

SEED Act Implementation Report

Fiscal Year
1998

SEED for
Europe
democracy

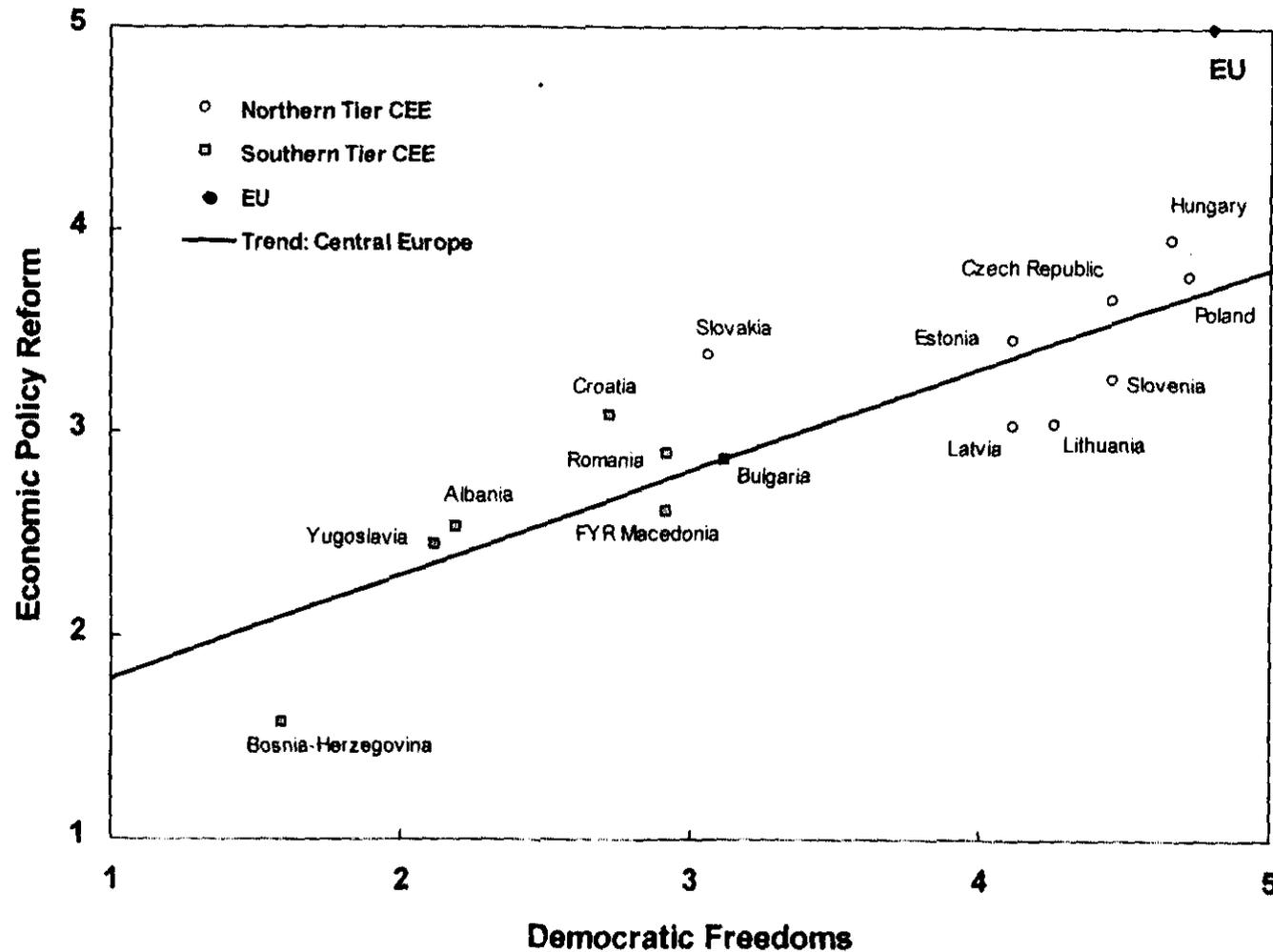


March 1999

Support for East
European
Democracy (SEED)
Report
FY 1998

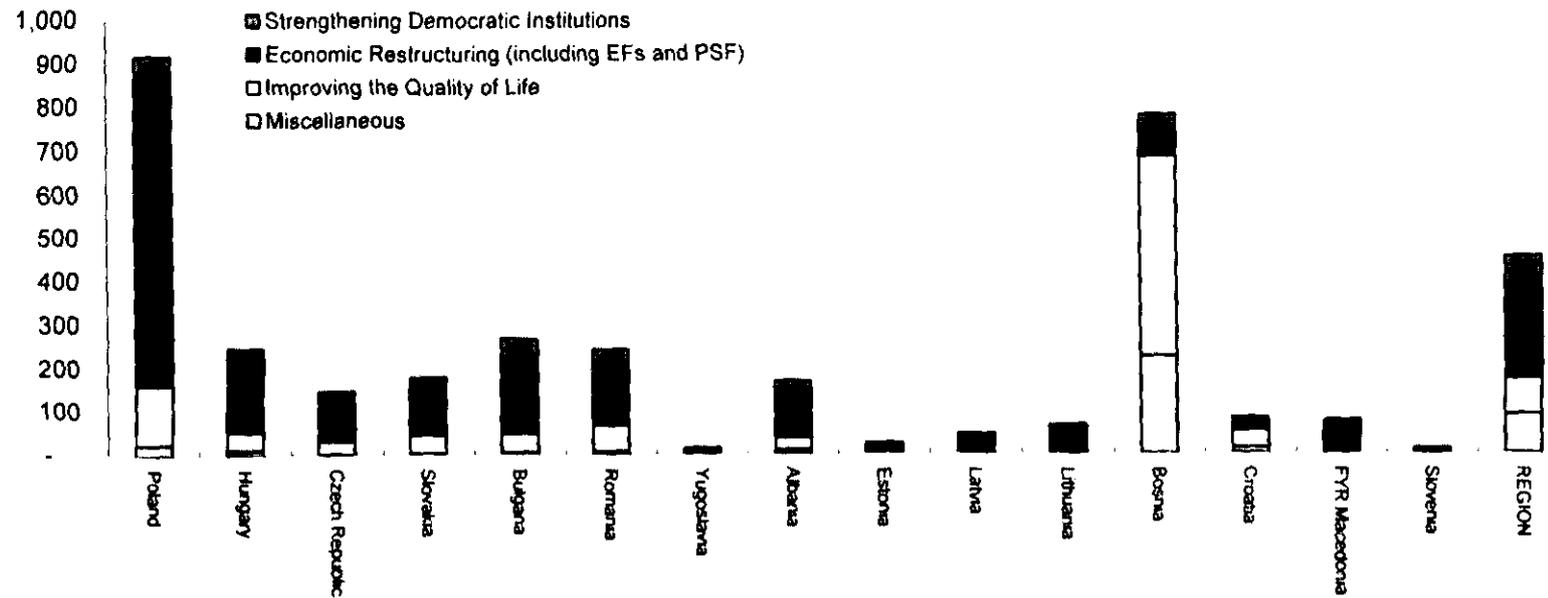
March 1999

Economic Policy Reforms and Democratic Freedoms in Central and Eastern Europe: 1998



Ratings of democratic freedoms are from Freedom House, Nations in Transit 1998 (October 1998), and assess reforms to April 1, 1998. With 1 exception, economic policy reform ratings are from EBRD, Transition Report 1998 (November 1998), and cover events through early September 1998; economic policy reform rating for Yugoslavia is from Freedom House (October 1998). Ratings are based on a 1 to 5 scale, with 5 representing most advanced.

SEED Assistance to Central & Eastern Europe Cumulative Obligations by Country



Note: Countries are listed in order of program initiation. Reflects cumulative obligations as of 09/30/98.

Foreign Direct Investment

(in millions of US dollars)

	(in millions of US dollars)									(\$ per cap
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1989-1 cumulativ
Albania	—	8	32	45	65	89	97	42	95	
Bulgaria	4	56	42	40	105	82	100	498	300	
Croatia	—	—	13	77	95	83	509	196	250	
Czech Republic	—	—	983	552	749	2,526	1,388	1,275	1000	
Estonia	—	—	82	156	212	199	111	128	200	
Hungary	311	1,459	1,471	2,339	1,097	4,453	1,986	2,100	1500	
Latvia	—	—	43	51	155	244	376	415	300	
Lithuania	—	—	10	30	31	65	127	218	700	
Poland	88	117	284	580	542	1,134	2,741	3,044	4000	
Romania	18	37	73	97	341	417	263	1,224	921	
Slovakia	24	82	100	107	236	194	199	51	220	
Slovenia	-2	41	113	111	128	176	186	321	200	

Source: EBRD *Transition Report 1998* (11/98), and earlier editions.

Private Sector Share of GDP (% of GDP)

	1989	1990	1991	1992	1993	1994	1995	1996*	1997**
Albania	—	—	—	—	<50	50	60.0	75.0	75.0
Bulgaria	—	—	16.6	25.3	35.9	40.2	45.0	45.0	50.0
Croatia	—	18.8	25.2	34.9	41.2	44.9	45.0	50.0	55.0
Czech Republic 2/	11.2	12.3	17.3	27.7	45.1	56.3	70.0	75.0	75.0
Estonia 3/	—	—	17.7	45.0	50.6	58.0	65.0	70.0	70.0
FYR Macedonia	—	—	—	—	25-40	35.0	40.0	50.0	50.0
Hungary	14.9	—	33.0	44.0	52.4	58.0	60.0	70.0	75.0
Latvia 2/	—	—	—	—	—	58.0	60.0	60.0	60.0
Lithuania 4/	10.4	11.6	16.0	37.0	57.0	62.3	55.0	65.0	70.0
Poland	28.6	31.4	45.3	48.2	53.5	56.0	60.0	60.0	65.0
Romania	12.8	16.4	23.6	26.4	32.0	35.0	40.0	60.0	60.0
Slovakia 5/	—	—	25.0	32.4	39.0	58.2	60.0	70.0	75.0
Slovenia 6/	8.1	11.4	15.7	19.5	—	—	45.0	45.0	50.0

* Mid-1996 EBRD estimate ** Mid-1997 EBRD Estimate

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

2/ 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

3/ 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.

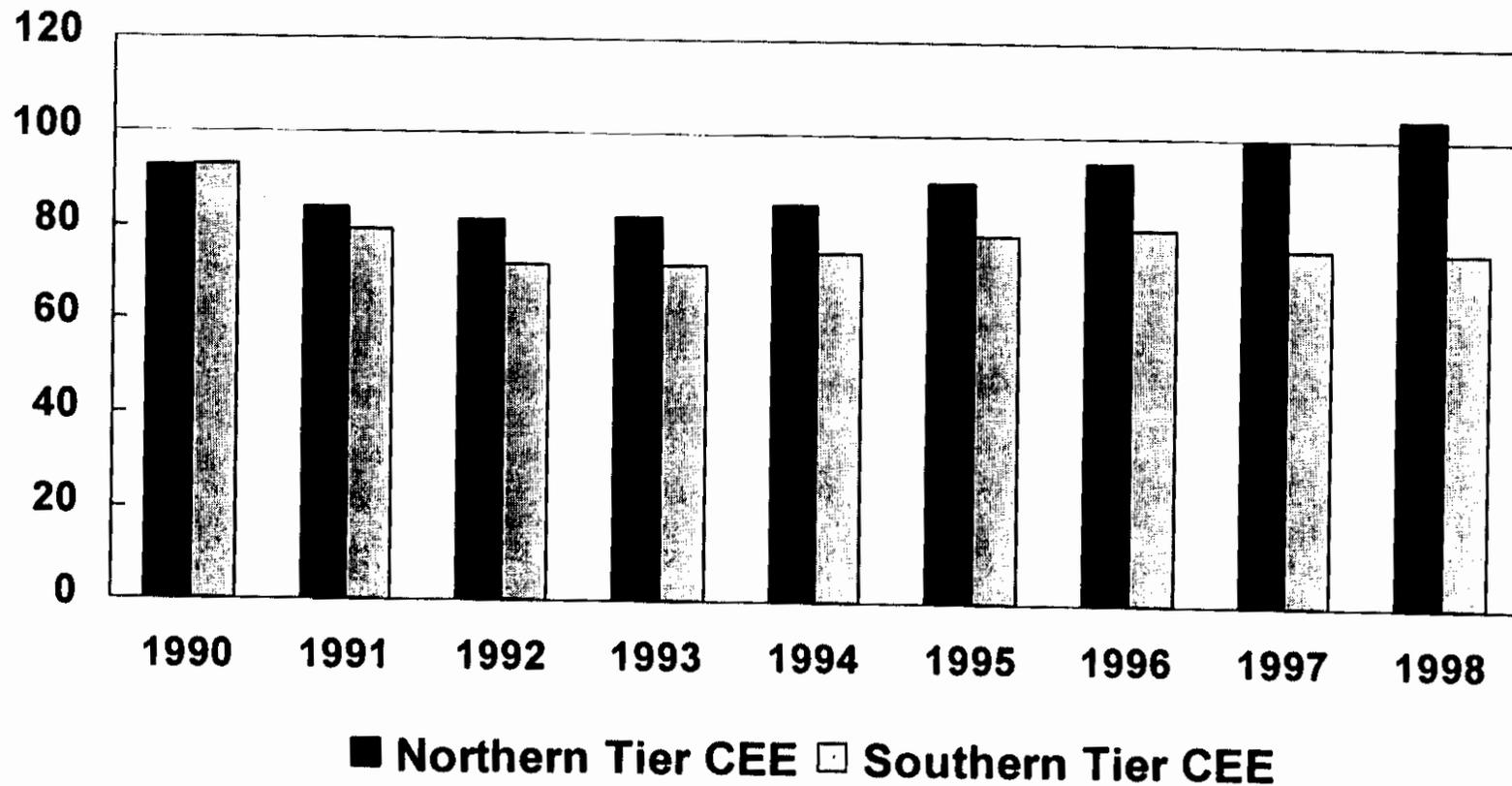
4/ Beginning in 1991, the share in GDP is for the non-state sector. From 1995 the figure is an EBRD estimate for the "pure" private sector.

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

6/ Excludes socially managed enterprises.

Sources: EBRD *Transition Report 1998* (11/98).

Real GDP as Percent of 1989 GDP



Source: EBRD, Transition Report 1998 (November 1998, and earlier editions).

I. INTRODUCTION

On November 28, 1989, President Bush signed into law the Support for East European Democracy (SEED) Act "to provide cost-effective assistance to those countries of Eastern Europe that have taken substantive steps toward institutionalizing political democracy and economic pluralism." As we prepare to celebrate the tenth anniversary of the fall of the Berlin Wall, the wisdom of the bipartisan founders of SEED is evident. The vision of Presidents and Members of Congress of both political parties has been matched by the readiness of American taxpayers to invest in the building of democracy, market economies, and the rule of law throughout Central and Eastern Europe. A region that was once the tinderbox of European conflict has become an area of increasing stability, security, and prosperity.

With timely, targeted SEED assistance, Central and Eastern European countries have moved to the forefront of the process of European integration. Three SEED participant countries -- Poland, Hungary, and the Czech Republic -- now themselves will be contributing to America's national security as new members of the NATO Alliance. Countries throughout the region have achieved impressive economic growth and financial stability and are moving toward membership in the European Union. SEED assistance throughout Central and Eastern Europe has promoted respect for fundamental human rights, the rule of law, and the strengthening of civil society. It also has helped to leverage similar support from other, likeminded donors -- mostly International Financial Institutions and Western European countries -- to achieve a much greater impact than would have been possible with U.S. assistance alone.

By the tenth anniversary of Congressional enactment of SEED, eight Central and Eastern European countries (Estonia, Latvia, Lithuania, Poland, Hungary, the Czech Republic, Slovenia, and Slovakia) will have "graduated" from SEED. From the Baltics to the former Yugoslavia, these countries, each in its own distinctive way, will have reached the goal of "political democracy and economic pluralism" envisaged by the creators of SEED. This means that it is no longer necessary to maintain individual assistance programs or resident USAID missions in these countries. The progress they have made has validated the premise of the SEED Act that American assistance in Central and Eastern Europe would promote durable reform and self-reliance, not long-term dependency.

Even as bilateral USAID missions close in the "graduating" countries, SEED still has an essential role to play in consolidating the dramatic breakthrough for democracy and prosperity in Central and Eastern Europe. Through modest, well-conceived regional programs, SEED must be ready to help our partners in the region weather unforeseen challenges, such as the current global financial crisis. Regional SEED assistance remains vital to strengthen non-governmental organizations that are the key to locking in the reforms of the past decade and to building durable civil societies. We want to empower our strongest partners in the region to help countries elsewhere in Central and Eastern Europe and the former Soviet Union where democratic and market transition has been slower. Our proposal to endow a new Polish-American foundation with resources from the enormously successful Polish-American Enterprise Fund is a good example of our commitment that SEED will remain active and creative into the 21st Century.

We will maintain bilateral SEED programs and resident USAID missions in countries of southeastern Europe where democratic and market reforms are gaining momentum. SEED assistance is a key component of the Southeast Europe Initiative announced by President Clinton in February 1998. In Romania, Bulgaria, Croatia, FYROM, and Albania, SEED assistance remains critical as governments in these countries pursue their goals in consolidating democracy and achieving financial stability. Active American involvement in the reform process provides concrete support and psychological reassurance to reformers and to the public in each of these countries. We will continue to work with the European Union and the international financial

II. SEED ASSISTANCE SUMMARIES

ALBANIA

ECONOMIC DEVELOPMENTS

Albania is a poor country in transition from strict central economic planning to a free market system. Many issues related to privatization, ownership claims, and the appropriate regulation of business remain unresolved. Economic recovery from the collapse of 1997 has been slow, but inflation was down to about 10 percent during 1998, compared to around 40 percent in 1997, and the GDP grew by about 10 percent. The official unemployment rate was 17.2 percent. With two-thirds of all workers employed in agriculture -- mostly at the subsistence level -- remittances from abroad are very important to the economy, as is foreign assistance.

Successive Albanian governments repeatedly have proclaimed policies favoring economic freedom and development, but the country has much to do complete its transition to a sound market economy integrated into international financial and trade institutions. Albania still lacks an adequate banking system that can attract and mobilize savings for investment. Property rights and security interests are not reliably enforced, and elements of the judicial system are generally viewed as corrupt and ineffective. Albania is actively pursuing membership in the World Trade Organization (WTO), but considerable reforms will be required before membership can be achieved. WTO membership is a prerequisite for association with the EU, an overarching goal for Albania's political leadership.

Albania has recovered economically from the 1997 collapse of a large network of pyramid schemes, which had collected funds directly from the populace by offering high and increasing rates of return. Already high unemployment had risen, and agricultural production had dropped, as Albanians invested in these schemes and lived on interest payments. The collapse of the schemes in late 1996/early 1997 led to countrywide unrest, looting, destruction of government buildings and private property, and loss of confidence in government institutions. While the economy has bounced back surprisingly well, public skepticism remains.

Albania has worked closely with the international financial institutions and has reached agreement with the IMF on needed facilities.

POLITICAL DEVELOPMENTS

Albania is a republic with a multiparty Parliament, Prime Minister, and a President elected by Parliament. The Prime Minister heads the government; the Presidency is largely ceremonial, having limited executive power. The country adopted a new constitution in November 1998, following a national referendum that international observers found was conducted fairly. The new constitution replaces the constitutional laws that had been serving as the basis for the country's governance. The new document, drafted with the help of international experts, provides for separation of powers and guarantees fundamental human rights.

Socialist Party chairman Fatos Nano, who had formed a government after national elections in June 1997, resigned as Prime Minister in September, following a series of often violent demonstrations against his administration. The Socialists then chose Pandeli Majko as Prime Minister. The largest opposition group, the Democratic Party, boycotted Parliament from October 1997 to March 1998 and again from June 1998 onwards, charging unfair practices by the ruling Socialists and their allies.

infant mortality increasing and life expectancy decreasing, regardless of gender. In summary, Albania's graduation prospects are receding.

Program Impact

Economic Growth

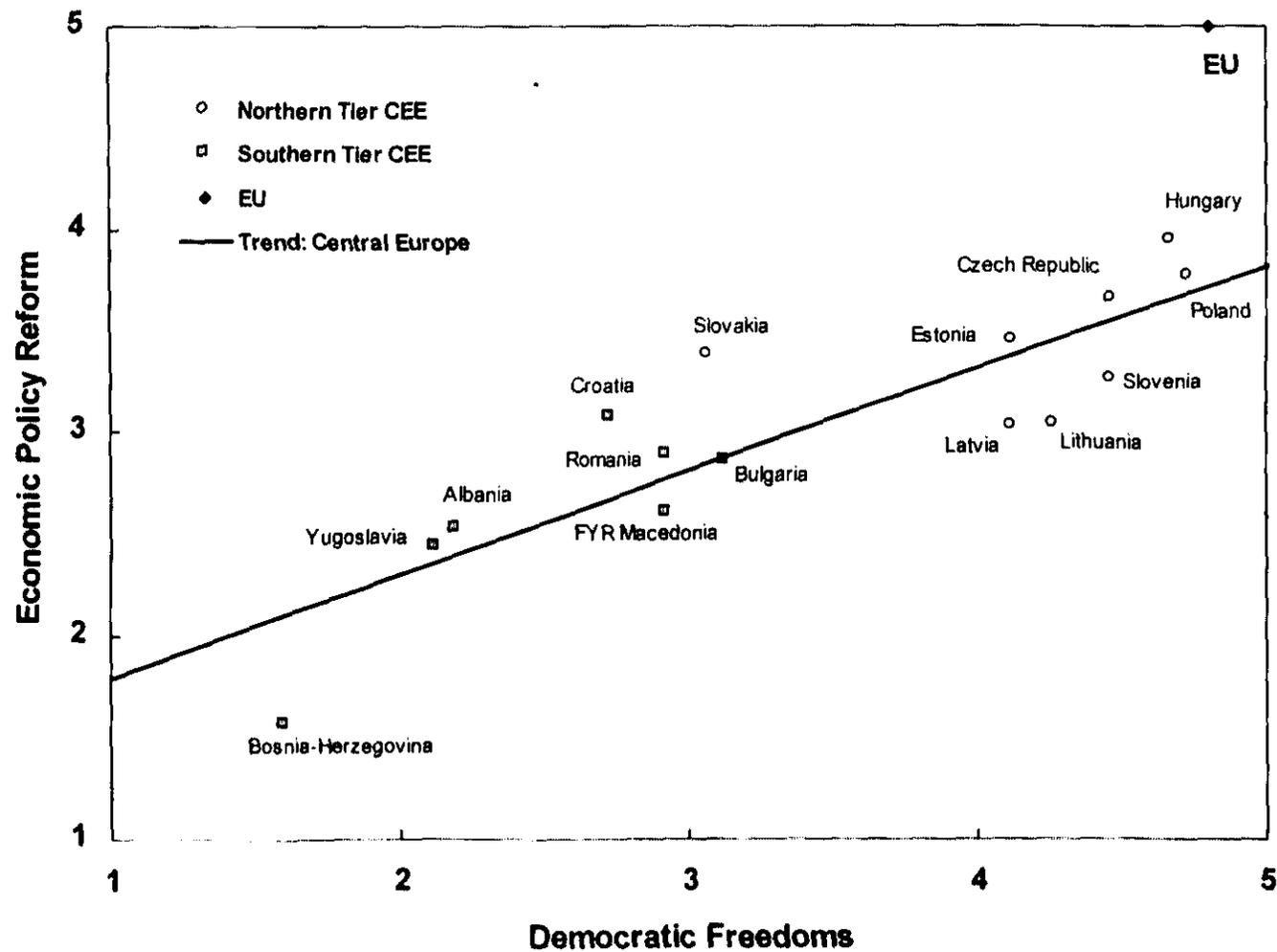
The September riots in Tirana reduced economic activity less sharply than had the 1997 nationwide insurgency, but they will hardly help attract foreign capital, already deterred by government instability, the widespread availability of guns, and pervasive crime and corruption. With farmers shifting from cereals to higher-value crops, the 1998 wheat harvest will need to be supplemented by imports. Industrial output this year is likely to be about 8 percent above that of 1997, more than offsetting the 5.7 percent drop suffered during the 1997 insurgency. Mining exports are increasing, and the oil industry is expanding output following international investment agreements. The *lek* has continued to appreciate despite political instability. Adherence to the IMF restructuring program is showing results. The trade and services sector continues in deficit, the major offsetting inflow being almost entirely remittances from abroad.

The GOA is continuing to sell off of state-owned businesses, which may or may not deliver favorable results. While the sell-off shows firm commitment to divestiture of state-owned enterprises, most of the planned sales may not be supported by adequate preparation. SEED assistance is being provided in this area, but the evacuation of American personnel has prevented meaningful dialogue at high enough levels to have a significant effect on divestiture decisions. SEED support for developing adequate collateral law continues, and judicial training programs have been created on bankruptcy laws, administrative systems, and intellectual property rights.

Fiscal Restructuring: Assistance to the Ministry of Finance through the U.S. Treasury was targeted on tax administration, government debt issuance and management, and budget planning and formulation. This assistance directly complemented World Bank and IMF structural adjustment programs, which helped Albania through the 1997 post-conflict period. Based on the GOA's satisfactory performance in meeting fiscal and macroeconomic targets, the IMF approved a three-year ESAF agreement in May 1998. With U.S. assistance, the GOA enacted the Small Business Tax, a new Budget Law, and drafted a Public Debt Law, all of which complied with World Bank and IMF targets. Following the political turmoil in September 1998, the IMF reviewed its ESAF agreement with Albania and found that macroeconomic policies and reforms were on track overall. For example, the fiscal deficit financed by domestic resources dropped to 6.5 percent of GDP, against a peak of 11.4 percent at the end of 1997. The GOA declared that GDP could achieve 8-9 percent growth, slightly below the IMF target of 10 percent but more than compensating for the 7 percent decline suffered in 1997. In the absence of U.S. Government personnel, other donors will provide further assistance in this area.

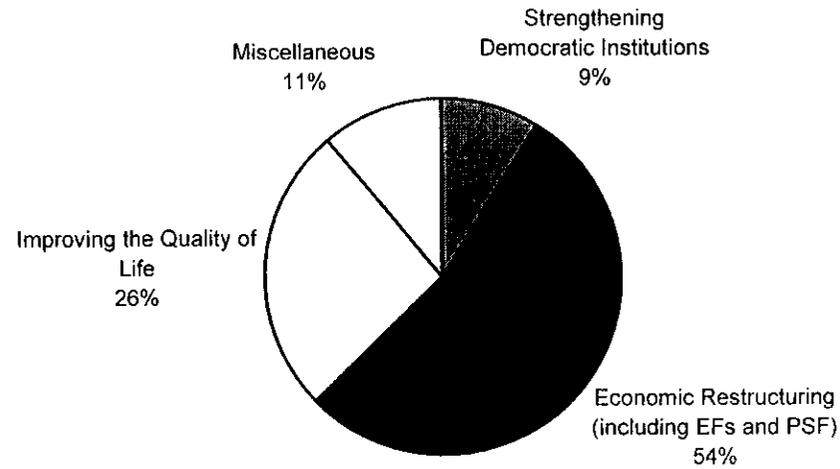
Financial Sector: The U.S. continued to support the World Bank's efforts to administer, audit, and wind down the pyramid schemes in conjunction with the GOA's transparency process. Most of these schemes had collapsed in 1996 and early 1997. The five remaining ones were placed under GOA administration through World Bank assistance in November 1997. Subsequently, a valuation of their assets was carried out, along with an audit which was concluded in mid-1998. Twelve of the failed schemes were also put under GOA administration and audited with World Bank assistance. The GOA administration of all these schemes was to be completed by December 1998, after which the poorest depositors are to receive the proceeds from all liquidated assets.

Economic Policy Reforms and Democratic Freedoms in Central and Eastern Europe: 1998



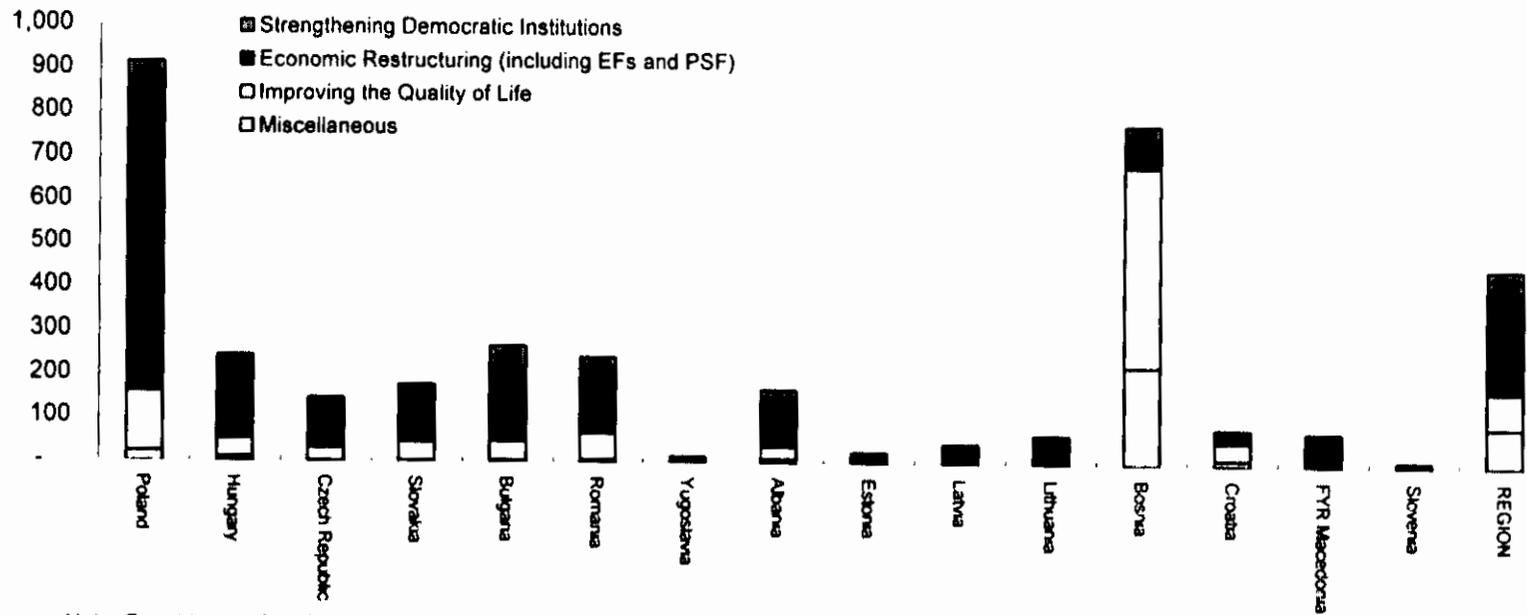
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**SEED Assistance to Central & Eastern Europe:
Cumulative Obligations FY1990 to FY1998
\$3,772,602**



2

SEED Assistance to Central & Eastern Europe Cumulative Obligations by Country



Note: Countries are listed in order of program initiation. Reflects cumulative obligations as of 09/30/98.

Real GDP
(Annual percent change)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	9.8	-10.0	-27.7	-7.2	9.6	9.4	8.9	9.1	-7.0	9.0
Bosnia-Herzegovina	...	...	...	...	...	...	32.0	46.0	39.0	30.0
Bulgaria	0.5	-9.1	-11.7	-7.3	-1.5	1.8	2.1	-10.9	-7.4	4.0
Croatia	-1.6	-6.9	-19.8	-11.7	-8.0	5.9	6.8	6.0	6.5	4.2
Czech Republic	1.4	-1.2	-11.5	-3.3	0.6	3.2	6.4	3.9	1.0	-1.0
Estonia	-1.1	-8.1	-7.9	-14.2	-8.5	-1.8	4.3	4.0	11.4	5.0
FYR Macedonia	na	-9.9	-12.1	-21.1	-9.1	-1.8	-1.2	0.8	1.5	5.0
Hungary	0.7	-3.5	-11.9	-3.1	-0.6	2.9	1.5	1.3	4.4	4.6
Latvia	6.8	2.9	-10.4	-34.9	-14.9	0.6	-0.8	3.3	6.5	4.0
Lithuania	1.5	-5.0	-13.4	-21.3	-16.2	-9.8	3.3	4.7	5.7	3.0
Poland	0.2	-11.6	-7.0	2.6	3.8	5.2	7.0	6.1	6.9	5.2
Romania	-5.8	-5.6	-12.9	-8.7	1.5	3.9	7.1	4.1	-6.6	-5.0
Slovakia	1.4	-2.5	-14.6	-6.5	-3.7	4.9	6.9	6.6	6.5	5.0
Slovenia	-1.8	-4.7	-8.9	-5.5	2.8	5.3	4.1	3.1	3.3	4.0
Industrial Countries 1/	3.7	2.5	0.8	1.8	1.1	2.9	2.1	3.0	3.0	2.1
OECD Countries 2/	3.5	2.8	1.2	1.9	1.2	3.2	2.6	3.2	3.2	2.0
European Union 3/	3.5	3.1	1.7	1.1	-0.5	3.0	2.4	1.8	2.7	2.8

For 1989, the data refer to GSP, the value added concept of former Yugoslavia, which excludes government, financial and some personal services.

* Figures are for NMP until 1990, GDP thereafter. NMP excludes depreciation and the value added from most of the service sector.

1/ Consists of United States, Japan, Germany, France, Italy, United Kingdom, Canada, Spain, Netherlands, Belgium, Sweden, Austria, Denmark, Finland, Greece, Portugal, Ireland, Luxembourg, Switzerland, Norway, Israel, Iceland, Korea, Australia, Taiwan Province of China, Hong Kong (China), Singapore, and New Zealand.

2/ Consists of United States, Japan, Germany, France, Italy, United Kingdom, Canada.

3/ Consists of Germany, France, Italy, United Kingdom, Spain, Netherlands, Belgium, Sweden, Austria, Denmark, Finland, Greece, Portugal, Ireland, Luxembourg.

Sources: EBRD *Transition Report 1998* (11/98); IMF *World Economic Outlook* (12/98)

Inflation
(Annual average percent change)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Albania	0.0	0.0	104.0	236.6	30.9	15.8	6.0	17.4	42.1	10.0
Bosnia-Herzegovina	...	...	114.0	73109.0	44069.0	780.0	-4.4	-24.5	13.4	5.0
Bulgaria	6.4	26.3	339.0	79.4	63.8	121.9	32.9	310.8	578.6	10.0
Croatia	na	na	250.0	938.2	1149.0	-3.0	3.8	3.4	3.8	6.0
Czech Republic	2.3	10.8	52.0	12.7	18.2	9.7	7.9	8.6	10.0	9.0
Estonia	6.1	23.1	304.0	953.5	35.6	42.0	29.0	15.0	12.0	8.0
FYR Macedonia	na	na	230.0	1925.2	229.6	55.4	9.0	-0.6	2.6	1.4
Hungary	16.9	28.9	32.0	21.6	21.1	21.2	28.3	19.8	18.4	13.5
Latvia	4.7	10.5	262.0	959.0	35.0	26.0	23.1	13.1	7.0	4.6
Lithuania	2.1	8.4	345.0	1161.1	188.8	45.0	35.5	13.1	8.5	4.2
Poland	251.1	585.8	60.0	44.3	37.6	29.4	21.6	18.5	13.2	10.0
Romania	1.1	5.1	223.0	199.2	295.5	61.7	27.8	56.9	151.4	45.0
Slovakia	2.3	10.8	58.0	9.1	25.1	11.7	7.2	5.4	6.4	9.0
Slovenia	1306.0	549.7	247.0	92.9	22.8	19.5	9.0	9.0	8.8	7.0
European Union 1/	4.7	5.5	7.3	4.4	3.6	2.6	2.9	2.4	1.8	1.7

1/ Consists of Germany, France, Italy, United Kingdom, Spain, Netherlands, Belgium, Sweden, Austria, Denmark, Finland, Greece, Portugal, Ireland, Luxembourg.

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(in millions of US dollars)

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Czech Republic 2/	11.2	12.3	17.3	27.7	45.1	56.3	70.0	75.0	75.0
Estonia 3/	—	—	17.7	45.0	50.6	58.0	65.0	70.0	70.0
FYR Macedonia	—	—	—	—	25-40	35.0	40.0	50.0	50.0
Hungary	14.9	—	33.0	44.0	52.4	58.0	60.0	70.0	75.0
Latvia 2/	—	—	—	—	—	58.0	60.0	60.0	60.0
Lithuania 4/	10.4	11.6	16.0	37.0	57.0	62.3	55.0	65.0	70.0
Poland	28.6	31.4	45.3	48.2	53.5	56.0	60.0	60.0	65.0
Romania	12.8	16.4	23.6	26.4	32.0	35.0	40.0	60.0	60.0
Slovakia 5/	—	—	25.0	32.4	39.0	58.2	60.0	70.0	75.0
Slovenia 6/	8.1	11.4	15.7	19.5	—	—	45.0	45.0	50.0

* Mid-1996 EBRD estimate ** Mid-1997 EBRD Estimate

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6/ Excludes socially managed enterprises

Sources: EBRD Transition Report 1998 (11/98).

Unemployment Rate (in % of the labor force)

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Albania	—	9.5	8.3	27.9	29.0	19.6	16.9	12.4	...
Bulgaria	—	1.5	11.1	15.3	16.4	12.8	11.1	12.5	13.7
Croatia	—	9.3	13.2	13.2	14.8	14.5	14.5	16.4	17.5
Czech Republic *	0.0	0.8	4.1	2.6	3.5	3.2	2.9	3.5	5.2
Estonia	—	—	...	...	6.5	7.6	9.7	10.0	10.5
FR Macedonia	—	—	19.2	27.8	28.3	31.4	37.7	31.9	36.0
Hungary	0.3	1.9	7.4	12.3	12.1	10.4	10.4	10.5	10.4
Latvia	—	—	...	2.3	5.8	6.5	6.6	7.2	7.0
Lithuania	—	—	0.3	1.3	4.4	3.8	6.2	7.1	5.9
Poland	0.1	6.3	11.8	13.6	16.4	16.0	14.9	13.2	10.5
Romania	—	—	3.0	8.2	10.4	10.9	9.5	6.6	8.8
Slovakia	0.0	1.5	...	...	12.2	13.7	13.1	11.1	11.6
Slovenia	2.9	4.7	8.2	11.5	14.4	14.4	13.9	13.9	14.4
Industrial Country 1/	6.3	6.1	6.9	7.7	8.1	8.0	7.7	7.7	7.4
G-7 Countries 2/	5.9	5.8	6.5	7.2	7.3	7.2	6.8	6.9	6.7
European Union 3/	8.7	8.0	8.5	9.8	11.0	11.5	11.1	11.2	11.0

1/ Consists of United States, Japan, Germany, France, Italy, United Kingdom, Canada, Spain, Netherlands, Belgium, Sweden, Austria, Denmark, Finland, Greece, Portugal, Ireland, Luxembourg, Switzerland, Norway, Iceland, Australia, New Zealand.

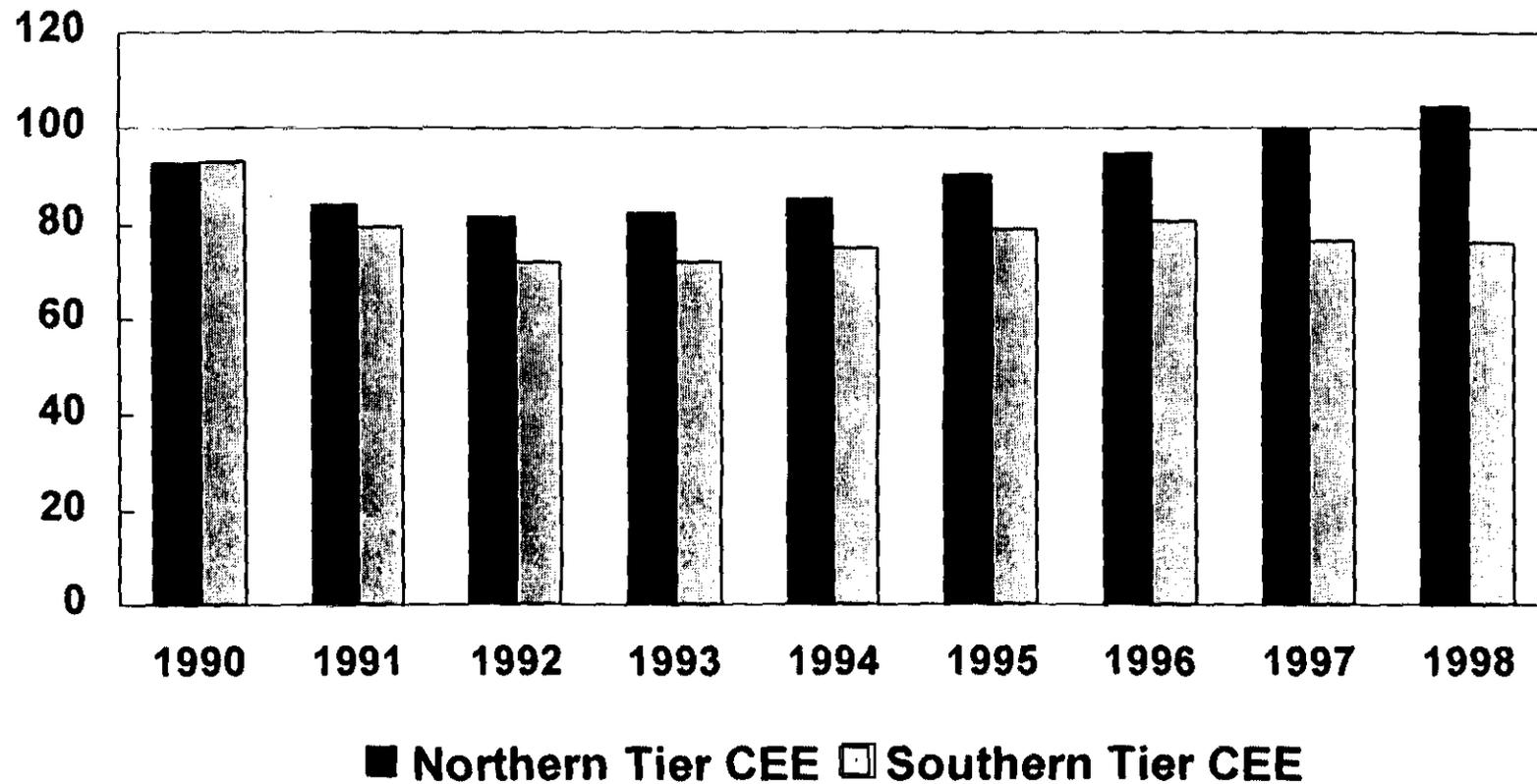
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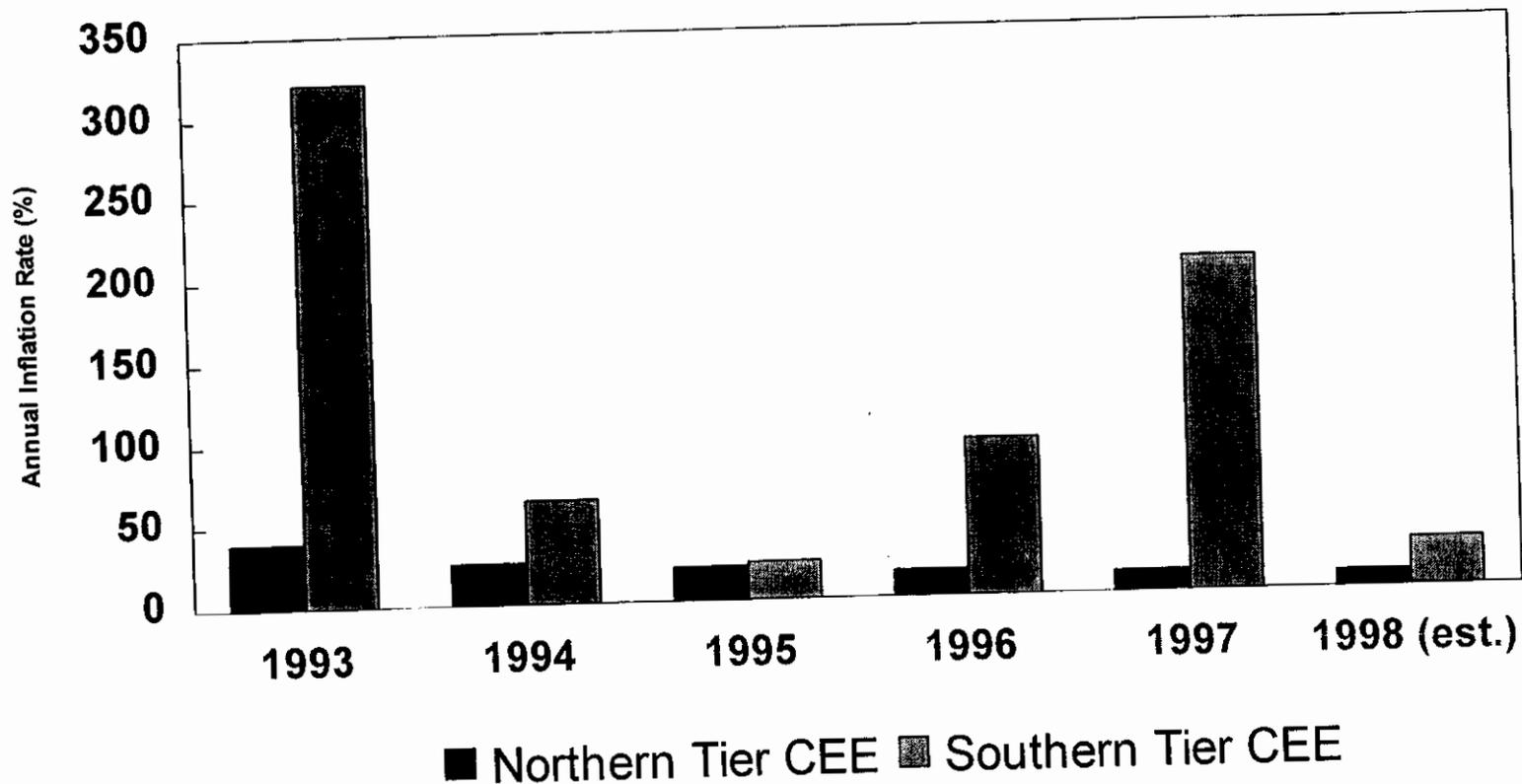
Figures for 1989 and 1990 are for the former CSFR.

Real GDP as Percent of 1989 GDP



Source: EBRD, Transition Report 1998 (November 1998, and earlier editions).

Inflation in Central & Eastern Europe: 1993-1998



Source: EBRD, Transition Report 1998 (November 1998, and earlier editions).

I. INTRODUCTION

On November 28, 1989, President Bush signed into law the Support for East European Democracy (SEED) Act "to provide cost-effective assistance to those countries of Eastern Europe that have taken substantive steps toward institutionalizing political democracy and economic pluralism." As we prepare to celebrate the tenth anniversary of the fall of the Berlin Wall, the wisdom of the bipartisan founders of SEED is evident. The vision of Presidents and Members of Congress of both political parties has been matched by the readiness of American taxpayers to invest in the building of democracy, market economies, and the rule of law throughout Central and Eastern Europe. A region that was once the tinderbox of European conflict has become an area of increasing stability, security, and prosperity.

With timely, targeted SEED assistance, Central and Eastern European countries have moved to the forefront of the process of European integration. Three SEED participant countries -- Poland, Hungary, and the Czech Republic -- now themselves will be contributing to America's national security as new members of the NATO Alliance. Countries throughout the region have achieved impressive economic growth and financial stability and are moving toward membership in the European Union. SEED assistance throughout Central and Eastern Europe has promoted respect for fundamental human rights, the rule of law, and the strengthening of civil society. It also has helped to leverage similar support from other, likeminded donors -- mostly International Financial Institutions and Western European countries -- to achieve a much greater impact than would have been possible with U.S. assistance alone.

By the tenth anniversary of Congressional enactment of SEED, eight Central and Eastern European countries (Estonia, Latvia, Lithuania, Poland, Hungary, the Czech Republic, Slovenia, and Slovakia) will have "graduated" from SEED. From the Baltics to the former Yugoslavia, these countries, each in its own distinctive way, will have reached the goal of "political democracy and economic pluralism" envisaged by the creators of SEED. This means that it is no longer necessary to maintain individual assistance programs or resident USAID missions in these countries. The progress they have made has validated the premise of the SEED Act that American assistance in Central and Eastern Europe would promote durable reform and self-reliance, not long-term dependency.

Even as bilateral USAID missions close in the "graduating" countries, SEED still has an essential role to play in consolidating the dramatic breakthrough for democracy and prosperity in Central and Eastern Europe. Through modest, well-conceived regional programs, SEED must be ready to help our partners in the region weather unforeseen challenges, such as the current global financial crisis. Regional SEED assistance remains vital to strengthen non-governmental organizations that are the key to locking in the reforms of the past decade and to building durable civil societies. We want to empower our strongest partners in the region to help countries elsewhere in Central and Eastern Europe and the former Soviet Union where democratic and market transition has been slower. Our proposal to endow a new Polish-American foundation with resources from the enormously successful Polish-American Enterprise Fund is a good example of our commitment that SEED will remain active and creative into the 21st Century.

We will maintain bilateral SEED programs and resident USAID missions in countries of southeastern Europe where democratic and market reforms are gaining momentum. SEED assistance is a key component of the Southeast Europe Initiative announced by President Clinton in February 1998. In Romania, Bulgaria, Croatia, FYROM, and Albania, SEED assistance remains critical as governments in these countries pursue their goals in consolidating democracy and achieving financial stability. Active American involvement in the reform process provides concrete support and psychological reassurance to reformers and to the public in each of these countries. We will continue to work with the European Union and the international financial

institutions to coordinate support for reform and to accelerate the integration of the countries of southeastern Europe into European and transatlantic institutions.

SEED assistance remains essential to America's ongoing efforts to implement the Dayton Peace Agreement in Bosnia. In 1998, SEED continued to fund the reconstruction of infrastructure necessary to encourage refugee returns to minority areas. American assistance provided loans and advice to entrepreneurs in Bosnia's nascent private sector. SEED made vital contributions to the building of national institutions and to the restructuring and training of police and the judiciary. With SEED assistance, both public and private media made continued progress toward responsibility, accountability, and democratic values. Timely American support fostered democratic development through voter education, political party building, development of non-governmental organizations, and training of young Bosnians in a wide range of disciplines. The 1998 national elections in Bosnia largely demonstrated a growing political maturity in all parts of the country, as the popularity of nationalist parties declined. In 1999, SEED assistance will focus on encouraging leaders in both entities and at the national level to put in place the reforms necessary to establish a functioning market economy and attract foreign investment. Thus, SEED will continue to play an indispensable role in achieving the key objective of full and successful implementation of Dayton.

As Fiscal Year 1998 came to a close, the United States led an international effort to broker a just and durable peace in Kosovo. SEED provided timely, essential support to the Kosovo peace process. In FY 99, we anticipate that SEED will again be called upon to bolster Kosovo peace implementation through support for civil reconstruction, democratization, and building of free media and a civil society. In Serbia and Montenegro, SEED will continue to support reformers who are working under extremely difficult conditions toward democracy, market reforms, the rule of law, and free media.

All Americans can be proud of the SEED program and its accomplishments over the past decade. Just as American support was vital to the courageous East Europeans who dismantled the Wall, it has been equally indispensable to their efforts to build democracy and prosperity. America has made a wise strategic investment in the peace, stability, and security of Central and Eastern Europe. The SEED program remains a prudent, cost-effective, and farsighted insurance policy on that investment.


Larry C. Napper
Coordinator for East European Assistance

II. SEED ASSISTANCE SUMMARIES

ALBANIA

ECONOMIC DEVELOPMENTS

Albania is a poor country in transition from strict central economic planning to a free market system. Many issues related to privatization, ownership claims, and the appropriate regulation of business remain unresolved. Economic recovery from the collapse of 1997 has been slow, but inflation was down to about 10 percent during 1998, compared to around 40 percent in 1997, and the GDP grew by about 10 percent. The official unemployment rate was 17.2 percent. With two-thirds of all workers employed in agriculture -- mostly at the subsistence level -- remittances from abroad are very important to the economy, as is foreign assistance.

Successive Albanian governments repeatedly have proclaimed policies favoring economic freedom and development, but the country has much to do complete its transition to a sound market economy integrated into international financial and trade institutions. Albania still lacks an adequate banking system that can attract and mobilize savings for investment. Property rights and security interests are not reliably enforced, and elements of the judicial system are generally viewed as corrupt and ineffective. Albania is actively pursuing membership in the World Trade Organization (WTO), but considerable reforms will be required before membership can be achieved. WTO membership is a prerequisite for association with the EU, an overarching goal for Albania's political leadership.

Albania has recovered economically from the 1997 collapse of a large network of pyramid schemes, which had collected funds directly from the populace by offering high and increasing rates of return. Already high unemployment had risen, and agricultural production had dropped, as Albanians invested in these schemes and lived on interest payments. The collapse of the schemes in late 1996/early 1997 led to countrywide unrest, looting, destruction of government buildings and private property, and loss of confidence in government institutions. While the economy has bounced back surprisingly well, public skepticism remains.

Albania has worked closely with the international financial institutions and has reached agreement with the IMF on needed facilities.

POLITICAL DEVELOPMENTS

Albania is a republic with a multiparty Parliament, Prime Minister, and a President elected by Parliament. The Prime Minister heads the government; the Presidency is largely ceremonial, having limited executive power. The country adopted a new constitution in November 1998, following a national referendum that international observers found was conducted fairly. The new constitution replaces the constitutional laws that had been serving as the basis for the country's governance. The new document, drafted with the help of international experts, provides for separation of powers and guarantees fundamental human rights.

Socialist Party chairman Fatos Nano, who had formed a government after national elections in June 1997, resigned as Prime Minister in September, following a series of often violent demonstrations against his administration. The Socialists then chose Pandeli Majko as Prime Minister. The largest opposition group, the Democratic Party, boycotted Parliament from October 1997 to March 1998 and again from June 1998 onwards, charging unfair practices by the ruling Socialists and their allies.

Albania's human rights picture improved somewhat during 1998, but problems remained in several areas. Government respect for freedom of speech, the press, and assembly improved. However, gains were largely offset by the stubbornly passive approach of the Government of Albania (GOA) to basic law enforcement, and instances of crime, corruption, and vigilantism undermined GOA efforts to restore civil order. Democratic Party leaders often alleged GOA responsibility for the murders of members of their party during the year, but there was no evidence to support these claims. Still, the party often complained legitimately about incidents of police harassment against its members and about the dismissal of some of them from official positions for political reasons. The influx into Albania of about 24,000 refugees fleeing the fighting in neighboring Kosovo put an additional strain on the GOA, which required substantial international assistance to deal with the situation.

Albania desires close cooperation with the United States. Its government and military seek close ties with NATO through the Partnership for Peace program.

SEED ASSISTANCE SUMMARY

Program Overview

Following the civil unrest of early 1997, the U.S. assistance program steadily returned to normality. By mid-1997, the SEED program was actively pursuing its three-pronged approach of fostering free market economic growth, building democracy, and improving the quality of life.

Albania's economy began to recover by late 1997, as the political situation and public order gradually stabilized. Despite the Nano government's fiscal reforms, including a near doubling of the value-added tax and increased excise taxes, to bring the budget deficit under control and meet macroeconomic targets under the IMF's Economic Structural Adjustment Facility (ESAF) for 1998, political and regional instability were too great to overcome. The struggle in Kosovo, the widening chasm between the government and opposition, and pervasive crime and corruption coupled with a still-frail administration, all contributed to the September 1998 collapse of Nano's government. However, the fragile democracy did survive, despite instability marked by riots and other acts of violence, and a new government was formed under Prime Minister Pandeli Majko. Given the young, new Prime Minister's lack of communist-period involvement, donor countries now expect the GOA to take stronger measures to restore stability and confidence to Albania.

Against this backdrop, security threats stemming from outside influences necessitated the withdrawal of most American staff from Albania in August 1998. Consequently, the SEED assistance program to Albania reduced its pace. By September 30, implementation of activities had shifted to American contractors and grantees temporarily based in neighboring countries, using third-country nationals to manage activities in Albania and conducting critical training in third countries.

The U.S. had contributed approximately \$169 million in SEED assistance to Albania as of September 30, 1998. The FY 98 level was \$30 million, plus an additional \$10 million in agricultural commodities under the Food for Progress program.

Albania's progress toward graduation from the SEED program continued to be inhibited by the September 1998 instability. Before 1997, Albania ranked near the middle of the countries of Central and Eastern Europe (CEE) and the New Independent States (NIS) in economic performance, democratization, and social conditions. It now falls below the middle in economic policy and democratic freedoms. Social conditions also have suffered, with indicators such as

infant mortality increasing and life expectancy decreasing, regardless of gender. In summary, Albania's graduation prospects are receding.

Program Impact

Economic Growth

The September riots in Tirana reduced economic activity less sharply than had the 1997 nationwide insurgency, but they will hardly help attract foreign capital, already deterred by government instability, the widespread availability of guns, and pervasive crime and corruption. With farmers shifting from cereals to higher-value crops, the 1998 wheat harvest will need to be supplemented by imports. Industrial output this year is likely to be about 8 percent above that of 1997, more than offsetting the 5.7 percent drop suffered during the 1997 insurgency. Mining exports are increasing, and the oil industry is expanding output following international investment agreements. The *lek* has continued to appreciate despite political instability. Adherence to the IMF restructuring program is showing results. The trade and services sector continues in deficit, the major offsetting inflow being almost entirely remittances from abroad.

The GOA is continuing to sell off of state-owned businesses, which may or may not deliver favorable results. While the sell-off shows firm commitment to divestiture of state-owned enterprises, most of the planned sales may not be supported by adequate preparation. SEED assistance is being provided in this area, but the evacuation of American personnel has prevented meaningful dialogue at high enough levels to have a significant effect on divestiture decisions. SEED support for developing adequate collateral law continues, and judicial training programs have been created on bankruptcy laws, administrative systems, and intellectual property rights.

Fiscal Restructuring: Assistance to the Ministry of Finance through the U.S. Treasury was targeted on tax administration, government debt issuance and management, and budget planning and formulation. This assistance directly complemented World Bank and IMF structural adjustment programs, which helped Albania through the 1997 post-conflict period. Based on the GOA's satisfactory performance in meeting fiscal and macroeconomic targets, the IMF approved a three-year ESAF agreement in May 1998. With U.S. assistance, the GOA enacted the Small Business Tax, a new Budget Law, and drafted a Public Debt Law, all of which complied with World Bank and IMF targets. Following the political turmoil in September 1998, the IMF reviewed its ESAF agreement with Albania and found that macroeconomic policies and reforms were on track overall. For example, the fiscal deficit financed by domestic resources dropped to 6.5 percent of GDP, against a peak of 11.4 percent at the end of 1997. The GOA declared that GDP could achieve 8-9 percent growth, slightly below the IMF target of 10 percent but more than compensating for the 7 percent decline suffered in 1997. In the absence of U.S. Government personnel, other donors will provide further assistance in this area.

Financial Sector: The U.S. continued to support the World Bank's efforts to administer, audit, and wind down the pyramid schemes in conjunction with the GOA's transparency process. Most of these schemes had collapsed in 1996 and early 1997. The five remaining ones were placed under GOA administration through World Bank assistance in November 1997. Subsequently, a valuation of their assets was carried out, along with an audit which was concluded in mid-1998. Twelve of the failed schemes were also put under GOA administration and audited with World Bank assistance. The GOA administration of all these schemes was to be completed by December 1998, after which the poorest depositors are to receive the proceeds from all liquidated assets.

USAID technical assistance to promote adoption and implementation of a secured transactions law continued in 1998. A draft of this collateral law, creating an effective way by which a debtor may give secured parties a secured interest in movable property, was completed in May 1998. Due to the mid-1998 ordered evacuation, technical assistance was delayed, but the law is expected to be enacted in 1999.

USAID assistance in strengthening bank supervisory operations at the Bank of Albania (BOA) began in March 1998. USAID has helped increase the capacity of the BOA's Bank Supervision Department to regulate and monitor the banking system, enforce banking laws and regulations, and strengthen the BOA's bank licensing and liquidation policies. Since the ordered evacuation, technical assistance has focussed on bank supervision training activities in the region. U.S. Treasury assistance, collaborating with the World Bank's lead effort in state bank restructuring and privatization, helped the Ministry of Finance successfully to liquidate the Rural Commercial Bank in early 1998. A Bank Asset Resolution Trust was created in 1998, which is managing and liquidating the non-performing loan portfolios of the remaining state banks. The GOA also planned to privatize the National Commercial Bank by the end of 1998 and the Savings Bank in 1999. U.S. Treasury assistance ended with the ordered evacuation.

Albania's capital market is in a very early stage of development. USAID has concentrated on helping build the institutional and regulatory capacity of the Albanian Securities Commission and the Tirana Stock Exchange. In 1998, through assistance from the U.S. Securities and Exchange Commission, USAID delivered training to the staff of the Albanian Securities Commission on broker-dealer examination licensing and regulatory procedures. As a result, changes were made in the type and quality of information provided by potential broker-dealers, and new minimum standards were set.

Agricultural Development: Aggregate agricultural production is stable, but its component outputs are changing. Farmers are turning to maize, potatoes, vegetables, and sugar beets; have reduced cereals and tobacco; and have eliminated crops requiring intensive irrigation, such as rice and cotton. They are enlarging their orchards, olive groves, and vineyards, but abandoning citrus fruits. Among livestock products, milk production is replacing meat.

SEED assistance continues to support the growth of private sector firms and their producer association support networks. The importation and use of fertilizer increased by 73 percent in 1998. The private agricultural input dealer trade association became financially independent. A national seed laboratory and germ plasm conservation unit and a national soil analysis laboratory were inaugurated. The supply of credit to dealers in inputs nearly doubled. Eight new agribusiness associations were established.

SEED programs have succeeded recently in the formation and independent operation of producer associations at the village level. After Albania's many years of communism and state cooperatives and following its difficult transition, more farmers are now starting to accept working together in "Western-style" cooperatives to advance their economic interests. The goal is not simply to convince farmers to join such organizations but to impress on them the importance of organizing one's production base and then making it attractive to the market. It is this link to the buyer and the priority given to outputs, not just inputs, that is making such producer associations successful. The Kreshpanje Bean Growers Association, for example, negotiated the highest price for its product since it began private farming. The Caushli Grape Growers and Rilindja Beverage Company are also success stories. Individual growers were brought together to negotiate a long-term business arrangement, under a SEED-financed activity. The Caushli Grape Growers negotiated prices competitive with those of imported grapes.

SEED assistance continues to support the Ministry of Agriculture and Food's agricultural market surveys, which use scientific methods in expanded segments in all twelve prefectures,

and which are widely distributed within both the government and private sectors. The Agricultural University of Tirana has adopted newly revised curricula and courses developed with SEED assistance. Computer labs for students and faculty have been provided.

Support for land privatization continues to focus on legal, regulatory, and procedural matters. The land registration process recorded over 315,000 parcels this year nationwide. Legislation has been passed to free up the sale of agricultural land, and progress has been made on a law for public property. Further work has been done on legislation to clarify administrative boundaries, critical for land use management and planning. A new set of regulations and a simplified manual to clarify procedures for field registration teams will make registration office procedures more consistent. Materials for training registration office staffs will also be provided. USAID is working with the Ministry of Justice to develop a training course for Notaries, which should also help increase consistency in adjudicating property rights issues.

Private Enterprise Development: Much of the SEED assistance to the agriculture sector supports private enterprise by working directly with farmers or through growers associations. The technical aid focuses largely on women-owned and operated enterprises. In the dairy industry, assistance covered sanitation and hygiene, cheese production, refrigeration, development of business plans, accounting practices, marketing strategies, and credit extension.

Imaginative, productive training and study tours for promising entrepreneurs have focussed on topics as varied as solid waste management, construction, publishing, computer software for the Albanian user, and agriculture. The Fultz Technical School offers specialized training in business development, serving high school age students with a five-year program emphasizing such areas as electronics, mechanics, business, and computer maintenance. The Business Development Center associated with the school provides extensive training and support services for Albanian entrepreneurs. A University of Nebraska project supports an MBA training program at the University of Tirana, as well as four business assistance centers in Albania.

The Albanian-American Enterprise Fund has approved 12 new investment projects totaling \$9 million. Its 30-investment portfolio is valued at \$22 million. The American Bank in Albania opened in 1998 and soon will offer full-service banking to Albanian corporate entities.

The scheduled launch of micro-enterprise activities providing micro-credit to Albanians and establishing an Albanian credit institution ensuring sustainability of activities occurred on schedule, although full implementation will be delayed until the evacuation ends.

Natural Resources Management for Economic Growth: Remarkable progress has been made in forestry. In collaboration with the World Bank, SEED activities are facilitating the transfer of communal forestland to private ownership and to ownership and control by local communities. Overgrazed and eroded forestlands are being returned to proper stewardship. Technical assistance is supporting the development of forest industries compatible with resource conservation, and for the transfer and management of forestland.

Legislation developed with SEED support encourages farmers to invest in reclaimed forest and pasturelands. There has been a tenfold increase in private forest and pasture restitution, and private owners have become advocates for reform in private forest management. The *komuna* (grouping of villages) forest transfer manual will be the basis for *komuna* transfer legislative reform, expected in early 1999. Albania's forest strategy will be presented to the Minister of Agriculture and Food for approval in mid-1999. Farmers have planted over 100,000 trees in over 40 demonstration plots in three districts. Modern business methods are being adopted, with farmers bearing a significant proportion of the program cost. The nursery association has become an effective advocate and private extension mechanism. The GOA sees its members as partners in forest management.

Legal and Regulatory Framework: Technical assistance to the GOA for World Trade Organization (WTO) accession was resumed this year. GOA negotiators and experts are being trained in WTO procedures and negotiations. Training is taking place in third-country locations so as to maintain momentum leading to a major working group meeting in 1999.

Urban Infrastructure: USAID's urban restructuring program has been instrumental in the formation of a Utilities Regulatory Committee and, in collaboration with other international donor programs, continues to work toward better water distribution in Tirana and Durres. This project also supports other infrastructure improvements, the rational distribution of public services, and the creation of legislation to promote local economic development, as well as laws affecting privatization of land and zoning practices.

Next Steps: Follow-on aid is planned to continue the growth and strengthening of private sector trade associations. Agriculture and micro-enterprises sorely need access to credit. Additional assistance is being put in place to complement the solid beginning which SEED support has made. There will also be further help for natural resource restoration. An initial watershed assessment will form the basis for identifying pilot areas for applying restoration activities in an economic and participatory setting.

Building Democracy

Basic democratic concepts, such as participatory and representative government, respect for diversity of beliefs, rule of law, and human rights, as well as open sources of information, have been introduced in Albania but have yet to gain widespread acceptance. The young, new government shows signs of having the political will to apply these democratic concepts. USAID activities, though constrained by the evacuation of American personnel, have continued to support Albania's fragile democracy and civil society development.

Legal Framework: Using SEED funds, the American Bar Association's Central and East European Legal Initiative (ABA/CEELI) has conducted activities in four areas: (1) judicial training, through the establishment of a magistrates school to support the training of judges to achieve a more effective, legitimate court system; (2) legal organization, through the formation of the Albanian Association of Judges and bar associations at the national and local levels, and bar and rights advocacy associations for women; (3) legal education, through the development, publication, and distribution of professional journals and continuing support for the law library and curricula for the University of Tirana Law School; and (4) commercial law, through assistance in drafting and reviewing new commercial laws.

Elections and Political Party Development: The National Democratic Institute (NDI) works closely with the Society for Democratic Culture (SDC), an Albanian NGO, in monitoring the media, supporting elections, and encouraging citizen participation. A series of roundtable discussions throughout Albania promoted grass-roots participation in preparing for the November 1998 constitutional referendum. The International Republican Institute (IRI) trains legislative leaders and publishes the *Parliamentary Monitor* to provide a record of parliamentary activities. In the spring of 1998, IRI, in collaboration with USAID's Democracy Network (DemNet), held simulated parliamentary hearings, which included NGO leaders and the heads of several legislative committees. The International Foundation for Electoral Systems (IFES) has given training and other assistance to the Albanian Central Election Commission.

Media: USAID's Promedia Program has been key in the formation of a Regulatory Commission for radio and TV, and has sponsored legislation to promote independent media. Training in business management continues for all forms of media, along with curriculum development for journalism students and support for new professional associations.

NGO Development: DemNet activity continues to encourage the establishment of public-policy-oriented NGOs advocating change in USAID's priority sectors of democracy, the environment, economic growth, and social safety nets. The International Center for Not-for-Profit Law (ICNL) has helped NGO leaders and members of the GOA in drafting an NGO law to provide a solid basis for further development of the third sector. DemNet also is strengthening DeMeTra, an Albanian NGO, which will conduct training and research to support domestic NGOs after the USAID program concludes.

Local Government Development: USAID's Public Administration Program works in eight municipalities, focusing on economic development and improved public management. It trains both local and central government officials in such areas as finance and public awareness. Passage in mid-1998 of a law permitting local governments to retain the revenues from municipally-held property should accelerate the devolution of power the local level. USAID closely coordinates its work with that of the Netherlands Government.

Next Steps: The USAID program will continue to promote the development of democratic practices and institutions regardless of current implementation constraints. Target beneficiaries include the Albanian Parliament, judiciary, and security forces, but media, local government, and the NGO sector also will be highlighted. SEED assistance will continue to encourage the needed national consensus for a more stable Albania.

Improving the Quality of Life/Social Sector Restructuring

After nearly fifty years of economic and political isolation, Albania has the least-developed social infrastructure system among the CEE states. Most urban health care facilities are seriously degraded, nor is adequate health care readily available in rural areas. Women's reproductive health care, including family planning and primary public health services for children, is still in its infancy and far below Western standards. USAID continued a health reform program, implemented by the U.S. Department of Health and Human Services, in health financing, hospital administration and management, and policy reform. A third activity was a hospital partnership program with two major U.S. institutions.

Women's Reproductive Health: This program seeks to improve the availability and quality of women's reproductive health services. It improves the clinical knowledge of physicians, nurses, midwives, and pharmacists through training and supervision; increases the number of delivery points for reproductive health services in both the public and private sectors; and through the development of informational materials, enhances the ability of families to make informed family planning decisions.

In 1998, there were 44 fully functioning women's reproductive health service points in Tirana and Durres supported by this project. Last year, it trained 48 medical personnel from five sites in Kruja city, who are now providing services in this new area. Training also started for a fourth urban area (Kavaja district), and services will begin there early in FY 99. An excellent informational booklet, entitled "We want to know everything about it, Albanian Women speak about family planning," was produced and is now being disseminated widely.

Health Reform: Specific 1998 activities in the U.S. Health and Human Services Department project included several technical assistance visits and training programs to upgrade the computer skills of Ministry of Health and Health Insurance Institute staff. The training and computerization allowed these two national institutions to improve their budgeting, financial accounting, service utilization analysis, material management and inventory, as well as many other management skills. A national hospital facilities survey instrument has been developed and will be carried out in FY 99.

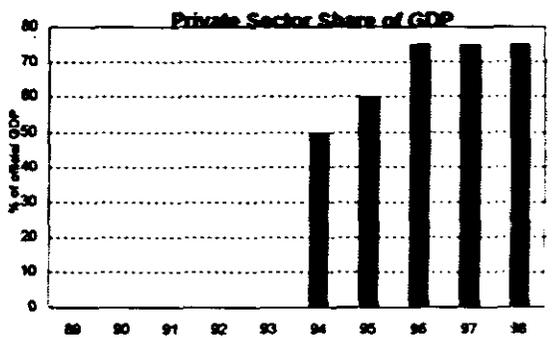
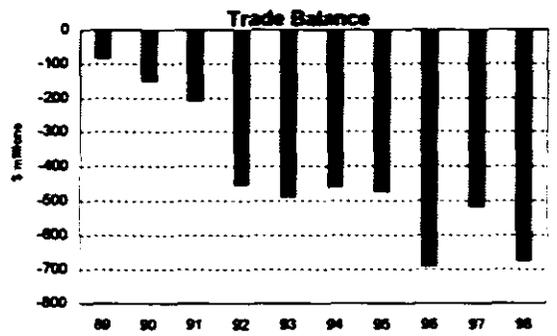
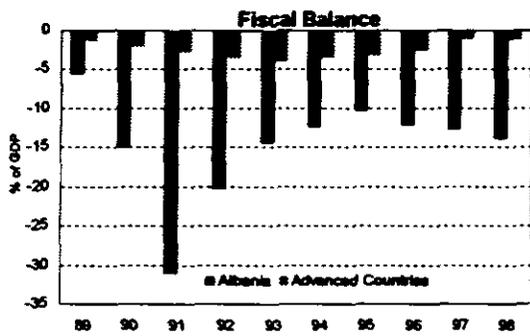
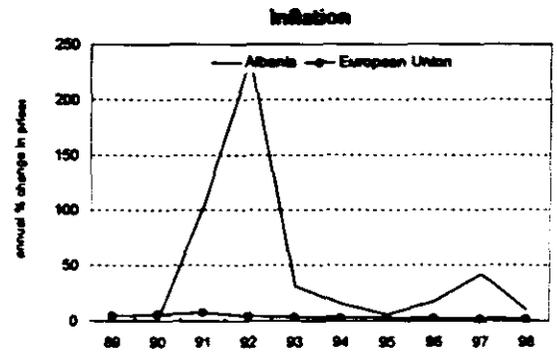
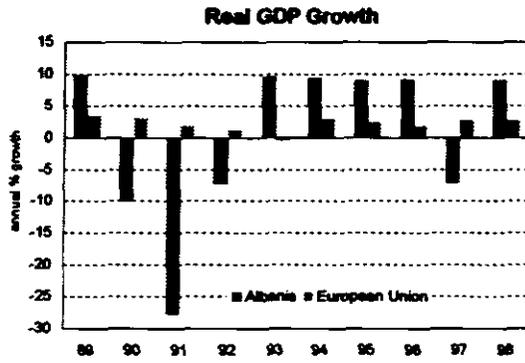
Hospital Partnership and Health Management: The American International Health Alliance (AIHA) continued two partnership programs in Albania in 1998:

The partnership between New York University and the University of Tirana Medical School laid the groundwork for a health management degree program. A new Health Information Resource Center opened at the University of Tirana Maternity Hospital, with extensive technical assistance and materials supplied by the project. The Center is now being used extensively by students, faculty, and other health professionals. New York University also trained a number of senior Ministry of Health personnel, who will now lead a newly formed health policy unit.

A second partnership between Spectrum Health in Grand Rapids, Michigan and three Tirana hospitals provided extended training in trauma care and emergency medical services. Infection control, quality improvement, computer training, and team building received major emphasis. Spectrum Health launched a similar program with Albanian nurses, who have had minimal training and have almost no opportunities to maintain and upgrade their skills.

Next Steps: USAID increasingly concentrates its limited resources on women's reproductive health care and expanded this program last year to support additional urban centers outside of Tirana where there is relatively good security. The establishment of a Women's Wellness Center through AIHA and a national nurses association will also be considered.

Albania



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO ALBANIA
FY 98 OBLIGATIONS
As of 09/30/98**

	Total Obligation	
	\$31,353,225	
 STRENGTHENING DEMOCRATIC INSTITUTIONS		
Democratic Pluralism		
0021	Political and Social Process	1,337,367
0022	Independent Media	400,000
0032	Non-Governmental Organization (NGO) Development	1,070,829
	Sub-Total	2,808,196
	As % of Total Obligation	9%
 ECONOMIC RESTRUCTURING		
Investment and Trade		
0010	Enterprise Fund	6,400,000
Privatization and Assistance to Enterprises		
0014	Privatization & Enterprise Restructuring	3,642,624
0023	Technical Assistance to Enterprises	2,200,000
Agriculture and Agribusiness		
0024	Restructuring Agriculture	2,301,698
Improving the Business Climate		
0026	Competition Policy, Laws & Regulations	1,749,111
0027	Business Services	202,000
Human Resources		
0002	Human Resources	800,000
0029	Management Training & Market Economic Education	400,000
0045	Participant Training	750,000
Agriculture Sector Programs		
0046	Agricultural Development--Albania	1,000,000
	Sub-Total	19,445,433
	As % of Total Obligation	62%
 IMPROVING THE QUALITY OF LIFE		
Human Development		
0034	Housing Sector Assistance	600,000
Health		
0002	Romania Family Planning	600,000
0038	Promotion of Health Markets	1,200,000
Environment		
0039	Improved Public Sector Environment Services	3,086,125
	Sub-Total	5,486,125
	As % of Total Obligation	17%
 MISCELLANEOUS		
00249	Audit, Evaluation & Project Support	283,471
00332A	Transfers to Other Government Agencies	3,330,000
	USIA	905,000
	Department of State	1,000,000
	Department of Treasury	1,425,000
	Sub-Total	3,613,471
	As % of Total Obligation	12%

BOSNIA-HERZEGOVINA

ECONOMIC DEVELOPMENTS

Notable progress was achieved in 1998 in rebuilding Bosnia and Herzegovina's (Bosnia) economic infrastructure. The change of leadership in the Republika Srpska (RS) coincided with a greater emphasis by the international community on implementing economic reforms to establish a self-sustaining economy in Bosnia. Both the IMF and the World Bank began structural adjustment programs in 1998, programs which formed the backbone of the economic reform effort and provided guidelines for future action. The result was the passage of crucial economic legislation, at both the entity and national levels, and the establishment in both entities of frameworks for privatization and other economic reforms to begin. In the RS, Prime Minister Dodik revoked the previous regime's privatization program, replacing it with one similar to that of the Federation. Future prosperity depends on the ability of Bosnia's leaders to support privatization and implement the market-oriented reforms necessary to create an investment-friendly environment and an efficient, transparent, and fair legal framework.

Bosnia's economic recovery remained strong during 1998. However, due to only modest progress in establishing the foundation for a market-based economy, growth still depends heavily on foreign financial assistance. The IMF and World Bank estimate 1998 real GDP growth for the entire country at about 30 percent, slightly higher in the Federation than in the RS. Inflation remains low in both entities as a result of Bosnia's strict currency board regime. The economy's improvement has been uneven over the last three years, with growth in the Federation outpacing that in the RS. This is due mainly to the disparity in assistance flows to the two entities -- the Federation has received the majority of foreign assistance to date. The RS was denied large-scale assistance until Prime Minister Milorad Dodik's government was elected, because previous RS leaders failed to comply with the Dayton Peace Accords.

Under the IMF Stand-By Arrangement and the World Bank Public Finance Structural Adjustment Credit, both signed in May 1998, the entity and state governments agreed to a range of macroeconomic and structural policy commitments designed to promote economic recovery. These include establishing the operations of the Central Bank; introducing a common currency, the Convertible Mark; liberalizing trade regimes; and reforming customs and tax administrations, budget systems, pension policies, and the banking sector. Conclusion of the IMF agreement was a precondition for Bosnia's government to enter debt negotiations with Paris Club creditors. With considerable U.S. technical assistance, the Bosnian government in September 1998 successfully negotiated and signed a framework agreement, granting a 67 percent reduction of its Paris Club debt. With the London Club agreement signed in December 1997, the Bosnian government has now successfully negotiated significant reductions of both its commercial and official creditor debts.

Facing steady pressure from the international community, the entity and state governments met many of the IMF and World Bank conditions. However, the High Representative, using the expanded powers given to him by the Peace Implementation Council, was forced to impose implementation of the Convertible Mark, the state-level customs and telecommunications laws, and issuance of Bosnian passports and license plates. The new passports and license plates expand freedom of movement throughout Bosnia and internationally, and facilitate inter-entity trade and economic cooperation. While the Convertible Mark, Bosnia's official currency, is universally accepted, the Croatian *Kuna* still circulates in some areas of the Federation, and the FRY *Dinar* is the most common currency in the RS.

Bosnia's transportation system is improving slowly. In 1998, rail cargo service became more regular, commercial air traffic increased at Sarajevo and Banja Luka airports, and Mostar

airport opened to regular commercial service. Increased telecommunications connections make it easier to communicate between the two entities. Also, in late 1998, Bosnia adopted a single country code (387), which will be fully operational in early 1999. The entity governments have begun to cooperate on a range of issues, including harmonization of privatization, customs, and tax regimes. More moderate leadership at the state levels, since the September 1998 elections, gives the Bosnian government the chance to play a more prominent role in economic issues.

POLITICAL DEVELOPMENTS

Bosnia is still recovering from the 1992-95 war, which destroyed the country's economy and infrastructure, caused the death of about 200,000 people, and displaced half the population. The presence of NATO peace-keeping forces (SFOR) and \$4 billion in foreign assistance -- almost \$800 million of it from SEED funds -- in support of the Dayton Peace Accords, have resulted in three years of peace and improved economic and political conditions throughout the country. In 1998, dramatic political change in the RS and accelerated efforts by the international community to reform the economy created the conditions for significant progress. There will be increased opportunities in 1999 to create a politically and economically stable Bosnia.

The emergence of a new, more moderate government in the RS in early 1998 caused a sea change in Bosnia's political landscape. RS opposition parties won a majority of the seats in the November 1997 National Assembly elections, and in January 1998, the "Sloga" or "Unity" Coalition formed a government, headed by Prime Minister Dodik. Prior to the change of government, Bosnian Serb hardliners dominated the RS, blocking or delaying implementation of the Dayton Accords and undermining the legitimacy of a single Bosnia and Herzegovina. The Serb hardliners' political influence is increasingly localized. Working both bilaterally and through international organizations such as the Office of the High Representative (OHR), UNHCR, and OSCE, the U.S. played a critical role in opening the political environment so that opposition parties could gain the support of RS voters.

