threshold in each individual country of operation within five years of beginning operations in the country. Among the SEED countries, over 60% of commitments are to the private sector in the Czech Republic, Hungary, Poland, and the Slovak Republic.

Through the end of FY 1995, the EBRD had made cumulative commitments to individual SEED countries of approximately ECU 4.1 billion out of EBRD's total country-specific commitments of about ECU 6.4 billion. The total figure does not include approximately ECU 328 billion in regional projects such as venture funds that the EBRD has financed, some of which benefit SEED recipients. Hungary and Poland rank second and third in garnering EBRD commitments; Russia is first.

After considerable internal turmoil in 1993, the Bank was reorganized in 1994 and has now reclaimed well-deserved support of the international community. In 1995, the EBRD continued to move forward with revised operational priorities that accompanied the Bank's administrative reorganization. These priorities include: increasing geographic diversity of lending; increasing support of local private sectors; building on the Bank's comparative advantages such as expertise in financial sector development; and strengthening the Bank's local presence (the EBRD has local offices in a number of SEED countries: Warsaw; Prague; Bratislava; Budapest; Ljublijana; Sofia; Tirana; and Bucharest, Tallinn, Riga, Vilnius).

U.S. contributions to the EBRD were to be paid in five annual installments of $70 million. Except for FY 1991, appropriations have fallen short of the $70 million leaving us with arrears of over $80 million after the five year period. The Administration hopes to clear the bulk of arrears in FY 1996.

U.S. CONTRIBUTIONS TO THE EBRD

1991	$70 million
1992	$69 million
1993	$60 million
1994	$0
1995	$69.2 million

EBRD COMMITMENTS TO SEED-RECIPIENT COUNTRIES
(through September 30, 1995)
(in millions of ECU*)

Albania	47.7
Bosnia-Herzegovina not a member	
Bulgaria	159.9
Croatia	183.6
Czech Republic	435.9
Estonia	131.4
Hungary	963.5
Latvia	94.5
Lithuania	111.6
FYROM**	76.9
Poland	794.6
Romania	497.3
Serbia-Montenegro not a member	
Slovak Republic	285.3
Slovenia	332.8
TOTAL	4115

* As of September 30 one ECU equalled approximately 1.28 U.S. dollars
**Former Yugoslav Republic of Macedonia

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD) AND INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

The International Bank for Reconstruction and Development (IBRD) provides technical advice and project or adjustment lending at near-commercial rates to support specific policy changes and institutional reforms in developing countries. The Bank's overall first priority is

poverty reduction. The International Development Association (IDA) lends to the poorest countries at concessional rates.

The IBRD and IDA approved $839 million in loans to Central Europe in 1995. (Note: All dates are by Bank fiscal year, which runs from July 1 to June 30.) Since 1990, the Bank has approved nearly $11 billion in loans for the region and remains the single largest official source of external financing for governments in Central Europe.

Albania joined the World Bank in October 1991 and was judged eligible for concessional IDA credits. The Bank is advising on economic reforms, helping to build institutional capacity, and preparing a variety of investment projects in infrastructure. In 1995, IDA approved loans for rural roads, rural development, energy efficiency, health services, irrigation, enterprise and financial sector development, and administrative modernization projects.

Bosnia-Herzegovina has a number of Bank loans apportioned from the break-up of Yugoslavia and arrearages precluded additional lending. The World Bank has taken an active role in mobilizing resources for the region and expects Bosnia-Herzegovina will borrow from IDA/IBRD as the peace process progresses.

Since **Bulgaria** became a member in September 1990, the World Bank has provided assistance in four main areas: policy advice and institution-building, finding a solution to Bulgaria's debt problem, investment lending, and aid coordination. In 1995, the IBRD approved a loan for a debt and debt service reduction program.

The IBRD approved loans in 1995 to **Croatia** for highways and health sector projects.

Czechoslovakia re-joined the World Bank in September 1990 and the Czech and Slovak Republics became separate members in 1993. The **Czech Republic** portfolio remained unchanged in 1995.

Estonia joined the Bank in June 1992. In 1995, the Bank approved loans for environmental, health care, and financial institutions development projects. Projects under preparation for consideration in 1996 include urban transport, housing development, and agriculture.

Hungary has been a member of the World Bank since 1982. The Bank's efforts have focussed on creating a market-oriented economy conducive to private sector development, with increased focus on the restructuring and privatization of enterprises and banks and reform of public finances. The only loan approved in 1995 was for an urban transport project. Projects under preparation for 1996 include loans for environmental protection, railway restructuring, and waste water.

Latvia joined the Bank in August 1992. The Bank approved five loans to Latvia in 1995,

three for enterprise and financial sector restructuring, and one each for environmental and district heating projects. Municipal and welfare reform loans are under consideration for approval in 1996.

Lithuania joined the Bank in July 1992. In 1995, the Bank approved three loans to Lithuania for enterprise and financial sector assistance and one loan for environmental protection. For 1996, the Bank is considering loans for highways, geothermal power development, housing, social security, and agriculture.

The **Former Yugoslav Republic of Macedonia (FYROM)** has a number of Bank loans apportioned from the break-up of Yugoslavia. In 1995, the Bank approved loans for social reform and technical assistance, financial and enterprise adjustment, and transit facilitation projects. For 1996, the Bank is considering loans for structural adjustment, health sector transition, agriculture, and private sector development.

Poland rejoined the Bank in 1986. The Bank's assistance strategy focuses on support for economic transition, privatization, financial sector reform, institutional development, and improvement of social services. In 1995, the Bank approved loans for a heat supply and conservation project, a debt and debt service loan, and measures to support debt reduction. The Bank is considering several loans in 1996, including loans for several water and wastewater projects, environmental reform, registry and judicial reform, power distribution, state farm privatization, municipal development, port access and management, power transmission, cogeneration, and coal sector adjustment operations.

Romania has been a member of the Bank since 1972. Only one loan was approved in 1995, for an employment and social protection project. For 1996, the Bank is considering loans for agriculture sector adjustment, private farmer and enterprise support, railway rehabilitation, higher education, cadastre and land registration, oil and gas development, power sector rehabilitation, financial and enterprise sector adjustment, and a fuel cell power plant project.

The Bank approved a $80 million economic recovery loan for the **Slovak Republic** in 1994. The Slovak Republic's portfolio remained unchanged for 1995. For 1996, the Bank is considering loans for labor restructuring, health sector reform, housing, and forestry development.

Slovenia's portfolio remained unchanged in 1995.

The Bank suspended new lending to **Yugoslavia** upon dissolution of that country. **Serbia-Montenegro** agreed to assume a large portion of Yugoslavia's prior debt to the World Bank.

IBRD LOAN AND IDA CREDIT APPROVALS
(Millions of U.S.$)

Country	1993	1994	1995	Cumulative approvals as of 6/30/1995
Albania	44	47	67	223
Bulgaria	178	147	125	784
Czech Rep.	0	0	0	694
Hungary	413	128	38	3,154
Poland	900	146	215	3,979
Romania	120	401	55	1,522
Slovakia	55	135	0	326
Estonia	30	50	30	114
Latvia	45	25	53	128
Lithuania	60	26	32	127
Bosnia-Herz.	0	0	0	1,837
Croatia	na	128	125	348
FYROM	na	80	99	179
Slovenia	na	80	0	228
Yugoslavia (Serbia-Montenegro)	0	0	0	6,118
TOTAL	1,845	1,393	839	19,761

Sources: IBRD Annual Financial Report, 1995 World Bank Annual Report and previous reports

Notes: Cumulative total approvals include all approvals since the World Bank's creation in 1944, while amounts actually disbursed and repaid vary by country. The World Bank's fiscal year runs from 7/1/ to 6/30.

INTERNATIONAL FINANCE CORPORATION (IFC)

The International Finance Corporation (IFC) assists the economic development of its borrowing member countries by making loans to and equity investments in productive enterprises in the private sector; matching investment opportunities; developing local and regional capital markets; and promoting privately owned development finance corporations. The IFC also provides financial services, advice and technical assistance.

The IFC's efforts in Central Europe focus on promoting privatization through joint ventures

with foreign partners, advising governments and state enterprises on privatization and restructuring, assisting the development of capital markets, and providing legal and technical advice on a wide range of corporate and financial issues. The IFC approved an investment in 1995 in a regional telecommunications investment fund.

Albania joined the IFC in October 1991. The IFC is supporting private sector development through helping to arrange joint ventures with foreign partners. Currently it is working on projects in mining and in the tourism sector.

The IFC has two long-standing investments in **Bosnia-Herzegovina** for industrial equipment and machinery and for timber, pulp and paper.

Since **Bulgaria** became a member in 1991, the IFC has helped design privatization strategies for several companies and has been working on creation of a joint-venture bank. Now that privatization and foreign investment laws are in place, the IFC plans to act as a catalyst to bring about joint-venture investments in agri-business, light industry, and mining. In 1994, the IFC approved investments in a venture capital fund.

In 1995, the Foreign Investment Advisory Service (FIAS) reviewed **Croatia**'s legal and regulatory environment for investments.

Czechoslovakia became a member of the IFC in September 1990. In 1995, the IFC approved three investments in the **Czech Republic** for building product manufacturing, brewery modernization, and capitalization of a universal bank. The IFC is financing projects that promote private and foreign investment and is providing specialized technical assistance on privatization strategy.

Estonia, Latvia, and Lithuania joined the IFC in mid-1992. The Foreign Investment Advisory Service operated by the IFC is studying the foreign investment framework in all three countries and making recommendations for improvements.

In 1995, the IFC invested in a joint-venture leasing company in **Estonia**.

The IFC invested in a project in 1995 to update and expand **Latvia**'s national telecommunications system.

In 1995, the IFC invested in a project in **Lithuania** to modernize and expand a privatized, export-oriented wool mill.

Hungary became a member of the IFC in April 1985. The IFC is promoting joint ventures with foreign partners and participated in the first foreign investment (venture capital) fund in Hungary. The IFC approved investments in 1995 in an equity fund for small and medium-sized companies and the modernization of telecommunications.

The IFC's investment in the **Former Yugoslav Republic of Macedonia (FYROM)** in an automotive and accessories factory dates back to 1982. The FYROM's portfolio remained unchanged in 1995.

Poland joined the IFC in 1987. The IFC's strategy is to support efficiently-run, economically viable projects and to help develop Poland's capital markets. The IFC approved, in 1995, investments in a retailing and super-market chain, a pulp, paper and paperboard mill, and an automotive parts distribution system.

Although a member of the World Bank since 1972, **Romania** did not join the IFC until 1990. The IFC is providing technical assistance in the financial sector, including the development of a stock exchange and securities exchange commission. In 1995, the IFC approved an investment in a commercial bank.

In 1992 the IFC provided technical assistance to the Republic of **Slovenia**'s Privatization Agency and Development Fund for a pilot privatization program. In 1995, the IFC approved an equity investment in an offshore, closed-end fund for investments in private medium-sized companies.

IFC PORTFOLIO AS OF JUNE 30, 1995
(millions of US$)

	Loans	Equity	Total
Albania	0	0	0
Bulgaria	0	5.0	5.0
Czech	84.6	25.5	110.1
Hungary	114.2	60.6	174.8
Poland	190.2	54.5	244.7
Romania	0.6	1.1	1.7
Estonia	6.0	5.7	11.7
Latvia	5.4	11.00	16.4
Lithuania	0	0	0
Bosnia-Herz	15.6	0	15.6
FYROM	0	0	0.0
Slovenia	40.7	5.2	45.9
Yugoslavia (Serbia/Montenegro)	82.0	0	82.0
Regional	0	67.5	67.5
Total	**539.3**	**236.1**	**775.4**

Source: 1995 IFC Annual Report

INTERNATIONAL MONETARY FUND (IMF)

The International Monetary Fund's new lending in support of stabilization and market-oriented reforms in Central Europe was somewhat reduced during FY 1995 compared to previous years. In most countries, programs in progress were financed by prior, FY 1994 commitments. New IMF adjustment programs agreed in FY 1995 totaled some $431.8 million in commitments. These funds are provided by the IMF over the duration of the programs, provided the borrowing country meets performance targets and implements promised reforms.

Most countries in the region participated in a range of IMF programs, both new and on-going. The Fund continued support to Latvia through a new Stand-by Arrangement (the Fund's main stabilization window), approved in FY 1995. Croatia, Estonia, and the Former Yugoslav Republic of Macedonia (FYROM) were all approved in FY 1995 for support programs combining the resources of Stand-by Arrangements, and the Systemic Transformation Facility (a temporary window established in 1993 for countries facing balance of payments difficulties resulting from the transition from centrally-planned to market-based economies; the facility expired in April 1995, and was not renewed).

Performance under IMF programs was mixed. Poland repaid a large portion of its IMF debt, and intends no further drawings on its Stand-by line of credit. Estonia and Slovakia do not intend to draw on their credit lines; all three countries continue an active policy dialogue with the Fund. Hungary also prepaid IMF debt coming due over the next three years. Albania, Bulgaria, Croatia, Latvia, and Romania all experienced varying degrees of difficulty in complying with program performance criteria which could effect their ability to draw on their credits with the Fund. Finally, with the possibility of peace in the Balkans, the Fund is preparing to address arrears issues with Bosnia-Herzegovina; Serbia and Montenegro membership is conditioned on resolution of several issues related to the Balkans conflict.

Albania has made significant progress in implementing its reform program, which is supported by a three-year, $64 million Enhanced Structural Adjustment Facility (ESAF), though some concerns have arisen and the third year of the ESAF has not yet been agreed.

Bosnia-Herzegovina has not yet been admitted to the IMF, due to unresolved issues stemming from the breakup of the former Socialist Federal Republic of Yugoslavia (SFRY), but progress in membership and consideration of a Fund program are expected now that the peace agreement has been signed.

Bulgaria experienced some difficulties implementing its reform program, which was supported by a 12-month, $209 million Stand-by Arrangement, as well as a loan for $174 million under the Systemic Transformation Facility. Some corrective measures have recently been taken which could pave the way for a new program.

Croatia experienced difficulties implementing certain measures in its reform program, which is supported by an 18-month, $98 million Stand-by Arrangement, and two drawings totaling 196 million under the Systemic Transformation Facility.

The Czech Republic continued its economic reform program using its own resources, having repaid well ahead of schedule all of its obligations to the IMF in October 1994.

Estonia continued its economic reform program, supported by a second drawing of $17 million under the Systemic Transformation Facility on January 10, 1995. An additional line of credit of $21 million was approved on April 11, 1995; Estonia does not intend to draw on this, holding these Stand-by Arrangement resources as a precaution, and continuing its active policy dialogue with the Fund.

Hungary's 15-month, $510 million Stand-by Arrangement, approved in September 1993, was suspended in December 1993 as Hungary's budget and current account deficits exceeded performance targets. Hungary is actively negotiating a new Stand-by Arrangement and repaid ahead of schedule $620 million of prior IMF loans coming due in 1996 - 1998.

Latvia experienced difficulties implementing its reform program, which is supported by a new $41 million Stand-by Arrangement, approved April 21, 1995, and two drawings totaling $69 million under Systemic Transformation Facility programs in 1993 and 1994.

Lithuania's reform program is supported by a three-year Extended Fund Facility loan for $202 million, approved on October 24, 1994.

The Former Yugoslav Republic of Macedonia (FYROM) has overcome substantial obstacles in implementing its reform program, which is supported by two $19 million loans under the Systemic Transformation Facility, approved February 11, 1994 and May 5, 1995, as well as a $34 million Stand-by Arrangement, also approved May 5, 1995. Despite some problems in adhering to the current program, FYROM appears to be doing surprisingly well.

Poland began early repayment of its obligations under a $1.040 billion, 19-month Stand-by Arrangement approved in 1994. This arrangement succeeded Poland's previous Stand-by Arrangement, and was tailored to support the government's commercial debt reduction and rescheduling agreement.

Romania experienced difficulties implementing its reform program which was supported by a 19-month, $198 million, Stand-by Arrangement. Negotiations with the IMF for a re-defined program aimed at correcting recent policy slippages have resulted in the signing of a letter of intent for a new Stand-by Arrangement.

Serbia and Montenegro has not been admitted to the IMF, due to unresolved issues stemming from the breakup of the former Socialist Federal Republic of Yugoslavia (SFRY).

Slovakia's reform program continued to make progress in macroeconomic stabilization, but went off track due to slippages in structural reform. Slovakia has ceased drawing on its $174 million Stand-by Arrangement, and is maintaining its regular policy dialogue with the Fund.

Slovenia joined the IMF on December 14, 1992 with a quota of $211 million. Slovenia has not needed IMF financial assistance to date.

IMF PROGRAMS IN CENTRAL EUROPE
(US $1 = SDR 1.50)

Country		Program Dates	Total Amount Avail.
Albania	SBA:	08/26/92 - 08/25/93	$ 30 million
	(Cancelled/Replaced by ESAF)		
	ESAF:	07/14/93 - 07/13/96	$ 64 million
	(Third year not yet agreed)		
Bulgaria	SBA:	03/15/91 - 03/14/92	$ 419 million
	SBA:	04/17/92 - 04/16/93	$ 233 million
	SBA:	04/11/94 - 03/31/95	$ 209 million
	STF:	04/11/94 - 03/31/95	$ 174 million
Croatia	SBA:	10/14/94 - 04/13/96	$ 98 million
	STF:	10/14/94 - 10/13/96	$ 98 million
	STF:	04/11/95 - 04/10/96	$ 98 million
Estonia	SBA:	09/16/92 - 09/15/93	$ 42 million
	SBA:	10/27/93 - 03/26/95	$ 17 million
	STF:	10/27/93 - 05/15/94	$ 17 million
	STF:	01/10/95 - 01/09/96	$ 17 million
	SBA:	04/11/95 - 07/10/96	$ 21 million
Hungary	SBA:	05/16/88 - 06/30/89	$ 398 million
	SBA:	03/14/90 - 02/20/91	$ 239 million
	EFF:	02/20/91 - 02/19/94	$1,671 million
	(Suspended/Replaced by SBA)		
	SBA:	09/15/93 - 12/14/94	$ 510 million
	(Suspended)		
Latvia	SBA:	09/14/92 - 09/13/93	$ 82 million

	SBA:	12/15/93 - 03/14/95	$ 34 million
	STF:	12/15/93 - 12/14/94	$ 34 million
	STF:	07/15/94 - 07/14/95	$ 34 million
	SBA:	04/21/95 - 05/20/96	$ 41 million
Lithuania	SBA:	10/21/92 - 9/20/93	$ 85 million
	SBA:	10/22/93 - 03/21/95	$ 39 million
	(Cancelled/Replaced by EFF)		
	STF:	10/22/93 - 03/15/94	$ 39 million
	STF:	04/05/94 - 04/04/95	$ 39 million
	EFF:	10/24/94 - 10/23/97	$ 202 million
Macedonia	STF:	02/11/94 - 02/10/95	$ 19 million
	STF:	05/05/95 - 05/04/96	$ 19 million
	SBA:	05/05/95 - 06/04/96	$ 34 million
Poland	EFF:	04/18/91 - 03/08/93	$1,836 million
	SBA:	03/08/93 - 04/08/94	$ 714 million
	SBA:	08/05/94 - 03/04/96	$1,040 million
Romania	SBA:	06/15/81 - 01/31/84	$1,654 million
	SBA:	04/11/91 - 04/10/92	$ 571 million
	SBA:	05/29/92 - 03/28/93	$ 471 million
	SBA:	05/11/94 - 12/10/95	$ 198 million
	STF:	05/11/94 - 12/10/95	$ 283 million
Slovakia	STF:	06/27/93 - 06/26/94	$ 100 million
	SBA:	07/22/94 - 03/21/96	$ 174 million

Note: SBA: Stand-by Arrangement
EFF: Extended Fund Facility
STF: Systemic Transformation Facility
ESAF: Enhanced Structural Adjustment Facility

POLISH BANK STABILIZATION FUND

In 1989, the United States took the initiative to mobilize $1 billion from the international community to establish the Polish Stabilization Fund to bolster Poland's foreign exchange reserves and permit the Government of Poland to make its currency convertible, a critical step in the process of economic reform. Under the SEED Act of 1989, the United States contributed $199.1

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million and seventeen other bilateral contributors provided $825 million.

In 1993, the Polish government and the bilateral contributors together agreed that the stabilization fund had served its purpose and allowed it to expire. In its place, they established the Polish Bank Privatization Fund (PBPF), which is intended to support the Government of Poland's efforts to recapitalize, restructure and privatize its state-owned commercial banks in accordance with a program designed in association with the World Bank. The Fund is used to help pay principal and interest costs on recapitalization bonds issued to seven Polish banks. A number of donors, including the U.S., transferred their contributions from the Stabilization Fund to the PBPF. To date, a total of $425 million has been deposited in this new fund. In addition, the World Bank has committed $450 million to the privatization program under its own Enterprise and Financial Sector Adjustment Loan.

Disbursements from the PBPF are linked to compliance with Poland's IMF program, successful implementation of the World Bank's EFSAL, and the privatization of Poland's banks. The privatization of a Krakow bank triggered the first drawing of the PBPF in January 1995. A subsequent drawing occurred in June 1995. As of January 1996, a total of four out of nine state banks have been privatized.

DEBT REDUCTION AND RESCHEDULING

Pursuant to the authority granted under Section 579 of the Foreign Operations, Export Financing and Related Programs Act of 1991, the United States, on April 21, 1991 joined with other Paris Club creditors in agreeing to a 50 percent reduction (in net present value terms) of Poland's official debt. This agreement, which reduced Poland's debt to western countries by about USD 16.5 billion in present value terms, was implemented in two stages:

-- In the first stage, implemented in 1991, creditor countries chose between three options (principal reduction, interest reduction, or interest capitalization) to reduce by 30 percent the net present value of Poland's official debt.

-- In the second stage, implemented in April 1994, the same three options reduced the net present value of Poland's debt by a further 20 percent, provided Poland's complied with its IMF agreements and sought a comparable debt reduction agreement from its commercial bank creditors. Poland remained in compliance with its Fund program, and its commercial creditors committed to the government's financing proposal in May 1994, and signed a debt rescheduling and reduction agreement in September. The bank agreement provided for a 49 percent debt reduction on net present value basis, including interest arrears, and was judged by Paris Club creditors to be broadly comparable to the official debt reduction agreement, as well as unprecedented for a commercial creditor reduction program.

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At the time of the 1991 Paris Club agreement, the USG also announced that it would increase its debt reduction for Poland above and beyond the amount agreed in the Paris Club to 70 percent on net present value basis, including an additional 10 percent of that debt to enable Poland to establish and fund a Polish environmental foundation. With Poland having met all of the conditions of the Paris Club agreement, the USG has forgiven about USD 2.4 billion of Poland's original USD 3.7 billion debt to the United States.

In April 1994, the Paris Club agreed to reschedule Bulgarian official debt for the third time. The first was in April 1991; the second, in December 1992. The United States is not a creditor to Bulgaria, however, and did not participate in the reschedulings. For the same reason, the United States also did not participate in the Paris Club's December 1993 rescheduling of Albania's debt.

In 1992, with the dissolution of the former Yugoslavia, the Paris Club decided to allocate the debt of Yugoslavia as follows:

(1) each successor state would conclude terms of reference for the treatment of the debt of the successor states of Yugoslavia with the Paris Club creditors;

(2) each successor state would accept responsibility for debts owed to or guaranteed by entities located on its territory ("allocated debt");

(3) with respect to the small portion of the debt owed by the former Yugoslavia which could not be attributed to a specific successor republic ("unallocated debt"), on an interim basis pending an agreement among all successor states, each successor state would accept responsibility for a portion of the unallocated debt which would be fixed on the basis of the December 1992 International Monetary Fund Executive Board decision establishing each successor state's IMF quota;

(4) should the successor states later agree to a different allocation of the unallocated debt, the creditors would adjust their allocations of liability accordingly. Slovenia, Croatia, and FYROM have accepted this arrangement in writing.

Slovenia has not rescheduled its debts with the Paris Club because it intends to pay according to the original schedules. Croatia rescheduled $861 million of its debts in the Paris Club in March 1995 (of which $72 million is owed to the USG). FYROM rescheduled $288 million of its Paris Club debt in July 1995 (of which $92 million is owed to the USG).

G-24 PROCESS AND COOPERATION

International assistance to Central Europe is coordinated through the Group of 24 (G-24), made up of all members of the Organization for Economic Cooperation and Development. The European Commission serves as secretariat for the G-24 process.

The G-24 process was launched at the July 1989 G-7 Summit in Paris to support reform in Poland and Hungary. The G-7 extended the mandate of the G-24 to other countries in the region at the July 1990 Summit in Houston. Czechoslovakia, Bulgaria, Romania, and Yugoslavia were added in 1990, followed by Albania and the Baltic states in 1991. To be eligible for G-24 assistance, a country must demonstrate progress in the following five areas:

-- adherence to the rule of law;
-- respect for human rights;
-- adoption of a multi-party political system;
-- holding of free and fair elections;
-- adoption of a market-oriented economy.

Currently, the G-24 coordinates assistance to the following countries: Albania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, the Former Yugoslav Republic of Macedonia, Poland, Romania, Slovakia, and Slovenia. In addition, the G-24 supports information-sharing on emergency assistance to Bosnia-Herzegovina and Croatia.

In its role as secretariat for the G-24, the European Commission facilitates sharing of information on priority needs for assistance. It organizes sectoral and country-specific meetings and maintains a scoreboard of commitments by donors. From its inception until May 1993, the G-24 had eight working groups, including food aid, energy, environment, investment, labor, nuclear reactor safety, training, and transport.

At the July 1992 Munich Summit, the G-7 asked the G-24 also to coordinate nuclear safety assistance to the new independent states of the former Soviet Union. This is the only area in which the G-24 coordinates assistance to the New Independent States. (The international community has agreed that an IBRD-chaired consultative group process will be the primary vehicle for coordinating technical assistance to the new independent states in the future.)

The Brussels Network of local G-24 country representatives meets regularly to discuss preparations for G-24 senior official meetings and other issues. The working groups have met periodically, usually in brussels. On occasion, Brussels-based finance ministry representatives gather to discuss balance of payments assistance. Meetings of senior officials (at the assistant secretary or deputy assistant secretary level) were held three or four times a year through early 1993, but have been cut back in recent years. The most recent was held in Brussels in March 1995.

Since 1992 the G-24 has held country-specific meetings in recipient country capitals to help improve in-country coordination. Such meetings have been held in Albania, Latvia, Lithuania, Slovakia, Slovenia, and Bulgaria, and have covered a variety of topics.

At their meeting in May 1993, senior officials agreed upon a restructuring of the G-24 process. They agreed to streamline operations in Brussels, shift the focus of coordination to recipient country capitals and enhance the involvement of the international financial institutions. As a result, most of the Brussels-based working groups have been abolished. Those remaining include the nuclear reactor safety group, the customs and transport groups, and the environment group. Future coordination of technical assistance is to take place through dialogue groups in recipient capitals. The Commission was charged with establishing dialogue groups and ensuring the sharing of information among all interested donors. At a December 1993 conference on Democracy Building in Eastern Europe, due largely to U.S. efforts, it was agreed that the dialogue groups would include the Council of Europe (which is involved in democracy building in the area), NGOs, and the recipient governments. These groups began meeting in 1994.

Total assistance pledged to the countries of Central Europe covered by the G-24 process from January 1990 through December 1994 amounts to over $97 billion. G-24 countries and the European Commission account for over $72 billion of total aid and international financial institutions about $25 billion. Over half of this assistance has been disbursed or made available.

The United States has committed approximately $12.4 billion since January 1990 through December 1994. About $7.1 billion of this amount, nearly 60 percent, is grant assistance. The United States is the largest bilateral donor of grant assistance. The European Union (EU), which funnels its assistance through the European Commission, is the largest donor of grant assistance overall, with $7.3 billion in pledges through December 1994. Note that EU funds ultimately come from the EU member states, according to each country's share of the EU budget. Total commitments through December 1994 of the (then) 12 EU members and the EU Commission (including the European Investment Bank) amount to about $44 billion.

The tables below provide an overview of G-24 commitments.