Prime Minister Dodik's more pro-Dayton stance and willingness to cooperate with the international community and with the Federation and Bosnian governments ended the isolation of the RS, opened large parts of it to foreign assistance, and overcame the previously antagonistic relationship between the RS government and SFOR. The international community moved quickly to support the Dodik government, providing budgetary support and increasing the number of reconstruction and assistance programs on RS territory. OHR and other international organizations took advantage of the improved political climate to advance RS initiatives that had languished for two years: reform of media, police, the judicial system, and customs, and passage of critical economic legislation. In late 1998, the RS government began to reform its property laws and took its first steps toward creating a legal and security environment that encourages refugee returns. This process is not complete, however. Very few Bosniak and Bosnian Croat refugees or displaced persons have returned to their prewar homes in the RS.

The changing political situation in the RS helped reinvigorate reform efforts in the rest of the country. The international community intensified the pressure on government leaders of the Federation entity to open the economy, facilitate refugee returns, allow more freedom and independence of the media, reform the judiciary, and bring more transparency and political pluralism to the government. Federation leaders had resisted acting on many of these issues for two years, citing a lack of reciprocity in the RS. In April 1998, the Federation government reformed its property laws to remove language obstructing the return of refugees and displaced persons to their pre-war homes. Since then, the government has not implemented the reformed laws or encouraged returns aggressively, and the international community has suspended assistance on several occasions to force action. Although obstacles still exist, as a result of U.S.-

led international pressure and assistance, thousands of refugees and displaced persons have returned.

The U.S. and the OHR, working through the mechanism of the Federation Forum, continued to make progress in 1998 in strengthening and integrating Federation institutions, particularly in the critical areas of police, customs, and financial institutions. Through the U.S.-sponsored Train and Equip Program, 1998 also saw continued progress in integrating the Federation armed forces. Progress included adoption of common ranks, insignias, and uniforms by both components of the army, and the commencement of joint training at the U.S.-funded central training center.

The power base of the dominant, nationalist parties continued to erode during the September 1998 elections. The main Bosniak and Bosnian Croat parties retained their controlling positions in the Bosnian and Federation governments, but opposition parties made significant inroads at both levels. In the RS, the Sloga Coalition will most likely retain control of the government, although former RS President Biljana Plavsic lost to the candidate of the coalition of hard-line Bosnian Serb parties, Nikola Poplasen. The Sloga candidate for the Bosnian Serb member of the BiH President, Zivko Radisic, defeated Momcilo Krajisnik, a hard-liner and associate of Radovan Karadzic. Krajisnik had opposed implementation of the Dayton Accords since their signing. The shrinking support for hardline nationalist party politicians is a sign that, as the war recedes and the economy improves, the ethnic tensions which defined the 1992-95 conflict are beginning to soften.

SEED ASSISTANCE SUMMARY

Program Overview

The Dayton Peace Accords and associated multinational military and civilian peace implementation efforts have resulted in three years of peace and economic and political recovery in Bosnia and Herzegovina (Bosnia). Maintaining that peace remains of direct importance to U.S. strategic and economic interests in Europe. U.S. leadership has been key in setting the course for rapid reconstruction and critical economic reform.

Over \$685 million in SEED funds have been provided since 1996 to promote Bosnia's reconstruction and create economic and democratic incentives for Bosnians to establish the framework for longer-term peace. SEED assistance is part of a broad-based Priority Reconstruction Program spearheaded by the World Bank and the European Union and involving 48 donors, which have committed \$4.2 billion to date. U.S. assistance is striving for a stable, post-war Bosnia with a functioning, dynamic, free-market economy and a democratic society. USAID activities focus on four objectives: (1) restoring private sector capacity to restart production quickly and create immediate, self-sustaining employment; (2) establishing a policy and institutional framework conducive to the emergence of a market economy, by supporting rapid privatization, macroeconomic reforms, sound fiscal policies, and a viable banking system; (3) repairing war-damaged infrastructure to facilitate refugee returns and reactivate the local economy; and (4) strengthening democratic institutions that promote a multi-ethnic society and political pluralism, by fostering independent media; free and fair elections; a responsive, transparent government; citizen advocacy; and a professional, independent judiciary.

Reconstruction Environment

Bosnia's most immediate task remains economic revitalization to create jobs and income. Paralleling the reconstruction process, the country needs to continue to build the legal and institutional framework and create an environment conducive to a private sector, market-led

economy. Bosnia also faces a dual challenge: simultaneously to move from a socialist to a market economy and recover from the war. For the transition to be sustainable, it must be based on a more democratic society.

Economic recovery has been dramatic, primarily in the Federation, where commitment to Dayton principles resulted in greater donor investment than in the Republika Srpska (RS) in 1996 and 1997. Massive inflows of foreign assistance continue to fuel economic growth. Estimates vary, but most analysts accept World Bank figures for GDP growth: 62 percent in the Federation and 25 percent in the RS in 1996, and 35 percent in the Federation in 1997 (RS flat). Estimates for 1998 indicate that growth in the Federation was being maintained. The RS economy should see *dramatic improvement* after significant donor investment increases in 1998 followed the emergence of a more moderate, market-oriented government. SEED assistance accounts for about 20-25 percent of economic growth in Bosnia.

The rapid establishment of economic institutions and implementation of structural and economic reforms are central to promoting a secure, prosperous future for Bosnia. Movement in adopting priority economic policies and institutions has been slow, however. Many constraints to achieving macroeconomic goals are political or managerial, including differences among Federation political leaders on the degree of integration and harmonization of key economic institutions, such as tax administration and the payments system. Some progress has been made, such as the establishment of a Central Bank in late 1997; successful debt negotiations with the London Club in December 1997 and the Paris Club in October 1998; and issuance, albeit forced by the international community, of a new currency in mid-1998.

Resumed economic activity will enable returning refugees to reintegrate into their communities with gainful employment and acquire a stake in lasting recovery. Refugee returns increased in 1998, including 30,000 minority returns reported by UNHCR, and continued momentum is expected in 1999. Unregistered returns also have taken place, but official estimates of their numbers do not exist. By helping create the necessary conditions at the community level, SEED programs facilitate returns. A combination of functioning infrastructure and employment opportunities, especially when linked with democracy-building activities, serves as a powerful magnet.

Challenges in moving toward a democratic Bosnia also remain formidable. Holdovers from the past include authoritarian governments (state and entity), with rubber-stamp parliaments and weak judiciaries. There are few checks and balances among the branches of government. The struggle between Bosniak leaders for a strong state and the Croat and Serb leadership for a weak one still hampers the functioning of state and some Federation institutions.

While Bosnian election officials now have the capacity to carry out their responsibilities with minimal international involvement, the administration of elections must move further into their hands. Each post-Dayton election has contributed to emerging political pluralism by eroding single-party hegemony, but non-nationalistic parties still need assistance in developing practical campaign agendas and democratic internal structures. Bolstered by their 1998 electoral success, moderate opposition parties in both entities are optimistic that they will be empowered to guide the country's economic and political transition. Sustained peace, the promise of an extended international military presence, and political opening in the RS suggest that further systemic and institutional reform will be possible in the next few years.

Fifty years of communism and a bitter war have weakened Bosnian civil society. Citizens remain disengaged and apathetic toward government and civic involvement. Few are willing to be vocal or active on issues that would attract the attention of established citizens groups, NGOs, and others in most Western democracies. Government corruption and lack of

accountability promote apathy rather than protest. In this context, moving complacent citizens and NGOs to action and advocacy is a Herculean task.

The media are in transition and operate in a murky regulatory environment. Radio and TV stations created during the war are preparing for privatization. The Office of the High Representative (OHR), with SEED program support, is helping establish a media regulatory framework through the newly created Independent Media Commission. Many broadcast stations and outlets will not survive privatization due to unsound business practices and a poor economy (and the fact that Bosnia is small), which cannot support the large number of outlets. Other weaknesses include passive, neophyte journalists reluctant to challenge authority.

Against this background, SEED assistance remains a critical element for creating both the economic and democratic institutions necessary to sustain peace in Bosnia over the long term. While other donors are expected to assume the greatest financial burden for rebuilding Bosnia, the U.S. program serves as a model and catalyst for other donors.

Program Impact

Economic Policy Reform and Restructuring

The activities in USAID's economic revitalization and reform portfolio can be grouped into two interrelated categories: Economic Policy Reform and Restructuring, and Private Sector Reactivation and Development (Business Development Program). Since 1996, USAID has used SEED funds to implement a comprehensive economic policy reform agenda to accelerate Bosnia's transition to a market economy. USAID has taken the lead in helping key financial and economic institutions to implement macroeconomic policy at the state level, as well as in both entities of Bosnia and Herzegovina. This includes the formation and operations of the Central Bank (a key Dayton common institution) and the Federation and RS banking supervision and privatization agencies; training of Customs officers in both entities (completed in 1998); drafting budget and tax legislation; external debt negotiations; and on-the-job training of government officials in fiscal management. USAID also supplies technical assistance in areas critical for Bosnia's economic transformation, such as privatization, commercial law and banking reform, capital markets, and corporate governance. The objective is to provide guidance to decision-makers at the state, entity, cantonal, and municipal levels to undertake defined responsibilities, transfer economic functions smoothly to the private sector, and regulate the new market economy fairly and transparently.

Key Economic Reform Results

USAID advisors continued to assist the Federation Banking Agency (FBA) and, in 1998, helped establish its counterpart in the RS, the RS Banking Agency (RSBA). All professional FBA and RSBA staff have been trained in key areas such as banking supervision, audit and asset/liability management, and supervisory policies and procedures, as well as in anti-corruption (e.g., white collar crime, money laundering, and ethics). USAID training and technical assistance have enabled the agencies to examine 95 percent of Federation banks and 100 percent of RS banks, including full, on-site examinations of Bosnia's seven largest banks. Inspections are leading to the closure of problem banks as the sector is reformed. Functioning, effective banking supervision agencies have increased public confidence in the banking system. Most importantly, the FBA is now self-financed, operating on revenues from bank examination fees.

USAID technical assistance is helping Bosnian authorities implement a comprehensive privatization program and re-orient current commercial and non-banking financial laws toward a market economy. Advisors have played the key role in drafting and facilitating passage of

legislation; establishing critical privatization institutions; formulating implementation policies and strategies for enterprise and strategic sector privatization efforts, as well as post-privatization structures and markets; conducting on-going training on the privatization process for government officials, enterprise managers, and the media; and providing hardware and software for the electronic claims registry and auctions system. USAID is also conducting direct public education campaigns using a variety of media.

In the Federation, privatization laws were passed in 1998, and nine Cantonal Privatization Agencies have been formed (one pending). In the RS, the Dodik government revoked its predecessor's unfair lottery privatization program in March 1998, and, with USAID assistance, put in place in June a voucher-based mass privatization scheme harmonized with the Federation's privatization laws.

USAID's commercial law reform efforts focus on three integrated components: legal reform, accounting/auditing standards and enforcement, and corporate governance in business and capital markets. Legislation has been drafted for the Federation on corporate governance issues, addressing the most appropriate methods to regulate private corporations and capital markets in the post-privatization period. This includes the formation of a Corporation and Securities Board and Laws on Share Registries, Securities, Privatization Investment Funds, and Commercial Enterprises. All but the last passed in early September 1998. In the RS, a similar package of laws also was passed. USAID advisors also are working with local accountants and auditors to develop internationally accepted accounting systems useful for enterprise managers, bank officials, privatization agencies, and corporate regulators, and the development of professional associations to serve as self-regulating organizations.

In July 1998, the joint USAID-European Union customs modernization program was completed ahead of schedule. The project trained all of the customs officials (over 1,250) in both the Federation and RS, leaving behind a cadre of experienced Bosnian customs trainers to ensure long-term sustainability and continuity. The Federation's monthly customs revenues have increased by over half since 1996, while the average waiting period for customs clearances has dropped from 6-7 days to 3-4 days.

SEED-funded Treasury advisors have provided significant technical assistance and policy advice in the areas of budget, fiscal reform, tax policy and administration, external debt, and bank privatization/restructuring. These advisors helped Bosnian officials prepare for and successfully conclude their London Club and Paris Club negotiations, both essential for Bosnia to normalize its relations with external creditors, in 1997 and 1998 respectively. The debt team is also helping establish debt management units at the state and entity levels.

USAID's fiscal federalism activities (completed in August 1998) have introduced processes and systems to strengthen budgeting and financial management. Training in the use of budget classification codes has enabled regional and local governments to account for their funds in accordance with international standards. Authorities in all ten Federation cantons and their subordinate municipalities have adopted accounting and classification schemes developed in coordination with the U.S. Treasury team based at the Federation Ministry of Finance. These activities have also promoted the transparency and accountability of Federation and canton governments. Public budget hearings have been held in six cantons and five municipalities to allow citizen input into decision-making on allocating public funds. USAID also funded an advisor to work with the Brcko municipal authorities to improve their effectiveness and accountability. This led to the drafting and passage of transparent, efficient development review and licensing procedures, to enable projects to be approved promptly.

Business Development Program (BDP)

USAID's \$278 million Business Development Program (BDP) provides commercial credit in the form of quick-disbursing loans (average loan size \$425,000) to private Bosnian businesses, enabling them to restart production and create employment rapidly. The program also offers business-consulting services to improve financial management, marketing, and business plan development skills, and works with local banks to develop their commercial lending capabilities. The BDP is by far the largest, most effective donor effort dedicated to revitalizing of the business sector and is pointing the way for other donors and investors.

Bosnian banks serve as agents, identifying viable enterprises, transferring funds to borrowers, monitoring loan implementation, and ensuring loan collections. The experience of agent banks with the USAID lending program has helped improve the banking system institutionally. For business loans, an expert on-site team of U.S. bankers performs the final credit analysis and makes recommendations to USAID for decision. The Regional Inspector General's office in Budapest helps monitor the program.

Key BDP Results

SEED funds through the BDP have made a major contribution to private sector reactivation via 394 loans worth approximately \$140 million, as of December 1998. The majority of financing has been provided to the manufacturing, construction, wood products, processed food, and agribusiness sectors. These loans led to employment for over 17,000 Bosnians, including women, returning refugees, and demobilized soldiers of all ethnicities, contributing to the rapid rise in employment rates in the Federation and increasingly in the RS. Thousands more have found work in related business ventures (suppliers, vendors). A related bank training program has improved skills of and introduced American commercial bank lending and management concepts to more than 2,600 bankers, over half of them women.

According to preliminary data on 103 BDP-participating companies, total revenues rose an estimated 64 percent between 1996 and 1997, and combined net worth moved from minus DM 5-10 million to plus DM 10-20 million. Most firms' sales are doubling in the first year of the loan, with smaller but substantial (over 60 percent) increases in the second and third years.

The USAID Business Consulting program, working in partnership with loan operations, has conducted over 525 diagnostic reviews of potential borrowers and assisted over 580 companies in problem analysis. Sixty-five percent have pursued follow-up assistance in strategic planning, financial management, and marketing skills. Contacts with other markets through the Internet and other tools have helped a number of companies establish new markets and suppliers. EKIS, a Sarajevo-based communications company, consummated one of the first joint venture transactions between a major U.S. company and a Bosnian partner. With BDP assistance, including a \$230,000 loan in March 1998, EKIS now represents AT&T in Bosnia.

A comprehensive apprentice training program, completed in 1998, helped 40 Bosnian professionals become competent business consultants better to meet Bosnia's enormous need for improved marketing, financial, and management skills. BDP has also helped leverage reforms. In May 1997, USAID stopped making loans to state-owned enterprises due to the lack of progress on privatization. Pressure on political leaders from would-be borrowers helped generate the necessary political will in the Federation and the RS to pass privatization laws in 1998.

Municipal Infrastructure and Services (MIS) Program

The \$265 million Municipal Infrastructure and Services Program (MIS) is meeting urgent infrastructure reconstruction needs in support of refugee returns and economic recovery. MIS

funds are also being used for a related Community Infrastructure Rehabilitation Project (CIRP), being implemented in partnership with local officials and SFOR troops in the Federation and RS. CIRP projects are designed to provide short-term employment for demobilized soldiers and other residents to implement high-impact community activities, such as minor road repairs, school and health clinic rehabilitation, and the clean-up of war damage. More than 400 projects worth \$24 million are underway or have been completed.

Over 180 projects worth \$165 million are underway or completed in the energy, water, transportation, health, and education sectors. MIS construction activities have created 5,000 short-term jobs, and 17,000 people will be permanently employed in reconstructed power, water, transportation, education, and health facilities, or through the use of refurbished infrastructure. Also, 8,700 demobilized soldiers were temporarily employed through over 400 CIRP projects. Eight thousand children are attending schools rehabilitated by USAID.

MIS activities in 1998 contributed to an estimated 80,000 refugee returns, including approximately one-third of the minority returns reported by UNHCR. The flexibility of the MIS program has allowed USAID to complement refugee return initiatives such as "Open Cities," as well as to respond rapidly to spontaneous returns (not supported financially by the international community). In the Middle Bosnia canton, one of two ethnically mixed cantons in the Federation, USAID supported a joint Croat-Bosniak effort to restore power in 21 villages where over 5,000 minority returns took place in 1998. SEED funds are also providing power to 2,000 homes for minority returnees in three other municipalities. Both projects required extensive cooperation between the Bosniak and Croat-managed power companies. In 1998, USAID began an institutional strengthening component to ensure proper planning, maintenance, and financial management, all of which will help public utilities become self-sustainable.

Continuing its support for the arbitration efforts of the Brcko Office of the High Representative, USAID restored power and water to villages in the Zone of Separation, helping 1,200 minority refugee families to return in 1998. USAID has invested over \$17 million in infrastructure rehabilitation, business development, and technical assistance in Brcko since 1996.

MIS projects in the Federation and the RS show tangible benefits for municipalities which support Dayton. Before undertaking MIS projects, each municipality must sign a Memorandum of Understanding publicly confirming its commitment to Dayton provisions, such as freedom of movement for refugees and the surrender of indicted war criminals. Any subsequent violations of the terms preclude further USAID-funded assistance. Those not signing receive no assistance.

Democratic Reform

The U.S. is working through its assistance programs to build strong, enduring, democratic institutions in a just and multi-ethnic society. The SEED-funded democratic reform agenda gives top priority to achieving the following objectives: (1) viable and independent media offering consistent, objective, and balanced information to all citizens; (2) free and fair elections with a pluralistic party structure and high voter participation; (3) a pro-democratic political leadership governing in response to a vibrant civil society; and (4) a professional, independent judiciary operating in an environment governed by the rule of law.

Media: Continued manipulation of information by nationalist political leaders and the lack of an effective regulatory environment remain impediments to the development of Bosnia's independent media. USAID, through Internews, continues to support independent broadcast media with a comprehensive package of assistance focused on seven TV and five radio stations; helping production houses provide programming for a starved local market; and developing an independent broadcasters association to encourage program sharing and lobbying on behalf of

members. In 1998, USAID initiated a print media program to help ensure the commercial viability of promising print outlets; strengthen news wire services; and create a professional, unified journalists association. SEED-funded USIS efforts have focused on encouraging high-quality, objective news reporting through journalism training and professionals-in-residence (PIR) programs. Among some noteworthy PIR programs were several media professionals who helped organize and provide TV coverage of the Presidential debates in September, as well as others who assisted the Open Broadcast Network (OBN) and Srpska Radio and Television (SRT), and one who provided technical assistance to the Independent Media Commission (IMC). SEED funding also helped establish the IMC, tasked with creating a regulatory environment to eliminate nationalistic broadcasting, as well as a legal framework to support independent media. With significant SEED support, OBN's news and information programming continues to earn praise for its political non-partisanship. USAID advisors are working with OBN management on a business plan to preserve the commercial viability of Bosnia's only cross-entity network.

Key Media Results

USAID training seminars in 1998 helped RS radio journalists improve newsroom efficiency and productivity by reducing the editing time for a typical news broadcast from 90 to 30 minutes. A seminar for chief editors and managers of RS radio stations on the benefits of increasing international news and information programming for the local listening audience resulted in five additional stations in the RS agreeing to broadcast Radio Free Europe (RFE). Prior to this seminar, 14 stations in the Federation and one in the RS carried RFE.

In 1997, USAID helped a local production group create "Fresh," a popular television newsmagazine. In 1998, this group became a private company, "Re-Fresh," which subsequently won the contract to deliver 26 new episodes of "Fresh" and negotiated an improved time slot on the OBN. The new season of "Fresh" opened on schedule, and "Re-Fresh" has secured advertising backing for the program, allowing it to operate without USAID support in 1999. FX Concept, a private production company also created by former media professionals associated with "Fresh," signed an agreement with a successful Hungarian company to produce a hit Hungarian sitcom tailored to the Bosnian market. USAID advisors helped broker the deal, providing production expertise and business negotiating advice to both parties. Both companies also agreed to create a new Hungarian-Bosnian production company in 1999.

USAID on-site training at targeted television stations, using Bosnian technical professionals supplemented by foreign journalism and business management advisors, has helped stations produce better programming, introduce ethnically neutral graphics and programs, improve their business decisions, and overcome equipment shortfalls. GLS TV in Srbac, RS, used USAID-provided audio equipment to produce election roundtable and information programs, enabling local viewers to make better informed choices on election day. TV Maglaj in the Federation utilized video editing equipment to produce advertising for local companies and a well-received 30-minute documentary called "Maglaj: A Town on the River Bosnia," reinforcing the station's role as a voice for the community.

TV Gorazde in the Federation has expanded its news coverage to include on-site field reports from communities in the RS to encourage cross-entity information exchange. TV Gorazde also agreed to join the OBN, allowing it to broadcast the OBN national news program "TV Info," ranked by viewer surveys as the most balanced and accurate news program available.

NTV Banja Luka, RS, is the leading station in Bosnia's second largest city. Its balanced news and information programming dominate the local market. However, the station's explosive growth in staff and equipment created a financial operational crisis. In response, USAID advisors helped the station introduce business planning in lieu of ad hoc equipment acquisition

and staff increases, consolidate work areas to improve efficiency, establish advertiser credit and collections policies for consistent cash flow, and reorganize the management structure.

Seven TV stations receiving USAID assistance pooled their funding successfully to negotiate and legally acquire a variety of copyrighted entertainment programs at an international television programming sales exhibition. NTV Hayat in Sarajevo subsequently syndicated its purchased programming to other stations in Bosnia. The stations have started to balance cost and income potential in making programming decisions, in addition to recognizing the requirement to respect international copyright laws.

RTV Travnik and CV7 in Vitez, both in the Federation's multi-ethnic Middle Bosnia canton, eliminated ethnic-based iconography from their station identification in order to serve a broader population and improve the professional look of their local news and information programming. In addition, CV7 in Vitez, a hardline Croat town, also broke away from municipal control and registered as a private company. The station began broadcasting its first daily newscast in September 1998, objectively presenting local news for the community.

SEED-funded computer equipment has helped TV and radio stations use e-mail and electronic newswire services to break the isolation of their communities. Stations have begun drawing actively on materials from electronic wire services from Bosnia, Serbia, and Croatia in their news programming, and using e-mail to exchange information with other stations about their local communities.

Political Process/Elections: Citizens of Bosnia went to the polls in September 1998 for the fourth time since the Dayton Accords were signed. Positive momentum toward post-war reform and recovery dramatically improved the electoral environment. The threat of resumed war is remote, economic growth has accelerated, and general respect for freedom of movement, association, and media has improved. The terms of political debate have changed, with even the more radical parties publicly endorsing the Dayton Accords and average Bosnians showing more interest in economic recovery than in national or ethnic questions. SEED programs to develop a pluralistic political environment yielded results in the 1998 elections, as moderate opposition parties gained in all races, except that for the RS Presidency. The nationalist parties, however, continue to benefit from lingering inter-ethnic distrust and the perception that only they can offer resources, jobs, and protection from "others" who vote along national lines.

Key Political Process/Elections Results

USAID, through the International Foundation for Election Systems (IFES), has given specialized technical assistance to support the OSCE in supervising all four post-Dayton elections. The team of IFES elections administration experts, which includes the Director General for Elections and the Directors of Out-of-Country Voting and of Voter Education, has provided crucial continuity and expertise to OSCE's electoral oversight. Current efforts focus on institution-building and training Bosnians to take over this responsibility.

Through the National Democratic Institute (NDI), USAID has provided training in message development, media relations, voter contact, strategic planning, and volunteer recruitment to promising Federation and RS political parties. In the run-up to the 1998 general elections, USAID focused assistance on democratically oriented parties that support Dayton and have a significant political constituency. These include the moderate Sloga Coalition in the RS, the Social Democratic Party and Social Democrats of Bosnia and Herzegovina in the Federation, and the New Croat Initiative. For the first time, opposition parties actively campaigned in the field, conducted voter interest surveys (34 local branches of 15 parties collected 11,000 voter surveys), and ensured that party candidates at all levels shared a unified message. USAID-funded public opinion polling across Bosnia helped political parties to gauge voter attitudes and

refine campaign strategies. A dramatic increase in political pluralism in Federation cantons and at the parliamentary level in both Entities resulted, at the expense of the ruling national parties.

USAID, through NDI, also enhanced Bosnian ownership of the electoral process by supporting a nationwide, non-partisan monitoring effort. Before the 1998 elections, local NGOs in Tuzla, Sarajevo, Mostar, and Banja Luka established four citizens monitoring leagues, involving 96 citizens organizations. The leagues recruited and fielded 2,500 volunteers, who covered 865 polling stations in 57 municipalities. Each held a press conference to report preliminary findings and hosted a joint press conference in Sarajevo to release a common election assessment. In addition, NDI's Bosnian staff trained over 2,000 party agents in multi-party pollwatcher training sessions held throughout the country. IFES's interactive voter and civic education project has now reached nearly 33,000 voters through 2,200 discussion groups held in four Federation cantons and 11 RS municipalities. By disseminating practical information and provoking discussion on common concerns related to electoral transparency and political accountability, USAID contributed to the high turnout in all four elections.

Rule of Law: The judicial system remains far from impartial and independent. Political parties still control the selection process for judges, and political pressure ensures that the courts rarely reach decisions on controversial cases. Few citizens expect that they can get a fair trial or use the judicial system to right a wrong. Considerable attention will be paid to the judicial sector over the next few years to help the courts become an independent and credible branch of government, in which justice is dispensed fairly.

SEED-funded judicial reform assistance is helping establish a professional, independent judiciary operating in an environment governed by rule of law. Since 1995, USAID has supported the American Bar Association's Central and East European Law Initiative (CEELI). In addition, SEED funds are providing a comprehensive criminal codes and procedures training program through CEELI, in conjunction with the U.S. Department of Justice. Finally, the International Human Rights Law Group (IHLRG) is conducting advocacy work related to the European Convention for Human Rights.

Key Rule of Law Results

USAID has played the lead role in facilitating revision of the Federation's Criminal Codes. With CEELI assistance, two working groups of Bosnian experts completed codes and procedures that significantly enhance due process protections and bring Federation legislation into compliance with the international standards set forth in the Constitution. Both codes were adopted in July 1998, and include a rape shield law, right to counsel, the right to remain silent, and mandatory reporting of child abuse. As a follow-on activity, CEELI, in conjunction with the U.S. Department of Justice, is implementing a training program in which foreign and local legal professionals train Bosnian lawyers, prosecutors, and judges regarding the new codes.

Building on its earlier work in establishing a Federation-wide Judges Association (AJF), USAID/CEELI advisors in 1998 helped municipal, district, supreme, and constitutional court judges in the RS create the Association of Judges and Prosecutors of Republika Srpska. The Association is the first voluntary, non-partisan, professional association dedicated to strengthening the judiciary and enhancing administration of justice in the RS.

CEELI hosted with the Venice Commission/Council of Europe, Office of the High Representative, and EU Phare two roundtables on constitutional justice in Bosnia. Participants from both the Federation and the RS -- an important testament to increasing inter-entity judicial cooperation -- discussed the relationship between the three constitutional courts in Bosnia and other judicial institutions, the effect and execution of Bosnia's constitutional court judgments, and the application of international and domestic law.

The establishment of functional cantonal courts is critical to the successful implementation of the Federation judicial system. In May 1998, USAID sent representatives from nine cantonal courts to the U.S. for an intensive training program, examining how the multi-tiered U.S. judicial system promotes effective, uniform application of the law. The program also covered modern mechanisms of court and judicial administration; prioritizing and monitoring case flow; and advocating for and obtaining court administration funds. CEELI has recently placed a long-term liaison in Bosnia to provide support to cantonal courts.

In 1998, USAID funded the International Human Rights Law Group (IHLRG) to implement an advocacy initiative to foster civil society development. Through technical assistance and training, the program is helping local NGOs to mobilize and develop advocacy campaigns around human rights issues linked to the incorporation of the European Convention for Human Rights into Bosnia's legal system. IHLRG is also assisting a local women's organization to produce a national status report on women in Bosnia for submission to the United Nations and for use as an advocacy tool.

Cross-Cutting Programs

Training: Since 1995, USAID's participant training program has sent over 400 (35 percent women) mid- and senior-level officials, business leaders, and citizen activists from both entities to the U.S. and third countries for intensive short-term training. Training topics have ranged from commercial banking to public utility management to NGO development. Each training program is designed to complement USAID activities in support of economic growth and reform, infrastructure rehabilitation, and democracy building. The training is strengthening the knowledge and skills of Bosnian professionals in decision-making positions by offering them opportunities to examine U.S. models and approaches. Participants are recruited and selected competitively from the professional and functional levels identified as critical to effecting change in institutions with which USAID is working.

USIS used SEED funding to organize approximately 40 International Visitor programs for senior and mid-level government officials (the Federation Minister of Education, cantonal Governors), journalists, and NGO leaders. SEED funds also were used to provide small grants to NGOs through the Embassy's Democracy Commission. Included were grants to strengthen independent media, improve literacy, and promote environmental awareness.

Diplomatic Training: USIS organized the first phase of a diplomatic training program for the Bosnian Ministry of Foreign Affairs. Over 30 Ambassadors attended a week-long training session on the basic aspects of running an Embassy. Diplomatic training will continue in 1999 with a program for mid-level Ministry officers.

NGOs: International NGOs have played a vital humanitarian role in Bosnia, providing not only essential food, shelter, and medical supplies, but also helping communities return to normality, cope with war-related trauma, and ensure that the needs of the vulnerable segments of the population are being met. There are at least 250 national NGOs operating in Bosnia, many of which are now providing the trauma counseling and humanitarian assistance once handled by international NGOs, particularly for women, children, and refugees. The skill and experience of NGOs in promoting community development while meeting priority reconstruction needs is a valuable asset. As part of its mission to help develop a pluralistic civil society, USAID gives direct support to civic groups throughout Bosnia such as women's organizations, children's groups, and cultural organizations. USAID also supports community rebuilding through playground repair, school rehabilitation, and the establishment of pre-school programs countrywide. Examples of key USAID NGO programs include the following:

The Delphi International STAR (Strategies, Training, and Advocacy for Reconciliation) project, completed in 1998, helped foster women's participation in developing civil society in Bosnia through technical assistance and financial support to non-nationalistic, advocacy-oriented women's NGOs and women leaders. The STAR project emphasized public policy advocacy, democratic leadership, sustainability, and regional networking.

In May 1998, the American Refugee Committee (ARC) successfully completed Phases I and II of USAID's "Reintegration of Children and Youth into Society" program, which invested \$1.5 million to repair sports facilities, playgrounds, and playing fields, as well as providing sports equipment at 172 sites in 23 municipalities throughout the country. Phase III (\$1.7 million), to be completed in January 1999, has focused on 102 sites in 34 municipalities in the RS and areas of refugee return in Central Bosnia. The program is helping reintegrate communities through recreation programs to foster youth participation and build a sense of common ownership for the repaired sites. In October 1998, ARC organized the first inter-entity bicycle ride in Banja Luka, with participants from Banja Luka, Prijedor, Tuzla, and Zenica.

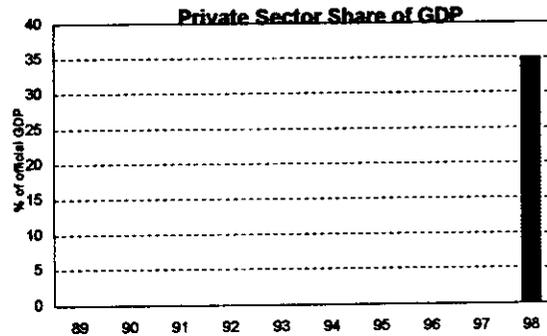
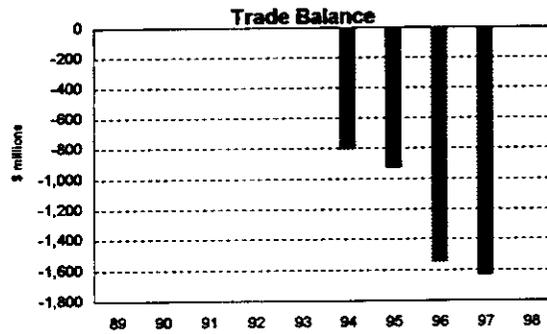
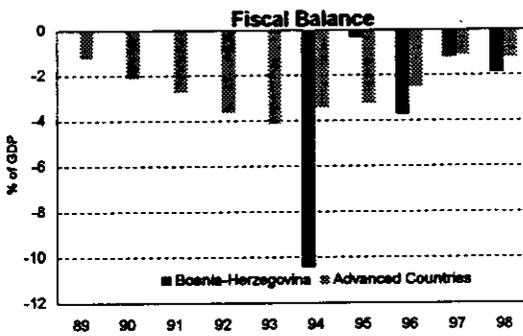
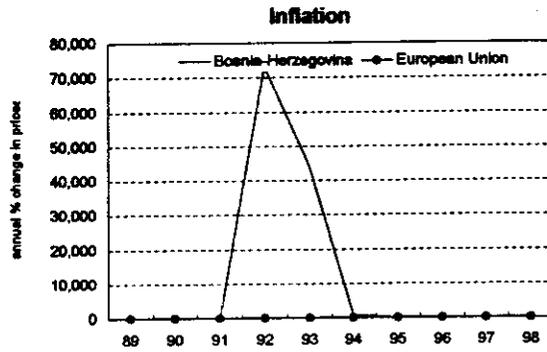
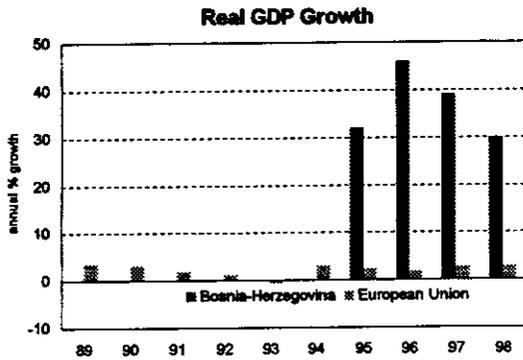
Since 1996, CARE has received \$3.7 million from USAID for its EDUCATE (Education and Development Una-Sana Construction and Training) project, which reconstructed six schools in the Una-Sana canton and restored rural electricity and water systems. The program has had a significant impact on refugee returns in the area.

Through organizational development training, seminars, and technical assistance, the International Rescue Committee's NGO Development Project is improving local NGOs' capacity to respond to crisis situations, address community needs, and offer trauma rehabilitation. To date, 90 sub-grants worth \$1.9 million have been made to 45 different NGOs assisting children, disabled people, refugees, returnees, and others. In 1998, one sub-grantee convinced the Sarajevo canton government to make existing sidewalks accessible for people with disabilities.

Save the Children is setting up community-based pre-schools and providing training for local teachers. Since 1995, 440 sites have been opened and over 21,400 children enrolled. About 60 percent of these sites are now self-sustainable. In August 1998, USAID approved the program's expansion to 50 new sites in 21 municipalities in the eastern RS.

Through the American International Health Alliance (AIHA), USAID completed in 1998 a health partnership between Buffalo General Hospital and the Tuzla Medical Center, which focused on improving healthcare services for local citizens through training and professional educational exchanges. AIHA also established a modern nursing resource center at the Tuzla Medical Center.

Bosnia-Herzegovina



Source: EBRD *Transition Report 1998* (11/98 and previous editions), IMF *World Economic Outlook* (12/98 and earlier).

**U.S. ASSISTANCE TO BOSNIA
FY 98 OBLIGATIONS
As of 09/30/98**

**Total Obligation
258,165,490**

STRENGTHENING DEMOCRATIC INSTITUTIONS

Democratic Pluralism

180-0021	Political and Social Process	4,334,851
180-0022	Independent Media	6,141,776
180-0032	Non-governmental Organization (NGO) Development	20,000

Political Process and Governance

180-0019	Democratic Governance & Public Administration	102,490
180-0020	Rule of Law	781,000
	Sub-Total	11,380,117
	As % of Total Obligation	4%

ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises

180-0014	Privatization & Enterprise Restructuring	24,456,736
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Human Resources

180-0045	Participant Training	3,425,000
	Sub-Total	27,881,736
	As % of Total Obligation	11%

IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid

180-0016	Trauma, Social Welfare & Humanitarian Assistance	370,464
180-0054	Bosnia Emergency Rehabilitation	2,341,996
180-0056	Bosnia Reconstruction Finance	110,085,751
180-0058	Bosnia Municipal Infrastructure & Services	60,600,422
	Sub-Total	173,398,633
	As % of Total Obligation	67%

MISCELLANEOUS

180-0249	Audit, Evaluation & Project Support	1,105,531
180-632A	Transfers to Other Government Agencies	44,399,473
	USIA	5,500,000
	Department of State	33,474,473
	Department of Treasury	1,425,000
	Trade & Development Agency	4,000,000
	Sub-Total	45,505,004
	As % of Total Obligation	18%

BULGARIA

ECONOMIC DEVELOPMENTS

Since the communist regime's collapse in 1989, Bulgaria has made significant, if intermittent, efforts to restructure its economy. Like many transition economies, it has encountered both internal and external challenges to reform. State control of production and tremendous price distortions continue to create difficult internal conditions, while exports remain weak with the disappearance of the Soviet market and producers' difficulties in competing in European markets.

In mid-1997, the reform-minded Ivan Kostov government assumed power, following a period of hyperinflation, a plummeting currency, bank failures, and near-economic collapse. Negotiations with the IMF promptly resumed and led to the introduction of a currency board on July 1. The currency board strictly links the domestic money supply to the foreign currency reserves levels, and fixes the exchange rate at 1,000 *leva* to the D-mark. The effects have been dramatic -- the economy has stabilized, and inflation and interest rates have been slashed. Financial stability in 1997 was coupled with relatively high foreign investment, following two years of economic contraction. GDP growth is estimated at 4.5 percent 1998.

With the economy stabilized under the Kostov government, the difficult task of restructuring now is underway. The government has advanced an ambitious three-year economic program, which is contained in the IMF's Extended Fund Facility signed in September 1998. The program seeks to prepare Bulgaria for future European Union (EU) membership and is based upon utility and enterprise restructuring (privatization or liquidation); increased foreign direct investment in infrastructure and industry; and fiscal, financial, and agricultural sector reforms. The goal is to create a platform for economic growth grounded on free market principles and transparency, and which will prepare Bulgarian enterprises and industry to compete in the European marketplace. Key economic achievements of the past 18 months include:

- An economic policy supported by the IMF and the World Bank and based upon far-reaching restructuring and reform;
- A three-year \$864 million loan (Extended Fund Facility) signed with the IMF in September 1998, with an additional \$800 million to come from the OECD, EU, and the World Bank;
- A budget surplus in 1998 and foreign currency reserves approaching \$2.5 billion, amounting to more than six months import cover;
- Substantial progress in negotiating outstanding Paris Club debts, including the settlement of obligations to Germany (\$359 million), Spain (\$30 million), and Poland (\$76 million). Settlement of these obligations cleared the way for Bulgaria's recently negotiated financial packages with the IMF, World Bank, and EU;
- Bulgaria is now signatory to Central European Free Trade Agreement (CEFTA), with its membership effective on January 1, 1999. As a result, trade within the region will increase as duties on industrial goods and selected agricultural products are progressively reduced or phased out through 2002.

The Government of Bulgaria (GOB) has successfully implemented the first phase of its economic reform program on the basis of macroeconomic stabilization and the currency board arrangement. The successes realized through 1998 now give way to the difficult task of restructuring, which requires the privatization and possible liquidation of state-owned

enterprises, utilities, and banks. The GOB has moved deliberately in privatizing state-owned banks, having concluded two sales in the past 18 months. The most recent sale was signed in November 1998 for the purchase of the Bulgarian Post Bank by a consortium led by American International Group (AIG). Progress in industrial and utility privatization has been slow, and pressure is mounting on the GOB greatly to accelerate in this area.

POLITICAL DEVELOPMENTS

Since May 1997, Bulgaria has been ruled by the reform-minded government of Prime Minister Kostov, with a parliamentary majority led by the Union of Democratic Forces (UDF). Prior to that, Bulgaria's political development was characterized by short periods of stability followed by mounting economic pressure, ultimately leading to the financial crisis of 1996-1997 and precipitating early parliamentary elections. The new UDF government took immediate steps to stabilize the economy and reined in runaway inflation by imposing the currency board arrangement. It charted a deliberate path of political and economic reform, setting membership in NATO and the EU as its principal foreign policy goal. The GOB has sought to establish Bulgaria as a leader in promoting regional security and cooperation, and is strengthening bilateral relations with NATO member-states, particularly the U.S. Bulgaria also has initiated military reforms, including increased civilian control of the military, downsizing and restructuring the armed forces, and increasing NATO interoperability.

Bulgaria's democratic institutions are relatively stable, although successive governments have produced poorly integrated policies and practices generally lacking continuity. The GOB now faces the difficult but necessary task of administrative reform to create an independent, efficient, and professional civil service. Some steps have been taken, notably the adoption of a strategy to modernize the administrative system and passage of a Law on Public Administration.

Bulgaria's protection of civil and political rights has improved significantly, though the rule of law and enforcement generally remain weak. Recent GOB amendments to the Code of Criminal Procedures have helped strengthen individual rights. A new Law on the Ministry of Interior provides additional guarantees of human rights and basic freedoms, and is capped by the November 1998 amendment of the Penal Code abolishing the death penalty. A growing number of non-governmental organizations (NGOs) are helping to preserve and protect civil rights. These organizations continue to influence legislation and policy, and serve increasingly to balance national and regional-level decision-making. NGOs have played significant roles in promoting human rights, including investigating prison conditions and advocating women's and children's rights. They operate largely without government restriction, although a long-pending NGO law awaits ratification.

The GOB also has initiated much-needed judicial reform. The progress thus far includes: (1) amendment of the Code of Criminal Procedures and the Code of Civil Procedures, which entered into force on April 1, 1998; (2) a three-tier judiciary has been introduced; (3) Courts of Appeal were constituted throughout the country; and (4) the Supreme Court of Appeal and the Supreme Administrative Court commenced work. Still, the judiciary suffers from under-staffing, inexperienced judges, poor pay, and low staff morale. Judges are largely unfamiliar with enforcement of the new legislation based on the EU's *acquis communautaire*. Further training is needed in this and other fields, particularly those related to European commercial law. The GOB must also extend democratic doctrine to areas of criminal investigations and public security. A new law reinforcing judicial independence has not yet been adopted by Parliament. Further efforts are needed to address the many other problems identified and to restore public confidence in the judiciary.

Corruption remains a serious problem and has become a central priority of the Kostov government. The GOB seeks significantly to reduce and hopefully to eliminate corruption through actions such as: (1) drawing up a program to combat organized crime and corruption which details the role and duties of the state police; (2) amending the Penal Code; (3) adopting a law on Money Laundering; and (4) establishing an Information System and an Inter-ministerial Coordination Council on organized crime and corruption.

SEED ASSISTANCE SUMMARY

Program Overview

Through FY 98, the U.S. has contributed over \$265 million in SEED assistance to Bulgaria, with approximately \$35 million in FY 98 alone. The assistance program has evolved over the past half decade, with recent changes motivated by the Kostov government. Initially, assistance targeted the immediate political and economic needs resulting from the fall of communism and dissolution of the Soviet and Central European markets. Assistance was spread broadly, as there were significant needs across all sectors. With the advent of a generally unaccommodating Socialist government in 1994, the assistance strategy was retargeted as a result of resistance to national-level and systemic change. Consequently, the U.S. adopted a bottom-up approach to development, focusing on non-governmental social, political, and economic organizations, and grassroots and enterprise-level development.

Formalized in 1995, this approach proved effective in creating a platform for the revised U.S. assistance program conceived following the profound social and political changes of early 1997. USAID and the U.S. Mission to Bulgaria responded swiftly, adopting a country strategy in late 1997 which more actively supports the Kostov government's efforts to accelerate Bulgaria's democratic political and free-market economic transition. As a result of the new government's responsiveness, assistance has intensified in key areas of legislative and judicial reform to establish the basis for a civil society governed by the rule of law. These efforts support programs in both democracy and economic development, and new activities focus specifically on the GOB's anti-crime and corruption efforts. Despite these and other initiatives in economic reform and restructuring, the basic elements of the country strategy remain rooted in democracy-building and broad-scale enterprise development, the flagship programs of the country strategy and the pillars of its New Partnerships Initiative (NPI).

The ultimate goals are to help Bulgaria make the democratic and economic transition -- preparing it to meet the Maastricht and Copenhagen criteria preconditions for the commencement of negotiations for EU accession sometime around 2002. This timeframe is consistent with current expectations for the timing of Bulgaria's graduation from U.S. assistance.

Building Democracy

In an effort to support Bulgaria in establishing and strengthening a democratic tradition, USAID promotes three primary objectives:

- 1) increased, better informed participation by citizens in public policy decision-making;
- 2) an improved judicial system that better supports democratic processes and market reforms; and
- 3) more effective, responsive, and accountable local governments.

USAID will maintain assistance focused on grass-roots organizations, mobilizing citizens to speak out on policy issues. U.S. programs will also target key issues in media development, judicial reform, and corruption and anti-crime efforts.

Civil Society Development

Through the Democracy Network (DemNet), 111 NGOs received 124 grants in four priority areas: strengthening democracy, social safety net support, environmental protection, and economic development. In addition to grants, the NGOs received extensive training and technical assistance. A total of 94 group-training modules were delivered to 900 representatives from 133 organizations. DemNet is currently entering its second phase, comprising a four-year program that will make grants and provide services to local NGOs through indigenous keystone organizations.

Media

The Professional Media Program (ProMedia), initiated in 1995, seeks to foster independent media in Bulgaria and in Central and Eastern Europe. In Bulgaria, ProMedia focuses mainly on strengthening relevant legislation and the associations most closely involved. It trains professional and trade associations and NGOs, helping them to protect free speech and advocate on behalf of journalists and the media. These associations will also serve as future providers of in-service training to journalists and managers. ProMedia has worked with the Association of Bulgarian Broadcasters (ABBRO) since early 1997, helping it to provide training and other member services. As a result, ABBRO has increased its membership from 21 to 66. In 1998, ProMedia worked with the Free Speech Civic Forum and the Group for European Media Legislation to develop a draft Broadcast Media Law. The law was finally passed by the Parliament in November.

Anti-Corruption Activities

In March 1998, seven indigenous NGOs formed "Coalition 2000" to back the government's anti-crime and corruption efforts. The initiative is supported by USAID through a grant to the Rome-based International Development Law Institute. Coalition 2000 has developed an Action Plan, which was endorsed by government representatives and civil society leaders in November and is recognized as "a most comprehensive document" by partner institutions, including the World Bank, UNDP, and Open Society Foundation. This unique program seeks to combat corruption by many means, including broadscale public awareness.

Judicial Reform

In support of the GOB-initiated judicial reform, USAID is working with the Ministry of Justice (MOJ) and the Association of Judges to identify priority needs and design a program to improve administrative procedures, case and docket handling, and information management. In September 1998, USAID supported an initial assessment that examined needs in such areas as administrative training, recording/accessing court proceedings and case information, court filing systems, improving law student court apprenticeship programs, publication/indexing of court opinions, and reformed civil procedure and criminal procedure codes. Based upon the results, a new three-year program will be started in FY 99.

In addition, USAID, in cooperation with the MOJ and the Association of Judges, will help establish the curriculum and training activities of a Judicial Training Institute to provide continuing education for judges. The Institute will give priority to: 1) educating judges about their rights and responsibilities, including a code of ethics to help increase integrity of the system; 2) informing judges about new laws (especially those that contribute to the reform

agenda) and related adjudication procedures; and 3) advising judges of new legal developments, e.g., seminars on alternative dispute resolution. USAID will also provide assistance to improve curricula and teaching methods at Bulgarian law schools, further to enhance the academic preparation of prospective judges.

Strengthening Local Governments

In an effort to strengthen local governments' ability to improve public services, U.S. assistance played a central role in creating a network of municipal associations. The National Association of Municipalities in the Republic of Bulgaria (NAMRB) now represents 86 percent of all municipal governments, and has presented more than 25 statements and proposals on various pieces of national legislation. Representatives have advocated on behalf of the association membership and have participated in drafting amendments to key legislation, including the Municipal Property Act, the State Property Act, and the Act on Tourism.

U.S. assistance also funded the three-year-old non-profit Foundation for Local Government Reform (FLGR), which has been instrumental in training local governments to improve services. A frequent presenter in regional fora, FLGR is at the forefront in advancing regional and local agendas. A recent seminar on fiscal decentralization attracted 81 mayors and municipal staff, members of Parliament and Ministry representatives, NGOs, banks, and others from around the country. One of the more tangible results of USAID's Local Government Initiative is reported by the Regional Economic Development Agency (REDA) in Stara Zagora, one of several such centers created with USAID support. Stara Zagora, a city in central Bulgaria, participated in the Europe-Israel Trade & Industry Jubilee in Tel-Aviv, resulting in two international export contracts, with negotiations underway for the export of medical equipment, processed food, and chemicals. With technical assistance from the Local Government Initiative, Stara Zagora also established the first "Customer Service Center" and trained staff in an effort to improve the quality of social services.

In addition to purely local initiatives, USAID helped foster a twinning program with U.S. cities. To date, 22 Bulgarians have participated in exchange visits with three U.S. cities. One result is the development of an economic plan and creation of a coalition of NGOs to work with the local government in Haskovo in partnership with Abington, Pennsylvania. A twinning with Duluth, Minnesota has helped Rousse to encourage participation by citizens in efforts to improve social, economic, and environmental conditions.

Economic Growth

Under the economic restructuring goal, U.S. assistance is helping Bulgaria to implement significant macro-economic reforms, while simultaneously providing ongoing help to enterprises through strengthened business and trade associations. Over the past 18 months, important new activities have been launched to meet immediate needs related to financial-sector stabilization. In general, these efforts have led to longer-term initiatives focused on creating a strong, transparent, and credible regulatory foundation in banking, capital markets, and pension reform. Although enterprise growth and employment generation are at the heart of USAID's micro-economic strategy, efforts will shift from assistance to individual enterprises and will increasingly channel resources through business and professional associations. The goal is to improve associations' ability to deliver member services such as training, business advisory, or policy and legislative advocacy.

The U.S. assistance strategy related to economic growth rests principally on establishing a more competitive, market-responsive private financial sector, and in accelerating the development and growth of private firms in a market environment. Economic and financial

sector activities implemented by USAID will contribute to Bulgaria's efforts to prepare for EU accession and are closely coordinated with IMF, World Bank, EU, and other donor programs.

Banking Sector Stabilization and Restructuring

Assistance to Bulgaria's banking system has focused on bank privatization, improved supervision and regulation, and on commercial-banker training:

A. Bank Privatization

In early 1997, when depositor confidence deteriorated and a run on Bulgarian banks threatened the whole financial system, the GOB requested immediate U.S. assistance to contain the crisis. Senior advisors from the U.S. FDIC, with long experience in crisis banking, arrived in April 1997, and began work with the Bulgarian Bank Consolidation Company (BCC) to stabilize and ultimately privatize six of the seven remaining state-owned banks.¹ In conjunction with the USAID, the IMF, and World Bank, the government forged a bank privatization strategy by mid-1997. U.S. advisors have played critical roles in advising the BCC Executive Director, who is charged with implementing that strategy.

Progress to date has been significant, particularly in light of the Asian and Russian crises, which have discouraged foreign investor interest in emerging markets. Over the past 18 months, all Bulgarian banks have been stabilized, with two having been sold, one currently being tendered, and two being prepared for sale in 1999. The sixth bank, Commercial Bank Biochim, is the most distressed, and resolution plans are being implemented, isolating the bank pending its restructuring for sale or liquidation. The privatization program's most recent achievement was the sale of the Bulgarian Post Bank in November 1998. As a result of the combined efforts of the U.S. Embassy and USAID-supported advisors, the bank was sold to a consortium led by U.S.-owned American International Group (AIG) and Consolidated Eurofinance Holding, a subsidiary of a Greek-owned banking group. The \$38 million Post Bank privatization was sealed in less than a year, confirming the GOB's commitment to bank privatization and setting a record as one of the fastest such transactions concluded in the region.

B. Bank Supervision

U.S. assistance to the Bank Supervision Department of the Bulgarian National Bank (BNB/BSD) is dedicated to improving the central bank's ability to oversee and regulate all licensed banks to prevent recurrence of the systemic financial crises of 1996 and 1997. Efforts focus on institutional development of the on-site supervision/examination functions performed by the BNB/BSD and are closely coordinated with EU-supported assistance in strengthening off-site supervision.

USAID-supported advisors have been instrumental in developing and implementing an internal bank rating system to appraise banks' risk more accurately. Known as CAMELS (Capital, Assets, Management, Earnings, Liquidity and System Risk), this is the standard bank rating system used in the U.S. and an increasing number of countries worldwide. Working with the central bank staff, U.S. advisors have drafted five core chapters of a Manual of Examination Policies and Procedures, including one on problem banks and enforcement actions. This manual is the basis both for the ongoing training for all future bank examinations conducted by the central bank.

¹ U.S. assistance to Bulgarian bank privatization has focused on the six state-owned commercial banks. A seventh bank, the State Savings Banks, is licensed and registered under separate legislation and is not within the purview of the U.S. assistance program.

C. Commercial Banker Training

A major reason for the 1996-1997 banking crisis was the lack of well-trained bankers experienced in credit analysis, collections, and basic operations and management. The Commercial Banker Training program was launched in early 1998 primarily to institutionalize a training program within a Bulgarian association. To that end, USAID has been working with the International Banking Institute, of which the Association of Commercial Banks is a majority shareholder. Nine courses have been held with over 200 participants since the program began.

Capital Markets Development

To help provide Bulgarian business with alternative financing sources and bolster the GOB's privatization efforts, U.S. assistance was requested to establish and strengthen the principal capital markets institutions. In late 1998, USAID launched two new initiatives, one to assist the Bulgarian Securities and Stock Exchange Commission (BSSEC), the other focused on the non-regulatory institutions including the Bulgarian Stock Exchange, the Central Depository, and the Bulgarian Association of Licensed Investment Intermediaries (BALII).

Efforts to support the BSSEC will consist of two activities, one locally based providing on-the-job training in surveillance and enforcement and assistance with legislative/regulatory review and drafting. The second supports U.S.-based training through an Inter-Agency Agreement with the U.S. Securities and Exchange Commission.

The BSSEC initiative is designed to increase the number of companies listed and traded on the Bulgarian Stock Exchange, and to assure that transactions occur transparently and efficiently. To this end, advisors will work with the Stock Exchange and the Central Depository to strengthen their procedures related to licensing and back office operations such as order entry, order match, clearance and settlement, and registry. To increase the number of companies listed for trading, advisors will train issuers in corporate governance and disclosure through the BALII. In addition, advisors will assist BALII to oversee the activities of member firms and the brokers and dealers.

Pension Reform

Bulgaria's public pension system is increasingly ill equipped to support the growing number of retirees. In conjunction with other donors and in response to a GOB request, USAID launched its Pension Reform Program in August 1998. The program will assist Bulgaria to develop a supplementary private voluntary pension system, roughly equivalent to the U.S. tax-deferred savings program known as 401(k). This voluntary system will help secure retirement income for pensioners and will contribute to the comprehensive pension system reform. The project supports the development of the enabling legislation and the regulations that will govern a private pension system, and will also provide training for regulators and fund managers.

Private Sector Development through Stronger Business Associations and Organizations

To promote the sustainable development of private enterprises in a competitive environment, USAID reformulated its private enterprise strategy in 1998, undertaking more active assistance to business associations such as trade and professional organizations and chambers of commerce. These institutions are now at the core of all USAID's private sector initiatives. They will serve as a conduit for technical assistance and training, and will represent the interests of enterprises in policy and legislative advocacy.

USAID is working directly with business associations, helping them to improve and introduce new member services, increase revenues, and promote sustainability. Assistance

efforts helped increase fee-paying membership in these associations by 20 percent. Under the Firm Level Assistance Group (FLAG), USAID has assisted more than 50 associations representing hundreds of enterprises across all sectors and close to 100,000 workers.

This new framework underscores the shift from specific enterprise-level assistance, which is unsustainable over the long run, to aid targeting institutions that will remain after Bulgaria has graduated from U.S. assistance. To this end, USAID has worked actively with associations across economic sectors and in close collaboration with the newly formed Bulgarian Agency for Small and Medium Enterprises. A National Strategy for small and medium enterprises (SMEs) was developed, approved, and adopted by the GOB in 1998. As an addendum to the strategy, the SME Agency with association input drafted an SME Law, which, once ratified, will substantially improve the business climate for small and medium-sized firms.

USAID organized and facilitated a number of roundtable discussions among policy-makers, associations, and private enterprise representatives. These fora signal an important milestone in developing a strong public-private dialogue, which will contribute to enterprise growth in Bulgaria. Testifying to the dramatically improved government-business relations, business associations not only assisted in formulating the SME strategy and law but also influenced key legislation ratified in 1998, notably the Foreign Investment Act, a new Grain Law establishing a Grain Warehouse Receipts System, and the Privatization Law.

Although increasing emphasis is now dedicated to association building, USAID continues to provide technical assistance through FLAG to Bulgarian enterprises. FLAG focuses on key sectors such as consulting and financial services, light manufacturing, agribusiness, and tourism, with emphasis on exporters and other foreign exchange earners. Among FLAG-assisted firms, revenues increased more than 15 percent in 1998, and over the past two years over 4,000 new jobs have been created. FLAG clients also developed business linkages which generated nearly \$6 million in transactions.

Despite USAID's best efforts to strengthen associations and support enterprise development, the lack of capital remains a significant constraint for Bulgarian SMEs. Two U.S. programs are designed to assist in mobilizing credit to business: CARESBAC and the SEED-funded Bulgarian American Enterprise Fund (BAEF). Together, CARESBAC and BAEF made more than \$10 million in equity investments in 1998, with BAEF providing more than \$25 million in additional debt finance. CARESBAC works in tandem with the FLAG program to improve the productivity of Bulgarian enterprises and create employment. The BAEF is pioneering new areas of consumer finance, including mortgage and retirement finance.

Energy Sector Restructuring and Reform

The U.S. energy program has for over five years provided assistance in two major areas -- legislative/regulatory development and energy efficiency. Progress on the former has been halting, and efforts to advance an energy law have been unsuccessful. Consequently, U.S. assistance to the Committee of Energy and the National Electric Company has been drastically curtailed. By contrast, the energy efficiency program has been successful in implementing several demonstration projects, notably at the regional hospital in Gabrovo. USAID supported the installation of advanced heat-recovery and air filtration equipment there, and as a result the project was honored with the U.S. Association of Energy Engineers 1998 Project of the Year Award. The project significantly reduced energy consumption and dramatically improved the hospital's internal air quality in a cost-effective, replicable manner.

Improved Quality of Life

In FY 98, SEED resources were provided to follow-on and complete the humanitarian relief efforts which commenced in 1997. Obligations were:

The Title II grant to the American Red Cross was designed to support the elderly and other vulnerable groups. The program's first phase reached approximately 100,000 pensioners through relief efforts coordinated by local branches of the Bulgarian Red Cross. For nine months beginning in December 1997, the program delivered 4,900 metric tons of commodities. USAID has approved a one-year extension and will provide close to \$3 million in foodstuffs.

The Title II grant to the Catholic Relief Services (CRS) was used for a bread distribution program for unemployed workers and their families. Under the project, CRS imports flour that is baked into bread by public and private bakeries for distribution to beneficiaries. Thus far, over \$1.5 million worth of flour has been imported and more than 18,000 families have benefited from this program, which concluded in September 1998. However, USAID has approved a one-year extension, under which commodities valued at about \$2.9 million will be provided.

Cross-Cutting Projects

TRANSIT-Europe: Technical Training for Societies in Transition (TRANSIT) is USAID/Bulgaria's \$1.2 million overarching training project. TRANSIT provides a broad base of leaders and professionals with the skills and practical knowledge to develop and support democratic processes, free markets, and private sector growth. It is among the most important cross-cutting projects, supporting activities across sectors and helping to achieve objectives. Over 300 Bulgarians, including ministers, mayors, supreme court justices, the commissioners of the BS SEC, and the president's chief advisors have participated.

The Bulgaria Global Environmental Facility (GEF) Biodiversity Project: Bulgaria's GEF project includes a team of U.S.-supported advisors assigned to the Ministry of Environment and Waters (MoEW), who are helping promote biodiversity conservation. The GEF project supports the national nature protection management system and also provides essential equipment for managing the Central Balkan and Rila National Parks. A major task of the project is to assist the parks to develop comprehensive park management plans. In 1998, the project trained and equipped both administrations and the MoEW National Nature Protection Service. The project also funded field studies, database development, and surveys and technical consultancies in support of biodiversity conservation. Currently, GEF/Bulgaria is accelerating its work, following the recent passage of the Protected Areas Law.

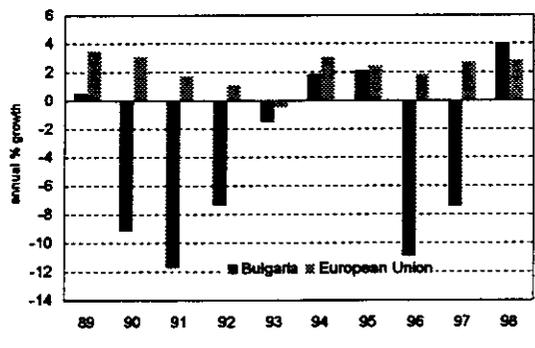
Social Benefits and Services: The USAID-funded American Center for International Labor Solidarity (ACILS, formerly the Free Trade Union Institute) program was established in 1992 to educate, train, and provide technical assistance to Bulgarian unions. The program focuses on labor education, counseling, and Tripartite Cooperation. In 1998, close to 1,000 union workers were trained each month, participating in seminars on collective bargaining and labor law, health and safety, privatization and economic reform, and modern labor-management relations. Seven Labor Counseling Centers offered legal, employment, and economic counseling services. ACILS also sponsored U.S.-training for senior leaders in areas related to health and safety, pension programs, community development, and civil society.

Quick Start Labor Training Program: This program focuses on creating jobs and serves as a quick-start to employment. It trains industry leaders and managers to improve operations in order to grow, compete, and create employment. The program is closely coordinated with municipalities and seeks to improve local efforts to attract investment and start-up businesses. Bulgaria's organized labor movement, SME sector, and Government all have

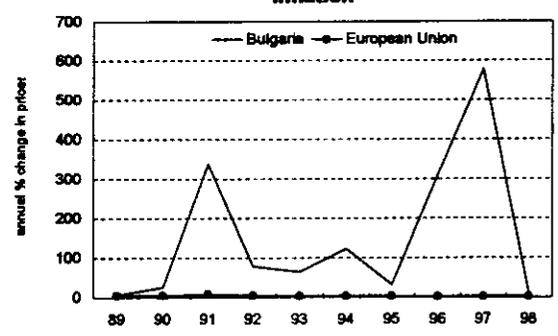
roles in the program. The first pilot project started in September 1997 in the port city of Varna, and training programs were held during 1998.

Bulgaria

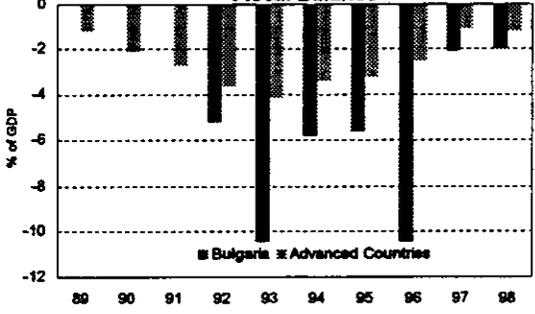
Real GDP Growth



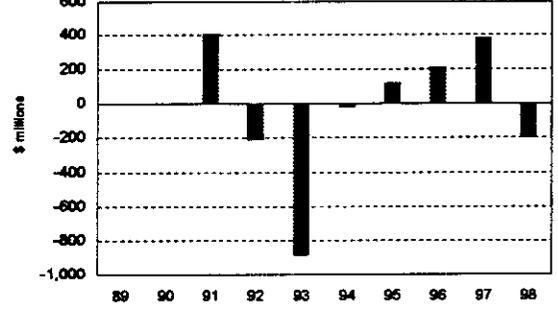
Inflation



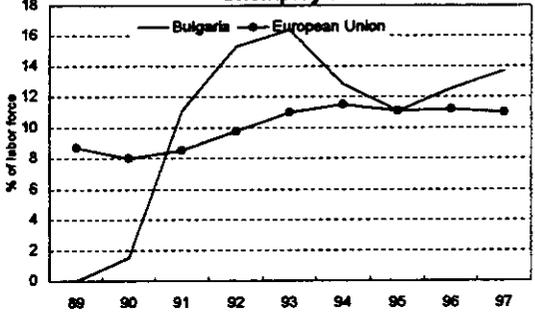
Fiscal Balance



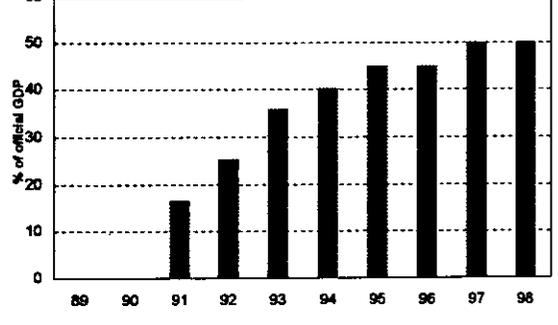
Trade Balance



Unemployment



Private Sector Share of GDP



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO BULGARIA
FY 98 OBLIGATIONS
As of 09/30/98**

		Total Obligation
		35,795,969
 STRENGTHENING DEMOCRATIC INSTITUTIONS		
Democratic Pluralism		
180-0021	Political and Social Process	300,000
180-0022	Independent Media	400,000
180-0032	Non-governmental Organization (NGO) Development	1,640,000
Political Process and Governance		
180-0019	Democratic Governance & Public Administration	4,371,989
180-0020	Rule of Law	76,000
	Sub-Total	6,787,989
	As % of Total Obligation	19%
 ECONOMIC RESTRUCTURING		
Privatization and Assistance to Enterprises		
180-0014	Privatization & Enterprise Restructuring	6,465,000
180-0023	Technical Assistance to Enterprises	5,473,445
Investment and Trade		
180-0010	Enterprise Fund	10,900,000
Human Resources		
180-0002	Human Resources	200,000
180-0045	Participant Training	1,200,000
Agriculture and Agribusiness		
180-0024	Restructuring Agriculture	1,925,000
Energy Efficiency		
180-0030	Regional Energy Efficiency	600,000
	Sub-Total	26,763,445
	As % of Total Obligation	75%
 IMPROVING THE QUALITY OF LIFE		
Environment		
180-0004	Environmental Initiatives	125,000
Employment & the Social Safety Net		
180-0033	Labor Market Transition	650,000
	Sub-Total	775,000
	As % of Total Obligation	2%
 MISCELLANEOUS		
180-0249	Audit, Evaluation & Project Support	574,535
180-632A	Transfers to Other Government Agencies	895,000
	USIA	450,000
	Department of Treasury	445,000
	Sub-Total	1,469,535
	As % of Total Obligation	4%

CROATIA

ECONOMIC DEVELOPMENTS

Since the Dayton Agreement was signed in December 1995, Croatia has made good progress in restoring economic growth and rebuilding war-damaged housing and infrastructure. The GDP growth has expanded for five straight years, and, on the surface, the economy appears to be among the stronger, more stable ones in Central and Eastern Europe. Most estimates put real GDP growth in 1998 at around 3.5 percent, but this figure may need downward revision (possibly even to zero) in wake of the global economy's sharp decline in the second half of 1998 and recent economic developments in Croatia. Real GDP grew by approximately 6.5 percent in 1997. Annual per capita income is about \$4,000.

In 1998, most major macroeconomic indicators remained stable, but overall performance was mixed. Positive indicators include an annual inflation rate of about 3.5 percent, a budget deficit of less than 2 percent of GDP, a manageable debt service ratio, and a relatively stable domestic currency. On the negative side, the current account deficit ballooned to 12 percent of GDP at the end of 1997 and stayed high in 1998, unemployment is estimated at about 17.5 percent, per capita foreign direct investment remains weak, and export growth remains low.

Overall, Croatia has moved ahead well in implementing basic economic reforms such as price liberalization, elimination of trade and foreign exchange restrictions, and small-scale privatization. Yet, it has made only limited progress toward implementing second- and third-tier economic reforms such as large-scale privatization, enterprise restructuring, banking sector reform, and improvement of the legal and regulatory framework affecting competition and private investment. Furthermore, serious concerns remain about the government's political will and commitment to the far-reaching reforms needed to support broader-based growth.

Several trends and developments in 1998 suggest that Croatia's economy may be considerably weaker than shown by overall macro indicators. Of particular concern is the serious growth of internal debt, now estimated at almost \$11 billion, and the attendant damaging liquidity crisis. Over the past year, businesses throughout Croatia have reported major difficulties in collecting on receivables and other accounts due. Payments in kind or in various forms of barter have become ever more common and are one element of a severe cash flow crisis that threatens continued private sector growth.

In March 1998, the financial sector was seriously shaken by the near collapse of Dubrovacka Banka. The country's fifth largest bank, Dubrovacka, had been considered among the more financially sound of those inherited from the socialist era. While the government managed to bail Dubrovacka out, several other banks folded in the aftermath. Dubrovacka's troubles were widely viewed both as a reflection of the underlying poor health of the formal banking sector and as a symptom of gross government mismanagement of privatization and other restructuring efforts.

Finally, Croatia's economic performance over the next few years will continue to be affected by the large postwar reconstruction and redevelopment burden. The Government of Croatia (GOC) has estimated the forward costs of reconstruction of housing and infrastructure needed to support sustainable return of all remaining displaced persons (DPs) and refugees at about \$2.5 billion. This figure does not include the cost of economic restructuring and revitalization in the war-affected areas. The GOC has indicated that through 2003 it will commit \$500 million annually from the national budget to complete the reconstruction program and has appealed for international assistance.

POLITICAL DEVELOPMENTS

U.S.-Croatia relations have focused on three principal areas: fulfillment of Dayton and Erdut Agreement commitments; support for ethnic reconciliation, particularly nondiscriminatory facilitation of the return of all DPs and refugees to their communities of origin; and implementation of broader democratic reforms. The U.S., the EU, and others have stated that improved performance in these areas is necessary to sustain Croatia's eligibility for bilateral and multilateral financial support and to advance Croatia's prospects for further Euro-Atlantic integration. Croatia's uneven performance in these areas since 1996 has inhibited relations with the U.S. and Europe and impeded its progress toward European integration.

In 1998, Croatia made some notable advances toward fulfilling its Dayton and Erdut commitments and in creating conditions for larger-scale DP and refugee returns. Progress in both areas, however, came slowly and required intensive U.S. and international engagement to achieve. The implementation of broader democratization reforms remained unsatisfactory. However, 1998 saw some indications that the ruling party's monopolistic grasp of political power might be weakening. The rise of moderate, pro-democracy political leaders from the opposition or within the ruling party itself may accelerate Croatia's democratic transition.

Croatia's unsatisfactory performance in 1998 in implementing broader democratic reforms still raises questions about the ruling party's commitment to basic democratic principles and norms. Areas of concern include restrictions on freedom of speech and of association, one-party control of public TV and radio, government repression of independent media, unfair electoral regulations and procedures, lack of independence of the judiciary, and inadequate human and civil rights protection. Despite strong, persistent international pressure, the GOC failed to make progress on these issues. It continued to use legislation, the judiciary, and financial police to control and intimidate journalists, human rights activists, and NGO leaders who criticized or questioned GOC policies. Virtually all of Croatia's leading independent publications have been subject to costly, debilitating court cases brought by high GOC officials or political supporters and which threaten their survival. Recent revelations of extensive government wiretapping have added to the atmosphere of anti-democratic intimidation.

In 1998, the international community presented the GOC its consensus concerns about the independent media and electoral processes in two "non-papers" with specific actions Croatia needed to take to bring itself closer to Western democratic standards. On media reform, the GOC has been urged to open access to state-owned TV and radio and to cease using repressive criminal libel and slander laws to prosecute journalists and others accused of insulting GOC officials. On the electoral law, the GOC has been pressed to address concerns about the special diaspora bloc in Parliament, the ethnically biased citizenship law, disenfranchisement of thousands of refugees, and the unfair use of GOC-controlled media during election campaigns.

Concerning Dayton and Erdut implementation, the successful completion of the UN Transitional Administration for Eastern Slavonia (UNTAES) mandate and the official transfer of authority over the area to the GOC in January 1998 were milestone events. Reintegration of Eastern Slavonia restored Croatia's territorial integrity and was of symbolic national importance. Displaced Croat populations have returned to the area more slowly than the GOC expected, due to poor economic circumstances and the difficulties of reestablishing normal life there. The UNTAES operation's success has been further mitigated by the continued exodus of the region's Serb population, amid reports of harassment by returning Croats.

Substantial progress was made in 1998 toward improving GOC and international community cooperation and in establishing a solid framework for encouraging larger-scale DP and refugee returns. Between May and November 1998, hard-won agreements on official return

procedures, a national return plan, and a national reconstruction and development plan set up an effective, non-discriminatory framework to allow all war-affected populations to return to Croatia, regain access to personal property, and receive reconstruction assistance or compensation. Implementation has been uneven. Actual returns to date are relatively small in number, but progress is evident. In 1998, an estimated 5,500 Croatian Serb refugees returned to Croatia, at least 10,000 Croats returned to communities of origin in Eastern Slavonia, and several thousand Serb DPs from Eastern Slavonia went to other parts of Croatia. Sustained U.S. and international community engagement on these issues will remain vital, however, if 1999 is in fact to be the "year of returns" in Croatia.

Croatia is not yet a Partnership for Peace (PfP) member. In February 1998, the U.S. presented the GOC a PfP "road map" outlining specific areas where improved performance was needed for Croatia to meet the minimum qualifications for further consideration. Dayton implementation, support for ethnic reconciliation, and democratization remain the primary obstacles to progress on Croatia's application.

SEED ASSISTANCE SUMMARY

Program Overview

The primary objective of the SEED Program in Croatia is to accelerate development of a more open, democratic society based on the rule of law and a high standard of human and civil rights protection. SEED-funded support for democratic transition in Croatia has included major emphasis on resolution of war-related issues, notably the peaceful reintegration of all refugees and DPs into communities of origin. Support for general economic restructuring is a lower priority due to concerns about the GOC's commitment to genuine economic reform and Croatia's relatively advanced level of economic development. SEED funds have been used for several years to encourage private sector development in war-affected areas to support the return of refugees and DPs.

The SEED program in Croatia is structured around three strategic objectives:

- Return and reintegration of war-affected populations;
- Increased, better-informed citizen participation in the political process and public decision making; and
- A more competitive, market-responsive private financial sector.

Total FY 98 SEED funding for all activities in Croatia was \$23.25 million. Approximately 65 percent of that was used in support of programs to encourage sustainable returns of refugees and DPs, 30 percent to accelerate broader democratization, and 5 percent for financial sector restructuring and other project development and support activities.

Program Impact

Strategic Objective: Return and reintegration of refugees and displaced persons in their communities of origin in Croatia

Despite Croatia's postwar progress in rebuilding war-damaged housing and infrastructure and restoring economic growth, there remain several hundred thousand ethnic Croats, Serbs, and others from Croatia who have been unable to exercise their right to return. This group includes internally displaced persons and Croatian refugees in Bosnia and Herzegovina (BiH), the Federal Republic of Yugoslavia, and elsewhere, as well as ethnic Croats displaced from BiH.

Resolving the refugee and DP crisis throughout the former Yugoslavia remains a high-priority U.S. foreign policy objective. Progress in solving this problem in Croatia, particularly to open cross-border returns for Croatian Serb refugees from the Federal Republic of Yugoslavia and from Bosnia-Herzegovina, is necessary for the achievement of a comprehensive regional solution and long-term stability. The return and reintegration of all remaining refugees and DPs throughout the former Yugoslavia is essential to successful implementation of the Dayton Peace Accords.

In 1998, the GOC made substantial progress in improving relations and cooperation with the international community on a broad range of issues affecting return of refugees and DPs to their communities of origin. Agreements with the GOC on return procedures, a national return plan, and a national reconstruction and development plan were significant milestones toward improved GOC performance in meeting its Dayton and Erdut agreement commitments. At the core of these agreements is a GOC commitment to adopt more transparent, non-discriminatory policies to encourage returns and implement reconstruction assistance. Whether the GOC will actually do what it has promised remains unknown. SEED-funded activities in support of returns in Croatia are important foreign policy tools both for catalyzing returns and for verifying GOC compliance with the terms of its agreements.

SEED-funded assistance in Croatia for the return and reintegration of war-affected populations has as its principal objectives to: (1) encourage municipalities to create conditions conducive to the return and resettlement of all refugees and DPs to communities of origin; (2) ensure that human and civil rights of all affected populations are respected and protected, and that all persons receive equal treatment under the law; and (3) promote growth of small and medium private enterprises and agriculture to provide jobs and incomes for those returning to or remaining in war-affected areas.

SEED-funded activities in 1998 in Croatia in support of refugee and DP returns included:

The Return Assistance Program (RAP): a two-year \$13.5 million program (\$11 million in FY 98) implemented in partnership with the International Organization for Migration (IOM) to support the return of refugees and DPs to communities of origin in Croatia. RAP provides assistance for repair and reconstruction of basic infrastructure and community development projects in municipalities demonstrating a commitment to encouraging and facilitating multi-ethnic returns. In 1998, eight municipalities entered into RAP partnership agreements with a total return target of approximately 14,500 people. Actual returns to RAP partner municipalities in 1998 were estimated at 6,700. In 1999, RAP will expand to a minimum of 16 partner municipalities, with a total return target of at least 30,000. Returns facilitated directly under RAP are expected to catalyze larger-scale returns throughout Croatia.

Reintegration of Populations Project: a five-year, \$7.6 million dollar program (\$2 million in FY 98) implemented in partnership with America's Development Foundation (ADF). It supports improvement of human and civil rights monitoring and protection, and provides direct legal assistance to war-affected populations throughout Croatia. The project has directly supported the development of a legal services and assistance network consisting of 25 local NGO service providers. In 1998, the network extended services to over 25,000 refugees, DPs, and returnees to resolve legal and administrative issues including citizenship, property rights, professional licensing, business registration and certification, and access to social benefits. In addition, ADF has supported training and institutional development to ensure the sustainability of client NGOs beyond the life of the program.

Private Sector and Agricultural Development: SEED-funded private sector development activities in war-affected areas have benefited over 3,000 entrepreneurs and farmers

throughout Croatia. Legal services, provided by America's Development Foundation (ADF), assisted over 1,000 businesses in the former UNTAES-administered region of Eastern Slavonia to re-register under Croatian law and continue to function after the UNTAES mandate ended. These efforts were crucial to preserving the area's economic base. The Firm Level Assistance Group (FLAG) project is a three-year \$4.7 million (\$2 million in FY 98) private sector development program for war-affected areas, implemented in cooperation with the University of Delaware. The FLAG consortium comprises six U.S. private and voluntary organizations -- the Citizens Democracy Corps, the International Executive Service Corps, the MBA Enterprise Corps, Land O' Lakes Incorporated, Agricultural Cooperative Development International, and Volunteers in Overseas Cooperative Assistance. In 1998, FLAG provided direct technical assistance and training to 30 client firms and 12 farmers' associations. In mid-1998, the project expanded its support network to include all war-affected areas in Croatia. Firms receiving FLAG support reported an average 4 percent increase in employment and 17 percent increase in sales revenue. FLAG also helped establish over 250 new business linkages in Croatia and abroad for firms in Eastern Slavonia.

Micro-Loan and Equity Finance Projects: The Micro-Loan project is a three-year \$3 million project implemented in cooperation with Opportunity International (OI) to support small business development in Eastern Slavonia. Through the end of 1998, OI and its local partner had disbursed approximately 650 loans valued at \$3.8 million (including reflows on loans) to small-scale entrepreneurs and farmers in the region. As a direct result, recipients have been able to sustain nearly 900 jobs while creating over 700 new jobs for area residents. The Small Enterprise Assistance Fund (SEAF) is a three-year \$5.0 million-project to provide equity financing to support medium-scale private enterprise development in war-affected areas. SEAF is an important complement to both the micro-loan and FLAG programs. Since project inception, SEAF has made eight equity investments, including five in 1998, with a total value of \$1.2 million. SEAF investees range from milk producers to de-mining equipment manufacturers.

Strategic Objective: Increased, better-informed citizens' participation in the political process and public decision making

Since the SEED Program's inception, Croatia has made unsatisfactory progress toward full democratization. It currently ranks 13th in overall democratic reform among 27 CEE and NIS countries receiving bilateral support from the U.S. Since the war ended in 1995, Croatia has failed to improve any of the basic indices of political rights and civil liberties and has actually regressed in the area of media freedom. The principal obstacle to systemic democratic reform in Croatia remains the ruling party's ambivalent commitment and, at times, openly hostile opposition to basic democratic principles and civil liberties.

In reviewing SEED-funded support for democratization in Croatia, it is important to distinguish between support to the GOC and that for democratic reformers. Outside of government circles, there exists an impressive, well-respected cadre of reform advocates who merit and need outside support to survive and gain influence in an adverse political environment. For the independent media, NGO sector, opposition political parties, and trade unions, SEED funding is a vital source of badly needed technical assistance, training, and financial support to maintain operations and achieve long-term viability.

SEED funding for democratic reform in Croatia is aimed primarily at improved performance in civil society development, independent media, and political process. SEED projects support a range of NGOs, independent media practitioners, and political parties to promote broader democratization and encourage public participation in political processes.