G-24 COMMITMENTS TO CENTRAL EUROPE
(January 1990 to December 1994)
in millions of U.S. $

Country	*Total*	*Grants*	*Credits/Other*
Belgium	352.9	116.1	236.8
Denmark	1,152.0	851.2	300.8
France	7,166.0	2,922.0	4,244.0
Germany	14,610.2	4,079.0	10,531.2
Greece	113.4	86.4	27.0
Ireland	4.4	2.7	1.7
Italy	1,903.8	697.2	1,206.6
Luxembourg	37.4	11.2	26.2
Netherlands	1,488.9	745.3	743.6
Portugal	5.1	0.0	5.1
Spain	1,353.2	9.4	1,343.8
United Kingdom	1,032.7	152.1	880.6
EU Commission	10,907.1	7,334.8	3,572.3
EU Other	3,828.5	0.0	3,828.5
Austria	2,947.7	899.3	2,048.4
Finland	905.4	273.0	632.4
Iceland	7.1	5.3	1.8
Norway	739.1	199.9	539.2
Sweden	1,806.6	526.8	1,279.8
Switzerland	2,086.4	523.4	1,563.0
EFTA Other	2.2	2.2	0.0
Australia*	5.0	5.0	0.0
Canada*	2,226.6	1,538.6	688.0
Japan	4,064.7	773.4	3,291.3
New Zealand	302.6	.8	301.8
Turkey*	550.5	43.1	507.4
United States	12,447.0	7,142.7	5,304.3
TOTAL	**72,046.5**	**28,940.9**	**43,105.6**

Source: March 1995 G-24 Scoreboard, compiled by European Commission

* These cumulative totals are less than the cumulative totals reported last year, because in the G-24 Scoreboards of previous years some assistance to NIS was included in the reported amounts.

SEED ASSISTANCE BUDGET

U.S. ASSISTANCE FOR CENTRAL AND EAST EUROPE
FY 90-95 OBLIGATION SUMMARY*
as of 30 September 1995
(in US$ 000's)

	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG	TOTAL
Country Totals:	**$101,584**	**$34,500**	**$176,731**	**$28,560**	**$144,673**	**$25,928**	**$217,017**	**$33,314**	**$44,060**	**$32,376**	**$805,480**	**$148,129**	**$140,266**	**$9,371**	**$2,476**	**$263,008**	**$2,209,413**
STRENGTHENING DEMOCRATIC INSTITUTIONS																	
. Political Process and Governance	2,592	205	9,144	844	5,051	2,906	7,108	3,380	3,220	1,405	19,637	7,686	2,114	14	760	21,320	87,388
:. Democratic Pluralism	6,792	100	19,770	1,554	2,042	601	4,630	1,180	1,832	1,500	7,953	10,096	4,595	514	670	13,196	77,025
SUBTOTAL:	**9,384**	**305**	**28,914**	**2,398**	**7,093**	**3,507**	**11,739**	**4,560**	**5,053**	**2,905**	**27,590**	**17,782**	**6,709**	**528**	**1,430**	**34,516**	**$164,413**
as % of Country Total:	**9.2%**	**0.9%**	**16.4%**	**8.4%**	**4.9%**	**13.5%**	**5.4%**	**13.7%**	**11.5%**	**9.0%**	**3.4%**	**12.0%**	**4.8%**	**5.6%**	**57.8%**	**13.1%**	**7.4%**
ECONOMIC RESTRUCTURING																	
. Macroeconomic Support	0	0	10,000	0	9,999	0	10,000	0	0	0	199,140	0	5,001	0	0	0	234,140
2. Privatization and Assistance to Enterprises	6,072	0	14,858	2,256	32,271	5,872	34,482	8,151	9,848	7,140	81,893	19,061	29,684	5,455	0	26,307	283,352
3. Improving the Business Climate	6,279	0	11,604	240	5,614	3,342	11,874	3,856	4,753	1,192	22,436	6,928	7,041	907	0	23,078	109,145
4. Investment and Trade	8,030	0	33,736	59	30,522	3,522	76,376	4,518	4,341	70	261,872	16,094	41,005	59	0	12,283	492,486
5. Human Resources	6,636	468	13,170	2,376	17,035	2,068	19,879	3,168	4,381	3,441	35,551	11,294	11,046	1,321	781	16,221	148,836
˙. Agriculture and Agribusiness	9,317	350	17,245	0	4,843	790	7,898	2,157	5,947	7,047	42,131	11,544	4,484	180	0	2,089	116,022
7. Agriculture Sector Programs	38,156	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	48,156
. Energy Efficiency	0	25	8,062	0	7,276	893	7,427	2,091	4,585	1,246	29,008	6,740	5,861	0	0	45,974	119,187
SUBTOTAL:	**74,491**	**843**	**108,675**	**4,931**	**107,560**	**16,488**	**167,936**	**23,942**	**33,855**	**20,134**	**672,031**	**81,662**	**104,122**	**7,922**	**781**	**125,953**	**$1,551,325**
as % of Country Total:	**73.3%**	**2.4%**	**61.5%**	**17.3%**	**74.3%**	**63.6%**	**77.4%**	**71.9%**	**76.8%**	**62.2%**	**83.4%**	**55.1%**	**74.2%**	**84.5%**	**31.5%**	**47.9%**	**70.2%**
IMPROVING THE QUALITY OF LIFE																	
1. Short-term Emergency & Humanitarian Aid	6,417	26,671	5,299	17,213	4,128	236	3,470	381	891	3,627	10,279	19,962	3,325	100	0	14,587	116,585
2. Employment and the Social Safety Net	116	0	2,437	0	225	0	4,047	0	0	0	17,255	578	1,042	0	0	5,334	31,033
3. Housing	2,418	0	6,749	820	6,186	0	8,735	0	0	0	29,008	1,632	6,152	0	0	14,902	76,601
4. Health	4,311	0	6,330	2,671	8,131	1,621	6,273	799	0	0	9,684	12,854	7,340	1	0	8,147	68,162
5. Environment	2,462	0	16,978	0	10,075	3,724	12,239	3,208	3,596	0	34,254	10,243	10,896	0	248	15,289	123,210
SUBTOTAL:	**15,723**	**26,671**	**37,793**	**20,704**	**28,744**	**5,581**	**34,763**	**4,388**	**4,487**	**3,627**	**100,480**	**45,268**	**28,755**	**101**	**248**	**58,259**	**$415,592**
as % of Country Total:	**15.5%**	**77.3%**	**21.4%**	**72.5%**	**19.9%**	**21.5%**	**16.0%**	**13.2%**	**10.2%**	**11.2%**	**12.5%**	**30.6%**	**20.5%**	**1.1%**	**10.0%**	**22.2%**	**18.8%**
. **MISCELLANEOUS**																	
.	1,986	6,680	1,349	527	1,277	352	2,580	423	665	5,710	5,380	3,416	680	820	17	44,280	76,142
SUBTOTAL:	**1,986**	**6,680**	**1,349**	**527**	**1,277**	**352**	**2,580**	**423**	**665**	**5,710**	**5,380**	**3,416**	**680**	**820**	**17**	**44,280**	**$76,142**
as % of Country Total:	**2.0%**	**19.4%**	**0.8%**	**1.8%**	**0.9%**	**1.4%**	**1.2%**	**1.3%**	**1.5%**	**17.6%**	**0.7%**	**2.3%**	**0.5%**	**8.7%**	**0.7%**	**16.8%**	**3.4%**

Country specific attributions are based on the best information available.
632(a) Allocations and Transfers are included

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CEE FY 1990 - 95
OBLIGATIONS BY COUNTRY *
as of 30 September 1995
(in US$ 000s)

Grand Totals

	OBLIGATION AMOUNT	Albania	Bosnia	Bulgaria	Croatia	Czech	Estonia	Hungary	Latvia	Lithuania	FYROM	Poland	Romania	Slovakia	Slovenia	Yugoslavia	Region
FY 1990	$290,835	$0	$0	$2,568	$0	$1,022	$0	$9,113	$0	$0	$2	$261,154	$5,954	$860	$0	$451	$7,770
FY 1991	$310,839	$5,997	$0	$28,983	$0	$30,094	$3,277	$53,962	$2,707	$2,900	$1,448	$112,261	$14,667	$21,326	$240	$1,735	$31,242
FY 1992	$439,734	$30,499	$20	$39,840	$472	$38,506	$3,994	$52,806	$6,127	$6,943	$715	$155,437	$20,364	$29,911	$418	$227	$53,456
FY 1993	$261,250	$14,939	$826	$25,519	$2,993	$18,144	$4,449	$31,678	$4,244	$6,282	$2,586	$63,676	$33,216	$14,062	$851	$63	$37,722
FY 1994	$494,434	$16,537	$14,895	$41,829	$12,128	$37,710	$11,741	$43,991	$13,659	$12,500	$13,694	$129,723	$31,628	$44,662	$3,684	$0	$66,052
FY 1995	$412,321	$33,613	$18,758	$37,992	$12,967	$19,198	$2,468	$25,415	$6,577	$15,435	$13,911	$83,221	$42,299	$29,370	$4,178	$0	$66,765
TOTAL	$2,209,413	$101,584	$34,500	$176,731	$28,560	$144,673	$25,928	$217,017	$33,314	$44,060	$32,376	$805,480	$148,129	$140,266	$9,371	$2,476	$263,008

		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
A. STRENGTHENING DEMOCRATIC INSTITUTIONS																		
		$164,413	9,384	305	28,914	2,398	7,093	3,507	11,739	4,560	5,053	2,905	27,590	17,782	6,709	528	1,430	34,516
% of Cum. Subtotal Obligations	$164,413	100%	5.7%	0.2%	17.6%	1.5%	4.3%	2.1%	7.1%	2.8%	3.1%	1.8%	16.8%	10.8%	0.3%	0.3%	0.9%	21.0%
% of Total Obligations	$2,209,413	7.4%	0.4%	0.0%	1.3%	0.1%	0.3%	0.2%	0.5%	0.2%	0.2%	0.1%	1.2%	0.8%	0.3%	0.0%	0.1%	1.6%
1. Political Process and Governance																		
1800003 Support of Democratic Institutions																		
01 SUNY/Albany		550	0	0	0	0	0	0	550	0	0	0	0	0	0	0	0	0
02 NED		10,442	0	0	2,297	0	509	0	1,017	0	0	0	2,848	1,729	407	0	203	1,431
03 USIA		1,350	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,350

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

	FY	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	90	12,341	0	0	2,297	0	509	0	1,567	0	0	0	2,848	1,729	407	0	203	2,781
01 SUNY/Albany		92	0	0	0	0	0	0	92	0	0	0	0	0	0	0	0	0
02 NED		1,230	0	0	271	0	62	0	123	0	0	0	344	209	49	0	25	148
Project Total for FY	91	1,616	0	0	271	0	62	0	215	0	0	0	344	209	49	0	25	441
PROJECT TOTAL:		13,957	0	0	2,568	0	570	0	1,782	0	0	0	3,193	1,938	456	0	228	3,222
1800017 Political Process																		
01 Political orgs. (incl. elect. mo		4,021	414	0	1,402	0	0	80	0	80	240	0	0	1,148	0	0	492	165
02 Baltics grant agreements		300	0	0	0	0	0	75	0	150	75	0	0	0	0	0	0	0
03 Citizens' Networks (USIA)		2,000	100	0	420	0	80	0	700	0	0	0	500	60	80	0	40	20
Project Total for FY	91	6,320	514	0	1,822	0	80	155	700	230	315	0	500	1,208	80	0	532	185
01 Political orgs. (incl. elect. mo		2,176	239	0	155	0	13	38	207	54	67	0	211	1,127	66	0	0	0
04 AFL-CIO support		3,274	33	0	327	0	0	0	393	0	0	0	1,702	164	0	0	0	655
Project Total for FY	92	5,450	272	0	482	0	13	38	600	54	67	0	1,914	1,290	66	0	0	655
PROJECT TOTAL:		11,770	785	0	2,305	0	93	193	1,300	284	382	0	2,414	2,499	146	0	532	840
1800018 Local Government and Public Administration																		
01 Grants competition		800	0	0	350	0	225	0	0	0	0	0	0	0	225	0	0	0
02 USIA grants to Baltics		700	0	0	0	0	0	238	0	273	189	0	0	0	0	0	0	0
03 AID grants to Baltics		100	0	0	0	0	0	70	0	15	15	0	0	0	0	0	0	0
Project Total for FY	91	1,600	0	0	350	0	225	308	0	288	204	0	0	0	225	0	0	0
01 Grants competition		2,515	0	0	0	0	100	0	715	0	0	0	1,600	0	100	0	0	0

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	92	2,515	0	0	0	0	100	0	715	0	0	0	1,600	0	100	0	0	0
PROJECT TOTAL:		4,115	0	0	350	0	325	308	715	288	204	0	1,600	0	325	0	0	0
1800019	**Democratic Governance and Public Administration**																	
01 Technical Assistance & Equipment		2,019	0	0	504	0	505	0	610	0	0	0	400	0	0	0	0	0
Project Total for FY	91	2,019	0	0	504	0	505	0	610	0	0	0	400	0	0	0	0	0
01 Technical Assistance & Equipment		6,054	0	0	442	0	943	600	1,384	1,320	1,080	0	256	0	29	0	0	0
03 North Atlantic Assembly		622	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	622
04 Public Management		1,500	60	0	15	0	180	120	270	0	75	0	45	555	180	0	0	0
06 USIA		60	0	0	60	0	0	0	0	0	0	0	0	0	0	0	0	0
07 Public Administration		325	0	0	0	0	0	0	0	0	0	0	325	0	0	0	0	0
Project Total for FY	92	9,309	60	0	517	0	1,123	720	1,654	1,320	1,155	0	1,375	555	209	0	0	622
01 Technical Assistance & Equipment		4,305	540	0	601	0	358	218	540	232	194	0	490	0	164	0	0	967
03 North Atlantic Assembly		256	0	0	64	0	33	0	64	0	0	0	64	0	31	0	0	0
07 Public Administration		1,557	0	0	287	0	0	0	0	0	0	0	1,270	0	0	0	0	0
Project Total for FY	93	6,166	540	0	974	0	392	218	626	232	194	0	1,828	0	195	0	0	967
01 Technical Assistance & Equipment		3,899	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,899
03 North Atlantic Assembly		419	26	0	52	0	26	52	52	52	52	0	52	26	26	0	0	0
07 Public Administration		1,394	0	0	187	0	0	0	0	0	25	25	994	0	0	0	0	163
Project Total for FY	94	6,345	26	3	239	0	26	52	52	52	77	25	1,677	26	26	0	0	4,062
01 TECH ASST & EQUIP (FROST)		761	350	0	0	0	0	0	0	0	0	0	0	38	249	0	0	124
07 PUBLIC ADMINISTRATION		15,938	0	31	884	0	1,524	829	0	588	815	817	462	1,337	0	0	0	8,650
Project Total for FY	95	23,503	350	31	884	0	1,524	829	0	588	815	817	6,845	1,798	249	0	0	8,774

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
PROJECT TOTAL:		47,342	976	34	3,117	0	3,570	1,820	2,943	2,193	2,241	842	12,124	2,379	679	0	0	14,425
1800020 Rule of Law																		
01 USIA		626	13	0	22	0	20	88	94	57	82	0	11	106	10	0	0	123
Project Total for FY	91	626	13	0	22	0	20	88	94	57	82	0	11	106	10	0	0	123
01 USIA		402	10	0	83	0	38	0	48	0	0	0	79	96	48	0	0	0
02 ABA Grant		1,000	22	0	56	49	29	22	19	28	39	22	38	42	21	14	0	596
Project Total for FY	92	1,402	32	0	139	49	67	22	67	28	39	22	117	138	69	14	0	596
01 USIA		65	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	65
02 ABA Grant		1,250	100	0	86	124	98	98	98	122	112	100	86	128	45	0	0	55
03 DOJ/AOJ		25	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	0
Project Total for FY	93	1,555	100	0	92	130	98	145	98	184	135	100	111	141	45	0	0	176
01 USIA		6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
02 ABA Grant		1,342	81	0	161	175	107	81	107	107	67	201	67	94	94	0	0	0
Project Total for FY	94	1,356	81	0	163	175	107	81	109	107	67	201	67	95	94	0	0	9
02 ABA GRANT		3,777	385	171	390	490	201	0	0	240	69	240	0	390	290	0	0	913
03 DEMOCRACY AND LAW: DOJ/AOJ		1,220	220	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
06 Estonia Judicial Center		250	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0
99 OTHER		19	0	0	0	0	0	0	0	0	1	0	1	0	1	0	0	16
Project Total for FY	95	5,266	605	171	390	490	201	250	0	240	70	240	1	390	291	0	0	1,929
PROJECT TOTAL:		10,204	830	171	805	844	494	585	368	616	394	563	307	870	509	14	0	2,833

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
2. Democratic Pluralism																		
1800021	**Political and Social Process**																	
12 Proj. Mgmt Costs		75	0	0	0	0	0	0	0	0	0	0	0	0	75	0	0	0
Project Total for FY	95	75	0	0	0	0	0	0	0	0	0	0	0	0	75	0	0	0
04 Books for Albania		98	98	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	91	4,588	659	0	648	0	446	41	729	41	41	0	689	203	243	0	162	689
01 Educational Reform (USIA)		2,138	128	0	21	0	0	21	21	128	21	0	43	43	21	21	0	1,668
02 Minority Issues (incl. Graceland		117	0	0	117	0	0	0	0	0	0	0	0	0	0	0	0	0
05 Political orgs. (incl. elect. mo		98	0	0	0	0	0	33	0	0	0	0	0	14	0	0	0	50
08 AFL-CIO support		1,456	0	0	320	0	0	0	248	0	320	0	218	350	0	0	0	0
09 German Marshall Fund		589	71	0	242	0	53	0	47	0	0	0	65	77	35	0	0	0
10 American University of Bulgaria		1,000	0	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	92	6,959	355	0	1,778	47	131	102	347	175	389	31	373	608	197	53	0	2,373
01 Educational Reform (USIA)		1,875	0	0	19	0	0	19	75	131	113	0	0	75	0	0	0	1,444
03 Books for Democracy (USIA)		1,000	99	0	54	33	47	28	18	29	29	20	31	79	94	20	0	420
05 Political orgs. (incl. elect. mo		3,148	599	0	719	0	0	0	0	0	0	197	0	1,418	0	0	45	169
08 AFL-CIO support		840	0	0	0	0	0	0	0	0	0	0	840	0	0	0	0	0
10 American University of Bulgaria		72	0	0	72	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Yugoslav New Republics (USIA)		400	0	100	0	100	0	0	0	0	0	200	0	0	0	0	0	0
Project Total for FY	93	9,334	698	100	2,864	133	47	47	93	160	142	417	871	1,572	94	20	45	2,033
01 Educational Reform (USIA)		2,549	231	0	0	0	0	0	483	0	0	0	483	693	659	0	0	0
02 Minority Issues (incl. Graceland		370	61	0	61	0	0	0	50	0	0	0	65	61	61	0	0	10
05 Political orgs. (incl. elect. mo		4,025	639	0	901	0	0	229	0	330	266	278	0	1,020	312	0	0	49
08 AFL-CIO support		3,708	0	0	800	285	0	0	0	0	211	0	1,000	575	0	0	0	837
10 American University of Bulgaria		1,880	0	0	1,880	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Proj. Mgmt Costs		10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	94	16,542	931	0	7,642	285	0	229	533	330	477	278	1,548	2,349	1,032	0	0	906
01 EDUCATIONAL REFORM-USIA		3,283	100	0	0	0	200	0	400	0	0	0	1,200	825	558	0	0	0
03 BOOKS FOR DEMOCRACY-USIA		550	90	0	50	20	32	20	61	20	38	50	50	50	50	20	0	0
05 POLITICAL ORGS(INCLU ELECT MONIT		4,225	600	0	355	350	0	0	0	240	450	315	250	922	704	0	0	39
08 AFL-CIO SUPPORT		1,330	0	0	250	0	0	0	0	0	50	0	580	200	0	0	0	250
10 AMERICAN UNIV OF BULGARIA		5,117	0	0	5,117	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Proj. Mgmt Costs		48	0	0	4	0	0	0	0	0	0	0	0	2	0	0	0	41
Project Total for FY	95	14,678	790	0	5,777	370	232	20	461	260	538	365	2,080	1,999	1,437	20	0	330
PROJECT TOTAL:		52,176	3,434	100	18,710	835	855	438	2,163	965	1,586	1,092	5,560	6,731	3,078	92	207	6,331
1800022 Independent Media																		
01 International Media Fund grant (		5,000	422	0	313	0	340	13	668	13	13	0	521	1,583	340	0	448	325
02 Media Training (USIA)		1,500	75	0	105	0	45	0	15	0	15	0	180	165	45	60	15	780
03 USIA Media Training - Baltics		350	0	0	0	0	0	119	0	116	116	0	0	0	0	0	0	0
Project Total for FY	91	6,850	497	0	418	0	385	132	683	129	144	0	701	1,748	385	60	463	1,105
01 International Media Fund grant (		3,750	1,050	0	150	263	525	0	263	0	0	113	300	300	113	225	0	450
02 Media Training (USIA)		450	6	0	39	0	3	9	0	9	0	0	0	39	3	39	0	303
04 News Print - Albania (USIA)		300	150	0	0	0	0	0	0	0	0	0	0	150	0	0	0	0
05 Printing press - Albania		1,250	1,250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	92	5,750	2,456	0	189	263	528	9	263	9	0	113	300	489	116	264	0	753
01 International Media Fund grant (		3,750	225	0	338	225	263	0	450	0	0	263	638	338	450	38	0	525
02 Media Training (USIA)		550	0	0	61	17	11	22	17	22	33	33	0	11	11	61	0	253
Project Total for FY	93	4,300	225	0	398	242	274	22	467	22	33	296	638	349	461	98	0	778
02 Media Training (USIA)		515	0	0	55	115	0	0	55	55	55	0	55	55	55	0	0	15

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	94	3,286	0	0	55	115	0	0	55	55	55	0	55	55	55	0	0	2,786
01 INT. MED. FUND/WARSAW JOURN. CTR		400	0	0	0	0	0	0	400	0	0	0	0	0	0	0	0	0
02 Media Traing (USIA)		900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	900
03 PROFESSIONAL MEDIA PROGRAM		2,652	180	0	0	100	0	0	600	0	15	0	0	725	500	0	0	532
99 PSC'S AND TRAVEL		11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11
Project Total for FY	95	4,663	180	0	0	100	0	0	1,000	0	15	0	700	725	500	0	0	1,443
PROJECT TOTAL:		24,849	3,358	0	1,060	719	1,187	163	2,467	215	247	408	2,394	3,366	1,517	422	463	6,864

B. ECONOMIC RESTRUCTURING

		$1,553,266	74,491	843	108,675	4,931	107,560	16,488	167,936	23,942	33,855	20,134	672,031	81,662	104,122	7,922	781	125,953
% of Cum. Subtotal Obligations	$1,553,266	100%	4.8%	0.1%	7.0%	0.3%	6.9%	1.1%	10.8%	1.5%	2.2%	1.3%	43.3%	5.3%	0.5%	0.5%	0.1%	8.1%
% of Total Obligations	$2,209,413	70.3%	3.4%	0.0%	4.9%	0.2%	4.9%	0.7%	7.6%	1.1%	1.5%	0.9%	30.4%	3.7%	4.7%	0.4%	0.0%	5.7%

1. Macroeconomic Support

1800008 Polish Stabilization Fund (Treasury)

FY	90	199,140	0	0	0	0	0	0	0	0	0	0	199,140	0	0	0	0	0
PROJECT TOTAL:		199,140	0	0	0	0	0	0	0	0	0	0	199,140	0	0	0	0	0

1800036 Sector Support - Hungary

FY	91	10,000	0	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
PROJECT TOTAL:		10,000	0	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0
1800043	**Czechoslovakia (Environment)**																	
FY	91	15,000	0	0	0	0	9,999	0	0	0	0	0	0	0	5,001	0	0	0
PROJECT TOTAL:		15,000	0	0	0	0	9,999	0	0	0	0	0	0	0	5,001	0	0	0
1800044	**Bulgaria (Agriculture)**																	
FY	91	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
PROJECT TOTAL:		10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
2.	**Privatization and Assistance to Enterprises**																	
1800014	**Privatization and Enterprise Restructuring**																	
FY	95	53	0	0	0	0	0	0	53	0	0	0	0	0	0	0	0	0
FY	90	895	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	870
FY	91	13,547	34	0	0	0	1,577	429	3,017	370	441	0	2,308	33	2,401	0	0	2,937
FY	92	25,113	623	0	1,532	0	9,246	891	2,112	668	1,172	0	6,522	898	1,157	0	0	291
FY	93	41,311	565	0	3,750	0	6,193	861	6,811	904	1,657	0	13,417	1,424	3,481	0	0	2,248
FY	94	58,591	1,027	0	1,470	0	7,316	1,670	8,809	2,608	583	3,151	11,470	2,677	8,947	2,449	0	6,414
FY	95	42,738	0	0	502	1,955	3,299	0	4,608	641	1,723	3,402	6,399	7,856	5,677	3,004	0	3,673

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
PROJECT TOTAL:	182,248	2,249	0	7,254	1,955	27,632	3,850	25,411	5,190	5,576	6,553	40,142	12,889	21,663	5,453	0	16,432
1800023 Technical Assistance to Enterprises																	
01 IESC Private Enterprise grant	6,315	268	0	268	0	537	161	805	161	161	0	1,870	805	1,279	0	0	0
02 APRE IRIS & Gemini	1,989	0	0	0	0	0	0	0	0	0	0	1,989	0	0	0	0	0
04 IFC Business Advisory Services	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	0	0
05 MBA Enterprise Corps	634	0	0	0	0	235	0	127	0	0	0	171	0	101	0	0	0
Project Total for FY 91	10,938	268	0	268	0	771	161	932	161	161	0	6,030	805	1,381	0	0	0
02 APRE IRIS & Gemini	125	0	0	0	0	0	0	0	0	0	0	125	0	0	0	0	0
03 CIPE (Chamber)	1,500	0	0	0	0	0	270	750	240	240	0	0	0	0	0	0	0
05 MBA Enterprise Corps	645	0	0	0	0	151	0	215	0	0	0	215	0	64	0	0	0
06 WOCCU (Poland)	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
07 Peace Corps	1,448	6	0	302	0	0	9	0	9	9	0	1,105	9	0	0	0	0
Project Total for FY 92	10,973	334	0	630	0	806	475	1,948	445	445	0	3,849	992	1,047	0	0	0
01 IESC Private Enterprise grant	2,187	64	0	64	0	129	39	193	39	39	0	784	193	642	0	0	0
02 APRE IRIS & Gemini	1,800	0	0	0	0	0	0	0	0	0	0	1,800	0	0	0	0	0
04 IFC Business Advisory Services	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
05 MBA Enterprise Corps	1,200	0	0	0	0	180	0	360	0	0	0	480	0	180	0	0	0
06 WOCCU (Poland)	1,400	0	0	0	0	0	0	0	0	0	0	1,400	0	0	0	0	0
07 Peace Corps	2,507	216	0	494	0	87	268	135	268	268	0	499	204	67	0	0	0
11 Entrepreneurial Mgmt & Executive	500	0	0	75	0	50	25	100	25	25	0	100	50	50	0	0	0
15 PSC's	66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
Project Total for FY 93	10,173	282	0	634	1	446	334	789	334	332	0	5,567	447	940	1	0	66
01 IESC Private Enterprise grant	7,120	356	0	854	0	854	356	854	356	356	0	1,424	854	854	0	0	0
02 APRE IRIS & Gemini	674	0	0	0	0	0	0	0	0	0	0	642	0	33	0	0	0
03 CIPE (Chamber)	3,499	0	0	275	0	233	150	1,166	250	250	0	450	250	75	0	0	400
05 MBA Enterprise Corps	3,400	0	0	0	0	0	224	384	0	224	0	1,472	0	352	0	0	744
06 WOCCU (Poland)	3,293	0	0	0	0	0	0	0	1,031	862	0	1,400	0	0	0	0	0

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
07	Peace Corps	909	8	0	522	0	40	20	45	40	60	0	93	40	40	0	0	0
11	Entrepreneurial Mgmt & Executive	3,233	223	0	423	0	0	0	413	293	293	0	813	353	423	0	0	0
13	NEW SMALL BUSINESS ACTIVITY	239	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	239
14	CDC Business Enterprise Project	25	0	0	5	0	6	0	0	0	0	0	7	6	0	0	0	0
15	PSC's	653	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	153
Project Total for FY	94	28,625	1,789	0	2,810	0	2,047	751	2,865	1,971	2,044	3	8,396	2,417	1,994	0	0	1,537
01	IESC PRIVATE ENTERPRISE GRANT	10,000	0	0	0	0	0	0	500	0	500	0	750	0	1,250	0	0	7,000
02	GEMINI	838	0	0	0	0	0	0	72	0	0	0	766	0	0	0	0	0
03	CIPE-CHAMBER	1,680	50	0	0	0	100	0	1,130	0	100	0	100	0	0	0	0	200
05	MBA ENTERPRISE CORPS	2,250	0	0	0	0	0	300	250	0	400	0	1,000	0	300	0	0	0
06	WOCCU	1,900	0	0	0	0	0	0	0	0	0	0	1,400	500	0	0	0	0
07	PEACE CORPS	977	50	0	40	0	469	0	50	50	60	0	100	75	40	0	0	43
08	CARESBAC	2,222	0	0	2,222	0	0	0	0	0	0	0	0	0	0	0	0	0
11	ENTREPRENEURIAL MGMT & EXEC DEV	3,135	100	0	350	300	0	0	505	0	230	0	750	300	600	0	0	0
12	ALBANIAN SME FOUNDATION	1,000	950	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50
13	NEW SMALL BUSINESS ACTIVITY	1,868	0	0	0	0	0	0	0	0	0	585	0	137	469	0	0	678
14	CDC BUSINESS ENTERPRISE PROJECT	1,850	0	0	650	0	0	0	0	0	0	0	700	500	0	0	0	0
15	PSC'S AND TRAVEL	302	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	302
16	SME ENTERPRISE DEVELOPMENT	6	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0
Project Total for FY	95	40,395	1,150	0	3,262	300	569	300	2,537	50	1,290	585	17,909	1,512	2,659	0	0	8,272
PROJECT TOTAL:		101,104	3,824	0	7,604	301	4,639	2,022	9,071	2,961	4,273	588	41,751	6,173	8,021	1	0	9,874