SEED-funded activities in FY 98 in support of democratization in Croatia included:

Independent Media Development: SEED-funded support for development of independent media is provided primarily through the Professional Media Program, implemented in partnership with the International Research and Exchanges Board (IREX). USIS also extends training to media professionals with SEED funding. The ProMedia project provides technical assistance, training, and financial support to independent print and electronic (TV/radio) media and to professional associations of print and electronic media practitioners. In 1998, SEED funds supported the creation of a nine-member Association of Independent Television Stations and a 14-member Association of Independent Radio Stations. These associations are expected to play an important role in efforts to break the GOC's monopolistic control of electronic media and to give alternative sources of news and information to a broad segment of Croatia's citizens. In 1998, ProMedia continued to back the development of the Croatian Journalists Association, which has emerged over the past three years as a viable, influential institution for advocating, defending, and mustering support for independent journalists and media practitioners. The association has over 2,800 members and serves as a central meeting place and service center for journalists. SEED assistance has enabled the association to establish and maintain a training center, provide access to a newspaper archive, develop legal assistance and defense programs, and establish a press club.

Political Party Strengthening: SEED support for political party building in Croatia is provided in cooperation with both the National Democratic Institute (NDI) and the International Republican Institute (IRI). In 1998, NDI continued its work with seven major political parties to expand political bases through public outreach, professionalize operations, and assist with platform development. NDI has conducted a series of training-of-trainers seminars on topics related to political organizing and implementing strategic plans. NDI also has advised political leaders on how to change the existing electoral law, which is widely viewed as a major obstacle to a more competitive, representative multi-party democracy in Croatia. In 1998, USAID signed a new agreement with IRI to administer a program of national opinion polling to help the leadership of political parties prepare for and compete more effectively in the next round of national elections. Parliamentary elections must be held by early 2000 but could be called anytime before then. The results of the first poll indicate deep concerns among the voters about the country's overall direction and underscore a broad-based desire for political change. The poll results also reveal general economic anxiety, as well as substantially declining support for the ruling party, including President Franjo Tudjman. IRI and NDI will coordinate their programs closely over the next year to help political parties use information to strengthen campaign strategies and improve message development.

NGO Sector Development: SEED funding gives major support to NGO development in Croatia. In 1998, U.S.-funded NGO development programs managed by the International Rescue Committee (IRC), Delphi International, and the Academy for Education Development (AED) continued to provide vital assistance to a broad range of Croatian NGOs, including women's groups, human rights organizations, youth groups, and other advocacy groups. In addition, the SEED-funded Democracy Commission is an important source of small grant assistance to NGOs and the media. In 1998, Delphi extended sub-grants to support development of 16 women's groups, and IRC provided sub-grants to 15 youth organizations. In June 1998, USAID signed a three-year \$2.8 million (\$1.2 million in FY 98) NGO sector development agreement with AED. Under the new program, AED will help develop sustainable NGO support centers, make available specialized training and technical assistance to advocacy NGOs throughout Croatia, and provide 8-15 sub-grants to support NGO projects in key sectors, including women's rights, economic reform, human rights, social welfare/reconciliation, and the environment.

Trade Unions: Labor unions, whose memberships comprise almost two-thirds of the formal work force, are another important potential catalyst for democratization in Croatia. SEED-funded training and technical assistance through the American Center for International Labor Solidarity (ACILS) have been effective in strengthening internal organization; encouraging unions to form coalitions around economic, social, and democratic issues affecting workers and their families; and assisting unions to open effective dialogues with local and national government representatives to effect change. In 1998, ACILS was instrumental in developing a women's coordination group of female union leaders, which has become active in promoting women's interests in the workplace.

Independent Judiciary/Rule of Law: In 1998, the American Bar Association's Central and East European Legal Initiative (CEELI) project provided support to the Association of Croatian Judges, the Croatian Women Lawyers Association, and the Croatian Bar Association to lead initiatives to advance of the rule of law and independence of the judiciary. CEELI gave training, technical assistance, and sub-grants to these associations and has been instrumental in raising their public profile as advocates of change.

Strategic Objective: More competitive, market-responsive private financial sector

Since independence in 1991, Croatia has made satisfactory progress in implementing the basic economic reforms needed to create a foundation for developing a market economy. Croatia currently ranks seventh in overall economic restructuring among 27 CEE and NIS countries receiving bilateral support from the U.S. Despite overall macroeconomic progress, fundamental economic restructuring in areas including banking sector reform, large-scale privatization, enterprise restructuring, competition policy, and investment policy is still needed to sustain economic growth and enable Croatia to compete in the global economy.

Since 1995, SEED-funded assistance for economic restructuring in Croatia has been limited to support for financial sector restructuring and development. The principal goals of such activities have been to develop an effective, enforceable legal and regulatory framework to support development of transparent, reliable, and participatory financial markets. SEED-funded activities have been important complements to World Bank and IMF programs in Croatia.

Over the past year, it has become increasingly evident that Croatia's financial sector is facing severe problems. The near collapse of Dubrovacka Banka in March 1998 was a powerful indicator of the formal banking sectors poor health. Despite growing concerns about the urgency of dealing with problems facing many banks, the GOC has been slow even to acknowledge or to take action to address the major issues. Genuine financial sector reform has been severely compromised by apparent political considerations. In the absence of sufficient GOC political will and commitment to deal effectively with problem banks and other financial sector issues, SEED-funded support for financial sector reform has been largely curtailed, and there are no current plans to start new activities.

SEED-funded activities in FY 98 in support of economic restructuring included:

Bank Supervision Project: Between 1995 and 1998, SEED-funded technical advisors and trainers provided through KPMG/Barents Group made excellent progress in building the capacity of the bank supervision unit at the National Bank of Croatia (NBC). Notable results included completion in 1998 of the official manual for on-site supervision of all banks in Croatia and development of a new uniform off-site bank reporting system maintained at the NBC. Good progress in capacity building was not matched, however, by effective capacity utilization. Reluctance of the NBC and GOC to authorize trained bank supervisors to undertake regular supervisions and act on information collected during bank reviews has severely impeded further project implementation. Consequently, the last SEED-funded resident advisor to the NBC

departed in 1998 and has not been replaced. While USAID might be willing to consider future requests for assistance, no action will be taken absent a significant, credible commitment by the NBC to support genuine reform.

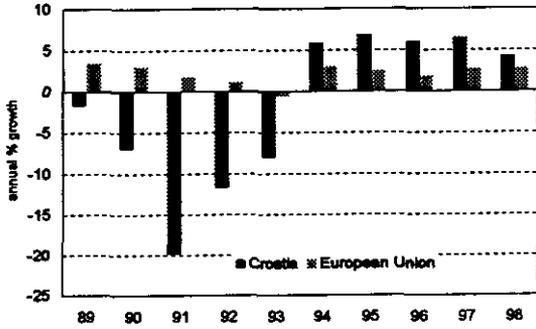
Bank Rehabilitation: The situation at the Bank Rehabilitation Agency (BRA) is similar to that within the NBC bank supervision unit. Between 1995 and 1998, good progress was made in building technical capacity and developing effective procedures for the BRA to proceed with rehabilitation and privatization of state-owned banks. SEED-funded technical advisors provided by KPMG/Barents assisted in developing resolution plans for bad assets, trained staff, developed procedures for the asset work-out office, and advised on the need for re-classification of marginal bank assets. Overall progress was inhibited, however, by the reluctance of key managers and partners at the BRA and within the GOC to authorize the Agency to take the bold, resolute actions needed to deal effectively with the problems identified. In 1998, USAID ended its direct support to the BRA and transferred the last remaining advisor to work at Privredna Banka Zagreb (PBZ). PBZ is the largest of the regional state-owned banks in the rehabilitation program and accounts for approximately 40 percent of the bad debts accumulated when banks served as credit institutions for state-owned enterprises in former Yugoslavia. PBZ management has shown far more openness to outside advice and a stronger commitment to necessary reforms than counterparts at the BRA. SEED funding of this advisor was to end in December 1998.

Graduation Prospects

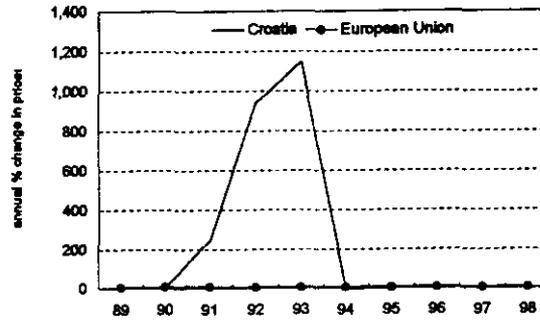
No graduation or closeout date has been established for the SEED Program in Croatia. For Croatia to become a successful graduate, substantial progress will be needed toward democratization, reintegration, and economic reform. Establishing a timeframe for meeting the basic SEED graduation criteria is primarily dependent on the direction of Croatia's political leadership over the next two to three years. There are increasing signs that major political change is in the offing, perhaps as early as parliamentary elections in 1999. If that is the case, the next 12 to 18 months may present an opportunity for rapid progress toward establishing a sustainable democratic society with a market economy. Depending on political events over that period, a three to five-year timeframe for successful completion of the SEED program in Croatia is conceivable.

Croatia

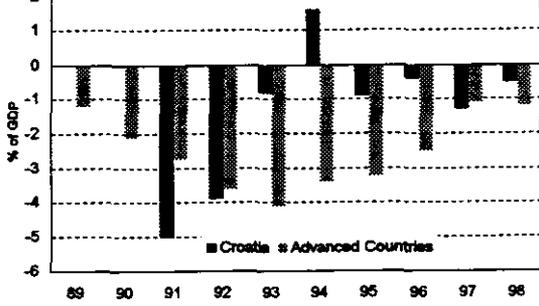
Real GDP Growth



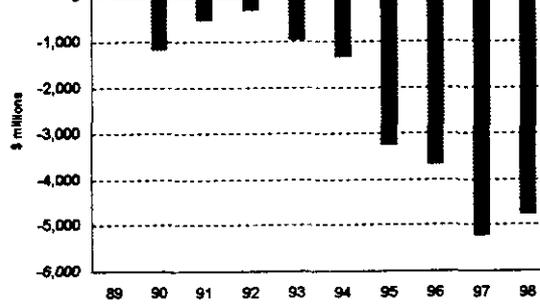
Inflation



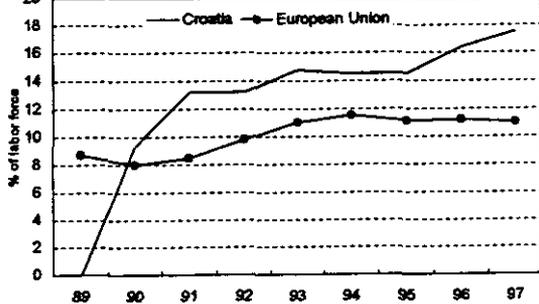
Fiscal Balance



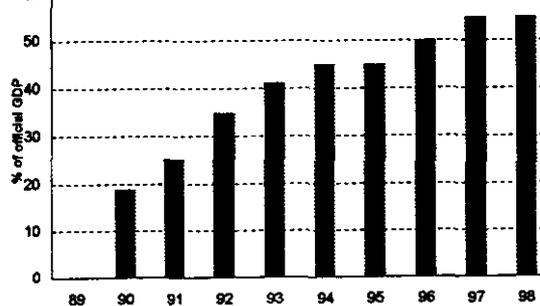
Trade Balance



Unemployment



Private Sector Share of GDP



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO CROATIA
FY 98 OBLIGATIONS
As of 09/30/98**

**Total Obligation
17,257,814**

STRENGTHENING DEMOCRATIC INSTITUTIONS

Democratic Pluralism

180-0021	Political and Social Process	956,568
180-0022	Independent Media	1,000,000
180-0032	Non-governmental Organization (NGO) Development	1,545,468
	Sub-Total	3,502,036
	As % of Total Obligation	20%

ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises

180-0014	Privatization & Enterprise Restructuring	447,104
180-0023	Technical Assistance to Enterprises	800,000
180-0045	Participant Training	780,000

Improving the Business Climate

180-0027	Business Services	300,000
	Sub-Total	2,327,104
	As % of Total Obligation	13%

IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid

180-0016	Trauma, Social Welfare & Humanitarian Assistance	2,342,424
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Urban Development

180-0034	Housing Sector Assistance	7,500,000
	Sub-Total	9,842,424
	As % of Total Obligation	57%

MISCELLANEOUS

180-0249	Audit, Evaluation & Project Support	936,250
180-632A	Transfers to Other Government Agencies	650,000
	USIA	650,000
	Sub-Total	1,586,250
	As % of Total Obligation	9%

CZECH REPUBLIC

ECONOMIC DEVELOPMENTS

The Czech Republic has largely consolidated its economic transition to a market economy with most enterprises now in private hands. The Czech Republic enjoys moderate levels of external debt, a track record of relatively low budget deficits, strong foreign currency reserves, inflation below 10 percent, and moderate though rising unemployment. Due to lack of microeconomic restructuring coupled with recent austerity measures, the country is now undergoing needed economic retrenchment after high, but unsustainable, levels of growth in 1995 and 1996. Recent estimates from the Czech Statistical Office suggest that GDP will fall by almost two percent in 1998, following a sharp economic contraction in the first half of the year and GDP growth of one percent in 1997.

Vital microeconomic tasks remain, such as completing the privatization of the steel, utilities, telecommunications, and financial sectors; restructuring firms to maintain competitiveness; and strengthening the regulatory framework. The new social democratic government has publicly voiced its commitment to carry through on many of these reforms. Restoring health to an ailing financial sector, introducing more transparency in economic decision-making, and instituting incentives for good corporate governance remain essential.

Integrating the Czech economy into Western economic institutions, particularly the European Union, is a principal Czech foreign policy priority. The Czech Republic is a member of the WTO and OECD. It formally applied for European Union membership in 1996 and started detailed negotiations on EU accession in November 1998. During the transition to EU membership, the Czech Republic will harmonize its legal and regulatory framework with EU norms. The drive for EU accession should accelerate the implementation of remaining reforms needed to complete the Czech Republic's transition to a fully market economy.

POLITICAL DEVELOPMENTS

Since 1989, the Czech Republic has undergone a radical political and economic transformation, returning to the ranks of free-market democracies. It is a fully functioning parliamentary democracy whose citizens enjoy the benefits of free speech, free assembly, and a vigorous free press. Vaclav Havel, the Head of State, is an internationally recognized advocate of human rights and social justice. The Constitution provides for an independent judiciary, which is impartial and independent in practice. The shortage of qualified judges and lengthy pre-trial delays, however, suggest that additional reform is needed. The government has committed itself to further judicial reform as part of its efforts toward EU accession.

Parliamentary elections held in June 1998, precipitated by the fall seven months earlier of the government of former Prime Minister Vaclav Klaus, produced no clear majority winner. The Social Democratic Party (CSSD), which received a plurality of just under one-third of the vote, reached an agreement with the Civic Democratic Party (ODS) under which CSSD formed a minority government with the toleration of ODS.

U.S.-Czech relations are excellent and reflect strong historical ties. The U.S. and the Czech Republic cooperate on a wide range of issues, including in the United Nations and in Trans-Atlantic fora such as the OSCE and NATO's Partnership for Peace. In April 1998, the U.S. Senate ratified Czech accession to NATO, which is expected to take place no later than April 1999. The Czechs continue to contribute to the NATO-led stabilization force in Bosnia. The U.S. IMET and FMF programs are designed to help produce a highly trained, mobile,

Western-style military force structure capable of working side-by-side with the U.S. and NATO. The U.S. also continues to provide training in defense planning, military doctrine, peacekeeping operations, and English as the language of peacekeeping.

SEED ASSISTANCE SUMMARY

Overview

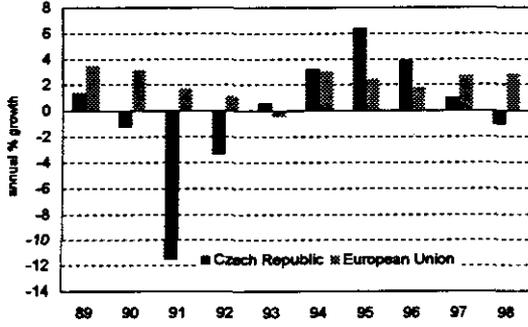
As was agreed when the decision was made to end USAID activities in the Czech Republic, one USAID-funded program has continued beyond the end of USAID management of the SEED Act assistance. This is the Housing Guaranty-funded municipal finance program, which will continue to the year 2000. USAID's regional urban development office in Poland and the U.S. Embassy in Prague jointly carry out management and monitoring of this program.

Under this program, the Czech Municipal Finance Company (MUFIS) can borrow up to \$60 million from private U.S. investors, and then on-lend in Czech *korunas* to commercial banks. The first tranche was borrowed in March 1995; a total of \$44 million has now been borrowed and used to finance some 260 municipal infrastructure projects benefiting over 70,000 households. An important result of the program is the development of a functioning, market-driven municipal credit market. An additional \$8 million has been authorized, which MUFIS plans to borrow in March 1999, in order to continue to strengthen the market system and increase the provision of services such as water, sewerage, gas, solid waste disposal, and roads to an additional 13,000 households.

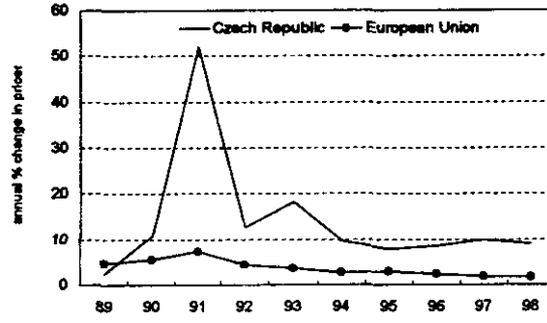
The associated technical assistance program has led to greater empowerment and expanded resources for municipal governments. It was instrumental in strengthening communications among local officials through support provided to the Union of Towns and Communities. USAID support has helped to establish a program for training bank staff in municipal credit practice; these courses are now offered on a commercial basis independent of USAID financing. USAID-funded advisors have also worked closely with municipal governments to improve management and accounting practices, while increasing the efficiency and quality of public services. The program of substantive technical assistance will be completed in 1999.

Czech Republic

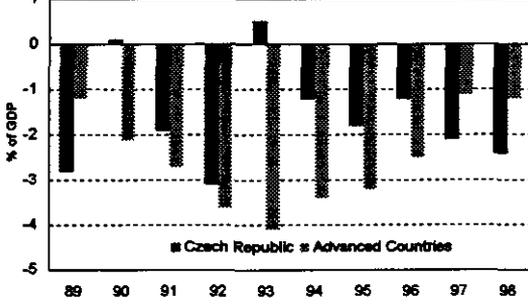
Real GDP Growth



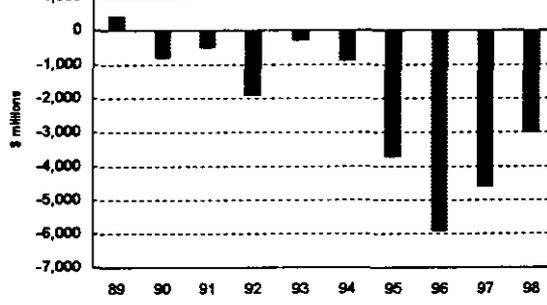
Inflation



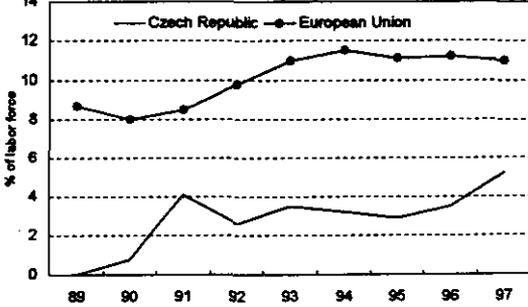
Fiscal Balance



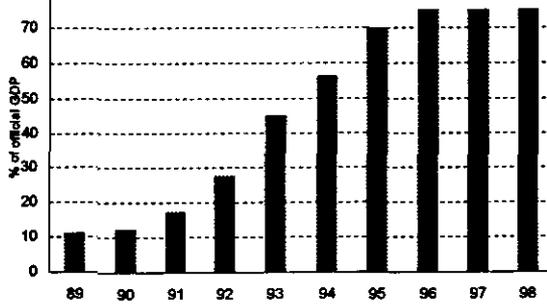
Trade Balance



Unemployment



Private Sector Share of GDP



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

ESTONIA

ECONOMIC DEVELOPMENTS

Estonia has a market economy. Reflecting the extent of post-1992 reforms, Estonia began accession negotiations with the European Union (EU) in March 1998 and is far along on World Trade Organization (WTO) accession. Services, especially financial and tourism, are of growing importance compared to historically more prominent light industry and food production. Privatization of small and medium firms is almost complete, and large-scale enterprise privatization is underway. The economy continues to expand steadily, with GDP growth estimated at 7-8 percent for 1998 and 1999. Per capita GDP is about \$2,530 per year, and incomes are rising faster than the rate of inflation (about 8 percent in 1998). Two-thirds of Estonia's exports (textiles, food products, and wood and timber products) go to Western markets. Unemployment, at 8 percent, remained fairly low but was significantly higher in rural areas.

Estonia deserves praise for its principled adherence to the sound fiscal, monetary, and trade policies it has established. It has maintained a balanced budget and flat-rate income tax, successfully operated its currency board, and has one of the world's freest trade regimes, with virtually no import duties. It also has allowed foreign ownership of commercial property, effectively regulated its banks, and adopted regulations and laws harmonized with international organizations of which it is either a member or seeking to join. Estonia still is experiencing difficulties, however. The aggregate state budgets continue to face pressures owing to arrears in payments to the government, especially from public enterprises, and to growing municipal debt. Agricultural and housing privatizations are lagging, and Estonia confronts a severe balance of payments deficit. It remains concerned about discriminatory transit taxes and double tariffs applied by Russia, which most adversely affect ethnic Russian businessmen resident in Estonia.

Estonia has signed all key international intellectual property rights (IPR) conventions. However, before it can accede to the WTO, it must redress existing inadequacies in its IPR legislation and enforcement, particularly regarding piracy. Estonia provides virtually no protection for foreign sound recordings, including American ones. It does not criminalize end-user software piracy nor provide for *ex parte* civil search orders, and the protection of pre-existing works is unclear. Piracy of sound recordings, musical compositions, videocassettes, and computer software is pervasive; cross-border smuggling and television piracy remain problems.

In principle, Estonia is open to U.S. trade and investment and recognizes the security benefits of having a strong U.S. commercial presence. However, Estonia's distance from the U.S., Nordic competitiveness, and an indifference to or lack of awareness of the market by U.S. companies result in a situation where there is considerable potential to increase U.S. presence. This is being done through aggressive participation in trade and investment promotions targeting U.S. firms seriously considering market entry, stronger media outreach, and closer cooperation with and assistance to the American Chamber of Commerce. Targeting the development of a vibrant, property-owning entrepreneurial class, the Baltic-American Enterprise Fund also continues to develop Estonia's private sector, primarily through loans, investments, and technical assistance to small and medium-size businesses.

POLITICAL DEVELOPMENTS

Estonia is a parliamentary democracy with an independent judiciary. It regained its independence in 1991 after 50 years of Soviet occupation. While Prime Minister Mart Siimann is leading a caretaker government into the March 7, 1999 parliamentary elections, there is little doubt that pro-reform policies will continue regardless which parties form the next government.

The Government of Estonia's (GOE) longstanding foreign policy goal of rapid integration into European and Euro-Atlantic economic and security structures has broad public support. Estonia looks to the U. S. as its primary guide as it works to enhance its security by modernizing its armed forces and making them NATO interoperable.

The GOE generally respects the human rights of its citizens and the large non-citizen community. The OSCE, Council of Europe, and numerous international organizations have confirmed that the Estonia's laws conform to international standards and that the GOE is implementing those laws fairly. Beyond ratifying the European Convention on the Protection of Human Rights, Estonia has undertaken a number of other measures to ensure fair and equitable treatment of its non-citizen community. An OSCE resident mission, which has been in Estonia since 1993 "to promote stability, dialogue, and understanding between the communities," addresses many issues related to the large ethnic Russian minority.

Estonia allows its non-citizens to vote in municipal elections -- one of the few countries to do so. Six ethnic Russians now are members of the 100-seat parliament. Estonia dropped its written language requirement for citizenship for the elderly and the handicapped. The citizenship law requires a five-year residency, retroactive for those who have lived in Estonia since 1990 (encompassing virtually all non-citizens). There is a 90 percent passage rate for the citizenship and language examinations. In October 1998, the parliament passed legislation to naturalize those children born in Estonia to resident aliens since independence was re-established. In doing so, Estonia now has addressed all 30 of the OSCE's recommendations on citizenship and naturalization. About 90,000 former non-citizens (mostly ethnic Russians), have acquired Estonian citizenship, another 100,000 have chosen Russian citizenship, roughly 160,000 hold alien passports with residence permits, and about 20,000 remain in illegal status.

Independent, vigorous media are the standard, with three Estonian and two Russian-language papers distributed nationally with a very broad range of opinion (including harsh criticism of government policies). Films, theater performances, and other cultural programs in Russian abound throughout Estonia. While the state still supports most papers indirectly through subsidized rent, printing, and distribution costs, there is no discernible pattern of pressure on papers receiving such support to follow a particular line or policy. In addition to state radio and television, there are three independent TV channels and dozens of independent radio stations.

SEED ASSISTANCE SUMMARY

Overview

Estonia's democratic and economic reforms have largely outpaced and outperformed those of other former Soviet republics. Basic democratic institutions are in place; the press is free and fair; and human rights are respected. Estonia ranks fourth among all CEE countries in its implementation of economic policy reforms. Growth figures are excellent within the context of a stable macroeconomic environment. Direct foreign investment in banking has increased. Smaller and weaker banks hurt by the Russian crisis have been or are being taken over. With the infusion of capital into its financial sector, Estonia is beginning to make inroads into financial services in Latvia and Lithuania.

As a result of its success in implementing these reforms, Estonia became the first country to graduate from SEED assistance, in September 1996. Approximately \$25 million in SEED-funded assistance and \$6.4 million from the Baltic-American Enterprise Fund were provided to support the development of democracy and a free market economy. USAID assistance advanced the development of citizens organizations, public awareness and participation, and encouraged the establishment and development of NGOs and a strong civil society.

Targeted USAID assistance has left Estonia with a capable banking system, an active small business association, a legal framework more consistent with Estonia's free-market democratic system, a stronger network of NGOs promoting democracy, an environmentally sound oil shale chemical plant, and a law center working to strengthen the justice system.

Although traditional U.S. bilateral programs and activities have ended, longer-term assistance will continue through several programs to include the North Atlantic Assembly's Rose-Roth program, which is planned to run through FY 2000; interagency agreements with the Department of State, which will manage a law and democracy program; and an International Technical Assistance Partnership Program, to be administered by the Department of Commerce. The Democracy Commission Small Grants Program, managed through an interagency agreement with the United States Information Agency, ended in December 1998.

Estonia will also continue to benefit from several regional programs, including the Baltic American Partnership Fund, the Baltic-American Enterprise Fund, and the Baltic Regional Energy Program. The Democracy Network (DemNet), which began with a grant to the U.S. Baltic Foundation in September 1995, had been effective in strengthening Estonian NGOs. Although DemNet was phased out on September 30, 1998, its objectives will be furthered through the newly established Baltic American Partnership Fund:

Baltic-American Enterprise Fund (BaAEF): Established by the U.S. Congress under the SEED Act, the Enterprise Fund has authorized capital of \$50 million dollars for the three Baltic republics. BaAEF opened its office in Tallinn in 1995 and has made about 27 business loans totaling nearly \$6.4 million. In addition, the BaAEF has also approved mortgage loans and an equity investment totaling approximately \$106,000. These investments are spread throughout Estonia and have helped to create and support nearly 900 jobs. Through loans and equity investments, the BaAEF assists in the growth and development of small and medium-sized private enterprises and also has recently initiated a mortgage lending program.

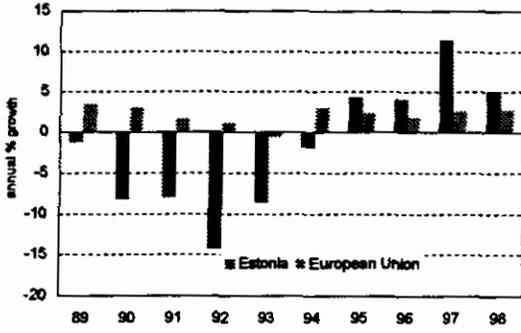
The Estonia Program of the BaAEF has been most aggressive in undertaking equity investments, but has not had success with the mortgage loan program due to limitations imposed on such lending. (Under Estonian law, the interest from mortgages secured from local banks is tax deductible. The interest expense from mortgages from the BaAEF is not.)

Baltic American Partnership Fund (BAPF): The BAPF, launched in January 1998 and financed through a partnership between USAID and the Soros Open Society Institute, is an independent endowment designed to deepen and strengthen transition reforms in democracy and economic restructuring. The BAPF will provide sub-grants for training, technical assistance, and other programs designed to enhance the professional effectiveness and organizational and financial sustainability of the Baltic NGOs.

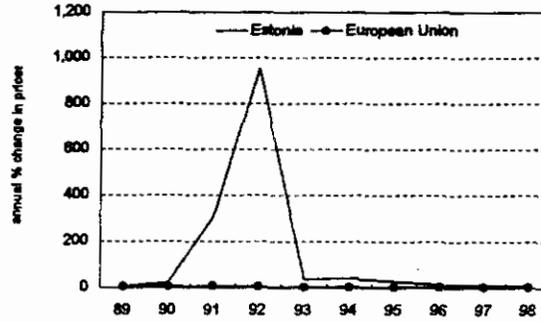
Baltic Regional Energy Program: This regional program under the auspices of the Baltic Energy Council supports U.S. Government interest in the integration of Baltic energy systems into Western Europe and international energy markets, as well as the development of economic alternatives to the continued operation of the Ignalina Nuclear Power Plant in Lithuania. USAID-funded support for continued Estonian participation in this regional energy effort will continue through December 1999. Estonia may also become a member of new broader regional initiatives to establish a Utility Management Institute for the CEE Region and an Association of Energy Regulatory Agencies.

Estonia

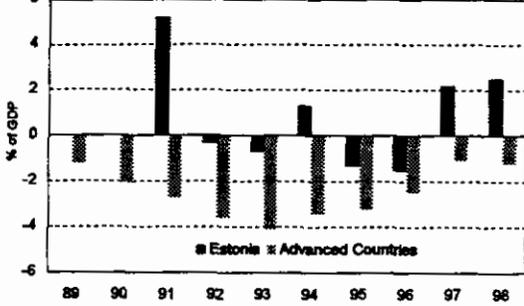
Real GDP Growth



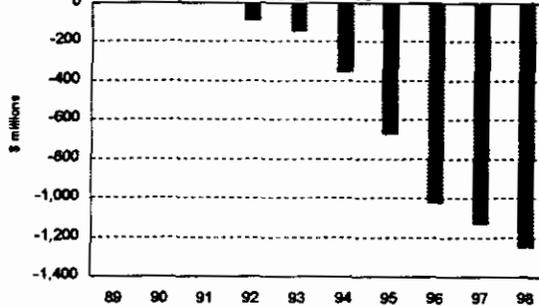
Inflation



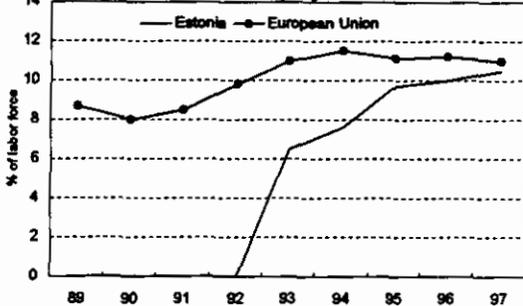
Fiscal Balance



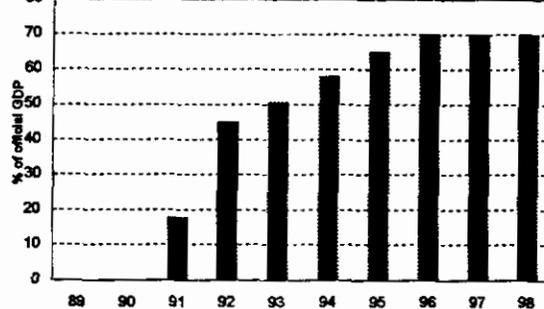
Trade Balance



Unemployment



Private Sector Share of GDP



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

HUNGARY

ECONOMIC DEVELOPMENTS

Despite the election-year slowdown in structural reform, the internal power shifts resulting from the change in governments, and the effects of global financial turbulence in the second half of the year, Hungary continued to consolidate its earlier reforms and to move forward on the economic front in 1998. The current center-right ruling coalition is committed to maintaining Hungary's Western orientation and staying the economic reform course.

The Government of Hungary (GOH) expected GDP growth of about 5 percent for 1998 and anticipates a 5 percent increase for 1999 as well. Nevertheless, due to the steep declines of the early 1990s, absolute GDP for 1998 remained some 6 percent below that of 1989. Three years of austerity beginning in 1995 have largely brought Hungary's budget and current account deficits under control, although the August 1998 GOH takeover of Postabank, the last large loss-making bank, could push the budgetary deficit to nearly 7 percent for the year. The government's 1999 budget projects a deficit of 3.95 percent of GDP, including costs relating to the Postabank cleanup. The 1997 current account deficit of 2.2 percent rose to around 3 percent in 1998, while inflation declined from an annual average of 18.3 percent in 1997 to about 12 percent in 1998. Continuing a longer-term trend, unemployment fell slightly to an estimated 8.7 percent in 1998, although joblessness remains unevenly distributed geographically and demographically. Net real wages increased some 4 percent both in 1997 and 1998, after a cumulative 16 percent drop in 1995-1996.

Hungary's net external debt was expected to fall to \$7.7 billion in 1998, down from \$18.9 billion at the end of 1994. Gross external debt was projected at around \$21 billion in 1998, from \$28.5 billion in 1994. In early 1998, major credit rating agencies placed Hungary's rating for sovereign foreign currency debt issuances more firmly in the investment grades, where it remained at year's end. Foreign investment inflows have comfortably covered Hungary's current account deficit since 1995.

The GOH completed its cash privatization program of major industries in 1998. It plans in 1999 to privatize around \$500 million of the roughly \$1.5 billion in assets still in state hands, through the sale of shares on capital markets. Hungary is the only country in the region to have privatized most of its telecommunications and energy sectors; moreover, foreign investors predominate in the banking and insurance fields. Overall, Hungary's private sector produces an estimated 80 percent of GDP.

POLITICAL DEVELOPMENTS

During its post-communist transition, Hungary has achieved significant accomplishments in building democracy, as part of its overall commitment to integrating with the West. The free, fair elections of 1998, like those of 1990 and 1994, resulted in a complete, orderly change in government. The current center-right ruling coalition holds a 54 percent majority in Parliament. It is composed of the FIDESZ-Hungarian Civic Party (in alliance with the small Hungarian Democratic Forum) and the Independent Smallholders' Party. The three opposition parties range from liberal to social democratic to nationalist-conservative in political orientation.

The government which took office in July reaffirmed three foreign policy priorities: NATO membership, EU membership, and good relations with neighboring countries (four of which have substantial ethnic Hungarian minorities). As did its predecessors, the new government also places strong emphasis on its relations with the U.S. Hungary is expected to

join NATO by April 1999. Negotiations for EU membership began in November. The GOH's goal is to be ready to enter the EU by 2002, although it is unknown whether or not the EU will be prepared to receive new members by then. Hungarian-Slovak relations regained momentum following the changes brought by Slovakia's September elections. Bilateral talks on the Danube dam dispute resumed in November, after having been suspended following the Hungarian elections. Also in November, Hungary and Slovakia finally agreed to establish the joint committees envisioned in their March 1995 Basic Treaty. Implementation of the 1996 Basic Treaty with Romania proceeded slowly in 1998, although bilateral relations remained good.

A major goal of the new Hungarian government is to step up the fight against drugs, terrorism, and organized crime through new legislation. Bills to that end are currently under debate in Parliament. The central issue is whether or not the new measures are compatible with Hungary's privacy and data protection laws. Plans by the previous government to speed up the administration of justice by introducing a new layer of regional courts have been delayed for financial reasons. Hungary is a strong proponent of international cooperation against terrorism and is one of only nine countries worldwide which has signed all ten international agreements relating to terrorism.

The U.S. enjoys excellent military cooperation with Hungary, which will become one of NATO's newest members early in 1999 and has already made considerable progress in modernizing its forces and integrating them into NATO structures. Hungary has also been an important partner in the search for peace in the Balkans. Since 1995, Hungarian forces have served shoulder-to-shoulder with NATO troops in Bosnia, and U.S. forces used the Hungarian airbase in Taszar to provide vital logistics support for both IFOR and SFOR. Currently Taszar also serves as the platform for the OSCE air verification mission in Kosovo.

SEED ASSISTANCE SUMMARY

Program Overview

Hungary was one of the first beneficiaries of the SEED Act. U.S. assistance to Hungary began in early 1989 with programs to facilitate its political and economic transition. U.S. assistance has been focused primarily on working with Hungarians to build the foundations for sustainable democratic governance and private sector economic growth and development. In this regard, the U.S. has sought to support the initiatives of Hungarian national and local institutions, including developing the capabilities of non-governmental organizations, to contribute to Hungary's transition objectives.

USAID has made significant contributions to building up democratic institutions in Hungary, including activities to strengthen Parliament, the election process, and the judiciary. Some of the most successful programs have been directed at working with and in GOH ministries and agencies to put an appropriate legal, regulatory, and policy framework in place. While Hungary has made substantial progress in developing democratic institutions and democratic governance in recent years, there still are vulnerabilities in the non-governmental sector, which USAID continues to address.

With the basic policy, legal, and regulatory framework needed for effective democratic governance and smooth functioning of a market economy now in place, steady progress is being made in improving routine functioning under this framework. During 1998, the private sector accounted for around 80 percent of Hungary's GDP, compared to less than 35 percent of GDP in 1989. Moreover, the fundamentals are there for sustainable economic growth of about 4 percent a year, beginning in 1998.

The SEED assistance goal of helping Hungary transform itself into a democratic society and a market-oriented, private-sector-led economy, integrated into key international systems and Western institutions, is now largely accomplished. U.S. assistance programs have been key catalysts for helping all levels of government, other donors, and Hungarians themselves to identify and experience successful alternatives to pre-1989 approaches. These programs have succeeded because SEED assistance has a comparative advantage, has been responsive to Hungarian transition priorities, has been flexible in taking advantage of appropriate targets of opportunity, and has been timely.

During FY 99, the U.S. program strategy will focus on consolidating and making sustainable recent progress in the following strategic objective areas:

- Sound fiscal policies and management practices, including improved revenue generation, modern tax administration practices and improved compliance, appropriate pension reform, and cost-effective health sector modernization;
- Final support for assuring that Hungary's financial institutions and markets are transparent and work well;
- Support for ensuring sustainable operations of small and medium enterprises, including an improved policy and enabling environment; and
- Strengthening Hungarians' self-help capabilities through NGOs and popular participation in local government.

Program Impact

Economic Growth

The Hungarian economy's growth of more than 4 percent in 1998 should be somewhat higher in 1999. By then the private sector's value-added contribution to recorded GDP is expected to exceed 80 percent of total GDP. Investment growth for 1998 and 1999 of about 7 percent a year is anticipated. Single digit unemployment rates are foreseen from 1998 onward, as participation rates rise with increased employment opportunities. Although the declines in real wages experienced in recent years are not expected to continue, the share of wages in the country's income may continue to fall. Accordingly, consumption growth is anticipated to be around 2 percent a year during 1998 and 1999. Approximately one third of the country's workers belong to labor unions.

Fiscal

Sound fiscal policies and good fiscal management are necessary underpinnings of Hungary's efforts to achieve a dynamic private sector economy and a *sine qua non* for successful realization of the country's transition objectives. The GOH's strategy for introducing such policies and practices is based on three key elements: 1) more efficient, effective budget and program management; 2) improved revenue generation; and 3) rationalization of the roles of government. USAID supports the GOH strategy by working with it and other donor partners to develop effective, cost-efficient ways to achieve Hungary's transition objectives.

USAID and U.S. Treasury technical assistance have contributed to Hungary's impressive progress the past three years toward institutionalizing sounder fiscal policies and fiscal management practices. Improved tax compliance and collection have enabled the GOH to lower corporate and personal income tax rates significantly, with less than corresponding reductions in

revenue collections. A U.S. Treasury advisor is helping the Hungarian Tax Authority's new investigative unit develop strategies based on effective methods from the U.S.

During 1996 and 1997, legislation modernizing Hungary's pension system was enacted. It significantly reduces social security payments required by employers, moderates the impact of pension outlays on the fiscal budget, and substantially improves prospects that future pensioners will receive decent incomes. During 1998, USAID contractors worked closely with the Hungarian Private Pension Fund Supervision Authority to develop efficient information technology support systems and effective internal procedures. This work is critically important to help the fledgling agency contribute meaningfully to Hungary's goal of fiscal responsibility.

Extensive debt restructuring accomplished with the assistance of U.S. Treasury advisors has lowered the interest component of debt service. Combined with improved budgeting and treasury operations, this has enabled the government to reduce the general fiscal deficit (accrual basis) from more than 7 percent of GDP in 1995 to just over 4 percent in 1997.

Hungarian health care system costs are a substantial, growing fiscal burden. SEED support for health care administration to improve management practices and cost effectiveness is an integral part of U.S. assistance to Hungary. USAID and the Department of Health and Human Services (DHHS) provide technical assistance, training, and information to improve the definition of health benefits and medical effectiveness of inpatient and outpatient therapies. This is done through the systematic introduction of standardized clinical guidelines and protocols and an improved capacity to assess and choose among alternative technologies. As a result, the standards of care have risen, while the range of tests and treatments considered necessary has diminished. Selected guidelines were tested in 70 Hungarian hospitals during 1997.

USAID and DHHS assistance has helped the GOH upgrade and refine a system of hospital reimbursement that now ties repayment of the costs of acute care hospitals to performance instead of a quota/capacity system. In addition, SEED assistance is facilitating development and implementation of an accreditation system, which motivates hospitals to improve the quality of health care services in cost effective ways.

Small and Medium Enterprises (SME)

The GOH considers the SME sector, which employs about half of the work force and contributes a similar proportion of recorded GDP, critically important to generating new employment and future expansion of the economy. The sector's performance will depend on how quickly and well the constraints facing it can be resolved. The main components of the results package associated with USAID's objective of improved SME performance are: 1) increased access to commercial banking services; 2) improved access to market and technology information; 3) improved business systems and practices; and 4) a more rational tax structure.

Progress in these areas over the past three years has brought widespread recognition that SMEs are powerful engines of economic growth in Hungary. From 1992 through 1998, the SME sector substantially outperformed the economy as a whole. Growth in sector value added has averaged some 10 percent a year, while the overall economy has grown by a modest 1.6 percent a year on average. Although the enabling environment still needs attention, the GOH recognizes the sector's importance and adopted USAID's recommended strategy in 1996. A special unit was established in the Ministry of Finance charged with developing and implementing policies to improve the legal and regulatory environment for SMEs. SMEs and their owners are major beneficiaries of recent reductions in income tax rates and social security tax contributions. During the spring 1998 parliamentary election campaigns, both candidates for Prime Minister strongly maintained that the next phase of Hungary's economic transition would be based on the

further SME sector development. The 1999 budget included significant tax reductions for SMEs, particularly in social security contributions.

Significantly for the sustainability of USAID's work, the new center-right governing coalition appointed as Minister of the Economy, whose Ministry oversees almost all non-revenue collecting activities, a counterpart who has worked extensively with USAID and served on the board of one of USAID's partners. The Minister, Attila Chikan, is supportive of USAID's development strategy for Hungary.

Financial Sector

The blossoming of a competitive, market economy capable of providing Hungary its desired entrée to the West and positioning Hungarian enterprises to compete effectively internationally depends on modern financial systems and markets. A key challenge is maintaining the progress now being made on removing financial sector constraints in ways that foster faster growth and consolidation of the basic tenets of Hungary's social contract.

USAID's financial sector strategy focuses on improved regulation and supervision and greater efficiency of financial sector organizations and businesses. USAID and U.S. Treasury technical assistance has been critical to Hungary's successful modernization and financial system privatization over the past three years. Key assistance has been provided to facilitate extensive bank restructuring and privatization, as well as to the timely development of professionally competent, prudent regulatory authorities for banks, securities markets, and pension funds.

In 1998, several actions by the Banking and Capital Markets Supervision have demonstrated its viability as an industry watchdog. These included the closing of private investment funds during the mid-1998 stock market crisis and may have contributed to the rebound of the Hungarian Stock Exchange, as it sent a clear, reassuring message to investors. The takeover of Postabank, the last state-owned banking dinosaur, signaled the end of the bank's ten-year survival on political connections instead of solid financial practices. These steps have reassured private investors of the soundness of Hungary's investment environment.

In addition, July 1998 saw the launching of FOCUS, the first credit rating agency in Hungary. A concept developed with USAID expertise and technical assistance, FOCUS was funded entirely by private sources, primarily Hungarian banks interested in such a service but also Thompson Credit Watch, a major international credit rating firm.

Energy

A reliable, cost-efficient energy sector is an essential precondition for Hungary to realize its economic development and transition objectives. A principal goal of SEED assistance has been energy sector restructuring to provide modern, efficient energy supplies on a sustainable basis. Assistance to the Hungarian Energy Office has resulted in successful privatization of a substantial part of Hungary's non-nuclear energy sector and developed regulatory capabilities that stand as a model for the region.

Local Governance

SEED assistance in the democracy area the past three years has focused on strengthening local governments, NGOs, and the media by providing them the necessary tools and knowledge to become more effective and responsive to the needs of local communities. A key element in the implementing strategy has been to encourage interaction among these evolving institutions and with community residents. Informed citizen participation in decision making at the local level through individual initiative, NGO activity, and other forms of community participation are

being facilitated in ways that motivate individuals and organizations significantly to increase their involvement in their local communities. Complementary activities include civics education and fostering independent media. In 1997 and 1998, USAID funded training through the Center for Independent Journalism for nearly 600 journalists and media professionals. Among them were a Roma group trained to increase their access to mainstream journalism opportunities.

USAID technical assistance supported the drafting of key legislation and establishment of the regulatory framework governing NGOs in Hungary. This legislation was passed and implemented in 1997, and is proving important in making many NGOs legitimate, stable, and viable. Before this legislation passed, the NGO as a legal entity was poorly defined and subject to abuse. Such abusive behavior worked against the efforts of legitimate NGOs to establish credibility within local communities. Now the legitimate NGOs are better able to earn public acceptance, as the fraudulent entities begin to fall by the wayside.

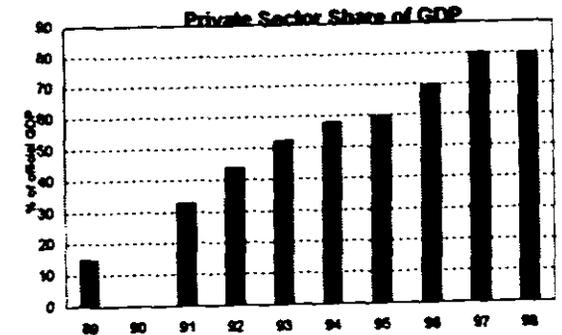
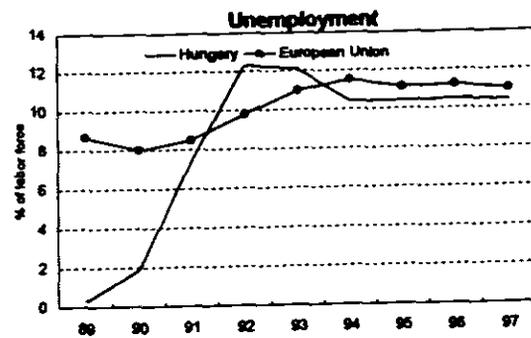
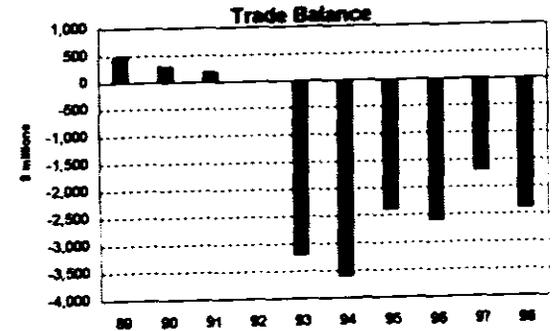
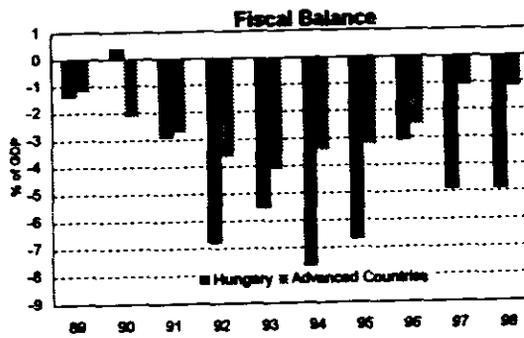
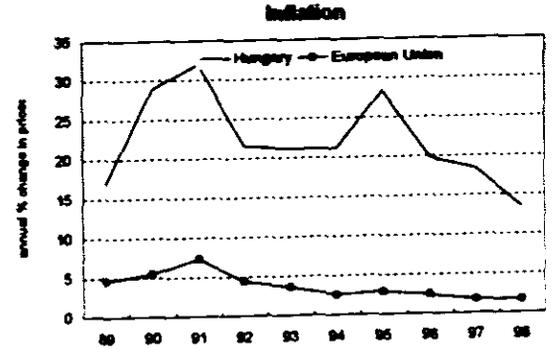
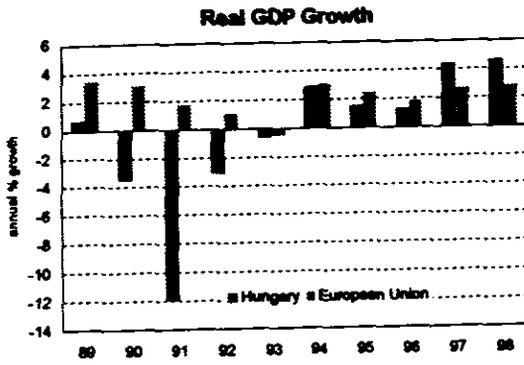
During 1998, USAID entered into a cooperative agreement with an indigenous grant-making NGO. The agreement provides \$1.5 million in direct grants and training to Hungarian NGOs, with a special focus on the poorer regions of the country. The grants will focus on four areas: rural economic development; advocacy and interest representation projects; Roma education and entrepreneurial development; and niche social services. USAID's partner organization will conduct a series of bidder's conferences outside of Budapest to increase awareness of the program's aims and to improve the initial quality of the applications submitted.

USAID and the U.S. Department of Labor (DOL) have worked for several years with county labor centers, local businesses, and soon-to-be-redundant workers through Reemployment Assistance Committees (RACS) to train, counsel, and out-place workers before they are actually unemployed. During 1997, the Hungarian Army selected the DOL Rapid Response (RR) system as a model to assist military personnel and their families affected by planned separations and layoffs at ten bases. In recognition of consistent successes at RR sites countrywide, the GOH included a funding line item for RACS in employment legislation approved by Parliament in 1997. A recent DOL survey found that early intervention by the RACS has reduced by more than half (from 265 to 135 days) the time it takes for the average job seeker to find a new job. Placement rates through these efforts exceeded 45 percent during 1997.

Progress Toward Graduation

Given that the major goals and objectives of SEED assistance to Hungary now have largely been achieved, an orderly graduation of such assistance implementation during FY 99 is being planned. Significant, sustainable progress has been made on all economic performance indicators, as well as on indicators of democratization and social conditions.

Hungary



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO HUNGARY
FY 98 OBLIGATIONS
As of 09/30/98**

**Total Obligation
9,922,832**

STRENGTHENING DEMOCRATIC INSTITUTIONS

Democratic Pluralism

0-0032 Non-governmental Organization (NGO) Development 100,324

Political Process and Governance

0-0020 Rule of Law 97,000

Sub-Total 197,324

As % of Total Obligation 2%

ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises

0-0014 Privatization & Enterprise Restructuring 2,363,091

0-0023 Technical Assistance to Enterprises 1,200,000

Improving the Business Climate

0-0027 Business Services 399,728

Investment and Trade

0-0010 Enterprise Fund 700,000

Human Resources

0-0002 Human Resources 50,000

0-0029 Management Training & Market Economic Education 110,967

0-0045 Participant Training 300,000

Agriculture and Agribusiness

0-0024 Restructuring Agriculture 580,000

Sub-Total 5,703,786

As % of Total Obligation 57%

IMPROVING THE QUALITY OF LIFE

Employment & the Social Safety Net

0-0033 Labor Market Transition 175,000

Urban Development

0-0034 Housing Sector Assistance 1,200,000

th

0-0038 Promotion of Health Markets 871,326

Sub-Total 2,246,326

As % of Total Obligation 23%

VARIOUS

49 Audit, Evaluation & Project Support 475,396

2A Transfers to Other Government Agencies 1,300,000

USIA

250,000

Department of Treasury

1,050,000

Sub-Total

1,775,396

As % of Total Obligation

18%

LATVIA

ECONOMIC DEVELOPMENTS

In 1998, Latvia continued its good progress on structural reform and in implementing prudent macroeconomic policies. GDP rose 6.4 percent in the year's first half, but year-end growth figures are likely to be somewhat lower, given the effects of Russia's financial crisis. Inflation fell to 2.8 percent for the 12 months ending November 1998. Latvia's fully convertible currency, the *lat*, has remained stable since its introduction five years ago. While Latvia's current account deficit rose to 7.1 percent through the first half of 1998, its overall balance of payments is positive. These achievements are largely due to strict fiscal and monetary policies and significant foreign direct investment. In recognition of them, Standard and Poor's maintained its earlier 'BBB' (investment-grade) rating for Latvia's long-term foreign currency debt. In October 1998, Latvia successfully concluded accession negotiations with the World Trade Organization. While the standard of living for Latvians as a whole improved in 1998, the registered unemployment rate stood at 8.6 percent as of November 1998, up from 7.0 percent at the end of 1997. When other job seekers are included, the unemployment rate was about 14 percent.

Latvia's trade deficit persisted in the first nine months of 1998, with exports of \$1.4 billion and imports of \$2.4 billion. However, capital inflows have remained strong, nearly covering the current account deficit, and foreign direct investment (FDI) in Latvia exceeded \$1 billion as of the end of June 1998. The EU accounted for 54.5 percent of exports and 55.5 percent of imports. Due largely to Russia's financial crisis, exports to Russia fell sharply in the third quarter of 1998, while imports from Russia were also down significantly. Latvia remains highly dependent on Russia for its energy needs and for transit trade service income.

With macroeconomic stabilization largely accomplished, Latvia's priority is to complete privatization and continue enterprise restructuring. The privatization of small and medium state enterprises is virtually complete, and over 95 percent of agricultural land is farmed privately. In all, over 100,000 people and legal entities are now the owners of some 75 medium- and large-scale privatized enterprises. Industrial restructuring has been left largely to new private owners. The pace of housing privatization picked up over the past year, with 34 percent of publicly-owned apartments having been sold as of August 1998, up from 8 percent in March 1997.

The Government of Latvia (GOL) has continued to strengthen the banking and financial system. The Bank of Latvia has imposed more rigorous lending and supervision requirements, and the overall legal framework for the banking sector is solid: both the volume and share of non-performing bank loans have decreased. Nevertheless, several Latvian banks which had invested heavily in high-interest-paying Russian Government bonds faced significant losses after Russia defaulted on payments in August 1998. Two small banks were closed by the Central Bank, and one or two larger banks face recapitalization or closure. Several major banks have obtained or are seeking strategic investors or other sources of capital to strengthen their financial position. A money-laundering law was passed in 1998, and an independent monitoring unit has been set up and is functioning in association with the Prosecutor General's Office. New laws on bank deposit insurance, pensions, insurance, and collateral will all impact favorably on the development of Latvia's financial markets. Latvia is fully committed to joining the European Union and, as of the third quarter of 1998, had revised over 50 percent of its domestic legislation to conform to the *EU acquis communautaire*.

POLITICAL DEVELOPMENTS

Latvia continued to grow in political maturity during 1998. In October, free and fair elections were held for the parliament (Saeima), with 72 percent of the electorate participating. Six parties, ranging from free market democrats to old-fashioned socialists, won seats in the 100-member body. Simultaneously, Latvians approved in a national referendum important revisions to the country's controversial Citizenship Law (see below). Also in October, the Saeima passed amendments to the country's 1922 Constitution, granting protections to fundamental human rights and freedoms. The amendments supersede the 1991 Constitutional Law. Although weak, ill-trained, and inefficient, Latvia's judiciary functions as an independent branch of government. Organized crime, however, remains a significant problem.

The outcome of the parliamentary elections reaffirmed public consensus for the basic foreign and domestic policies pursued by Latvian governments since independence was regained in 1991. These include continued commitment to economic reform, support for democracy and the rule of law, and confidence in a foreign policy aimed at integrating Latvia into Euro-Atlantic institutions. In keeping with these aspirations, Latvia worked to strengthen ties with Western countries, especially the Nordics, and was active in major international fora.

At the same time, U.S.-Latvian relations grew steadily. Together with Lithuania and Estonia, Latvia signed the U.S.-Baltic Charter of Partnership at the White House in January. In July, the inaugural meeting of the Partnership Commission reviewed progress and charted the next steps in future cooperation. In addition, Latvia and the U.S. signed a Mutual Customs Assistance Agreement, and witnessed the launching of arrangements for SEED-funded contributions to Northern European Initiative (NEI) projects at the Riga Graduate School of Law and the Naturalization Board. In the defense and security sphere, Latvia cooperated closely with the U.S. in helping it become the strongest possible NATO candidate in the future. Latvians worked well with Department of Defense officials to produce the "Kievenaar" baseline report on Latvian military readiness and accepted all of its major recommendations for improving self-defense capabilities and furthering NATO interoperability objectives. The chief factor limiting defense development has been insufficient funding.

Latvia's relations with Russia, on the other hand, worsened significantly during the year. The government's handling of a public demonstration by mostly elderly ethnic Russian protesters in Riga and other incidents led to strong Russian protests, inflamed Russian public opinion, and resulted in some boycotts of Latvian goods. Russia also suspended the workings of the Latvian-Russian Intergovernmental Commission and refused to sign a bilateral border treaty. On a more positive note, military operations at Russia's last military installation in Latvia, the Skrunda radar base, terminated without incident and on schedule.

At the heart of these problems remains the status of nearly 700,000 non-citizens, mostly ethnic Russians, living in Latvia. Until the October citizenship referendum, the law limited the numbers of non-citizens who might naturalize. Now, however, those restrictions have largely been eliminated, and citizenship applications have increased markedly.

SEED ASSISTANCE SUMMARY

Program Overview

The United States Agency for International Development (USAID) began its program in Latvia in November 1991, shortly after the country regained independence. Since then, it has implemented over 60 project activities, at a total cost of approximately \$43 million (\$4.6 million in FY 98). This amount does not include major regional efforts such as the Baltic-American

Enterprise Fund and the recently established Baltic-American Partnership Fund, which will provide an additional \$19 million to Latvia during their periods of activity. No bilateral FY 99 funds are budgeted. The overall program has operated within four broad areas: (1) economic restructuring; (2) the promotion of democratic pluralism; (3) health system reform; and (4) environmental protection, including enhanced efficiency in the use of energy.

The SEED program in Latvia has gone through two stages. The first, 1991-97, focused on forming viable democratic institutions and establishing an enabling environment to facilitate long-term economic development. The areas addressed included private sector growth and development, financial sector strengthening, deepening the country's democratic polity, formulating critical energy and environmental reforms, promoting health care reforms and improving the delivery system, and enhancing local government operations. During this period, U.S. assistance played a major role in Latvia's transition to a democratic, free-market society. In many cases, critical, timely, and effective U.S. assistance contributed either to accelerating the transition process, as exemplified by Latvia's membership in the WTO, or to preventing major setbacks, as happened during the 1995 bank crisis.

The second period, since 1997, has seen the development of a new program strategy. The USAID bilateral assistance presence was projected to close at the end of FY 97. However, the validity of that projection came into question in the second half of 1996. An in-depth assessment late that year resulted in the decision to grant a two-year extension, first, to allow Latvia to solidify economic and political progress and ensure that certain major reforms had become irreversible, and second, to achieve some remaining key objectives that had been established earlier in the USAID program. It was also determined that by the end of the extension period, other donors, mainly the European Union Phare program, would be positioned to fulfill Latvia's on-going assistance needs, including assumption of certain USAID-funded activities such as the World Council of Credit Unions (WOCCU) project by CIDA.

During the current period, the USAID program focuses on critical gaps in the transition process identified in the assessment. The new strategy calls for phasing out many activities by the end of FY 98, while putting into place the new program, funded at approximately \$4.6 million. The new program contains two strategic objectives and two special initiatives. The new strategic objectives are: 1) the development of a more competitive and market-responsive private financial sector; and 2) increased and better informed citizen participation in political and economic decision making.

The primary focus of the first strategic objective is capital markets development. The goal of this program is to help Latvia expand its economy by repatriating domestic capital and attracting foreign investment. Improved security of collateral also contributes to this objective. Under the second strategic objective, Latvia participates in the recently established Baltic-American Partnership Fund. The goal is to expand citizen participation in political and economic decision making by increasing the sustainable capacity of Latvian non-governmental organizations (NGOs) to participate effectively in their country's socioeconomic transition.

The first special initiative focuses on creating the legal and regulatory framework necessary to facilitate privatization of the major state-owned energy enterprises, Latvenergo and Latvijas Gaze. The second is participant training in support of the above-mentioned activities.

The two-year program extension was also necessary to allow time for USAID to lay the foundation for a lasting, mutually beneficial relationship with Latvia as an important partner of the U.S. in the region. The added time has in fact enabled USAID to promote mutually beneficial partnerships between governments and between public and private institutions. The bases for these partnerships have been laid through ongoing support for policy reform (e.g., tax, environment, commercial pledge legislation) and for strengthening key public and private

institutions (e.g., the Securities Market Commission, the Bank of Latvia, the Judicial Training Center, and several activist NGOs).

In preparation for the next millennium, the major remaining challenge is to consolidate and sustain the accomplishments to date in the transition process through grassroots and community-based programs. In several cases, USAID has been able to place greater emphasis on support to citizen groups and decentralization efforts. The program extension period gave USAID the opportunity to leave in place a "legacy" public-private partnership to address this challenge -- the Baltic-American Partnership Fund. Other post-presence activities that will make a lasting contribution to the transition process and reinforce the foundation for mutual partnerships established during the extension period are the Baltic-American Enterprise Fund, the Democracy Commission, the Democracy Network, the Riga Graduate School of Law, the U.S.-CEE Electricity Management Development Institute, the Great Lakes/Baltic Sea Partnership, the Riga-St. Louis Health Partnership, the Riga-SUNY Buffalo Business School Partnership, and the University of Latvia Faculty of Law-Lewis and Clarke Affiliation Program. These post close-out activities will support transition momentum in critical areas such as financial reform, environmental management, and civil society empowerment.

Program Impact

Economic Growth

Finance and Capital Markets: Since the 1995 banking crisis, Latvian banking supervision and prudential regulations have improved significantly. Most now meet or exceed the Basle Committee's core principles and international best practices. The IMF recently evaluated the banking supervision system as effective, well managed and staffed, and sufficiently autonomous, and that it ranks as one of the strongest among transition economies. In 1998, Latvian bank supervisors helped their Ukrainian counterparts (with IMF/World Bank support). These remarkable results were largely due to continuous SEED-funded assistance since 1994.

Capital market development and regulation are relatively new SEED activities in Latvia. Barents Group assistance has been instrumental in developing the institutional and regulatory capacity of the recently created Securities Market Commission (SMC). Such assistance helped to revise laws on securities and bankruptcy, as well as the SMC's regulations on investment companies. Training and organizational development assistance to the Riga Stock Exchange and the Latvian Central Depository have helped develop more commercially viable and secure trading, clearance, settlement, and depository mechanisms. The project also supports efforts, started under USAID's banking supervision project, to reform financial reporting practices to meet the requirements of Western investors. In 1998, the Bank of Latvia issued the first Latvian language version of the International Accounting Standards. Under the capital markets development project, the first eight Latvian Accounting Standards, consistent with international norms, were prepared for approval in 1998, thereby greatly strengthening the capacity of the auditors association to prepare the remaining 12 standards and maintain their currency once approved. Over half of Latvia's certified auditors now have been trained in international auditing standards. Many accountants have received training in modern accounting standards.

In three years of operation, the Baltic-American Enterprise Fund has supported the creation or retention of more than 1,800 jobs in Latvia through \$10.5 million of loans and equity investments for enterprises countrywide. Its groundbreaking \$3.2 million home mortgage program has proved very successful, attracting the interest of local banks. The Fund has entered another underdeveloped market area locally with its equity investment program.

Support from the World Council of Credit Unions (WOCCU) project has led to a growing credit union movement in Latvia. The amendments to the Law on Credit Institutions, developed with WOCCU help, took effect in 1998 and improved the operational environment for credit unions. By the time USAID funding ended in 1998, an apex organization had been established to represent the interests of credit union members, seven credit unions were established, and three more were in formation.

Prior assistance from CEELI advisors and current support from Booz-Allen & Hamilton facilitated the passage, in 1998, of a new collateral (commercial pledge) law. Commercial pledges of over \$1 billion were registered in 1998.

Trade Policy: The Commercial Law Development Project, implemented by the U.S. Department of Commerce with SEED funding, was completed successfully in 1998. This effort helped create a more positive climate for trade and investment in Latvia. The main focus was on trade liberalization and commercial law development. In its final phase, the project enabled the GOL to initiate, sustain, and conclude negotiations for joining the World Trade Organization.

Business Education: The Riga Business School, founded with SEED assistance through SUNY/Buffalo, has established itself as Latvia's premier business education institution, offering a Western-style MBA degree program. Many of the school's 105 graduates already have made their mark as leaders in business, industry, and government. About 300 students are enrolled in this three-year MBA or pre-MBA program. The school also offers other programs and services, including those tailored for public and private sector institutions. The Ministry of Economy has renewed the school's contract for research on Latvian foreign trade policy.

Energy Restructuring: As the GOL has not yet privatized energy utilities due to the lack of appropriate legal and regulatory frameworks, USAID contracted Bechtel to help create such frameworks to facilitate the restructuring and privatization of Latvenergo, the state joint stock electrical utility, and prepare it for a competitive electricity market. The Energy Law passed in September implies unbundling of the electricity utility. Cost-based tariff methodologies for gas and heat have also been developed and were approved by the Cabinet of Ministers in March and April, 1998.

Building Democracy

Significant SEED assistance has been devoted to the institutional strengthening of NGOs, which are important in developing civil society in Latvia. The U.S.-Baltic Foundation (USBF), which modified its program for 1998 (its last year of operations under the Democracy Network project), worked exclusively with selected NGOs help them become model organizations for the sector. This effort has been fruitful. The Baltic American Partnership Fund (BAPF) has been established with the Soros Open Society Institute to support the continued development and sustainability of private and non-governmental organizations in the Baltics after the close-out of bilateral USAID assistance programs. SEED funding provides an endowment that assures funding of program and administrative costs for 10 years.

The naturalization and integration of ethnic minorities are very important for Latvia's future membership in the European Union. USAID has worked on developing a program to motivate more resident non-citizens to apply for citizenship and to facilitate the naturalization process through effective information dissemination. This assistance is a clear expression of U.S. support for the GOL's decision to liberalize the citizenship law.

Under SEED-funded inter-agency agreements, the Department of Justice (DOJ) has helped Latvia to strengthen legal institutions as they evolve toward becoming a criminal justice system based on democratic principles and the rule of law. DOJ assistance promoted new or

revised enforcement legislation, particularly in the areas of money laundering (new statute enacted December 1997) and attorney/client privilege-crime fraud exception (law revised and enacted February 1998). Assistance to the Ministry of Justice also resulted in the anti-corruption program approved by the Cabinet of Ministers in February 1998 and supported by a special unit of the Prosecutor General's Office, and in a decision by the National Crime Prevention Commission, chaired by the Prime Minister, to revise the criminal procedures code.

Quality of Life

The Health Partnership Program, under the American International Health Alliance (AIHA), has developed partnerships between U.S. and Latvian hospitals. Initially focused on direct hospital-to-hospital cooperation in the areas of women's and infants' health, hospice care, pediatric infectious diseases, hospital administration, and nursing leadership, this program also established an outreach program in the community of Tukums. A joint AIHA-WHO workshop on community outreach programs increased communities' awareness of health issues. The Tukums model is now being replicated in other Latvian communities.

The U.S. Environmental Protection Agency, with SEED funding and based on its experience with environmental action plans, assisted the Ministries of Defense and of Environmental Protection and Regional Development in designing an environmental assessment plan and pollution prevention strategy for the Adazi military base.

Graduation Prospects

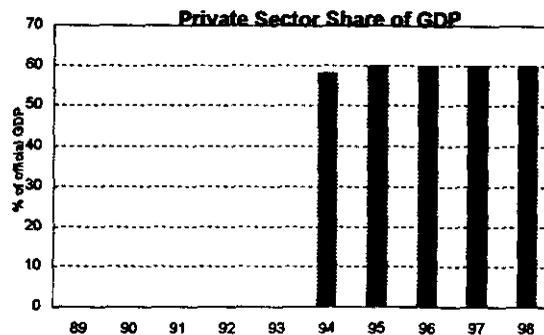
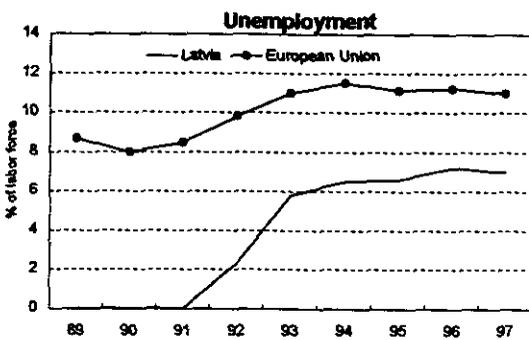
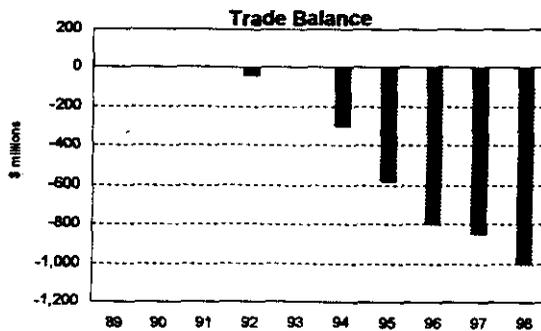
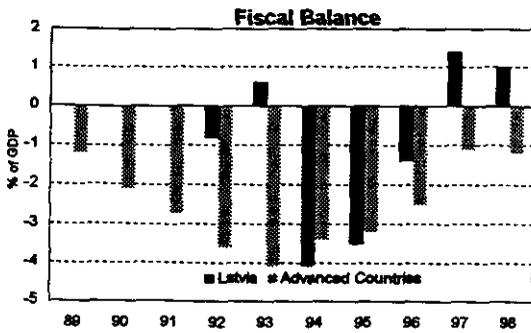
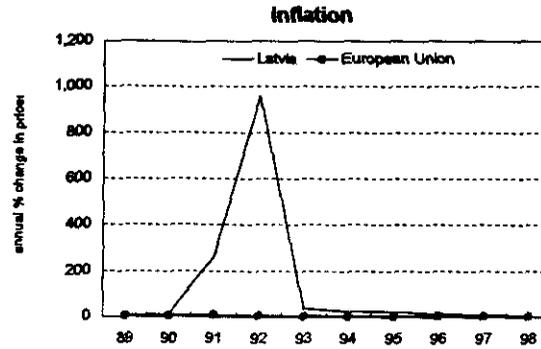
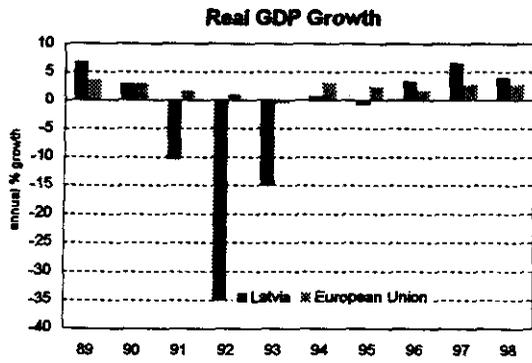
Since regaining independence, Latvia has made major strides in establishing democratic political structures and in restructuring the economy along private sector, market-driven lines. Parliamentary, national, and local government changes, reflective of the voters' choices, have occurred without significant dislocations. No major changes in policy direction are expected under the new government installed in late November 1998. Latvia's impressive macroeconomic performance reflects the strength of policy reforms, and all important macroeconomic indicators show that a solid base exists for continued growth and development. The earlier deterioration of living standards has been halted and the corner turned on several important measures of social progress, including life expectancy. Nonetheless, broadly shared improvements will require time, continued economic progress, and concerted programs of social integration and rural development. Despite Latvia's rapid progress to date, vexing socioeconomic problems will demand attention for some time. The total political, social, and economic integration of minorities and the poor, for example, may require a generation or longer.

Over the last year, Latvia has made notable advances in many economic policy areas. Its drive for EU membership has spurred intense work throughout the government. In praising that work, the European Commission's latest progress report stated that Latvia could be invited by the end of 1999 to join the negotiations to enter the EU if it maintains its current pace of development. Implementation of prior policies continues, while second- and third-round legal and institutional reforms in the economic area are also proceeding.

Latvia will graduate from U.S. bilateral economic assistance in September 1999. The closing of the USAID office and bilateral program is fully consistent with the U.S. Baltic Charter and with current U.S.-Latvian relationships, which emphasize partnership on a broad array of economic, political, and security fronts. It also is consistent with the objective of a sovereign, economically strong Latvia, which contributes to peace and stability in the Baltic region. While Latvia will continue to face social, political, and economic challenges, it is expected to continue to receive substantial assistance from multi-regional and European institutions (in particular, the EU Phare program, which is providing in excess of \$30 million in 1998) to deal with such issues. However, the basic task of SEED assistance -- to lay a foundation for long-term economic

development and assist in the formation of democratic institutions -- can be expected to have been accomplished.

Latvia



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO LATVIA
 FY 98 OBLIGATIONS
 As of 09/30/98**

**Total Obligation
 2,728,018**

ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises

180-0014	Privatization & Enterprise Restructuring	2,326,929
180-0023	Technical Assistance to Enterprises	30,000
	Sub-Total	2,356,929
	As % of Total Obligation	86%

MISCELLANEOUS

180-0249	Audit, Evaluation & Project Support	271,089
180-632A	Transfers to Other Government Agencies	100,000
	USIA	100,000
	Sub-Total	371,089
	As % of Total Obligation	14%

LITHUANIA

ECONOMIC DEVELOPMENTS

Since restoring independence in 1990, Lithuania has continued impressively in developing a market economy. Price and trade liberalization, macroeconomic stabilization, privatization, deregulation, and development of a modern legal framework are creating an environment increasingly responsive to market forces. More than 150,000 private firms have been established, and 70 percent of total output was produced by the private sector in 1998. Despite the Government of Lithuania's (GOL) steady commitment to free market economic reforms, some key shortcomings and inconsistencies in public policy remain. Entry into the EU was again deferred in 1998 due to insufficient progress in agrarian reform, weaknesses in public and private finance, and concerns over nuclear energy industry safety. Lithuania made its initial formal bid to join the World Trade Organization in 1996, but that effort was constrained due to its protectionist agricultural policies and institutional weaknesses in trade policy enforcement.

Inflation was brought down from 1,200 percent in 1992 to 8.9 percent in 1997 and is forecast at 6.2 percent for 1998. Price stability has ushered in a resumption of economic growth led by the light industry, petroleum, and services sectors. While GDP grew at an estimated 6.1 percent in 1997, this year's growth is expected to be 5-6 percent, as a result of the Russian economic crisis. Average incomes are estimated at \$3,000 per capita for 1998. The official jobless rate is 6 percent, but actual unemployment may be twice as high. Hidden unemployment remains a problem, particularly in agriculture and public enterprises, which together employ close to half of the labor force. The incomes of a quarter of the population, particularly in rural areas, are estimated to fall below the poverty line. Although the minimum wage has been raised to slightly above \$100 per month, that is well below the poverty threshold for urban living. Personal dwellings were privatized very rapidly after independence. Ninety percent of all government-owned small and medium enterprises are now in private hands. The remaining privatization emphasis will be on large, strategic enterprises such as in energy and transportation. In 1995, the GOL began privatizing strategic enterprises in the transportation, utilities, and large industrial sectors, and today telecommunications, glass, and shipbuilding companies are privatized. The National Telecom privatization was 1998's largest and most notable.

Total exports reached \$5.0 billion in 1997 and expanded by 7 percent in the first half of 1998. Even with this growth, the trade balance deficit has widened alarmingly over the past year and threatened to exceed \$1.76 billion by the end of 1998. Continuing last year's trend, mid-year 1998 estimates put the current account deficit near 13.5 percent of GDP, a source of vulnerability for a small, open economy. However, after modest growth in foreign direct investment during 1991-1995, capital inflows doubled in each of 1996, 1997, and 1998, with direct foreign investments reaching \$1 billion at the end of 1997 and likely doubling to \$2 billion in 1998. U.S. firms made notable investments in the energy and food processing sectors.

The GOL continued to hold the budget deficit to less than 2 percent of GDP in 1996-1998. Chronic budget shortfalls have eroded pension payments, led to the accumulation of parastatal energy payment and tax arrears, and caused the GOL to direct credit from state banks to weak state enterprises. Lack of progress in privatizing the two remaining state banks erodes confidence in the financial markets. Public sector debt has increased to 22 percent of GDP, close to half of which serves to finance essential imports and stabilize the currency. The GOL continues to have problems generating sufficient revenue to meet normal expenditure requirements due to the 30-40 percent of economic activity occurring in the "informal sector," rampant tax evasion, inefficient tax collection, and smuggling. The 1998 economic crisis in Russia has exacerbated this problem by reducing trade-based growth and its associated tax revenues, hitting specific sectors extremely hard.

Energy sector modernization and resolving the Ignalina Nuclear Power Plant's (INPP) future remain two of Lithuania's largest challenges. Major generating plants have been separated from the Lithuanian Power Company, and the de-linkage of electricity distribution from transmission is expected. The district heating companies have been split off from power generation and attributed to municipalities. Energy prices have been brought closer to their economic costs, and arrears in the electricity sector were reduced substantially. Since independence, Lithuania has relied on nuclear power from the INPP, which provides nearly 85 percent of the country's electricity. In 1998, the GOL developed a new energy sector strategy, which is currently under intensive discussion. Implementation depends on when the INPP will be decommissioned.

POLITICAL DEVELOPMENTS

Lithuania, a parliamentary democracy, restored its independence in 1990 after over 50 years of Soviet occupation. The constitution, approved by popular referendum in 1992, provides for the separation of powers, guarantees fundamental human rights, and establishes the rule of law. The press and electronic media are predominantly free. The judiciary is formally independent but still in transition. While appellate courts have been created and the number of judges has doubled, the Ministry of Justice retains a great deal of influence, and attempts to reform the judiciary are seen by some as an effort to reduce its independence. The police are overwhelmed and under-trained in their fight against serious organized crime, and due to their low wages, corruption persists. Law enforcement officials recognize these problems and have sought assistance from Western counterparts, including many from the U.S.

Lithuania has established a solid pattern of free and fair elections. The peaceful transfer of power between opposing political parties (i.e., Conservatives and Socialists) is an accepted feature of Lithuanian democracy. The parties' increasing levels of maturity are demonstrated by the establishment of the first coalition government in Lithuanian history, following the 1996 elections, and concerted efforts to build constituencies.

Following Lithuania's independence, all residents could request citizenship, which was granted to those who sought it. As a result, there is virtually no problem with "stateless individuals," and the approximately 9 percent of the people who are of Russian ethnic origin or speak Russian are fairly well integrated and do not face official discrimination. Consequently, Lithuania has greatly eased its relations with Russia. Nonetheless, there are lingering difficulties in coming to terms with the legacies of the Nazi occupation (virtually all of Lithuania's 200,000 Jews were killed) and Soviet dominance. An official Historical Commission has been established by Presidential decree to look into these issues.

Lithuania continues actively to seek NATO membership and to contribute to Alliance activities. It hosted the "In the spirit of Partnership for Peace (PfP)" exercise "Baltic Challenge '98," in which about 2,500 U.S. troops took part. Following their participation in UNPROFOR and IFOR, Lithuanian forces are present in Bosnia as part of SFOR. Lithuania has firm plans to reach the goal of spending 2 percent of GDP on defense in 2001 (the 1999 level will be 1.5 percent) and is focusing its efforts on immediate, practical needs.

SEED ASSISTANCE SUMMARY

Program Overview

When the U.S. recognized the restoration of Lithuania's independence, it promptly initiated bilateral assistance under the SEED Act. Over the years, the program has evolved to the current

approach, which focuses on broad-based government policy reform, including the financial sector, fiscal policy, energy safety and pricing, and democratic development. Consisting of ten strategic objectives and 57 activities at its peak in 1995, the program has been consolidated and now targets four strategic objectives and 13 activities. Since 1991, USAID has provided about \$80 million in SEED assistance to Lithuania, of which \$4.7 million was obligated in FY 98.

In FY 97, after Lithuania elected a new parliament and changed governments, USAID shifted its focus to areas of critical importance to sustainable economic growth and the deepening of democratic practices. The new government identified serious flaws in fiscal, financial, and energy policies and expressed its firm commitment to reform. The economic policy reforms have been more successful in some sectors (e.g., banking) than in others (e.g., fiscal). Policies that decreased commitment to NGO development, increased the national government's authority, and reduced competition and privatization have also been adopted. Lithuania's commitment to closing the Ignalina Nuclear Plant remains tenuous and is constrained by the negative economic, environmental, and political impact of switching to petroleum-based energy sources from Russia.