3. Improving the Business Climate

1800026 Competition Policy, Laws & Regulations

01	Tax Policy & Admin (Treas)	511	43	0	43	0	22	250	43	0	0	0	43	43	22	0	0	0
02	Antitrust Law Advice (DOJ/FTC)	487	0	0	0	0	160	0	0	0	0	0	150	15	160	0	0	2
03	Transition to World Mkts (OECD G	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500
04	Telecommunications policy (State	40	0	0	20	0	0	0	20	0	0	0	0	0	0	0	0	0
05	Commerce (Gov't to Gov't)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	TDP Telecom	90	0	0	0	0	45	0	0	0	0	0	0	0	45	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
12	AID Telecom	88	0	0	22	0	11	0	22	0	0	0	22	0	11	0	0	0
Project Total for FY	91	2,959	43	0	85	0	238	250	85	0	0	0	215	58	237	0	0	1,746
01	Tax Policy & Admin (Treas)	2,147	216	0	216	0	108	0	216	0	0	0	259	216	108	0	0	808
02	Antitrust Law Advice (DOJ/FTC)	3,165	0	0	198	0	423	28	277	48	48	0	1,035	63	417	0	0	627
03	Transition to World Mkts (OECD G	2,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,700
04	Telecommunications policy (State	361	0	0	91	0	15	15	91	15	15	0	60	60	0	0	0	0
05	Commerce (Gov't to Gov't)	1,046	179	0	0	0	0	45	0	45	90	0	179	45	0	0	0	464
06	Intl Dev Law Inst (IDLI) Grant (	580	0	0	88	0	0	0	88	0	88	0	88	0	0	0	0	227
07	Amer Bar Assoc (ABA) Grant (Prof	1,300	325	0	325	0	0	0	0	0	325	0	325	0	0	0	0	0
11	TDP Telecom	600	0	0	0	0	162	0	270	0	0	0	0	0	168	0	0	0
Project Total for FY	92	11,977	720	0	918	0	708	88	943	108	566	0	1,946	384	693	0	0	4,902
01	Tax Policy & Admin (Treas)	252	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	252
02	Antitrust Law Advice (DOJ/FTC)	3,200	0	0	400	0	176	80	272	144	224	0	864	288	352	0	0	400
03	Transition to World Mkts (OECD G	2,480	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,480
04	Telecommunications policy (State	850	0	0	0	0	325	0	173	0	30	0	143	60	0	120	0	0
05	Commerce (Gov't to Gov't)	800	176	0	0	0	0	40	0	0	96	0	160	40	0	0	0	288
06	Intl Dev Law Inst (IDLI) Grant (	932	0	0	186	0	0	0	140	0	0	0	140	0	140	47	0	280
07	Amer Bar Assoc (ABA) Grant (Prof	450	45	0	157	0	0	0	0	0	90	0	157	0	0	0	0	0
11	TDP Telecom	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0
14	Bankruptcy	109	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	109
Project Total for FY	93	9,172	221	0	744	0	601	120	584	144	440	0	1,464	388	492	167	0	3,808
01	Tax Policy & Admin (Treas)	246	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	246
02	Antitrust Law Advice (DOJ/FTC)	72	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	72
04	Telecommunications policy (State	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
05	Commerce (Gov't to Gov't)	1,938	228	0	304	0	0	266	0	285	133	0	76	247	0	0	0	399
06	Intl Dev Law Inst (IDLI) Grant (	718	0	0	144	0	0	0	108	0	0	0	108	0	108	36	0	215
07	Amer Bar Assoc (ABA) Grant (Prof	1,600	151	0	135	90	105	90	105	136	204	105	285	120	72	0	0	0
09	Evaluation	163	0	0	54	0	0	0	0	0	54	0	55	0	0	0	0	0
13	Collateral Law (IRIS)	2,653	0	0	0	0	213	0	0	0	0	0	511	0	213	0	0	1,716
14	Bankruptcy	170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
17		1,539	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,539
FY	94	9,409	379	0	639	90	318	356	213	421	390	105	1,036	370	392	36	0	4,662
02	ANTITRUST LAW ADVICE-DOJ/FTC	1,300	0	0	120	0	24	0	72	32	72	0	272	48	56	0	0	604
04	Telecommunications policy (State	510	0	0	0	0	60	0	120	0	0	0	200	0	80	50	0	0
05	COMMERCE (GOV'T TO GOV'T)	700	200	0	0	0	0	0	0	50	200	0	0	250	0	0	0	0
06	INTL DEV LAW INST (LEGAL EDUC)	608	134	0	0	0	0	0	0	0	0	133	233	0	0	0	0	108
13	COLLATERAL LAW (IRIS)	950	50	0	200	50	0	0	0	0	200	250	200	0	0	0	0	0
14	OTHER	363	0	0	0	0	0	0	0	0	0	3	2	0	0	0	0	358
17	BANKRUPTCY	2,127	50	0	100	100	0	0	0	0	0	200	200	250	350	100	0	777
Project Total for FY	95	6,558	434	0	420	150	84	0	192	82	472	586	1,107	548	486	150	0	1,847
PROJECT TOTAL:		40,076	1,798	0	2,807	240	1,949	814	2,017	755	1,868	692	5,768	1,749	2,301	353	0	16,966

1800027 **Business Services**

01	TA/Finan Serv (Treas)	1,474	0	0	74	0	82	559	371	46	46	0	297	0	0	0	0	0
Project Total for FY	91	1,474	0	0	74	0	82	559	371	46	46	0	297	0	0	0	0	0
01	TA/Finan Serv (Treas)	11,881	1,183	0	1,748	0	990	413	2,358	531	413	0	3,478	767	0	0	0	0
Project Total for FY	92	12,365	1,183	0	1,845	0	990	413	2,358	531	413	0	3,865	767	0	0	0	0
01	TA/Finan Serv (Treas)	16,780	1,200	0	2,000	0	400	1,200	2,000	400	800	0	3,900	2,750	1,200	0	0	930
05	AID - Managed Financial Reform	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	29
Project Total for FY	93	18,509	1,200	0	2,000	0	740	1,200	2,340	400	800	0	4,325	2,750	1,455	85	0	1,214
01	TA/Finan Serv (Treas)	15,039	1,170	0	1,790	0	390	0	1,170	1,170	780	100	2,290	1,560	780	100	0	3,739
02	FSVC grant (buy-in to PRE)	3,711	98	0	141	0	374	189	618	98	98	0	924	98	803	270	0	0
05	AID - Managed Financial Reform	216	0	0	0	0	9	0	0	0	0	0	0	0	9	0	0	198

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	FY	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	94	18,990	1,268	0	1,931	0	778	189	1,793	1,270	880	100	3,216	1,662	1,595	370	0	3,938
01 TA/FINAN SERV (TREAS)		7,900	831	0	800	0	0	0	847	688	580	400	2,538	0	617	100	0	500
05 OTHER		279	0	0	0	0	0	0	0	0	0	0	279	0	0	0	0	0
Project Total for FY	95	8,178	831	0	800	0	0	0	847	688	580	400	2,817	0	617	100	0	500
PROJECT TOTAL:		59,518	4,482	0	6,649	0	2,591	2,361	7,709	2,935	2,718	500	14,520	5,179	3,667	555	0	5,652

1800035 Bank Training (Treasury)

FY	91	636	0	0	34	0	17	167	34	167	167	0	34	0	17	0	0	0
FY	92	8,400	0	0	2,100	0	1,050	0	2,100	0	0	0	2,100	0	1,050	0	0	0
FY	93	406	0	0	14	0	7	0	14	0	0	0	14	0	7	0	0	350
FY	94	110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	110
PROJECT TOTAL:		9,551	0	0	2,148	0	1,074	167	2,148	167	167	0	2,148	0	1,074	0	0	460

4. Investment and Trade

1800010 Enterprise Funds

01 Poland		34,192	0	0	0	0	0	0	0	0	0	0	34,192	0	0	0	0	0
02 Hungary		4,962	0	0	0	0	0	0	4,962	0	0	0	0	0	0	0	0	0
Project Total for FY	90	39,154	0	0	0	0	0	0	4,962	0	0	0	34,192	0	0	0	0	0
01 Poland		69,000	0	0	0	0	0	0	0	0	0	0	69,000	0	0	0	0	0
02 Hungary		21,000	0	0	0	0	0	0	21,000	0	0	0	0	0	0	0	0	0
03 Czech & Slovak Rep.		5,000	0	0	0	0	2,000	0	0	0	0	0	0	0	3,000	0	0	0

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	91	95,000	0	0	0	0	2,000	0	21,000	0	0	0	69,000	0	3,000	0	0	0
01 Poland		85,000	0	0	0	0	0	0	0	0	0	0	85,000	0	0	0	0	0
02 Hungary		21,000	0	0	0	0	0	0	21,000	0	0	0	0	0	0	0	0	0
03 Czech & Slovak Rep.		22,000	0	0	0	0	8,800	0	0	0	0	0	0	0	13,200	0	0	0
04 Bulgaria		10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	92	138,000	0	0	10,000	0	8,800	0	21,000	0	0	0	85,000	0	13,200	0	0	0
02 Hungary		7,500	0	0	0	0	0	0	7,500	0	0	0	0	0	0	0	0	0
03 Czech & Slovak Rep.		1,600	0	0	0	0	640	0	0	0	0	0	0	0	960	0	0	0
Project Total for FY	93	9,100	0	0	0	0	640	0	7,500	0	0	0	0	0	960	0	0	0
01 Poland		61,808	0	0	0	0	0	0	0	0	0	0	61,808	0	0	0	0	0
02 Hungary		15,538	0	0	0	0	0	0	15,538	0	0	0	0	0	0	0	0	0
03 Czech & Slovak Rep.		36,400	0	0	0	0	14,560	0	0	0	0	0	0	0	21,840	0	0	0
04 Bulgaria		11,000	0	0	11,000	0	0	0	0	0	0	0	0	0	0	0	0	0
05 ENTERPRISE FUND - BALTICS		10,525	0	0	0	0	0	3,473	0	3,473	3,579	0	0	0	0	0	0	0
06 Romania		6,619	0	0	0	0	0	0	0	0	0	0	0	6,619	0	0	0	0
Project Total for FY	94	141,890	0	0	11,000	0	14,560	3,473	15,538	3,473	3,579	0	61,808	6,619	21,840	0	0	0
01 ENTERPRISE FUND - POLAND		4,500	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0
04 ENTERPRISE FUND - BULGARIA		10,100	0	0	10,100	0	0	0	0	0	0	0	0	0	0	0	0	0
05 ENTERPRISE FUND - BALTICS		5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000
06 ENTERPRISE FUND - ROMANIA		7,900	0	0	0	0	0	0	0	0	0	0	0	7,900	0	0	0	0
07 ENTERPRISE FUND - ALBANIA		7,800	7,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	95	35,300	7,800	0	10,100	0	0	0	0	0	0	0	4,500	7,900	0	0	0	5,000
PROJECT TOTAL:		458,444	7,800	0	31,100	0	26,000	3,473	70,000	3,473	3,579	0	254,500	14,519	39,000	0	0	5,000

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
1800028	**American Business & Private Sector Dev. Initiative**																	
03	Commerce - (CABEE,EEBIC,ABC/W)	2,673	0	0	0	0	0	0	0	0	0	0	61	0	0	0	0	2,612
04	TDP	1,505	0	0	0	0	253	0	450	0	0	0	150	0	253	0	0	400
Project Total for FY	91	4,178	0	0	0	0	253	0	450	0	0	0	211	0	253	0	0	3,012
01	Capital Development Initiative (	7,131	0	0	116	0	2,437	0	554	0	0	70	2,427	275	761	0	0	492
03	Commerce - (CABEE,EEBIC,ABC/W)	495	0	0	0	0	0	0	0	0	0	0	223	0	0	0	0	271
04	TDP	5,025	0	0	642	0	239	0	977	995	713	0	647	572	239	0	0	0
06	OPIC Feasibility Studies	3,000	0	0	600	0	1,200	0	600	0	0	0	0	0	600	0	0	0
Project Total for FY	92	18,315	0	0	1,359	0	3,876	0	4,795	995	713	70	3,297	847	1,599	0	0	764
01	Capital Development Initiative (	632	0	0	0	0	0	0	161	0	0	0	375	96	0	0	0	0
02	Capital Dev Initiative (grants)	334	0	0	125	0	0	0	209	0	0	0	0	0	0	0	0	0
03	Commerce - (CABEE,EEBIC,ABC/W)	839	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	839
04	TDP	2,500	200	0	1,000	0	0	0	0	0	0	0	600	400	0	0	0	300
06	OPIC Feasibility Studies	600	0	0	62	59	55	49	0	49	49	0	102	62	55	59	0	0
08	RSSA with DOC (Environment Advis	194	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	194
Project Total for FY	93	5,110	200	0	1,187	59	55	49	370	49	49	0	1,077	558	67	59	0	1,333
01	Capital Development Initiative (	1,770	0	0	0	0	265	0	88	0	0	0	1,416	0	0	0	0	0
02	Capital Dev Initiative (grants)	1,756	0	0	0	0	68	0	568	0	0	0	1,120	0	0	0	0	0
03	Commerce - (CABEE,EEBIC,ABC/W)	694	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	694
08	RSSA with DOC (Environment Advis	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Project Total for FY	94	4,247	0	0	4	0	339	0	659	0	0	0	2,537	4	10	0	0	694
01	TELECOM TRAVEL	9	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	5
02	CAPITOL DVLPT INITIATIVE (GRANTS	175	0	0	0	0	0	0	0	0	0	0	0	167	0	0	0	8
99	OTHER	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8
Project Total for FY	95	192	0	0	0	0	0	0	4	0	0	0	0	167	0	0	0	20

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
PROJECT TOTAL:		32,042	200	0	2,549	59	4,522	49	6,279	1,044	762	70	7,123	1,575	1,928	59	0	5,823
1800047	**Removing Impediments to Trade Enhancement (RITE)**																	
FY	92	417	0	0	71	0	0	0	79	0	0	0	205	0	63	0	0	0
FY	93	1,583	30	0	16	0	0	0	18	0	0	0	45	0	14	0	0	1,460
PROJECT TOTAL:		2,000	30	0	87	0	0	0	97	0	0	0	250	0	76	0	0	1,460

5. Human Resources

1800002 **Human Resources Program**

01	VOCA	996	0	0	0	0	0	0	0	0	0	0	996	0	0	0	0	0
02	Deloitte & Touche	500	0	0	0	0	0	0	500	0	0	0	0	0	0	0	0	0
03	USIA	2,943	0	0	0	0	0	0	1,000	0	0	2	0	0	0	0	0	0
04	USDA	225	0	0	0	0	0	0	0	0	0	0	225	0	0	0	0	0
05	Credit Union National Associatio	80	0	0	0	0	0	0	80	0	0	0	0	0	0	0	0	0
06	IESC	653	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	653
07	Int'l Student Exch Program (Geor	1,962	0	0	0	0	216	0	353	0	0	0	1,236	0	157	0	0	0
11	Agreement with Treas (interim fu	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
15	Amendment to DOL contract	1,675	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,675
Project Total for FY	90	9,134	0	0	0	0	216	0	1,933	0	0	2	2,457	0	157	0	0	2,428
09	English Teaching (USIA)	3,000	0	0	240	0	300	0	360	0	0	0	510	210	270	0	210	900
10	Agreement with BLS (D.A. funding	150	0	0	0	0	38	0	0	0	0	0	0	0	37	0	0	75
11	Agreement with Treas (interim fu	87	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	87
13	American University Bulgaria	600	0	0	600	0	0	0	0	0	0	0	0	0	0	0	0	0
14	USIA Baltic grant	300	0	0	0	0	0	102	0	99	99	0	0	0	0	0	0	0
15	Amendment to DOL contract	354	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	354
Project Total for FY	91	7,491	0	0	840	0	668	102	900	99	99	0	2,400	210	547	0	210	1,416

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
09	English Teaching (USIA)	2,000	160	0	160	0	80	60	160	100	60	0	160	160	80	0	160	660
11	Agreement with Treas (interim fu	(11)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(11)
12	Seagram's Scholarships	400	0	0	20	0	120	0	60	0	0	0	60	0	60	0	0	80
15	Amendment to DOL contract	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	31
Project Total for FY	92	2,420	160	0	180	0	200	60	220	100	60	0	220	160	140	0	160	760
07	Int'l Student Exch Program (Geor	3,000	0	0	0	0	420	0	540	0	0	0	1,800	0	240	0	0	0
09	English Teaching (USIA)	2,500	25	0	250	25	175	150	275	200	125	25	275	275	150	50	0	500
11	Agreement with Treas (interim fu	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21
Project Total for FY	93	8,521	25	0	250	25	1,015	150	1,355	200	125	25	3,875	275	630	50	0	521
07	Int'l Student Exch Program (Geor	3,000	0	0	0	0	330	0	540	0	0	0	1,890	0	240	0	0	0
08	Title VIII Program (DA 92/SAI ea	3,606	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,606
09	English Teaching (USIA)	2,870	150	0	250	150	250	120	350	175	175	150	350	350	250	150	0	0
11	Agreement with Treas (interim fu	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
16	Fultz School Albania	800	800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	94	10,280	953	0	250	150	580	120	890	175	175	150	2,240	350	490	150	0	3,607
07	INT'L STUDENT EXCH PROGRAM (GEOR	3,000	0	0	0	0	250	0	750	0	0	0	1,500	0	500	0	0	0
15	ORT	1,100	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	SOCIAL SECTOR RESTRUCTURING	892	0	0	0	0	0	0	0	0	0	846	0	0	0	0	0	46
20	PSC'S & PROJECT MANAGEMENT	499	0	0	0	0	0	0	0	0	0	115	0	0	0	0	0	384
Project Total for FY	95	6,393	1,100	0	0	0	250	0	750	0	0	960	2,402	0	500	0	0	430
	PROJECT TOTAL:	44,238	2,237	0	1,520	175	2,929	432	6,049	574	459	1,137	13,594	995	2,464	200	370	9,162

1800029 **Management Training & Market Economics Education**

01	Large Grants Competition	13,593	700	0	1,497	0	2,101	0	2,123	0	0	0	3,749	1,176	2,248	0	0	0
02	Small Grants Competition (USIA)	5,800	0	0	387	0	817	500	731	500	500	0	1,032	430	0	0	344	559

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	FY	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	91	19,393	700	0	1,884	0	2,918	500	2,854	500	500	0	4,781	1,606	2,248	0	344	559
01 Large Grants Competition		9,822	0	0	1,123	0	1,177	0	1,375	0	0	0	3,517	882	1,405	0	0	343
02 Small Grants Competition (USIA)		3,326	532	0	299	33	166	67	366	100	67	67	532	266	67	67	67	632
Project Total for FY	92	13,303	532	0	1,422	33	1,343	67	1,741	100	67	67	4,050	1,148	1,471	67	67	1,130
01 Large Grants Competition		11,198	0	0	747	0	2,524	0	2,843	0	0	0	2,942	1,588	521	0	0	32
02 Small Grants Competition (USIA)		4,300	258	0	172	215	172	387	430	430	258	86	602	86	430	172	0	602
Project Total for FY	93	15,569	258	0	919	215	2,696	387	3,273	430	258	86	3,544	1,674	951	172	0	705
01 Large Grants Competition		8,733	662	0	413	0	4,050	0	1,500	0	0	234	0	1,779	0	0	0	95
02 Small Grants Competition (USIA)		3,950	316	0	711	158	198	119	237	40	158	356	395	751	198	316	0	0
Project Total for FY	94	13,441	978	0	1,125	158	4,248	119	1,737	40	158	589	1,144	2,530	198	316	0	102
01 LARGE GRANTS COMPETITION		8,234	0	0	2,398	0	0	0	1,250	664	1,330	0	0	341	1,500	0	0	750
Project Total for FY	95	10,243	0	0	2,398	0	0	0	1,250	664	1,330	0	2,009	341	1,500	0	0	750
PROJECT TOTAL:		71,949	2,468	0	7,749	406	11,205	1,072	10,856	1,734	2,313	742	15,527	7,300	6,368	555	411	3,246

1800045 Participant Training

02 USIA		1,775	20	20	300	20	90	50	140	50	20	20	100	60	90	20	0	775
03 Salzburg Seminar		125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Project Total for FY	92	3,103	182	20	532	80	130	60	220	90	80	40	460	170	120	20	0	900
01 PIET		3,531	161	0	357	146	189	32	252	103	360	49	998	370	151	0	0	364
02 USIA		1,850	73	100	174	100	102	87	174	73	73	303	102	87	102	100	0	203
Project Total for FY	93	6,627	309	100	693	321	340	131	526	225	507	377	1,548	595	289	100	0	567

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
01 PIET		5,859	335	0	770	326	285	50	536	234	292	100	2,017	628	167	60	0	59
02 USIA		2,000	98	0	316	60	254	98	254	78	78	60	196	292	156	60	0	0
05 Monitoring Evaluation		117	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	117
06 USIA - Muskie Scholarship		3,000	206	0	362	206	362	0	362	0	0	206	440	440	206	206	0	0
07 Small Grants Program		3,192	127	0	114	25	362	224	219	34	117	129	572	336	655	36	0	242
Project Total for FY	94	15,179	806	0	1,703	648	1,364	373	1,533	387	547	496	3,477	1,787	1,205	362	0	490
01 PIET		7,756	635	348	924	746	1,067	0	696	159	475	249	945	398	600	84	0	431
05 MONITORING EVALUATION		499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	499
07 SMALL GRANTS PROGRAM		343	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	343
08 THIRD COUNTRY TRAINING		584	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	584
Project Total for FY	95	9,181	635	348	924	746	1,067	0	696	159	475	249	945	398	600	84	0	1,856
PROJECT TOTAL:		34,090	1,931	468	3,852	1,795	2,901	564	2,975	861	1,609	1,161	6,430	2,949	2,214	566	0	3,813
1800052 Customs Service Training																		
FY	93	500	0	0	50	0	0	0	0	0	0	400	0	50	0	0	0	0
PROJECT TOTAL:		500	0	0	50	0	0	0	0	0	0	400	0	50	0	0	0	0
6. Agriculture and Agribusiness																		
1800005 Assistance to Private Farmers (Poland)																		
FY	90	10,000	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	0
PROJECT TOTAL:		10,000	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	0
1800024 Restructuring Agriculture and Agribusiness																		
01 VOCA grant		3,250	1,300	0	975	0	0	0	0	0	0	0	0	975	0	0	0	0

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	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
02 Coop Training Grant ACDI	2,400	240	0	240	0	0	0	0	240	240	240	600	600	0	0	0	0
03 NCBA	500	0	0	0	0	200	0	150	0	0	0	75	0	75	0	0	0
05 USDA	6,000	0	0	720	0	180	0	420	0	0	0	4,500	0	0	180	0	0
06 ACDI (World Bank-related)	500	0	0	0	0	0	0	500	0	0	0	0	0	0	0	0	0
07 Dairy farming/Land O'Lakes (DA F	4,000	360	0	560	0	360	200	400	200	280	0	1,200	160	280	0	0	0
Project Total for FY 91	16,650	1,900	0	2,495	0	740	200	1,470	440	520	240	6,375	1,735	355	180	0	0
01 VOCA grant	2,500	1,000	0	750	0	0	0	0	0	0	0	0	750	0	0	0	0
02 Coop Training Grant ACDI	2,000	200	0	200	0	0	0	0	200	200	200	500	500	0	0	0	0
03 NCBA	750	0	0	0	0	300	0	225	0	0	0	113	0	113	0	0	0
04 Agribusiness TA & training (ACDI	5,600	0	0	1,600	0	664	0	800	0	0	0	1,600	0	936	0	0	0
05 USDA	600	0	0	600	0	0	0	0	0	0	0	0	0	0	0	0	0
06 ACDI (World Bank-related)	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
07 Dairy farming/Land O'Lakes (DA F	4,000	400	0	560	0	360	200	400	200	280	0	1,200	160	240	0	0	0
08 Other Private Sector (FY92) ABS	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
09 Albania Sector Support (IFDC)	1,900	1,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY 92	25,575	4,700	0	5,010	0	1,324	200	1,425	400	480	200	7,733	2,310	1,289	0	0	505
03 NCBA	500	0	0	0	0	200	0	150	0	0	0	75	0	75	0	0	0
05 USDA	3,000	0	0	1,350	0	0	0	0	0	0	0	1,650	0	0	0	0	0
06 ACDI (World Bank-related)	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
07 Dairy farming/Land O'Lakes (DA F	5,000	0	0	3,700	0	0	0	0	0	0	0	0	1,300	0	0	0	0
08 Other Private Sector (FY92) ABS	264	0	0	0	0	0	0	0	0	0	0	264	0	0	0	0	0
10 Romania Sector Support (IFDC)	2,505	0	0	0	0	0	0	0	0	0	0	0	2,505	0	0	0	0
11 PSC	93	0	0	0	0	0	0	0	0	0	0	33	33	0	0	0	28
Project Total for FY 93	23,187	133	0	6,412	0	1,456	390	2,272	523	523	718	5,424	4,171	1,136	0	0	28
01 VOCA grant	6,000	400	350	600	0	50	0	300	350	350	1,500	750	650	350	0	0	350
02 Coop Training Grant ACDI	1,387	139	0	139	0	0	0	0	139	139	139	347	347	0	0	0	0
03 NCBA	500	0	0	0	0	275	0	150	0	0	0	0	0	75	0	0	0
04 Agribusiness TA & training (ACDI	1,486	0	0	486	0	0	0	500	0	0	0	500	0	0	0	0	0
05 USDA	2,078	0	0	1,039	0	0	0	0	0	0	0	1,039	0	0	0	0	0
06 ACDI (World Bank-related)	2,007	0	0	0	0	0	0	0	0	0	0	2,007	0	0	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
08	Other Private Sector (FY92) ABS	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
11	PSC	288	0	0	44	0	0	0	0	0	0	0	0	200	0	0	0	44
12		74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	74
FY	94	14,352	539	350	2,308	0	325	0	950	489	489	1,639	5,143	1,228	425	0	0	468
01	VOCA GRANT	7,828	545	0	800	0	298	0	400	305	400	1,050	1,000	1,800	780	0	0	450
03	NCBA	300	0	0	0	0	200	0	50	0	0	0	0	0	0	0	0	50
04	AGRIBUSINESS TA&TRAINING(ACDI,LO	2,930	0	0	0	0	500	0	1,130	0	0	0	1,000	0	300	0	0	0
05	USDA	2,420	0	0	0	0	0	0	0	0	0	0	1,750	0	200	0	0	470
06	ACDI (COOP BANK POLAND)	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
07	DAIRY FARMING/LAND O'LAKES	5,234	1,500	0	0	0	0	0	199	0	3,535	0	0	0	0	0	0	0
08	ABS PRIVATIZATION	707	0	0	0	0	0	0	0	0	0	0	707	0	0	0	0	0
11	PSC'S AND TRAVEL	31	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	29
12	PRIVATIZATION OF AGRIC & URBAN L	710	0	0	0	0	0	0	0	0	0	410	0	300	0	0	0	0
14	RURAL FINANCIAL INSTITUTIONS	1,990	0	0	0	0	0	0	0	0	0	1,990	0	0	0	0	0	0
16	POLICY/MARKETING/TRADE ASSOC.	1,110	0	0	220	0	0	0	0	0	0	800	0	0	0	0	0	90
Project Total for FY	95	26,259	2,045	0	1,020	0	998	0	1,781	305	3,935	4,250	7,457	2,100	1,280	0	0	1,088
PROJECT TOTAL:		106,022	9,317	350	17,245	0	4,843	790	7,898	2,157	5,947	7,047	32,131	11,544	4,484	180	0	2,089

7. Agriculture Sector Programs

1800046 Agriculture Development Program - Albania

FY	92	10,141	10,141	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY	93	4,317	4,317	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY	95	4,299	4,299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROJECT TOTAL:		18,756	18,756	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

* CEE projects until recently were regionally programmed. Country-specific attributions are based on the best information available.