Because of weaker than expected economic and democratic progress through 1997, SEED graduation was extended to September 2000. However, with the economic progress shown in 1998 and with the continued political will to advance economic and political reform, completion of the U.S. assistance program at the end of 2000 is appropriate and planned. FY 99 will be the last year of bilateral funding. The graduation objectives are to:

Improve fiscal management and policy: To correct deficiencies in government policy and practices, USAID, Harvard Institute of International Development (HIID), and the U.S. Department of Treasury are focusing assistance to achieve the following results: 1) sound, sustainable fiscal policies; a functioning, integrated treasury system; and appropriate public debt policies; 2) improved budget management capacity in place at the Ministry of Finance; 3) fair and efficient tax policies and a Ministry of Finance with the capacity for economic analysis of macroeconomic tax policy; and 4) professionally-managed tax administration.

Forge a more stable financial environment: To achieve a more stable financial environment, SEED assistance focuses on strengthening the banking system and increasing transparency in the capital markets. In the banking sector, USAID and U.S. Treasury technical assistance is helping the Lithuanians maintain currency stability after the currency board is ended and establish strong capacity in monetary and bank policy, and in bank supervision. In capital markets, assistance is strengthening regulatory oversight and supervision, increasing transparency, and building computer capacity as Lithuania shifts to continuous trading.

Improve energy policy and safety: To provide a safer, more stable energy supply will require continued significant reform. USAID assistance at graduation will have achieved: 1) a sound decision regarding the relicensing of the Ignalina Nuclear Power Plant; 2) price reform, energy sector restructuring, and adoption of regulatory reform methodologies so that energy prices are least 95 percent of the full production cost; 3) the capacity within the Energy Pricing Commission to recommend economically sound energy tariffs; and 4) enhanced, self-sustaining Baltic energy cooperation with a least-cost plan for alternative energy sources in the Baltic Republics. Long-term decisions regarding the closure of the Ignalina Nuclear Power Plant fall beyond the timeframe of U.S. bilateral assistance.

Strengthen the non-governmental organization (NGO) sector: USAID is supporting efforts to deepen democracy and market orientation through increased participation by better-informed citizens in political and economic decision making. USAID is helping create: 1) a clear, supportive legal and regulatory environment for NGOs; 2) a critical mass of active, well-managed NGOs; 3) increased philanthropy, membership, volunteer activity, and general support among the public for NGOs; and 4) a higher level of professional public advocacy by leading

NGOs. In 1998, President Clinton announced the formation of the Baltic American Partnership Fund (BAPF) as an endowment to support Baltic NGO development over the next 10 years. This \$15 million independent fund is jointly financed by USAID and the Soros Foundation.

Special Initiatives: In support of private sector development, the Baltic American Enterprise Fund (BaAEF) will continue to grant loans to private enterprises and mortgage loans. Also, USAID will provide assistance to participants from Belarus/Kaliningrad for training in business and public administration in Lithuania.

Program Impact

Economic Growth

Following drastic declines in output, high inflation, growing unemployment, and other economic shocks in 1990-93, Lithuania has entered a period of sustained recovery. GDP growth was 4 percent in 1996, 5.8 percent in 1997, and is estimated at 5-6 percent for 1998. Inflation of 8.9 percent in 1997 has fallen to an estimated 6.2 percent in 1998. Industrial output, income, and retail sales are expanding. Both imports and exports continue to increase as the country's trade focus shifts to new markets. The GOL has established a strong record in economic policy implementation under IBRD and IMF-sponsored loan programs and received investment-grade ratings for its debt offerings. The Russian economic crisis has slightly reduced growth estimates and increased unemployment, but country ratings have held steady and the economic structure remains sound. The U.S. concentrates more than 80 percent of its assistance on further restructuring Lithuania's economy.

Fiscal Management: U.S. assistance to the Ministry of Finance addresses most of its primary systems. Tax administration assistance improved taxpayer registration, initiated computerization of key functions, and continued the reorganization of regional tax offices to improve effectiveness. Tax policy work targets broadening the tax base, improving transparency, and ensuring equitable tax burden distribution. Assistance resulted in the introduction of analytical models for evaluating alternative draft tax laws, bringing draft laws into line with international principles, and improving the capacity to draft and implement tax legislation. Revenue/tax collection problems persist, however, and the GOL is considering controversial policies which could exacerbate those problems. Macroeconomic models have been created and used better to predict economic trends and are beginning to be applied to budget and tax policy decisions. The establishment of a core treasury operation with an improved centralized collection and disbursement system to provide better control of federal finances has been accomplished. The crowning achievement in fiscal management was the adoption of program and performance-based budgeting by the Ministry of Finance and the Prime Minister's office, scheduled for implementation January 1, 1999. This approach, initiated by a U.S. Treasury advisor, links budget needs with goals and policies to be achieved and provided the basis for the government to present its first balanced budget in six years.

Financial Sector Reform: The past year has seen continued strengthening and stability in the financial sector, aside from the slow progress in state bank privatization. With U.S. help, the Central Bank has continued effectively to use various monetary policy tools, such as deposit auctions and repos, while also deciding to remain in the currency board until world financial markets stabilize. Transparency in decision making and information flow to the public has increased. Two more foreign banks entered the market, and foreign investment in the banking sector remained high. The GOL finally accepted the dire situation of the insolvent State Commercial Bank and folded it into the State Savings Bank, with guidance from U.S. advisors. Efforts continued to enhance capital markets regulation and development. The Stock Exchange initiated limited continuous trading, with significant improvements expected with the

introduction of new U.S.-provided hardware. U.S. Advisor guidance has resulted in a safe consolidation of the brokerage sector, and despite market turbulence, foreign investor interest has remained steady.

Private Sector Development: The private sector accounts for about 70 percent of output, one of the highest levels in the region. With progress at the enterprise level, U.S. assistance has increasingly focused on the policy and legal framework constraints to private sector development. Over the past year, this has included the start-up of the movable collateral registry and development of the company and small and medium enterprises (SME) support laws. In FY 98 alone, the U.S. channeled technical advice to over 30 SMEs and agro-processors, supporting the creation of over 350 jobs. To complement the technical assistance, the Baltic-American Enterprise Fund (BalAEF) has provided \$11 million in loans to Lithuanian SMEs and initiated a model mortgage loan program, which private banks have adopted. USAID helped the local International Executive Service Corps (IESC) office establish itself as a private consulting company, International Business Network (IBN), enhancing in-country ability to provide U.S. expertise to SMEs. This sustainable partnership, and others in training and the environment, will ensure continued attention to economic reform beyond SEED graduation.

Next Steps: Even with Lithuania's progress, fiscal reform, energy sector inefficiency, and banking issues remain obstacles to sustained economic recovery. At the Ministry of Finance, assistance will continue for the full implementation of performance-based budgeting; revisions to the tax code to introduce a fair, reasonable tax regime; and application of economic analysis to tax reforms. In the banking sector, completing work in banking supervision and broad-based technology transfer in monetary policy will be the focus. Capital markets will be strengthened through an improved trading system and further market surveillance and regulation to ensure transparency. Overall emphasis will be to promote sustainable partnerships so that Lithuanian institutions will be better able to continue reforms after the USAID bilateral office closes.

Building Democracy

Since independence was restored in 1990, Lithuania has made dramatic progress in becoming an open, democratic society, as reflected in a full complement of essential institutions. Basic human rights are guaranteed by law and respected in practice. Peaceful transitions of power have followed free and fair multi-party elections. An independent judiciary promotes the rule of law, with the USAID and CEELI-supported Lithuanian Judicial Training Center helping to enhance the professional qualifications of judges. These developments are accompanied by increasing civic activism in all areas of social life. NGOs have improved their organizational and public policy advocacy skills, and their dialogue with governing institutions has become more open and constructive. However, NGOs acknowledge the need to develop greater professionalism, and it is more widely understood that the legal and regulatory environment must be improved. Therefore, USAID continues to support initiatives to enhance the general and legal framework for NGOs and citizen participation, strengthen NGO capacity for more effective public policy advocacy, and provide services in the public interest.

Civil Society: The Democracy Network (DemNet) program managed by the U.S. Baltic Foundation (USBF) has increased selected NGOs' ability to influence public policy development and participate actively in political, social, and economic life. The second phase, which ended in 1998, focused on a core group of ten NGOs, which received intensive training in advocacy, public relations, and strategic planning. Each pursued a concrete public policy goal, such as amending laws dealing with significant societal concerns (human rights, social welfare, environmental protection, and private enterprise) or building partnerships with municipal authorities. The Freedom House/National Forum Foundation regional NGO networking program supported this work. In addition, the International Center for Not-for-Profit Law (ICNL) helped improve the legal framework governing NGO activities and its implementation.

In the related area of public administration, Development Associates strengthened municipal management in eight selected cities, in cooperation with the Kaunas Technical University Municipal Training Center. Training focused on NGO-municipal government collaboration, to facilitate citizen participation at the local level via joint projects. A Handbook for Local Officials was distributed throughout Lithuania.

Legislative Process: Complementing initiatives to increase the capacity and opportunity of civil society representatives to play a greater role in public life, USAID and World Learning carried out the Seimas Program on Open Legislative Process. The goal was to support proposed changes in the Seimas Statutes and provide concrete information and training, so that the legislative process would be more open to citizen input. A Seimas (Parliament) plenary session covered the benefits of and procedures for open hearings. It was followed by an open joint committee hearing on the draft Law on Charity and Sponsorship, at which experts and civil society representatives testified in front of cameras and 100 officials and NGO leaders. As a result, there have been public promises to make open hearings a more regular parliamentary practice, and a constituency supporting this precedent has been created among the media and civil society. Also, the need to improve the legal framework governing NGOs in general, and this law in particular, has been brought to the forefront of national attention.

Next Steps: As part of USAID's legacy in the Baltic States, with the goal of continuing civil society development after graduation, the Baltic American Partnership Fund (BAPF) was established. The BAPF, an important part of the Baltic Charter signed in Washington on January 16, 1998, is a 501(c)(3) New York public charity with an independent Board of Directors and local Program Councils. It is a ten-year \$15 million sinking endowment, with USAID and the Soros Open Society Institute contributing equally to the initial funding. Its purpose is to strengthen the environment for NGO activities, support NGOs in building capacity and financial sustainability, and continue efforts to improve public advocacy by civil society.

Quality of Life

The GOL is fostering intensive energy sector reforms to create a regulatory environment for private investment, provide low-cost reliable energy, and address issues resulting from the eventual closure of the Ignalina Nuclear Power Plant (INPP). Key energy sector goals are regulatory reform and further restructuring, attracting new investment, improving safety, and a decision on INPP's future. The GOL is developing a new energy sector strategy, which depends on when INPP will be closed. Environmental area investment has focused on improving municipal water quality, pollution control, waste management, and contamination at former Soviet military bases.

Energy Solutions: The safety of the INPP remains the dominant energy sector issue. That sector's organization has been changed radically to reduce the influence of state-owned, vertically integrated monopolies. Some generating plants have been split off from the Lithuanian Power Company, and the separation of electricity distribution from transmission is expected. The district heating companies have been de-linked from power generation and passed to municipalities. Electricity sector arrears have been reduced substantially and no longer represent a major impediment to restructuring. The GOL has opened Lithuania's oil sector to private investments. The Energy Pricing Commission (EPC) has moved forward in implementing energy pricing methodologies and bringing prices closer to their economic costs. In 1998, the EPC became a leading player in the energy and privatization fields and was given authority to supervise the pricing of water, sewers, and long-distance transportation. The U.S. assisted the EPC in implementing tariff reform and helped develop and launch a new strategy for handling energy consumer complaints. The tariff reform work is allowing utilities to set prices that better reflect actual economic costs.

In the nuclear safety area, the U.S. Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC) have continued to assist INPP and Lithuania's nuclear regulatory body, VATESI, to address safety recommendations presented in the Safety Analysis Report. DOE has seven projects in progress at the INPP. Equipment and training were provided in the following areas: electronic modules, configuration management, maintenance technology, and safety culture. NRC gave technical assistance to VATESI on the licensing process in preparation for the licensing decision planned for 1999. These measures should help maintain safer, more efficient production at the INPP until alternative power sources exist. Plant safety has been upgraded considerably, although it is not yet at international standards.

Environmental Investments: The GOL has been developing an environmental policy framework that relies on pollution charges and other market mechanisms to discourage harmful practices. Considerable progress has also been achieved in harmonizing environmental requirements and systems with European norms.

The U.S. played an important role in designing the Lithuanian Environmental Investment Fund (LEIF), which started up in 1998. The LEIF is one of the first funds in Lithuania to provide loans to environmental projects. U.S. assistance to the Baltic Environmental Ministries in implementing the Regional Environmental Monitoring Program led to marked improvement in the national control program of their Central Environmental Laboratories. Ministries also were aided in the Management Audit and in establishing Internet connectivity. As a result, Baltic specialists can better communicate and exchange environmental monitoring results.

Next Steps: The U.S. will continue to help the GOL in further power sector restructuring and the EPC to become a fully empowered regulatory body. The EPC will receive assistance on price regulation, public education, legal issues, policy guidelines, and training. The NRC will continue assisting VATESI to prepare for INPP's re-certification review. The GOL and Seimas will approve a new National Energy Strategy identifying and emphasizing key overall objectives and critical sectoral reforms to be accomplished. U.S. support to the LEIF will result in its self-sustaining, transparent operations, and the Ministry of Environment's management will improve significantly through application of the Management Audit recommendations.

Progress Toward Graduation

Lithuania's economic progress has been good. GDP has increased to about 1990 levels, and credit ratings have improved. Inflation is low and the political will to continue reforms exists. In the key areas of the USAID assistance program (fiscal, financial, and energy pricing and safety reform), continued progress is expected over the next few years. Democratic reforms are notable, but the weak NGO sector inhibits full popular participation. The areas bearing watching are tax policy reform, growth in the current account deficit, progress on cash privatization, privatization of the two state banks, the economic and political debate about closing INPP, and a possible vulnerability to a currency crisis. Economic growth in 1998 will decline to about 5 percent as a result of the Russian economic crisis, which has reduced export trade for Lithuanian companies and further cut tax revenues.

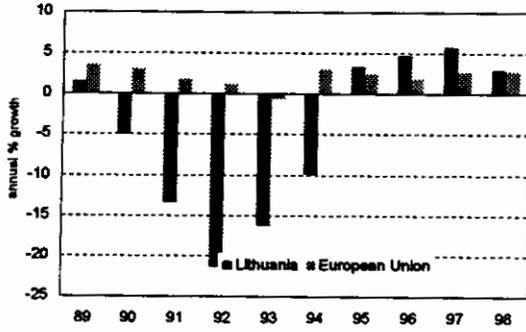
Despite the spillover from the Russian economic crisis, USAID believes the rate of economic and reform progress is approximately on target. In the program's last years, USAID will work to ensure that the reform measures remain on track and that the policy and institutional changes become self-sustaining.

Based on economic progress and the level of democratic reforms, USAID does not propose to extend the graduation date. Key post-presence activities will be limited and will support crucial economic and democratic reforms. These include the establishment of the Baltic

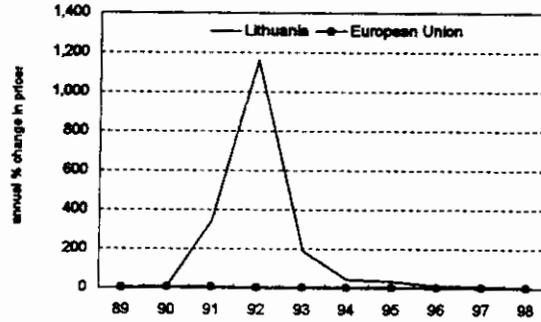
American Partnership Fund (BAPF) to develop the NGO sector, the ongoing operation of the Baltic American Enterprise Fund (BalAEF) to support SMEs, and the continuation of the Baltic regional energy activities.

Lithuania

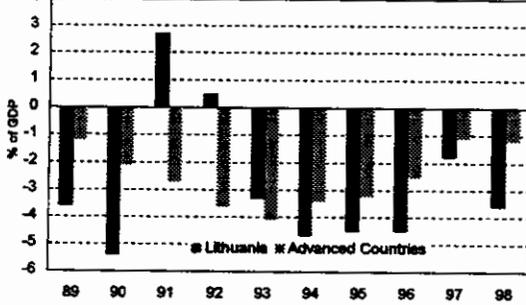
Real GDP Growth



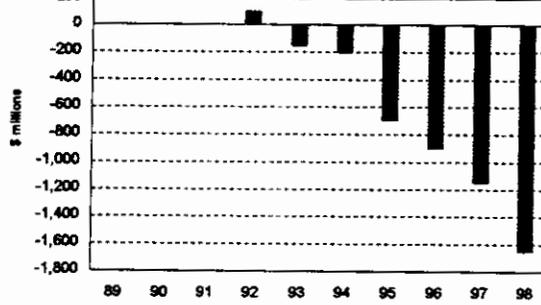
Inflation



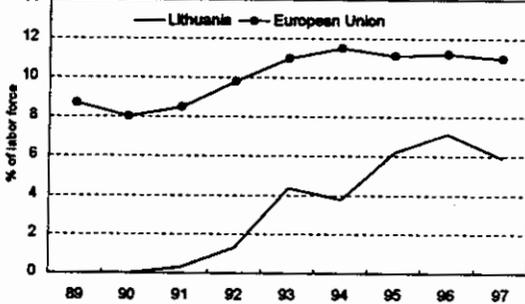
Fiscal Balance



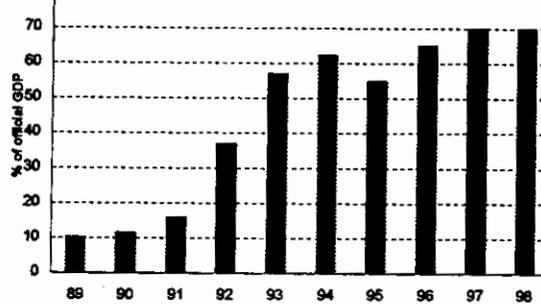
Trade Balance



Unemployment



Private Sector Share of GDP



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO LITHUANIA
FY 98 OBLIGATIONS
As of 09/30/98**

**Total Obligation
6,258,893**

STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance

180-0020	Rule of Law	25,000
	Sub-Total	25,000
	As % of Total Obligation	0%

ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises

180-0014	Privatization & Enterprise Restructuring	1,302,904
180-0023	Technical Assistance to Enterprises	375,000

Human Resources

180-0029	Management Training & Market Economic Education	25,000
180-0045	Participant Training	715,000

Energy Efficiency

180-0030	Regional Energy Efficiency	2,155,165
	Sub-Total	4,573,069
	As % of Total Obligation	73%

MISCELLANEOUS

180-0249	Audit, Evaluation & Project Support	560,824
180-632A	Transfers to Other Government Agencies	1,100,000
	USIA	100,000
	Department of Treasury	1,000,000
	Sub-Total	1,660,824
	As % of Total Obligation	27%

FORMER YUGOSLAV REPUBLIC OF MACEDONIA (FYROM)

ECONOMIC DEVELOPMENTS

After the breakup of Yugoslavia in 1991, Macedonia faced formidable economic challenges posed by both the transition to a market economy and the extremely difficult regional situation. Despite these problems, the country nevertheless pursued an ambitious post-independence stabilization and reform program, which yielded positive results and won praise from the IMF and the World Bank. The robust financial austerity program stabilized the Macedonian *denar* and reduced the fiscal deficit (projected to be \$85 million in 1998). Inflation, which has remained low for the last few years, will average less than 3 percent for 1998. And although economic growth lagged badly in the country's first five years, it was moderate at 1.4 percent in 1997 and is projected to climb to around 5 percent for 1998. Current trends also show increases in foreign investment, production, and income. Foreign investment exceeded \$140 million in the first half of 1998, greater than the total for the previous seven years -- a sign of recognition by international business of Macedonia's improving commercial situation.

The government is committed to creating a market economy. The Parliament has approved legislation on securities, foreign investments, foreign exchange activities, external credit relations, customs, banking and savings institutions, accounting and financial services, and a bankruptcy code. Still under Parliamentary consideration are laws to reform agriculture and urban land-use, as well as intellectual property rights legislation. The Macedonian Agency for Privatization has transformed over 2,700 socially owned enterprises into private companies, most through employee and management buyouts of company stock. The Macedonian stock exchange, established in March 1996, opens local businesses to the international market.

Nevertheless, a severe lack of confidence in the banking sector and problems in its management have hindered access to capital for businesses and farmers. The agricultural sector remains largely unreformed and inefficient. Macedonia's "internal" privatization, which sought to attract foreign investment, produced mixed results and is still incomplete, especially in the agricultural and utilities sectors. Banks and other financial organizations were privatized as part of a separate financial sector reform. New finance laws, currently being debated in Parliament, will help round out those reforms. Macedonia's balance of payments gap was \$86 million in 1997, and it faces another shortfall for 1998. Official unemployment is 35 percent, but the World Bank estimates the figure to be nearer 26 percent. The "gray" economy is significant (at about one-third the size of the "official" economy), and the country appears more prosperous than official statistics would seem to indicate.

Macedonia's economic relations with Greece, its third largest trading partner, continued to improve during 1998. Trade with the FRY has fallen to fourth place behind Germany, the U.S., and Greece, as a result of FRY's own economic problems. The government has signed free trade agreements with Croatia, FRY, and Slovenia, and has similar agreements pending with Bosnia, Albania, and Bulgaria. The government is pursuing membership in European and global economic structures, including the EU, WTO, and Central European Free Trade Association (CEFTA). Membership in all three organizations has been slowed or blocked by Greek objections over the constitutional name, the Republic of Macedonia.

POLITICAL DEVELOPMENTS

The U.S. recognized Macedonia on February 8, 1994, under the provisional name the Former Yugoslav Republic of Macedonia (FYROM), pending resolution of differences between Skopje and Athens over the country's name. In September 1995, Washington and Skopje

established full diplomatic relations. Macedonia is a parliamentary democracy currently led by a multi-ethnic coalition government. International monitors found the fall 1998 parliamentary elections generally free and fair, despite isolated procedural irregularities. The election campaign focused on economic reforms and unemployment. The coalition between the center-right VMRO-DPMNE (Internal Macedonian Revolutionary Organization-Party for Macedonian National Unity) and the newly created, centrist Democratic Alternative (DA) won the parliamentary majority from the Social Democrats. The Democratic Party of Albanians (DPA) is taking part in the new government, with six of 26 ministerial slots. The remaining ministries are divided between the VMRO-DPMNE (with 12 ministers) and DA (with eight).

The constitution provides for the protection of fundamental human rights, peaceful assembly and association, and an independent judiciary. The government generally respects these rights in practice, although complaints have been raised in some areas. Macedonia's minorities, including ethnic Albanians, Turks, and Serbs, have alleged human rights infringements and discrimination. While ethnic minorities have gained greater representation in state institutions, Macedonians continue to predominate in key ministries such as Interior and Defense. The ethnic Albanian and Macedonian parties remain in disagreement over a constitutional provision to make Albanian a second official language and legalization of an Albanian-language university in Macedonia. The independence of the judiciary is respected in practice, although the developing court system is sometimes inefficient and slow. A Public Ombudsman to defend citizens' rights was appointed and took office in the summer of 1997. A marked increase in the office's activity was seen in 1998, with the majority of complaints relating to alleged urban construction code violations. Political parties organize and operate freely, and NGOs are becoming more active. The constitution forbids censorship and provides for freedom of expression. Several daily newspapers are published in Skopje, as well as numerous weekly or periodical publications. The introduction of competition in the print media resulted in lower prices, increased circulation, and more extensive reporting.

The government seeks to deepen its close relationship with the U.S. military as it restructures to build a modern, professional defense force. The Ministry of Defense is under civilian control. The arms embargo on the former Yugoslavia and a lack of resources have kept the country from developing a sufficient defensive capability. The Ministries of Defense and Foreign Affairs have mounted serious campaigns to address the requirements for EU and NATO membership, Macedonia's highest foreign policy priorities. The Macedonian Army has been active in NATO's Partnership for Peace (PfP) program. On September 12-18, 1998, Macedonia hosted Cooperative Best Effort, the largest-ever PfP exercise, involving 26 countries. In addition, the Southeastern Europe Defense Ministerial took place in Skopje in September 1998, culminating in an agreement to form a Multinational Peace Force for Southeast Europe.

Three hundred fifty U.S. troops are stationed in Macedonia as part of the United Nations Preventive Deployment Force (UNPREDEP), which was established to help maintain peace and stability. Its most recent mandate runs through February 1999. UNPREDEP retains popular support and continues to be a stabilizing factor for the region. NATO also has stationed multinational air verification and extraction forces in Macedonia to protect the international OSCE verifiers in neighboring Kosovo. The government approved the local basing of these forces in early December 1998 and continues to back UN and NATO regional peace efforts.

SEED ASSISTANCE SUMMARY

Program Overview

SEED assistance for the Former Yugoslav Republic of Macedonia (FYROM) began in 1992 with humanitarian aid, primarily food for Bosnian and Croatian refugees and medical

supplies for the Macedonian population. In 1993, USAID began development activities in democratization (political party building, media training, rule of law), privatization, and a farmer-to-farmer program. Since 1994, these activities have been expanded to include tax reform assistance, private sector development, bank reform, NGO development, and legal reform. With its strong commitment to democracy and a market economy, the recent parliamentary elections, and its support for fiscal and structural reforms, FYROM warrants continued U.S. engagement.

USAID activities have played a central role in the reforms undertaken by FYROM. USAID experts provided critical assistance in developing key tax legislation, government procedures for privatizing some 1,200 socially owned enterprises, and banking supervision functions within the Central Bank, an essential first step in banking sector reform. Technical assistance was extended in commercial law, which is crucial to private sector development. USAID programs gave grassroots assistance and credit to private farmers and other small and medium entrepreneurs. SEED-funded organizations also gave advice to political parties as they organized for the 1998 national elections and supported a nationwide voter education campaign.

USAID's program has evolved over time in response to both internal and external events. After the 1994 elections, U.S. 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 became more prominent, and USAID focussed more resources there. With other donors targeting quality of life issues, USAID shifted to important areas such as banking, commercial law, and support to enterprises.

USAID is addressing the three major SEED objectives: economic restructuring, democratic development, and quality of life. With other donors focussing strongly on quality of life, USAID emphasizes the first two. Key strategic objectives under these goals include:

- Stimulating the private sector by establishing a business resource center, developing micro-lending and rural credit programs, assisting the agricultural and financial sectors, and supporting the adoption of international accounting standards.
- Developing the framework for a market economy by assisting the government with legal reforms which impact on the private sector and domestic and foreign investment.
- Fostering democratic systems by helping indigenous NGOs to participate in the democratic process at local and national levels, strengthening municipal governments, supporting election efforts, and contributing to inter-ethnic dialogue.

Through the end of FY 98, the U.S. had provided approximately \$91 million in assistance to FYROM, including \$17 million in FY 98

Program Impact

The SEED program has just completed its fifth full year of activity in FYROM. The Macedonian economy is now moving upward, and recent successful parliamentary elections underscore the strength of democratic rule. SEED-funded activities have been instrumental on both these fronts.

Economic Growth

Despite many setbacks since independence, Macedonia has moved ahead in its economic development. Since stabilizing in 1996, the economy has begun to show positive signs. Access to traditional markets is still hampered, however, most recently by a Serbia-imposed hard

currency tariff deposit on imported goods, effective as of October 1, 1998. Markets in Bulgaria and Albania remain underdeveloped, and border crossings to Greece are often hindered. Domestic processing of raw materials and agriculture products still lags, creating a drain on hard currency needed to import finished goods. FY 98 third quarter data confirm these trends, with a current account deficit of \$168 million and a growing trade deficit of \$248 million.

Recent foreign purchases of a controlling interest in several large Macedonian companies (cement, steel, beer, and soft drinks) and foreign direct investment (retail) are strong evidence of foreign recognition of the investment opportunities in Macedonia. The flurry of recent stock acquisitions in publicly listed companies is primarily due to the repeal of a provision in the Corporation Law that had restricted the free selling and transfer of company shares. Despite the withdrawal of the Austrian Erste Bank from a deal to invest in Macedonia's largest bank, foreign banks representing potential market growth have begun to establish themselves in FYROM.

Legal Framework

The enactment of two major laws has helped spur Macedonia's economic development -- the Collateral Law, under which a collateral registry has been established, and the Law on Accounting Standards, which promulgates the use of internationally accepted accounting procedures for companies. USAID project activities contributed importantly to both of these successes. USAID also has been active in training judges and legal associations, through CEELI and Transit training programs. Through an inter-agency agreement with the U.S. Treasury, USAID is also working with the Public Revenue Office to establish and refine tax collection and enforcement efforts.

Financial Sector

The primary challenges to the financial sector are addressing Y2K problems, implementing new international accounting standards, and the need to upgrade management information systems in order to report to the National Bank. Due to the National Bank's stringent capitalization rules, the 20 banks in Macedonia will undergo transformation in the next two years. Only five or six are expected to survive, which adds to the turmoil and uncertainty within the banking system. USAID is addressing these concerns through the Center for Financial Engineering Development (CFED) Bank Operations project and through a Barents advisor in the National Bank. The USAID activity to create rural credit unions, in partnership with the World Council of Credit Unions (WOCCU), is establishing a savings house under existing laws, rather than awaiting the enactment of a credit union law.

Enterprise Assistance

USAID's two largest projects in Macedonia, Crimson Capital's Macedonian Business Resource Center (MBRC) and the recently established Land O'Lakes agricultural marketing project, address the opportunities and problems of the country's private and privatized companies. USAID is the major donor in direct enterprise assistance. MBRC has helped over 200 firms to expand management and marketing skills and in business plan development. Other activities include Volunteers in Overseas Cooperative Assistance (VOCA) support in building associations of primary producers and a very successful micro-lending activity by Opportunity International. In early 1998, USAID and Small Enterprise Assistance Fund (SEAF) established the first equity investment fund in Macedonia. Due to prospective investment opportunities, this fund has attracted additional capital from the World Bank/IFC and the EBRD.

Looking Ahead

With the rapid privatization of Macedonian firms, USAID became directly involved in enterprise development very early. As the indigenous consulting market has matured and with the influx of other donor assistance to enterprises, USAID will focus more in FY 99 on financial sector development, to include capital markets and a more advanced banking sector activity.

The newly elected government has set goals of 8-10 percent annual increase in both production and exports. Export promotion and import substitution will be key areas for private sector development. USAID will also begin to provide technical assistance for Macedonia's accession into the World Trade Organization, which will work directly with the newly established Ministry of Trade.

Democratic Development

Building a sustainable foundation for democracy requires bottom-up mechanisms to give people means to influence public policy, push for transparency and accountability in government, and reinforce a system of checks and balances. Macedonia recently completed its third national election, which domestic and international election monitors generally deemed fair and open. Political parties are evolving and actively reached out to the voters during the election. Parliamentary assistance is needed to help the new government strengthen procedures, legislative drafting, and constituent outreach. The new government also has highlighted fighting corruption as a key mandate. NGOs will play an important role, but they are still nascent and need to overcome the prevailing cynicism toward associations and cooperation.

Civic Participation: USAID supports varied activities involved in strengthening indigenous NGOs. The Democracy Network (DemNet), implemented through the Institute for Sustainable Communities (ISC) since 1995, is building NGOs' capacity to invigorate participatory democracy. ISC assisted three communities in developing Local Environmental Action Plans (LEAPs) to serve as models of participatory democracy and NGO-business-local government partnerships. NGO-to-NGO coalition activities, supported by ISC, helped the national government involve NGOs in the development of a National Environmental Action Plan (NEAP). The National Democratic Institute (NDI) helped form a consortium of local NGOs, which carried out an extensive voter education campaign using significant in-kind contributions from media and local businesses. Voter turnout for both the first and run-off national elections exceeded 70 percent, and other donors are interested in supporting the same model for presidential elections next year. Delphi International assisted women's groups to resolve community issues and to network with counterpart groups in other former Yugoslav republics. Catholic Relief Services (CRS) helped in forming local parents' councils, which coalesced into the National Parents Association. The Ministry of Education has given this umbrella organization a role in creating a civic education curriculum for primary schools. Through assistance to the government and local NGOs from the International Center for Not-for-profit Law (ICNL), a new law was passed in 1998, which reforms NGO registration, recognizes the non-profit principle, allows NGOs to engage in a broad range of economic activities, and promotes the democratic internal governance of associations and foundations. The new law is being recognized as among the most progressive in the region and one of the few examples of participatory law making in Macedonia.

Political Processes: The 1998 national elections resulted in the opposition coalition unexpectedly gaining control of Parliament. Political parties clearly benefited from NDI training in adopting outreach techniques to poll voters on issues, developing clear and focused platforms, organizing their branches to spread their messages through door-to-door campaigns, and more professional handling of media queries. Candidates now take responsibility for contacting voters, rather than expecting volunteers to do the bulk of the work.

Rule of Law: The judicial system is generally perceived as slow and inefficient, a situation exacerbated by the lack of advanced technology, problematic enforcement of decisions, and weak training of judges. Through assistance from CEELI, the Macedonian Judges Association (MJA), representing more than 98 percent of the judges, has developed a draft law for an independent court budget, which would reduce the Ministry of Justice's control of the courts. The MJA's concentration on expanded judicial training has led it to work closely with the courts and other governmental entities to begin forming a new Judicial Training Center. The activism of CEELI-supported judges bodes well for the success of an independent court system. Moreover, the recently elected government has stressed that an "independent" judicial system is among its top priorities.

Media: USIS has provided a range of programs to expand 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.

Local Government: A new strategic objective supporting devolution of authority to local government has been developed in connection with steps taken by the Macedonian government. These included passage of a new legal framework for local government, which still needs revision. USAID has initiated a study that will lead to concrete recommendations on how to empower local governments better to serve citizens and give them a greater voice. The new government has proposed a new Ministry for Local Government and placed the reform of public administration high on its agenda.

Next Steps: Facilitating local models which give people the ability to effect positive change will be essential in changing people's perceptions. Replication through role models, local-level NGOs, and local governments will strengthen the democratic mechanisms for bottom-up input. Parliamentary assistance will focus on strengthening constituent outreach and parliamentary processes. NGO support activities will enhance partnerships and networking among NGOs, particularly at the community level, by encouraging community efforts to mobilize local economic resources for development and job creation. An integrated approach will be developed in supporting women role models and women's groups, which will bring in women as players and potential leaders in community development. Assistance will support the empowerment of local government to manage and finance services, while extending decision-making to citizens at the local level. This will provide opportunities to bridge ethnic differences by giving minorities (largely Albanians) a greater voice on issues directly affecting their lives. Work on additional laws, such as enabling NGOs to use their special tax status to engage in income-generating activities, will be essential for the sustainability of these organizations. In order for the public to turn to them as conduits for change, NGOs need to demonstrate responsiveness to their members and community needs, as well as in making their financial and decision-making processes more transparent.

Social Sector Restructuring/Quality of Life

Pension Reform: Many of the reform measures which have been proposed by CARANA for the Pension Fund are now under active government consideration. Accomplishments thus far include development of detailed recommendations for reform of the system; design of a prospective private system; a proposal for financing the transition to reform; development of an actuarial model and strategic foci to guide the transition process; and a variety of workshops and short-term courses on issues related to pension reform.

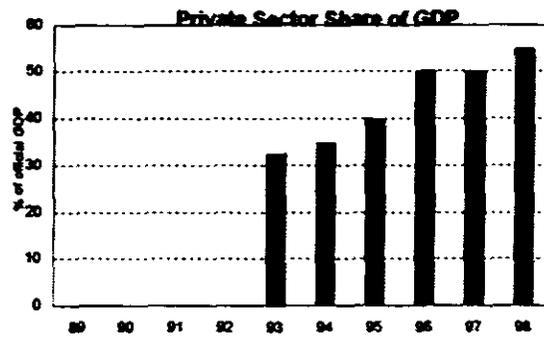
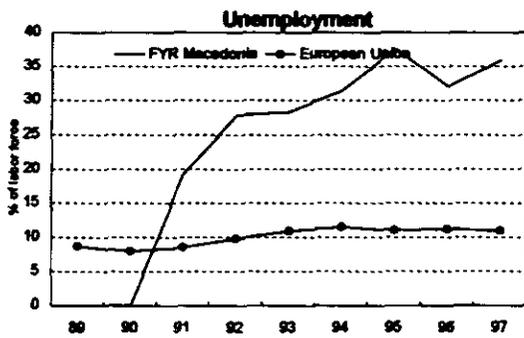
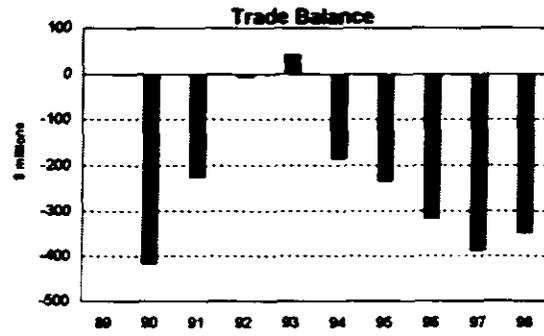
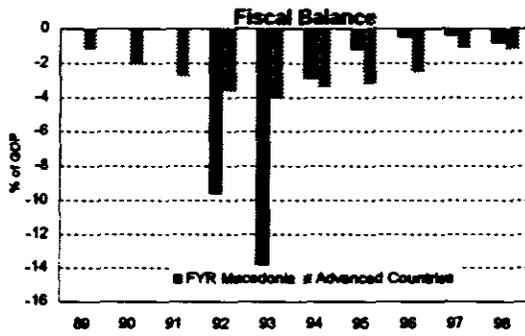
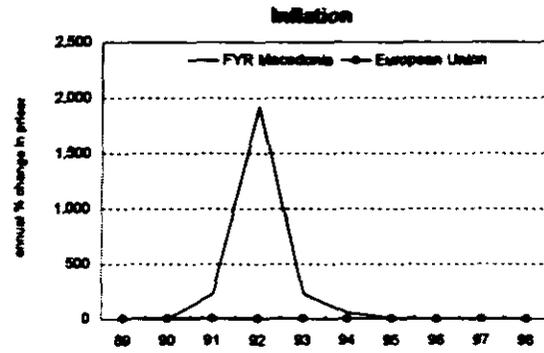
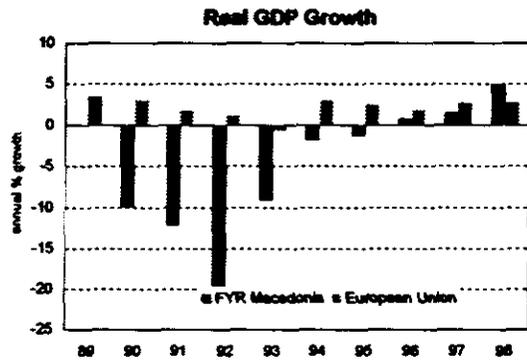
Environment: The Macedonian Environment Fund was established by the government, supported with technical assistance from USAID, to give municipalities the ability to expand and

improve environmental infrastructure. Environmental NGOs are being strengthened further by ISC to improve their management, financial viability, and advocacy.

Progress Toward Graduation

FYROM has demonstrated a clear commitment to economic reform and democracy. However, in its short history it has often been subjected to forces beyond its control. Macedonia was the poorest republic of former Yugoslavia, producing only 5 percent of the Federation's total output of goods and services. Living standards have dropped sharply in the 1990's, but economic stabilization appears to have been achieved, and the economy is showing upward movement. Tensions between the Macedonian majority and Albanian minority remain an issue and likely have been exacerbated by problems in neighboring Kosovo and Albania. Despite this, the parliamentary elections were devoid of negative campaigning on ethnic issues by either group, and one of the ethnic Albanian parties now is a member of the governing coalition.

FYR Macedonia



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO FYR MACEDONIA
FY 98 OBLIGATIONS
As of 09/30/98**

		Total Obligation
		17,410,282
STRENGTHENING DEMOCRATIC INSTITUTIONS		
Democratic Pluralism		
180-0021	Political and Social Process	1,260,000
180-0032	Non-governmental Organization (NGO) Development	750,000
Political Process and Governance		
180-0019	Democratic Governance & Public Administration	600,000
Sub-Total		2,610,000
As % of Total Obligation		15%
ECONOMIC RESTRUCTURING		
Privatization and Assistance to Enterprises		
180-0014	Privatization & Enterprise Restructuring	3,820,609
180-0023	Technical Assistance to Enterprises	1,550,000
Improving the Business Climate		
180-0026	Competition Policy, Laws & Regulations	1,321,412
180-0027	Business Services	150,000
Human Resources		
180-0002	Human Resources	400,000
180-0029	Management Training & Market Economic Education	
180-0045	Participant Training	600,000
Agriculture and Agribusiness		
180-0024	Restructuring Agriculture	3,334,009
Energy Efficiency		
180-0030	Regional Energy Efficiency	275,000
Sub-Total		11,451,030
As % of Total Obligation		66%
IMPROVING THE QUALITY OF LIFE		
Environment		
180-0004	Environmental Initiatives	
180-0039	Improved Public Sector Environment Services	500,000
Employment & the Social Safety Net		
180-0033	Labor Market Transition	
Urban Development		
180-0034	Housing Sector Assistance	653,000
Health		
180-0038	Promotion of Health Markets	
Short-term Emergency & Humanitarian Aid		
180-0016	Trauma, Social Welfare & Humanitarian Assistance	815,000
Sub-Total		1,968,000
As % of Total Obligation		11%
MISCELLANEOUS		
180-0249	Audit, Evaluation & Project Support	256,252
180-632A	Transfers to Other Government Agencies	1,125,000
	USIA	650,000
	Department of Treasury	475,000
Sub-Total		1,381,252
As % of Total Obligation		8%

POLAND

ECONOMIC DEVELOPMENTS

As it concludes its first decade of transformation to a democratic, free market country, Poland stands out as one of the most open, successful transition economies. The EBRD in late 1998 rated Poland and Hungary as the countries most advanced in the transition process. Despite financial turmoil in the emerging markets, all three of the major credit rating agencies (Standard and Poor's, Moody's and Fitch IBCA) have given Poland an "investment grade" sovereign credit rating. Poland's bold reform efforts have paid off. The economy grew by 6.9 percent in 1997 and about 5.3 percent in 1998. In light of the global economic slowdown, the economy in 1999 will likely slow to growth of 4-5 percent, still among the top performers in Europe.

In its first year, Poland's new government has made substantial progress in implementing an ambitious economic reform and privatization agenda. Pension reform, devolution of political and financial authority to regional and local governments, and health care reorganization laws were passed in 1998 and will be implemented in 1999. Further, the Government of Poland (GOP) has embarked on a coal sector restructuring program aimed at closing inefficient mines, reducing excess labor, and returning the sector to profitability by 2001. In 1998, the GOP successfully completed the first stage of privatizing the telephone company (TPSA) and a large banking group (Grupa PEKAO S.A.), and for 1999 it plans to find strategic (most likely foreign) investors for these two giants. Also in 1999, the GOP should privatize most or all of its interests in the telecommunications, banking, insurance, and steel sectors. Further, it plans to privatize significant portions of the energy and defense industry sectors. This aims to privatize 70 percent of its holdings by the year 2001.

Polish monetary and fiscal authorities reduced the inflation rate to under 10 percent in 1998 and have tightened the budget. For 1999, the GOP plans to lower the budget deficit from 2.4 percent of GDP to 2.15 percent and to reduce inflation by at least another percentage point. Restrictive government policies helped cool off the economy in 1998, which kept the current account deficit from widening to over 6 percent of GDP, as predicted earlier. That deficit did increase modestly, from 3.2 percent of GDP in 1997 to around 3.8 percent in 1998. Due to real appreciation of the Polish *zloty* against the dollar and economic slowdowns in major trading partners, the export growth rate has been falling. Consequently, the current account deficit is expected to widen further in 1999, to a government-estimated 4.9 percent of GDP.

In contrast to reversals of macroeconomic stabilization elsewhere caused by global financial crises in 1998, Poland continues to evolve toward financial sector modernization. Several factors have helped insulate the economy from crisis -- Poland's early, deliberate plunge into a market economy without delay or restraints; its shift in export orientation toward the West (two-thirds to the EU) rather than the East (under 10 percent to Russia); stock exchange capitalization that is majority domestic (60 percent compared to 5 percent domestic capitalization in Russia); and well-entrenched, long-term foreign investment (an estimated \$30 billion by year-end 1998).

In 1999, the Polish authorities will confront the issues of maintaining fiscal discipline in the new regional and local governments and health institutes, sustaining effective supervision over banks and the capital markets in a time of economic slowdown, and coping with the negative impact on exports of a strong Polish *zloty*. For the longer term, the GOP faces the challenges of restructuring and modernizing the relatively backward rural sector, which employs about a quarter of the work force; preparing for accession to the EU and entering the European Monetary System; and creating jobs for a wave of new entrants to the labor force.

POLITICAL DEVELOPMENTS

Poland is a parliamentary democracy based on a multiparty political system and free and fair elections. The President shares power with the Prime Minister, Council of Ministers, and bicameral Parliament, made up of a lower house (Sejm) and upper house (Senate). The new constitution of October 1997 enshrines sweeping liberal-democratic rights, including freedom of speech, press, association, and religion, and guarantees civilian control of the military. Poland has held two presidential and three parliamentary elections since the communist regime crumbled

The current government, formed after the September 1997 parliamentary elections, is composed of Solidarity Electoral Action (AWS) -- a grouping of rightist, center-right, and Christian-national parties anchored by the Solidarity Trade Union -- and the centrist Freedom Union (UW). This coalition holds 246 of the Sejm's 460 seats and 60 of 100 Senate seats. The government is continuing the basic foreign policy of its predecessors toward closer integration with the Euro-Atlantic community, including full NATO and EU membership. Domestically, it is seeking to speed up the pace of privatization and in 1999 will launch the major social sector reforms approved in 1998. Also, local elections held in October 1998 were an important step in realizing major public administration reform, which shifts significant authority from the center to local governments, particularly in health care, education, and regional economic development.

Poland continues actively to reform its military to prepare for full membership in NATO. It is expected to accede to NATO by April 1999. Under the constitution, the President exercises command of the armed forces through the civilian Defense Minister, who has clear command and control over the military Chief of General Staff and oversight of military intelligence. Growing numbers of Polish mid- and junior-level officers train in U.S. or NATO institutions, further entrenching principles of civilian control over the military.

Poland plays an important, constructive role in Central and Eastern Europe. It contributes some 470 troops to the Stabilization Force in Bosnia and has formed joint peacekeeping battalions with Ukraine and Lithuania. It has been a principal activist in and proponent of the Partnership for Peace (PfP) program with NATO, having participated in some 75 PfP exercises. Also, Polish NGOs contributed over 300 volunteers to help supervise the Bosnian elections in 1997 and 1998. Poland assumed chairmanship of the OSCE in 1998, and has actively expanded the organization's work in promoting democracy and stability in such areas as the Balkans, the Caucasus, and Central Asia.

SEED ASSISTANCE SUMMARY

Program Objectives

Poland's \$900 plus million SEED program is now in its tenth year and is preparing for graduation at the end of FY 2000.¹ By almost all measures, it has been highly successful. Poland has matured into a stable democracy and consistently has one of the highest growth rates among the CEE states. Debt restructuring, the Polish-American Enterprise Fund, and the stabilization/bank privatization fund were the program's hallmarks in the early 1990s -- all large-scale initiatives to help pull Poland out of recession and transform the wealth-making structures of the economy. Since 1996, SEED activities have concentrated on three strategic areas:

- Stimulating the private sector at the firm level, with emphasis on improving the profitability of small and medium enterprises (SMEs). Impacting this target group has required technical

¹ Except the Local Government Partnership Program (FY 2001) and the loan Portfolio Guarantee program (FY 2003).

assistance for strengthening Polish SME support institutions and consultants, professional management training, U.S./Polish MBA programs, information banks, and energy-saving technologies. Most recently, the program has tackled the problem of technology transfer to raise the value-added product of SMEs. Help in legal, regulatory, and judicial reform fosters competition and SME-friendly government.

- A competitive, market-oriented financial sector, highlighted by increasing liberalization and investment in the banking sector, high levels of accountability, growing professionalism, and strengthened supervisory structures for banking, insurance, and capital markets based on global standards of transparency. Also targeted is a new, competitive pension funds system that builds Polish capital markets and protects long-term fiscal health. New or strengthened financial services include business/municipal credit ratings, licensed warehousing, banking associations, housing finance, credit unions, municipal bond markets, and cooperative banks.
- Effective, responsive, and accountable local government is the SEED program's largest single initiative as it draws to a close. The Local Government Partnership Program (LGPP) embodies both direct assistance to local governments better to manage resources and meet citizen needs, and complementary strengthening of a network of government support associations. LGPP objectives have been buttressed by profound fiscal and political decentralization reform, including the creation of a new "county" government tier. LGPP is at the heart of the SEED strategy to embed democratization throughout all levels of society.

The three main strategic goals have been rounded out by a set of special initiatives, carried out by a combination of U.S. Government agencies, including:

- The Department of Energy and Environmental Protection Agency, enhancing environmental protection;
- The Department of Labor, assisting workforce redevelopment in Silesia's "rust belt";
- The Department of Justice, modernizing the criminal justice system;
- Treasury tax standardization pilot assistance; and
- USIA's Democracy Commission and Peace Corps' small grants.

Non-USG SEED initiatives winding down in 1998 include Solidarity Center's (AFL/CIO) building the Solidarity Trade Union's negotiating and consulting capacity, National Democratic Institute's (NDI) efforts to bring women and youth into active political party involvement, and Partners in International Economic Reform's (PIER) well-received mine safety program.

Two new themes are gaining heightened attention as concluding chapters of the SEED program, tracking renewed GOP interest in these areas. Poland is becoming a role model for other transition countries. First with the U.S.-supported Poland-America-Ukraine Cooperation Initiative and lately with the launch of the Polish Know How Fund, it is demonstrating how Polish development skills and experience can benefit regional neighbors less advanced in the transition process. Within Poland, social sector reforms -- especially in health, education, and government administration and pensions -- address transition problems that had been deferred while democracy and economic growth were ensured. USAID efforts will focus on more effective GOP coordination of these reforms, and on building a communication channel between the government and public (including parents, pensioners, and health and education practitioners) to influence policy decision-making.

Program Impact

Economic Growth

The vitality of Poland's economy and competitiveness of its businesses were put to the test in late 1998, as financial crises in Asia and Russia had a marked impact on transition economies. While GDP growth forecasts for the near term are revised downward, the transparent and well-regulated nature of Poland's financial markets and strong ties with Western -- particularly European -- economies have allowed Poland to ride out the worst of the crises in the neighboring countries of the former Soviet Union. Foreign direct investment in Poland in the first six months of 1998 alone exceeded \$5 billion, with the U.S. heading the list. The GOP also continues to tackle reforms head-on; the funding needs for the four major social reforms has led to increased action in privatizing state-owned enterprises.

Private Sector Growth: In FY 98, USAID support has lain at the root of major changes to Poland's regulatory and legal framework affecting SMEs. USAID-sponsored research and technical assistance to the sector have:

- helped business associations work with the GOP to minimize bureaucratic burdens on businesses. Proposals before Parliament will slash the number of licenses and permits, and introducing lower, simpler business taxes to replace tax concessions is under consideration;
- ensured that the SME sector was among the first where settlement has been reached with the European Commission as part of the EU accession process; and
- readied Polish institutions to implement major reform laws. Through USAID assistance, the Energy Regulatory Authority is freeing up both energy and heat prices starting in 1999 (3,000 licenses out of 4,000 have already been processed, and banks and the judiciary are implementing collateral law).

Business competitiveness in Poland is dependent on access to well-trained staff and professional Polish advisory services. The USAID-funded University of Minnesota program has produced a second cohort of 31 students receiving dual degrees at the Warsaw Business School. A further 55 students of the joint University of Maryland/University of Lodz MBA program -- as well as 600 "mini-MBA" trainees -- have graduated from this second, financially and programmatically sustainable USAID partnership with Polish universities. A third partnership between Minnesota and Olsztyn Agricultural University welcomed its first freshman class in October 1998. The number of small business-support organizations assisted by USAID to become sustainable reached 36 in FY 98, an increase of eight over 1997.

An association of homebuilders reached sustainability, graduating from USAID assistance. This association provided concerted assistance to homeowners and builders in Southern Poland effected by the July 1997 flood, with a seminar, media, and mailing campaign to an estimated 33,000 homes providing technical advice on drying out flood-effected housing.

A USAID grant to the Small Enterprise Assistance Fund led to 24 investments in private Polish SMEs. Fundusz Mikro, a micro-lending program financed from SEED funds through both USAID and the Polish-American Enterprise Fund, has provided over 15,000 micro loans and has over 8,500 clients currently on its books, up from 6,000 loans just a year earlier.

The "best practices" of these activities in management training, technical assistance to business support organizations, and the work of Fundusz Mikro are now being disseminated in Bulgaria, Russia, and Ukraine. Also, visitors from Bosnia and Moldova often are referred to USAID implementers and their Polish counterparts for training, including business incubation

and SME policy models. A clean drinking water collaboration between an NGO and municipal authorities in Krakow is being replicated in Lviv, Ukraine.

Environment and Energy: While only one-third of electricity and one-fifth of heating costs were covered by consumers in 1989, all generation, transmission, and distribution costs for these services are now consumer financed. USAID helped reach this milestone through regulatory/pricing policy and energy efficiency assistance. In FY 98, three newly-established pollution prevention centers launched 24 waste-minimization projects, which already have led to documented cost savings of \$700,000 in eight non-ferrous metal mills and \$1.5 million savings through utilization of fluorine wastewater by a sulfur manufacturer. Parliament began passage of the thermo-modernization law in November 1998, and a related USAID-backed system supported the design, evaluation, and management of up to 50,000 building-related energy-efficiency projects, leveraging an additional \$400,000 in EU-Phare funding.

USAID projects in Poland will lead to \$6 million attribution to GCC initiatives. The total value of public and private support leveraged is estimated at \$20 million, especially through increased participation in the framework convention on climate change and through reduction of emissions from the energy sector, industry, and urban areas. USAID also helped the GOP identify a national coordinator for the greenhouse gas inventory.

A Competitive, Market-Oriented Financial Sector: Polish banking and securities and exchange supervisory authorities, both recipients of USAID technical assistance, continue to be recognized as CEE leaders. Changes to legislation implemented in 1998 reinforced these supervisory structures and gave them the mandate needed for effective enforcement.

Poland's payments system is considered adequate for clearing and settlement but of limited efficiency, due to the high proportion of paper transactions. USAID's technical assistance to the Polish Bank Association (PBA) on bank payments systems has helped reduce settlement times, with more than a third (by value) of business-to-business payments now settled within 24 hours.

USAID direct assistance to the six-year-old Warsaw Institute of Banking (WIB) ended in FY 98. As a result of U.S. assistance, WIB now has an experienced team of instructors; standard course offerings; offers fee-based services such as in-bank training, consulting, and study tours; and is able to design, price, and market its own courses. More than 7,500 people from 50 Polish banks have participated in WIB training programs.

Cooperative banks continue to show operating improvements, although consolidation among co-ops and conversions to credit union licenses will continue as banks move toward meeting minimum regulatory capital requirements. The USAID-supported credit union movement is still growing, with more than 250 institutions registered by FY 98. As a result of USAID's assistance through the World Council of Credit Unions, more than 220,000 Poles have convenient access to a broader range of financial services at lower cost than traditional sources, and more than \$100 million in savings have been mobilized.

The USAID-supported Central European Rating Agency (CERA) moved closer to self-sustainability in 1998, signing a strategic alliance with world-renowned Thompson Bank Watch.

Momentum in developing a market-based housing finance sector grew dramatically in FY 98 with USAID's assistance to new partners, especially the Polish Bank Association (PBA) and the National Bank of Poland. An estimated 100,000-plus market-based residential mortgages were made in 1998, a fourfold increase over 1997 estimates. Some 28 banks now offer long-term mortgage and construction loans, the PBA has an active housing finance committee, and three bank training institutes provide housing finance courses. The National Bank's banking

supervision authority is modifying its on-site inspection manual, with USAID assistance, for better staff oversight of housing loans.

The municipal bond market continued to grow, with 14 bond issues closed and 17 pending, compared to 17 closed in 1997. The GOP recognizes that legislative changes are needed to remove impediments to further expansion of this and the corporate bond market.

Independent of USAID assistance, financial sector counterparts (e.g., banking and securities supervision authorities, bankers training, cooperative banking) have begun to share their expertise with Poland's Baltic neighbors, and the USAID-supported CASE Institute "East-East" initiative is assisting Ukraine to improve banking supervision.

Building Democracy and Local Governance

Democracy in Poland is well established. The laws and legal institutions necessary to support democratic processes are in place. Local governments have assumed greater responsibility and are demonstrating increased capacity. During 1998, the GOP began to implement an administrative reform, which created larger regional self-governments and a new county level of government (*powiats*). The reform is intended further to decentralize tax powers and public service responsibilities to the regional and county levels, beginning in January 1999. Cities already have substantial service responsibilities. Open, competitive elections for the new regions, counties, and the cities were held in October. In a major initiative, the GOP is training elected and administrative personnel for the newly created local governments. On the civic side, NGOs are improving their capacity to play an active, positive role in public affairs.

In this context, USAID focused its activities on three interrelated areas supporting democracy and building effective local governments: legislative and policy reforms that support decentralization; improved municipal management; and civil society organizations.

Legislative and Policy Reforms: The GOP's administrative reform required the development of legislation defining responsibilities for the new levels of local government and designing appropriate systems to finance their activities. USAID's Democratic Governance and Public Administration (DGPA) program advisors provided key assistance to the Ministry of Finance and the Minister Plenipotentiary for Administrative Reform on designing a new public financing system through the Law on Local Government Revenues. Questions about how best to achieve tax equity among Poland's regions did not permit the GOP to decentralize local government finance as much as it desired. Accordingly, this problem will be tackled over the next two years as a prelude to further fiscal decentralization, with DGPA advisors assisting. Additionally in 1998, DGPA advisors provided analysis and comment on the Law on Public Finance, which sets prudent rules for spending public funds, including limitations on public debt. A third USAID effort supported the Water Standards Board, an inter-ministerial group developing policies to increase cost recovery (and provide profitability) for municipal services -- a key element in attracting private sector investment in infrastructure.

Strengthening Municipal Management: USAID's Local Government Partnership Program (LGPP) undertakes activities to make local governments more effective, responsive, and accountable to their citizens. The LGPP is working with Polish local governments, consulting firms, universities, NGOs, and local government support institutions/associations to help them develop and implement tools and approaches to make governments work better. USAID and 30 cities have created strategic plans to provide technical assistance to those cities. Polish institutions, supervised by USAID technical advisors, have begun delivering assistance in strategic management, task-based budgeting, capital investment planning, housing strategy development, and public participation strategy development to those and other cities

countrywide. When the LGPP is completed in March 2001, Polish institutions will have the capacity to supply the improved management tools and approaches demanded by Polish cities.

Civil Society Organizations: Since 1989, civil society organizations such as NGOs and political parties have reached an impressive level of institutional strength and professional maturity. USAID's just-completed Democracy Network (DemNet) project played an important role in this. DemNet promoted the evolution of service-oriented NGOs into organizations participating more actively in policy formulation and implementation, especially as partners with local governments. DemNet-supported NGOs conducted successful advocacy campaigns, which influenced national and local-level legislation leading to a constitutional amendment on children's rights, developed national environmental legislation, and promoted a variety of local government ordinances. USAID will continue to encourage increased public participation in local government through the LGPP program.

The National Democratic Institute (NDI) project helped major political parties improve their ability to reach out to members and plan election campaigns, most recently the September 1998 local government elections. Special efforts were made to enhance participation of 500 women and 680 youth activists in politics at the national and local level. NDI has also left behind a successor organization, the European Institute for Democracy, capable of providing party building training regionwide.

Social Sector Restructuring/Quality of Life

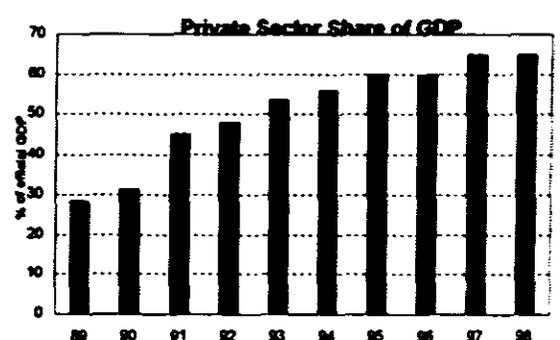
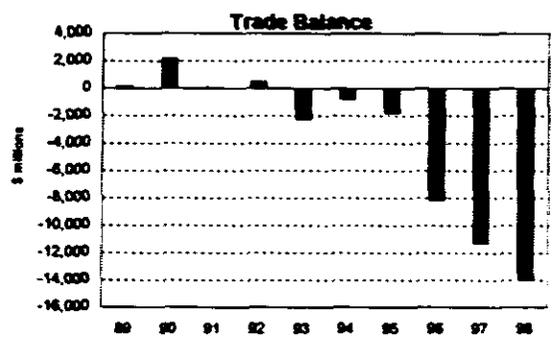
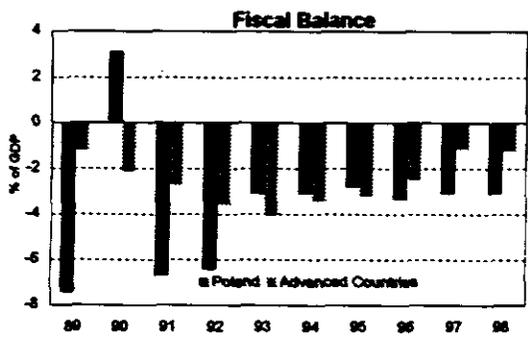
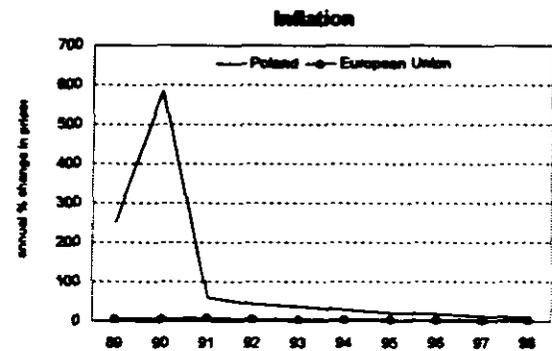
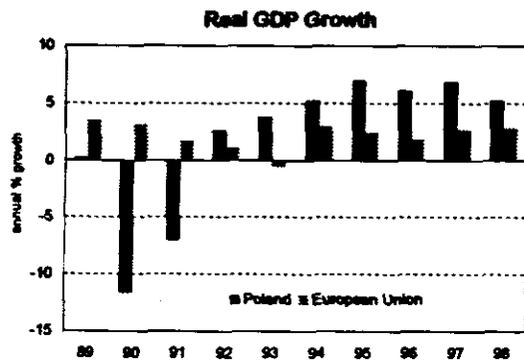
Pension Reform: After two years of USAID involvement in educating legislators, trade unionists, journalists, and other opinion leaders, four of five essential components of enabling legislation for Poland's new three-pillar public/private pension system were passed. The GOP credits USAID's assistance with helping influence opinion leaders to favor this essential legislation that will build resources to deepen Polish capital markets and promote long-term fiscal health. In FY 98, assistance continued in the area of public education and was expanded to help establish essential capabilities of the newly created private pension fund supervisory authority, including pension funds registration, information management, taxpayer education, and complaints adjudication.

Social Benefits and Services: The Harvard School of Public Health/Jagiellonian University collaboration in Krakow demonstrated how public health services could be totally reorganized (e.g., free choice of family doctor, cost assessment methodology, quality monitoring) and has been a model for the nationwide health care reform passed by Parliament in 1998. The impact at the Krakow health clinics was significant: research on patient satisfaction showed dramatic increases of 20-30 percent on average over just one year. The Harvard/Jagiellonian collaboration continues to influence the unfolding health care reform experience.

Labor Transition: FTUI/Solidarity Center's assistance to Solidarity Trade Union's regional consulting centers wound down in FY 98. In September, the trade union's national conference endorsed a sustainability plan that will maintain these services at the plant level as enterprises and workers adjust to the increasingly competitive European business environment. The U.S. Department of Labor's (USDOL) support to trade centers in Lodz, Gdynia, and Warsaw also entered its last year. The Lodz training in white collar skills has been a clear success, while the Gdynia and Warsaw construction trades centers -- a joint effort with the AFL-CIO -- have had a harder time achieving sustainability, and some program consolidation is underway. USDOL launched a major activity in the coal and steel center of Upper Silesia that will bring modern methods of worker retraining and job placement to these downsizing industries. U.S. and Hungarian experiences are serving as models. Ultimately, this project will help cope with the 100,000-150,000 workers expected to be displaced by sweeping coal industry restructuring. Finally, the PIER mine safety program ended successfully in 1998. Fifty-five post-graduates in

mine safety attended the PIER-developed program at the Technical University of Silesia in 1997 and 1998, and a new Polish safety institute formed involving collaboration among miners, mine managers, and Polish technical experts. The impact and spread-effect of this project were underscored by the responses of 9,000 miners to a PIER-sponsored questionnaire on mine safety, showing that safety awareness had increased significantly.

Poland



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO POLAND
FY 98 OBLIGATIONS
As of 09/30/98**

		Total Obligation
		35,488,841
STRENGTHENING DEMOCRATIC INSTITUTIONS		
Democratic Pluralism		
180-0032	Non-governmental Organization (NGO) Development	13,387
Political Process and Governance		
180-0019	Democratic Governance & Public Administration	3,104,000
180-0020	Rule of Law	80,000
	Sub-Total	3,197,387
	As % of Total Obligation	9%
ECONOMIC RESTRUCTURING		
Privatization and Assistance to Enterprises		
180-0014	Privatization & Enterprise Restructuring	6,117,339
180-0023	Technical Assistance to Enterprises	4,513,928
Improving the Business Climate		
180-0026	Competition Policy, Laws & Regulations	95,000
180-0027	Business Services	749,000
Human Resources		
180-0002	Human Resources	700,000
180-0029	Management Training & Market Economic Education	539,888
180-0045	Participant Training	300,000
Agriculture and Agribusiness		
180-0024	Restructuring Agriculture	303,253
Energy Efficiency		
180-0030	Regional Energy Efficiency	2,633,672
	Sub-Total	15,952,080
	As % of Total Obligation	45%
IMPROVING THE QUALITY OF LIFE		
Environment		
180-0004	Environmental Initiatives	710,000
180-0039	Improved Public Sector Environment Services	274,458
Employment & the Social Safety Net		
180-0033	Labor Market Transition	1,731,000
Urban Development		
180-0034	Housing Sector Assistance	12,562,336
Health		
180-0038	Promotion of Health Markets	15,277,794
	Sub-Total	15,277,794
	As % of Total Obligation	43%
MISCELLANEOUS		
180-0249	Audit, Evaluation & Project Support	211,580
180-632A	Transfers to Other Government Agencies	850,000
	USIA	550,000
	Department of Treasury	300,000
	Sub-Total	1,061,580
	As % of Total Obligation	3%

ROMANIA

ECONOMIC DEVELOPMENTS

In 1998, Romania continued to implement market-based economic reforms and to privatize state-owned enterprises. Inflation has declined but remains high (45 percent). The exchange rate is relatively stable, although devaluation (of 23 percent) has occurred more rapidly than expected. However, the passage of some reform legislation has been delayed. Special interests and fear of decisive action contributed to the relatively poor economic performance. Opinion polls indicate broad popular support and political consensus for economic reform.

The economy continued to contract for the second straight year, with GDP expected to fall by 5 percent in 1998. The current account deficit widened and external public debt grew. Declining tax revenues caused the fiscal deficit to rise to 5.4 percent of GDP, well above the 3.5 percent target set by the IMF. Romania's exports fell by 2 percent, and imports rose by 3 percent through October 1998. After declining in 1997, the current account deficit is expected to rise to \$2.6 billion, or 7.5 percent of GDP. Foreign trade remained oriented toward the West, with more than 60 percent of exports going to the EU countries and only 2 percent to Russia. Broad money (M2) growth is estimated at 28.5 percent, well below the 104 percent rise recorded in 1997.

At the end of 1997, Romania's medium and long-term external debt amounted to \$6.8 billion. The National Bank's foreign exchange reserves were \$2.04 billion, and the commercial bank reserves reached \$1.75 billion in October 1998. At the same time, Romania had claims of \$3 billion against foreign countries. The ceiling for foreign borrowing for 1998 has been set at \$2.9 billion. Despite the increase in reserves and a manageable debt service ratio, debt service payments will prove a challenge for Romania during the first half of 1999, when \$2.2 billion in payments will come due. The Government of Romania (GOR) is negotiating with the IMF for a stand-by loan to assist with those payments.

Romania moved forward in 1998 in privatizing the economy, transferring over 1,000 mainly small and medium enterprises (SMEs) to private hands. However, relatively little progress was made until late in the year in privatizing or closing large state firms responsible for the lion's share of state losses. The private sector accounted for 58 percent of GDP by July 1998. The operating environment presents difficult obstacles such as high tax rates on profits and transactions; very high interest rates; and a stifling, often corrupt bureaucracy. Consumer purchasing power continues to erode due to inflation and devaluation of the *leu*. On the other hand, the large underground economy indicates more robust economic activity than official numbers show.

Foreign direct investment (FDI) continues to lag behind that in other CEE countries and has been insufficient to make a strong impact on the economy. Through September 1998, FDI totaled \$620 million. While GOR leaders actively courted foreign investment, bureaucratic resistance, corruption, and frequent changes in the legal and regulatory environment have delayed major government-related projects and made investors cautious.

Late in 1998, the GOR announced a series of economic reforms in an attempt to avoid a fiscal crisis in the first half of 1999. The GOR has committed to increase privatizations and liquidate 15 percent of loss-making firms by the end of 1998. In November, the GOR successfully privatized the telephone company, ROMTELECOM, the largest such privatization to date. In addition, several state-owned banks are poised for privatization. The GOR also committed to reducing the operating budget deficit to zero, with 2 percent of GDP allocated to reform transition costs. This ambitious program will test both the GOR's political commitment and implementation capabilities.

POLITICAL DEVELOPMENTS

The GOR's economic program was held back by disputes within the ruling coalition, which led to Prime Minister Victor Ciorbea's resignation in March. Radu Vasile, the new Prime Minister, replaced the Finance Minister and the Privatization Minister in the fall and reduced the number of ministries from 24 to 17. Reform and restructuring continued throughout 1998, although more slowly than expected.

Romania made important headway in decentralizing public administration by passing a law devolving authority for public finance to municipalities and counties, effective in January 1999. Parliament also passed a bill to counter money laundering. It debated but did not finalize other important legislation on anti-corruption, the civil service, the status of magistrates, and property (one bill on restitution of nationalized dwellings, another on protecting tenants). Military downsizing continued, and steps were taken to demilitarize the police. An ecumenical conference in September led to dialogue between the Orthodox and Greek Catholic (or Uniate) Churches over returning Uniate assets which the Orthodox Church had received under the communist regime.

Romania enjoyed good relations with its neighbors. Close cooperation with Hungary continued under their landmark 1996 treaty, despite ripples of tension over Romanian resistance to establishing a Hungarian-language state university in Romania and the closer attention paid by Hungary's new government to the status of Romania's ethnic Hungarians. Cooperation with Bulgaria was enhanced through high-level bilateral, trilateral, and multilateral consultations. Talks continued with Ukraine over issues left unresolved by their 1997 bilateral treaty, and with Russia on concluding a basic treaty, although neither effort showed much progress.

Regionally, Romania contributed personnel to the Kosovo Diplomatic Observation Mission and maintained peacekeeping forces in Bosnia. It participated in launching the Multinational Peace Force/South East Europe, led the OSCE mission in Tajikistan, and offered to become OSCE Chairman-in-Office in 2001. Romania supported NATO actions to compel the former Yugoslavia to observe UNSC resolutions, while also seeking to maintain good relations with Belgrade.

Bilateral relations with the U.S. remained very close. President Constantinescu visited Washington in July, reciprocating President Clinton's highly successful trip to Bucharest a year earlier. Prime Minister Vasile traveled to Washington to advance his economic reform agenda. Other high-level consultations and numerous military, economic, and law enforcement cooperation projects were carried out under the U.S.-Romanian Strategic Partnership.

SEED ASSISTANCE SUMMARY

Program Overview

Since 1990, SEED-supported assistance has fostered Romania's transition in the areas of economic growth, democracy building, and social sector restructuring/quality of life. The U.S. program has made its largest financial investment in the area of economic growth through its efforts in privatization, private enterprise development, a restructured and more efficient energy sector, and the creation of a sound financial system. Assistance also has facilitated other key transition goals by supporting the country's nascent democratic system and civil society; the development of a strong non-governmental sector; reform of the health system, including child welfare and women's reproductive health services; and the clean-up of environmental hot spots and institution of environmental policies to improve the health of the population.

Romania's performance in 1998 was marked by hesitation and the inability to build upon the momentum gained in 1997. The GOR moved slowly on needed economic policy changes and implementing earlier reforms. However, it did take steps to deepen democracy by strengthening the role of and the resources available to local government and by moving forward on social and environmental issues. As the year ended, the GOR made the difficult choice to begin privatizing major state-owned industries and to close down large loss-making entities. If it follows through on these actions, the atmosphere for economic growth will improve substantially in 1999. The U.S. continues to adapt its assistance program to focus on the areas which will enable Romania to achieve greater success over the next two years.

U.S. programs continue to leverage the large assistance packages and policy reform agenda of major multilateral donors such as the European Bank for Reconstruction and Development (EBRD). In addition, the U.S. increasingly is coordinating its own cross-sectoral efforts in geographic areas to produce greater impacts and is working with the other donors to accomplish the same objective. As of September 30, 1998, the U.S. had provided a total of about \$250 million in SEED resources to Romania, about \$37 million of it in FY 98.

Program Impact

Economic Growth

U.S. assistance in support of economic growth works to improve the environment for business and agriculture. It promotes policy changes, business association development, and banking improvements to spur this growth. The program increasingly focuses on small and medium enterprises (urban and rural) that will provide the engine of growth, job creation, and relieve the pressure of the planned large-scale privatizations. The program continues to stress restructuring the energy sector to improve efficiency and increase private participation.

Privatization

With SEED assistance, Romania's legal framework for privatization is largely in place, although the institutional capacity to privatize rapidly and meet World Bank and U.S. targets still lags. The recent GOR decision to privatize (or close) more large state enterprises is another indication of increased commitment to privatization. SEED-supported pilot privatizations were successful in demonstrating the efficiency and transparency of the RASDAQ (an over-the-counter mirror of the NASDAQ in the U.S.) in dealing with residual shares, and the State Ownership Fund (SOF) has requested help in preparing 300 additional companies for RASDAQ auctions. Software design and methodological training have enhanced the SOF's ability to hold public auctions. Future SEED assistance will be targeted carefully through a resident privatization advisor.

Questions of tax reform, budget rationalization, and debt management are inextricably linked to the transfer of state assets. Despite political uncertainty impacting on policy decisions and frequent Ministry reorganizations, progress has been made in fiscal reform through SEED-supported U.S. Treasury advisors. GOR securities (along with dollar-denominated securities) are now used successfully to raise revenues which finance nearly half of the budget deficit. A Local Public Finance law was passed in late 1998, and there is progress in instituting program budgeting. As a result of the Ministry of Finance's receptivity to tax administration assistance, a broader tax reform effort is now planned to help stabilize revenue generation.

Private Enterprise Development

The GOR still controls the production of about 40 percent of Romania's GDP. Further private enterprise growth is hindered by the state's pervasive presence, tight money policy, an unfinished land reform agenda, and a dearth of free market institutions (including financial services and private input suppliers). The comparatively low rate of FDI signifies limited foreign investor confidence.

SEED support has concentrated successfully on expanding SMEs on a firm-by-firm basis, in transferring technologies, restructuring, and providing services to improve marketing and management. The Romanian American Enterprise Fund (RAEF) has committed \$30.8 million in loans and venture capital to 15 medium/large private companies, \$1.5 million for 23 small loans, and \$1.5 million in micro loans to 227 micro-enterprises and has a 99 percent repayment rate. RAEF's equity investments helped leverage private capital to accomplish two of three privatizations of large Romanian enterprises in 1997, with U.S. companies' participation. SEED assistance to enterprises was further augmented by leveraging other donor programs. Assistance is also targeted at creating a transparent, coherent legal framework and a system that encourages investment and can resolve commercial disputes. Agriculture Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) and Land O' Lakes assistance to local trade associations and citizen coalitions has resulted in improved policy and regulations in the agribusiness sector, and greater incomes to farmers and processors.

Future SEED assistance will target SMEs and the agribusiness sector, working at the association and policy level to impact greater numbers of private entities.

Financial Markets

SEED assistance promotes a more competitive, market-responsive private financial sector, both through capital markets and improved banking supervision. After just over a year of operation, the RASDAQ's trading volume collapsed, probably due to uncertainty in the world's emerging markets. While 5,500 issuers were listed in mid-1998, only 700 companies traded actively. Despite the problems, the basic legal and regulatory foundations exist for efficient, transparent functioning of the market, and the Romanian Securities Commission has received training to carry out effective monitoring and enforcement functions.

SEED support for banking supervision has worked to lay the foundations of a healthy private banking sector and possibly reactivate stalled bank privatization. This assistance has helped develop manuals, guidelines, policies, and procedures for the National Bank of Romania (NBR) to establish both its on-site and off-site supervision capacity and its early detection capability for problem banks. The NBR has adopted new policies allowing for actual on-site inspections to expand the experience of bank supervisors.

Energy Sector Reform

SEED assistance to the energy sector focuses on restructuring and privatizing to encourage private investment and competition, while introducing energy efficiency concepts and new technology. Assistance is coordinated closely with World Bank, EBRD, and EU-Phare activities better to leverage resources.

Initial regulatory assistance was provided to the National Agency for Mineral Resources to develop a system of pipeline rates and tariffs, regulations for pipeline operators, and a national mineral reserve database. However, assistance to the oil and gas sub-sectors was halted in early 1998 due to the GOR's reluctance to restructure and privatize, and its decision to establish the vertically integrated National Oil Company.

In the electric power sub-sector, technical and policy assistance facilitated the adoption of a restructuring plan for the national utility company (RENEL) and the establishment of a regulatory authority. SEED support to develop the new regulatory body's operational and procedural framework will leverage EU-Phare's assistance for salaries and start-up costs. A pilot demonstration project is creating a model for restructuring local distribution branches.

Energy efficiency activities promote energy service companies (ESCOs). Thus far, an ESCO corporate structure has been developed, and staff training has been provided. Through the Utility Partnership Program, a partnership agreement has been signed between RENEL and Mississippi Power Company, and several workshops and exchange visits have provided training for Romanian technicians and executives.

Although overall progress has slowed, there are indications that the GOR is poised to address deeper structural constraints. The importance of energy sector restructuring cannot be overstated. Absent the sector's fundamental restructuring and privatization, its financial and structural problems will continue to inhibit overall economic reform.

Building Democracy

SEED support helps increase citizen participation in political and economic decision-making. Assistance to democratic institutions, including Parliament, the judiciary, and the executive, promotes improved institutional capacity and contributes to reforms that address citizen access and participation. Support for civil society organizations is increasing their effectiveness as channels for dealing with citizen and policy concerns. As a result, partnerships are developing between NGOs and local government and national ministries to address political and economic issues.

Strengthening Parliament

Parliamentary development supports Romania's democratization process. With assistance from Freedom House, Development Alternatives, Inc. (DAI), and the local Pro-Democracy Association, the two Chambers of Parliament have expanded constituency outreach services and improved their Press and Public Relations Office operations. Senate rules now allow media coverage of committee meetings, and the Chamber of Deputies started a program of school tours with the Ministry of Education to help students better understand Parliament's role and functions.

Rule of Law

CEELI's SEED-supported assistance to the judiciary facilitated the adoption of key reforms in legal and procedural codes and helped streamline some judicial proceedings. The National Magistrates Institute and regional associations of magistrates now offer courses to judges, magistrates, and prosecutors on key legislative changes, media relations, legal drafting and analysis, and by structuring practical experience for law students, to improve legal training.

Romanian Government Transition Support

Freedom House, with SEED support, has helped strengthen the GOR's organizational, management, media, and public relations capabilities, and to link senior Romanian policy makers with their counterparts in the U.S. and CEE countries. DAI assistance has helped the Prime Minister's Office institute information management and document tracking systems that have proven invaluable to the daily operations of the Office and have enhanced its ability to respond to citizens' concerns. U.S. and CEE internships for government officials and senior parliamentary staff, and short-term advisors placed in the Ministry of Finance and the Parliament, have helped improve communication and management skills.

Strengthening NGOs

The Democracy Network (DemNet) building the capacity of NGOs by improving their communications, financial management, and fund raising skills, as well as their ability to impact public policy. In 1998, "Invest Civil Society," a coalition of over 425 NGOs, successfully advocated passage of a new Sponsorship Law to promote charitable giving. In response to the GOR's request and to help leverage a \$20 million World Bank Social Development Fund loan, NGO assistance targeted Romania's poorest counties. Partnerships that will spur development and meet local needs are being promoted between civil society groups and local authorities.

Support to Independent Media

SEED support is helping strengthen the commercial and professional viability of Romania's independent media organizations. Training and managerial aid to media outlets has assisted them to develop plans to attract advertising, increase circulation, and streamline operations. Increased advertising revenues are being reported. The International Audit Bureau of Circulation has been established to help bring Romania into compliance with accepted standards for the operation and certification of print media outlets. Seminars for financial reporters have improved their understanding of economic issues.