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
1800048	**Agriculture Development Program - Romania**																	
FY	93	10,000	0	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
PROJECT TOTAL:		10,000	0	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
1800049	**Restructuring Albania Agriculture**																	
FY	92	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY	93	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY	94	4,500	4,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY	95	4,900	4,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROJECT TOTAL:		19,400	19,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

8. Energy Efficiency

1800015	**Emergency Energy Program**																	
FY	91	11,651	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,651
FY	92	66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
PROJECT TOTAL:		11,717	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,717
1800030	**Regional Energy Efficiency**																	
02	PASA/IAA with DOE	2,900	0	0	650	0	1,175	0	450	0	0	0	600	0	0	0	0	25
03	Energy Information Systems	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
04	Grant to USEA	2,675	0	0	375	0	535	0	615	0	0	0	535	134	482	0	0	0
05	IAA with NRC	575	0	0	0	0	144	0	282	0	0	0	0	0	150	0	0	0
06	IQC	192	0	0	0	0	0	0	0	0	0	0	192	0	0	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
07	Grant to IEA	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200
Project Total for FY	91	6,842	0	0	1,024	0	1,854	0	1,347	0	0	0	1,327	134	631	0	0	525
01	Industry Contracts/Utility Grant	13,529	0	0	801	0	469	165	585	165	483	173	5,066	1,825	1,852	0	0	1,945
02	PASA/IAA with DOE	5,850	0	0	550	0	450	0	0	0	0	0	0	0	0	0	0	4,850
03	Energy Information Systems	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
05	IAA with NRC	1,050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,050
06	IQC	420	0	0	0	0	0	0	0	0	0	0	420	0	0	0	0	0
07	Grant to IEA	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400
08	Department of Interior	160	0	0	0	0	0	0	160	0	0	0	0	0	0	0	0	0
Project Total for FY	92	24,366	0	0	1,894	0	1,128	195	1,442	374	528	173	5,696	2,064	2,281	0	0	8,590
01	Industry Contracts/Utility Grant	706	0	0	155	0	42	14	63	14	14	0	282	78	42	0	0	0
02	PASA/IAA with DOE	5,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,600
03	Energy Information Systems	309	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	309
04	Grant to USEA	3,212	0	0	233	0	250	125	218	218	218	156	289	161	187	0	0	1,156
05	IAA with NRC	1,623	0	0	292	0	536	0	325	0	179	0	0	0	292	0	0	0
06	IQC	37	0	0	0	0	0	0	0	0	0	0	37	0	0	0	0	0
Project Total for FY	93	11,486	0	0	680	0	827	139	607	233	411	156	608	238	522	0	0	7,065
01	Industry Contracts/Utility Grant	6,618	0	0	1,446	0	432	200	627	215	800	15	666	1,415	115	0	0	687
02	PASA/IAA with DOE	4,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,600
04	Grant to USEA	5,000	0	0	545	0	464	358	517	466	437	350	494	443	452	0	0	474
05	IAA with NRC	1,500	0	0	120	0	855	0	135	0	255	0	0	0	135	0	0	0
06	IQC	88	0	0	0	0	0	0	0	0	0	0	88	0	0	0	0	0
09	EBRD Nuclear Safety Fund	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
10	Utility Consultancy-Poland	25	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	94	18,351	0	25	2,114	0	1,752	558	1,280	681	1,493	365	1,248	1,863	703	0	0	6,269
01	INDUSTRY CONTRACTS/UTILITY GRANT	18,749	0	0	796	0	806	0	2,122	500	400	350	2,161	2,440	320	0	0	8,854
02	PASA/IAA WITH DOE	3,100	0	0	700	0	200	0	0	0	1,000	0	0	0	1,000	0	0	200
04	GRANT TO USEA	2,700	0	0	400	0	300	0	500	300	300	200	400	0	300	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
05 IAA WITH NRC		1,000	0	0	200	0	400	0	100	0	200	0	0	0	100	0	0	0
09 EBRD NUCLEAR SAFETY FUND		500	0	0	250	0	0	0	0	0	250	0	0	0	0	0	0	0
11 PSC'S		290	0	0	3	0	8	1	1	4	3	1	10	1	4	0	0	254
Project Total for FY	95	26,425	0	0	2,349	0	1,714	1	2,751	804	2,153	551	2,629	2,441	1,724	0	0	9,308
PROJECT TOTAL:		87,470	0	25	8,062	0	7,276	893	7,427	2,091	4,585	1,246	11,508	6,740	5,861	0	0	31,757
1800031	**Krakow Clean Fossil Fuels and Energy Efficiency**																	
FY	91	3,000	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	0
FY	92	5,500	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	2,500
FY	93	7,000	0	0	0	0	0	0	0	0	0	0	7,000	0	0	0	0	0
FY	94	4,500	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0
PROJECT TOTAL:		20,000	0	0	0	0	0	0	0	0	0	0	17,500	0	0	0	0	2,500

C. IMPROVING THE QUALITY OF LIFE

		$415,592	15,723	26,671	37,793	20,704	28,744	5,581	34,763	4,388	4,487	3,627	100,480	45,268	28,755	101	248	58,259
% of Cum. Subtotal Obligations	$415,592	100%	3.8%	6.4%	9.1%	5.0%	6.9%	1.3%	8.4%	1.1%	1.1%	0.9%	24.2%	10.9%	0.0%	0.0%	0.1%	14.0%
% of Total Obligations	$2,209,413	18.8%	0.7%	1.2%	1.7%	0.9%	1.3%	0.3%	1.6%	0.2%	0.2%	0.2%	4.5%	2.0%	1.3%	0.0%	0.0%	2.6%

1. Short-term Emergency & Humanitarian Aid

1800016	**Humanitarian Emergency Medical Supply**																	
FY	91	5,500	1,278	0	918	0	372	170	0	165	165	1,208	325	0	743	0	0	156

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
FY	92	6,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,400
FY	93	1,000	400	0	0	0	0	0	0	0	400	0	0	100	0	100	0	0
FY	94	10,767	0	3,625	0	5,632	0	0	0	0	0	1,510	0	0	0	0	0	0
01 WAR VICTIMS - FORMER YUGO.		10,521	0	3,396	0	6,639	0	0	0	0	0	243	0	0	0	0	0	243
02 ROMANIAN CHILD HEALTH GRANT		775	0	0	0	0	0	0	0	0	0	0	0	775	0	0	0	0
07 NGO HUMANITARIAN GRANTS		1,190	0	0	0	0	0	0	0	0	0	0	0	1,190	0	0	0	0
08 PSC'S AND EVALUALTION		365	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	365
09 HOLT ROMANIAN ADOPTION		175	0	0	0	0	0	0	0	0	0	0	0	175	0	0	0	0
Project Total for FY	95	13,303	0	3,396	0	6,917	0	0	0	0	0	243	0	2,140	0	0	0	607
PROJECT TOTAL:		36,969	1,678	7,020	918	12,549	372	170	0	165	565	2,961	325	2,240	743	100	0	7,163

1800032 **Non Governmental Organizations (NGO) Dev. Project**

02 - Romanian Child Health Grant		1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0
03 - CDC Grant		1,800	0	0	292	0	146	16	292	16	16	0	292	292	146	0	0	292
07 - NGO Humanitarian Grant		11,028	0	0	900	0	1,897	0	1,622	0	0	0	2,360	1,909	640	0	0	1,700
Project Total for FY	91	14,839	0	0	1,704	0	2,043	16	1,914	16	16	0	2,652	3,701	786	0	0	1,992
02 - Romanian Child Health Grant		1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0
03 - CDC Grant		2,557	0	0	426	0	213	0	426	0	0	0	426	426	213	0	0	426
05 - ORT (Albania)		2,908	2,908	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07 - NGO Humanitarian Grant		1,467	0	0	0	0	0	0	0	0	0	0	1,019	448	0	0	0	0
Project Total for FY	92	8,432	2,908	0	426	0	213	0	426	0	0	0	1,446	2,374	213	0	0	426
02 - Romanian Child Health Grant		2,500	0	0	0	0	0	0	0	0	0	0	0	2,500	0	0	0	0
06 - Yugoslav War Victims		1,000	0	300	0	700	0	0	0	0	0	0	0	0	0	0	0	0
07 - NGO Humanitarian Grant		2,357	0	0	252	0	0	0	329	0	0	0	1,422	287	68	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	93	7,343	0	626	252	1,860	0	0	329	0	0	0	1,422	2,787	68	0	0	0
02 - Romanian Child Health Grant		2,543	0	0	0	350	0	0	0	0	0	0	0	2,193	0	0	0	0
03 - CDC Grant		194	0	0	0	0	0	0	50	0	0	0	0	1	16	0	0	127
05 - ORT (Albania)		660	660	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
06 - Yugoslav War Victims		3,505	0	1,052	0	2,454	0	0	0	0	0	0	0	0	0	0	0	0
07 - NGO Humanitarian Grant		650	0	0	0	0	0	0	0	0	0	0	650	0	0	0	0	0
08 - PVO Workshop		36	0	0	0	0	0	0	0	0	0	0	36	0	0	0	0	0
09		527	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	527
FY	94	8,120	660	1,052	0	2,804	0	0	50	0	0	0	686	2,194	16	0	0	659
07 NGO HUMANITARIAN GRANTS		205	0	0	0	0	0	0	0	0	0	0	39	0	0	0	0	167
09 DEMOCRACY NETWORKS		14,934	1,170	0	2,000	0	1,500	50	750	200	250	666	0	2,666	1,500	0	0	4,181
Project Total for FY	95	18,909	1,170	0	2,000	0	1,500	50	750	200	310	666	3,749	2,666	1,500	0	0	4,348
PROJECT TOTAL:		57,643	4,738	1,678	4,381	4,663	3,756	66	3,470	216	326	666	9,954	13,722	2,582	0	0	7,424
1800054 Bosnia Emergency Rehabilitation																		
FY	94	9,500	0	9,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY	95	8,473	0	8,473	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROJECT TOTAL:		17,973	0	17,973	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1860001 Humanitarian Assistance for Romanian Children																		
FY	90	4,000	0	0	0	0	0	0	0	0	0	0	0	4,000	0	0	0	0
PROJECT TOTAL:		4,000	0	0	0	0	0	0	0	0	0	0	0	4,000	0	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
2. Employment and the Social Safety Net																		
1800033	**Labor Market Transition (DOL)**																	
FY	91	5,615	56	0	0	0	225	0	842	0	0	0	3,706	0	225	0	0	562
FY	92	6,000	0	0	600	0	0	0	240	0	0	0	5,160	0	0	0	0	0
FY	93	6,000	60	0	540	0	0	0	840	0	0	0	2,640	60	300	0	0	1,560
FY	94	6,967	0	0	697	0	0	0	1,125	0	0	0	2,520	518	518	0	0	1,590
FY	95	6,452	0	0	600	0	0	0	1,000	0	0	0	3,229	0	0	0	0	1,623
PROJECT TOTAL:		31,033	116	0	2,437	0	225	0	4,047	0	0	0	17,255	578	1,042	0	0	5,334
3. Housing																		
1800034	**Housing Sector Assistance**																	
FY	91	5,367	0	0	771	0	448	0	1,623	0	0	0	1,957	0	448	0	0	120
FY	92	22,564	721	0	3,534	0	1,382	0	3,288	0	0	0	6,167	480	1,368	0	0	5,624
FY	93	7,000	0	0	320	0	980	0	350	0	0	0	3,050	90	380	0	0	1,830
FY	94	19,576	208	0	840	0	779	0	1,341	0	0	0	9,709	362	948	0	0	5,390
FY	95	22,094	1,489	0	1,283	820	2,597	0	2,133	0	0	0	8,125	700	3,008	0	0	1,939
PROJECT TOTAL:		76,601	2,418	0	6,749	820	6,186	0	8,735	0	0	0	29,008	1,632	6,152	0	0	14,902

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	FY	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	ROM	POL	ROM	SVK	SLO	YUG	REG
4. Health																		
1800006 Medical Supplies, Equipment & Training (Poland)																		
FY	90	1,991	0	0	0	0	0	0	0	0	0	0	498	0	0	0	0	1,494
PROJECT TOTAL:		1,991	0	0	0	0	0	0	0	0	0	0	498	0	0	0	0	1,494
1800037 Partnerships in Health Care																		
FY	91	2,525	0	0	1,592	0	0	0	933	0	0	0	0	0	0	0	0	0
FY	92	9,671	0	0	1,200	0	1,000	0	2,010	0	0	0	2,680	1,080	1,200	0	0	501
FY	93	7,055	0	0	1,102	0	550	0	950	0	0	0	1,467	1,980	650	0	0	357
FY	94	11,130	1,446	0	1,850	2,071	600	1,621	268	0	0	0	733	1,318	611	0	0	611
FY	95	7,113	1,100	0	0	600	350	0	800	799	0	0	0	1,096	750	0	0	1,618
PROJECT TOTAL:		37,494	2,546	0	5,744	2,671	2,500	1,621	4,961	799	0	0	4,880	5,474	3,211	0	0	3,087
1800038 Promotion of Private Health Markets																		
01 Health Markets		5,000	61	0	5	0	1,907	0	270	0	0	0	318	175	697	0	0	1,567
Project Total for FY	92	5,000	61	0	5	0	1,907	0	270	0	0	0	318	175	697	0	0	1,567
01 Health Markets		2,095	357	0	7	0	403	0	253	0	0	0	703	103	203	0	0	67
Project Total for FY	93	2,126	357	0	7	0	403	0	253	0	0	0	703	103	203	0	0	97
01 Health Markets		4,358	349	0	349	0	792	0	548	0	0	0	509	574	862	0	0	375
Project Total for FY	94	4,382	350	0	353	0	799	0	549	0	0	0	515	574	862	1	0	380

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
FY	95	12,170	997	0	222	0	2,523	0	240	0	0	0	2,770	1,529	2,367	0	0	1,522
PROJECT TOTAL:		23,678	1,765	0	587	0	5,631	0	1,313	0	0	0	4,306	2,381	4,129	1	0	3,566
1860002	**Romanian Family Planning**																	
FY	91	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0
FY	92	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0
FY	93	1,999	0	0	0	0	0	0	0	0	0	0	0	1,999	0	0	0	0
PROJECT TOTAL:		4,999	0	0	0	0	0	0	0	0	0	0	0	4,999	0	0	0	0