Local Government

Although local government assistance was initially constrained by the GOR's reluctance to devolve power, there has been slow but steady movement toward decentralization since the 1996 election, particularly in financial management. With SEED assistance, new legislation has passed giving local governments power to manage their own finances through preparing and adopting budgets, setting rates for taxes and fees, collecting local revenues, and planning for and financing capital improvements. SEED assistance now focuses on implementation, and local governments are responding to their new responsibilities by capitalizing on training opportunities and adopting management measures. Computer systems necessary to support the management reforms underway are in place in those cities and counties that are actively participating. The local capability to design, manage, and operate systems serving local government is in place. Municipal finance assistance provided by the Urban Institute is being coordinated with EBRD and World Bank activities to establish a municipal credit facility, and eventually to create a municipal credit system which will offer credit options to local governments. As a result of comprehensive training, program performance budgeting is now the national standard.

National city and county associations have received support, and the initial impetus was provided to start professional associations of finance directors, citizens center supervisors, personnel directors, and others. Citizen information centers, based on SEED-supported models, are being replicated successfully in new localities by city and county officials who now can teach others to create and operate them. These centers are computer networked, and center supervisors have organized into a national association, which contributes favorably to local accountability. The Cooperative Housing Foundation supports NGOs by providing micro-loans in Timisoara and in Timis and surrounding counties to improve the ability of citizens interest groups to impact local policy and work with local government to address local problems.

Social Sector Restructuring/Quality of Life

SEED-supported assistance continues to promote the reform of Romania's child welfare system and improvement in women's health through decentralized, community-based services. Additional help is being provided to improve environmental conditions and contribute to health reform. Child welfare and health are the first two sectors to be shifted to local management and control. USAID is helping the GOR establish integrated systems of local-level management and

community participation in child welfare and health in three localities that will serve as models of decentralized systems for the whole country.

Child Welfare

The U.S., through SEED, has been the most influential donor in child welfare, successfully influencing the reform agenda through a program promoting decentralized, community-based, family-focused services. Other donors, including the World Bank and the Council of Europe, now channel their funds to local alternatives that will reduce dependence on obsolete institutions for orphaned and abandoned children. With fiscal devolution underway and counties now having to manage and finance institutions, they have begun to see that community-based services, such as foster care and family financial support, are more cost-effective and can actually prevent institutionalization.

World Vision, Bethany, and Holt International's projects have developed "best practice" models of improved foster care, pregnancy counseling, family reunification, and maternal-child shelters, with features including family-like services, preventative counseling, and community involvement. In Bucharest, Feed the Children is developing a model project to rehabilitate and socially reintegrate street children. As a result of effectively targeted training for local child welfare officials, other new programs and services are being developed by local leaders. Each U.S.-supported jurisdiction has seen an increase in community involvement with children and a more transparent, participatory planning process.

Health

SEED assistance continues to promote family planning and the expansion of primary and preventative health care services. As a result, Romania has progressed from being a country where modern family planning was nonexistent to one with 241 public sector family planning clinics, a network of model private clinics, a pharmacy sector involved in promoting modern contraception, and an active education and advocacy network of NGOs and the media. Maternal mortality rates have decreased significantly (from 84 per 100,000 live births in 1990 to 41 per 100,000 live births in 1996). The demand for and use of women's health services and modern contraception have increased. More than half of a recently surveyed population now seek information and services from the private sector, where the U.S. alone has supported private pharmacists as providers of family planning information and services.

SEED support, through implementers such as American International Health Alliance (AIHA), Management Sciences for Health, Johns Hopkins, and Howard Universities, has played a major role in the overall increase in access to women's health services through the establishment of family planning clinics and private women's health clinics. An ongoing training effort targeting general practitioners, ob-gyns, and pharmacists will insure the sustainability of these gains. Model service delivery sites are being introduced so that improvements in service quality can be replicated.

Environment

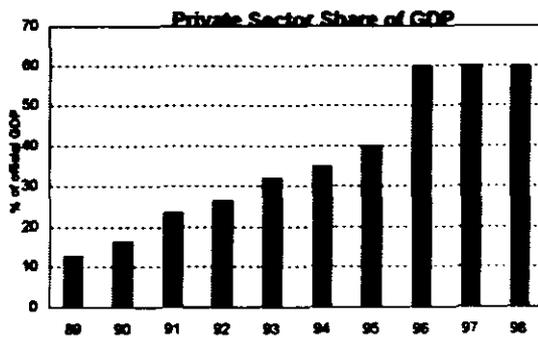
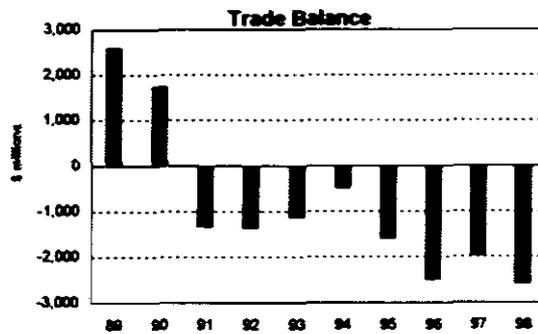
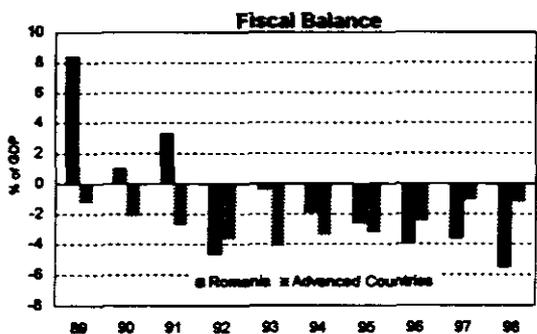
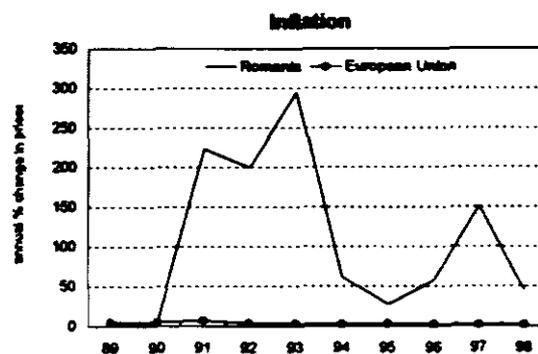
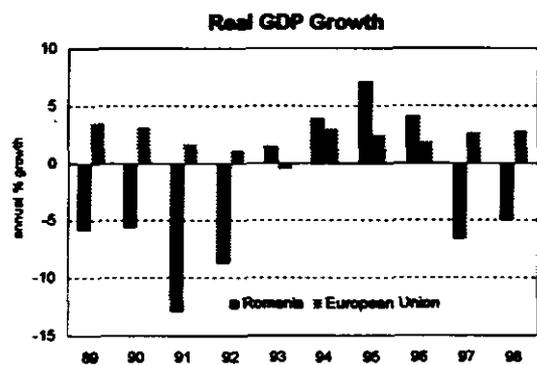
The U.S. has been the leading donor in promoting an increased environmental management capacity that will also contribute to Romania's economic growth. SEED assistance focuses on implementing market-based tools to advance self-financing, decentralization, and transparency in the environmental sector, while also strengthening the institutional capacity of both demand (industry, environmental service providers) and supply (government entities) institutions. In environmental policy, USAID is helping the GOR design and adopt legislation and regulations to improve the management of the environment and natural resources and help Romania meet EU standards. SEED-supported legislative and regulatory assistance also

promotes privatization, investment, and economic growth, demonstrating that development and environmental protection are not mutually exclusive. In the water sub-sector, USAID is helping develop full cost pricing of water services and restructure the national water utility.

A cadre of private environmental service firms has formed to provide services to both government and industry. SEED-supported clean technology projects continue to demonstrate conservation and protection technologies and produce economic benefits in targeted industries and communities. At the same time, access to new, low-tech and least-cost technologies is helping enhance the GOR's ability to enforce and monitor compliance with new environmental regulations. At Acumulatorul Battery Plant, for example, recycling assistance is helping increase productivity while reducing air and water pollution. Emissions of lead oxide into the atmosphere were reduced by 132 tons per year, saving \$80,000, while improvements in the ventilation system reduced worker sick days by half and generated \$1.4 million in savings. At Arpechim Oil Refinery, the steam condensate discharged as waste was reduced by 20 percent, resulting in savings of \$185,000 per year. Consequently, Arpechim extended the waste minimization concept throughout the company, reportedly saving about \$1.5 million.

To enhance management capacity, SEED funding supports a unique graduate program in environmental management at the University of Cluj, which exposes students to least-cost technologies and innovative practical solutions to real problems at their workplaces. Enterprises are beginning to require managers to participate in the program, and it is expected to become self-financing soon. Additional training in environmental auditing, quality control and assurance, and environmental management has been given to inspectors of the 41 local EPAs around Romania and employees of the national water utility.

Romania



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO ROMANIA
FY 98 OBLIGATIONS
As of 09/30/98**

		Total Obligation
		34,823,044
STRENGTHENING DEMOCRATIC INSTITUTIONS		
Democratic Pluralism		
180-0021	Political and Social Process	944,737
180-0022	Independent Media	200,000
180-0032	Non-governmental Organization (NGO) Development	10,000
Political Process and Governance		0
180-0019	Democratic Governance & Public Administration	1,986,911
180-0020	Rule of Law	0
Sub-Total		3,141,648
As % of Total Obligation		9%
ECONOMIC RESTRUCTURING		
Privatization and Assistance to Enterprises		
180-0014	Privatization & Enterprise Restructuring	1,928,382
180-0023	Technical Assistance to Enterprises	575,000
Improving the Business Climate		
180-0026	Competition Policy, Laws & Regulations	800,000
180-0027	Business Services	150,000
Investment and Trade		0
180-0010	Enterprise Fund	15,050,000
Human Resources		0
180-0002	Human Resources	0
180-0029	Management Training & Market Economic Education	
180-0045	Participant Training	1,280,000
Agriculture and Agribusiness		0
180-0024	Restructuring Agriculture	35,000
Energy Efficiency		0
180-0030	Regional Energy Efficiency	540,000
Sub-Total		20,358,382
As % of Total Obligation		58%
IMPROVING THE QUALITY OF LIFE		
Short-term Emergency & Humanitarian Aid		
180-0016	Trauma, Social Welfare & Humanitarian Assistance	2,653,245
Environment		
180-0004	Environmental Initiatives	1,075,140
180-0039	Improved Public Sector Environment Services	549,608
Employment & the Social Safety Net		
180-0033	Labor Market Transition	600,000
Urban Development		
180-0034	Housing Sector Assistance	1,421,286
Health		
180-0037	Partnerships in Health Care	300,000
186-0002	Romanian Family Planning	2,447,718
Sub-Total		9,046,997
As % of Total Obligation		26%
MISCELLANEOUS		
180-0249	Audit, Evaluation & Project Support	551,017
180-632A	Transfers to Other Government Agencies	1,725,000
	USIA	300,000
	Department of Treasury	1,425,000
Sub-Total		2,276,017
As % of Total Obligation		7%

FEDERAL REPUBLIC OF YUGOSLAVIA (FRY) (SERBIA AND MONTENEGRO)

ECONOMIC DEVELOPMENTS

The Federal Republic of Yugoslavia (Serbia and Montenegro), known as the "FRY," continued its slow economic decline in 1998. Exacerbated by additional international sanctions imposed in response to FRY President Slobodan Milosevic's actions in Kosovo, the FRY economy's downward spiral showed no real sign of recovery by the outset of 1999. Despite internal optimistic projections, economic growth limped along at 3.5 percent in 1998, with inflation approximating 45 percent. Economic growth in 1999 is unlikely without outside investment, which is not expected, and most observers predict that inflation will accelerate and living standards will continue to decline.

The FRY's monetary unit, the *dinar*, remained volatile, falling from 4.6 dinars to the DM in December 1997 to a temporary low of 9.5 dinars per DM in December 1998. Alarmed, FRY officials took several steps to tighten monetary policy, including ruling out a devaluation in the near term, increasing reserve requirements, and issuing bonds. As 1999 began, the damage control operation had succeeded in returning the rate to 8.5 dinars per DM.

Substantial economic reform was not pushed in 1998, nor is it anticipated in 1999. The law on privatization, which went into effect on October 31, 1997, was largely under-subscribed during its first year. Not a single company was privatized under the new law in 1998. Toward the end of the year, government sources stated that 100 firms had begun the process, and that at least 1,000 were having their "capital" evaluated. Meanwhile, polls showed that workers and managers in 300 firms lacked any enthusiasm for privatization. Managers tend to blame the dearth of interest on the current negative business climate in the FRY. The Kragujevac-based "Zastava" automobile plant remains the most publicly discussed large privatization candidate.

Foreign investment remains modest, hampered in part by the Kosovo-related sanctions imposed by the United States and the European Union (EU). Media reports featured FRY government attempts to lure foreign investment into Serbia, prompting government spokesmen to portray such efforts as victories, regardless of the results. The Director of the coal sector of Serbia's power company (EPS) announced talks with the German firm Krupp on possible investment in the mines and a DM 150 million deal for coal mining equipment. The largest coal deposits are in Kosovo.

International sanctions continued to hobble the economy. The General Director of Yugoslav Airlines (JAT) announced publicly that losses directly attributable to the EU flight ban had exceeded \$35 million in 1998, and that indirect losses were in the hundreds of millions of dollars. According to JAT officials, the losses have prompted the airline to shift some operations to Macedonia.

POLITICAL DEVELOPMENTS

The organs of government in the FRY remain dominated by FRY President Milosevic. While his political party, the Socialist Party of Serbia (SPS), does not have a majority in either the Federal or Serbian parliaments, it dominates the governing coalitions and holds the key administrative positions. As an essential element of his grasp on power, Milosevic effectively controls the Serbian police, a heavily armed force of some 100,000, which is responsible for internal security and which reportedly has committed numerous serious human rights abuses.

Nineteen ninety-eight will be known as the year when Milosevic unleashed a brutal police and military campaign against separatist insurgents in the southern Serbian province of Kosovo. By some estimates, the crackdown resulted in the deaths of over 1,500 ethnic Albanians, the vast majority of them unarmed civilians, and left thousands more displaced and many villages destroyed. Serbia abolished the political autonomy of Kosovo and Vojvodina in 1989, centralizing all decision-making under Milosevic in Belgrade.

The FRY is not recognized by the United States or the majority of the international community as the continuing successor to the Socialist Federal Republic of Yugoslavia. Thus, the FRY must reapply for membership, as did the other four former Yugoslav republics, in the United Nations, the Organization for Security and Cooperation in Europe (OSCE), and other international organizations and financial institutions such as the World Bank and International Monetary Fund.

In addition to remaining barred from membership in international organizations, the FRY is still subject to an "outer wall" of sanctions, maintained by the United States and the international community, until the it makes substantial progress on five core issues: a Kosovo settlement; cooperation in implementing the Dayton Peace Accords; cooperation with the International Criminal Tribunal for the Former Yugoslavia; progress on democratization in the FRY; and resolution of the Yugoslav state succession issues.

Montenegro continued to be the only bright spot in the FRY in 1998, although Milosevic's influence threatened to complicate Montenegro's efforts at democratization. In January 1998, Milo Djukanovic became Montenegro's President, following bitterly contested elections in November 1997, which had been adjudged by international monitors to have been free and fair. His reform coalition followed up with parliamentary elections in May. President Djukanovic continues to implement democratic and economic reforms, while weathering a relentless campaign by Milosevic to undermine his government.

SEED ASSISTANCE SUMMARY

Program Overview

As a result of the conflict between Serbia and Bosnia, the United States Agency for International Development (USAID) closed its initial office in the Federal Republic of Yugoslavia (Serbia and Montenegro) (FRY) in late 1991, after only 18 months of operation. In FY 96-97, USAID recommenced operations in the FRY, including a modest Office of Foreign Disaster Assistance (OFDA) humanitarian program for displaced persons, vulnerable families, and pensioners, mainly in Kosovo Province. However, a field presence was not established formally until FY 98. USAID operates within the sanctions environment framework, as the FRY is not in compliance with its Dayton Agreement obligations and the "outer wall" sanctions.

FY 98, therefore, was the start-up year for USAID's program in the FRY. Particular attention was paid to the specifics of the unique FRY circumstances regarding regional differences among the FRY's two republics and the Serbian province of Kosovo. The rules of engagement that are features of the "outer wall" sanctions inhibit Serbia's international economic access, and the Lautenberg Amendment to the 1998 Foreign Assistance Act restricts bilateral assistance. In addition, USAID was faced with other constraints, not the least the current government's lack of cooperation and good faith commitment to implementing the Dayton Accords, which are essential to establishing a democratic society and free market economy.

The ongoing Serb persecution of ethnic Albanians in Kosovo so outraged the international community that in July 1998 the United Nations Security Council passed

Resolution 1160 condemning FRY activities there. In September, Resolution 1199 demanded that the FRY cease hostilities toward the ethnic Albanians or face NATO intervention. As this deadline approached, all non-emergency U.S. Government personnel, and all family members, had to evacuate the FRY. The curtailment of USAID's operations, even for this brief period, had a negative impact on the program. The FRY government, for its part, used the threat of NATO air strikes to implement a series of repressive laws in the name of national security that set back democratic growth and independent media development by years.

USAID recognizes the political and socio-economic diversity among the country's geographic regions, and has tailored the program to address these varied circumstances and the realities of the implementing environment. Activities differ for each of the three geographic and socio-political areas -- Central Serbia/Vojvodina, Kosovo, and Montenegro -- to achieve the highest impact, while serving the particular needs of each region. The program is carried out mainly through U.S. NGOs working as partners with indigenous NGOs and other local organizations.

The USAID program strategy in FY 98 was aimed at encouraging political and economic change in an effort to help lead the country into transition status. USAID concentrated its democratic resources on empowering change agents. These included information providers such as media and educational institutions; political organizations; professional and trade groups; reform-minded individuals and organizations; and democratic institutions, human rights organizations and economic reform entities. At the same time, economic reform assistance was extended to Montenegro, supporting the program of President Djukanovic and, in part, rewarding it for taking major steps in democratic reform. In addition, USAID initiated community-building programs in Kosovo aimed at reconciliation between the Serbian and Albanian populations. However, the outbreak of fighting in Kosovo in February 1998 severely limited implementation of these programs until a tentative cessation of fighting was finally negotiated in October 1998.

Democracy Building

The USAID democratic portfolio in the FRY works in the areas of increasing citizen participation in the political process and public decision making. This includes directing social stabilization activities in Kosovo; supporting judicial and local government reform in Serbia, Montenegro, and hopefully Kosovo; encouraging indigenous NGO and trade union development in all areas of the FRY; assisting political party development; advocating election reform in Montenegro and Kosovo; and creating more objective, viable, independent media.

The activities funded by SEED in FY 98, including contributions to the FRY's democratic transformation, were limited due to the "outer wall" sanctions and the government's unwillingness to fulfill its Dayton Accords obligations. USAID therefore funded distinct, targeted activities aimed at building a democratic foundation from the bottom up. Below are SEED-funded activities in FY 98:

Independent Media: USAID served as the motivating donor for the new ANEM television network. ANEM has been the most vocal, articulate, and outspoken voice during the current FRY government crackdown on the media. USAID offered journalism and media management training to radio and print professionals to help them develop more interesting, thought-provoking news presentations. USAID also provided business management assistance to the print media outlets. Additionally, USIA used SEED funds for Democracy Commission grants and to offer internships and short visits to the U.S. and other countries.

Civil Society: An ever-growing inequality and poverty currently characterize civil society in the FRY. USAID supported the strengthening of indigenous NGOs and creation of local institutions to foster independent self-determination. Human rights organizations were

assisted in promoting dialogue and conflict resolution. Humanitarian relief organizations received assistance to support refugees and vulnerable groups. Training was conducted for citizens groups and labor unions in the democratization process and related organizational development. Local government institutions were provided training and technical assistance more effectively to represent their constituents.

Political Process and Electoral Reform: U.S. NGOs worked with several political parties, with special emphasis on local-level political development. This training and advice centered on organizational development, expanding and improving communications with constituents, and building leadership skills, especially among youth and students. Also, USAID grantees gave training in election monitoring, poll worker station operations, voter education, organized election monitoring efforts, and legal advice on the electoral process in Montenegro.

FY 98 was the year for shaping the necessary USAID framework to support an ever-changing developmental and humanitarian situation/atmosphere. USAID's increased, intense political focus for operations in the FRY necessarily has remained flexible to meet changing demands. In this environment, USAID continued to initiate programs to foster political and economic freedom.

Economic Growth

Privatization and Enterprise Restructuring: The Barents Group is providing assistance to the government of Montenegro in developing a framework for and implementing a mass voucher privatization (MVP) of the Montenegrin economy. In 1998, the Barents Group drafted amendments to the Privatization Act, which will be the basis for all future mass privatization efforts. Passage of the new law was scheduled for the end of December 1998.

Technical Assistance to Enterprises: Center for International Private Enterprise (CIPE) promotes private sector development in Montenegro. Working closely with the Montenegro-based Center for Entrepreneurship (CFE), CIPE is establishing a network of business service centers and will run a program of technical support through and to CFE, ensuring long-term viability and sustainability. The project aims to provide both basic and advanced training to entrepreneurs, as well as other business advisory services. In addition, Opportunity International was selected as the implementing partner for a \$3 million small and micro-lending program.

Quality of Life

Trauma and Social Welfare: Catholic Relief Services (CRS) initiated a program to improve educational conditions in 25 schools in Montenegro and 10 schools in Kosovo. The program introduces democratic decision making and participation of the local community in developing and creating school-based activities. Program implementation was delayed due to the ethnic conflict in Kosovo and longer-than-expected preparation phase for the Montenegrin section of the program. Doctors of the World (DOW) is implementing a maternal and infant health care project aimed at bridging the parallel and state health care systems, and encouraging the reintegration of the maternal and infant health care services for all ethnic groups in Kosovo, where ethnic Albanians are actively discouraged from obtaining health care from state-run facilities. International Rescue Committee (IRC) is working to reduce tensions among members of Kosovo communities, acting to bridge differences emanating from ethnic, tribal, and gender lines. While the program is aimed at promoting inter-ethnic and inter-gender communication, it is expected to impact on the areas of sanitation and health improvement by encouraging people to work together to improve their own limited infrastructure.

Human Resources

Participant Training: The USAID participant training program for the FRY did not clear contracting until near the end of FY 98. In spite of the limited timeframe, participant training was successful in supporting the initial stage of the local governance project, through two highly motivating regional training activities aimed at local government officials and local development strategy designers.

USIA 632 Transfer

International Exchange: USIA used SEED funding for internships and short visits to the U.S. through the Freedom Grant International Visitors Program, provided long-term training under Ron Brown Scholarships, and supplied expertise to the FRY under the Professionals-in-Residence program.

**U.S. ASSISTANCE TO FEDERAL REPUBLIC OF YUGOSLAVIA (FRY)
 FY 98 OBLIGATIONS
 As of 09/30/98**

**Total Obligation
 12,790,016**

TRENGTHENING DEMOCRATIC INSTITUTIONS

Democratic Pluralism

30-0021	Political and Social Process	1,358,887
30-0022	Independent Media	2,300,000
30-0032	Non-governmental Organization (NGO) Development	664,282
	Political Process and Governance	0
30-0019	Democratic Governance & Public Administration	800,000
30-0020	Rule of Law	545,000
	Sub-Total	5,668,169
	As % of Total Obligation	44%

ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises

30-0014	Privatization & Enterprise Restructuring	1,726,000
30-0023	Technical Assistance to Enterprises	589,184
30-0045	Participant Training	1,000,000
	Sub-Total	3,315,184
	As % of Total Obligation	26%

IMPROVING THE QUALITY OF LIFE

Short-term Emergency & Humanitarian Aid

30-0016	Trauma, Social Welfare & Humanitarian Assistance	1,880,000
	Sub-Total	1,880,000
	As % of Total Obligation	15%

MISCELLANEOUS

30-0249	Audit, Evaluation & Project Support	726,663
30-632A	Transfers to Other Government Agencies	1,200,000
	USIA	1,200,000
	Sub-Total	1,926,663
	As % of Total Obligation	15%

SLOVAKIA

ECONOMIC DEVELOPMENTS

Slovakia has recorded impressive macroeconomic performance over the past four years, but that high growth has been fueled to some degree by foreign borrowing and excessive public sector investment. Having inherited a mounting burden of debt service from Prime Minister Meciar's government, the new government elected in September 1998 has introduced a macroeconomic adjustment program that will have a short-term negative impact on consumers.

A high current account deficit is the most alarming sign of macroeconomic imbalance. The deficit is running at about 11 percent of GDP, a level widely considered unsustainable. Revised economic data for 1997 reveal that the deficit was 10.3 percent, much higher than previously thought. While 1998 export growth was quite strong, Slovakia's largest exporter, steel producer Eastern Slovak Ironworks (VSZ), has been undergoing severe financial problems.

Despite the high current account deficit, Slovakia's currency, the crown, has remained relatively stable. On October 1, the Central Bank ceased fixing the crown's level, with a subsequent depreciation of only about 5 percent. Inflation is estimated at about 7 percent for 1998 and likely will rise to about 9 percent in 1999, with the impact of price increases for public services. Domestic interest rates have fallen but remain high, above 20 percent, for commercial borrowers.

To stabilize the economy, the new government will rely on two broad measures. First, it has set a goal of reducing the budget deficit from about 5 percent of GDP in 1998 to roughly 2 percent next year, and it has adopted a provisional budget for the first quarter that is consistent with that goal. Second, it announced higher prices for the heavily subsidized public services. Electricity rates for households will go up by 30 percent, public transportation fares will rise by 20 percent, and highway user fees will double. These increases should reduce domestic demand and curb imports.

The Government of Slovakia (GOS) also declared restructuring of the banking and industrial sectors necessary for sustainable economic growth. It plans to privatize immediately the Investment and Development Bank (IRB), which is under the emergency administration of the Central Bank, and the largest commercial bank by the end of 1999. Both banks, as well as the Slovak Savings Bank, are plagued by large non-performing loan portfolios. The GOS also plans to privatize stakes in the monopoly telecommunications company and other state-held firms that do not have a natural monopoly in distribution. Unemployment has remained above 13 percent and likely will rise, if the government aggressively pursues a restructuring program.

POLITICAL DEVELOPMENTS

The Slovak Republic is a parliamentary democracy whose constitution guarantees fundamental rights recognized under OSCE principles. In September, a new parliament was elected in free and fair multi-party elections, and a new government coalition formed in November. The new government is led by Prime Minister Mikulas Dzurinda, whose Slovak Democratic Coalition (SDK) received the most votes in the coalition. Other coalition members are the Party of the Democratic Left (SDL), the Party of the Hungarian Coalition (SMK), and the Party of Civic Understanding (SOP). PM Dzurinda has stated that his government's top priorities are dealing with the financial crisis left by the former government; combating corruption and organized crime; and seeking integration into the EU, NATO, OECD, and other multilateral

institutions. The new government moved quickly to restore friendly relations with neighboring states, which had deteriorated under the Meciar government.

The constitution prohibits censorship and guarantees freedom of information and expression. Print media are free and uncensored. Since 1994, state-owned television (STV) was highly politicized and gave biased coverage in favor of the former government. The new government has pledged to clean up STV and to return its news programs to more professional, even-handed standards. It has re-instituted press conferences, and the media have regular access to ministers and members of parliament.

The government, which includes Hungarian parties in its coalition, is committed to improving relations with minority groups and open dialogue with their representatives. It has also promised to pass a law on the use of minority languages in official communications.

In November, after the Constitutional Court struck down the election law backed by the previous ruling party under which local elections were to be held later that month, parliament extended the mandates of mayors and local government councils, moved elections forward five weeks, and passed a new election law. Parliament plans to amend the constitution to allow direct popular election of the president. Under the current system, MPs elect a president with at least 90 of 150 votes. The presidency has been vacant since March 2, 1998.

The U.S. enjoys strong military-to-military relations with Slovakia. The GOS has stressed its renewed dedication to joining NATO at the earliest possible opportunity. Slovakia is active in NATO's Partnership for Peace program, its troops participate in PfP exercises, and a battalion has served with UN peacekeeping forces in Eastern Slavonia. The GOS has sent a five-person observer team to SFOR and has offered SFOR an engineer company.

SEED ASSISTANCE SUMMARY

Program Overview

When Slovakia became independent on January 1, 1993, following the peaceful dissolution of the Czech and Slovak Federal Republic, USAID already had an office in Bratislava. As the first donor with a presence in Slovakia, the U.S. has been well placed to contribute to efforts to establish a policy, legal, and regulatory framework conducive to free market principles and institutions necessary to support a democracy. Until 1997, Slovakia was among the more successful transforming economies in the CEE region. Its economic policy reforms were relatively advanced, and most economic performance indicators were favorable. In 1997, however, weaknesses in the economy became increasingly apparent, and the pace of transition to a market-oriented economy slowed. Significant problems arose in the policy and structural reform areas for which technical assistance and advice either were disregarded or the political will for implementation was lacking.

International and domestic concern about Slovakia's flagging democratic transition grew throughout the Meciar government's four-year rule. Certain acts calling into question the GOS's commitment to democratic principles and the rule of the law were among the political factors keeping Slovakia out of first-round talks on NATO and EU integration. A key example was the Minister of Interior's role in disrupting the May 1997 referendum on NATO and direct presidential elections, demonstrating the government's willingness to manipulate the electoral process for its own ends. This and other events augmented the atmosphere of uncertainty and anxiety as the 1998 parliamentary and local elections approached, elections seen by many as pivotal to Slovakia's future.

Absent the Meciar government's commitment to strengthen the democratic character of governmental institutions and policies, SEED democracy assistance strategy in Slovakia for the past four years focused largely on helping create the basis for the environment from which a fully democratic political and social system could emerge. To this end, USAID concentrated on strengthening and reforming key civil society institutions such as NGOs, media, local government, political parties, labor unions, and schools. Today, a vibrant civil society has emerged as one of the pillars of Slovakia's young democracy.

With critical elections scheduled in 1998, USAID adjusted its democracy programming in preparation for the opportunities and challenges these elections presented. Working with and through its civil society partners, and in close cooperation with other donors, USAID focused on increasing citizen participation in the elections, raising citizen awareness of the issues and candidates, and monitoring the pre-election environment, as well as the polling itself. Despite the flawed pre-election environment, international and domestic observers were unanimous that the administration of the September 25-26 parliamentary elections was sound, and that they were conducted in a peaceful, orderly manner. Voters turned out in record numbers, with more than 84 percent of those eligible participating. They overwhelmingly opted for change. The combined vote for the opposition parties reached almost 58 percent, giving them 92 out of 150 seats in the parliament and a constitutional majority. A new government, composed of the four opposition parties, formed in November 1998.

The new GOS has stated its commitment to democratic reforms and already has begun to address some of the chief democracy deficits. This new political landscape is both a challenge and an opportunity to the donor community. USAID is revisiting its approved Strategic Plan to determine the most effective resource use through its scheduled September 2000 closeout.

Economic Growth

Privatization: The first wave of privatization concluded in 1993, with virtually all small and medium companies having been privatized. A second wave of mass privatization targeting larger companies was cancelled by the Meciar government in mid-1995, and a new system of direct sales, favoring domestic buyers, was introduced. During 1994-95, USAID provided support for the privatization effort but halted such assistance in late 1995, when it became clear that large companies were being privatized through a non-transparent process. Furthermore, the GOS designated former armaments producers and some utilities as "strategic" sectors to remain under state control.

The new GOS has committed to concluding privatization and will focus on the strategic sectors -- banks, telecommunications, and utilities. Announcement of the Investment and Development Bank's privatization is expected early in 1999. Also, state-owned Slovak Telecom will become a joint-stock company effective January 1, 1999, in anticipation of an international tender for capital entry of a foreign operator.

Private Enterprise Development: During 1998, USAID successfully transferred its private sector initiatives to Slovak entities, ensuring continued assistance to this vital sector long after USAID's departure. The assistance extended through the Slovak Business and Banking Advisory Center concluded, having trained over a dozen Slovak consulting and accounting firms. A for-profit successor firm was established (TRG Slovakia), which provides consulting services in Slovakia and throughout the region. The Slovak Management Training Center became a stand-alone entity, which continues to offer training programs to Slovak managers. Finally, while the International Executive Service Corps (IESC) effort concluded in FY 98, its sub-grantee Partners for Business Growth (PBG), comprised of former staff, remains active in Slovakia through a \$250,000 USAID grant, which will be used to subsidize business technical

assistance to its smaller clients. USAID will support PBG's services, including offers of IESC volunteers, through FY 99.

Market Reforms: USAID is involving Slovakia in the new Central and Eastern Europe Electricity Management Development Institute, successor to the U.S. Energy Association (USEA) Utility Partnership Program. The GOS has agreed to host and pay for a CENTREL utilities short program in capital market development. USAID also worked through USEA, Bechtel, and Electrotek on electricity cooperation with the CENTREL utilities on transmission planning, regional power pool economics, and regulatory aspects of interconnection.

Building Democracy

In many ways, the 1998 elections were a test of the idea that a grassroots democratization movement can lead to political change. They also probed the strength of the civil society organizations with which USAID has been working and their ability to serve as a means for citizens to participate in the political process and for providing them access to information to help determine their own interests.

For the most part, USAID elections assistance simply required a shift in focus, building upon existing programs such as the International Republican Institute's (IRI) work with political parties and the American Center for International Labor Solidarity's (ACILS) work with trade unions. To fill the elections assistance gaps, in December 1997 the International Foundation for Electoral Systems (IFES) was brought in to conduct a Pre-Election Technical Assessment (PETA). This PETA analyzed the strengths and weaknesses of the Slovak electoral system and recommended specific areas where the assistance of IFES and the international community could be useful, both before and during the elections.

Subsequently, at the Ministry of Interior's (MOI) invitation, IFES came to Slovakia to work with the Ministry's Elections Department, and once established, the Central Election Commission. IFES made various recommendations to the MOI for improving voter education and poll-worker training efforts. However, the MOI did not accept most of the recommendations, and showed over time that it was not truly receptive to international assistance. Consequently, IFES refocused its assistance for the local elections to support the voter education and training efforts of several indigenous organizations seeking to increase public awareness of voting procedures and improve the administration of the elections.

Citizens Participation: A public opinion poll conducted just before the elections showed that NGO voter education and get-out-the-vote efforts, conducted under the non-partisan OK '98 Civic Campaign, contributed decisively to the increased participation of young people in these elections. OK '98 is also considered a factor in the high overall voter turnout for the parliamentary elections (84 percent), as well as in their free and fair nature. OK '98 was originated by 11 leading Slovak NGOs, many of them sub-grantees and subcontractors under USAID's Democracy Network (DemNet). DemNet's implementing partner, the Foundation for a Civil Society's successor organization, Nadacia pre občiansku spoločnosť (NOS), served as the secretariat for the OK '98 Campaign. This Campaign eventually came to include over 50 NGOs countrywide, many of which had received DemNet support, and utilized their DemNet training in carrying out public policy and advocacy activities.

OK '98 encompassed 58 separate election projects, prepared and implemented by Slovak NGOs. Many of these projects were backed by local businesses and private donations. However, major support came from the Slovak Donors Forum, an informal association of donor organizations supporting civil society. Through the Donors Forum, the USIA-administered Embassy Democracy Small Grants Program extended about \$225,000 in SEED funds to support

the election activities of Slovak NGOs. DemNet also provided about \$80,000 in grants to Slovak NGOs for their local elections activities.

In 1997, IRI began concentrating its non-partisan efforts on coalition building, political polling and message development, voter communication, campaign organization, and ballot security. Highlights include the four national public opinion polls IRI conducted in 1997-98 with and for the political parties, and the consultancies it provided to help the parties interpret poll results and develop campaign strategies and messages. A clear example of this was the Slovak Democratic Coalitions' (SDK) "Contract with the Citizens of Slovakia." The Contract stated the SDK's priorities clearly, based on an analysis of the issues the polls had shown to be most important to citizens and the SDK's proposals for resolving them.

The U.S.-EU Joint Election Monitoring Project resulted in over 1,700 domestic monitors observing the two days of voting, as well as a parallel vote tabulation effort which confirmed official election results. The SEED-funded National Democratic Institute (NDI) and the EU Phare-funded Electoral Reform International Services (ERIS), together with their local partner, Association for Free Elections, organized a nationwide domestic monitoring effort for election day, called "Civic Eye '98." This was the first time that a non-partisan citizens group had petitioned to monitor elections in Slovakia, and the group was viewed with suspicion by members of the government. As a result, Civic Eye monitors were not accredited by the Central Election Commission. Consequently, they could not monitor the vote count and could only enter polling stations by permission of the election commissions at those stations. They received such access only about 50-60 percent of the time, which limited their ability to monitor the elections systematically. Both the OSCE's and IRI's international observer missions noted that allowing these domestic observers full access would have increased transparency and enhanced confidence in the process. Civic Eye '98 went on to observe the local elections in December 1998, monitoring the vote count as well as the voting.

The American Center for International Labor Solidarity (ACILS), working with the Confederation of Trade Unions of the Slovak Republic (KOZ), initiated a get-out-the-vote and voter education campaign for trade union members. ACILS and KOZ kicked off this campaign in April 1998 with a national leadership conference, focusing labor unions' role in the political process, especially elections. U.S. and European labor leaders at the conference shared their experiences with union involvement in politics. USAID and ACILS subsequently arranged a study tour to the U.S. for the eight presidents of the regional labor councils to observe the role of regional labor councils in the U.S. Training also focused on providing participants with activist techniques they could use to involve their members in the elections. The KOZ leadership considered that their activities contributed directly and successfully to the election results.

USAID's Professional Media Program (ProMedia) has worked for the past three years to strengthen independent media in Slovakia by improving the medias' technical and professional capabilities; assisting with the development of media associations, especially their ability to advocate and represent the interests of their sector; and strengthening the legal and regulatory environment in which independent media operate. In April 1998, in response to the draft Amendments to the Law on Elections submitted to the Slovak National Council (parliament), ProMedia, through the pro bono services of Covington and Burling, produced an opinion on the media provisions of the draft Amendments. The opinion found that the draft Amendments infringed on the medias' rights to publish information about the elections of members of the National Council and on the rights of Slovak citizens to receive information on political issues and participate fully in the electoral process. The Slovak Syndicate of Journalists and the Association of Independent Radio and TV Stations used this opinion in their own efforts to obtain changes to the draft Amendments before passage, and after passage to seek clarification and guidance on compliance with the law.

ProMedia supported the Slovak Syndicate of Journalists' efforts objectively to monitor media coverage during the parliamentary elections. It also supported MEMO '98, an independent, non-partisan initiative to monitor media coverage systematically during the local elections. Media monitoring efforts such as these were crucial in calling attention to the state medias' biased, unbalanced news coverage before and during the parliamentary elections.

Through USIA's Media Training Program, ten Slovak radio and ten TV managers took part U.S.-based management training. This training exposed station managers to much needed marketing, advertising, sales promotion, and audience research techniques. USIA continued its radio sales Professional in Residence (PIR) training, reaching small radio stations needing sales skills to survive. A radio sales expert provided training to radio stations countrywide. A PIR TV expert also worked with small, independent television stations nationwide to build management skills. A U.S. broadcast expert followed up his 1997 visit to facilitate communication among the government broadcasting council, associations of broadcasters and journalists, and TV and radio broadcasters. His visit led to cooperation among various players to influence the amendment of the election law in a positive manner.

Local Government: In December 1998, direct elections for mayors and city councils took place, with a high proportion of those chosen being new to elected office. USAID's Local Self-Government Assistance Center, with the Association of Cities and Villages (ZMOS) and the Foundation for Training in Self-Government, is carrying out an orientation program for the newly elected and returning officials. The program, called "Good Day, Local Government," is designed to reach all 2,867 local governments and their approximately 42,000 elected officials to provide them introductory information on their roles and responsibilities as citizen representatives and community leaders. The program also involves community members to highlight the importance of local self-government in Slovakia's democratic process.

USAID's local government program fosters decentralized governmental authority and promotes democratic pluralism by building the capacity of local governments to deliver services and manage resources efficiently, and involving citizens in the affairs of their communities and in the decision-making process. In 1998, over 1,300 local officials participated in training programs to provide the technical, managerial, and interpersonal skills they need to function competently and transparently. Comprehensive training materials on general management, financial management, line management, governance, citizen participation, physical planning, and development have been completed, and trainers have been trained to conduct these courses. Courses begin in January 1999, after the newly elected officials have taken office.

SEED-supported work continued with various professional and municipal associations to strengthen their ability to represent and advocate for their members' interests, as well as to enhance their professional skills. These associations' ability to develop and advocate policy positions is essential to the further decentralization of authority and resources. SEED assistance is helping them develop the necessary skills for this happen.

Quality of Life

Environment: The SEED program addresses Slovakia's most pressing environmental problems -- poor water quality and air pollution -- through policy advisory work implemented through a USAID-sponsored Harvard Institute for International Development consultancy. In addition, through a U.S. Environmental Protection Agency (EPA) program funded by USAID, the GOS plans to build on the Slovak Environmental Agency's (SEA) existing capability to apply geographic information system technologies to improve assessment and management of environmental risks. By mid-1999, this project will foster collaborative work between SEA and the Specialized State Health Institute.

Another USAID-funded EPA program supports the Institute of Preventive and Clinical Medicine (IPCM) in developing the capacity to implement a methodology for sampling, storing samples, analyzing, assessing the comparability of environmental data, and improving monitoring methods that directly impact human health. This systematic environmental monitoring approach enables Slovakia to use methods compatible with those in the West and promotes international environmental health collaboration. The first environmental and biological specimen bank in CEE was opened at IPCM in Bratislava on June 12, 1998.

The Environmental Health Project's initial goal was for Slovak counterparts to learn "best practices" from their U.S. colleagues in the areas of environmental, occupational, and public health. The Slovak participants' study tours led to the formation of a Ministerial Working Group and significant cross-fertilization of ideas and information sharing, the foundation for sound policy development in the Ministry of Health.

Through a USAID/Washington initiative in cooperation with three field offices, including USAID/Slovakia, SEED funding directed at three key tributaries of the Danube River is improving water quality and reducing cross-boundary pollution from Slovakia and Romania into Hungary and ultimately to the Black Sea. The program serves as an implementation model for similar environmental improvement activities to be undertaken in 17 Danube River Basin states.

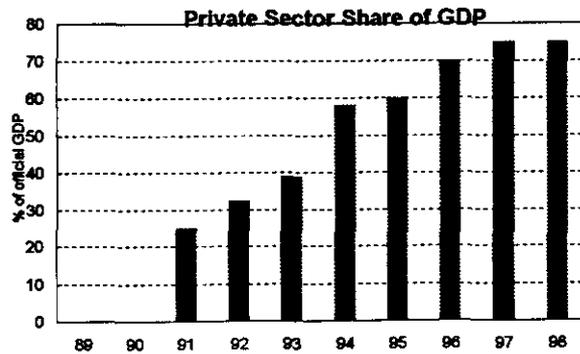
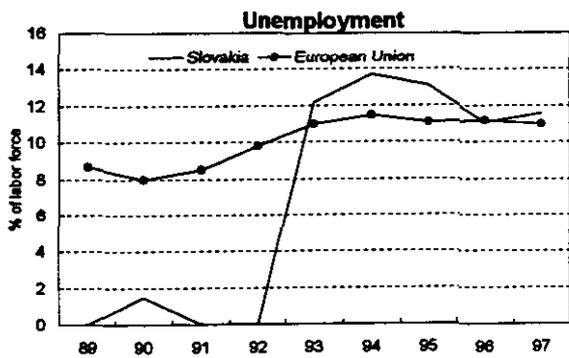
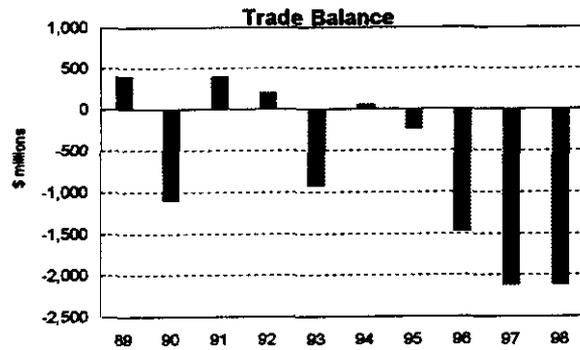
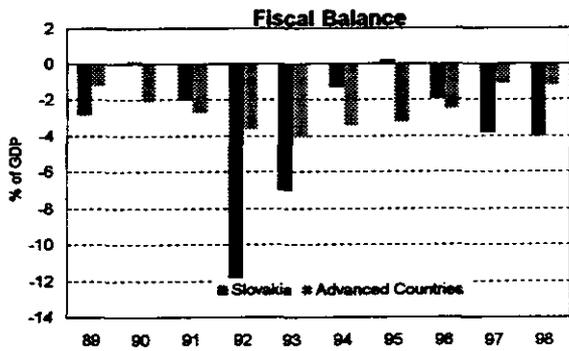
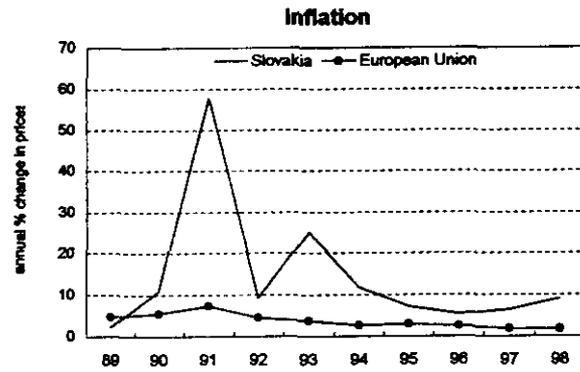
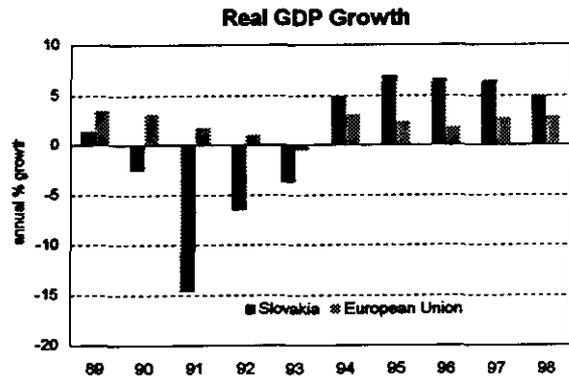
Health: Current priority programs aim to increase the institutional capacity, efficiency, and quality of health care, and to encourage community-based health improvement through four health-care partnerships. These partnerships are managed by the American International Health Alliance (AIHA), under a cooperative agreement with USAID. Through the Providence-Kosice Hospital Partnership, clinical and management skills are being modernized, resulting in shorter hospital stays, declining infant mortality, and more rational, cost-effective use of pharmaceuticals. After introducing a timely referral system to identify and treat high-risk pregnant women earlier, the Faculty Hospital in Kosice observed a declining neonatal mortality rate throughout the city, from 11 per 1,000 newborns in 1995 to 6.2 per 1,000 in 1997.

Two Healthy Communities Partnerships are working to build local coalitions of citizens, city governments, local businesses, schools, and NGOs to improve the health and safety in their communities. In Petrzalka, a Bratislava suburb, a successful community anti-drug education program has now been "rolled out" to another city, and a round-the-clock counseling hotline has been established for victims of domestic violence. In the town of Martin, citizens and health providers have created programs in school health education, drug and alcohol abuse prevention, and an anti-smoking campaign. Information about these Healthy Communities Partnerships has spread throughout Slovakia, and an additional 21 community health improvement, education, and social care projects have ensued, with little cost to USAID.

The Health Management Education partnership is a collaboration between the University of Scranton and Trnava School of Nursing and Social Care, the University of Matej Bel, and the Bratislava Health Management School. The partners have developed health management curricula for health providers and have created a management journal and accreditation standards for health management academic/practical programs. Two Health Management Institutes are being established at Trnava and Matej Bel Universities, which will serve as national resources for health policy and research. The partners are also developing a new Social Work curriculum.

Working through an Inter-Agency Agreement with the U.S. Department of Health and Human Services, USAID provides targeted technical assistance to help modernize the Slovak hospital payment system, building management capacity in health insurance funds, supporting the capacity of professional medical associations, and disseminating "models" and lessons learned from health reform in Slovakia and the CEE.

Slovakia



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

**U.S. ASSISTANCE TO SLOVAKIA
FY 98 OBLIGATIONS
As of 09/30/98**

		Total Obligation
		10,202,481
 STRENGTHENING DEMOCRATIC INSTITUTIONS		
Democratic Pluralism		
180-0021	Political and Social Process	1,675,061
180-0022	Independent Media	800,000
180-0032	Non-governmental Organization (NGO) Development	297,146
Political Process and Governance		
180-0020	Rule of Law	361,096
	Sub-Total	3,133,303
	As % of Total Obligation	31%
 ECONOMIC RESTRUCTURING		
Privatization and Assistance to Enterprises		
180-0023	Technical Assistance to Enterprises	801,500
Improving the Business Climate		
180-0026	Competition Policy, Laws & Regulations	
180-0027	Business Services	
Human Resources		
		0
180-0045	Participant Training	871,824
Agriculture and Agribusiness		
180-0024	Restructuring Agriculture	400,000
Energy Efficiency		
180-0030	Regional Energy Efficiency	320,000
	Sub-Total	2,393,324
	As % of Total Obligation	23%
 IMPROVING THE QUALITY OF LIFE		
Environment		
180-0004	Environmental Initiatives	1,237,918
Urban Development		
180-0034	Housing Sector Assistance	2,148,028
Health		
180-0037	Partnerships in Health Care	75,000
180-0038	Promotion of Health Markets	700,000
	Sub-Total	4,160,946
	As % of Total Obligation	41%
 MISCELLANEOUS		
180-0249	Audit, Evaluation & Project Support	189,908
180-632A	Transfers to Other Government Agencies	325,000
	USIA	325,000
	Sub-Total	514,908
	As % of Total Obligation	5%

SLOVENIA

ECONOMIC DEVELOPMENTS

Economic reforms continued their deliberate pace in Slovenia in 1998. From a macroeconomic perspective, Slovenia's performance remains a stand-out in the region: GDP is expected to grow by 4 percent, inflation to fall to a year-over-year rate of below 7 percent, and the public sector deficit to be held to about 1.2 percent of GDP. External balances survived the emerging markets crisis of 1998 remarkably well, and the year is likely to end with the current account in virtual balance. The major credit rating agencies have recognized Slovenia's strong macro position and consistently give its official debt the highest rating of the CEE economies.

This positive performance contrasts with a lagging structural reform agenda. Although much of the trade and industrial sectors has been privatized, the state remains a large or the only player in key sectors, including banking, insurance, energy, and telecommunications, and is a substantial shareholder in ailing industrial enterprises. Legal obstacles or local practice keep foreign participants from entering a number of economic activities, and complex, time-consuming licensing or approval procedures are the norm. These factors, together with tight controls on financial capital flows, have led Slovenia to have among the lowest FDI/GDP ratios in the region. Slovenia's relative isolation, however, did help it largely to avoid negative effects from the 1998 emerging market crisis.

The EU's invitation to accede has provided a much-needed boost to Slovenia's structural reform drive. The Government of Slovenia (GOS) is preparing, and in some cases has passed, legislation to align Slovenian law with the EU's *acquis communautaire*. This process will force reforms in virtually all critical areas, from financial markets to competition policy and from telecommunications to pension reform. The process is politically divisive and bureaucratically burdensome, however, and the EU Commission's September progress report on accession pointed out Slovenia's need to speed up both administrative reforms and the adoption of EU legislation.

With Slovenia's graduation from the modest USAID-administered SEED program in 1997, U.S. economic collaboration with Slovenia has moved into channels more characteristic of relations between modern industrial economies. Science and technology exchanges have shifted from a governmentally coordinated basis to an institution-to-institution footing; business contacts take place increasingly between firms unintermediated by official bureaucracies. American-origin investment has also shown a marked increase, putting the U.S. among the largest investors in Slovenia. Both sides are pursuing bilateral tax and investment treaties to enhance the quality and depth of these contacts.

POLITICAL DEVELOPMENTS

The coalition government that took power in March 1997 continued on the course set by previous governments -- consolidation of political pluralism; respect for human rights and the rule of law; and integration into the major Euro-Atlantic institutions, notably NATO and EU. Although the two principal coalition parties represent opposite ends of the political spectrum, they have achieved a *modus vivendi* that has permitted the main lines of the far-reaching reform program to move forward. Major accomplishments include reform of the penal code, legislation to unblock restitution of communist-era property seizures, tax reform, and the first steps toward conforming Slovenian laws and regulations with the EU's *acquis communautaire*.

The government has also added a strong regional element on both security and economic fronts. It has bolstered its participation in SFOR; contributed personnel and logistical support to the OSCE's Kosovo Verification Mission; and pursued cooperation with other Southeast European

states in the Southeast European Cooperative Initiative (SECI), the Royaumont Initiative, the Southeast Europe Defense Ministerial (SEDM) process, and the Southeast Europe Action Plan. The U.S. has given concrete support to Slovenia's regional stabilization initiatives with matching funding of up to \$28 million for Slovenia's International Humanitarian Trust Fund for De-mining and Mine Victim Assistance in Bosnia-Herzegovina. Slovenia has also moved energetically with other former Yugoslav republics to resolve outstanding issues stemming from their common past, and has made considerable advances on bilateral differences with Croatia. Progress with the FRY on a host of issues, however, remains stalled.

Elections have provided further evidence that Slovenian democracy is firmly entrenched: the President and National Council elected in November 1997 carried out their Constitutional responsibilities throughout 1998. The Council, for example, exercised its veto power a number of times during the year, although each time the Council's veto was later overridden by the National Assembly. The Slovenian people were also afforded opportunities for direct action through the ballot box. In April, a referendum was held which changed the number of municipalities in Slovenia from 147 to 176. The subsequent local elections in November and December confirmed the representation for each of these municipalities.

U.S.-Slovenian political-military cooperation is excellent. Senior Ministry of Defense and General Staff personnel meet regularly with their U.S. counterparts, in semi-annual Bilateral Working Groups as well as in more frequent Inter-Ministerial Working Groups. The U.S. Defense Attache in Ljubljana works closely with GOS contacts to help advance the modernization of the Slovenian armed forces and make them NATO interoperable. The U.S. fully supports Slovenia's efforts to prepare itself for NATO membership. Slovenia has been very active in peacekeeping and other initiatives in the region, including SFOR participation and with a police presence in Albania.

SEED ASSISTANCE SUMMARY

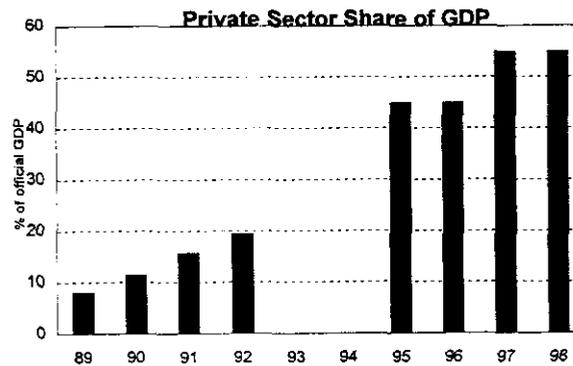
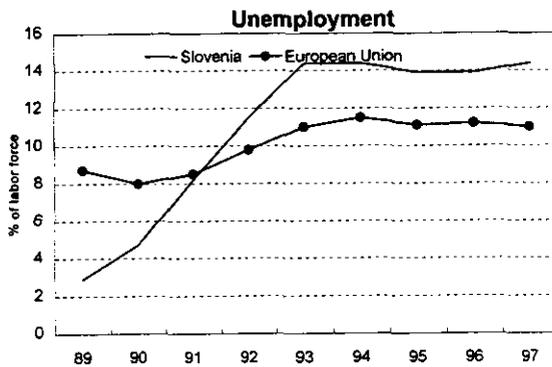
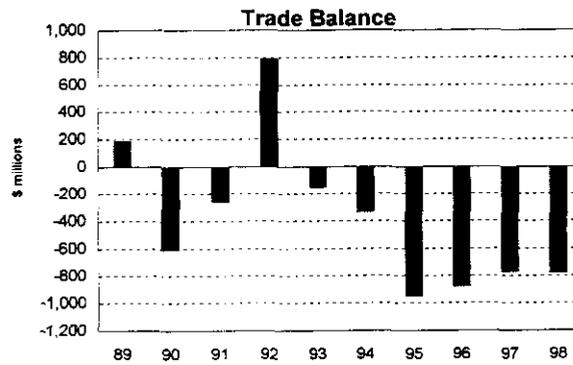
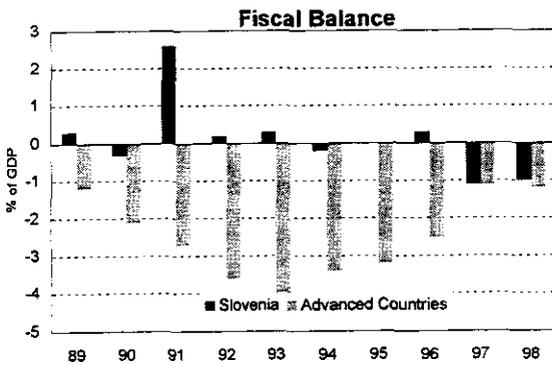
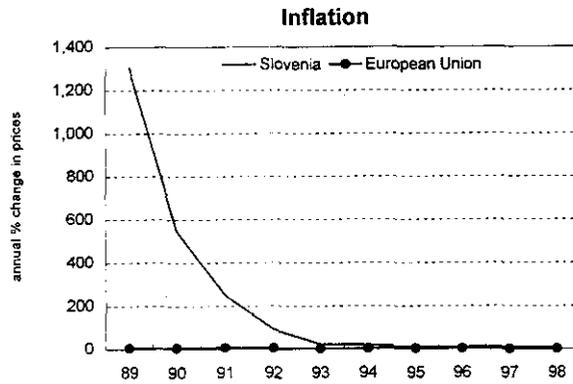
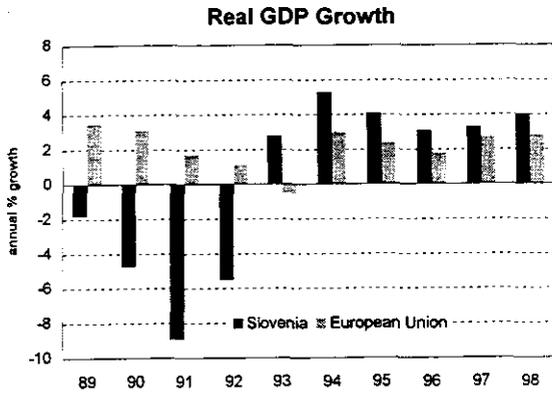
Program Overview

In the concluding phase of bilateral assistance to Slovenia, the U.S. Agency for International Development (USAID) made a \$2 million grant to the European Bank for Reconstruction and Development (EBRD) to support two private investment funds in Slovenia. These funds have been used by the EBRD to invest in the Horizonte Slovene Enterprise Fund (HSEF) and the Slovenian Development Capital Fund (SDCF). HSEF and SDCF are venture investment funds, which are investing actively in a broad range of small and medium-sized private businesses providing the marketplace with specialized products and services. Both have offices in Ljubljana, Slovenia.

The private firms in which the funds have invested are new companies, typically less than five years old. The portfolio is diversified and includes a manufacturer of environmental waste equipment; a printing company; a wholesale consumer electronics company; a commercial laundry for hotels and hospitals; an industrial cleaning service; a manufacturer of injection-molded glands for electronic cables; and, a manufacturer of innovative non-metallic injection valves for water taps.

As Slovenia maintains its progress toward a free market economy, the USAID grant funds will continue to stimulate more direct private investment, as well as encourage its flow to small and medium enterprises. EBRD's use of this funding is monitored by USAID headquarters in Washington, D.C.

Slovenia



Source: EBRD Transition Report 1998 (11/98 and previous editions), IMF World Economic Outlook (12/98 and earlier).

REGIONAL PROGRAMS

U.S. DEPARTMENT OF THE TREASURY

The Department of the Treasury, through its Office of Technical Assistance (IET), has been operating a technical assistance program in Central and Eastern Europe (CEE) since 1990. Because Treasury's expertise typically is in areas in the domain of finance ministries, Treasury views its program as a ministry-to-ministry effort. Its objective is to help countries reach specific short- and medium-term goals that are crucial in the achievement of macroeconomic stabilization through the structural reform process. The program's orientation toward policy reform, in addition to institution building, is consistent with Treasury's role in U.S. Government.

The Treasury program's emphasis on resident advisors results from experience that sustained interaction with counterparts is the most effective means to advance a work program and organize the efforts of other specialists. This is particularly true in the policy development and implementation processes. IET seeks to place advisors where they will have the greatest potential to bring about systemic change, and where their work will facilitate that country's conversion to a private-sector-based economy.

Albania

In response to the State Department's "ordered departure" in August 1998, Treasury immediately evacuated its advisors. The assistance program closed down entirely in November.

Prior to her evacuation, the resident banking advisor, who had worked in the Ministry of Finance since August 1995, advised on the disposition of the Rural Commercial Bank and the transfer of its lines of credit to other financial institutions. She also cooperated closely with the World Bank, International Development Ireland, and the Bank of Ireland to prepare the National Commercial Bank and the Savings Bank for eventual privatization.

During a four-month residency in Albania, the budget advisor developed a comprehensive training plan on the newly enacted organic budget law and coordinated efforts with the European Union to fund part of the training. Prior to that, Treasury intermittent advisors helped draft the organic budget law. In addition, they advised the Ministry on planning and implementing a government-wide staff reduction.

Intermittent tax policy and administration advisors were instrumental in drafting several laws. These included the Small Business Tax Law, which was passed by parliament in March. The Tax Administration Law was drafted and finalized during the second and third quarters. The Basic World Tax Code was translated and made available to tax administration officials to provide guidance for future legislative reform.

The resident debt advisor worked on refining government securities auction rules to expand participation in these auctions, and restructuring securitized Central Bank credit to the government. Treasury advisors helped draft an interagency agreement between the Central Bank and Ministry of Finance. They also assisted in drafting a public debt law, which has been further developed through the visit of Albanian officials to Treasury offices in Budapest. Continued government debt assistance is warranted following the resolution of security issues in Albania.

Bosnia-Herzegovina

In FY 98, the resident budget advisor made substantial progress. Work included assistance in creating a comprehensive budget process, establishing compatible Federation and cantonal

budgeting procedures, computerization assistance, and the advancement of budget accounting standards to be adopted throughout the Federation and cantons. The advisor also designed an accounting manual to assist government entities in Bosnia-Herzegovina to meet the accounting and financial reporting requirements established by the Budget System Laws. In-depth training was conducted in all cantons. Budget assistance also was initiated in the Republic of Srpska (RS), with the long-term goal of making its systems compatible with those of the Federation. This work established the basis for placement of a resident budget advisor in FY 99.

The resident banking advisor helped in drafting legislation essential to bank privatization in the Federation. Two laws -- the Law on Bank Privatization and the Law on Opening Balance Sheets of Enterprises and Banks -- were enacted by the Federation Parliament in April 1998. The Federation Banking Agency produced related regulations in May. Following enactment of these laws and regulations, the banking advisor assumed lead responsibility for technical assistance for the restructuring, liquidation, or merger/acquisition/privatization of 14 small state banks.

The resident government debt advisor, supported by intermittent experts, assisted officials with drafting a State external debt law and a parallel entity debt law, which have been passed both by the Federation and the RS. Treasury advisors facilitated agreement on a rescheduling of Bosnia's debt with its commercial creditors (London Club) in December 1997, and advised on finalizing negotiations with official creditors (Paris Club) in October 1998.

The resident tax policy and economics advisor was instrumental in the analysis and development of tax policies and the drafting of tax administration laws. Work included assistance in drafting legislation, regulations, and tax assignment laws; drafting new corporate profit and personal income tax laws; developing statistical functions for tax administration, including revenue estimation and analysis; and promoting tax harmonization. All of these actions contribute to the goal of forming a stable Federation with adequate revenues. In addition, the advisor provided assistance to officials in the RS. As a result of harmonization efforts, Banja Luka is prepared to pass changes to its sales and excise tax laws that will harmonize them with those of the Federation.

The resident tax administration advisor assisted in the development and implementation of the Taxpayer Discovery Project, which helps identify and register unidentified taxpayers. He also contributed significantly to a Federation-wide improvement of Financial Police operations.

Bulgaria

Bulgaria's government debt markets and external debt management improved in FY 98, with assistance from Treasury. Resident and intermittent advisors have begun work on refining the public debt law and developing more effective trading, clearing, and settlement systems. The Treasury debt advisor is helping create a national debt financing strategy and advising the Ministry of Finance on functional reorganization, including setting up a debt analysis unit.

An enforcement policy and administration advisor team conducted extensive work on law enforcement-related reforms in FY 98. Those efforts produced reform measures in areas of anti-corruption, money laundering, casino regulation, securities law enforcement, and financial institution fraud. The Minister of Interior asked the team to extend additional assistance in developing practical financial law enforcement policies and their implementation.

The tax program gave intermittent assistance to the General Tax Administration Directorate on reorganizing the tax administration along functional lines. A recently posted resident tax administration advisor will continue this assistance by implementing the Tax Administration Modernization Project, which is scheduled to commence as a pilot project at headquarters. If successful, this program will be duplicated in regional field offices.

Hungary

The resident banking advisor assisted the Ministry of Finance on the privatization of Mezőbank. The sale to Erste Bank of the State's 83.66 percent interest in the shares of Mezőbank was closed on December 30, 1997. The advisor also assisted with privatization preparations for K&H Bank and rehabilitation efforts for Postabank.

A resident budget advisor, assigned to the Ministry of Finance in April 1998, has been active in budget execution, budget formulation, development of a Citizens Guide to Budgeting, monitoring EU accession activities for the Ministry, and health care reform and financing. Reform of the health care system is one of the final structural budget issues that Hungary must address in its transition. The advisor has advocated a measured approach to health reform, focusing on strengthening and fine tuning the current health system and introducing large-scale reforms after the year 2000, after they have been tested and vetted. In a precedent-setting CEE reform, the GOH will begin collecting its health insurance tax through the state tax authority.

The resident budget and pension reform advisor to the Hungarian Fund Supervisory Board ended her mission in September 1998. She had focused on supervision of the private component of the new pension system. She made substantial progress in assisting the agency in organizational restructuring, training, and identifying issues related to the increasing privatization of the pension system. She also was instrumental in securing ongoing assistance in the information technology area.

A debt team resident advisor continues the work of the budget advisor at the State Private Funds Supervision Agency. Much of his effort is directed at changing its organizational focus from membership registration to the safeguarding and prudent investment of pension contributions and assets. The advisor assists in preparing and analyzing of investment reports from registered fund companies and examination of fund portfolios to assess asset holdings. He helps review fund performance reports and develop investment performance benchmarks. He also has advised on organization design and has conducted training programs.

An intermittent tax administration advisor continued to provide assistance to the Hungarian Tax Administration (APEH) in management development. Various short-term advisors extended additional assistance on computerization issues and collection of arrears. A group of Hungarian officials, including the head of APEH, visited the U.S. in July 1998 to observe tax administration practices. With Treasury's assistance, the GOH took steps to incorporate a criminal investigative branch into APEH to help combat tax evasion.

Latvia

An intermittent tax administration advisor continued to provide assistance as a follow-up to the initiation of a pilot collection program in FY 97. Tax collection is increasing in those regions affected by the project. Treasury's senior advisor for debt issuance and management and a former resident debt advisor in Latvia visited Riga in August to monitor the development of the debt tracking system (DTS). Version 2.0 of the DTS has been installed in the Ministry of Finance and is functioning well.

Lithuania

Since FY 97, Treasury's resident monetary policy advisor has been working with the Governor of the Bank of Lithuania (BOL). She advises on the management of central bank operations and has been assisting the BOL in planning its graduation from the present currency board arrangement. Unfortunately, this move has been suspended due to unsettled conditions in the currency markets.

The resident banking advisor completed his tour in July 1998 but returned to Lithuania in September to assist with the auction of Agro-bank, which was cancelled when only one bid was received. The Ministry of Finance has requested additional short-term assistance with another bank privatization.

Treasury provided intermittent tax assistance on collections and audits during FY 98. Beginning with the placement of a resident tax administration advisor in July, more substantial assistance directed at reforming tax administration commenced.

Intermittent debt team advisors assisted in preparing for the issuance of a two-year treasury note, which was cancelled due to the global financial crisis. They also conducted a sales and trading seminar for government, private bank, and broker-dealer personnel in anticipation of a broadening secondary market for government debt. Lithuania has an underdeveloped domestic issuance capability, and intermittent government debt assistance will be provided as needed until the country graduates from SEED assistance.

Since October 1997, a budget advisor has provided assistance to the Ministry of Finance on the overall budget process. His activities include advising on the rewriting of the budget law, improving the budgeting process, writing a budget manual, and training budget and financial officials to use the newly introduced systems. At his urging, structured communications have been developed between all ministries and the prime minister's office to assist the country in setting and implementing overall budget goals.

FYROM (Former Yugoslav Republic of Macedonia)

The resident tax administration advisor assisted the Director of the Public Revenue Administration (PRA) on increasing the voluntary compliance of taxpayers with the tax laws of Macedonia. These initiatives included work in audit, training, taxpayer service, informatics, collection, criminal investigation, and the reorganization of tax administration along functional lines. With intermittent assistance provided by Treasury, laws relating to tax administration, profits tax, and personal income tax have been drafted and presented to the legislature.

Poland

The Poznan Pilot Tax Reform Project was launched in the city of Poznan in October 1996. Its purpose was to reorganize Polish tax administration organizations along functional lines (i.e., collections, audit, taxpayer assistance, etc.). In FY 98, a team of intermittent advisors worked closely with counterparts in the tax administration to review the current structure and operational procedures. At Treasury's urging, Minister of Finance Leszek Balcerowicz took steps to allow implementation of several technical assistance recommendations requiring ministerial directives. A resident advisor will be placed in early FY 99 to facilitate implementation of these recommendations.

Romania

In FY 98, the resident budget advisor helped redraft the country's budget and intergovernmental finance laws, and advised directly on budgetary decisions. In addition, the advisor arranged for legal experts to assist Ministry officials regarding international procurement laws and practices.

The resident advisor for tax administration played a leading role in reorganizing the tax administration, including separating tax policy and tax administration and organizing the latter along functional lines. In August, she led a study tour to the U.S. to support the newly formed Taxpayer Service Division. The tour focused on education, taxpayer service, and public relations issues.

With assistance from the resident debt advisor, longer-dated securities were issued near the end of FY 98. Treasury bill issuance raised 8,366 billion *Lei* in FY 98, representing approximately 82 percent of the estimated deficit for the first nine months of the calendar year. The debt advisor worked with the Ministry of Finance to develop and secure passage of an ordinance allowing foreign investors to participate in the market for *Lei*-denominated securities. Additionally, the advisor assisted the National Bank of Romania (NBR) in drawing up regulations and procedures for the secondary market in government securities, provided staff training on analysis of external debt issuance proposals, and helped develop the working relationship between the Ministry and the NBR.

In February 1998, intermittent enforcement advisors drafted work plans for the Ministry of Interior to combat securities exchange fraud, credit card fraud, financial institutions fraud, and money laundering and to regulate the gaming industry. These advisors also drafted work plans for the Ministry of Justice and the General Prosecutor's Office to improve the efficiency and effectiveness of financial institution fraud investigations/prosecutions by developing a financial institution fraud unit and model bank fraud legislation. With the help of numerous outside experts and additional intermittent advisors, these work plans were implemented, and assistance in the foregoing areas is essentially complete.

The Financial Institutions Team provided macroeconomic forecasting assistance to the Ministry of Finance. The advisor helped Ministry staff develop two models, one to explain changes in the national debt and the other to explain changes in GDP.

LAW ENFORCEMENT / ADMINISTRATION OF JUSTICE

DEPARTMENT OF STATE – ANTI-CRIME TRAINING AND TECHNICAL ASSISTANCE PROGRAM

Within the framework provided by the Anti-Crime Training and Technical Assistance Program (ACTTA), the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) combats international narcotics consumption, production, and trafficking and criminal activity by developing, coordinating, and implementing law enforcement assistance policies and programs. ACTTA's principal goals include combating the threat to U.S. national security posed by transnational organized crime and related activities, helping the Central and East European (CEE) democracies to strengthen their national law enforcement institutions, and enhancing efforts by the UN and other international organizations to combat international criminal activity. INL coordinates international law enforcement programs conducted by U.S. federal law enforcement agencies in the SEED Act countries, as well elsewhere in the region and in the newly independent states of the former USSR. INL funds training and technical assistance from SEED and from other resources, including those provided under the International Criminal Justice (ICJ) and Freedom Support Act (FSA) programs.

INL seeks to strengthen a national capacity to combat transnational organized crime, address money laundering and other financial crimes, counter narcotics trafficking, and develop legislative and institutional capabilities. INL also promotes approaches to other law enforcement challenges, including the protection of intellectual property rights, border control issues, and diminishing trafficking in stolen vehicles and people (especially women and children). Helping the CEE countries address these challenges promotes the development and growth of democracy and the market economy, as well as defending U.S. interests and territory from organized crime, narcotics trafficking, and other criminal activity.

INL's Office for Europe, the Newly Independent States and Training (INL/ENT) coordinates the work of the 14 Federal agencies now participating in the ACTTA program: the

Department of Justice (DOJ); the Federal Bureau of Investigation (FBI); the Drug Enforcement Administration (DEA); the DOJ International Criminal Investigative Training Assistance program (ICITAP); the DOJ Office of Professional Development and Training (OPDAT); the Internal Revenue Service (IRS); the Department of the Treasury's Bureau of Alcohol, Tobacco and Firearms (ATF) and Financial Crimes Enforcement Network (FinCEN); the Customs Service (USCS); the Secret Service (USSS); the Immigration and Naturalization Service (INS); the U.S. Coast Guard; the Department of Commerce; the State Department's Bureau of Diplomatic Security; and the Federal Law Enforcement Training Center (FLETC). INL also works with non-governmental organizations, universities, associations, and other institutions to promote the ACCTA objectives.

The centerpiece of INL's regional law enforcement assistance efforts is the International Law Enforcement Academy (ILEA), headquartered in Budapest since its establishment in 1996 in facilities provided by the Hungarian National Police. In FY 98, 138 participants from SEED Act countries attended the eight-week mid-level management course -- the ILEA's core program -- along with colleagues from other neighboring countries, Russia, and the NIS. The ILEA's Budapest facility serves as a model for similar academies in Asia, Latin America, and, eventually, Africa.

The ILEA also provided a venue for short-term technical training programs offered by U.S. Federal law enforcement agencies and organizations, including the FBI, USSS, INS, USCS, DS, and DEA and others, such as DOJ's OPDAT. In FY 98, subjects included money laundering and financial crimes, computer crimes, organized crime, border control and alien smuggling, specialized drug enforcement, crisis management, and criminal profiling. A total of 393 law enforcement officials, including prosecutors from CEE, participated in FY 98.

Beyond those trained at the ILEA in Budapest, SEED-funded INL training assistance reached 1,352 participants in FY 98. Most of this assistance was provided bilaterally, and included assistance reflecting important U.S. and country priorities, such as fighting organized crime and narcotics trafficking, and often-related areas including money laundering and financial crimes, counterfeiting and economic fraud, and computer crime. Other programs focused on border control and alien smuggling, including those offered by USCS and the USCG, and FBI assistance on stolen cars, as well as trafficking in women and children. The FBI, and others, sought to strengthen basic competency in police investigative and public safety functions, for instance through courses in investigative techniques, bomb blast investigation, crisis management, and DNA analysis. Others, such as assistance offered by OPDAT and ICITAP, focused more on prosecutors and general management. Many countries have identified corruption as a major problem. In response, INL-funded training provided by OPDAT and the FBI aimed at combating corruption in public officials and in police forces.

Albania

Civil unrest and political disorder, combined with government reorganization and a drawdown in the U.S. presence, severely hampered the provision of law enforcement and counternarcotics assistance to Albania. Nevertheless, INL provided \$19,500 for human dignity training, conducted at the ILEA, and an OPDAT-conducted training session for prosecutors on trafficking in women and children. Continued instability would affect the ability of the U.S., and other countries and institutions to deliver training and assistance in FY 99, and of Albanian law enforcement agencies to absorb it effectively.

Bosnia-Herzegovina

Bosnian police managers participated in two sessions of the ILEA eight-week mid-level management course in FY 98, at a total cost of \$161,095.

Bulgaria

SEED-funded training and other law enforcement assistance to Bulgaria, totaling \$610,364 in FY 98, consisted of participation in two sessions of the ILEA mid-level police management training, as well as FBI-conducted courses in computer crimes, human dignity, strike force development, financial institution fraud, organized crime, and internal controls. FBI training in intellectual property rights protection helped Bulgaria reduce CD piracy, causing the U.S. Trade Representative to re-evaluate Bulgaria's threat to U.S. companies. Money laundering and financial crimes issues were addressed by FinCEN, the Federal Reserve Board, OPDAT and USCS. The USSS strengthened Bulgarian technical capacity through training in the forensic applications of fraud and counterfeiting. In the counter-narcotics area, DEA offered assistance aimed at reducing trafficking in the Balkan area; a USCG boarding officer course targeted improving the Bulgarian Coastal Guard's ability to control smuggling along its Black Sea coast.

Czech Republic

SEED-funded programs benefiting the Czech Republic were necessarily limited following its graduation in FY 97. Nevertheless, FY 98 SEED funds totaling \$12,000 supported Czech participation in the ILEA eight-week mid-level management course.

Croatia

Law enforcement activities in Croatia supported by SEED funds included participation in ILEA's eight-week mid-level managers' course, as well as two courses on alien smuggling and border control offered by INS at the ILEA. Croatia also participated in a regional conference stimulating the creation of financial intelligence units, conducted by FinCEN. FY 98 assistance amounted to \$258,188.

Estonia

Although Estonia graduated from the SEED program in FY 97, Estonian officials participated extensively in regional programs, primarily those offered at the ILEA. Assistance totaling \$267,222 included participation in the ILEA eight-week mid-level managers' course, a Baltic Regional seminar offered by DEA, and a financial intelligence unit development conference sponsored by FinCEN. The FBI conducted a seminar on undercover operations and included an Estonian official in its National Academy initiative.

Hungary

Hungary utilized \$904,537 in FY 98, its final year of SEED eligibility. The largest single contribution, \$215,000, will launch an interagency strike force aimed at transnational organized criminal groups basing their operations in Hungary, as well as in other CEE countries, Western Europe, and the U.S. Reflecting the close ties between U.S. and Hungarian law enforcement agencies, and because the ILEA is located in Hungarian National Police facilities, Hungarian law enforcement officials participated in the eight-week mid-level management course. Hungarian officials also received specialized training on countering international child exploitation and trafficking in women and children, offered by DOJ and OPDAT respectively; on human dignity, criminal profiling, computer crimes, crisis management, and auto theft, offered by the FBI; and on organized crime, with separate courses presented by the FBI and OPDAT. INS offered a course in alien smuggling/border control. The FBI included Hungarian law enforcement professionals in its National Academy initiative.

Latvia

To help Latvia meet the priority challenges of transnational organized crime and border control, INL provided \$608,923 in FY 98, Latvia's final year of eligibility. Much of the training was extended on a regional basis, partly in recognition that Latvia's problems and situation have much in common with those of its Baltic neighbors. DEA, for instance, included Latvia in its Baltic regional offering, and Latvian officials participated in the eight-week mid-level training at ILEA in Budapest. USCG offered several courses, including maritime code assessments and joint boarding officer training. The FBI provided training in bomb scene investigation, as well as training and equipment to help Latvia track stolen vehicles, combat organized crime, and conduct undercover operations. The FBI and OPDAT addressed money laundering and financial crimes; the latter also offered training aimed at curbing public corruption and trafficking in women and children. The USCS extended assistance to improve customs enforcement, and the USSS included Latvia in its Central European program on forensic applications in fraud and counterfeiting.

Lithuania

The U.S. response to a spate of bombings in Vilnius included a post-blast assessment team visit by the ATF, as well as the FBI's bombing crime scene investigation course. Growing concern about corruption and the influence of organized crime resulted in training assistance offered by the FBI, including an undercover operations course at the FBI Academy at Quantico, as well as organized crime and economic crimes courses; and OPDAT, which presented two courses on corruption. FinCEN included Lithuania in its regional conference on developing financial intelligence units. The USCG and Customs offered training aimed at border control and alien smuggling, including a boarding officer program and maritime service code seminar by the former and enforcement training by the latter. The FBI also offered a course on auto theft, and conducted preliminary work in connecting Lithuania to its stolen car database. The USSS included Lithuania, along with its Baltic neighbors, in its forensic applications in fraud and counterfeiting program, as did DEA, in its advanced Baltic Regional Program offered at the ILEA in Budapest. An OPDAT program acquainted prosecutors with issues related to trafficking in women and children. SEED expenditures in FY 98 totaled \$358,126.

Former Yugoslav Republic of Macedonia (FYROM)

Macedonian police officials participated in the eight-week mid-level ILEA management course. Reflecting the priority attached by the Macedonian Government to counter-narcotics, DEA included Macedonia in its specialized Balkan Regional program and offered training in basic drug enforcement. Other assistance in FY 98 included FBI courses on financial crimes and organized crime. USCS overseas enforcement training sought to improve Macedonia's capacity to control its borders, a major challenge for a country bordering on Balkan hot spots Serbia-Montenegro and Albania. Total SEED expenditures amounted to \$374,109.*Poland*

INL's SEED Act FY 98 expenditures for Poland totaled \$1,036,510. INL made a major contribution to the Polish National Police facility at Legionowo, which will train Polish law enforcement officials as well as others from the region. For instance, Albanian officers will receive training there in FY 99. As a supplement, ICITAP provided programs in academy management, in the U.S. as well as in Poland. Polish officials participated in the eight-week mid-level managers' course at ILEA and received other assistance aimed at mid-level managers from ICITAP. Other programs built specialized technical capabilities, such as the DEA's training in undercover operations; the FBI's courses in bombing crime scene investigation, crisis management, DNA analysis, advanced organized crime, and computer crimes; OPDAT's three courses in criminal management and public corruption; and a USSS course on combating economic fraud and counterfeiting. OPDAT assistance focused on organized crime, at ILEA and in a course on prosecuting in Warsaw. The FBI also presented its advanced organized crime

course. Responding to Poland's role as a conduit and destination for stolen cars, the FBI provided equipment and instruction in the use of its National Crime Information Center (NCIC) stolen car database. Border control and alien smuggling received attention through assistance offered by the USCG, which also contributed training aimed at improving boarding officer instruction for Polish coastal guard officials.

Romania

INL expenditures for Romania reached \$567,269 in FY 98, much of it in key areas singled out in the framework of the U.S.-Romania Strategic Partnership, signed in 1997. Money laundering and financial crimes were addressed in training offered by DOJ; FinCEN, which conducted a needs assessment and funded Romanian participation in its regional financial intelligence unit development conference; the Federal Reserve Board; and USCS and OPDAT, which offered courses in combating economic crime. Tackling public corruption was the focus of programs offered by OPDAT, and by ICITAP and the FBI, the last two particularly aimed at internal police corruption. DEA included Romania in its specialized Balkan Regional project, in view of Romania's position on the Balkan Route. Romanian law enforcement personnel also participated in document fraud training, offered by the State Department's DS; intellectual property rights enforcement, offered by the FBI; and in USCS training on border control enforcement. OPDAT aimed its presentation on trafficking in women and children at prosecutors, while DOJ focused training on international child exploitation.

Slovakia

In FY 98, INL SEED expenditures reached \$238,023 for Slovakia. Apart from sponsoring Slovak participation in the ILEA eight-week mid-level management course, assistance was directed primarily into technical areas, including a courses on bombing crime scene investigation, criminal profiling, computer crimes, and crisis management, all offered regionally by the FBI. The FBI also provided for Slovak participation in its National Academy initiative. DEA included Slovak officials in its Balkan Regional training, and provided a train-the-trainer program as well. Slovak officials participated in a regional OPDAT offering on trafficking in women and children. USCS helped Slovakia strengthen its border controls through enforcement training.

Slovenia

INL funding declined in FY 98 to \$258,184, reflecting Slovenia's graduation from the SEED program at the end of FY 97. Slovenian police officials participated in training offered regionally, including the eight-week mid-level management training and the INS immigration control course, both presented at the ILEA. A Slovenian official also participated in the FBI's National Academy Initiative at Quantico.

UNITED STATES INFORMATION AGENCY (USIA)

The U.S. Information Agency supports U.S. national interests abroad through educational, cultural exchange, broadcasting, and information programs. The goal of USIA's exchanges and assistance programs in Central and Eastern Europe (CEE) is to support democratic and free-market reforms by engaging new leaders, promoting the development of attitudes and institutions that will support civil society, and building capacity in skills that were neglected or rejected under communism. The CEE region encompasses countries of varied ethnic, religious, geographic, and cultural backgrounds that have in common a number of important core experiences, including the dissolution of empires, the rise of communism, and its accompanying economic and intellectual isolation. More recently, these countries have shared the experience of attempting to build democratically oriented societies during a period of political and economic instability, while simultaneously seeking to redefine their relationships with the rest of Europe and world. At this

critical juncture, USIA has the capacity to identify future regional leaders who will benefit from participation in professional or academic programs in the U.S. Through a range of USIA programs, described below, these leaders are exposed to ideas, information, and policy options that strengthen their efforts to transform their own societies and promote institutional change.

Democracy Commissions

Democracy Commissions at U.S. Embassies throughout the CEE region continued to give grants of up to \$24,000 each to indigenous NGOs engaged in building the social and intellectual foundations of democracy, the democratic resolution of common problems, and the institutionalization of open, pluralistic political processes. The Commission in each country is made up of the Ambassador, the Public Affairs Officer, a USAID representative, and others, at the Ambassador's discretion. In 1998, all Embassies in the SEED-supported countries participated in this program, distributing grants to more than 200 NGOs. In most cases money was released to the petitioning NGO within a matter of days after its proposal was approved by the Commission. The ease of application and the fast turn-around time built into this program have allowed Embassies to react very quickly to support grass-roots democratic groups.

USIA prepares a compendium of projects for this small grants program on a bi-annual basis. The following are examples of the types of grants awarded through this program in 1998:

The Vilnius Democracy Commission awarded a small grant to the Vilnius Women's House, Crisis Center for Battered Women, an NGO established to work in preventing violence against women and girls and to promote women's autonomy and equality in society. The Center provides education, advocacy, and support services to assist battered women and girls. Its goals are to eliminate abuse of women, advocate change in social systems, and provide an accessible place for battered women. The grant covered the cost of the Center's "How to Become Safe" campaign to increase public awareness of domestic violence and to establish a coordinated community response. The grant paid for the production of leaflets and stickers.

The Warsaw Democracy Commission awarded a grant to the European Law Students' Association (ELSA), a non-profit organization that helps students bridge the gap between legal theory and practice, expand knowledge and skills, provide an opportunity to learn about other cultures and legal systems, improve mutual understanding among nations, and promote social responsibility among law students and young lawyers. The grant supports ELSA's project to host a conference to train and prepare Polish law deans and professors to establish legal clinics at their faculties. The grant paid for accommodations, materials, and publication expenses.

The Belgrade Democracy Commission awarded a grant to the Human Rights Council - Leskovac, one of the first Serbian grass-roots organizations active in protecting human rights and in using media to report rights violations. The grant purchased computer and office equipment to support the organization's plan to provide legal aid to citizens of Leskovac and five surrounding municipalities.

The Ron Brown Fellowship Program

This USIA program provides scholarships to qualified young and mid-career professionals from CEE for one to two years of graduate study at American universities, leading to a master's degree. Fellows conclude their academic program with professional internships of up to six months. In FY 98, 47 Ron Brown Fellows, including for the first time two students from Kosovo, studied business administration, economics, law, environmental management, public administration, and public policy. USIS posts and Fulbright Commissions in CEE recruit and select the grantees through open, merit-based competitions. The International Research and Exchanges Board (IREX), under a USIA grant, places the grantees in U.S. universities and assists them with internship placements.

A Workshop was held in Washington, D.C. in the spring for over 65 Ron Brown Fellows. Senator Richard Lugar (Indiana) and Ambassador James Holmes (SEED Coordinator) were among the distinguished speakers during the three-day conference. In November 1998, 25 alumni from the five former Yugoslav Republics gathered in Sarajevo for a two-day conference. Ambassador Richard Kauzlarich, U.S. Ambassador to Bosnia, participated and delivered remarks. The event received wide media coverage.

Media Training

B92 Network Project: SEED funds were provided during FY 98 for the Association of Independent Electronic Media's "B92 Network" project. The project aims to make professional, independent news reporting more widely available within Serbia and Montenegro by raising the professional standards of independent journalists, improving the business management of independent media, assisting to develop professional and trade associations, and improving the legal and regulatory frameworks. The SEED funds helped the association to realize its model project through the acquisition of radio transmitters and equipment.

USIA manages a SEED-funded Media Training Program throughout CEE that allows USIS posts to select from a menu of three different types of training opportunities for journalists: 1) U.S.-based 2-3 week Workshops combined with site visits to U.S. media outlets, conducted by the VOA International Media Training Center; 2) a "Professional Development Year" in the U.S. that combines academic training with a practical internship experience; and 3) American "Professionals-in-Residence" are sent to the region for extended stays to work directly with media organizations as consultants and to conduct workshops on journalistic skills, ethics, and business management.

U.S.-Based Workshops: During FY 97 and FY 98, VOA's International Media Training Center conducted 20 SEED-funded workshops for some 172 CEE broadcasters and managers. Topics included Investigative Reporting and Election Reporting for Bosnian broadcasters; Sales and Management for radio and TV managers from Albania, Bulgaria, Macedonia, and Slovakia; On-Camera Skills for Macedonia; TV News Production for broadcasters from Hungary and Croatia; and a new initiative on how to conduct simple, cost-effective Audience Research. CEE PAOs have identified VOA's media training workshops as the best example of a successful SEED-funded program, and USIS Sarajevo evaluated VOA's Investigative Reporting Workshop as the best SEED-funded program to date.

Professional Development Year (PDY): During academic years 1997-98 and 1998-99, 20 CEE journalists participated in non-credit academic year programs at U.S. schools of journalism and mass communication. The PDYers continue to return to their home countries and provide a multiplier effect by working with university faculties to introduce American journalism concepts and teaching methods to their students.

Professional in Residence (PIR): During 1998, 30 American media professionals traveled to six countries in the region. The Professionals in Residence trained and consulted with their foreign counterparts at the request of media host organizations on such issues as personnel management, marketing, design, financial management, and news reporting. USIS Belgrade, Zagreb, Sarajevo, Bratislava, Sofia, and Skopje all conducted PIR programs during 1998. In advance of the Bosnian elections, funding for Bosnia focused on such key programs as election coverage, training on debates, objectivity, production, and professional responsibility. Several PIRs returned more than once to expand on the work they had started and make use of the area expertise they had gained.

U.S.-EU Democracy And Civil Society Awards Program

The U.S. and the European Union cooperated to fund and implement the U.S.-EU Democracy and Civil Society Awards Program. This program was founded at the U.S.-EU summit in May 1997 in honor of the fiftieth anniversary of the Marshall Plan and the fortieth anniversary of the Treaty of Rome. The initiative created a \$1 million awards program to recognize communities, individuals, and non-governmental organizations that promote peace, prosperity, democracy, human rights, and open-market-oriented economies in CEE, the NIS, and Mongolia. Fifty award recipients were selected jointly by the U.S. and the EU from 140 nominations submitted by U.S. Embassies and EU missions in the eligible countries. The award winners represent a wide variety of organizations with important democratic components including conflict resolution, human rights, good governance, environmental protection, women's rights, minority rights, independent media, community activism, rule of law, and civic education. Winners each received \$20,000 and a certificate in recognition of their efforts to build a better society. Awards were presented at the U.S.-EU summit in London on May 18, 1998.

Awards were funded cooperatively with the EU for all of the countries in the region. With SEED funds, USIA supported awards for Albania, Bosnia, Croatia, Estonia, Macedonia, Serbia/Montenegro, and Slovenia.

English Teaching

English as a Foreign Language (EFL) Program: This program awards grants to experienced EFL teacher trainers and English for Specific Purposes (ESP) specialists to work for 11 months at local ministries of education, universities, and educational institutions in CEE to conduct a variety of activities such as methodology, curriculum development, textbook analysis, and testing. ESP specialists focus on specially designed courses for high-level professionals such as parliaments and their staffs, judiciaries, and leading finance and business officials. The objective is to promote teaching of English as a vehicle to develop democracy throughout the region. During the past year, 14 American EFL Fellows were placed in Hungary, Macedonia, Poland, and Slovakia. Many of them worked to launch or strengthen English teaching organizations, an excellent example of U.S. support for NGOs. In 1998, the Fellows focused on legacy-building projects and activities, such as establishing Internet/e-mail contacts with American and foreign educational institutions for local organizations; providing assistance in establishing teacher organizations and affiliates; and opening resource centers.

Citizen Exchanges

Office of Citizen Exchanges: In FY 98, five SEED-funded awards totaling \$419,702 were given to U.S. non-profit institutions to conduct training programs in Serbia, Croatia, Estonia, Latvia, Lithuania, Poland, Albania, Bulgaria, Romania, Hungary, the Czech Republic, Bosnia, Slovenia, and Slovakia. Grant awards focused on women's leadership and media training. Project highlights include a workshop held in Krakow for women from eight CEE countries. Participants examined how democracies use public policy, legal instruments, and media to increase the representation of women in decision-making circles and strengthen the democratic practices of society-at-large. One project, which linked U.S. and Bosnian newspapers, brought Bosnian media managers to the U.S. for month-long internships and sent U.S. participants to Bosnia for consultations and workshops.

National Endowment for Democracy (NED)

NED Programs in Southeastern Europe: USIA provided SEED funds to NED to conduct a competitive, small grants program in Southeastern Europe. The program's objective is to promote and strengthen the independent organizations that are the necessary basis for civil society

in the region. NED responds quickly to changing conditions to target assistance where it is most needed, promoting the transfer of experience from more advanced CEE countries, through cross-border programs. These regional programs bring together democratic activists, promote cooperation, and help to break down ethnic, religious, and historical animosities.

NED is using SEED funds to make 20-30 grants ranging from \$10,000 to \$75,000 directly to NGOs, particularly in Romania, Macedonia, and Serbia/Montenegro, in Human Rights/Rule of Law, Independent Media, NGO Development, and Institution Building, as well as post-electoral programs in Slovakia to support reform efforts. NED will make 15-20 grants ranging from \$30,000 to \$100,000 to organizations in the Balkans and the northern tier of Eastern Europe for cross-border programs in Southeastern Europe. It will make 5-8 grants ranging from \$75,000 to \$120,000 to organizations for programs in political organizing, economic reform, civic education, independent trade unionism, and local government training. Grantees may use the funds to cover basic operating costs associated with carrying out their programs and for necessary supplies and equipment.

SPECIAL USIA SEED-FUNDED PROJECTS FOR BOSNIA

Diplomatic Training For Bosnia

In July 1998, USIA, USIS Sarajevo, and Embassy Sarajevo planned and implemented a training program for the Ministry of Foreign Affairs (MFA) of Bosnia-Herzegovina. Thirty-two ambassadors and senior MFA officials attended an intensive, five-day workshop at the NATO School in Oberammergau, Germany. Participants included Deputy Foreign Minister Dragan Bozanic. Foreign Minister Jadranko Prilic attended part of the program.

The objectives of the training program were to: 1) reinforce appreciation of the unique role of the ambassador/chief-of-mission as a representative of the Government of Bosnia-Herzegovina; 2) introduce participants to diplomatic practice in the areas of Vienna Conventions, professional ethics, protocol, diplomatic correspondence, press relations, and negotiation; 3) present an effective model for embassy structure and communication; 4) improve participants' management skills; 5) provide an overview of key international organizations and lending institutions; and 6) give the ambassadors and their MFA colleagues an opportunity to get to know each other better and exchange ideas.

USIS, Embassy Sarajevo, and the Bosnian MFA judged the training program to be highly successful. This was the first phase of a larger training initiative, which will include training other MFA officials and sending a long-term advisor to the MFA in Sarajevo.

The **Open Broadcasting Network (OBN)** was created by the International Community in November 1996. OBN is the only Bosnian television network that broadcasts in both Entities. In 1998, OBN significantly increased its footprint and audience share. It provides balanced, objective news and public affairs programming, and is the only network in the country not subject to influence by political parties. It remains a key element of the International Community's media strategy in Bosnia.

Support provided by USIA allowed the OBN to upgrade its equipment, add more affiliates, and significantly expand its footprint. In addition, a SEED-funded USIA professional in residence helped OBN create a more attractive programming package and professionalize its news and public affairs shows. As a result, OBN was able to expand its audience share, which led to a jump in advertising revenue, reducing the network's dependence on the International Community. A SEED-funded consultant recruited by USAID drafted a business plan for OBN, which provides the

network with a detailed, realistic blueprint for achieving two key goals: "Bosnianizing" the network's management and becoming self-financing.

Bosnian Undergraduate Development Program: Established in FY 97, this program seeks to assist the democratic and economic restructuring of Bosnia-Herzegovina by providing undergraduate-level students with one year of non-degree study at a U.S. college or university, followed by a three-month internship in their field of study. The program is for undergraduates with a non-technical academic concentration. Participants may choose to study agriculture, business administration, criminal justice, economics, education, environmental resource management, journalism/mass communication, political science, or public administration. They take half of their classes in their major academic field, with the rest being electives.

Eight students participating in the FY 98 program are currently at the University of Dayton, Grand Valley State University, and Heidelberg College. In November 1998, the students and their program advisors participated in a conference in Dayton, Ohio marking the third anniversary of the Dayton Peace Accords. The conference included a lively panel discussion with the Bosnian students, which began with the question, "What does Dayton mean to you?" The event was covered by local and university media. Recruitment for the FY 99 program is underway.

Freedom Grants

The USIA Office of International Visitors conducted a number of targeted Freedom Grant programs for visitors from CEE. This program allows high-level government officials and key professionals to travel to the U.S. to meet with their professional counterparts and to explore issues related to democratic and economic reform. Selected by American embassies in the respective countries, the nominees travel to the U.S. on individual or group programs typically two to three weeks in duration. International Visitors (IVs) represent such fields as politics, media, law, education, and labor that are critical to the region's democratic transition. The program offers participants a fresh perspective on their work; many of the projects have been a catalyst for substantive change and ongoing cooperation.

In FY 98, 32 people participated in SEED-funded IV group projects from the former Yugoslavia. These projects' goal was to promote regional stability, political pluralism, and the building of democratic institutions. Three projects with 19 participants were conducted for Bosnia-Herzegovina on television coverage of elections, higher education, and the role of NGOs in promoting a civil society. A project for six young political leaders from Serbia-Montenegro introduced them to current social, political, and economic issues in the U.S. Seven members of Croatian opposition parties came on a three-week project to study all aspects of U.S. elections.

U.S. DEPARTMENT OF LABOR

The SEED Act commits the U.S. to implement a program of assistance to those CEE countries that have taken steps toward "institutionalizing political democracy and economic pluralism." One of the actions the Act specifies is "technical assistance programs directed at promoting labor market reforms and facilitating economic adjustment." The SEED Act further states that the Secretary of Labor will provide the assistance to implement labor market reforms and facilitate conditions for economic reform. On that basis, the U.S. Department of Labor (USDOL)

has been conducting a program of technical assistance to support CEE countries' labor market transition since 1990.

USDOL's technical assistance operations advance the implementation of core labor standards and also help to foster conditions which will encourage the U.S. business community to engage in trade and investment. The program overall seeks to respond to and help implement USAID's assistance efforts and meet the attendant strategic objectives.

Annual Interagency Agreements (IAA) executed by USAID and the Department of Labor provide the funding and authority for implementing the labor market transition technical assistance program in the CEE countries. USDOL coordinates its programs closely with other donor entities such as the ILO and the British Know How Fund, thereby leveraging and maximizing resources. Lastly, USDOL also operates as a contractor itself, securing host country contracts financed, for example, by the World Bank.

Bulgaria

Employment Service Reform

In FY 98, USDOL completed a far-reaching employment service reform project to equip the Ministry of Labor (MOL) with the institutional structure and skills needed to implement client-focused employment services for businesses and workers. Since 1991, USDOL has assisted the MOL to decentralize the management and operation of its nationwide network of labor offices that are responsible for delivering employment and training services. Through decentralization and intensive staff training, USDOL has enabled labor offices to become key players in communities seeking to promote economic development activities, and to target state resources on the training and services needed for such community development strategies. In FY 98, USDOL's Labor Office Assessment program implemented a bottom-up information flow that enables the MOL to obtain timely, accurate data on regional labor markets. USDOL trained MOL officials to use this information to develop labor market policies appropriate for Bulgaria's changing economy, and to tailor programs to specific local needs. An operations manual for information gathering, analysis, and policy development is now being deployed nationwide.

Also in FY 98, USDOL completed the mass layoff response pilot program that taught social partners to work cooperatively and creatively in responding to large-scale retrenchments caused by industrial restructuring. There is now a nationwide network of regional Industrial Adjustment Specialists skilled in the principles of mass layoff response, including early warning information; enterprise-based labor-management committees; and on-site registration, counseling, and outplacement services. Several successful mass layoff response programs have been fully implemented at enterprises, emphasizing labor office partnership with community social partners at both the enterprise and community levels.

Quick Start

USDOL's Quick Start program seeks to improve the targeting of public training expenditures on vocational training areas that will result in actual job placements. Through this program, USDOL creates effective community-level partnerships to enhance local economic development and enterprise competitiveness through a customized job training program model that

Bulgaria's National Employment Service (NES) will operate at the national, regional, and local levels.

In FY 98, USDOL prepared a train-the-trainer manual and job analysis/curriculum plans for five companies (four privatized and one small private business) in three pilot sites (Bourgas, Varna, and Rousse). USDOL trained Regional Employment Service and Local Labor Office staff at the three sites and prepared workers for 48 new jobs at two companies. Based on an evaluation of the first completed pilot, USDOL modified program components and is currently replicating the model at additional locations. USDOL also conducted a study tour in the U.S. for NES managers to demonstrate program operation at the national and regional levels. In FY 99, USDOL will finish training 194 workers for new jobs at three remaining companies at the pilot sites and will assess the two remaining pilot sites to revise the implementation manual.

PLEDGE

In FY 98, USDOL initiated an innovative new program -- *Partners in Local Economic Development and Government Effectiveness (PLEDGE)* -- to enable community partners to develop valid economic renewal strategies and to access funding for sustainable development projects. By coordinating closely with other USAID initiatives in democracy building, governance, enterprise restructuring, and NGO development, the PLEDGE program seeks to leverage U.S. funds to decentralize economic decision making, broaden the base of community participation, and implement viable economic development projects. USDOL has begun training staff of the Regional Associations of Municipalities and the Regional Labor Offices to serve as extension agents, who will train a wide range of community partners in the principles and processes of local economic renewal. Based on this training, communities will create project proposals with the help of the facilitators, and will work with the PLEDGE program to obtain seed funds for implementing viable, sustainable development projects.

Social Insurance Reform

In 1995, USDOL conducted a fact-finding mission to Bulgaria to initiate design of a SEED-funded technical assistance program to reform the existing costly, inefficient social insurance system. The Government of Bulgaria (GOB) then was negotiating a loan from the World Bank to fund an overall social insurance administration project. At the Bank's invitation, USDOL and USAID participated in the Bank's loan design mission. As a result, USDOL technical assistance has focused on helping the GOB to satisfy loan conditions and to develop and expand Bulgarian National Social Security Institute's (NSSI) institutional capacity.

Overall, USDOL's programs have sought to expand Bulgaria's sustainable, institutionalized capacity to create and implement democratic, market-oriented labor and social sector programs. The social insurance reform program aids in the creation and maintenance of better workplaces by providing economic security to workers, retirees, and their dependents. USDOL's project seeks to help the newly established NSSI create an equitable, efficient, and transparent employee benefits system. Technical assistance aims at improving the NSSI's institutional services in actuarial forecasting, policy analysis, and public information and education.

During FY 98, USDOL completed the following technical assistance projects:

- Two graduate-level social marketing courses developed by USDOL and Georgetown University;
- On-site consultation provided by senior policy officials from USDOL and the U.S. General Accounting Office;
- Courses on micro- and macroeconomics and stochastic modeling developed and taught by the National Academy of Social Insurance, a USDOL contractor;
- On-site consultation provided by USDOL public affairs officers; and
- A two-week seminar for NSSI policy staff developed by USDOL, the National Academy of Social Insurance, and the World Bank.

In FY 99, the USDOL program will be directed at broadening the knowledge and skills of the NSSI staff. USDOL will place program emphasis on the NSSI policy evaluation and analysis function. USDOL, NSSI, and the World Bank will review the program status at the half-year mark to determine what additional training/support is needed.

Hungary

Labor-Management Relations

Since 1992, the USDOL has been assisting the Government of Hungary (GOH), trade unions and associations, and enterprises to develop a national industrial relations system based on non-adversarial collective bargaining, dispute resolution, and cooperative approaches to joint accountability. The current USDOL focus is on training mediators and arbitrators of the newly established National Mediation and Arbitration Service (NMAS). During FY 97, USDOL, with assistance from the U.S. Federal Mediation and Conciliation Service, provided basic training to nearly all eligible mediators and arbitrators on the NMAS roster.

During FY 98, NMAS received 74 notifications, 43 of which fell within its purview. Based on its assessment of needs, NMAS has requested additional USDOL training in advanced and preventive mediation. The service also plans to accept 10-20 new mediators, who will need introductory training. NMAS has asked for USDOL help through a train-the-trainer program.

Rapid Response Project

The USDOL Rapid Response (RR) project is designed to help the GOH create a system for dealing effectively with layoffs and to develop a replicable local economic development (LED) model that can be used to foster economic renewal and growth. In the RR project, regional employment counselors assist companies to establish committees made up of representatives from labor, management, affected workers, and a neutral chair from the community. The committees then develop and implement action plans tailored to the needs of the dislocated workers. Since the RR project started, 784 new jobs have been created as a result of LED and spin-off activities in the

14 original areas; 455 people are enrolled in training for jobs in connection with LED projects; 82 jobs have been saved; and, 70 entrepreneurs have started businesses.

During FY 99, USDOL plans to provide technical assistance as new legislation is being implemented, especially relating to coal sector layoffs. The Ministry has also asked USDOL to help with the initial evaluation of the implementation. The revision of LED materials will be finished and train-the-trainers activity will begin. Training will also be conducted for up to 150 local area teams.

Poland

Agency for Promotion of Professional Employment of Women

To assist Poland in addressing the issue of prolonged and disproportionately high unemployment among women in the Gdansk region and nationally, USDOL established a model Employment Advisory Center for Women in 1996. The unemployment rate for women continues to grow, while the re-employment rate remains significantly below that of their male counterparts. Currently women constitute 65 percent of the unemployed nationwide. The Center provides one-stop services for unemployed and underemployed women and for first-time job seekers in the Gdansk region. It has expanded its funding base to include private sector employers; municipal, regional, and national governments; the World Bank; the EU/Phare; and individual EU states.

Since January 1997, there have been about 75 training courses for over 800 participants/students. As a result of the Center's job search and job placement labor exchange services, 180 clients have been placed into either full or part-time employment. In addition, over 21 small business loans have been granted, totaling about \$164,000, which have resulted in the creation of 43 new jobs.

Construction Crafts Skills Training Centers

The limited availability of affordable housing and related absence of labor mobility are a continuing problem in Poland. Moreover, the Polish construction sector was using antiquated techniques and production means, and the workforce lacked the trade skills and work attitudes required by foreign construction companies. To help address these problems, USDOL offered assistance in developing a fully functioning, self-sufficient construction crafts training program, with centers in Gdynia, Gdansk, and Praga, and developing the institutional capacity and staff skills needed to operate the program after U.S. financial assistance ends.

During FY 98, the centers have trained and graduated approximately 250 people as: roofer (13); electrical welder (6); gas welder (6); electrician - SEP (59); carpenter (18); plumber (67); bricklayer (33); and tile setter (48). In June 1998, the Building Trades Craft Union Training Consortium and NSZZ Solidarnosc signed a letter of intent with the Gdansk Transport Company, which is negotiating with the Government of Poland (GOP) to build the Gdansk-Torun segment of the A-1 Motorway. According to the letter, the center in Gdansk will provide training to the motorway laborers hired by the Gdansk Transport Company. In September 1998, the transfer of the training center's control in Gdynia to the Solidarnosc Economic Foundation was completed.

For FY 99, USDOL will concentrate efforts and resources on the training center in Praga. This will include the transfer of the center's control to the Mazowsze Region of Solidarnosc and

insure that the management and marketing structures are in place to enable the center to become self-sustainable after the SEED program is closed-out.

National Labor Office Employment Services

This multi-year \$190,000 project was established to develop a vocational counseling and testing system to be used nationwide by the National Labor Office. Using U.S. models, the standardized tests (GATB), textbooks, publications, and counseling techniques were adapted to the Polish economic and cultural context. The materials were translated into Polish and disseminated throughout the country. During FY 99, work will continue on translating and printing additional educational testing/counseling materials. In addition, support projects will assist dislocated coal miners to obtain alternative employment.

Lodz White Collar Skills Training Center

As a result of economic restructuring, the historically prosperous textile-producing Lodz region has suffered mass unemployment. In 1995, the unemployment rate was 21 percent (over 100,000 persons), mostly women and former textile workers. To help these jobless women re-enter the workforce, USDOL, working with the Regional Board of Solidarity and in conjunction with the AFL-CIO, established a white collar skills training center in which the Solidarity/AFL-CIO crafts partnership model for male construction workers was emulated to develop a comparable institution for women. The center provides high-quality employment training, both theoretical and practical, in all areas of office operations. The curriculum offers instruction in management, typing, bookkeeping, communication skills, computer use, stress management, basic use of English, and how to start a business.

During FY 98, the center held 42 courses with 690 students, as well as conducting training for several companies. In September 1998, three representatives from the center attended an American Management Association training seminar on marketing in San Francisco. While in the U.S., the representatives also met with the AFL-CIO Hotel and Restaurant Workers Union and visited the Culinary Union Training Center.

Currently the training center is targeting administrative and office workers and entry-level management. It is also focusing on providing customized training to best meet the training needs of individual companies. During FY 99, USDOL will work with the center to implement its marketing plan to target these companies and will also explore the possibility of expanding into hotel and restaurant worker training.

Labor-Management Relations

This project assists the GOP, trade unions, and enterprises to develop non-adversarial industrial relations processes such as collective bargaining, dispute resolution, and cooperative joint approaches to productivity, quality improvements, and cost savings. USDOL support has included training in techniques for interest-based negotiation, communication by objectives, competitiveness, and procedures for writing collective bargaining agreements, development and operation of employee-owned enterprises, and financial affairs. Training has taken place at the PKP state-owned railroad, FSO car manufacturer, Ostrowiec Rolling Mill, Sendzimir Steel Works, the Solidarity Trade Union, and the Ministry of Culture.

Interest-based negotiations at the railroad, which historically has experienced considerable labor-management tension, led to the negotiation of the railroad's first collective-bargaining agreement. Likewise, the Ostrowiec Rolling Mill, an employee-owned facility, reported the settlement of labor disputes by using what had been learned in a series of partnership training programs. The program convinced management to consider front-line workers' suggestions in formulating business plans before making changes in production cycles.

During FY 98, USDOL worked with the Polish Government, unions, and employers; the U.S. Embassy; and USAID to develop a strategy for institutionalizing the knowledge and practices that were taught. As a result, USDOL provided a grant to a team representing an American university and a Polish university jointly to design an advanced industrial relations/human resource management degree program at the Polish university. The grant process is now underway. In FY 99, USDOL will continue working to establish the university program.

Dislocated Worker Adjustment Project

The objective of this project is to help mitigate the negative impacts of the restructuring of state-owned enterprises and SMEs on the employees, communities, and the remaining enterprises in Upper Silesia and to facilitate the creation of a well-functioning labor market in that region. The project's three goals are to: (1) prevent or resolve worker dislocation; (2) provide adjustment assistance to workers displaced by restructuring of state-owned enterprises and SMEs in the Katowice Voivodship and help them return to the workforce; and (3) develop the community partners' ability to provide necessary services for dislocated workers on an ongoing basis.

During FY 98, USDOL developed a program proposal. After receiving approval from the Ministry of Labor, the Solidarity Trade Union, USAID, and the U.S. Embassy in Warsaw, USDOL worked out an implementation plan and schedule. This plan was vetted with all the stakeholders and revised accordingly. In September, USDOL hired a project coordinator and began preparations to start the project in October.

In FY 99, USDOL plans to train industrial adjustment staff in rapid response and industrial adjustment techniques; train counselors/specialists; organize study tours to the U.S. and Hungary; select and implement model worker adjustment committees; select state-owned enterprises and implement reemployment assistance committees and basic services; train industrial adjustment specialists in community economic renewal techniques; select communities for economic renewal programs; assess the need for enterprise competitiveness programs; train industrial specialists in enterprise competitiveness techniques; and select pilot enterprises and implement enterprise competitiveness programs.

Romania

Labor Redeployment Program

The Romanian Labor Redeployment Program (LRP) is a key element in the Government of Romania's (GOR) overall economic reform strategy. Its main purpose is to ease the hardship faced by displaced workers and their communities due to privatization, restructuring, and the liquidation of state-owned enterprises. The World Bank and the GOR designed the LRP with USDOL assistance in 1997. It includes three elements -- severance pay; pre-layoff assistance for workers

and affected communities; and post-layoff employment measures and services to help displaced workers return to sustainable employment.

During FY 98, USDOL prepared an Implementation Guide for the decentralized implementation of active employment measures by the Ministry of Labor and Social Protection (MOLSP) and trained MOLSP field personnel in its procedures. USDOL project office staff in Bucharest have continued to work with the MOLSP national and county-level staff and the World Bank to refine procedures and provide ongoing program support. Additionally, USDOL hired and trained Romanian personnel who are posted in Bucharest and six other key cities to help MOLSP county-level offices in specifying, procuring, and monitoring active employment service providers. These local experts serve as regional advisers to the MOLSP.

A recently signed contract with the MOLSP (a reimbursable technical assistance contract funded by a World Bank loan to the GOR) will permit USDOL to bring essential U.S. experts to assist USDOL local Romanian staff and the MOLSP with program implementation. USDOL will give particular attention to developing small business incubators, local economic development plans/projects, public service employment, and customized training.

A key objective of this project is to establish a lasting capability in the MOLSP and the new National Employment and Training Agency to design and manage displaced worker services programs. Also, by making extensive use of locally hired and USDOL-trained experts, USDOL hopes to encourage the spread of this expertise to NGOs and private firms in Romania. The use of contracted service providers as the suppliers of services to workers and communities at the local level will encourage decentralization and more efficient use of the private sector.

REGIONAL PROGRAMS

Bureau of Labor Statistics

Existing statistical and economic surveys of the CEE economies in transition are inadequate for monitoring and policy making. In order to build public confidence, CEE governments must develop not only standard methodologies, but also a record of adherence to standards such as reliability, confidentiality, timeliness, and objectivity in the production and publication of survey data. Credible data systems are also necessary to promote investor confidence.

The USDOL's Bureau of Labor Statistics (BLS) uses SEED funds for fellowships to labor statistics seminars held in Washington, D.C. The fellowships are offered to statistical and other government agencies in CEE countries. Each year, the BLS conducts 10-12 seminars. In some cases, the BLS designs special programs in labor statistics to meet specific needs of CEE participants. In FY 98, BLS delivered 33 training seminars, running anywhere from three days to six weeks. Training was provided to government employees from Albania, Bosnia, Bulgaria, Croatia, Estonia, Hungary, Lithuania, Macedonia, Poland, Romania, and Slovakia.

World Bank Leveraging

The reform of social services in Central Europe requires major capital expenditures, as well as technical assistance. The World Bank is the primary funding source for such reforms. Would-be borrowing governments often cannot take advantage of World Bank funding, however, for want of the expertise and knowledge necessary to meet the Bank's loan conditions. This program is designed to help overcome such obstacles. Accomplishments over the past year include:

- A cross-country study on the effectiveness of active labor market programs enabled CEE labor ministries better to target their public expenditures, thus fulfilling the World Bank conditionality for continued structural adjustment investment.
- A USDOL team assisted the Government of Bosnia-Herzegovina to prepare the technical specifications and procurement documentation required for a World Bank-funded purchase of a nationwide labor market information system. The purchase planning process, with USDOL involvement, led to the first successful post-war agreement among all three political entities of Bosnia.
- A USDOL assessment of the Former Yugoslav Republic of Macedonia's (FYROM) vocational education programs led to a comprehensive World Bank investment program to reform the adult training systems. USDOL's work in FYROM included the creation of a new, interagency council to plan and oversee the country's vocational education system.

For FY 99, USDOL has received requests from the World Bank and/or CEE countries to provide technical assistance on private pension reform, labor market assessment, gender assessment, job training, labor market surveys, employment services, labor standards, industrial relations, and child labor.

ENVIRONMENTAL PROTECTION AGENCY (EPA)

EPA's approach to environmental cooperation in Central and Eastern Europe (CEE) has recognized the need to demonstrate a U.S. presence and help alleviate some acute problems in the near term, while addressing the long-term need to develop management capacity and more effective environmental institutions by providing training and technical assistance.

Institution Building activities strengthen public and non-governmental institutions by providing information on legislative/regulatory frameworks, various environmental assessment tools, and pollution mitigation and prevention in order to encourage the development of sound environmental policies.

Demonstration Projects address high-priority environmental issues in key geographic areas or "hot spots" where large populations are at risk from exposure to numerous pollutants, or where unique natural resources are threatened. Such projects demonstrate innovative, cost-effective, and appropriate technologies and/or focus on pollution or environmental problems common to the region.

EPA has conducted a wide range of activities in most of the CEE countries since 1990. The following are some illustrative highlights from 1998:

Baltics

As part of an effort to incorporate lessons from water protection activities in other countries and regions into the U.S. program, EPA has launched the Great Lakes-Baltic Sea Partnership Program. With funding through State Department's Northern European Initiative (NEI), EPA worked with Environment Canada in organizing a kick-off meeting in Riga, Latvia that included participation by the three Baltic countries, Sweden, Finland, Russia and the Helsinki Commission. The Partnership will focus on watershed management; examination of control technologies for exotic species; and management of persistent chemicals common to both the Great Lakes and the Baltic Sea, including PBS, dioxin, and mercury. A central component of the initiative will be a fellowship program, which will allow Baltic and U.S. experts to share practical experience in the management of large watershed systems.

EPA, in cooperation with the Department of Defense and the Government of Sweden, has also launched two other projects in the Baltic countries. The first is the development of a military base management plan for a battalion site in Latvia, which will serve as a model for other base management plans at former Soviet military facilities throughout the Baltics. The second is the establishment and maintenance of a regional defense and environment training center in Lithuania, which will provide training to both military and civilian personnel with environmental responsibilities for defense-related issues. Training at the Center will be available to all Baltic states and eventually to Russia and Poland.

Bulgaria

EPA, in cooperation with the Vermont-based Institute for Sustainable Communities (ISC), is working with the Bulgarian Ministry of Environment and Waters (MEW) to assist municipalities to implement the national solid waste policy and law, as well as to strengthen the MEW's capabilities to manage this activity at the national and local levels. EPA has helped the MEW design and implement a local solid waste management training program, including conducting four regional workshops. The workshops helped municipal officials, solid waste professionals, and citizens develop and implement local solid waste management plans that comply with the new national policy and law. The training program is also targeting two new pilot communities in mountainous regions (Bansko) and the Black Sea region (Primorsko).

The Veliko Tarnovo and Vratsa regions developed comprehensive solid waste management plans to tackle a broad array of problems within their communities under the first phase of the project. The MEW is continuing to provide assistance to Veliko Tarnovo and Vratsa in implementing specific elements of these plans.

EPA has helped the MEW conduct a national public awareness campaign on solid waste. This effort builds on the national public awareness plan already developed by the MEW. The campaign is being designed and overseen by a multi-stakeholder working group composed of representatives from various ministries, NGOs, and universities. EPA has supported a workshop for members of the working group on how to develop public outreach programs, with the goal of building long-term capacity in Bulgaria. The MEW is responsible for organizing the working group and implementing the public awareness campaign.

Hungary

EPA completed a seven-year, \$2.5 million technical assistance program in Hungary in September 1998. Working closely with Hungarian counterparts since 1991, the EPA provided technical support for a variety of important environmental projects.

Through the assistance of the Water Environment Federation (WEF) and the Hungarian communities of Tata, Tatabánya, and Oroszlány, the EPA established a first-of-its-kind regional watershed association in the area, the Alliance for the Environmental Protection and Restoration of the Altal-ér Watershed. EPA produced a video documentary highlighting the watershed improvement process and the accomplishments of the Altal-ér Watershed Project, which will be used as a model for watershed projects elsewhere in CEE.

In addition to the Altal-ér Watershed Project, the EPA, in partnership with the Hungarian Ministry of the Environment and Regional Policy (MERP) and the Ministry of Transport, Communication, and Water Management, designed and constructed a wetlands demonstration project near Lake Fertorakos. As part of the project, the first Hungarian-Romanian working group on subsurface drinking water supply was formed. EPA also helped initiate environmental curricula through the implementation of its Environmental Education Project. EPA established two model schools that are able to develop, implement, and evaluate an environmental education curriculum. It created links between U.S. and Hungarian education institutions to support the ongoing

development of environmental education. Also, EPA developed a continuing education program for teachers in environmental education at two Hungarian teachers' colleges.

Through the Local Environmental Action Project (LEAP), EPA sought to build capacity in local governments to conduct environmental assessments and produce action plans. With assistance from The Environmental Management and Law Association (EMLA) and The Institute for Environmental Management (KGI), environmental improvement activities resulting from the LEAP have been implemented in two communities, Oroshaza and Püspökladány.

Finally, EPA will continue to work with the MERP through FY 99 to help create and implement a strategic plan for environmental protection and management, with an initial focus on pollution prevention. In addition to training and technical assistance provided directly by EPA staff, participation of several U.S. multinational corporations with facilities in Hungary is being sought in an effort to "green the supply chain," similar to efforts now underway in Brazil.

Poland

The goal of EPA's enforcement and compliance project in Poland was to develop a process -- led by a team of Polish government experts with EPA assistance -- to break the deadlock in the enforcement procedures, which require setting environmental standards that are effective immediately and then issuing fines for non-compliance. The new process, called a Compliance Adjustment Period, obligates the violating facility to submit an application with proposed controls and schedules, and then an approved agreement is negotiated by a set team. The team includes officials from the city, Voivodeship, and National Inspectorate, as well as representatives of the facility.

As a result of EPA technical assistance, the Polish government is changing the law to accommodate this process and allow deferral of fees and fines during the period of control equipment installation. These legislative changes are incorporated into Poland's EU harmonization process. In addition, on the basis of four pilot compliance agreements signed by facilities in Katowice, Opole, Czestochowa, and Plock, the Polish State Inspectorate has agreed to remove them provisionally from the list of worst polluters, on the assumption that they will meet the terms of their compliance agreements. Finally, the Inspectorate recently invited other facilities on the worst violators list to consider participating in the Compliance Abatement Period process, based on the success of the initial four pilots and the acceptance of the process by various government stakeholders.

EPA has assisted local authorities in Katowice to develop and implement a system effectively to inventory and assess leaking underground storage tanks, including conducting a pilot program for the inventory, reconnaissance, prioritization, assessment, and recommendations for remediation of such facilities in the region. As a result, an environmental management computer database has been developed and implemented to identify, inventory, and prioritize underground storage tanks at gasoline stations in the Katowice area.

Regional Environmental Center (REC)

EPA continues its strong financial and programmatic support for the Regional Environmental Center (REC), located outside of Budapest in Szentendre, Hungary. In addition to providing support for REC local offices in the region and for its network of Environmental Management Training Centers (EMTC), EPA has provided significant support to the REC in enhancing its stewardship of various regional initiatives on urban air quality/phase-out of leaded gasoline, environmental impact assessments, and promotion of local environmental action programs (LEAPs). Project highlights include:

Local Environmental Action Program (LEAP): Through the LEAP process, communities are organized and trained to assess their local environmental conditions and to develop and implement action plans to address their most pressing priorities. The REC is promoting LEAPs throughout CEE and provides a link between interested CEE municipalities and LEAP experts and resources. The REC has established itself as a reliable source of up-to-date information and expert advice on conducting LEAPs in CEE municipalities. In addition, the REC Local Offices in Albania, Bulgaria, Latvia, Poland, and elsewhere have become deeply involved in promoting LEAPs in their respective countries. The REC has provided information and advice to hundreds of individuals, municipalities, NGOs, and others. In addition, the REC has created, or helped create, practical LEAP guidance manuals for municipal officials in Albania, Latvia, and Poland. The materials are in local languages and are in demand.

Lead Phase-out/Urban Air Quality: The urgent need to phase out leaded gasoline was identified as a priority by CEE environment ministers at the Sofia Ministerial Conference in October 1995. A regional working group, chaired by Bulgaria, was established and is managed by the REC to foster experience sharing and information exchange. As a direct result, seven of the eight participant countries (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia) now have national plans to reduce lead use in gasoline and have set final dates for eliminating leaded gas. The eighth, Croatia, joined late but has stated its desire to work with the group to reduce leaded gasoline use.

Water Technical Exchanges

EPA has provided support to strengthen CEE water sector institutions through forging partnerships between the leading U.S. professional organizations in wastewater and drinking water and their European counterparts. Implemented in cooperation with the Water Environment Federation (WEF) and Water for People (WFP), the two major components of the Exchange Program are technical and management assistance and association building. Through the former, U.S. specialists help solve specific problems at water or wastewater utilities, and through the latter, CEE water and wastewater organizations are helped to become leading centers in their countries for professional education, training, and outreach. Through association building, U.S. support under the technical and management component will be sustained far beyond the conclusion of the Exchange Program. Program highlights include:

- The Blue Thumb project in Krakow continues to act as a catalyst for public involvement in drinking water issues throughout Poland. EPA partners gave presentations to many cities and towns interested in this effort, many of which are starting similar water training and technical assistance activities.
- The Charles River Watershed Association (Massachusetts) has agreed to partner and support the local watershed association surrounding the Krakow reservoir. Based on an informal agreement in May 1998, the two groups will continue to share experiences and methodologies on watershed protection beyond the life of the program.
- With support from EPA, WEF and WFP provided training and financial support to the Bulgarian National Association on Water Quality (BNAWQ), ensuring its position as the country's leading independent water professional organization. Following a visit to Nebraska and Iowa by Bulgarian water utility experts that focused on improved metering to foster conservation and enhance water utility revenues, the BNAWQ has applied for certification of a methodology which is expected to increase revenues from its largest customers by over 25 percent.
- WEF and WFP sponsored a May 1998 working dialogue between Hungarian and Romanian specialists on groundwater management and protection of the trans-boundary Maros Alluvial. They facilitated continuing dialogue between the counties of Bekes, Hungary and Arad,

Romania, and closely coordinated work with related AID GEF Danube efforts. A draft cooperation agreement between these counties is being prepared.

Environment for Europe

EPA led interagency preparations and the U.S. delegation (along with the State Department and USAID) to the Fourth Environment for Europe Ministerial Conference in Aarhus, Denmark, June 23-25, 1998. The Environment for Europe (EFE) process began in 1991, in cooperation with the UN Economic Commission for Europe (UNECE), and has evolved from the development of the Environmental Action Program for CEE to become a pan-European program capable of addressing regional and global issues. The Aarhus Conference was noteworthy for the involvement of NGOs in conference preparations and for supporting a parallel conference with over 140 NGO representatives in attendance. As with previous EFE Ministerial Conferences, the Aarhus Conference became an important forum for international debate on key environmental issues affecting all UNECE countries from Central Asia to North America.

The Ministerial Declaration committed participants to continue efforts to promote sustainable development in a wide range of areas, including climate change, energy efficiency, cleaner production, lead phase-out, trade and environment, and assistance to countries in transition, with increased attention to the New Independent States. The Declaration also endorsed expansion of the network of new Regional Environmental Centers in the NIS to include Central Asia. The next EFE Ministerial will be held in Kiev, Ukraine in 2002.

III. OTHER U.S. ASSISTANCE INITIATIVES AND PROGRAMS

FOOD ASSISTANCE AND CREDIT GUARANTEES

Bosnia-Herzegovina continued as the largest recipient of direct food assistance in Central and Eastern Europe in FY 98. Of \$52.2 million in total direct food aid for the region, Bosnia received \$28.8 million, \$15 million in Public Law 480 Title II emergency food programs administered by private volunteer organizations and \$13.8 million in Food for Progress grants. The remaining FY 98 direct food aid programs were for Albania (\$7.2 million in Food for Progress grants and \$0.6 million in PL 480 Title II emergency food assistance), Serbia-Montenegro (\$9.9 million in PL 480 Title II emergency food programs for Kosovo and Montenegro), and Bulgaria (\$5.7 million in PL 480 Title II emergency food aid). Total funding dropped from \$65.9 million in FY 97.

In FY 98, 11 SEED countries received indirect food assistance in the form of USDA Commodity Credit Corporation (CCC) export credit guarantees under the GSM-102 program, the GSM-103 program, and the Supplier Credit Guarantee Program. Total CCC allocations for the region were \$150 million, compared to \$170.5 million in FY 97.

Albania received \$7.2 million in Food for Progress grants and \$0.6 million in PL 480 Title II emergency food programs in FY 98, as compared to \$2.2 million in Title II emergency food assistance in FY 97.

Bosnia-Herzegovina received \$13.8 million in Food for Progress grants and \$15 million in PL 480 Title II emergency food programs in FY 98. It received \$3.4 million in Food for Progress grant assistance and \$45.6 in Title II emergency food assistance in FY 97. Bosnia was also included in \$45 million in Southeast Europe regional CCC programs in FY 98.

Bulgaria received \$5.7 million in PL 480 Title II emergency food assistance in FY 98, compared to \$4.7 under the same program in FY 97. Bulgaria's CCC allocation – \$35 million in FY 97 – was not continued in FY 98.

Croatia did not receive any direct food assistance in FY 98 or FY 97. It was included in \$45 million in Southeast Europe regional CCC programs in FY 98; its allocation under CCC programs in FY 97 was \$12 million.

The **Czech Republic** received no direct food assistance in FY 98 or FY 97, but was included in \$30 million in Central Europe regional CCC programs in FY 98. Its allocation under CCC programs in FY 97 was \$10 million.

Estonia did not receive direct food assistance in FY 98 or FY 97. It was included in \$20 million in Baltic regional CCC programs in FY 98; its FY 97 CCC allocation was \$6 million.

Former Yugoslav Republic of Macedonia (FYROM) received no direct food assistance in FY 98 or FY 97. Its \$10 million FY 97 CCC allocation was not continued in FY 98.

Hungary did not receive direct food assistance in FY 98 or FY 97. Hungary was included in \$30 million in Central Europe regional CCC programs in FY 98.

Latvia received no direct food assistance in FY 98 or FY 97. Latvia was included in \$20 million in Baltic regional CCC programs in FY 98; its CCC allocation in FY 97 was \$6 million.

Lithuania did not receive direct food assistance in FY 98. In FY 97, it was allocated \$10 million in PL 480 Title I concessional food aid loans. Lithuania was included in \$20 million in Baltic regional CCC programs in FY 98; its FY 97 CCC allocation was \$1.5 million.

Poland did not receive direct food assistance in FY 98 or FY 97. It was allocated \$40 million under CCC programs in FY 98, compared to \$30 million in FY 97.

Romania did not receive direct food assistance in FY 98 or FY 97. It was allocated \$15 million under CCC programs in FY 98, the same level as in FY 97.

Serbia-Montenegro received \$9.9 million in PL 480 Title II emergency food assistance in FY 98 for programs in Kosovo and Montenegro but no direct food assistance in FY 97.

Slovakia did not receive direct food assistance in FY 98 or FY 97. It was included in \$30 million in Central Europe regional CCC programs in FY 98, while its allocation under CCC programs in FY 97 was \$10 million.

Slovenia received no direct food assistance in FY 98 or FY 97. It was included in \$45 million in Southeast Europe regional CCC programs in FY 98; its allocation under CCC programs in FY 97 was \$35 million.

PEACE CORPS

Since FY 91, the Peace Corps has received \$5.054 million in SEED funding to support business and non-governmental organization development initiatives in 10 Central European countries. These funds, used primarily for technical assistance and training support, have been employed to enhance Peace Corps Volunteers' development projects. This funding is currently available through two inter-agency agreements with USAID, which run through FY 99.

Following three months of initial language, cross-cultural, and technical training, Peace Corps Volunteers (PCVs) serve a two-year term in-country. PCVs are involved in the education sector, Teaching English as a Foreign Language (TEFL), working to improve standards and management of natural resources, and as business development Volunteers, improving business practices and organizational management in for-profit enterprises and non-governmental organizations. In Romania, the Peace Corps has a Social Work Education as well as a Non-Governmental Organizations (NGO) development project. The work of PCVs in the business sector in SEED countries is detailed below.

The Peace Corps operated in the following SEED countries in FY 98: Bulgaria, Estonia, Latvia, Lithuania, Macedonia, Romania, and Slovakia. The Peace Corps concluded program operations in the Czech Republic and Hungary, and completed its business project in Poland in FY 97, as a result of those countries' economic progress. The Albania program remained suspended due to civil unrest.

During FY 98, the Peace Corps utilized \$254,191 of SEED funds to support its business development programs in Central and Eastern Europe (CEE), including the Baltic region. The SEED funds are dispersed through a region-wide inter-agency agreement called the European Business Development Program (EBDP), which provides training and technical assistance to business clients and business support organizations. In addition, another inter-agency agreement called the Multi-Link Resource Center (MLRC) project extends operational and training assistance to establish and operate business information and support centers in Bulgaria. Two other country specific inter-agency agreements, in Poland and the Czech Republic, concluded in FY 97, when the Peace Corps business projects there completed operations.

SEED funds are managed from Peace Corps Headquarters in Washington, in the Center for Field Assistance and Applied Research, by a Business Program Specialist and the Coordinator of the Partnership Unit. Peace Corps Business Development staff in the program countries covered by SEED submit plans and requests for use of funds, which are reviewed, approved, and managed by Peace Corps Washington. These annual plans are implemented in collaboration with the local USAID staff in-country.

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

Albania

Peace Corps operations in Albania remained suspended throughout FY 98 due to political and social instability there. Peace Corps Headquarters is evaluating the situation in Albania and may resume operations there at a later date.

Bulgaria

Twenty-one PCVs worked with small business owners and potential entrepreneurs in Project Enterprise to provide business skills training and business resource information. Some are assigned to Multi-Link Resource Centers (MLRC) organized by municipal governments in smaller Bulgarian cities. The MLRCs provide training and resource support to entrepreneurs throughout the country at a local, grassroots level. During FY 98, \$77,311 (EBDP: \$14,905, MLRC: \$62,404) in SEED funding supported technical assistance, market research, and training at these centers. The MLRCs provided over 27 different products and services. Volunteers also assisted municipalities and NGOs in community economic development.

SEED funds supported the following major business activities in FY 98:

- On-going support for the six MLRC Business Centers through training their staffs in management, budgeting, personnel management, and consulting skills. A total of 85 Bulgarian staff from the centers participated in training activities during FY 98.
- The Multi-Link Resource Centers provided 3,000 days of training and consulting to Bulgarian entrepreneurs, including 1,200 entrepreneurs from the packing, food-canning, tourism, advertising, sound equipment manufacturing, bottling, machine-building, toys, footwear, and recreation and rehabilitation industries. The consultations covered business plan and budget development, financing and credit, franchising, and grant application.
- PCVs and their counterparts conducted 38 seminars on topics such as financing and managing small and medium-sized enterprises, marketing and sales, and human resource management, with over 700 entrepreneurs participating. MLRC staff, with assistance from Volunteers, published five business newsletters, presented three business English courses, and taught seven Junior Achievement Applied Economics courses.
- SEED funding helped support the Junior Achievement (JA) Program of Bulgaria. Business Volunteers taught Junior Achievement classes in schools throughout the country. Eleven students took part in an internship program in office management in conjunction with the American University in Bulgaria. Seven Volunteers taught JA Applied Economics courses to 150 people. A National Junior Achievement Management Economics Simulation Exercise was launched, and a Junior Achievement newsletter published.
- The Peace Corps supported the training of local counterparts, with EBDP funds, during FY 98. Specific skills training and transfer of knowledge were extended to Bulgarian counterparts and other interested agency staff at existing business sites. The topics covered economic

development (based on Peace Corps experience in Poland), sources of financing in Bulgaria, impact planning and reporting, NGO management, and NGO-related legislation.

Baltics

Because the three Baltic countries (Estonia, Latvia, and Lithuania) comprise one pan-Baltic Peace Corps post, many initiatives and activities there result from cooperation among Peace Corps staff in all three countries. SEED funds used in the Baltics totaled \$96,000. The following were among the several SEED-funded Baltic-wide activities in FY 98:

- “Project Design and Management Workshops” were held in all three countries, with 40 PCVs and 58 host country nationals participating. The objective of these workshops is to improve participants’ ability to implement and utilize project design and management techniques better to address the needs of their private and non-governmental organizations.
- A Girls and Development (GAD) workshop was held in collaboration with Women in Development Committees in Estonia, Latvia, and Lithuania. Twenty-nine representatives from the three countries took part.

Estonia

In Estonia, ten PCVs worked with the Department of Local Government and Regional Development, mostly in rural areas, to provide basic business skills and planning assistance to newly privatized businesses and potential entrepreneurs. Similar assistance was also extended to economic development units of municipal governments. Although no new SEED funds were dispersed in Estonia during FY 98, some follow-up support to previously SEED-funded business development activities was necessary.

- The Peace Corps helped the Tapa city government establish a Geographic Information System. This has improved local and regional economic development efforts, allowing for compilation, management, and utilization of economic, demographic, and physical infrastructure data. The city acquired a computer system, on which three staff members were trained.
- Support for the Junior Achievement (JA) Program included two initiatives: 1) Estonian participation in the European Student Company of the Year Competition in Denmark, allowing JA students, teachers, and the director to make world-wide contacts and develop their sales, marketing, and production skills; and 2) 52 teachers were trained, during a three-day Global Learning of Business Enterprise (GLOBE) course. In addition, a “Learning Economics in Country Schools” course provided training for 457 teachers in economic education, which will benefit thousands of rural youth.
- Forty rural women attended 15 training sessions on how to set up a business. An estimated one-third of these women subsequently were able to create a viable business plan, a first step in entrepreneurship.

Latvia

Ten Peace Corps Business Development Volunteers worked with a variety of local governmental entities, NGOs, and business education institutions throughout Latvia. The purpose of the Peace Corps/Latvia business project is to build small enterprise capacity in rural areas by providing new entrepreneurs those business skills necessary for them to function profitably in a free market economy. SEED funds allowed training in these basic skills for 258 Latvians. Among the activities supported with Latvia’s share of the Baltic SEED funding during FY 98 were the following:

- The Peace Corps held a “Women’s Career Day,” which brought 160 students from 20 different towns together with representatives from the Latvian National Human Rights Office, the Center for Human Rights and Ethnic Studies, and an NGO center.
- Non-Governmental Organization workshops, involving 26 people, were held in two towns to facilitate information sharing and collaboration.

Lithuania

The Peace Corps project in Lithuania concentrates on building small enterprise capacity, providing entrepreneurs access to the business skills they need to compete in a free market economy. Twenty-four PCVs were assigned to the Ministry of Economics, various local and municipal governments, and several business education institutions. The Ministry has recently established an Entrepreneurship Division further to facilitate new business start-ups and assist small businesses. Three Business Advisory Service Centers, sponsored by the European Union, have been established. PCVs assigned to economic development units of local governments are providing business management skills and training entrepreneurs, assisting with economic development plans for local governments and training host country agency staff in systems management and controls. SEED funds have given training opportunities for 1,071 Lithuanians. Lithuania’s share of the Baltics’ SEED money funded the following major activities in FY 98:

- A regional tourism brochure was created and published for the Birzai region, marketing the town’s attractions. Seven thousand copies of the glossy, full-color, 28-page brochure have been distributed. Tourism was up 1,000 percent from the previous year.
- A national reference book on small and medium-size business conditions in Lithuania was published. It contains information on 30 essential topics, covering company formation, business registration, taxation, privatization, obtaining licenses, identifying export markets, labor relations, free trade zones, process, standards and quality control. Four hundred copies were printed in Lithuanian and 250 copies in English.
- Over 50 women from businesses and NGOs were brought together for a “Women in Development” (WID/GAD) seminar to help raise their business skills confidence and assist them in developing marketing strategies.
- A textbook titled “NGO Self-Sufficiency in the Grant Writing Process” was developed and distributed to 1,000 people and organizations.

The Former Yugoslav Republic of Macedonia

Peace Corps began operations in Macedonia in 1996. In FY 98, the Macedonia program included a TEFL project, along with a small number of environmental, non-governmental organization, and Business Development Volunteers. Macedonia received funding in FY 98 through the PC headquarters in Washington to facilitate the attendance of one staff member, one PCV, and one host country national NGO leader at the NGO conference in Romania. This activity was supported with \$1,142 of SEED funds.

Romania

Twenty PCVs in Romania focused on improving the management skills of small and medium-sized businesses, with special attention to activities in the agricultural sector. 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). They are advising individual business owners, farmers, and agribusiness owners on how to make business management and financial improvements to their enterprises,

through workshops and seminars on business start-up, planning, marketing, and cost and analysis. PCVs are also developing and assisting small business centers in organizational development and programs. In FY 98, the following activities were supported with \$53,892 in SEED funding:

- The Peace Corps initiated a Management Training Program with a local organization to create a manual for small business managers, incorporating basic notions of corporate finance, marketing, and human resources management. The Management Training Manual includes the contributions of 14 Small Business Development PCVs on different business topics and was edited and published by a host-country counterpart organization. EBDP funds covered printing and promotion costs.
- Volunteers are assisting in the development and publication of a tourist guide, as well as a guide for foreign investors in the Odorheiu-Secuiesc area, in five languages, to encourage growth of the Romanian tourism sector.
- PCVs assisted the students of an economic high school to set up the Phoebus Tourism Agency to exploit the tourist potential of the Danube Delta.
- The Peace Corps is exploring the possibility of forming business consulting centers in cooperation with the Romanian Conference of Universities.
- SEED funds have assisted in the purchase of computers and peripherals for business education and the JA program.

Slovakia

The 25 Peace Corps Business Development Volunteers in the Slovak Republic are involved in a range of activities including training, consulting, and technical services. In FY 98, the following activities were supported with \$5,000 in SEED funding:

- Accounting training for rural women was provided at a Regional Business Advisory Center, in cooperation with local Labor offices. The 11-week course combined lectures, computer exercises, and practical experience in local private firm. Topics included basic analysis of business accounting principles, computer systems and software, financial management, financial statements, taxes, marketing, single- and double-entry accounting, accounting law, computerized accounting, and business law.
- Ten Slovak national park professionals visited selected national parks in the U.S. during an intensive 12-day study tour. The tour's focus and objectives were to help participants identify alternative sources of funding and service delivery through the private sector, as a means of improving the Slovak national park system's planning and management capacity.
- A resource audit strategic plan document was developed with the Agency for Rural Development and students of the Pedagogical University in Nitra, with additional support from the British "Know How Fund," as a part of a larger project in the micro-region. The document contains information about the micro-region association, the resource audit analysis, sociological survey results, as well as the strategic objectives and a development strategy for the micro-region. The document was produced in 3,000 copies. The publication was designed to support small businesses through economic development in the region.
- The Peace Corps, in cooperation with a Slovak environmental NGO, organized a two-and-a-half-day workshop called "The Process of Strategic Change" for PCVs and their counterparts. Six PCVs and eight counterparts were trained in basic and general principles and tools enabling them to organize effective strategic planning in their organizations.

- EBDP funds supported the development of a trainer's manual for a training module on strategic planning, in both Slovak and English. The manual consists of technical content and a trainers section with information on basic session layout, rationale, training methods, and examples using projects reflecting Slovak realities and country-specific issues. Peace Corps will use the manual for host-country national workshops on local strategic planning that will be presented on a regular basis.
- A workshop was held on "American Business Communication," covering the basic communication principles of resume writing, interviewing, conducting meetings, presentation skills, business etiquette, and how to write effective business communications.
- SEED funds also supported a Tourism Forum that was targeted at hotels, pensions, bed and breakfasts, restaurants, gift shops, and other tourism-oriented businesses in a scenic area of Slovakia. Thirty local businesses were involved.

Regional Activities

Peace Corps Washington used \$16,324 of SEED funds in FY 98 to support the attendance of staff at essential regional meetings in Romania, as well as some materials development.

- Peace Corps staff, Volunteers, and NGO leaders from 13 countries gathered in Bucharest, Romania in February 1998 to explore how cooperation between NGOs and Peace Corps can increase community economic development. SEED funds supported the attendance of representatives from five countries. Peace Corps business and NGO Volunteers worked with NGOs in each of these countries, focusing on strengthening their organizational capacity and improving the quantity and quality of services they provide.
- SEED funds facilitated the participation of staff from all of the above countries at the European Business Development Program Working Group workshop in Romania during February 1998. The workshop aimed to achieve more effective utilization of EBDP resources. It also was attended by Peace Corps and USAID headquarters staff responsible for the program. Part of the purpose was to establish a "circle of information and assistance" among the five participating Peace Corps offices, as well as with Peace Corps and USAID headquarters. It was aimed at developing better cooperation in sharing plans, information, ideas, successes and failures with each other. EBDP funds supported the attendance of staff from several participating countries.

USIA NON-SEED FUNDED ACTIVITIES

This section covers USIA base-budget programs for CEE and should be read in conjunction with the description of USIA's SEED-funded activities (see page 139).

Academic Programs

English Teaching Fellows (ETF) Program: The ETF program places recent American Teaching English as a Foreign Language/Teaching English as a Second Language (TEFL/TESL) M.A. graduates at universities and educational institutions worldwide to teach English as a foreign/second language for a year. The program increases the U.S. academic presence in foreign institutions, enhances the American cultural component, and raises academic standards. During the past year, three English Teaching Fellows were placed in Estonia, the Czech Republic, and Latvia. The Fellows teach English language courses and English for Special Purposes (ESP), arrange and conduct in-service teacher training conferences and seminars, and develop curricula and materials. The Fellows' focus this year was on building legacies for future use, such as

establishing Internet/e-mail contacts with American and other foreign educational institutions, and providing assistance in setting up teacher training associations.

Academic Specialists in English Language Programs: This program awards grants to American academics and distinguished professionals to consult with colleagues at foreign institutions. Academic specialists engage in various activities, including conducting seminars and workshops on selected topics. Programs run from two to six weeks. Seven English Language Academic Specialists conducted seminars for English-language teachers in Hungary, Lithuania, Serbia-Montenegro, and Slovakia on TEFL methodology and incorporating American Studies topics in the English-language classroom. Other specialists led 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 fosters sustainable linkages in the humanities and social sciences between American and foreign academics to advance U.S. foreign policy interests. The program awards grants of up to \$120,000 for a three-year period. The USIA grant supports curriculum, faculty, and staff development, as well as collaborative research and outreach activities designed for long-term impact. Participating institutions are required to maintain faculty and staff on full salary and benefits during the exchange.

Currently, there are seven College and University Affiliations projects in four Central European and Baltic countries. Fields of exchange include public administration, law, journalism, history, and political science. In FY 98, two new grants of \$120,000 were issued. One new grant supports exchanges between the Northwestern School of Law of Lewis and Clark College and the University of Latvia in order to build the law curriculum at the Latvian university. This partnership is focusing on constitutional law and its relationship to individual rights in both the civil and common law traditions. The second new grant was awarded to Rutgers University to modernize the journalism and mass media curriculum at the University of Sarajevo in Bosnia-Herzegovina. In the second year of the project, Rutgers and the University of Sarajevo will implement an outreach component, extending project activities to journalism programs at universities in Tuzla, Banja Luka, and Mostar.

Fulbright Program: The Fulbright program in CEE for FY 98 received \$7,535,255 from USIA funds and \$1,075,811 from governments in the region to send 147 American lecturers, researchers, and graduate students abroad and to bring 212 Central and East Europeans to lecture or to study in the U.S. The bilateral nature of the program distinguishes it from the academic exchange programs which USIA manages with assistance funds. Binational commissions administer the program in Hungary, Poland, Romania, Bulgaria, Slovakia, and the Czech Republic. USIS posts manage the programs with the Baltic states and in the Balkans.

The concepts of "mutual understanding" and "foundation of trust" lie at the heart of the Fulbright Program worldwide. Scholars receive grants in a wide range of fields, although scholarships in the social sciences and the humanities tend to exceed those in the sciences. One important development in 1998 is the beginning of a small exchange with Bosnia. The program with Serbia/Montenegro, once the largest in the region, remains moribund. The new commissions in Central Europe, after more than five years of activity, now manage their grants directly and resemble their more established counterparts to the West in every essential respect.

Fulbright Teacher Exchange Program: This program provides academic exchange opportunities for secondary school educators. A limited number of post-secondary educators also participate. Exchanges are generally reciprocal and focus on social studies, science, curriculum reform, and EFL. During the 1998-99 academic year, 26 secondary school teachers are being exchanged between U.S. and Central European schools.

Hubert H. Humphrey Fellowship Program: As part of a world-wide program, the Humphrey Program brings mid-career professionals to the U.S. for ten months of combined academic and professional training. Fellows are placed in non-degree programs at universities around the U.S. according to their professional fields. USIS posts and Fulbright Commissions conduct annual national competitions; the applications of finalists are forwarded to panels convened in Washington to recommend final selections.

More than 100 awards have been made to Humphrey fellows from eleven CEE countries since 1989. For the 1998-99 program year, three awards were made to people from Bosnia-Herzegovina and Hungary. Many alumni assume policy-making roles upon completion of their grants. One Humphrey alumnus is "Drug Czar" for the Czech Republic, and two alumni serve on the President of Romania's staff.

Educational Advising: USIA operates education information centers in CEE that provide information and advising services for those interested in studying in the U.S. In 1998, educational advisers were also the primary source of information about the new computer-based standardized Educational Testing Service (ETS) tests, and some centers, including the Fulbright Commissions in Hungary and the Czech Republic, became permanent computer-based testing sites. According to preliminary 1997/98 academic year statistics, more than 11,200 students from this region were studying in the U.S. The 60 USIA-affiliated advising centers in CEE are located at USIS missions, Fulbright Commission sites, universities, public libraries, and other public foundations which provide personnel and working space. USIA supplies reference materials, including publications, videos and CD ROMS, equipment, and funding for training programs. USIA also provides funding for a Regional Educational Advising Coordinator, who conducts needs assessments, training, and other support for centers throughout the region. In August, the Fulbright Commission in Hungary hosted a regional conference for educational advisers in Europe. Thirty-five advisers represented every country in CEE except for Albania, Bosnia, and Slovenia. During 1998, two educational advisers from Central Europe also took part in the U.S. Based Mid-Level Advisers Training Program and one in the OSEAS Regional Linkage Program. In addition, under this year's Overseas Educational Advisors Group Professional Partnership Program, the editor of the Advising Quarterly newsletter visited advising centers throughout Bulgaria.

Speaker and Professional in Residence Programs: USIA recruits distinguished American scholars and professionals to consult with CEE counterparts and provide advice in their areas of expertise. Generally, Speaker programs last one-two weeks, while Professionals in Residence operate for three weeks or longer.

In FY 98, USIA sent 113 U.S. Speakers and Professionals in Residence to Central Europe on a variety of topics, including civic education, public relations, domestic violence, human rights, trafficking in women and children, development of a market economy, election training, American Studies, NATO enlargement, NGO management and development, the environment, education issues, and media management. Fourteen programs involved experts doing telepress conferences and digital video conferences in these or other fields.

Citizen Exchanges

Central and East European Assistance Awards: In FY 98, five assistance awards totaling \$420,000 were given to U.S. non-profit institutions to conduct training programs in Estonia, Latvia, Lithuania, Slovenia, Bosnia, Croatia, Serbia, Slovakia, and Poland. Grant awards focused on intellectual property rights, public administration, minority and ethnic rights, and library technology and the free flow of information. Project highlights included a U.S. study tour for six participants from the Baltics, who met with intellectual property rights experts and examined the U.S. copyright system, anti-piracy laws, and U.S. customs regulations.

International Visitor Program: The International Visitor (IV) program affords opportunities for current or potential foreign leaders in government, politics, media, law, education, labor, the arts, and other key fields to explore American society, government, and culture; to study their professional fields as practiced in the U.S.; and to establish linkages with American counterpart institutions. The nominees participate in individual or group projects that are typically three weeks in duration.

Visitors are nominated by American embassies in CEE. In FY 98, approximately 290 visitors participated in individual programs or group projects at the single-country, regional, or multi-regional level (in addition to 32 participants in SEED-funded Freedom grants programs described earlier under USIA's SEED-funded programs). The programs covered a range of important topics, including federalism and local government, free-market economics, rule of law, media, environment, civic education, NGOs, human rights, and ethnic diversity.

Arts Program

The Fund for U.S. Artists at International Festivals and Exhibitions: A public/private partnership supported by USIA, the National Endowment for the Arts, the Pew Charitable Trusts, the Rockefeller Foundation, and the Festival Fund supports American artists invited to participate in or exhibit at international performing and visual arts festivals. In FY 98, the Fund gave grants to U.S. performing artists taking part in the Baltic Music Festival in Lithuania and the Sofia Jazz Festival in Bulgaria, among others. The independent panels of experts who make grant recommendations are encouraged to give special consideration to applications for SEED countries.

Creative Arts Exchanges: USIA provides grants to non-profit arts and cultural organizations in the U.S. to build continuing, sustainable linkages and partnerships with arts organizations and institutions in other countries. These relationships develop through residencies and exchange programs in which selected participants work, learn, or create together. During 1998, this program focused primarily on the ways in which the arts can be utilized to further public understanding of social concerns. Participants from SEED countries were involved in two Creative Arts Exchanges programs during 1998: 1) The International Partnerships Among Museums Program (IPAM), which is administered by the American Association of Museums, created partnerships in Hungary, Poland, and Romania; and 2) The Chicago Artists International Program, which is coordinated by the Department of Cultural Affairs for the City of Chicago, included artists and arts administrators from Poland and the Czech Republic.

American Cultural Specialists (Aculspec) Program: This program is designed to encourage the exchange of ideas about such subjects as arts management and intellectual property rights. USIA recruits experts in response to requests made to U.S. Embassies by foreign cultural institutions, schools, or associations. Approximately 15 to 20 Aculspecs are sent to SEED countries yearly.

The Feature Film Services: This program provides, free of charge, recent and classic films for Ambassadorial screening, international film festivals, and other high-profile official events. Preference is given to countries historically cut off from American achievements in film.

Book and Publications Programs

Book Translations: USIA provides grants and copyright assistance to publishers in countries with still-developing publishing industries who want to produce and sell translated versions or low-cost English-language reprints of U.S.-related books and articles. This year in CEE, the Book Translation Program subsidized translations of books such as "The Work of Nations," "The American Mind: An Interpretation of American Thought and Character," "Post-Capitalist Society," and the "Clash of Civilizations," as well as current works on American

literature, the U.S. education system, public opinion, business management, and U.S. foreign policy.

Publications: Pamphlets and booklets such as "What is a Market Economy?" and "Introduction to Human Rights" were disseminated in local languages throughout the region. Special print publications and electronic journals addressed current issues such as NATO enlargement and U.S. trade policy and were translated for placement with academic, government, and media institutions.

Washington File: USIA produces the Washington File, a news-service communication network compendium of official U.S. Government texts, reports, speeches, and media items intended to explain U.S. policies. The Washington File, published in English, French, Spanish, Arabic, and Russian, is transmitted to U.S. missions abroad for use by the Foreign Service community and dissemination to foreign opinion leaders. The Washington File is transmitted five times a week to all missions in CEE.

CIVITAS

Operating in cooperation with the U.S. Department of Education and the Council of Europe, USIA expanded its support of the CEE civic education network in FY 98 through a program to plan, develop, and field-test instructional materials for civic education in Bulgarian secondary schools. The project emphasizes collaborative interaction with a team of U.S. education experts from the University of Iowa and a team of Polish civic educators from the Warsaw Center for Citizenship Education, who have recent experience with a comparable effort in Poland. In October 1998, the Poles and the Bulgarians jointly conducted a successful workshop in Sofia to discuss the framework of the curriculum. This workshop was conducted in the new Bulgarian Open Education Center, which was inaugurated by First Lady Hillary Rodham Clinton. The project also includes a two-month curriculum development workshop to be held at the University of Iowa in the spring of 1999. After drafting the curriculum, the six Bulgarian civic educators, with ongoing advice from their U.S. and Polish colleagues, will field-test the materials and train other teachers to utilize them.

Broadcasting

Media Training: The International Media Training Center continues its programs designed to promote the development of free and independent media in CEE.

Voice of America (VOA): VOA is the international broadcast service of USIA. 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 U.S. Along with music of all varieties, there are features on democratic institutions, market economics, science, medicine, and sports. VOA provides 30 minutes of Serbian and Bosnian language programs Monday-Friday via TV simulcasts. VOA now has 230 CEE radio and TV affiliates, which rebroadcast VOA programs and receive equipment from VOA. Language services include many of the regions' languages.

The **WORLDNET** Television and Film Service produces and acquires TV programs to support and promote U.S. national interests and provide information about the U.S. for foreign audiences via 24-hour satellite service to six continents. The principal focus of its mass audience programming is to provide information about U.S. institutions, including democracy building; American business, society, and culture; and international trade. The goal of the service is to disseminate information about the U.S. and its institutions and society that is not accessible to foreign audiences. Numerous international broadcasters (approximately 400) and cable companies (many with channels dedicated to WORLDNET) take WORLDNET feeds directly and retransmit them to their audiences.

U.S. DEPARTMENT OF AGRICULTURE (USDA)

COCHRAN FELLOWSHIP PROGRAM 1989 to 1998

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 developed for public and private sector specialists and administrators 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 objectives of the 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 U.S. agricultural interests. Since its start in 1984, the program has provided training for 6,064 international participants from 57 countries.

The Cochran Program has been providing U.S.-based agricultural training for participants from Central and Eastern Europe (CEE) since 1985, when the program was initiated in Yugoslavia. The program expanded into Poland in FY 89; Czechoslovakia, Hungary, and Bulgaria in FY 91; Albania in FY 93; Croatia and Slovenia in FY 94; Romania, Latvia, Lithuania, and Estonia in FY 95; and Bosnia in FY 98. During the FY 89-98 period, 1,426 Cochran fellows from CEE countries received training: Poland (502 participants), Hungary (145), Czech Republic (216), Slovakia (95), Bulgaria (184), Albania (49), Croatia (36), Slovenia (65), Romania (37), Latvia (31), Estonia (33), Lithuania (29), and Bosnia (4).

The Cochran Program has received funding for CEE countries from three sources: Congressional appropriations (1989-1998); SEED Act funding from USAID (1991-1992); and USDA's Emerging Markets Program (1992-1996).

During the FY 89-98 period, appropriations for CEE countries totaled about \$3.8 million, which provided training for 498 participants: Poland (182), Hungary (70), Czech Republic (44), Slovakia (33), Bulgaria (45), Slovenia (33), Croatia (16), Romania (21), Latvia (15), Estonia (19), Lithuania (16), and Bosnia (4). Funds were used in the U.S. to pay participant costs such as food and lodging, domestic airfares, emergency medical insurance, training fees, and to provide USDA staff support. The Cochran fellows or their employers/sponsors provided the international airfare, estimated at about \$600,000 for the 498 participants.

Albania: All 49 participants from Albania were funded through the Emerging Markets Program (EMP). Aside from an August 1998 Livestock Feed and Oils team for five Albanians, the FY 98 Cochran Program was put on hold, pending resolution of the internal political problems.

Baltics: About \$150,000 total was allocated to Estonia, Latvia, and Lithuania in FY 98, which funded 19 participants. Training topics included supermarket management/food retailing, horticultural production and marketing, livestock genetics, organic farming, meat processing, and veterinary inspection/meat inspection.

Bosnia: FY 98 was the first year of the Cochran Program in Bosnia. USDA provided training for four participants in two areas: Agricultural Policy and Agricultural Statistics. Total funding was about \$36,000.

Bulgaria: About \$390,000 has been used for training 45 Bulgarians between 1992 and 1998, or about \$50,000 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, the establishment of a counterpart Bulgarian extension system. The FY 98 program was highlighted by new training programs for 12 Bulgarians in consumer food marketing and meat processing. Members of both of the FY 98 teams have imported U.S. food products as a result of the training.

Croatia: The program in Croatia in FY 98 was funded at about \$50,000. Three Croatians were funded by appropriations and participated in training programs in topics such as agricultural statistics and consumer food marketing. Three additional participants were funded by EMP in international banking and agricultural policy.

Czech Republic and Slovakia: The Cochran Program started in Czechoslovakia in 1991. In 1993, separate programs were established in the Czech Republic and Slovakia. Appropriations allocated for both countries from 1991 to 1998 totaled about \$680,000 or about \$40,000 per country per year. This provided training in FY 98 for seven participants from the Czech Republic and three from Slovakia. Cochran Programs have been cited by the USDA/FAS Agricultural Affairs Officer as having facilitated the use of USDA export assistance programs for sale of U.S. grain, establishing contacts with the U.S. seed agribusinesses, and promoting veterinary and meat inspection systems. EMP provided funding for an additional eight Czechs and one Slovak in FY 98.

Hungary: Appropriations allocated for Hungary from 1991 to 1998 averaged about \$65,000 per year, or \$525,000 for the eight-year period, and provided training for 70 participants. There has been a dramatic shift from public to private sector participants over the past years, which have provided increased U.S. agricultural trade opportunities in livestock genetics, seeds, consumer-ready products, and food and feed grains. The FY 98 program focused on agricultural marketing, agricultural statistics, food safety, and agricultural policy. EMP provided funding for one Hungarian in FY 98.

Poland: Appropriations allocated for Poland averaged about \$110,000 per year for the 1989 to 1998 period, for a total of about \$1.1 million. This provided training for 182 Polish participants. The majority of Cochran participants have come 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. A secondary but equally important area (from USDA's perspective) involves work on providing training to Polish government officials on food safety and sanitary and phytosanitary systems (SPS). Participants in the FY 97 Horticultural and Nursery training report that they are importing U.S. nursery stock as a result of their training. U.S. agricultural exports that can be directly related to the Cochran Program exceed \$25 million since the start of the program in Poland. EMP provided training for one additional participant in FY 98.

Romania: The Cochran Program funded two Romanian participants in FY 96, six in FY 97, and 13 in FY 98, at a cost of about \$120,000. The training activities in FY 98 focused on the U.S. seed certification program, consumer food marketing, and meat processing.

Slovenia: Appropriated funding provided training for nine Slovenians in FY 98, bringing the total number of Cochran fellows to 32 since 1994. Total appropriated funding over these years is about \$310,000. The FY 98 program provided training in agricultural statistics, livestock feed milling, veterinary science, and agricultural policy. Six additional participants were funded in FY 98 by EMP.

EMERGING MARKETS OFFICE 1989 to 1998

The Emerging Markets Program (formerly the Emerging Democracies Program) was originally authorized in the Food, Agriculture, Conservation and Trade Act of 1990 (the Farm Bill)

and amended by the Federal Agriculture Improvement and Reform Act of 1996. The Bill authorizes a program for promoting agricultural exports to emerging markets through the sharing of U.S. expertise by the provision of technical assistance. Funds and facilities of the Commodity Credit Corporation (CCC) are authorized to support the program. The overall goal is to develop, maintain, or expand markets for U.S. agricultural exports in the short to intermediate term.