5. Environment

1800004 **Environmental Initiatives**

01 World Environmental Ctr grant		700	0	0	0	0	0	0	350	0	0	0	350	0	0	0	0	0
02 World Wildlife Fund		100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
03 Health Financing Study		130	0	0	43	0	22	0	44	0	0	0	0	0	21	0	0	0
04 DOE 632(b)		9,776	0	0	0	0	0	0	0	0	0	0	9,776	0	0	0	0	0
06 Regional Environment Center		1,573	0	0	228	0	276	0	238	0	0	0	84	225	275	0	248	0
07 Krakow Air/Water		1,573	0	0	0	0	0	0	0	0	0	0	1,573	0	0	0	0	0
Project Total for FY	90	13,852	0	0	271	0	298	0	632	0	0	0	11,783	225	296	0	248	100
01 World Environmental Ctr grant		4,000	0	0	720	0	520	0	720	0	0	0	720	760	560	0	0	0
06 Regional Environment Center		1,470	0	0	294	0	147	0	294	0	0	0	294	294	147	0	0	0
07 Krakow Air/Water		1,470	0	0	0	0	0	0	0	0	0	0	1,470	0	0	0	0	0
Project Total for FY	91	6,941	0	0	1,014	0	667	0	1,014	0	0	0	2,484	1,054	707	0	0	0
07 Krakow Air/Water		1,940	4	0	0	0	4	0	4	0	0	0	1,920	4	4	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	92	5,666	4	0	443	0	336	295	373	369	332	0	2,695	447	336	0	0	34
07 Krakow Air/Water		1,635	0	0	0	0	0	0	0	0	0	0	235	0	0	0	0	1,400
08 IPA Contract/WEC		140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	140
10 RSSA with EPA		92	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	92
12 Env. Investments: Pride		675	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	675
13 PSC: Parks		93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	93
Project Total for FY	93	2,661	0	0	6	0	0	2	3	0	0	0	235	2	3	0	0	2,410
01 World Environmental Ctr grant		3,653	0	0	392	0	321	285	250	285	250	0	499	535	250	0	0	587
10 RSSA with EPA		47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47
11 HIID		1,506	30	0	15	0	15	136	271	105	120	0	256	211	90	0	0	256
12 Env. Investments: Pride		525	0	0	25	0	0	0	0	0	25	0	350	0	0	0	0	125
13 PSC: Parks		101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	101
14 EAP Analytical: WRI		273	0	0	8	0	0	8	0	2	8	0	0	0	0	0	0	248
Project Total for FY	94	15,775	80	0	2,057	0	663	1,008	1,454	1,359	1,223	0	2,633	1,905	1,530	0	0	1,863
01 WORLD ENVIRONMENTAL CENTER		2,945	0	0	180	0	230	0	250	230	290	0	750	600	175	0	0	240
08 IPA CONTRACT/WEC		32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32
11 HIID		3,547	0	0	200	0	100	0	550	400	336	0	500	511	700	0	0	250
12 ENV INVESTMENTS-PRIDE		214	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	214
13 STAFFING, EVAL., PROG. MGMT.		288	6	0	0	0	0	5	0	0	0	0	19	3	0	0	0	255
Project Total for FY	95	7,053	6	0	380	0	330	5	827	630	626	0	1,269	1,114	875	0	0	991
PROJECT TOTAL:		51,948	90	0	4,171	0	2,294	1,310	4,304	2,358	2,181	0	21,100	4,746	3,747	0	248	5,397

1800039 **Improved Public Sector Environmental Services**

01 IAA with EPA		8,100	0	0	1,045	0	2,615	0	1,695	0	0	0	1,205	0	643	0	0	897
02 Center for Clean Air Policy		500	0	0	0	0	250	0	0	0	0	0	0	0	250	0	0	0
03 World Wildlife Fund		800	0	0	603	0	80	0	8	0	0	0	20	8	81	0	0	0
05 USDA		400	0	0	80	0	40	0	80	0	0	0	80	80	40	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
07 WASH Buy-in (Danube)		1,000	0	0	250	0	0	0	250	0	0	0	0	250	250	0	0	0
Project Total for FY	91	10,800	0	0	1,978	0	2,985	0	2,033	0	0	0	1,305	338	1,264	0	0	897
01 IAA with EPA		4,961	0	0	455	0	1,119	275	485	275	350	0	1,417	0	134	0	0	451
02 Center for Clean Air Policy		499	0	0	0	0	374	0	0	0	0	0	0	0	125	0	0	0
04 National Park Service		825	0	0	825	0	0	0	0	0	0	0	0	0	0	0	0	0
05 USDA		750	0	0	338	0	0	0	24	0	0	0	25	338	25	0	0	0
06 Local Government		1,950	0	0	0	0	0	0	938	0	0	0	1,013	0	0	0	0	0
07 WASH Buy-in (Danube)		1,250	0	0	313	0	0	0	313	0	0	0	0	313	313	0	0	0
Project Total for FY	92	10,235	0	0	1,931	0	1,493	275	1,759	275	350	0	2,455	651	596	0	0	451
01 IAA with EPA		6,325	0	0	665	0	200	175	425	200	275	0	1,235	250	400	0	0	2,500
04 National Park Service		120	0	0	120	0	0	0	0	0	0	0	0	0	0	0	0	0
06 Local Government		1,000	0	0	0	0	0	0	500	0	0	0	500	0	0	0	0	0
07 WASH Buy-in (Danube)		90	0	0	0	0	0	0	0	0	0	0	0	0	90	0	0	0
Project Total for FY	93	8,917	0	0	1,283	0	200	175	925	200	275	0	1,735	1,134	490	0	0	2,500
01 IAA with EPA		5,350	100	0	745	0	500	175	250	175	250	0	1,500	0	500	0	0	1,155
04 National Park Service		580	0	0	380	0	0	0	0	0	0	0	0	0	0	0	0	200
06 Local Government		1,291	0	0	0	0	0	0	666	0	0	0	625	0	0	0	0	0
10 EAP Investments		121	0	0	0	0	121	0	0	0	0	0	0	0	0	0	0	0
11 ALBANIA FORESTRY		400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 ESTONIA HOT SPOTS		889	0	0	0	0	0	889	0	0	0	0	0	0	0	0	0	0
Project Total for FY	94	10,131	500	0	1,620	0	621	1,064	1,171	175	250	0	2,125	495	755	0	0	1,355
01 IAA WITH EPA		3,865	0	0	0	0	250	0	250	200	140	0	875	0	400	0	0	1,750
09 DANUBE GEF		3,990	0	0	0	0	0	0	300	0	0	0	0	500	690	0	0	2,500
10 EAP INVESTMENTS		6,257	0	0	1,302	0	700	0	0	0	400	0	1,501	700	1,452	0	0	201
11 ALBANIA FORESTRY		1,871	1,871	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 BIODIVERSITY (GEF)		2,500	0	0	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0
13 ESTONIA HOT SPOTS		896	0	0	0	0	0	896	0	0	0	0	0	0	0	0	0	0
14 ENVIRONMENTAL HEALTH BUY-IN		385	0	0	0	0	0	0	0	0	0	0	0	385	0	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
99 OTHER		10	0	0	0	0	0	3	0	0	0	0	0	4	0	0	0	3
Project Total for FY	95	20,789	1,871	0	3,802	0	950	899	800	200	540	0	3,141	1,589	2,542	0	0	4,454
PROJECT TOTAL:		60,873	2,371	0	10,613	0	6,249	2,413	6,688	850	1,415	0	10,761	4,207	5,647	0	0	9,656

1800041 **Environmental Training**

FY	91	1,000	0	0	219	0	490	0	67	0	0	0	105	0	84	0	0	35
FY	92	3,148	0	0	693	0	409	0	283	0	0	0	787	472	504	0	0	0
FY	93	1,400	0	0	322	0	182	0	126	0	0	0	336	210	224	0	0	0
FY	94	3,000	0	0	900	0	450	0	570	0	0	0	540	150	390	0	0	0
FY	95	1,842	0	0	60	0	0	0	200	0	0	0	625	457	300	0	0	200
PROJECT TOTAL:		10,390	0	0	2,194	0	1,531	0	1,246	0	0	0	2,393	1,289	1,502	0	0	235

D. MISCELLANEOUS

		$76,142	1,986	6,680	1,349	527	1,277	352	2,580	423	665	5,710	5,380	3,416	680	820	17	44,280
% of Cum. Subtotal Obligations	$76,142	100%	2.6%	8.8%	1.8%	0.7%	1.7%	0.5%	3.4%	0.6%	0.9%	7.5%	7.1%	4.5%	1.1%	1.1%	0.0%	58.2%
% of Total Obligations	$2,209,413	3.4%	0.1%	0.3%	0.1%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.3%	0.2%	0.2%	0.0%	0.0%	0.0%	2.0%

1650053 **Macedonia Cash Transfer (ESF)**

FY	94	5,000	0	0	0	0	0	0	0	0	0	5,000	0	0	0	0	0	0

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	FY	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	ROM	POL	ROM	SVK	SLO	YUG	REG
PROJECT TOTAL:		5,000	0	0	0	0	0	0	0	0	0	5,000	0	0	0	0	0	0
1800001 A.I.D Administrative Expenses																		
Project Total for FY	90	96	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96
FY	91	1,528	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,528
FY	92	491	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	491
FY	93	286	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	286
PROJECT TOTAL:		2,401	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,401
1800249 Audit, Evaluation, and Project Support																		
FY	95	96	0	69	0	0	0	0	0	0	0	19	7	0	0	0	0	0
FY	90	230	0	0	0	0	0	0	18	0	0	0	211	0	0	0	0	2
FY	91	1,749	34	0	28	0	7	0	24	0	0	0	84	0	7	0	0	1,564
FY	92	3,408	55	0	413	0	200	85	125	85	87	0	108	364	130	0	0	1,757
FY	93	2,932	19	0	12	7	3	78	162	5	1	12	734	120	6	0	17	1,756
01 Evaluation		439	0	0	44	0	0	0	0	0	0	0	44	44	0	0	0	307
02 Project Support		1,412	0	25	0	0	0	0	0	67	0	0	0	0	0	0	0	1,320
Project Total for FY	94	5,211	16	91	58	0	37	75	444	67	13	27	703	79	29	0	0	3,571
01 EVALUATION		893	44	0	44	0	0	0	0	0	0	0	0	46	0	0	0	759
02 PROJECT SUPPORT		1,930	4	23	27	0	54	10	21	0	27	121	98	4	0	54	0	1,486
04 Proj. Support		150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
Project Total for FY	95	5,555	55	318	215	86	256	14	509	16	182	197	1,068	131	5	109	0	2,395
PROJECT TOTAL:		19,180	179	478	726	93	502	252	1,281	172	283	256	2,915	695	176	109	17	11,045
180632A	**Transfers To Other US Agiencies**																	
05 Department of State		10,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,800
Project Total for FY	92	10,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,800
05 Department of State		3,606	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,606
Project Total for FY	93	3,606	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,606
01 Department of Defense		4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,000
03 Department of Trade Dev. Agency		6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,000
04 USIA		4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,000
Project Total for FY	94	14,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14,000
02 USIA		9,058	825	450	600	430	750	100	1,275	250	380	398	1,340	950	500	710	0	100
06 Department of State (Bosnia)		500	0	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	95	9,558	825	950	600	430	750	100	1,275	250	380	398	1,340	950	500	710	0	100
PROJECT TOTAL:		37,964	825	950	600	430	750	100	1,275	250	380	398	1,340	950	500	710	0	28,506
180TRAN	**Transfer To Other Bureaus**																	
04 OFDA Activities		5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Total for FY	95	5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
PROJECT TOTAL:		5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9260071	**Training Eval. & Support Services**																	
FY	95	38	3	2	4	4	5	0	4	1	2	1	5	2	4	1	0	0
PROJECT TOTAL:		38	3	2	4	4	5	0	4	1	2	1	5	2	4	1	0	0
9300100	**WID Strategies Resources**																	
FY	95	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
PROJECT TOTAL:		1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
9361421	**AID/Peace Corps Small Project Asst**																	
FY	91	97	0	0	19	0	19	0	19	0	0	0	19	19	0	0	0	0
PROJECT TOTAL:		97	0	0	19	0	19	0	19	0	0	0	19	19	0	0	0	0
9363038	**FP Logistiocs Management**																	
FY	95	100	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0
PROJECT TOTAL:		100	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0
9363048	**Service Expansion & Tech. Support**																	
FY	95	800	800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROJECT TOTAL:		800	800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9363054	**Population Services Fellowship Program**																	

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
FY	95	150	0	0	0	0	0	0	0	0	0	0	0	150	0	0	0	0
PROJECT TOTAL:		150	0	0	0	0	0	0	0	0	0	0	0	150	0	0	0	0
9363056	**Promoting Financial Invest. & Transfers**																	
FY	95	1,100	0	0	0	0	0	0	0	0	0	0	0	1,100	0	0	0	0
PROJECT TOTAL:		1,100	0	0	0	0	0	0	0	0	0	0	0	1,100	0	0	0	0
9363057	**Central Contraceptive Procurement**																	
FY	94	250	0	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROJECT TOTAL:		250	0	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9363078	**Policy Analysis Planning & Action**																	
FY	95	400	0	0	0	0	0	0	0	0	0	0	0	400	0	0	0	0
PROJECT TOTAL:		400	0	0	0	0	0	0	0	0	0	0	0	400	0	0	0	0
9365451	**Implementing Policy Change**																	
FY	94	55	0	0	0	0	0	0	0	0	0	55	0	0	0	0	0	0
PROJECT TOTAL:		55	0	0	0	0	0	0	0	0	0	55	0	0	0	0	0	0
9365556	**Forest Resources Management (FRM II)**																	
FY	95	179	179	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROJECT TOTAL:		179	179	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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		OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
9365970	**Technical Advisors in AIDS & Child Survival**																	
FY	94	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	122
FY	95	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
PROJECT TOTAL:		272	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	272
9365974	**Health Care Financing & Sustainability**																	
FY	95	100	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0	0
PROJECT TOTAL:		100	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0	0
9366004	**Health Resources Support II**																	
FY	95	247	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	247
PROJECT TOTAL:		247	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	247
9400015	**Institutional Reform at the Formal Sector**																	
FY	94	456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	456
PROJECT TOTAL:		456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	456
9400017	**Financial Services Volunteer Corps**																	
FY	91	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
PROJECT TOTAL:		1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
9400406	**Micro Enterprise Innovation Project**																	
FY	95	353	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	353

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	OBLIGATION AMOUNT	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FY ROM	POL	ROM	SVK	SLO	YUG	REG
PROJECT TOTAL:	353	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	353

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