The Act authorizes \$10 million per year over seven years to share U.S. agricultural expertise through technical assistance to "develop, maintain, or expand markets for United States agricultural exports" in emerging markets, to improve the effectiveness of food and rural business systems in emerging markets; including potential reductions in trade barriers; and to increase prospects for U.S. trade and investment in these countries. The Program encompasses all geographic regions and has specific guidelines for country eligibility.

Regional: From the program's inception in FY 92, a number of activities have been undertaken in Central and Eastern Europe, though EMO funding was reduced significantly in FY 97. By yearly total, regional assistance to Central and Eastern Europe was provided at the following levels: FY 91: \$62,000; FY 92: \$3,869,000; FY 93: \$2,387,000; FY 94, \$4,305,347; FY 95: \$2,017,780, FY 96: \$1,710,000, FY 97: \$463,911 and FY 98: \$612,028. Funds have been allocated to the Cochran Fellowship program to augment existing appropriated funding. This regional funding for the Cochran Fellowship program was: FY 92, \$500,000; FY 93, \$600,000; FY 94, \$700,000; FY 95, \$800,000; FY 96, \$600,000; and FY 98, \$500,000 for a total of \$3,700,000. (No EMO funds were allocated for the Cochran program in FY 97.) In addition, in FY 98 a regional study tour and training were organized to introduce U.S. meat processing regulations to a group of 22 CEE participants from 11 countries of the region.

Baltics: Of equal weight, yearly totals of funding allocated to the three Baltic Republics are as follows: FY 92, \$604,000; FY 93, \$639,000; FY 94, \$434,200; and FY 95, \$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; a regional dairy genetics resident advisor; a food warehouse feasibility study. There were no new FY 98 activities.

Bosnia: Yearly totals of funding allocated to Bosnia are as follows: FY 97, \$56,000; and FY 98, \$65,000, for a total of \$121,000. In 1998, funding was provided in support of the Post-war needs analysis and training of the wheat milling sector, and a veterinary delegation was brought to the U.S. for a study tour, followed by the successful negotiation of live animal export certificates for U.S. cattle.

Bulgaria: Yearly totals of funding allocated to Bulgaria are as follows: FY 92, \$1,312,000; FY 93, \$445,000; and FY 94, \$408,000, for a total of \$2,165,000. There were no new FY 98 activities in Bulgaria. Past activities targeted the fruit and vegetable sector (grades, standards, and market news assistance; a sector assessment; and training for fruits and vegetables processors) and economic policy reform.

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 91, \$85,000; FY 92, \$628,000; FY 93, \$17,000; and FY 94, \$73,000 for Czech Republic and \$200,000 for the Slovak Republic, for a total of \$1,003,000. There were no new FY 98 activities in either country. Past activities included a 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 92, \$325,000 and FY 93, \$58,000, for a total of \$383,000. There were no new activities funded in Hungary in FY 98. Past activities included funding for a trade and investment assessment of the country and WTO training.

Poland: Yearly totals of funding allocated to Poland are as follows: FY 92, \$415,000; FY 93, \$628,000; FY 94, \$289,000; FY 95, \$148,500; FY 96, \$200,000; and FY 98, \$40,028, for a total of \$1,720,528. Past activities included marketing and testing of perishable products, business plan training, a regional economics conference, a wood frame housing seminar, grain elevator licensing, and a resident agribusiness advisor for Poland and the Baltics. In 1998, funding was provided in support of the Market Development of Cottonseed Meal to Chickasha of Georgia.

Romania: Yearly totals of funding allocated to Romania are as follows: FY 94, \$2,151,000, for a total of \$2,153,500. In FY 98, Romanian veterinary officials were brought to the U.S. to visit pork slaughter houses and processing facilities, resulting in successful negotiation of U.S. pork export certificates. Past activities included an agribusiness opportunity mission, economic situation and outlook training, economic policy assistance, wood frame housing seminars, and agricultural statistics assistance.

Slovenia/Croatia: Yearly totals of funding allocated to Slovenia and Croatia equally are as follows: FY 94, \$50,000 and FY 96, \$40,000, for a total of \$90,000. There were no new FY 98 activities in Slovenia and Croatia. Past activities included joint plant and animal health training and a port development trade mission.

SCIENTIFIC COOPERATION PROGRAM 1989 to 1998

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. This is done 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 U.S., 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. American 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.

A total of \$89,115 was provided in FY 98 to continue ongoing and initiate new collaborative research projects with scientists in Central and Eastern Europe, bringing the cumulative funding (1989-1998) for CEE to \$791,710.

Bulgaria: Total funding for Bulgaria FY 90-98 for scientific exchanges and research collaboration is \$97,500. In FY 98, research to control asochyta blight and anthracnose in lentil, and to evaluate host specificity of Microsporidian pathogens for biological control of the gypsy moth continued.

Croatia: Total funding for Croatia FY 90-98 for scientific exchanges and research collaboration is \$16,385. In FY 98, research to evaluate resistance to *Cercospora* leaf spot in sugarbeet germplasm continued.

Czech and Slovak Republics: Total funding for Czech and Slovak Republics FY 90-98 for scientific exchanges and research collaboration is \$64,800. Two new research projects with the Czech Republic were initiated in FY 98 on new uses for short staple and mill waste cotton and development of molecular and biochemical markers for aphid-resistant wheats.

Estonia: Total funding for Estonia FY 90-98 for scientific exchanges and research collaboration is \$7,800.

Hungary: Total funding for Hungary FY 90-98 for scientific exchanges and research collaboration is \$314,675. Such activities for FY 98 included continuation of collaborative research projects for developing production of a biodegradable plastic from corn via genetic engineering and for evaluating the responses of commercial stone fruit and almond cultivars for tolerance to plum pox virus. Funding was also provided for a new exchange visit on development of vaccines to prevent swine respiratory diseases, which result in severe economic losses to the swine industry.

Latvia: Total funding for Latvia FY 90-98 for scientific exchanges and research collaboration is \$11,900.

Lithuania: Total funding for Lithuania FY 90-98 for scientific exchanges and research collaboration is \$161,000.

Poland: Total funding for Poland FY 90-98 for scientific exchanges and research collaboration is \$87,950. Collaborative research projects in FY 1998 continued on the development of an efficient screening method for identification of irradiated quarantine pests; use of enzymes as a waste management tool in poultry production; and control of an aquatic pest, the zebra mussel, with methods of male contraception. An additional research project was initiated to develop environmentally friendly, sustainable systems for vegetable production in cool climates.

Romania: Total funding for Romania FY 90-98 for scientific exchanges and research collaboration is \$28,000.

USAID DISASTER RELIEF (OFDA)

Country	Amount	Type of Disaster	Narrative
Albania	\$25,000	Complex Emergency	Funding provided to Kosovar refugees in Northern Albania.
Bosnia	\$2,634,998	Complex Emergency	Grants to Mercy Corps International (MCI), Partners for Development (PFD), Catholic Relief Services (CRS), Action Contre la Faim/France (ACF/F), and CARE for assistance to extremely vulnerable individuals as well as needy families.
FRY	\$14,917,911	Complex Emergency	Grants to NGOs for fuelwood, supplemental food, emergency hygiene, health, and logistics support to assist vulnerable families, TB patients, and internally displaced persons (IDPs). Funding for assessment teams.
Romania	\$25,000	Floods	Funds provided per Ambassador's authority for assistance to flood victims.
Slovenia	\$10,000	Earthquake	Grant to Slovenian Red Cross for emergency relief commodities to earthquake victims.

Total OFDA Funding in Central and Eastern Europe in FY 98: \$17,612,909

DEPARTMENT OF DEFENSE EXCESS PROPERTY

The Department of Defense (DoD) has maintained the Humanitarian Assistance-Excess Property Program in support of nations worldwide. During FY 98, DoD continued humanitarian assistance, with a total value of \$2.4 million, to countries covered under the SEED Act through the efforts of the U.S. European Command, as directed by the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, Office of Humanitarian Assistance and Antipersonnel Landmine Policy. Under authority of Title 10 of the United States Code, Sections 2547 and 2551, DoD made available and transported excess non-lethal property to SEED countries, as requested by or in coordination with the respective U.S. Embassies and the Department of State, Bureau of Political-Military Affairs, Office of International Security and Peacekeeping Operations.

The following table summarizes DoD non-lethal excess property donated to countries covered under the SEED Act.

<u>RECIPIENT</u>	<u>DESCRIPTION</u>	<u>VALUE (\$)</u>
Albania	Trucks	159,000
Bosnia-Herzegovina	Medical Supplies, School Supplies, vehicles	264,000
Bulgaria	Medical Supplies, Blankets, School Supplies, Vehicles	814,000
Czech Republic	School Supplies	36,000
Hungary	Medical Supplies, School Supplies, Vehicles, Office Supplies, Tents	347,000
Latvia	Medical Supplies, Vehicles, Office Supplies, Kitchen Supplies	136,000
Lithuania	Medical Supplies, School Supplies, Vehicles, Computers	251,000
Romania	Medical Supplies, Bedding, Vehicles, Office Supplies	271,000
Slovakia	Medical Supplies, Furniture, School Supplies	122,000
Total:		\$2,400,000

IV. U.S. TRADE AND INVESTMENT INITIATIVES

During FY 98, 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 in Central Europe and the Baltic countries. The U.S. actively supported the World Trade Organization (WTO) accession process of those countries 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 FY 98, is as follows:

MOST FAVORED NATION (MFN) TRADE STATUS

The U.S. has unconditional MFN trade relations with Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Slovakia, and Slovenia. In addition, the U.S. provides conditional MFN treatment to Albania under Title IV of the Trade Act of 1974, as amended. MFN treatment for Serbia and Montenegro (FRY) was withdrawn by act of Congress in 1992.

AGREEMENTS ON TRADE AND INTELLECTUAL PROPERTY RIGHTS

The U.S. has bilateral agreements on trade and the protection of intellectual property rights (IPR) with Estonia and Latvia. Bilateral trade agreements are also in force with Albania, Bulgaria, the Czech Republic, Romania, and Slovakia. In addition, there is an agreement on the protection of intellectual property rights with Hungary. The Business and Economic Relations treaty with Poland contains provisions on trade and IPR protection similar to those in the aforementioned bilateral agreements. A trade and IPR agreement signed with Lithuania is awaiting ratification.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

The U.S. GSP program, which includes beneficiary countries in Central Europe and the Baltics, was renewed retroactively on October 21 from July 1, 1998 to June 30, 1999. The future of the program beyond June 1999 is unclear. Under current GSP legislation, the threshold per capita income for automatic graduation from the program is \$9,655, based on the World Bank per capita income for high-income countries.

NORMALIZATION OF TRADING RELATIONS UNDER WTO

Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia have acceded to the WTO, while WTO working parties are negotiating accession terms with Albania, Croatia, Estonia, Latvia, Lithuania, and Macedonia. The WTO General Council approved Latvia's accession protocol in October 1998, and it is expected to become a member in 1999.

The prospective accession of Central European and Baltic countries to the WTO will help reduce barriers to U.S. trade. WTO members must bring their trade regimes into conformity with international trade rules, a step that augments economic reforms undertaken by Central European and Baltic governments. As WTO members, these countries can take advantage of the reduced trade barriers for both goods and services resulting from Uruguay-Round negotiations. Their eventual WTO membership also will facilitate U.S. goods and services exports to their markets.

BILATERAL INVESTMENT TREATIES

Central European and Baltic states have continued to pursue bilateral investment treaties with a wide range of partners. This reflects a growing recognition of the private sector's role in these countries, the importance of foreign capital in transforming their economies, and the need for stable legal frameworks to protect 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.
- Encourage the adoption of market-oriented domestic policies that treat private investment fairly.
- Support the development of international legal standards consistent with these two objectives.

The U.S. has concluded BITs with ten of the fifteen countries/republics covered by the SEED Act. Eight of the ten BITs are in force.

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

The Overseas Private Investment Corporation (OPIC) is committed to providing loan guarantees and insurance services to the states of Central and Eastern Europe as part of the U.S. Government's support for privatization, market reform, and democratization in those countries. OPIC programs are available in 13 SEED Act countries, including Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. While not active in Albania or Bosnia-Herzegovina, OPIC has a major role in assisting U.S. companies investing in the other 11 countries, having provided approximately \$2.8 billion worth of investment assistance to date, not including the activities of various investment funds.

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 26 projects in SEED Act countries, totaling more than \$835 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 99 projects in SEED Act countries, totaling more than \$1.9 billion in support.

Investment Funds: In addition to direct project involvement in finance and insurance, OPIC supports numerous privately owned and managed direct investment funds with the capability to provide equity capital to facilitate business formation and expansion. In addition to global funds, eight of these funds are available for all or part of the SEED Act countries listed above. OPIC has committed capital of \$330 million to the four funds (including one for Poland only) that are specifically limited to the SEED Act countries.

**Distribution of OPIC Financing and Insurance (millions of dollars)
In SEED Countries 01/1/88 - 9/30/98 (Cumulative)**

	SEED Country Total	Czech Republic	Hungary	Latvia	Lithuania	Poland	Romania	Slovakia	Slovenia	Europe Regional
Finance Projects	26	1	4	2	1	9	1	0	0	8
Total Amount	835.5	0.7	133.5	19.3	21.3	196.2	5	0	0	459.4
Insurance Projects	99	15	29	4	3	38	4	5	1	0
Total Amount	1979.5	221.7	817.5	73	42.3	640.4	92.2	88.8	3.7	0
Total Projects	125	16	33	6	4	47	5	5	1	9
Total Amount	2815	222.4	951	92.3	63.6	836.6	97.2	88.8	3.7	459.4

Note: Amounts do not include commitments to Investment Funds.

EXPORT-IMPORT BANK

The Export-Import Bank of the United States (Ex-Im Bank) 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-, medium-, and long-term loan, loan guarantee, and insurance programs. Ex-Im Bank's mandate is to supplement, not compete with, loans and insurance available from commercial sources. In many Central and Eastern European countries, Ex-Im Bank financing is crucial for U.S. exporters because of the limited commercial financing available. By statute, Ex-Im Bank can provide financing only if it can determine there is a reasonable assurance of repayment.

Ex-Im Bank changed its "cover policy" -- the types of transactions it is willing to do in a certain country -- for the following CEE countries in 1998:

- **Bulgaria.** Ex-Im Bank is now open for short-, medium-, and long-term public sector transactions. Previously, the Bank was closed for long-term public sector transactions.
- **Croatia.** Ex-Im Bank is now open for all transactions: short-, medium-, and long-term private and public sector transactions. Prior to 1998, Ex-Im Bank was closed for long-term private sector transactions.
- **Former Yugoslav Republic of Macedonia.** Ex-Im Bank is now open for short- and medium-term public sector transactions. The Bank had been closed for all public sector transactions.

Ex-Im Bank's cover policy, authorizations during FY 98, and exposure as of September 30, 1998 for countries covered by the SEED Act follows:

Country	COVER POLICY		EXPOSURE (in millions USD)	
	Public Sector	Private Sector	FY 98 Authorizations	Total Exposure
Albania	---	---	---	---
Bosnia-Herz.	---	---	---	36.8
Bulgaria	S,M,L	---	---	---
Croatia	S,M,L	S,M,L	69.3	147.7
Czech Rep.	S,M,L	S,M,L	82.0	507.3
Estonia	S,M,L	S,M,L	---	0.023
Hungary	S,M,L	S,M,L	---	75.5
Latvia	S,M,L	S,M,L	2.6	9.3
Lithuania	S,M,L	S,M,L	---	29.8
FYROM	S,M	---	---	95.1

Poland	S,M,L	S,M,L	0.2	673.4
Romania	S,M,L	S,M	14.8	245.0
Serbia/Mont.	—	—	—	NA
Slovak Rep.	S,M,L	S,M,L	—	7.3
Slovenia	S,M,L	S,M,L	—	9.2

S: Short-term financing available (up to 1 year)
M: Medium-term financing available (1-7 years)
L: Long-term financing available (over 7 years)

U.S. TRADE AND DEVELOPMENT AGENCY (TDA)

The U.S. Trade and Development Agency assists in the creation of jobs for Americans by helping U.S. companies pursue overseas export opportunities. Through the funding of feasibility studies, technical assistance, procurement assistance, reverse trade missions (orientation visits), and conferences, TDA enables U.S. businesses to become involved in the planning stage of infrastructure and industrial projects in middle-income and developing countries. By doing this, TDA provides American firms with market entry, exposure, and information, thus helping them establish a position in markets that are otherwise difficult to penetrate. This type of activity is crucial in Central and Eastern Europe, where the EU Phare program and other European institutions are investing substantially more on behalf of their firms.

Since TDA began its program in CEE in 1989, the agency has invested nearly \$81 million. TDA projects in Europe have already facilitated \$1.3 billion in U.S. exports, with negotiations on numerous other deals on-going. TDA obligated \$16,193,695 in thirteen European countries during FY 98. Of this, \$5,147,352 from TDA appropriated funds and \$11,046,343 came from the SEED program.

TDA's investments in this region focused on the transportation, energy (including pipelines), and telecommunications sectors. However, manufacturing, environmental, and technology projects were also important. It is expected that environmental projects will play an increasingly prominent role during 1999 and 2000.

Regional Highlights

TDA sponsored 28 feasibility studies in the region this year. The subjects ranged from water and waste facilities in Slovenia to power plants in Slovakia and a data archiving system for the national library in Croatia. Telecommunications was a highlight across the region, however. TDA's telecommunications feasibility studies included a review of telecommunications at the Romanian electric company (CONEL), a wireless local loop study in Bulgaria, a local telephone project in the Czech Republic, and two more in Poland.

Another highlight was TDA's San Francisco conference on Telecommunications and Information Technology Opportunities in Central and Eastern Europe. Attending the event were 125 U.S. executives, together with 40 project representatives from 15 countries. They discussed opportunities worth \$5 billion associated with more than 80 upcoming projects. This conference was especially valuable because it helped introduce TDA to a new and wider range of information technology companies. It also gave the host country officials from across the region an opportunity to get access to IT solutions of which they might not otherwise have been aware.

Outside of the special SEED-funded programs in Bosnia and the South Balkans, Romania was TDA's biggest partner last year. In particular, TDA has increased its activities in investor-led projects. Of the five grants signed during Romanian President Constantinescu's July 1998 visit to the U.S., three targeted projects driven by the private sector. One was to fund a feasibility study of constructing a pipeline from Constanta, Romania to Trieste, Italy. Others included projects in power generation, data communications, and petrochemical production.

Bosnia-Herzegovina Infrastructure and Industrial Development Program: TDA's Bosnia-Herzegovina program made important progress in its third year of implementation. This special initiative, funded almost entirely with SEED money, is designed to help promote peace in the region by involving the U.S. private sector in helping secure stable economic growth and promoting Bosnian self-sufficiency. In addition to the agency's regular program of feasibility studies and other activities, TDA has placed special advisors in Bosnia to support infrastructure development in the energy, environment, and transportation sectors.

Highlights of the Bosnia Program this year included:

- A feasibility study of a stone brick manufacturing facility in Mostar, conducted by Concrete Service Network of Alpena, Michigan.
- A feasibility study of an electronic funds transfer network in Bosnia, conducted by MICREL of Denver, Colorado.
- A \$350,000 TDA grant for a feasibility study of a cargo airport at Tuzla, conducted by Louis Berger International of East Orange, New Jersey.
- A feasibility study of a new hotel in Sarajevo, for which funding will be sought during FY 99 at the EBRD.
- A grant to support a series of small, high-technology communications pilot projects, being prepared by the Bosnian firm EKIS.
- Having identified leasing as a way to improve the availability of heavy equipment in Bosnia, TDA sponsored a feasibility study, which is laying the groundwork for establishing a local leasing company.
- TDA also sponsored visits to the U.S. by delegations of Bosnian officials to learn more about U.S. expertise in transportation, construction, environmental technology, wood processing, and energy.

The South Balkan Development Initiative (SBDI): When TDA kicked off the South Balkan Development Initiative in May 1996, there was not one U.S. firm pursuing transportation infrastructure business in Albania, Bulgaria, or FYR Macedonia. Today, there is a cadre of dedicated business pioneers committed to developing the region's commercial potential. TDA has helped introduce these companies to a region with which they were unfamiliar and prepared the ground for long-term business relationships. More importantly, building a three-nation economic and transportation corridor has helped create a new market that is greater than the sum of its parts. With the eastward expansion of the U.S. commercial horizon in Europe already in full swing, a southeastern shift may bring the next major jump in U.S.-European trade.

1998 SBDI Highlights include:

- A SBDI Transportation Business Roundtable took place in Ohrid, FYR Macedonia in June 1998. Participants included 50 U.S. business representatives, Transportation Ministers, and Deputy Ministers of the corridor countries, as well as the U.S. Ambassadors to Albania, Bulgaria, and FYR Macedonia. The conference targeted 29 major projects representing \$2.5 billion in potential export opportunities.
- Feasibility studies supported during FY 98 included an inter-modal facility at the port of Burgas (\$300,000) and a pilot project on railroad crossing safety panels (\$296,000). The east-west corridor transportation feasibility study, completed in June 1998, outlines a strategic direction for the future of regional transportation development.

- Other activities included procurement of \$1.9 million in road, rail, and communications equipment for Albania, \$1.4 million for catenary maintenance vehicles and \$350,000 for electronic rail equipment in Bulgaria, and \$2.5 million for locomotive spare parts in Macedonia.

<u>Country</u>	<u>Project Title</u>	<u>Activity Type</u>	<u>Amount</u>
Albania	SBDI Transportation Communication Equipment	Desk Study	\$2,340
	SBDI Elbasan-Kefasan Road/Rail Equipment	Procurement Assistance	\$300,000
	SBDI Transportation Communication Equipment	Definitional Mission	\$35,585
	SBDI Rail Upgrade & Communications	Procurement Assistance	\$1,600,000
		Total for Albania:	\$1,937,925
BiH	Tuzla and Kakanj Power Plant Rehabilitation	Feasibility Study	\$73,474
	Transportation Sector Advisor	Technical Assistance	\$322,481
	Zenica Steel Works	Definitional Mission	\$23,778
	EKIS Communications Pilot Projects	Desk Study	\$2,500
	Utilities Sector Advisor	Technical Assistance	\$900
	Database/Energy/Environment Advisor	Technical Assistance	\$900
	UNIS-MGA Gas Meter Production	Feasibility Study	\$170,800
	Tuzla and Kakanj Power Plant Rehabilitation	Feasibility Study	\$409,943
	Brod and Modricha Oil Refineries Rehabilitation	Feasibility Study	\$310,000
	Energy Officials	Orientation Visit	\$77,388
	Forestry/Pulp and Paper/Wood Processing Officials	Orientation Visit	\$77,239
	EBRD Telecom Emergency Reconstruction Project	Desk Study	\$2,500
	Natural Resources	Definitional Mission	\$33,226
	UNIS-MGA Gas Meter Production	Desk Study	\$2,500
	Database/Energy/Environment Advisor	Technical Assistance	\$264,867
	Environmental Projects	Orientation Visit	\$60,926
	Forestry/Pulp and Paper Industry	Definitional Mission	\$0
	Leasing Joint-Venture Company	Feasibility Study	\$170,534
	Olympic Sites Hotel Zetra Project	Feasibility Study	\$256,477
	Stone Brick Manufacturing Plant Upgrade	Feasibility Study	\$116,355
	Hotel Zetra Project	Desk Study	\$2,500
	Stone Brick Manufacturing Plant Upgrade	Desk Study	\$2,500
	Tuzla Airport Cargo Facilities	Feasibility Study	\$350,000
	Leasing Joint-Venture Company	Desk Study	\$2,500
	Transportation and Construction Officials	Orientation Visit	\$124,160
	Mostar Aluminum Complex Review	Desk Study	\$4,961
	TDA Program Support	Technical Assistance	\$12,000
	Electronic Funds Transfer Network	Feasibility Study	\$275,500
	Wireless Local Loop System	Feasibility Study	\$0
	Transportation Sector Advisor	Technical Assistance	\$900
	Infrastructure Interim Senior Coordinator	Technical Assistance	\$4,506
	Mostar Aluminum Technology	Orientation Visit	\$49,223
ATC Radar System Training	Training	\$0	
	Total for Bosnia & Herzegovina:	\$3,205,540	
Bulgaria	SBDI Southern Highway By-Pass	Desk Study	\$2,500
	SBDI Railways Commercialization Assistance	Desk Study	\$2,500
	Wireless Local Loop	Feasibility Study	\$295,000
	Telecom Network Mgmt/Wireless Local Loop	Definitional Mission	\$22,473
	SBDI Electronic Rail Equipment	Procurement Assistance	\$300,000
	SBDI Catenary Maintenance Vehicles	Procurement Assistance	\$1,350,000
	SBDI Burgas Intermodal Facility	Feasibility Study	\$300,000
	SBDI Railroad Crossing Safety Panels Pilot	Feasibility Study	\$296,050
Transportation Officials	Orientation Visit	\$20,845	
	Total for Bulgaria:	\$2,589,368	
Croatia	National Library Data Management System	Feasibility Study	\$70,000
	Total for Croatia:	\$70,000	
Czech Rep.	Valaske Mezirici Waste to Energy Power Project	Desk Study	\$2,500

	Vresova Coal Gasification Report Review	Desk Study	\$1,000
	Jesenik-Zabreh Local Telephone Project	Feasibility Study	\$72,000
	Jesenik-Zabreh Local Telephone Project	Desk Study	\$4,000
Estonia	Rail Axle Load Assessment	Total for Czech Rep.:	\$79,500
		Desk Study	\$2,500
Regional	SBDI Transportation Roundtable	Total for Estonia:	\$2,500
	SBDI Transportation Financial Advisor Review	Technical Symposium	\$3,000
	South Balkans/Bosnia Program Support	Desk Study	\$1,000
	South Balkans/Bosnia Program Support	Technical Assistance	\$85,000
	Balkan Regional Aviation/Airport Projects	Technical Assistance	\$87,366
	CEE Telecom/IT Telecom Consultant	Definitional Mission	\$39,882
	CEE Telecom/IT Information Technology Consultant	Definitional Mission	\$8,590
	SBDI Transportation Sector Advisory Services	Definitional Mission	\$9,990
	SBDI Procurement Advisory Services	Technical Assistance	\$285,000
	SBDI Albania/Macedonia Transportation	Technical Assistance	\$139,720
	SBDI Transportation Financial Advisor	Orientation Visit	\$97,768
	SBDI Transportation Financial Advisor	Desk Study	\$2,500
	CEE Telecommunications/MIS Conference	Technical Assistance	\$304,600
	Slovak/Poland Power Sector	Technical Symposium	\$67,481
	SBDI Transportation Roundtable	Definitional Mission	\$24,893
	Bulgaria/Romania Chemical Sector	Technical Symposium	\$147,788
	Bosnia-Croatian Port Negotiations	Definitional Mission	\$24,909
	CEE Telecommunications/MIS Briefing Book	Technical Assistance	\$12,352
	CEE Telecommunications/MIS Conference	Technical Assistance	\$121,150
		Technical Symposium	\$262,993
		Total for Eur Regional:	\$1,725,987
Hungary	Budapest Metro Construction	Orientation Visit	\$73,909
	Transportation Sector	Definitional Mission	\$24,889
		Total for Hungary:	\$98,798
Macedonia	SBDI Locomotive Overhaul Parts	Procurement Assistance	\$102,008
	SBDI Locomotive Overhaul Parts	Procurement Assistance	\$847,852
	SBDI Locomotive Spare Parts	Procurement Assistance	\$1,583,355
	Airport Investment and Revenue	Feasibility Study	\$13,650
		Total for Macedonia:	\$2,546,865
Poland	Telefonia Lokalna Telecommunications	Feasibility Study	\$168,500
	Tel-Energo Telecom Market Plan	Feasibility Study	\$270,400
	Bialystok CHP Facility Repowering	Feasibility Study	\$367,209
		Total for Poland:	\$806,109
Romania	Power Sector	Definitional Mission	\$19,854
	Public Administration Data Communications Network	Feasibility Study	\$200,000
	Constanta-to-Trieste Oil Pipeline	Feasibility Study	\$650,000
	Borzesti IIP Power JV	Feasibility Study	\$250,000
	Chimcomplex MAN Petrochemical Project	Desk Study	\$2,500
	Sidex Steel Air Pollution Control System	Feasibility Study	\$250,000
	Bucharest 150MW Greenfield IPP Project	Feasibility Study	\$222,772
	Chimcomplex MAN Petrochemical Project	Feasibility Study	\$127,500
	Bucharest 150MW Greenfield IPP Project	Desk Study	\$2,500
	CONEL Telecommunications Modernization	Feasibility Study	\$306,000
		Total for Romania:	\$2,031,126
Slovak Rep.	Vojany Plant Repowering	Feasibility Study	\$405,000
	Novaky Thermal Power Plant	Feasibility Study	\$330,000
		Total for Slovak Republic:	\$735,000
Slovenia	Environmental Treatment Facilities	Feasibility Study	\$150,000
	Water/Waste Treatment Facility Projects	Definitional Mission	\$24,975
		Total for Slovenia:	\$174,975
		Europe FY 98 Total:	\$16,003,695

CENTRAL AND EASTERN EUROPE BUSINESS INFORMATION CENTER (CEEBIC)

Established in 1990 by Congress under the SEED Act, CEEBIC offers a wide array of services, business counseling, and information products designed to help primarily small- and medium-sized U.S. companies export to Central and Eastern European (CEE) markets.

With \$315,000 of SEED funding from USAID in FY 98, CEEBIC information dissemination, business counseling, and commercial assistance led to over \$63 million in U.S. exports and over \$77 million in investments in CEE countries.

In FY 98, CEEBIC's trade specialists answered over 7,500 inquiries from U.S. companies. CEEBIC staff were able to tailor the information and counseling provided to suit the individual needs of each client. CEEBIC's 15 overseas employees (host-country nationals on personal services contracts) in 14 CEE countries identified trade and joint-venture opportunities for U.S. companies throughout the year. Working out of 15 U.S. diplomatic posts, the overseas staff also assisted U.S. firms already in the regional and worked with CEEBIC's Washington-based international trade specialists to obtain information needed by companies in the U.S.

The highly popular CEEBICnet Internet site was used over 90,000 times each week in FY 98, providing U.S. companies with current information giving a comprehensive view of the business climate and opportunities in the region. CEEBICnet also provides a comprehensive listing of all trade and partnership opportunities submitted by CEEBIC's overseas staff.

CEEBIC's major publication, the Central and Eastern Europe Commercial Update, was published eight times in FY 98, with each issue distributed to 11,000 U.S. companies. Each issue focused on a specific country market and also covered financial, regulatory, and commercial developments throughout the region. Each issue also presented new trade and joint-venture opportunities throughout the CEE region.

CEEBIC administered three special programs in FY 98: (1) the Bosnia/Balkan Reconstruction Initiative; (2) the Poland: A Big Emerging Market (BEM) program; and (3) the Small Business Support Facility (SBSF). The Bosnia/Balkan Reconstruction Initiative is a complete source of information for U.S. companies on commercial opportunities arising from the Balkan region. CEEBIC's weekly e-mail service, the Southeastern Europe Business Brief, summarizes the latest developments in the region's business climate, as well as new opportunities for U.S. firms. The Poland-BEM program concentrates on informing U.S. companies of commercial developments and opportunities in Poland, and then distributing this information via CEEBIC's bimonthly publication Poland Looks for Partners. The hands-on assistance provided by the SBSF helped smaller U.S. companies to identify appropriate markets, locate trading partners, and successfully obtain sources of financing.

ENTERPRISE FUNDS

The Enterprise Funds were originally authorized by Congress through the SEED Act of 1989. That Act established the funds as unique "public-private partnerships," whose purpose was to invest U.S. Government (USG) funds to support the private sector and nascent market economies of Poland and Hungary. The enterprise funds concentrated their investments in loans to small and medium-sized businesses. Subsequent Foreign Appropriations Acts and the Freedom Support Act extended the authorization to establish Funds in other Central and Eastern European countries, as well as in the New Independent States. Enterprise Funds are currently active in Albania, the Baltic states, Bulgaria, Hungary, Poland, Romania, and Slovakia.

Each Enterprise Fund operates as an independent, autonomous organization, and is directed by a Board of Directors with the appropriate legal structure and authority to manage its resources. The SEED Act provides considerable autonomy to the Funds, with the USG having oversight responsibility for their operations. This model was specifically designed so that the Funds could deliver assistance as rapidly as possible, with enough flexibility to develop programs and use a variety of investment approaches to address the conditions found in each country.

Under the oversight of the Department of State's SEED Coordinator, and with USAID's Bureau for Europe and the New Independent States retaining responsibility for managing all Enterprise Fund projects, the Funds have created thousands of jobs, increased the business experience of their local clients, and been a major U.S. foreign policy success. In addition, in Hungary, Poland, and Romania, nearly \$400 million in private capital has been raised and is now under the Funds' management. This is a major testament to the positive reputation the Funds' management teams have earned. Moreover, they have become a resource to which other investors have turned for information on the business climate in the countries of operation. A brief summary on each Fund follows.

ALBANIAN-AMERICAN ENTERPRISE FUND

The Albanian-American Enterprise Fund (AAEF) was established in 1995 and capitalized with a \$30 million USAID grant. The Fund offers financing and management assistance to private Albanian companies, helps privatize former state-owned enterprises, assists with joint venture projects, and advises Western firms interested in investing in Albania. The forms of investment include loans, leases, equity, and guarantees.

From its inception, the Fund has tried to minimize risk by performing extensive due diligence, forging close and dynamic relationships with company managements, and slowly structuring investments with risk considered first. While this strategy makes sense at all times, it is essential during critical periods such as now. The excellent presence that AAEF has built over the past three years has paid off: despite the anarchy and public disorder which resulted from the 1997 "pyramid scheme" crisis, and in spite of security concerns and economic instability in 1998, the Fund experienced no significant losses in either year.

During 1998, the Fund's Tirana office worked virtually without interruption throughout the period of instability, and continues to operate while the evacuation order for official Americans remains in place. In September, the AAEF successfully launched its wholly-owned bank, the American Bank of Albania, which will provide a full range of wholesale services. The bank already has over \$2 million in deposits. AAEF also invested in Global MC, a liquefied petroleum gas (LPG) distribution company; developed two floors of a building in Tirana, purchased land for industrial development, and extended credit to members of the Albanian Fertilizer and Agribusiness Dealers Association, who imported much-needed fertilizer.

Looking ahead, the Albanian economy is likely to expand, despite on-going political and economic uncertainties. The AAEF continues to adapt itself so that it can successfully pursue its mission to contribute to the development of the private sector in Albania.

BALTIC-AMERICAN ENTERPRISE FUND

Born of the SEED Act in 1994, the Baltic-American Enterprise Fund (BAEF) is a tangible expression of America's "real, profound, and enduring interest" in the security and sovereignty of the Baltic States. That interest was enshrined in a Charter of Partnership signed at the White House on January 16, 1998, by the Presidents of the United States, Estonia, Latvia, and Lithuania, in which the partners affirm their commitment to free market mechanisms and economic integration. Throughout the Baltic States, the Fund acts as a reliable financial partner for growth-oriented private companies and entrepreneurs. Recognizing that private property is a hallmark of

functioning democracies, the Fund's residential mortgage program stands as a pillar of support for the development of an entrepreneurial class.

The Fund continued to prosper in 1998. It achieved good growth in its portfolio and maintained the quality of its investments, withstanding pressures on the Baltic States' economies arising from economic dislocation in Russia and Asia. BAEF's main activities were in investments and residential mortgages. In the former, in addition to the joint venture with the Baltic Small Enterprise Fund, four equity investments were concluded during FY 98. These included a supermarket, two wood product manufacturers, and a commercial real estate project. Two more commercial real estate development projects were approved after the fiscal year ended. The Fund remains one of very few lenders to small and medium sized enterprises. It is, perhaps, the only player with a clearly defined sub-set of developmental goals to identify a clientele that includes women, Russian communities, and entrepreneurs in rural areas.

The residential mortgage program, which stood at \$2.8 million at the close of FY 97, now has reached \$8 million, with no losses, no loans on zero accrual, and no reschedulings. Interest rates vary between 10 and 14 percent per annum. The program has made home ownership possible for 324 families, moving people of modest means with high potential into property ownership, while using a small amount of the Fund's grant to maintain a low-cost program with a broad impact. The new generation of entrepreneurs hails from the ranks of property owners who have seen tangible capital gains from home ownership. Heretofore, money for home purchases was available only to the wealthy, which exacerbated income distribution distortion and inflated real estate and rental prices beyond the reach of people of modest means.

The Fund closed FY 98 with \$31.4 million in program commitments and outstanding loans, \$25 million in disbursements to businesses and homeowners, and \$7.4 million in interest and principal payments returned and reinvested. With four years of market and industry experience, a qualified staff of trained professionals, and a portfolio of 129 loans to small- and medium-sized businesses, the Fund has established valuable franchises in each country. To realize the full potential of these franchises, the Fund intends to use the remainder of its grant monies (some \$12 million) to extend its program in a manner that will attract capital from private sources. Looking to next year, the Fund will redirect its program away from loans to small- and medium-sized enterprises, into equity investments and hybrid debt/equity products. Given its broad experience and its program's success to date, the Fund appears well positioned to do this.

BULGARIAN-AMERICAN ENTERPRISE FUND

The \$55 million Bulgarian-American Enterprise Fund (BAEF) has been active in Bulgaria since 1992. The BAEF has invested in nearly 700 companies, from micro-loans of \$1,000 to debt and equity investments exceeding \$4 million. Equity and loans invested exceed \$49 million, with reflows of \$19 million. The BAEF is acknowledged to have the most comprehensive, long-term presence of any foreign investor in Bulgaria. BAEF considers Bulgaria one of today's best macro-economic stories, with compelling investment opportunities for those willing and able to work with an emerging class of Bulgarian entrepreneurs.

The pace of BAEF investment has accelerated since Bulgaria's near financial meltdown in early 1997, and the subsequent election of a pro-reform government. Since the election, the BAEF has invested more than \$22 million, and expects to fully invest its remaining \$15 million within the next six months. In 1998, the BAEF experienced a 45 percent increase in its investment balance compared to 1997 -- from \$20.6 million to \$29.9 million.

Looking ahead, the BAEF's initial grant is expected to be fully invested sometime in 1999. In anticipation of reaching that point, the BAEF Board of Directors and management have been analyzing the potential for creating side-by-side private equity funds, as has been done by the

Enterprise Funds in Poland and Hungary. This is proving to be a challenge, as investors remain tentative about Bulgaria owing to the perception of political, economic, and business risk.

In addition to the equity fund, the BAEF is actively seeking outside sources of debt, to include the EBRD and IFC, to lend to BAEF's wholly owned Bulgarian-American Credit Bank (BACB). As of September 1998, BACB had a nearly \$20 million portfolio, with loan maturities ranging from three to eight years. Raising long-term debt for the BACB will provide a base for funding new loans well into the future.

A new initiative is the Home Mortgage Lending Program, for which the BAEF has initially allocated \$2.5 million. At the request of the Bulgarian government, the BAEF was instrumental in crafting the language to create home mortgage lending legislation. The BAEF is working with the Bankers' Association and the State Savings Bank to ensure that this program sets the standard for the industry and can be replicated by other banks.

Another new initiative is raising a Real Estate Development and Investment Fund to invest in residential properties, office space, retail shops, and hotel and industrial properties. The investment strategy evolves out of BAEF's experience over the past five years in making \$10 million of real estate investments.

CZECH/SLOVAK-AMERICAN ENTERPRISE FUND

The year 1998 saw significant, positive changes in Slovakia's political and economic scene, as the September Parliamentary elections led to the installation of a new, more Western-oriented government. Concurrently, the Czech/Slovak-American Enterprise Fund (CSAEF) moved to resolve various problems associated with the past, as well as to position itself to be as successful as possible in the future.

Internally, the CSAEF (which, despite its name, functions only in Slovakia) hired a new investment staff to implement a direct marketing campaign and move new investments through the pipeline. CSAEF favorably resolved uncertainties in its Slovakian tax status and, at the same time, restructured itself internally, including the sale of one of its Slovak entities, to bring it into compliance with the U.S.-Slovakia tax treaty. CSAEF moved its offices to a new location in Bratislava and installed a new, computer-based accounting system. It appointed an Advisory Board of leading Slovak business figures and implemented successful expense controls. Finally, while the Fund's emphasis for 1998 was on short-term problem solving, it put considerably more strategic and long-term thinking into its FY 99 business plan.

CSAEF's highest priority for FY 99 is identifying, analyzing, and closing good investments. Unlike the situation six months ago, the Fund has a number of attractive proposals under serious consideration. The growing number of deals in the pipeline coupled with the election results give grounds for optimism for the months ahead. In addition to seeking new business, CSAEF has restarted discussions with the Slovak Government about extending its unique hedging arrangement with the National Bank of Slovakia to reduce devaluation risks. The Fund plans to take a leadership role in reestablishing and revitalizing the Slovak Venture Capital Association (SLOVCA) as a vehicle not only for attracting new foreign investment to Slovakia, but also for working with the government in reviewing existing or future legislation to create a sound, hospitable investment climate. CSAEF also will seek ways to support the development of sound capital markets in Slovakia. Finally, the Fund intends to redirect and strengthen its small loan program.

HUNGARIAN-AMERICAN ENTERPRISE FUND

The Hungarian-American Enterprise Fund (HAEF) is one of the two original enterprise funds created by the SEED Act of 1989, with authorized funding of \$60 million. Subsequently,

additional grants of \$10 million and \$2.5 million were authorized, respectively, for technical assistance programs and a specialized hi-tech fund for smaller businesses. Since its formal establishment in 1990, HAEF has been actively engaged in the financing and development of Hungarian private sector businesses.

Since its beginning, HAEF has distributed more than \$80 million in 45 equity investments in Hungary. It conceived and successfully operated small- and micro-business loan programs 1991-1996, capitalized with \$5.5 million, which provided financing to more than 200 private businesses. It has expended \$7.1 million in technical assistance designed to strengthen its investee companies, encourage Hungarian private sector growth, and improve the capabilities of its staff.

In 1998, the general malaise in global financial markets had a severe impact on HAEF's portfolio, diminishing its paper value by over 40 percent. The bulk of that decline reflects the drop in share prices of the Fund's two publicly-traded companies -- Euronet and Cofinec. HAEF continues to believe in the fundamental strength of both companies, however, and expects their share prices to recover as the market returns to normal.

Despite difficult market conditions in 1998, HAEF made important progress toward accomplishing its mission. Since the initial closing in 1997 of Hungarian Equity Partners, L.P. (HEP), a fund that HAEF conceived and sponsored, HAEF has attracted more than \$40.5 million of fresh, private capital. With its own commitment of \$9.5 million, HAEF raised a \$50 million private fund for Hungary, which has invested about one-third of its capital in five deals.

Concurrent with the launch of HEP, HAEF's Budapest-based professionals and staff were reconstituted in MAVA Investment Management Kft., a private Hungarian firm owned by its local senior managers. MAVA was created to serve as the on-the-ground investment advisor to HEP and HAEF under separate mirror image contracts. During 1998, MAVA closed three new investments for HAEF and also advised on follow-on investments in several existing portfolio companies and one partial exit, Szobi Szorp.

In FY 98, HAEF also conceived and established a new investment initiative, the Hungarian Innovative Technologies Fund (HITF). This fund, under HAEF's direct management, is capitalized at \$5 million. It focuses on supporting small innovator/entrepreneurs in Hungary and capitalizing on their creative talents. It is anticipated that HITF's experiences will serve as a model for the creation of a traditional Silicon Valley style venture capital industry in Hungary and the region.

Looking to the future, HAEF has largely transferred its administrative functions to Budapest and will continue to take steps that prepare it for eventual windup and disposition of assets when Congress and the Administration have determined that its mission is complete.

POLISH-AMERICAN ENTERPRISE FUND

In 1998, the Polish-American Enterprise Fund (PAEF) completed its eighth year of operations. The program developed and implemented by the Fund has had a broad impact and has more than fulfilled the objectives of the SEED Act. PAEF's investee companies have revenues in excess of \$1.2 billion and employ over 21,000 people. Through all of its activities, including direct investment, lending programs, and technical assistance, the Fund has had direct impact on more than 130,000 jobs in Poland's private sector. PAEF and its affiliated programs have leveraged and recycled the \$262 million from the U.S. Government, allowing them to disburse \$660 million.

PAEF and affiliated funds are recognized as leading foreign investors in Poland and among the larger investors on the Warsaw Stock Exchange. The Fund has attracted more additional private capital than its original grant and also is one of the largest private equity fund managers in

Poland, managing over \$500 million. The PAEF is a privatization leader, supporting Polish management groups. Through the Educational Enterprise Foundation (EEF), PAEF has indirectly provided over 14,000 scholarships to students in leading private Polish business schools.

During 1998, PAEF focused on its core financial programs and continued the gradual liquidation of its portfolio. A core PAEF program "graduated" during the year with the sale of the Polish American Mortgage Bank (PAMBank) to General Electric Capital Corporation. When PAEF established PAMBank in 1992, a pioneering attempt to introduce Western-style mortgages, it was not clear whether home mortgages could become a viable product in Poland. It was also unknown whether an institution like PAMBank could serve the market profitably. However, PAMBank became the largest private institution in the Polish market with market share of over 12 percent. The new owner is expected to provide important new prospects for taking PAMBank to the next stage of development, more rapidly expanding the product offering, customer base, and required levels of funding.

Lending to small and medium-sized enterprises in Poland remains a key financial activity of the Fund. The First Polish-American Bank (FPAB), headquartered in Krakow, embodies the Fund's mainstream lending activity. The operations of the Enterprise Credit Corporation (ECC), PAEF's small business loan program, were integrated with FPAB in 1996. The Bank currently administers the small business loan program in addition to its banking activities, through its 20 branches and representative offices throughout Poland. In 1998, the small business loan program approved over 1,200 loans totaling over \$87 million, and disbursed \$78 million.

Fundusz Mikro, PAEF's micro-enterprise lending program, provides loans for working capital or investment purposes of up to \$8,500, with an average loan size of \$1,500. Fundusz Mikro is having an increasingly significant social, educational, and financial impact on the smallest businesses in Poland. In 1998, active clients increased from 4,500 to 8,500, while the outstanding loan portfolio jumped from \$4.5 million to \$8.5 million. Finally, during 1998, Fundusz Mikro made significant progress toward achieving its goal of financial sustainability.

Aside from the key lending programs, the PAEF is focused primarily on the gradual liquidation of its portfolio. During 1998, in addition to PAMBank, PAEF sold positions in several investee companies that generated significant realized gains. These included an investment in Huta Szkla Jaroslaw, the leading glass container manufacturer in Poland, which was a joint venture with Owens Illinois; and a printing joint venture with RR Donnelley that began as a start-up and became one of the leading printers of high quality magazines in Poland. PAEF will continue to liquidate its portfolio during 1999 -- by the end of the year, it is expected that about one-third will have been sold off.

ROMANIAN-AMERICAN ENTERPRISE FUND

The Romanian-American Enterprise Fund (RAEF) was established in late 1994 and is capitalized by a \$50 million grant through USAID. The Fund's capital has been used principally to support small and medium-sized Romanian businesses with good growth potential, through equity investments and lending programs. In 1995, RAEF established a wholly-owned subsidiary in Romania, "Filiala din Romania a Fondului Romano-American pentru Investitii," through which it manages its operations in Romania. The Fund has two equity programs and two loan programs. Furthermore, in cooperation with the International Executive Service Corps (IESC) and the International Center for Entrepreneurial Studies (ICES), a Romanian NGO, the Fund operates a technical assistance program.

The Fund pursues its goals through a variety of programs, such as:

- The **Major Transaction Program (MTP)** makes equity-related investments -- straight equity and convertible debt -- in amounts of \$1-5 million. To date, the Fund has invested over \$60 million in 18 companies, from its own funds and other private sources.
- RAEF was instrumental in raising a \$65 million **Romanian Investment Fund (RIF)** from U.S. and Western European sources. RAEF acts as RIF's advisor for private placements, co-invested with RIF dollar for dollar, and received fees for its services.
- The **Small Business Investment Fund (SBIF)**, launched in late 1997, is the only private equity investment fund in Romania dedicated to the small entrepreneur. SBIF operates with an initial \$5 million capital allocated by the RAEF Board. It invests amounts between \$50,000 and \$250,000, through a combination of equity and convertible debt.
- The **Small Loan Program (SLP)**, launched in January 1997, makes loans ranging from \$20,000 to \$150,000. With an initial capital of \$10 million, of which \$5 million was contributed by IFC, SLP targets small entrepreneurs who have no other source of capital and trains local bankers in cash flow lending methodology. An additional \$5 million will be contributed by Banca Romaneasca, a local private bank.
- The **Micro Loan Program (MLP)**, launched early in 1996, is currently operational in three counties with 410 loans approved and 380 disbursed. Loans range between \$2,500 and \$15,000, to be repaid in 12 to 36 months.
- **ACCES for Business** is a technical assistance program designed to facilitate financing for SMEs, by RAEF or other financing sources. Business questionnaires have been received from over 340 companies, and, after a first screening, 285 companies have been visited by experts from the International Center for Entrepreneurial Services.

In 1998, RAEF sold half of its original investments to the private Romanian Investment Fund. The Fund invested \$9.7 million in businesses, such as a marble quarry, farms, a leasing company, and a bank. RAEF committed \$5 million for a controlling interest in a private bank, Banca Romaneasca, and increased the capital pool for the Small Loan Program with \$5 million from the same bank. RAEF's investee, Policolor, acquired 51 percent of Orgachim, a Bulgarian chemical plant, whose complementary products will enhance Policolor's value. Finally, the Fund expanded the Micro Loan Program to Timis county, in cooperation with Cooperative Housing Foundation, and obtained a \$1 million commitment from the Soros Foundation for micro loans.

RAEF's investment team also has started fundraising efforts for a new Central Europe Partnership Fund, LP. The target capitalization for this fund is \$135 million for Romania, Hungary, and Poland. Fundraising activities started in October, and approximately 20 potential European and U.S. investors have been visited. Despite recent turmoil in the international markets, the investor interest in this fund is relatively high. BNP has committed \$20 million towards this regional fund.

During 1999, RAEF will continue to nurture and monitor current major investments with a goal of achieving self-sustainability. It will continue constructive dialogue with Romanian officials and help identify and eliminate constraints to private sector activity in law, policy, and business practice. Finally, RAEF will pursue fundraising efforts for all of its projects.

V. INTERNATIONAL INSTITUTIONS AND INITIATIVES

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

The Organization for Economic Cooperation and Development (OECD) established the Center for Cooperation with Economies in Transition (CCET) in March 1990. Its goal was to assist reforming countries of Central and Eastern Europe in establishing pluralist democracies and making the transition to market economies by providing access to OECD fora for policy dialogue, as well as OECD Secretariat and member country expertise in institution-building and policy management. Since its inception, the CCET has broadened its geographical scope to include all the republics of the former Soviet Union, Mongolia, Vietnam, and the republics of the former Yugoslavia.

In June 1991, the OECD founded the "Partners in Transition" (PIT) program for the (then) Czech and Slovak Republic, Poland, and Hungary. The program was designed to provide specially tailored assistance to each country, including advice and guidance on policies to help them meet the conditions for possible future membership in the OECD. The PIT program concentrated 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 their 1994 Ministerial meeting, OECD members endorsed beginning 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, Hungary and Poland joined the OECD in December 1995, April 1996, and December 1996 respectively. Negotiations with Slovakia are still in progress.

The Centre for Co-operation with Non-Members (CCNM) was established in January 1998, when the CCET was merged with the Liaison and Co-ordination Unit (LCU). The CCNM, in combining the functions of these two entities, now serves as the focal point for the development and pursuit of cooperation between the OECD and non-member economies.

The CCNM manages thematic and country programs. The thematic programs, which are multi-country in focus, are linked to the core generic work areas of the Organization (such as trade and investment, taxation, labor market and social policies, and environment). The Emerging Market Economy Forum (EMEF) and the Transition Economy Program (TEP) provide the framework for activities under the thematic programs. The EMEF is a flexible forum in which non-members are invited to participate, depending on the theme under discussion. The TEP is focused exclusively on transition economies. Country programs, providing more focused dialogue and assistance, are now in place for Bulgaria, Romania, the Slovak Republic (a candidate for accession to the OECD), and Slovenia, among the CEE countries.

Activities involving technical training have for the most part been phased out. Many CCNM 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.

In recent years, budgetary pressures have resulted in sharp cuts in the CCNM budget. In 1998, CCNM's budget was over 18 percent below its 1995 peak, and another significant cut is expected in 1999. As work on transition economies is gradually phased out, the OECD is

refocusing its work with non-members on a limited number of larger countries. Members are currently debating the appropriate balance between country-specific and thematic activities.

CCNM 1998 Budget
(Thousands of US\$)*

<u>Country Programs**</u>	
Slovakia	300
Bulgaria	512
Romania	810
Slovenia	382
Baltics (Estonia, Latvia and Lithuania)	138
<u>Thematic Policy Dialog</u>	
Transition economies ***	3,461

* Budget includes contributions from all members and is set in French francs, converted at $\text{fr}5.54=\$1.00$.

** There are no country-specific budgets in the CCNM program for other SEED-recipient countries.

*** There are no country-specific budgets for these activities, but they are open to SEED-recipient countries and other former communist countries.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

The EBRD was founded in 1991 to support market-oriented economic reform and democratic pluralism in Central and Eastern Europe (including the former USSR). All Central European countries except Serbia-Montenegro are EBRD members. The EBRD has 60 shareholders, including 58 countries, the European Investment Bank, and the European Community. It has ECU 20 billion in authorized capital.

The EBRD is unique among multilateral development banks in its private sector focus and inclusion of political conditionality, which requires commitment by beneficiaries to democracy and the rule of law. To foster the transition process, the EBRD concentrated on specific sectors in 1998, including financial institutions, manufacturing, power generation, energy efficiency, and municipal and environmental infrastructure.

The Russian financial crisis has had a significant impact on EBRD activities in the region. Operating profit for the first nine months of 1998 was ECU 183.7 million. As a result of the need to provision ECU 326.4 million against portions of its portfolio in 1998, mainly in Russia, the EBRD showed a net loss after provisions of ECU 142.7 million. As of September 30, 1998, the EBRD had paid-in capital of ECU 5.1 billion.

The EBRD will continue to be guided by its operations priorities, reaffirmed by its Governors at the 1998 Annual Meeting. They include supporting the transition process and continuing to work in all countries of operations.

Through December 31, 1997, the EBRD had made cumulative commitments (net of cancellations) to individual SEED countries of approximately ECU 5.6 billion, out of total country-specific commitments of ECU 10.2 billion. Three SEED countries – Romania, Hungary and Poland – rank second, third and fourth, respectively, in garnering EBRD commitments. Russia is first. Of loans made in 1997, 44 percent were to countries in the early/intermediate stages of transition. Seventy-six percent were for loans made to the private sector, well over the EBRD's mandated target of 60 percent.

EBRD BOARD APPROVALS TO SEED-RECIPIENT COUNTRIES
(through 31 December 1997*)
(in millions of ECU)**

	FY 97	Cumulative Total
Albania	0	62
Bosnia-Herzegovina	20	49
Bulgaria	52	268
Croatia	37	341
Czech Republic	57	447
Estonia	49	175
Hungary	89	992
Latvia	32	198
Lithuania	1	135
FYROM***	0	149
Poland	210	986
Romania	206	1074
Serbia-Montenegro	not a member	
Slovak Republic	18	368
Slovenia	30	350
TOTAL	801	5594

* These are the most current figures available at the time this report went to print.

** One ECU equaled \$1.04 U.S. dollars on December 31, 1997. Totals for individual countries reflect cancellations of previously approved projects and exchange rate variations. They represent approvals by the Board, not actual signed commitments, which are lower.

*** Former Yugoslav Republic of Macedonia

U.S. Contributions to the EBRD

FY 91	\$70 million
FY 92	\$69 million
FY 93	\$60 million
FY 94	\$ 0
FY 95	\$69 million
FY 96	\$70 million
FY 97	\$12 million
FY 98	\$36 million

**INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT (IBRD) AND INTERNATIONAL DEVELOPMENT
ASSOCIATION (IDA)**

The International Bank for Reconstruction and Development (IBRD) provides technical advice, project finance, and adjustment lending at near-commercial rates to support specific policy changes and institutional reforms in developing countries. The Bank's first priority overall is poverty reduction. The International Development Association (IDA) lends to the poorest countries at highly concessional rates. Among the SEED countries, Albania, Bosnia-Herzegovina, and the Former Yugoslav Republic of Macedonia are eligible for IDA credits.

The IBRD and IDA approved over \$1.3 billion in loans and credits to Central Europe in FY 98 (the Bank's fiscal year runs from July 1 to June 30). Worldwide, IBRD and IDA committed a total of about \$19.1 billion. The Bank remains the single largest official source of external financing for governments in Central Europe.

IBRD LOAN AND IDA CREDIT APPROVALS
(Millions of U.S. \$)

Country	FY 98	Cumulative Approvals as of 6/30/98*
Albania	84.2	356.7
Bosnia-Herzegovina	177.0	384.6**
Bulgaria	116.0	1049.3
Croatia	106.9	625.4
Czech Republic	0	326.0
Estonia	0	125.7
FYROM***	77.5	377.3
Hungary	110.4	4302.0
Latvia	17.9	256.3
Lithuania	0	273.2
Poland	522.0	4642.5
Romania	130.5	4855.8
Slovak Republic	0	135.0
Slovenia	0	153.2
TOTAL	1332.4	17,863.0

* For the successor states of Yugoslavia and Czechoslovakia, these totals include only loans and credits made directly to the specified country. They do not include loans or credits approved prior to break-up (e.g., a \$300 million structural adjustment credit to Czechoslovakia or numerous loans to the former Yugoslavia). The very high totals for Hungary and Romania are due in part to borrowings prior to 1989; all of Poland's borrowing is post-1989.

** This does not include a \$600 million debt consolidation package approved in 1996.

*** Former Yugoslav Republic of Macedonia.

Source: *World Bank Annual Report 1998*

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 private sector enterprises, 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 and Eastern Europe focus on assisting in the creation of modern financial systems, facilitating investment in infrastructure, promoting private sector development, supporting locally-owned and smaller companies in the region, providing technical assistance in privatization and capital market development, financing joint ventures and creating models to attract foreign investment, and providing legal and technical advice on a wide range of corporate and financial issues.

IFC APPROVALS AND COMMITMENTS*
as of June 30, 1998
(millions of US\$)

	Project Approvals FY 98	Cumulative gross commitments as of 6/30/98**
Albania	58.5	0
Bosnia-Herzegovina	18.1	42.8
Bulgaria	45.0	21.6
Croatia	23.8	95.9
Czech Republic	12.1	285.8

Estonia	6.0	34.3
FYROM***	41.3	58.1
Hungary	41.2	308.6
Latvia	24.2	29.1
Lithuania	0	10.7
Poland	30.6	338.0
Romania	40.7	102.6
Slovenia	0	226.7
Regional	2.0	
Total	343.5	1554.2

*Discrepancies, if any, result from projects that have been approved but not yet signed. Commitments are net of project cancellations.

**Totals are for original commitments and do not include commitments made to the former Yugoslav republics prior to break-up. Cumulative commitments are composed of disbursed and undisbursed amounts; since undisbursed amounts are valued at current exchange rates, dollar figures may change year-to-year for a given project. The IFC's fiscal year runs from 7/1 to 6/30.

***Former Yugoslav Republic of Macedonia.

Source: 1998 IFC Annual Report

INTERNATIONAL MONETARY FUND (IMF)

The International Monetary Fund's new lending commitments in support of stabilization and market-oriented reforms in Central Europe declined in FY 98 to \$1,570 million from \$1,687 million in FY 97. The decreased commitments were primarily the result of exchange rate changes and the expiration of the Romanian Stand-by Arrangement (SBA). IMF credits are generally disbursed in several tranches during the programs and are conditional on observance of quantitative performance criteria and the implementation of structural reforms.

Most countries in the region participated in some way in an IMF program, new or ongoing. In most cases the ongoing programs were approved in FY 97, but represent continuations of previous programs. In FY 98, the IMF approved an Extended Fund Facility (EFF -- the IMF's non-concessional long-term structural adjustment facility) of \$835 million for Bulgaria in September 1998, and a new Stand-by Arrangement (the IMF's main short-term stabilization window) for Bosnia-Herzegovina of \$81 million in May 1998.

Performance under IMF programs by Croatia and Romania weakened during FY 98, as macroeconomic performance deteriorated. However, Bulgaria and Albania continued to perform well, and due to relatively strong external positions, Latvia and Estonia do not intend to draw on their credit lines either, although both countries continue an active policy dialogue with the Fund.

Albania fell into near anarchy early in 1997 due to irregularities in national elections the prior year and the collapse of financial pyramid schemes in which over half the Albanian population had invested. By the fall of 1997, the political situation had stabilized enough to allow the Government of Albania (GOA) to negotiate a post-conflict facility with the IMF for \$12 million. The GOA has negotiated a longer-term economic program supported by an Enhanced Structural Adjustment Facility (ESAF -- the IMF's concessional lending program for poor countries) of \$47 million.

Bosnia-Herzegovina became an IMF member on December 20, 1995. The IMF also approved a drawing of \$45 million in emergency assistance for post-conflict countries on the same day. The IMF approved a Stand-By Arrangement in May 1998 of \$81 million geared Bosnia as a whole, i.e., it was not apportioned to the two entity governments.

Bulgaria implemented a Stand-By arrangement worth \$371.9 million, amidst a difficult political situation. It also received \$147 million through the Contingency and Compensatory

Financing Facility in response to its acute food shortage at the end of winter. Under the Stand-By, Bulgaria agreed to institute a currency board, in which the *lev* is tied one-to-one to the DM. The economy stabilized rapidly, and Bulgaria was able to make two other drawings under its Stand-By. In September 1998, the Fund approved an Extended Fund Facility of \$835 million.

Croatia negotiated a three-year EFF worth \$483 million in March 1997. Its next two disbursements were delayed over the international community's concerns that continued economic progress was jeopardized by Croatia's failure to implement its commitments under the Dayton and Erdut Peace accords. The IMF Board approved the two delayed disbursements in October 1997, but Croatia decided not to draw these amounts. The facility has been inactive, and there have been no further reviews. The EFF expires March 2000.

The Czech Republic maintains regular consultations with the IMF, does not have an IMF program in place, and has accepted IMF obligations for full convertibility on current account transactions.

Estonia turned in a solid performance under a Stand-By arrangement which expired in August 1997. A currency board has been in place since 1992. Over 75 percent of the economy, by output measures, is under private ownership. Particular attention is being paid to the institutional financial framework that supports the market. The IMF is expected to approve a follow-on Stand-By Arrangement of \$21.5 million in the latter half of December. As with the prior SBA, Estonia views the new agreement as a cautionary program and does not plan to draw on it.

Hungary exhibited strong performance under a 23-month Stand-By Arrangement, which expired in February 1998. Particular progress has been made in achieving stronger growth while maintaining a sustainable external account position and pressing ahead on structural reforms, including pension reform and trade liberalization. Inflation has been reduced but remains high by industrialized country standards.

Latvia obtained approval of an 18-month IMF follow-on Stand-By Arrangement in the amount of \$44.2 million in October 1997 to support the government's 1997-1999 economic program. Latvian authorities indicated their intention not to draw on the credit. The Fund noted in October 1998 that Latvian macroeconomic developments through mid-1998 were more favorable than expected and stated that all performance criteria were met. While the economic crisis in Russia poses a danger to Latvia, the IMF termed this problem "manageable."

Lithuania performed well under its three-year Extended Fund Facility, which expired in October 1997. It lowered inflation to about 10 percent and achieved growth of 4.5 percent in 1997, while structural reforms moved ahead as intended. While Lithuania decided against seeking another arrangement with the IMF, the government continues close informal policy consultations with the Fund.

The Former Yugoslav Republic of Macedonia (FYROM) has a strong commitment to economic reform and achieved financial stabilization, despite many adverse external factors. It agreed to a three-year Enhanced Structural Adjustment Facility worth \$75 million in April 1997, and has demonstrated a commitment to macroeconomic stabilization and structural reform.

Poland's Stand-By Arrangement expired in March 1996, eight months after it had fully repaid its obligations to the Fund. Poland has not sought another IMF program but maintains informal policy discussions and consultations with the IMF.

Romania's new government negotiated a Stand-By Arrangement for \$413 million, which was approved by the IMF in April 1997. Romania implemented some reforms at first, slipped in its adherence to the program after September 1997, and did not request to draw further under the SBA. The SBA expired in May 1998, after Romania had made two of the five scheduled draw-

downs. The Romanian government, however, resumed negotiations with the IMF in late 1998 and has proceeded with the privatization or closure of some major state enterprises.

Serbia and Montenegro has not been admitted to the IMF, due to unresolved issues stemming from the break-up of the former Socialist Federal Republic of Yugoslavia (SFRY).

Slovakia has not sought an IMF agreement since the March 1994 completion of a Stand-By arrangement, although the Fund continues to provide policy advice as Slovakia grapples with widening current account and budget deficits.

Slovenia joined the IMF in December 1992, with a quota of \$211 million. Slovenia has not requested IMF financial assistance to date.

IMF PROGRAMS IN CENTRAL EUROPE
(SDR \$1.50 = US \$1)*

<i>Country</i>	<i>Program Dates</i>	<i>Amount Approved</i>
Albania	SBA: 8/26/92-8/25/93 (Replaced by ESAF)	\$ 30 million
	ESAF: 7/14/93-7/13/96	
	PC: 11/7/97	\$ 64 million
	PC: 12/20/95	\$ 12 million
	ESAF: 5/13/98-5/12/01	\$ 47 million
Bosnia-Herzegovina	EFF: 5/29/98-5/28/99	\$ 81 million
Bulgaria	SBA: 3/15/91 - 3/14/92	\$ 419 million
	SBA: 4/17/92 - 4/16/93	\$ 233 million
	SBA: 4/11/94 - 3/31/95	\$ 209 million
	STF: 4/11/94 - 3/31/95	\$ 174 million
	SBA: 7/19/96 - 3/18/98	\$ 582 million
	SBA: 4/11/97 - 6/10/98	\$ 510 million
	CCFF: 4/11/97	\$ 148 million
EFF: 9/25/98 - 9/24/01	\$ 835 million	
Croatia	SBA: 10/14/94 - 4/13/96	\$ 98 million
	STF: 10/14/94 - 10/13/96	\$ 98 million
	STF: 4/11/95 - 4/10/96	\$ 98 million
	EFF: 3/12/97 - 3/11/00	\$ 48.3 million
Czech Republic	SBA: 3/17/93 - 3/16/94	\$ 266 million
Estonia	SBA: 9/16/92 - 9/15/93	\$ 42 million
	SBA: 10/27/93 - 3/26/95	\$ 17 million
	STF: 10/27/93 - 5/15/94	\$ 17 million
	STF: 1/10/95 - 1/9/96	\$ 17 million
	SBA: 4/11/95 - 7/10/96	\$ 22 million
	SBA: 7/29/96 - 8/29/97	\$ 20 million
Hungary	SBA: 5/16/88 - 6/30/89	\$ 398 million
	SBA: 3/14/90 - 2/20/91	\$ 239 million
	EFF: 2/20/91 - 2/14/94 (Replaced by SBA)	\$1,671 million
	SBA: 9/15/93 - 12/14/94 (Suspended)	\$ 510 million
	SBA: 3/15/96 - 2/14/98	\$ 396 million
Latvia	SBA: 9/14/92 - 9/13/93	\$ 82 million
	SBA: 12/15/93 - 3/14/95	\$ 34 million
	STF: 12/15/93 - 12/14/94	\$ 34 million
	STF: 7/15/94-7/14/95	\$ 34 million

	SBA: 4/21/95 - 5/20/96	\$ 44 million
	SBA: 4/1/96-6/30/97	\$ 43 million
	SBA: 10/10/97 - 4/9/99	\$ 45 million
Lithuania	SBA: 10/21/92 - 9/20/93	\$ 85 million
	SBA: 10/22/93 - 3/21/95 (Replaced by EFF)	\$ 39 million
	STF: 10/22/93 - 3/15/94	\$ 39 million
	EFF: 10/24/94-10/23/97	\$ 202 million
Macedonia	STF: 2/11/94 - 2/10/95	\$ 19 million
	STF: 5/5/95 - 5/4/96	\$ 19 million
	BA: 5/5/95 - 6/4/96	\$ 24 million
	SAF: 4/11/97 - 4/10/00	\$ 75 million
Poland	EFF: 4/18/91 - 3/8/93	\$1,836 million
	BA: 3/8/93 - 4/8/94	\$ 714 million
	SBA: 8/5/94 - 3/4/96	\$ 500 million
Romania	SBA: 6/15/81 - 1/31/84	\$1,654 million
	BA: 4/11/91 - 4/10/92	\$ 571 million
	BA: 5/29/92 - 3/28/93	\$ 471 million
	BA: 5/11/94 - 12/10/95	\$ 198 million
	TF: 5/11/94 - 12/10/95	\$ 283 million
	BA: 4/23/97 - 5/22/98	\$ 413 million
Slovakia	STF: 6/27/93 - 6/26/94	\$ 97 million
	STF: 6/22/94 - 6/21/95	\$ 97 million
	BA: 7/22/94 - 3/21/96	\$ 174 million

* For Programs approved in 1997, SDR 1.33 = \$1

Notes: SBA: Stand-By Arrangement
EFF: Extended Fund Facility
STF: Systemic Transformation Facility
ESAF: Enhanced Structural Adjustment Facility

PC: Emergency assistance for post-conflict countries
CCFF: Contingency and Compensatory Financing Facility
SMP: Staff Monitored Program

DEBT REDUCTION AND RESCHEDULING

In 1992, with the dissolution of the former Yugoslavia, the Paris Club decided to allocate Yugoslavia's debt 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 debt owed to or guaranteed by entities located on its territory ("allocated debt");
- (3) with respect to the 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, Macedonia, and Bosnia have accepted this arrangement in writing.

Slovenia has not subsequently rescheduled its debts with the Paris Club because it has been able to pay according to the original schedules or those set under previous Paris Club agreements with Yugoslavia. Croatia rescheduled \$861 million of its debts in the Paris Club in March 1995 (of which \$72 million is owed to the U.S. Government). Macedonia rescheduled \$288 million of its Paris Club debt in July 1995 (of which \$92 million is owed to the USG). Bosnia obtained a "Naples terms" 67 percent debt flow reduction with Paris Club creditors on October 28, 1998. Naples terms treatment is reserved for the poorest, most indebted countries. The agreement treated \$837 million in Paris Club claims (of which \$55 million was owed to the USG) and provided Bosnia with a net present value debt reduction equivalent to \$560 million.

BALTIC AMERICAN PARTNERSHIP FUND

The Baltic American Partnership Fund (BAPF) is a \$15 million endowment established jointly by the U.S. Government (USG) and the Open Society Institute. The ten-year endowment permits continued American support for non-governmental organizations (NGOs) to improve the prospects for greater citizen involvement in political and economic decision-making within the three Baltic countries. The USG was the catalyst for this Fund so that a greater and more enduring legacy of American assistance would be possible, following the completion of traditional bilateral aid and closure of the USAID Missions.

Since the restoration of their independence in 1990-1991, Estonia, Latvia, and Lithuania have made demonstrable progress in the transition to democratic, market economies. Public confidence in governmental institutions and citizen participation in decision-making have not kept pace, however. NGOs currently face structural impediments, including onerous statutes and tax policies; inadequate financial resources and a weak tradition of organized philanthropy; and limited management and organizational skills for sustaining NGOs, absent international support.

The BAPF exists to provide grants to NGOs for training and technical assistance to enhance the capabilities and sustainability of local NGOs and to address the key structural and functional weaknesses that limit civil society at a time when it should be flourishing. Civic participation is intrinsic to democratic society and, as a practical matter, can ameliorate some of the dislocations and "backlash" that accompany a difficult transition from a command to a market economy.

The BAPF is now a 501C(3) public organization, directed by an independent board of Directors. The Board -- selected by a steering committee -- is comprised of seven prominent citizens committed to the objectives of the public-private partnership. The USG and the Open Society Institute have Ex Officio Board membership.

The Board of Directors sets broad policy guidance for the Fund, in particular determining what constitutes responsible grant-making that is faithful to the USG's goals and purposes. The Board also acts as overseer of the asset manager entrusted with the Fund's investment portfolio, and it established criteria to allocate funds annually to each of the Baltic countries. The Board also ensures the preparation of annual reports and audited financial statements to comport with USG standards.

In the first year of operation, the Board has agreed to award the Baltic states equal allocations of \$400,000 each, with an additional \$350,000 fund to be used for regional programs, especially meritorious proposals, or to address the special needs of the disenfranchised ethnic communities. The Board expects the indigenous implementing organizations -- the National Open

Society Institutes -- to award individual grants pursuant to its approval of a strategic plan for each country. The strategic plan must describe approaches to legal and regulatory impediments and tax reform, institutional development, and financial sustainability.

The National Open Society Institutes within Estonia, Latvia, and Lithuania are the implementing organizations. The annual strategic plan which they submit for Board approval is prepared under the aegis of a Local Experts Council in each Baltic country. The Local Experts Council is a group of people drawn from the media, business, community activists, etc., who can articulate and recommend ways to strengthen civil society in their countries. The U.S. Ambassador may nominate members to the Council, and at least one member must be an American citizen. Further, the Open Society Institutes are obliged to consult with the U.S. Ambassador and the Country Team. The Baltic-American Partnership Fund is an independent endowment, governed by an independent Board of Directors, but the enabling charter sets as its goal the transmission of an American conception of civil society, while honoring each country's perceptions of its own needs.

FY	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1990	290,778	0	0	2,339	0	745	0	7,871	0	0	0	259,582	5,729	582	0	203	13,727
1991	331,580	5,515	0	27,647	0	28,262	3,355	51,020	2,924	3,056	1,484	108,621	12,791	20,098	240	1,286	65,281
1992	415,626	30,283	20	36,557	512	35,702	3,911	46,809	5,942	6,862	789	150,777	19,990	28,322	437	226	48,487
1993	258,174	14,292	1,555	23,272	3,136	17,844	4,194	30,877	4,006	5,086	2,593	66,918	34,419	14,127	770	62	35,023
1994	480,923	16,488	14,562	40,490	13,383	38,444	11,795	42,934	15,279	13,443	13,274	129,409	31,429	44,353	3,596	0	52,044
1995	424,813	34,349	23,545	39,788	14,872	19,931	2,459	27,335	6,693	16,557	14,044	83,503	43,975	29,649	3,778	144	64,191
1996	509,872	21,672	232,111	32,080	16,705	6,024	80	20,779	4,283	9,225	10,706	48,933	27,855	17,341	3,374	0	58,704
1997	473,144	14,753	248,094	30,174	16,096	226	0	9,041	3,858	6,008	15,287	34,040	31,617	13,859	3	0	50,088
1998	537,692	31,353	258,165	35,796	17,257	0	0	9,922	2,728	6,259	17,410	35,487	34,823	10,202	0	12,790	65,500
TOTALS	3,722,602	168,705	778,052	268,143	81,961	147,178	25,794	246,588	45,713	66,496	75,587	917,270	242,628	178,533	12,198	14,711	453,045

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.

All 632A Transfers to other U.S. Agencies and some 632A Allocations are counted as obligated in the fiscal year transferred or allocated respectively. (See detailed report).

Obligation levels are provided by the ENI bureau and do not reflect official Agency levels.

Date: 1/25/1999

Report: d_seed_summary

**U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
FY 90-98 OBLIGATIONS BY COUNTRY**

Page 1 of 1

SUMMARY REPORT AS OF 09/30/98

(in US\$ 000's)

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
A. STRENGTHENING DEMOCRATIC INSTITUTIONS																	
1. Democratic Pluralism	187,385	13,368	24,327	42,033	9,740	3,235	760	7,231	1,732	2,696	5,239	10,403	15,236	13,200	501	4,545	33,139
2. Political Process and Governance	145,891	4,642	4,383	15,258	1,308	3,670	2,683	5,766	3,647	3,629	4,272	27,933	11,105	2,567	14	2,103	52,913
SUB-TOTALS	333,276	18,010	28,710	57,291	11,048	6,905	3,443	12,997	5,379	6,325	9,511	38,336	26,341	15,767	515	6,648	86,052
AS % OF GRAND TOTALS	9.0%	10.7%	3.7%	21.4%	13.5%	4.7%	13.3%	5.3%	11.8%	9.5%	12.6%	4.2%	10.9%	8.8%	4.2%	45.2%	19.0%
B. ECONOMIC RESTRUCTURING																	
1. Macroeconomic Support	234,227	0	0	10,000	0	9,999	0	10,000	0	0	0	199,227	0	5,001	0	0	0
2. Privatiz. & Assist. to Enterprises	503,673	12,936	56,225	40,801	13,309	34,587	5,928	46,055	12,649	18,011	23,247	121,290	45,379	38,985	5,273	2,315	26,683
3. Improving Business Climate	129,985	9,133	1,500	8,553	887	3,942	3,271	8,439	4,113	4,937	4,256	21,932	8,477	6,105	1,212	0	43,228
4. Investment and Trade	582,719	18,430	0	57,632	59	29,763	3,522	75,713	4,517	4,340	69	263,588	43,142	40,510	2,059	0	39,375
5. Human Resources	208,722	11,557	7,645	16,366	4,603	17,801	2,056	22,244	4,904	6,846	6,575	41,639	14,545	14,789	1,506	1,780	33,866
6. Agriculture and Agribusiness	133,717	13,556	182	20,091	0	5,248	1,028	11,935	2,251	6,580	15,096	34,479	14,551	6,565	180	0	1,975
7. Agriculture Sector Programs	58,298	48,298	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
8. Energy Efficiency	142,438	0	24	10,292	0	7,669	878	7,736	3,384	7,852	1,587	34,423	13,779	6,047	0	0	48,767
SUB-TOTALS	1,993,779	113,910	65,576	163,735	18,858	109,009	16,683	182,122	31,818	48,566	50,830	716,578	149,873	118,002	10,230	4,095	193,894
AS % OF GRAND TOTALS	53.6%	67.5%	8.4%	61.1%	23.0%	74.1%	64.7%	73.9%	69.6%	73.0%	67.2%	78.1%	61.8%	66.1%	83.9%	27.8%	42.8%
C. IMPROVING THE QUALITY OF LIFE																	
1. Short-term Emerg. & Humanit. Asst.	553,076	5,246	458,495	5,795	21,834	2,715	186	3,414	581	841	4,000	10,913	20,536	2,822	100	1,880	13,718
2. Employment & the Social Safety Net	44,124	116	0	4,186	0	224	0	5,121	0	0	800	21,383	1,177	1,041	0	0	10,076
3. Urban Development	145,489	5,531	0	8,670	13,070	7,882	0	12,425	0	0	653	61,015	4,852	12,992	0	0	18,399
4. Health	83,642	6,922	0	6,277	3,754	8,425	1,504	8,398	1,147	0	0	9,098	17,850	10,164	0	0	10,103
5. Environment	159,328	9,257	0	17,740	0	10,323	3,803	12,096	3,054	5,108	500	36,188	15,247	15,134	0	0	31,088
SUB-TOTALS	985,659	27,072	458,495	42,668	38,658	29,569	5,203	41,454	4,782	5,949	5,953	138,577	59,682	42,153	100	1,880	83,394
AS % OF GRAND TOTALS	26.5%	16.0%	58.9%	15.9%	47.2%	20.1%	20.5%	16.8%	10.5%	8.9%	7.9%	15.1%	24.6%	23.6%	0.8%	12.8%	18.4%
D. MISCELLANEOUS																	
1. (MISC. in Detail)	409,888	9,713	225,271	4,449	13,399	1,695	375	10,015	3,734	5,656	9,293	23,779	6,752	2,611	1,353	2,088	89,705
SUB-TOTALS	409,888	9,713	225,271	4,449	13,399	1,695	375	10,015	3,734	5,656	9,293	23,779	6,752	2,611	1,353	2,088	89,705
AS % OF GRAND TOTALS	11.0%	5.8%	29.0%	1.7%	16.3%	1.2%	1.5%	4.1%	8.2%	8.5%	12.3%	2.6%	2.8%	1.5%	11.1%	14.2%	19.8%
GRAND TOTALS	3,722,602	166,705	778,052	268,143	81,961	147,178	25,794	246,588	45,713	66,496	75,587	917,270	242,628	178,533	12,198	14,711	453,045

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. Democratic Pluralism																	
1800021 Political and Social Process																	
FY 1991																	
00 . Political and Social Process	4,445	520	0	648	0	445	40	729	40	40	0	688	202	243	0	162	688
04 . Books for Albania	138	138	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1991	4,583	658	0	648	0	445	40	729	40	40	0	688	202	243	0	162	688
FY 1992																	
00 . Political and Social Process	1,554	156	0	78	46	78	46	31	46	46	31	46	124	140	31	0	655
01 . Educational Reform-USIA	2,132	149	0	128	42	42	64	256	192	64	0	192	149	64	42	0	748
02 . Civil Society & Ethics Relations	116	0	0	116	0	0	0	0	0	0	0	0	0	0	0	0	0
05 . Political Orgs(Inclu Elections)	97	0	0	0	0	0	33	0	0	0	0	0	14	0	0	0	50
08 . AFL-CIO Support	1,454	0	0	320	0	0	0	247	0	320	0	218	349	0	0	0	0
09 . German Marshall Fund	586	70	0	241	0	53	0	47	0	0	0	64	76	35	0	0	0
10 . American Univ. of Bulgaria	1,000	0	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	6,939	375	0	1,883	88	173	143	581	238	430	31	520	712	239	73	0	1,453
FY 1993																	
00 . Political and Social Process	2,000	0	0	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0
01 . Educational Reform-USIA	1,872	0	0	18	0	0	18	75	131	112	0	0	75	0	0	0	1,443
03 . Books For Democracy-USIA	999	99	0	54	33	47	28	18	29	29	19	31	79	94	19	0	420
05 . Political Orgs(Inclu Elections)	3,145	598	0	719	0	0	0	0	0	0	197	0	1,417	0	0	45	169
08 . AFL-CIO Support	839	0	0	0	0	0	0	0	0	0	0	839	0	0	0	0	0
10 . American Univ. of Bulgaria	71	0	0	71	0	0	0	0	0	0	0	0	0	0	0	0	0
11 . Yugoslav New Republics	400	0	100	0	100	0	0	0	0	0	200	0	0	0	0	0	0
Subtotal - FY 1993	9,326	697	100	2,862	133	47	46	93	160	141	416	870	1,571	94	19	45	2,032
FY 1994																	
00 . Political and Social Process	4,000	0	0	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0
01 . Educational Reform-USIA	2,549	231	0	0	0	0	0	483	0	0	0	483	693	659	0	0	0
02 . Civil Society & Ethics Relations	368	61	0	61	0	0	0	50	0	0	0	64	61	61	0	0	10
05 . Political Orgs(Inclu Elections)	4,021	655	0	819	0	0	229	0	329	266	278	0	1,069	344	0	0	32
08 . AFL-CIO Support	3,704	0	0	807	284	0	0	0	0	208	0	993	578	0	0	0	834
10 . American Univ. of Bulgaria	1,879	0	0	1,879	0	0	0	0	0	0	0	0	0	0	0	0	0
12 . PSC's and Travel	10	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	0
Subtotal - FY 1994	16,531	947	0	7,566	284	0	229	533	329	474	278	1,540	2,401	1,064	10	0	876

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Date: 1/25/1999

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**U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
FY 90-98 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/98**
(in US\$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. Democratic Pluralism																	
1800021 Political and Social Process																	
FY 1995																	
00 . Political and Social Process	399	0	0	0	0	0	0	0	0	0	0	250	0	149	0	0	0
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	549	137	0	110	0	0	0	0	0	82	110	0	110	0	0	0	0
05 . Political Orgs(Inclu Elections)	3,971	600	0	355	350	0	0	0	240	449	315	0	921	703	0	0	38
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 . PSC's and Travel	28	0	0	2	0	0	0	0	0	0	0	0	1	0	0	0	25
Subtotal - FY 1995	14,677	837	0	5,834	350	200	0	400	240	581	425	2,030	2,057	1,410	0	0	313
FY 1996																	
00 . Political and Social Process	24,177	446	3,017	15,440	880	0	0	600	50	75	299	1,139	209	1,700	0	0	322
05 . Political Orgs(Inclu Elections)	877	122	0	605	0	0	0	0	50	100	0	0	0	0	0	0	0
Subtotal - FY 1996	25,054	568	3,017	16,045	880	0	0	600	100	175	299	1,139	209	1,700	0	0	322
FY 1997																	
00 . Political and Social Process	15,980	1,117	6,021	550	1,761	0	0	0	0	0	250	860	1,476	1,937	0	0	2,008
Subtotal - FY 1997	15,980	1,117	6,021	550	1,761	0	0	0	0	0	250	860	1,476	1,937	0	0	2,008
FY 1998																	
00 . Political and Social Process	12,848	1,337	4,335	300	957	0	0	0	0	0	1,260	0	945	1,675	0	1,359	680
Subtotal - FY 1998	12,848	1,337	4,335	300	957	0	0	0	0	0	1,260	0	945	1,675	0	1,359	680
Total - Project 1800021	105,938	6,536	13,473	35,888	4,453	865	458	2,936	1,107	1,841	2,959	7,647	9,573	8,362	102	1,566	8,372
1800022 Independent Media																	
FY 1991																	
02 . Media Training-USIA	1,500	75	0	105	0	45	0	15	0	15	0	180	165	45	60	15	780
03 . Professional Media Program	349	0	0	0	0	0	119	0	115	115	0	0	0	0	0	0	0
48 . USIA*	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000
Subtotal - FY 1991	6,849	75	0	105	0	45	119	15	115	130	0	180	165	45	60	15	5,780
FY 1992																	
01 . Int. Media Fund	3,748	1,050	0	150	262	525	0	262	0	0	112	300	300	112	225	0	450
02 . Media Training-USIA	450	8	0	39	0	3	9	0	9	0	0	0	39	3	39	0	303
04 . Bosnia Media	300	150	0	0	0	0	0	0	0	0	0	0	150	0	0	0	0

* 632A Allocations counted as obligations

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. Democratic Pluralism																	
1800022 Independent Media																	
FY 1992																	
05 . Printing press-Albania	1,250	1,250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	5,748	2,456	0	189	262	528	9	262	9	0	112	300	489	115	264	0	753
FY 1993																	
01 . Int. Media Fund	3,747	225	0	337	225	262	0	450	0	0	262	637	337	450	37	0	525
02 . Media Training-USIA	546	0	0	44	5	5	55	27	27	27	27	0	71	55	38	0	165
Subtotal - FY 1993	4,293	225	0	381	230	267	55	477	27	27	289	637	408	505	75	0	690
FY 1994																	
00 . Independent Media	2,770	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,770
02 . Media Training-USIA	514	0	0	55	115	0	0	55	55	55	0	55	55	55	0	0	14
Subtotal - FY 1994	3,284	0	0	55	115	0	0	55	55	55	0	55	55	55	0	0	2,784
FY 1995																	
00 . Independent Media	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
01 . Int. Media Fund	400	0	0	0	0	0	0	400	0	0	0	0	0	0	0	0	0
03 . Professional Media Program	2,651	180	0	500	100	0	0	600	0	15	0	0	725	500	0	0	31
46 . USIA*	900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	900
99 . PSC's and Travel	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
Subtotal - FY 1995	4,660	180	0	500	100	0	0	1,000	0	15	0	700	725	500	0	0	940
FY 1996																	
00 . Independent Media	2,245	100	679	0	430	0	0	236	0	0	0	100	0	300	0	0	400
04 . Bosnia Media	600	0	600	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96 . USIA*	1,055	55	400	100	100	0	0	0	0	100	100	0	0	200	0	0	0
99 . PSC's and Travel	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Subtotal - FY 1996	3,902	155	1,679	100	530	0	0	236	0	100	100	100	0	500	0	0	402
FY 1997																	
00 . Independent Media	6,596	500	2,988	200	935	0	0	250	0	0	0	0	100	0	0	0	1,623
Subtotal - FY 1997	6,596	500	2,988	200	935	0	0	260	0	0	0	0	100	0	0	0	1,623
FY 1998																	
00 . Independent Media	11,712	400	6,142	400	1,000	0	0	0	0	0	0	0	200	800	0	2,300	470
Subtotal - FY 1998	11,712	400	6,142	400	1,000	0	0	0	0	0	0	0	200	800	0	2,300	470
Total - Project 1800022	47,044	3,991	10,809	1,930	3,172	840	183	2,295	206	327	501	1,972	2,142	2,520	399	2,315	13,442

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A. STRENGTHENING DEMOCRATIC INSTITUTIONS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. Democratic Pluralism																	
1800032 Non-Governmental Organizations Development																	
FY 1994																	
09 . Democracy Networks	526	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	526
Subtotal - FY 1994	526	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	526
FY 1995																	
09 . Democracy Networks	14,928	1,190	0	2,005	0	1,530	69	1,625	219	278	696	40	2,711	1,521	0	0	3,044
Subtotal - FY 1995	14,928	1,190	0	2,005	0	1,530	69	1,625	219	278	696	40	2,711	1,521	0	0	3,044
FY 1996																	
09 . Democracy Networks	1,883	300	0	750	0	0	50	0	200	250	333	0	0	0	0	0	0
Subtotal - FY 1996	1,883	300	0	750	0	0	50	0	200	250	333	0	0	0	0	0	0
FY 1997																	
09 . Democracy Networks	4,691	280	25	20	570	0	0	275	0	0	0	731	800	500	0	0	1,490
Subtotal - FY 1997	4,691	280	25	20	570	0	0	275	0	0	0	731	800	500	0	0	1,490
FY 1998																	
00 . NGO Development	8,375	1,071	20	1,640	1,545	0	0	100	0	0	750	13	10	297	0	664	2,265
Subtotal - FY 1998	8,375	1,071	20	1,640	1,545	0	0	100	0	0	750	13	10	297	0	664	2,265
Total - Project 1800032	30,403	2,841	45	4,415	2,115	1,530	119	2,000	419	528	1,779	784	3,521	2,318	0	664	7,325
1800059 Baltic American Partnership Fund																	
FY 1998																	
00 . Baltic American Partnership Fund	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,000
Subtotal - FY 1998	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,000
Total - Project 1800059	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,000
TOTAL - 1. Democratic Pluralism	187,385	13,368	24,327	42,033	9,740	3,235	760	7,231	1,732	2,696	0	10,403	15,236	13,200	501	4,545	33,139

2. Political Process and Governance																	
1800003 Support of Democratic Institutions																	
FY 1990																	
01 . SUNY/Albany	549	0	0	0	0	0	0	549	0	0	0	0	0	0	0	0	0
02 . NED	10,438	0	0	2,297	0	508	0	1,017	0	0	0	2,848	1,729	406	0	203	1,430

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Political Process and Governance
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1800003 Support of Democratic Institutions**FY 1990**

03 . USIA	1,350	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,350
Subtotal - FY 1990	12,337	0	0	2,297	0	508	0	1,566	0	0	0	2,848	1,729	406	0	203	2,780

FY 1991

00 . Support of Democratic Instit.	293	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	293
01 . SUNY/Albany	92	0	0	0	0	0	0	92	0	0	0	0	0	0	0	0	0
02 . NED	1,227	0	0	270	0	61	0	123	0	0	0	344	209	49	0	24	147
Subtotal - FY 1991	1,612	0	0	270	0	61	0	215	0	0	0	344	209	49	0	24	440

Total - Project 1800003

	13,949	0	0	2,567	0	569	0	1,781	0	0	0	3,192	1,938	455	0	227	3,220
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1800017 Political Process**FY 1991**

01 . Political Orgs.(Inclu Elections)	4,019	413	0	1,402	0	0	80	0	80	240	0	0	1,148	0	0	491	165
02 . Baltics grant agreements	297	0	0	0	0	0	74	0	149	74	0	0	0	0	0	0	0
03 . Citizen's Networks (USIA)	2,000	100	0	420	0	80	0	700	0	0	0	500	60	80	0	40	20
Subtotal - FY 1991	6,316	513	0	1,822	0	80	154	700	229	314	0	500	1,208	80	0	531	185

FY 1992

01 . Political Orgs.(Inclu Elections)	2,169	239	0	154	0	12	37	206	53	66	0	211	1,126	65	0	0	0
04 . AFL-CIO Support	3,270	32	0	327	0	0	0	392	0	0	0	1,702	163	0	0	0	654
Subtotal - FY 1992	5,439	271	0	481	0	12	37	598	53	66	0	1,913	1,289	65	0	0	654

Total - Project 1800017

	11,755	784	0	2,303	0	92	191	1,298	282	380	0	2,413	2,497	145	0	531	839
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1800018 Local Government and Public Administration**FY 1991**

01 . Grants Competition	799	0	0	349	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	97	0	0	0	0	0	69	0	14	14	0	0	0	0	0	0	0
Subtotal - FY 1991	1,596	0	0	349	0	225	307	0	287	203	0	0	0	225	0	0	0

FY 1992

01 . Grants Competition	2,514	0	0	0	0	100	0	715	0	0	0	1,599	0	100	0	0	0
Subtotal - FY 1992	2,514	0	0	0	0	100	0	715	0	0	0	1,599	0	100	0	0	0

Total - Project 1800018

	4,110	0	0	349	0	325	307	715	287	203	0	1,599	0	325	0	0	0
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A. STRENGTHENING DEMOCRATIC INSTITUTIONS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Political Process and Governance																	
1800019 Democratic Governance & Public Administration																	
FY 1991																	
37 . Library of Congress*	5,008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,008
Subtotal - FY 1991	5,008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,008
FY 1992																	
00 . Democratic Governance & Pub. Admin.	744	0	0	0	0	0	0	0	0	0	744	0	0	0	0	0	0
01 . Tech. Asst & Equip (FROST)	3,000	0	0	0	0	0	600	0	1,320	1,080	0	0	0	0	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 . USA	60	0	0	60	0	0	0	0	0	0	0	0	0	0	0	0	0
07 . Public Administration	324	0	0	0	0	0	0	0	0	0	0	324	0	0	0	0	0
35 . Library of Congress*	6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,000
Subtotal - FY 1992	12,250	60	0	75	0	180	720	270	1,320	1,155	0	1,113	555	180	0	0	6,622
FY 1993																	
00 . Democratic Governance & Pub. Admin.	46	0	0	21	0	0	0	21	0	0	0	4	0	0	0	0	0
03 . North Atlantic Assembly	252	0	0	63	0	33	0	63	0	0	0	63	0	30	0	0	0
07 . Public Administration	1,556	0	0	287	0	0	0	0	0	0	0	1,269	0	0	0	0	0
36 . Library of Congress*	3,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,500
Subtotal - FY 1993	5,354	0	0	371	0	33	0	84	0	0	0	1,336	0	30	0	0	3,500
FY 1994																	
00 . Democratic Governance & Pub. Admin.	629	0	2	0	0	0	0	0	0	0	0	627	0	0	0	0	0
03 . North Atlantic Assembly	416	26	0	52	0	26	52	52	52	52	0	52	26	26	0	0	0
07 . Public Administration	1,392	0	0	186	0	0	0	25	0	25	25	993	0	0	0	0	138
Subtotal - FY 1994	2,437	26	2	238	0	26	52	77	52	77	25	1,672	26	26	0	0	138
FY 1995																	
00 . Democratic Governance & Pub. Admin.	6,751	0	0	0	0	0	0	0	0	0	0	6,346	405	0	0	0	0
01 . Tech. Asst & Equip (FROST)	123	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	123
07 . Public Administration	15,872	939	31	884	0	1,957	829	0	588	814	816	462	2,174	0	0	0	6,378
35 . Library of Congress*	3,055	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,055
Subtotal - FY 1995	25,801	939	31	884	0	1,957	829	0	588	814	816	6,808	2,579	0	0	0	9,558
FY 1996																	
00 . Democratic Governance & Pub. Admin.	3,403	33	0	0	0	54	0	724	0	0	783	1,745	59	0	0	0	5

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Political Process and Governance
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1800019 Democratic Governance & Public Administration

FY 1996

07 . Public Administration	45	0	0	45	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	3,448	33	0	45	0	54	0	724	0	0	783	1,745	59	0	0	0	5

FY 1997

00 . Democratic Governance & Pub. Admin.	12,470	1,183	2,056	2,395	0	0	0	399	0	0	947	4,229	0	0	0	0	1,261
Subtotal - FY 1997	12,470	1,183	2,056	2,395	0	0	0	399	0	0	947	4,229	0	0	0	0	1,261

FY 1998

00 . Democratic Governance & Pub. Admin.	11,510	0	102	4,372	0	0	0	0	0	0	600	3,104	1,987	0	0	800	545
Subtotal - FY 1998	11,510	0	102	4,372	0	0	0	0	0	0	600	3,104	1,987	0	0	800	545
Total - Project 1800019	78,278	2,241	2,191	8,380	0	2,250	1,601	1,554	1,960	2,046	3,171	20,007	5,206	236	0	800	26,635

1800020 Rule of Law

FY 1991

01 . USIA	348	0	0	0	0	0	87	0	56	82	0	0	0	0	0	0	123
47 . USIA*	850	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	850
Subtotal - FY 1991	1,198	0	0	0	0	0	87	0	56	82	0	0	0	0	0	0	973

FY 1992

02 . ABA Grant	995	22	0	55	49	29	22	19	27	39	22	38	42	21	14	0	596
Subtotal - FY 1992	995	22	0	55	49	29	22	19	27	39	22	38	42	21	14	0	596

FY 1993

00 . Rule of Law	211	0	0	6	6	0	47	0	62	23	0	0	12	0	0	0	55
02 . ABA Grant	1,248	100	0	85	124	98	98	97	122	111	100	85	128	45	0	0	55
03 . Democracy And Law	25	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	0
Subtotal - FY 1993	1,484	100	0	91	130	98	145	97	184	134	100	110	140	45	0	0	110

FY 1994

00 . Rule of Law	4	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	1
02 . ABA Grant	1,337	80	0	161	174	107	80	107	107	67	201	67	93	93	0	0	0
Subtotal - FY 1994	1,341	80	0	162	174	107	80	108	107	67	201	67	94	93	0	0	1

FY 1995

00 . Rule of Law	250	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0
02 . ABA Grant	3,770	384	171	389	489	200	0	0	239	68	239	0	389	289	0	0	913
03 . Democracy And Law	1,220	220	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000

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**U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
FY 90-98 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/98
(In US\$ 000's)**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Political Process and Governance																	
1800020 Rule of Law																	
FY 1995																	
42 . Department of State*	5,215	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,215
99 . Other	19	0	0	0	0	0	0	0	0	1	0	1	0	1	0	0	16
Subtotal - FY 1995	10,474	604	171	389	489	200	250	0	239	69	239	1	389	290	0	0	7,144
FY 1996																	
00 . Rule of Law	5,177	391	489	327	464	0	0	0	396	525	249	329	384	238	0	0	1,385
05 . Library of Congress*	973	0	0	97	0	0	0	97	0	0	0	97	0	97	0	0	585
38 . Department of State*	5,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,200
Subtotal - FY 1996	11,350	391	489	424	464	0	0	97	396	525	249	426	384	335	0	0	7,170
FY 1997																	
00 . Rule of Law	3,715	420	751	462	0	0	0	0	109	59	290	0	415	261	0	0	948
Subtotal - FY 1997	3,715	420	751	462	0	0	0	0	109	59	290	0	415	261	0	0	948
FY 1998																	
00 . Rule of Law	7,242	0	781	76	0	0	0	97	0	25	0	80	0	361	0	545	5,277
Subtotal - FY 1998	7,242	0	781	76	0	0	0	97	0	25	0	80	0	361	0	545	5,277
Total - Project 1800020	37,799	1,617	2,192	1,659	1,306	434	584	418	1,118	1,000	1,101	722	1,464	1,406	14	545	22,219
TOTAL - 2. Political Process and Governance	145,891	4,642	4,383	15,258	1,306	3,670	2,683	5,768	3,647	3,829	0	27,933	11,103	2,567	14	2,103	52,913
TOTAL - A. STRENGTHENING DEMOCRATIC INSTITUTIONS	333,276	18,010	28,710	57,291	11,046	6,905	3,443	12,997	5,379	6,325	9,511	38,336	26,341	15,767	515	6,648	66,052
TOTAL AS % OF 333,276	100.0%	5.4%	8.6%	17.2%	3.3%	2.1%	1.0%	3.9%	1.6%	1.9%	2.9%	11.5%	7.9%	4.7%	0.2%	2.0%	25.8%
TOTAL AS % OF 3,722,602	9.0%	0.5%	0.8%	1.5%	0.3%	0.2%	0.1%	0.3%	0.1%	0.2%	0.3%	1.0%	0.7%	0.4%	0.0%	0.2%	2.3%

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B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. Macroeconomic Support																	
1800036 Sector Support - Hungary																	
FY 1991																	
00 . Sector Support - Hungary	10,000	0	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0
Subtotal - FY 1991	10,000	0	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0
Total - Project 1800036	10,000	0	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0
1800043 Czechoslovakia (Environment)																	
FY 1991																	
00 . Czechoslovakia (Environment)	15,000	0	0	0	0	9,999	0	0	0	0	0	0	0	5,001	0	0	0
Subtotal - FY 1991	15,000	0	0	0	0	9,999	0	0	0	0	0	0	0	5,001	0	0	0
Total - Project 1800043	15,000	0	0	0	0	9,999	0	0	0	0	0	0	0	5,001	0	0	0
1800044 Buglaria (Agriculture)																	
FY 1991																	
00 . Buglaria (Agriculture)	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1991	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 1800044	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
1810008 Polish Stabilization fund (Treasury)																	
FY 1990																	
95 . Department of Treasury	199,227	0	0	0	0	0	0	0	0	0	0	199,227	0	0	0	0	0
Subtotal - FY 1990	199,227	0	0	0	0	0	0	0	0	0	0	199,227	0	0	0	0	0
Total - Project 1810008	199,227	0	0	0	0	0	0	0	0	0	0	199,227	0	0	0	0	0
TOTAL - 1. Macroeconomic Support	234,227	0	0	10,000	0	9,999	0	10,000	0	0	0	199,227	0	5,001	0	0	0
2. Privatiz. & Assist. to Enterprises																	
1800014 Privatization & Enterprise Restructuring																	
FY 1990																	
00 . Privatization & Enterprise Restructuring	895	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	870
Subtotal - FY 1990	895	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	870

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B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
2. Privatiz. & Assist. to Enterprises																	
1800014 Privatization & Enterprise Restructuring																	
FY 1991																	
00 . Privatization & Enterprise Restructuring	13,533	34	0	0	0	1,576	428	3,017	369	432	0	2,308	32	2,401	0	0	2,936
Subtotal - FY 1991	13,533	34	0	0	0	1,576	428	3,017	369	432	0	2,308	32	2,401	0	0	2,936
FY 1992																	
00 . Privatization & Enterprise Restructuring	24,862	623	0	1,531	0	9,246	890	2,002	667	1,149	0	6,473	898	1,093	0	0	290
Subtotal - FY 1992	24,862	623	0	1,531	0	9,246	890	2,002	667	1,149	0	6,473	898	1,093	0	0	290
FY 1993																	
00 . Privatization & Enterprise Restructuring	40,074	564	0	3,492	0	6,193	860	6,676	904	1,038	0	13,199	1,424	3,480	0	0	2,244
Subtotal - FY 1993	40,074	564	0	3,492	0	6,193	860	6,676	904	1,038	0	13,199	1,424	3,480	0	0	2,244
FY 1994																	
00 . Privatization & Enterprise Restructuring	56,836	811	0	1,470	0	7,315	1,669	7,943	2,607	583	3,113	11,342	2,611	8,805	2,206	0	6,361
Subtotal - FY 1994	56,836	811	0	1,470	0	7,315	1,669	7,943	2,607	583	3,113	11,342	2,611	8,805	2,206	0	6,361
FY 1995																	
00 . Privatization & Enterprise Restructuring	42,361	0	0	501	1,954	3,290	0	4,617	640	1,722	3,401	6,398	7,854	5,676	2,677	0	3,631
Subtotal - FY 1995	42,361	0	0	501	1,954	3,290	0	4,617	640	1,722	3,401	6,398	7,854	5,676	2,677	0	3,631
FY 1996																	
00 . Privatization & Enterprise Restructuring	55,068	764	14,315	2,325	1,108	1,708	0	3,753	140	2,409	1,450	12,025	11,121	2,592	363	0	999
Subtotal - FY 1996	55,068	764	14,315	2,325	1,108	1,708	0	3,753	140	2,409	1,450	12,025	11,121	2,592	363	0	999
FY 1997																	
00 . Privatization & Enterprise Restructuring	51,380	0	17,453	3,513	140	0	0	1,445	2,024	1,986	5,355	5,521	9,085	2,885	0	0	1,973
Subtotal - FY 1997	51,380	0	17,453	3,513	140	0	0	1,445	2,024	1,986	5,355	5,521	9,085	2,885	0	0	1,973
FY 1998																	
00 . Privatization & Enterprise Restructuring	58,457	3,643	24,457	6,465	447	0	0	2,363	2,327	1,303	3,821	6,117	1,928	0	0	1,726	1,860
Subtotal - FY 1998	58,457	3,643	24,457	6,465	447	0	0	2,363	2,327	1,303	3,821	6,117	1,928	0	0	1,726	1,860
Total - Project 1800014	341,466	6,439	58,225	19,297	3,647	29,326	3,847	31,816	9,678	10,822	17,140	63,408	34,953	28,932	5,246	1,726	21,164
1800023 Technical Assistance to Enterprises																	
FY 1991																	
00 . GEMINI	1,988	0	0	0	0	0	0	0	0	0	0	1,988	0	0	0	0	0
01 . IESC Private Enterprise	6,308	268	0	268	0	536	160	804	160	160	0	1,869	804	1,279	0	0	0
04 . IFC Business Advisory	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	0	0

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Privatiz. & Assist. to Enterprises**180023 Technical Assistance to Enterprises****FY 1991**

05 . MBA Enterprise Corps	632	0	0	0	0	234	0	126	0	0	0	171	0	101	0	0	0
Subtotal - FY 1991	10,928	268	0	268	0	770	160	930	160	160	0	6,028	804	1,380	0	0	0

FY 1992

00 . Technical Assistance to Ent.	6,550	327	0	327	0	655	196	983	196	196	0	1,704	983	983	0	0	0
02 . GEMINI	124	0	0	0	0	0	0	0	0	0	0	124	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	642	0	0	0	0	150	0	214	0	0	0	215	0	63	0	0	0
06 . WOCCU	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
07 . Peace Corps	1,444	5	0	302	0	0	8	0	8	8	0	1,105	8	0	0	0	0
Subtotal - FY 1992	10,960	332	0	629	0	805	474	1,947	444	444	0	3,848	991	1,046	0	0	0

FY 1993

00 . Technical Assistance to Ent.	9	1	0	0	0	0	2	0	1	0	0	3	0	1	1	0	0
01 . IESC Private Enterprise	2,182	64	0	64	0	128	38	193	38	38	0	784	193	642	0	0	0
02 . GEMINI	1,800	0	0	0	0	0	0	0	0	0	0	1,800	0	0	0	0	0
04 . IFC Business Advisory	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	1,400	0	0	0	0	0	0	0	0	0	0	1,400	0	0	0	0	0
07 . Peace Corps	2,503	215	0	494	0	86	268	135	268	268	0	499	204	66	0	0	0
11 . EMED	500	0	0	75	0	50	25	100	25	25	0	100	50	50	0	0	0
15 . PSC's and Travel	65	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	65
Subtotal - FY 1993	10,159	280	0	633	0	444	333	788	332	331	0	5,566	447	939	1	0	65

FY 1994

00 . Technical Assistance to Ent.	5,591	1,202	0	730	0	912	1	2	1	0	2	1,594	912	235	0	0	0
01 . IESC Private Enterprise	7,113	87	0	604	29	892	355	1,104	223	658	0	1,050	735	636	26	0	714
02 . GEMINI	673	0	0	0	0	0	0	0	0	0	0	641	0	32	0	0	0
03 . CIPE-Chamber	3,493	0	0	274	0	233	150	1,166	249	249	0	449	249	75	0	0	399
05 . MBA Enterprise Corps	3,400	0	0	0	0	0	288	256	0	512	0	1,600	0	288	0	0	456
06 . WOCCU	3,291	0	0	0	0	0	0	0	1,030	861	0	1,400	0	0	0	0	0
07 . Peace Corps	906	8	0	521	0	40	20	45	40	59	0	93	40	40	0	0	0
11 . EMED	3,226	222	0	422	0	0	0	412	292	292	0	812	352	422	0	0	0
13 . New Small Business	239	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	239
14 . CDC Business Enterprise	23	0	0	4	0	6	0	0	0	0	0	7	6	0	0	0	0

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Privatiz. & Assist. to Enterprises																	
1800023 Technical Assistance to Enterprises																	
FY 1994																	
15 . PSC's and Travel	653	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	153
Subtotal - FY 1994	28,608	1,519	0	2,555	29	2,083	814	2,985	1,835	2,631	2	8,146	2,294	1,728	26	0	1,961
FY 1995																	
00 . Technical Assistance to Ent.	12,258	0	0	0	0	0	0	24	0	0	0	12,234	0	0	0	0	0
01 . IESC Private Enterprise	10,000	0	0	1,120	0	560	0	1,900	70	1,410	0	1,660	280	2,300	0	0	700
02 . GEMINI	834	0	0	0	0	0	0	69	0	0	0	765	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	978	50	0	40	0	469	0	50	50	60	0	100	75	40	0	0	42
08 . CARESBAC	2,222	0	0	2,222	0	0	0	0	0	0	0	0	0	0	0	0	0
11 . EMED	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	1,868	0	0	0	0	0	0	0	0	0	585	0	136	468	0	0	677
14 . CDC Business Enterprise	1,850	0	0	650	0	0	0	0	0	0	0	700	500	0	0	0	0
15 . PSC's and Travel	295	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	295
16 . SME Enterprise	6	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	40,272	1,150	0	4,382	300	1,129	300	3,934	120	2,200	585	18,709	1,791	3,708	0	0	1,964
FY 1996																	
00 . Technical Assistance to Ent.	17,308	598	0	1,144	2,700	30	0	1,855	50	928	0	6,738	1,274	1,650	0	0	343
05 . MBA Enterprise Corps	300	0	0	0	0	0	0	100	0	200	0	0	0	0	0	0	0
13 . New Small Business	950	0	0	0	0	0	0	0	0	0	950	0	0	0	0	0	0
14 . CDC Business Enterprise	1,500	0	0	200	0	0	0	0	0	0	0	300	1,000	0	0	0	0
15 . PSC's and Travel	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24
Subtotal - FY 1996	20,082	598	0	1,344	2,700	30	0	1,955	50	1,128	950	7,038	2,274	1,650	0	0	367
FY 1997																	
00 . Tech. Assist to Enterprises	22,467	150	0	6,220	5,833	0	0	500	0	120	3,020	4,035	1,250	800	0	0	539
Subtotal - FY 1997	22,467	150	0	6,220	5,833	0	0	500	0	120	3,020	4,035	1,250	800	0	0	539

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Privatiz. & Assist. to Enterprises

1800023 Technical Assistance to Enterprises

FY 1998

00 . Tech. Assist to Enterprises	18,731	2,200	0	5,473	800	0	0	1,200	30	375	1,550	4,514	575	802	0	589	623
Subtotal - FY 1998	18,731	2,200	0	5,473	800	0	0	1,200	30	375	1,550	4,514	575	802	0	589	623
Total - Project 1800023	162,207	6,497	0	21,504	9,662	5,261	2,081	14,239	2,971	7,389	6,107	57,882	10,426	12,053	27	589	5,519
TOTAL - 2. Privatiz. & Assist. to Enterprises	503,673	12,936	56,225	40,801	13,309	34,587	5,928	46,055	12,649	18,011	1,550	121,290	45,379	38,985	5,273	2,315	26,683

3. Improving Business Climate

1800026 Competition Policy, Laws & Regulations

FY 1991

00 . Competition Policy, Laws, & Regs	244	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	244
01 . Tax Policy & Admin (Treas)	250	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0
03 . Transition to World Mkts	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500
11 . TDP Telecom	90	0	0	0	0	45	0	0	0	0	0	0	0	45	0	0	0
12 . AID Telecom	84	0	0	21	0	11	0	21	0	0	0	21	0	10	0	0	0
33 . Department of Commerce*	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
45 . Department of State*	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
85 . FTC	1,170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,170
86 . Department of Justice	1,158	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,158
92 . Department of Treasury	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000
Subtotal - FY 1991	6,696	0	0	21	0	56	250	21	0	0	0	21	0	55	0	0	6,272

FY 1992

00 . Competition Policy, Laws, & Regs	77	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	77
01 . Tax Policy & Admin (Treas)	850	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	850
02 . Antitrust Law	1,323	0	0	91	0	272	13	122	13	13	0	520	13	266	0	0	0
03 . Transition to World Mkts	2,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,700
04 . Telecommunication	300	0	0	60	0	15	15	60	15	15	0	60	60	0	0	0	0
05 . Commerce(Gov't to Gov't)	892	179	0	0	0	0	44	0	44	89	0	179	44	0	0	0	313
06 . Intl Dev Law Inst	578	0	0	88	0	0	0	88	0	88	0	88	0	0	0	0	226
07 . Amer Bar Assoc (ABA)	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

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**U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
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(in US\$ 000's)

B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

3. Improving Business Climate**1800026 Competition Policy, Laws & Regulations****FY 1992**

80 . Department of Commerce*	149	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	149
Subtotal - FY 1992	8,789	504	0	564	0	449	72	540	72	530	0	1,172	117	434	0	0	4,315

FY 1993

02 . Antitrust Law	3,200	0	0	400	0	176	80	272	144	224	0	864	288	352	0	0	400
03 . Transition to World Mkts	2,480	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,480
04 . Telecommunication	849	0	0	0	0	325	0	172	0	30	0	142	60	0	120	0	0
05 . Commerce(Gov't to Gov't)	800	176	0	0	0	0	40	0	0	98	0	160	40	0	0	0	288
06 . Intl Dev Law Inst	928	0	0	186	0	0	0	139	0	0	0	139	0	139	46	0	279
07 . Amer Bar Assoc (ABA)	447	44	0	157	0	0	0	0	0	89	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 . Other	108	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	108
Subtotal - FY 1993	8,912	220	0	743	0	601	120	583	144	439	0	1,462	388	491	166	0	3,555

FY 1994

00 . Competition Policy, Laws, & Regs	8	0	0	2	0	0	0	0	0	0	0	0	2	0	0	0	4
04 . Telecommunication	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
05 . Commerce(Gov't to Gov't)	1,894	227	0	303	0	0	265	0	284	133	0	76	246	0	0	0	360
06 . Intl Dev Law Inst	715	0	0	143	0	0	0	107	0	0	0	107	0	107	0	0	251
07 . Amer Bar Assoc (ABA)	1,598	150	0	135	90	105	90	105	136	203	105	285	120	72	0	0	0
09 . Evaluation	161	0	0	53	0	0	0	0	0	53	0	55	0	0	0	0	0
13 . Collateral Law (IRIS)	2,651	0	0	0	0	212	0	0	0	0	0	511	0	212	0	0	1,716
14 . Other	170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170
17 . Bankruptcy	1,539	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,539
Subtotal - FY 1994	9,034	377	0	636	90	317	355	212	420	389	105	1,034	368	391	0	0	4,340

FY 1995

02 . Antitrust Law	1,300	0	0	120	0	24	0	72	32	72	0	272	48	56	0	0	604
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	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	360	0	0	0	0	0	0	0	0	0	3	1	0	0	0	0	356
17 . Bankruptcy	2,126	50	0	100	100	0	0	0	0	0	200	200	250	350	100	0	776
43 . Department of State*	810	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	810
Subtotal - FY 1995	6,854	434	0	420	150	24	0	72	82	472	586	906	548	406	100	0	2,654

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

3. Improving Business Climate

1800026 Competition Policy, Laws & Regulations

FY 1996

00 . Competition Policy, Laws, & Regs	2,910	460	0	200	100	0	0	0	200	160	650	498	350	0	0	0	292
06 . Intl Dev Law Inst	600	0	0	0	0	0	0	0	0	0	0	600	0	0	0	0	0
14 . Other	118	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118
18 . Dept. of State*	99	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99
Subtotal - FY 1996	3,727	460	0	200	100	0	0	0	200	160	650	1,098	350	0	0	0	509

FY 1997

00 . Competition Policy, Laws, & Regs	2,464	170	0	0	0	0	0	0	0	0	800	0	950	0	0	0	544
Subtotal - FY 1997	2,464	170	0	0	0	0	0	0	0	0	800	0	950	0	0	0	544

FY 1998

00 . Competition, Policy, Laws, & Regs	5,064	1,749	0	0	0	0	0	0	0	0	1,321	95	800	0	0	0	1,099
Subtotal - FY 1998	5,064	1,749	0	0	0	0	0	0	0	0	1,321	95	800	0	0	0	1,099

Total - Project 1800026

	51,520	3,914	0	2,584	340	1,447	797	1,428	918	1,990	3,462	5,788	3,521	1,777	266	0	23,288
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1800027 Business Services

FY 1991

01 . TA/Finan Serv (Treas)	649	0	0	0	0	0	559	0	45	45	0	0	0	0	0	0	0
94 . Department of Treasury	3,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,900
Subtotal - FY 1991	4,549	0	0	0	0	0	559	0	45	45	0	0	0	0	0	0	3,900

FY 1992

00 . Business Services	483	0	0	96	0	0	0	0	0	0	0	387	0	0	0	0	0
01 . TA/Finan Serv (Treas)	9,250	1,183	0	1,511	0	727	413	1,174	531	413	0	2,531	767	0	0	0	0
Subtotal - FY 1992	9,733	1,183	0	1,607	0	727	413	1,174	531	413	0	2,918	767	0	0	0	0

FY 1993

00 . Business Services	1,700	0	0	0	0	340	0	340	0	0	0	425	0	255	85	0	255
01 . TA/Finan Serv (Treas)	16,348	1,144	0	1,635	0	327	1,144	1,635	327	654	0	5,068	2,452	1,308	0	0	654
05 . Other	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	29
Subtotal - FY 1993	18,077	1,144	0	1,635	0	667	1,144	1,975	327	654	0	5,493	2,452	1,563	85	0	938

FY 1994

00 . Business Services	19	0	0	0	0	4	0	5	2	2	0	1	3	2	0	0	0
01 . TA/Finan Serv (Treas)	14,876	1,190	0	1,785	0	446	0	1,190	1,190	744	148	2,232	1,488	744	148	0	3,571
02 . FSVC Grant	3,705	102	0	143	0	370	192	617	102	102	0	916	96	795	270	0	0

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

3. Improving Business Climate																	
1800027 Business Services																	
FY 1994																	
05 . Other	215	0	0	0	0	9	0	0	0	0	0	0	0	9	0	0	197
Subtotal - FY 1994	18,815	1,292	0	1,928	0	829	192	1,812	1,294	848	148	3,149	1,587	1,550	418	0	3,768
FY 1995																	
01 . TA/Finan Serv (Treas)	7,896	830	0	799	0	0	0	846	688	579	400	2,537	0	617	100	0	500
05 . Other	278	0	0	0	0	0	0	0	0	0	0	278	0	0	0	0	0
Subtotal - FY 1995	8,174	830	0	799	0	0	0	846	688	579	400	2,815	0	617	100	0	500
FY 1996																	
00 . Business Services	1,836	99	0	0	99	0	0	405	45	49	0	522	0	249	199	0	169
01 . TA/Finan Serv (Treas)	1,969	469	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
02 . FSVC Grant	2,986	0	0	0	148	272	0	399	99	193	96	498	0	349	144	0	788
05 . Other	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Subtotal - FY 1996	6,794	568	1,500	0	247	272	0	804	144	242	96	1,020	0	598	343	0	960
FY 1997																	
00 . Business Services	231	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	231
Subtotal - FY 1997	231	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	231
FY 1998																	
00 . Business Services	2,594	202	0	0	300	0	0	400	0	0	150	749	150	0	0	0	643
Subtotal - FY 1998	2,594	202	0	0	300	0	0	400	0	0	150	749	150	0	0	0	643
Total - Project 1800027	68,987	5,219	1,500	5,969	547	2,495	2,308	7,011	3,029	2,781	794	16,144	4,956	4,328	946	0	10,940
1800035 Bank Training (Treasury)																	
FY 1991																	
00 . Bank Training (Treasury)	9,498	0	0	0	0	0	166	0	166	166	0	0	0	0	0	0	9,000
Subtotal - FY 1991	9,498	0	0	0	0	0	166	0	166	166	0	0	0	0	0	0	9,000
Total - Project 1800035	9,498	0	0	0	0	0	166	0	166	166	0	0	0	0	0	0	9,000
TOTAL - 3. Improving Business Climate	129,985	9,133	1,500	8,553	887	3,942	3,271	8,439	4,113	4,937	0	21,932	8,477	6,105	1,212	0	43,228

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U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

4. Investment and Trade**1800010 Enterprise Funds****FY 1990**

01 . Enterprise Fund-Poland	34,192	0	0	0	0	0	0	0	0	0	0	34,192	0	0	0	0	0
02 . Enterprise Fund-Hungary	4,962	0	0	0	0	0	0	4,962	0	0	0	0	0	0	0	0	0
Subtotal - FY 1990	39,154	0	0	0	0	0	0	4,962	0	0	0	34,192	0	0	0	0	0

FY 1991

01 . Enterprise Fund-Poland	69,000	0	0	0	0	0	0	0	0	0	0	69,000	0	0	0	0	0
02 . Enterprise Fund-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
Subtotal - FY 1991	95,000	0	0	0	0	2,000	0	21,000	0	0	0	69,000	0	3,000	0	0	0

FY 1992

01 . Enterprise Fund-Poland	85,000	0	0	0	0	0	0	0	0	0	0	85,000	0	0	0	0	0
02 . Enterprise Fund-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 . Enterprise Fund-Bulgaria	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	138,000	0	0	10,000	0	8,800	0	21,000	0	0	0	85,000	0	13,200	0	0	0

FY 1993

02 . Enterprise Fund-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
Subtotal - FY 1993	9,100	0	0	0	0	640	0	7,500	0	0	0	0	0	960	0	0	0

FY 1994

01 . Enterprise Fund-Poland	61,807	0	0	0	0	0	0	0	0	0	0	61,807	0	0	0	0	0
02 . Enterprise Fund-Hungary	15,537	0	0	0	0	0	0	15,537	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 . Enterprise Fund-Bulgaria	11,000	0	0	11,000	0	0	0	0	0	0	0	0	0	0	0	0	0
05 . Enterprise Fund-Baltics	10,524	0	0	0	0	0	3,473	0	3,473	3,578	0	0	0	0	0	0	0
06 . Enterprise Fund-Romania	6,619	0	0	0	0	0	0	0	0	0	0	0	6,619	0	0	0	0
Subtotal - FY 1994	141,887	0	0	11,000	0	14,560	3,473	15,537	3,473	3,578	0	61,807	6,619	21,840	0	0	0

FY 1995

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

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
4. Investment and Trade																	
1800010 Enterprise Funds																	
FY 1995																	
07 . Enterprise Fund-Albania	7,800	7,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	35,300	7,800	0	10,100	0	0	0	0	0	0	0	4,500	7,900	0	0	0	5,000
FY 1996																	
00 . Enterprise Funds	10,000	0	0	6,000	0	0	0	0	0	0	0	2,000	0	0	2,000	0	0
05 . Enterprise Fund-Baltics	9,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,000
06 . Enterprise Fund-Romania	6,000	0	0	0	0	0	0	0	0	0	0	0	6,000	0	0	0	0
07 . Enterprise Fund-Albania	4,000	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	29,000	4,000	0	6,000	0	0	0	0	0	0	0	2,000	6,000	0	2,000	0	9,000
FY 1997																	
00 . Enterprise Funds	17,500	0	0	7,000	0	0	0	0	0	0	0	0	6,000	0	0	0	4,500
Subtotal - FY 1997	17,500	0	0	7,000	0	0	0	0	0	0	0	0	6,000	0	0	0	4,500
FY 1998																	
00 . Enterprise Funds	42,150	6,400	0	10,900	0	0	0	700	0	0	0	0	15,050	0	0	0	9,100
Subtotal - FY 1998	42,150	6,400	0	10,900	0	0	0	700	0	0	0	0	15,050	0	0	0	9,100
Total - Project 1800010	547,091	18,200	0	55,000	0	26,000	3,473	70,699	3,473	3,578	0	256,499	41,569	39,000	2,000	0	27,600
1800028 American Business & Private Sector Development																	
FY 1991																	
34 . Department of Commerce*	5,750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,750
90 . TDA	1,630	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,630
Subtotal - FY 1991	7,380	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,380
FY 1992																	
00 . American Business	2,664	0	0	0	0	0	0	2,664	0	0	0	0	0	0	0	0	0
01 . Telecom Travel	7,120	0	0	116	0	2,436	0	553	0	0	69	2,426	275	760	0	0	485
04 . TDP	3,528	0	0	642	0	0	0	0	995	713	0	607	571	0	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
89 . TDA	1,495	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,495
Subtotal - FY 1992	17,807	0	0	1,358	0	3,636	0	3,817	995	713	69	3,033	846	1,360	0	0	1,980
FY 1993																	
00 . American Business	12	0	0	0	0	0	0	0	0	0	0	0	0	12	0	0	0
01 . Telecom Travel	630	0	0	0	0	0	0	160	0	0	0	375	95	0	0	0	0

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

4. Investment and Trade

1800028 American Business & Private Sector Development

FY 1993

02 . Capital Dvlpt Initiative	332	0	0	124	0	0	0	208	0	0	0	0	0	0	0	0	0
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	599	0	0	62	59	54	49	0	49	49	0	102	62	54	59	0	0
08 . RSSA with DOC	194	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	194
Subtotal - FY 1993	4,267	200	0	1,186	59	54	49	368	49	49	0	1,077	557	66	59	0	494

FY 1994

00 . American Business	23	0	0	3	0	5	0	2	0	0	0	1	3	9	0	0	0
01 . Telecom Travel	1,769	0	0	0	0	0	0	159	0	0	0	1,610	0	0	0	0	0
02 . Capital Dvlpt Initiative	1,755	0	0	0	0	68	0	568	0	0	0	1,119	0	0	0	0	0
08 . RSSA with DOC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	3,547	0	0	3	0	73	0	729	0	0	0	2,730	3	9	0	0	0

FY 1995

01 . Telecom Travel	8	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	4
02 . Capital Dvlpt Initiative	175	0	0	0	0	0	0	0	0	0	0	0	167	0	0	0	8
31 . Department of Commerce*	253	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	253
99 . Other	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7
Subtotal - FY 1995	443	0	0	0	0	0	0	4	0	0	0	0	167	0	0	0	272

FY 1996

01 . Telecom Travel	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
30 . Department of Commerce*	234	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	234
Subtotal - FY 1996	243	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	243

Total - Project 1800028

	33,687	200	0	2,547	59	3,763	49	4,918	1,044	762	69	6,840	1,573	1,435	59	0	10,369
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1800047 Removing Impediments to Trade Enhancement

FY 1992

00 . Removing Imped. to Trade Enhancement	415	0	0	70	0	0	0	79	0	0	0	204	0	62	0	0	0
Subtotal - FY 1992	415	0	0	70	0	0	0	79	0	0	0	204	0	62	0	0	0

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4. Investment and Trade**1800047 Removing Impediments to Trade Enhancement****FY 1993**

00 . Removing Imped. to Trade Enhancement	1,526	30	0	15	0	0	0	17	0	0	0	45	0	13	0	0	1,406
Subtotal - FY 1993	1,526	30	0	15	0	0	0	17	0	0	0	45	0	13	0	0	1,406
Total - Project 1800047	1,941	30	0	85	0	0	0	96	0	0	0	249	0	75	0	0	1,406

TOTAL - 4. Investment and Trade

	582,719	18,430	0	57,632	59	29,763	3,522	75,713	4,517	4,340	0	263,588	43,142	40,510	2,059	0	39,375
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5. Human Resources**1800002 Human Resource Program****FY 1990**

01 . VOCA	995	0	0	0	0	0	0	0	0	0	0	995	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	0	0	0	0	0	0	0	0	0	2,943
04 . USDA	225	0	0	0	0	0	0	0	0	0	0	225	0	0	0	0	0
05 . Credit Union National	79	0	0	0	0	0	0	79	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	1,980	0	0	0	0	215	0	353	0	0	0	1,236	0	156	0	0	0
88 . Department of Labor	1,512	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,512
Subtotal - FY 1990	8,867	0	0	0	0	215	0	932	0	0	0	2,456	0	156	0	0	5,108

FY 1991

00 . Human Resource Program	3,000	0	0	0	0	330	0	540	0	0	0	1,890	0	240	0	0	0
09 . English Teaching (USIA)	3,000	0	0	240	0	300	0	360	0	0	0	510	210	270	0	210	900
13 . American University	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
87 . Department of Labor	374	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	374
91 . Department of Treasury	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
Subtotal - FY 1991	7,374	0	0	840	0	630	102	900	99	99	0	2,400	210	510	0	210	1,374

FY 1992

09 . English Teaching (USIA)	2,000	160	0	160	0	80	60	160	100	60	0	160	160	80	0	160	660
12 . Seagram's Scholarships	353	0	0	17	0	106	0	53	0	0	0	53	0	53	0	0	71
Subtotal - FY 1992	2,353	160	0	177	0	186	60	213	100	60	0	213	160	133	0	160	731

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5. Human Resources																	
1800002 Human Resource Program																	
FY 1993																	
00 . Human Resource Program	3,000	0	0	0	0	420	0	540	0	0	0	1,800	0	240	0	0	0
07 . Int'l Student Exch Program	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
Subtotal - FY 1993	8,500	25	0	250	25	1,015	150	1,355	200	125	25	3,875	275	630	50	0	500
FY 1994																	
00 . Human Resource Program	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07 . Int'l Student Exch Program	3,000	0	0	0	0	330	0	540	0	0	0	1,890	0	240	0	0	0
09 . English Teaching (USIA)	2,864	143	0	258	143	258	114	344	172	200	143	344	344	258	143	0	0
16 . Fultz School	800	800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44 . Department of State*	3,606	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,606
Subtotal - FY 1994	10,272	945	0	258	143	588	114	884	172	200	143	2,234	344	498	143	0	3,606
FY 1995																	
00 . Human Resource Program	902	0	0	0	0	0	0	0	0	0	0	902	0	0	0	0	0
07 . Int'l Student Exch Program	3,000	0	0	0	0	250	0	750	0	0	0	1,500	0	500	0	0	0
15 . ORT	1,099	1,099	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 . Social Sector restructuring	891	0	0	0	0	0	0	0	0	0	845	0	0	0	0	0	46
20 . PSC's & Project Support	497	0	0	0	0	0	0	0	0	0	114	0	0	0	0	0	383
41 . Department of State*	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,500
Subtotal - FY 1995	8,889	1,099	0	0	0	250	0	750	0	0	959	2,402	0	500	0	0	2,929
FY 1996																	
00 . Human Resource Program	1,646	0	0	0	0	0	0	0	0	0	720	880	0	0	0	0	46
16 . Fultz School	684	684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 . PSC's & Project Support	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33
39 . Department of State*	1,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,700
Subtotal - FY 1996	4,063	684	0	0	0	0	0	0	0	0	720	880	0	0	0	0	1,779
FY 1997																	
00 . Human Resources	6,226	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	6,126
Subtotal - FY 1997	6,226	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	6,126

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5. Human Resources																	
1800002 Human Resources																	
FY 1998																	
00 . Human Resources	4,095	800	0	200	0	0	0	50	0	0	400	700	0	0	0	0	1,945
Subtotal - FY 1998	4,095	800	0	200	0	0	0	50	0	0	400	700	0	0	0	0	1,945
Total - Project 1800002	60,639	3,713	0	1,725	188	2,884	426	5,184	571	484	2,247	15,160	989	2,427	193	370	24,098
1800029 Management Training & Market Economics																	
FY 1991																	
01 . Large Grants Competition	13,591	700	0	1,497	0	2,100	0	2,123	0	0	0	3,748	1,176	2,247	0	0	0
02 . Small Grants Competition	5,798	0	0	387	0	817	499	731	499	500	0	1,032	430	0	0	344	559
Subtotal - FY 1991	19,389	700	0	1,884	0	2,917	499	2,854	499	500	0	4,780	1,608	2,247	0	344	559
FY 1992																	
00 . Management Training	395	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	395
01 . Large Grants Competition	9,579	0	0	1,122	0	1,177	0	1,375	0	0	0	3,517	882	1,404	0	0	102
02 . Small Grants Competition	3,319	532	0	299	33	188	66	365	99	66	66	532	266	66	66	66	631
Subtotal - FY 1992	13,293	532	0	1,421	33	1,343	66	1,740	99	66	66	4,049	1,148	1,470	66	66	1,128
FY 1993																	
00 . Management Training	71	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	71
01 . Large Grants Competition	11,151	0	0	747	0	2,500	0	2,843	0	0	0	2,941	1,587	514	0	0	19
02 . Small Grants Competition	4,300	215	344	215	215	215	387	344	430	430	215	215	215	430	215	0	215
Subtotal - FY 1993	15,522	215	344	962	215	2,715	387	3,187	430	430	215	3,158	1,802	944	215	0	305
FY 1994																	
00 . Management Training	754	0	0	0	0	0	0	0	0	0	0	748	0	0	0	0	6
01 . Large Grants Competition	8,730	661	0	413	0	4,050	0	1,500	0	0	233	0	1,778	0	0	0	95
02 . Small Grants Competition	3,947	316	0	711	158	197	118	237	39	158	355	395	750	197	316	0	0
Subtotal - FY 1994	13,431	977	0	1,124	158	4,247	118	1,737	39	158	588	1,143	2,528	197	316	0	101
FY 1995																	
00 . Management Training	2,009	0	0	0	0	0	0	0	0	0	0	2,009	0	0	0	0	0
01 . Large Grants Competition	8,232	0	0	2,397	0	0	0	1,250	664	1,330	0	0	341	1,500	0	0	750
Subtotal - FY 1995	10,241	0	0	2,397	0	0	0	1,250	664	1,330	0	2,009	341	1,500	0	0	750
FY 1996																	
00 . Management Training	2,846	900	0	0	0	0	0	0	0	0	0	1,798	0	0	0	0	150
01 . Large Grants Competition	3,946	99	0	0	0	0	0	1,550	797	0	0	0	500	1,000	0	0	0

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5. Human Resources

1800029 Management Training & Market Economics

FY 1996

03 . Management Training	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400
Subtotal - FY 1996	7,192	999	0	0	0	0	0	1,550	797	0	0	1,796	500	1,000	0	0	550

FY 1997

00 . Management Training	2,754	0	0	0	0	0	0	381	0	375	0	1,103	0	500	0	0	395
Subtotal - FY 1997	2,754	0	0	0	0	0	0	381	0	375	0	1,103	0	500	0	0	395

FY 1998

00 . Management Training	1,376	400	0	0	0	0	0	111	0	25	0	540	0	0	0	0	300
Subtotal - FY 1998	1,376	400	0	0	0	0	0	111	0	25	0	540	0	0	0	0	300
Total - Project 1800029	83,198	3,823	344	7,788	406	11,222	1,070	12,810	2,528	2,884	869	18,576	7,925	7,858	597	410	4,088

1800045 Participant Training

FY 1992

00 . Participant Training	1,202	161	0	231	60	40	10	80	40	60	20	360	110	30	0	0	0
02 . USIA top-up	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
Subtotal - FY 1992	3,102	181	20	531	80	130	60	220	90	80	40	460	170	120	20	0	900

FY 1993

00 . Participant Training	1,239	74	0	162	74	49	12	99	49	74	24	448	137	37	0	0	0
01 . PIET	3,524	161	0	356	146	189	31	251	102	360	48	997	370	150	0	0	363
02 . USIA top-up	1,847	72	100	174	100	101	87	174	72	72	303	101	87	101	100	0	203
Subtotal - FY 1993	6,610	307	100	692	320	339	130	524	223	506	375	1,546	594	288	100	0	586

FY 1994

00 . Participant Training	1,005	40	0	141	30	100	0	161	40	60	0	252	90	20	0	0	71
01 . PIET	5,852	334	0	770	326	284	50	536	234	291	100	2,016	627	167	59	0	58
02 . USIA top-up	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 ECESP	3,000	210	0	360	180	360	0	360	0	0	210	450	450	210	210	0	0
07 . Small Grants Program	3,185	139	0	113	24	386	222	218	34	119	12	584	402	642	48	0	242
Subtotal - FY 1994	15,159	821	0	1,700	620	1,384	370	1,529	386	548	382	3,498	1,861	1,195	377	0	488

FY 1995

01 . PIET	7,753	634	348	923	746	1,067	0	696	159	475	249	944	398	600	84	0	430
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5. Human Resources																	
1800045 Participant Training																	
FY 1995																	
05 - Monitoring Evaluation	499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	499
07 - Small Grants Program	342	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	342
08 - Third Country Training	583	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	583
Subtotal - FY 1995	9,177	634	348	923	746	1,067	0	696	159	475	249	944	398	600	84	0	1,854
FY 1996																	
00 - Participant Training	2,987	250	100	250	0	420	0	250	130	322	250	19	200	325	0	0	471
01 - PIET	5,245	365	400	351	850	355	0	250	170	254	200	925	400	475	135	0	115
09 - Program Mgm/G Transfers	66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
Subtotal - FY 1996	8,298	615	500	601	850	775	0	500	300	576	450	944	600	800	135	0	652
FY 1997																	
00 - Participant Training	10,331	713	2,908	1,156	633	0	0	481	647	578	963	211	678	629	0	0	734
Subtotal - FY 1997	10,331	713	2,908	1,156	633	0	0	481	647	578	963	211	678	629	0	0	734
FY 1998																	
00 - Participant Training	11,708	750	3,425	1,200	780	0	0	300	0	715	600	300	1,280	872	0	1,000	486
Subtotal - FY 1998	11,708	750	3,425	1,200	780	0	0	300	0	715	600	300	1,280	872	0	1,000	486
Total - Project 1800045	64,385	4,021	7,301	6,803	4,029	3,695	560	4,250	1,805	3,478	3,059	7,903	5,581	4,504	716	1,000	5,680
1800052 Customs Service Training																	
FY 1993																	
00 - Customs Service Training	500	0	0	50	0	0	0	0	0	0	400	0	50	0	0	0	0
Subtotal - FY 1993	500	0	0	50	0	0	0	0	0	0	400	0	50	0	0	0	0
Total - Project 1800052	500	0	0	50	0	0	0	0	0	0	400	0	50	0	0	0	0
TOTAL - 5. Human Resources	208,722	11,557	7,645	16,366	4,603	17,801	2,056	22,244	4,904	6,846	400	41,839	14,545	14,789	1,506	1,780	33,866

6. Agriculture and Agribusiness**1800024 Restructuring Agriculture & Agribusiness****FY 1991**

00 - VOCA Grant	3,250	1,300	0	975	0	0	0	0	0	0	0	0	975	0	0	0	0
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

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6. Agriculture and Agribusiness

1800024 Restructuring Agriculture & Agribusiness

FY 1991

05 . USDA	6,000	0	0	720	0	180	0	420	0	0	0	4,500	0	0	180	0	0
06 . ACDI (COOP BANK Poland)	500	0	0	0	0	0	0	500	0	0	0	0	0	0	0	0	0
07 . Dairy Farming/Land O'Lakes	4,000	360	0	560	0	360	200	400	200	280	0	1,200	160	280	0	0	0
Subtotal - FY 1991	16,650	1,900	0	2,495	0	740	200	1,470	440	520	240	6,375	1,735	355	180	0	0

FY 1992

00 . Restructuring Agriculture	7,024	1,200	0	1,300	0	0	0	0	0	0	0	3,120	900	0	0	0	504
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	749	0	0	0	0	300	0	225	0	0	0	112	0	112	0	0	0
04 . Agribusiness TA&Training	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 (COOP BANK Poland)	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
07 . Dairy Farming/Land O'Lakes	4,000	400	0	560	0	360	200	400	200	280	0	1,200	160	240	0	0	0
08 . ABS Privatization	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
09 . Albania Sector Support	1,900	1,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	25,573	4,700	0	5,010	0	1,324	200	1,425	400	480	200	7,732	2,310	1,288	0	0	504

FY 1993

00 . Restructuring Agriculture	11,319	133	0	1,361	0	1,255	390	2,121	523	523	718	2,902	333	1,060	0	0	0
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 (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	5,000	0	0	2,500	0	0	0	0	0	0	0	0	2,500	0	0	0	0
08 . ABS Privatization	264	0	0	0	0	0	0	0	0	0	0	264	0	0	0	0	0
10 . Romania Sector Support	2,505	0	0	0	0	0	0	0	0	0	0	0	2,505	0	0	0	0
11 . Project Management	91	0	0	0	0	0	0	0	0	0	0	32	32	0	0	0	27
Subtotal - FY 1993	23,179	133	0	5,211	0	1,455	390	2,271	523	523	718	5,423	5,370	1,135	0	0	27

FY 1994

00 . Restructuring Agriculture	31	0	0	0	0	0	0	0	0	0	0	0	31	0	0	0	0
01 . VOCA Grant	5,993	853	182	313	0	456	238	467	445	684	1,261	391	339	182	0	0	182
02 . Coop Training Grant ACDI	1,382	138	0	138	0	0	0	0	138	138	138	346	346	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	1,486	0	0	486	0	0	0	500	0	0	0	500	0	0	0	0	0

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

6. Agriculture and Agribusiness**180024 Restructuring Agriculture & Agribusiness****FY 1994**

05 . USDA	2,078	0	0	1,039	0	0	0	0	0	0	0	1,039	0	0	0	0	0
06 . ACDI (COOP BANK Poland)	2,007	0	0	0	0	0	0	0	0	0	0	2,007	0	0	0	0	0
08 . ABS Privatization	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
11 . Project Management	288	0	0	44	0	0	0	0	0	0	0	0	200	0	0	0	44
12 . Privatization of Agriculture & Agribusiness	74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	74
Subtotal - FY 1994	14,339	991	182	2,020	0	731	238	1,117	583	822	1,399	4,783	916	257	0	0	300

FY 1995

00 . Restructuring Agriculture	2,500	0	0	0	0	0	0	0	0	0	0	2,500	0	0	0	0	0
01 . VOCA Grant	7,828	545	0	800	0	298	0	850	305	400	1,050	1,000	1,800	780	0	0	0
03 . NCBA	300	0	0	0	0	200	0	50	0	0	0	0	0	0	0	0	50
04 . Agribusiness TA&Training	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	5,233	1,500	0	0	0	0	0	198	0	3,535	0	0	0	0	0	0	0
08 . ABS Privatization	708	0	0	0	0	0	0	0	0	0	0	708	0	0	0	0	0
11 . Project Management	28	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	24
12 . Privatization of Agriculture & Agribusiness	709	0	0	0	0	0	0	0	0	0	409	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 Promotion	1,109	0	0	220	0	0	0	0	0	0	800	0	0	0	0	0	89
Subtotal - FY 1995	26,251	2,045	0	1,020	0	998	0	2,230	305	3,935	4,249	7,456	2,100	1,280	0	0	633

FY 1996

00 . Restructuring Agriculture	2,528	100	0	0	0	0	0	775	0	0	0	1,107	485	0	0	0	61
01 . VOCA Grant	3,550	400	0	500	0	0	0	0	0	300	1,050	0	500	800	0	0	0
04 . Agribusiness TA&Training	337	0	0	0	0	0	0	337	0	0	0	0	0	0	0	0	0
11 . Project Management	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
14 . Rural Financial Institutions	1,010	0	0	0	0	0	0	0	0	0	1,010	0	0	0	0	0	0
15 . PSCs	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32
17 . Land O Lakes	1,216	0	0	0	0	0	0	0	0	0	1,216	0	0	0	0	0	0
Subtotal - FY 1996	8,678	500	0	500	0	0	0	1,112	0	300	3,276	1,107	985	800	0	0	96

FY 1997

00 . Restructuring Agriculture	10,015	985	0	1,910	0	0	0	1,730	0	0	1,680	1,300	1,100	1,050	0	0	260
Subtotal - FY 1997	10,015	985	0	1,910	0	0	0	1,730	0	0	1,680	1,300	1,100	1,050	0	0	260

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B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
6. Agriculture and Agribusiness																	
1800024 Restructuring Agriculture & Agribusiness																	
FY 1998																	
00 . Restructuring Agriculture	9,034	2,302	0	1,925	0	0	0	580	0	0	3,334	303	35	400	0	0	155
Subtotal - FY 1998	9,034	2,302	0	1,925	0	0	0	580	0	0	3,334	303	35	400	0	0	155
Total - Project 1800024	133,717	13,556	182	20,091	0	5,248	1,028	11,935	2,251	6,580	15,096	34,479	14,551	6,565	180	0	1,975
TOTAL - 6. Agriculture and Agribusiness	133,717	13,556	182	20,091	0	5,248	1,028	11,935	2,251	6,580	3,334	34,479	14,551	6,565	180	0	1,975

7. Agriculture Sector Programs

1800046 Agriculture Development Program -Albania

FY 1992

00 . Agriculture Development Program -Albania	10,140	10,140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	10,140	10,140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1993

00 . Agriculture Development Program -Albania	4,316	4,316	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1993	4,316	4,316	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1995

00 . Agriculture Development Program -Albania	4,299	4,299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	4,299	4,299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1996

00 . Agriculture Development Program -Albania	2,500	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	2,500	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1997

00 . Agriculture Development Program -Albania	1,043	1,043	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1997	1,043	1,043	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1998

00 . Agr Dev Prog. - Albania	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1998	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 1800046	23,298	23,298	0														

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B. ECONOMIC RESTRUCTURING

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7. Agriculture Sector Programs																		
1800048 Agriculture Development Program -Romania																		
FY 1993																		
00 . Agriculture Development Program -Romania	10,000	0	0	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
Subtotal - FY 1993	10,000	0	0	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
Total - Project 1800048	10,000	0	0	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
1800049 Agricultural Restructuring																		
FY 1992																		
00 . Agricultural Restructuring	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1993																		
00 . Agricultural Restructuring	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1993	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1994																		
00 . Agricultural Restructuring	4,500	4,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	4,500	4,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1995																		
00 . Agricultural Restructuring	4,900	4,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	4,900	4,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1996																		
00 . Agricultural Restructuring	3,115	3,115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	3,115	3,115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1997																		
00 . Agricultural Restructuring	2,485	2,485	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1997	2,485	2,485	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1998																		
00 . Agricultural Restructuring	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 1800049	25,000	25,000	0	0	0	0	0											
TOTAL - 7. Agriculture Sector Programs	58,298	48,298	0	10,000	0	0	0	0										

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

8. Energy Efficiency

1800015 Emergency Energy Program

FY 1991

00 . Emergency Energy Program	11,515	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,515
Subtotal - FY 1991	11,515	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,515

FY 1992

00 . Emergency Energy Program	66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
Subtotal - FY 1992	66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
Total - Project 1800015	11,581	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,581

1800030 Regional Energy Efficiency

FY 1991

02 . PASA/IAA With DOE	2,898	0	0	649	0	1,175	0	450	0	0	0	600	0	0	0	0	0	24
03 . Energy Information System	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
04 . Grant To USEA	2,670	0	0	342	0	318	98	259	238	184	37	326	318	240	0	0	0	310
05 . IAA With NRC	573	0	0	0	0	143	0	281	0	0	0	0	0	149	0	0	0	0
06 . IQC	191	0	0	0	0	0	0	0	0	0	0	191	0	0	0	0	0	0
07 . Grant To IEA	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200
Subtotal - FY 1991	6,832	0	0	991	0	1,636	98	990	238	184	37	1,117	318	389	0	0	0	834

FY 1992

00 . Regional Energy Efficiency	1,492	0	0	191	0	178	55	145	133	103	20	182	178	134	0	0	0	173
01 . Industry Contracts/Util. Mgt.	14,682	0	0	995	0	440	36	1,134	36	365	229	4,808	1,782	2,226	0	0	0	2,631
02 . PASA/IAA With DOE	5,850	0	0	550	0	450	0	0	0	0	0	0	0	0	0	0	0	4,850
03 . Energy Information System	300	0	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	0	1,050
06 . IQC	419	0	0	0	0	0	0	0	0	0	0	419	0	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	0	400
08 . Department of Interior	160	0	0	0	0	0	0	160	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	24,353	0	0	1,736	0	1,068	91	1,439	169	468	249	5,409	1,960	2,360	0	0	0	9,404

FY 1993

01 . Industry Contracts/Util. Mgt.	703	0	0	155	0	42	14	63	14	14	0	282	77	42	0	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	0	5,600
03 . Energy Information System	308	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	308
04 . Grant To USEA	3,206	0	0	411	0	382	118	311	285	221	44	391	382	289	0	0	0	372
05 . IAA With NRC	1,621	0	0	292	0	535	0	324	0	178	0	0	0	292	0	0	0	0

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Date: 1/25/1999

Report: d_seed_report_2

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B. ECONOMIC RESTRUCTURING

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

8. Energy Efficiency																	
1800030 Regional Energy Efficiency																	
FY 1993																	
06 . IQC	36	0	0	0	0	0	0	0	0	0	0	36	0	0	0	0	0
Subtotal - FY 1993	11,474	0	0	858	0	959	132	698	299	413	44	709	459	623	0	0	6,280
FY 1994																	
00 . Regional Energy Efficiency	19	0	0	3	0	1	0	0	1	1	0	0	4	1	0	0	8
01 . Industry Contracts/Util. Mgt.	6,811	0	0	1,314	0	371	199	374	215	288	24	943	1,774	45	0	0	1,084
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	4,994	0	0	544	0	463	358	517	465	436	349	493	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	24	0	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	18,338	0	24	1,981	0	1,690	557	1,026	881	980	373	1,524	2,221	633	0	0	6,648
FY 1995																	
00 . Regional Energy Efficiency	136	0	0	0	0	0	0	20	0	0	58	58	0	0	0	0	0
01 . Industry Contracts/Util. Mgt.	17,152	0	0	1,324	0	1,010	0	1,700	544	532	350	2,545	4,280	320	0	0	4,547
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
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	249	0	0	2	0	6	0	0	3	2	1	8	1	2	0	0	224
Subtotal - FY 1995	24,837	0	0	2,876	0	1,916	0	2,320	847	2,284	609	3,011	4,281	1,722	0	0	4,971
FY 1996																	
00 . Regional Energy Efficiency	6,984	0	0	750	0	400	0	1,283	400	500	0	1,986	0	0	0	0	1,665
01 . Industry Contracts/Util. Mgt.	1,000	0	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0
11 . PSC's	277	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	277
Subtotal - FY 1996	8,241	0	0	750	0	400	0	1,283	400	500	0	1,986	1,000	0	0	0	1,942
FY 1997																	
00 . Regional Energy Efficiency	7,038	0	0	500	0	0	0	0	750	868	0	533	3,000	0	0	0	1,385
Subtotal - FY 1997	7,038	0	0	500	0	0	0	0	750	868	0	533	3,000	0	0	0	1,385

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B. ECONOMIC RESTRUCTURING

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8. Energy Efficiency

1800030 Regional Energy Efficiency

FY 1998

00 . Regional Energy Efficiency	9,748	0	0	600	0	0	0	0	0	2,155	275	2,634	540	320	0	0	3,224
Subtotal - FY 1998	9,748	0	0	600	0	0	0	0	0	2,155	275	2,634	540	320	0	0	3,224
Total - Project 1800030	110,857	0	24	10,292	0	7,669	878	7,736	3,384	7,852	1,587	16,923	13,779	6,047	0	0	34,686

1800031 Krakow Clean Fossil Fuels & Energy Efficiency

FY 1991

00 . Krakow Clean Fossil Fuels & Energy Efficiency	3,000	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	0
Subtotal - FY 1991	3,000	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	0

FY 1992

00 . Krakow Clean Fossil Fuels & Energy Efficiency	5,500	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	2,500
Subtotal - FY 1992	5,500	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	2,500

FY 1993

00 . Krakow Clean Fossil Fuels & Energy Efficiency	7,000	0	0	0	0	0	0	0	0	0	0	7,000	0	0	0	0	0
Subtotal - FY 1993	7,000	0	0	0	0	0	0	0	0	0	0	7,000	0	0	0	0	0

FY 1994

00 . Krakow Clean Fossil Fuels & Energy Efficiency	4,500	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0
Subtotal - FY 1994	4,500	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0
Total - Project 1800031	20,000	0	0	0	0	0	0	0	0	0	0	17,500	0	0	0	0	2,500

TOTAL - 8. Energy Efficiency

	142,438	0	24	10,292	0	7,669	878	7,736	3,384	7,852	0	34,423	13,779	6,047	0	0	48,767
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TOTAL - B. ECONOMIC RESTRUCTURING

	1,993,779	113,910	65,576	163,735	18,858	109,009	16,683	182,122	31,818	48,566	50,830	716,578	149,873	118,002	10,230	4,095	193,894
TOTAL AS % OF 1,993,779	100.0%	5.7%	3.3%	8.2%	0.9%	5.5%	0.8%	9.1%	1.6%	2.4%	2.5%	35.9%	7.5%	5.9%	0.5%	0.2%	9.7%
TOTAL AS % OF 3,722,602	53.6%	3.1%	1.8%	4.4%	0.5%	2.9%	0.4%	4.9%	0.9%	1.3%	1.4%	19.2%	4.0%	3.2%	0.3%	0.1%	5.2%

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C. IMPROVING THE QUALITY OF LIFE

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. Short-term Emerg. & Humanit. Asst.																	
1800016 Trauma, Social Welfare & Humanitarian Assistance																	
FY 1991																	
00 - Trauma, Social Welfare & Humanit.	5,496	1,278	0	917	0	371	170	0	165	165	1,207	325	0	743	0	0	155
Subtotal - FY 1991	5,496	1,278	0	917	0	371	170	0	165	165	1,207	325	0	743	0	0	155
FY 1992																	
00 - Trauma, Social Welfare & Humanit.	6,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,400
Subtotal - FY 1992	6,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,400
FY 1993																	
00 - Trauma, Social Welfare & Humanit.	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1993	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FY 1994																	
00 - Trauma, Social Welfare & Humanit.	11,365	0	3,468	0	5,862	0	0	0	0	400	1,435	0	100	0	100	0	0
Subtotal - FY 1994	11,365	0	3,468	0	5,862	0	0	0	0	400	1,435	0	100	0	100	0	0
FY 1995																	
00 - Humanitarian Emergency Asst.	360	0	0	0	360	0	0	0	0	0	0	0	0	0	0	0	0
01 - War Victims - Former Yugo	10,331	0	3,395	0	6,451	0	0	0	0	0	243	0	0	0	0	0	242
02 - Romanian Child Health	774	0	0	0	0	0	0	0	0	0	0	0	774	0	0	0	0
07 - NGO Humanitarian Grants	1,189	0	0	0	0	0	0	0	0	0	0	0	1,189	0	0	0	0
08 - PSC'S And Evaluation	363	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	363
09 - Holt Romanian Adoption	175	0	0	0	0	0	0	0	0	0	0	0	175	0	0	0	0
Subtotal - FY 1995	13,192	0	3,395	0	6,811	0	0	0	0	0	243	0	2,138	0	0	0	605
FY 1996																	
00 - Humanitarian Emergency Asst.	3,115	0	0	0	870	0	0	0	0	0	150	0	0	0	0	0	2,095
08 - PSC'S And Evaluation	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
Subtotal - FY 1996	3,131	0	0	0	870	0	0	0	0	0	150	0	0	0	0	0	2,111
FY 1997																	
00 - Trauma, Social Welfare & Humanit.	4,919	0	0	2,500	1,368	0	0	0	0	0	150	0	606	0	0	0	295
Subtotal - FY 1997	4,919	0	0	2,500	1,368	0	0	0	0	0	150	0	606	0	0	0	295

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1. Short-term Emerg. & Humanit. Asst.

1800016 Trauma, Social Welfare & Humanitarian Assistance

FY 1998

00 . Trauma, Social Welfare & Humanit.	8,109	0	370	0	2,342	0	0	0	0	0	815	0	2,653	0	0	1,880	49
Subtotal - FY 1998	8,109	0	370	0	2,342	0	0	0	0	0	815	0	2,653	0	0	1,880	49
Total - Project 1800016	53,012	1,678	7,233	3,417	17,253	371	170	0	165	565	4,000	325	5,497	743	100	1,880	9,615

1800032 Non Governmental Organizations Development

FY 1991

00 . Non Governmental Org. Dev.	511	0	0	511	0	0	0	0	0	0	0	0	0	0	0	0	0
02 . Romanian Child Health	1,500	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0	0
03 . CDC Grant	1,793	0	0	291	0	145	16	291	16	16	0	291	291	145	0	0	291
07 . NGO Humanitarian Grants	11,012	0	0	900	0	1,896	0	1,622	0	0	0	2,359	1,895	640	0	0	1,700
Subtotal - FY 1991	14,816	0	0	1,702	0	2,041	16	1,913	16	16	0	2,650	3,686	785	0	0	1,991

FY 1992

02 . Romanian Child Health	1,500	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0	0
03 . CDC Grant	2,553	0	0	425	0	213	0	426	0	0	0	426	426	212	0	0	425
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 Grants	1,466	0	0	0	0	0	0	0	0	0	0	1,019	447	0	0	0	0
Subtotal - FY 1992	8,427	2,908	0	425	0	213	0	426	0	0	0	1,445	2,373	212	0	0	425

FY 1993

00 . Non Governmental Org. Dev.	1,404	0	326	0	1,078	0	0	0	0	0	0	0	0	0	0	0	0
02 . Romanian Child Health	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 Grants	2,351	0	0	251	0	0	0	325	0	0	0	1,422	286	67	0	0	0
Subtotal - FY 1993	7,255	0	626	251	1,778	0	0	325	0	0	0	1,422	2,786	67	0	0	0

FY 1994

00 . Non Governmental Org. Dev.	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
02 . Romanian Child Health	2,543	0	0	0	350	0	0	0	0	0	0	0	2,193	0	0	0	0
03 . CDC Grant	193	0	0	0	0	0	0	50	0	0	0	0	1	15	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	3,504	0	1,051	0	2,453	0	0	0	0	0	0	0	0	0	0	0	0
07 . NGO Humanitarian Grants	650	0	0	0	0	0	0	0	0	0	0	650	0	0	0	0	0
08 . PVO Workshop	35	0	0	0	0	0	0	0	0	0	0	35	0	0	0	0	0
Subtotal - FY 1994	7,587	660	1,051	0	2,803	0	0	50	0	0	0	685	2,194	15	0	0	129

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C. IMPROVING THE QUALITY OF LIFE

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. Short-term Emerg. & Humanit. Asst.**1800032 Non Governmental Organizations Development****FY 1995**

00 - Non Governmental Org. Dev.	3,708	0	0	0	0	0	0	0	0	60	0	3,648	0	0	0	0	0
07 - NGO Humanitarian Grants	204	0	0	0	0	0	0	0	0	0	0	38	0	0	0	0	166
Subtotal - FY 1995	3,912	0	0	0	0	0	0	0	0	60	0	3,686	0	0	0	0	166

FY 1996

00 - Non Governmental Org. Dev.	4,290	0	0	0	0	90	0	700	400	200	0	700	0	1,000	0	0	1,200
Subtotal - FY 1996	4,290	0	0	0	0	90	0	700	400	200	0	700	0	1,000	0	0	1,200
Total - Project 1800032	46,287	3,568	1,677	2,378	4,581	2,344	16	3,414	416	276	0	10,588	11,039	2,079	0	0	3,911

1800054 Bosnian Emergency Rehabilitation**FY 1994**

00 - Bosnian Emergency Rehabilitation	9,500	0	9,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	9,500	0	9,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1995

00 - Bosnian Emergency Rehabilitation	8,472	0	8,472	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	8,472	0	8,472	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1996

00 - Bosnian Emergency Rehabilitation	10,077	0	9,988	0	0	0	0	0	0	0	0	0	0	0	0	0	89
Subtotal - FY 1996	10,077	0	9,988	0	0	0	0	0	0	0	0	0	0	0	0	0	89

FY 1997

00 - Bosnian Emergency Rehabilitation	3,965	0	3,952	0	0	0	0	0	0	0	0	0	0	0	0	0	13
Subtotal - FY 1997	3,965	0	3,952	0	0	0	0	0	0	0	0	0	0	0	0	0	13

FY 1998

00 - Bosnia Emergency Rehab	2,432	0	2,342	0	0	0	0	0	0	0	0	0	0	0	0	0	90
Subtotal - FY 1998	2,432	0	2,342	0	0	0	0	0	0	0	0	0	0	0	0	0	90
Total - Project 1800054	34,446	0	34,254	0	0	0	0	0	0	0	0	0	0	0	0	0	192

1800056 Bosnia Reconstruction Finance**FY 1996**

00 - Bosnia Reconstruction Finance	46,278	0	46,278	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	46,278	0	46,278	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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1. Short-term Emerg. & Humanit. Asst.

1800056 Bosnia Reconstruction Finance

FY 1997

00 . Bosnia Reconstruction Finance	65,322	0	65,322	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1997	65,322	0	65,322	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1998

00 . Bosnia Reconstruction Finance	110,086	0	110,086	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1998	110,086	0	110,086	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 1800056	221,686	0	221,686	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1800058 Bosnia Municipal Infrastr. & Services

FY 1996

00 . Bosnia Municipal Infrastr. & Services	68,039	0	68,039	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	68,039	0	68,039	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1997

00 . Bosnia Municipal Infrastr. & Services	65,006	0	65,006	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1997	65,006	0	65,006	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1998

00 . Bosnia Municipal Infrastr. & Services	60,600	0	60,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1998	60,600	0	60,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 1800058	193,645	0	193,645	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1860001 Humanitarian Assistance for Romanian Children

FY 1990

00 . Humanitarian Assistance for Romanian Chi	4,000	0	0	0	0	0	0	0	0	0	0	4,000	0	0	0	0	0
Subtotal - FY 1990	4,000	0	0	0	0	0	0	0	0	0	0	4,000	0	0	0	0	0
Total - Project 1860001	4,000	0	0	0	0	0	0	0	0	0	0	4,000	0	0	0	0	0

TOTAL - 1. Short-term Emerg. & Humanit. Asst.

553,076	5,246	458,495	5,795	21,834	2,715	186	3,414	581	841	0	10,913	20,536	2,822	100	1,880	13,718
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2. Employment & the Social Safety Net

1800002 Human Resources

FY 1997

00 . Human Resources	1,650	0	0	0	0	0	0	0	0	0	800	700	0	0	0	0	150
Subtotal - FY 1997	1,650	0	0	0	0	0	0	0	0	0	800	700	0	0	0	0	150
Total - Project 1800002	1,650	0	0	0	0	0	0	0	0	0	800	700	0	0	0	0	150

1800033 Labor Market Transition

FY 1991

00 . Labor Market Transition	5,612	56	0	0	0	224	0	842	0	0	0	3,705	0	224	0	0	561
Subtotal - FY 1991	5,612	56	0	0	0	224	0	842	0	0	0	3,705	0	224	0	0	561

FY 1992

00 . Labor Market Transition	6,000	0	0	600	0	0	0	240	0	0	0	5,160	0	0	0	0	0
Subtotal - FY 1992	6,000	0	0	600	0	0	0	240	0	0	0	5,160	0	0	0	0	0

FY 1993

00 . Labor Market Transition	6,000	60	0	540	0	0	0	840	0	0	0	2,640	60	300	0	0	1,560
Subtotal - FY 1993	6,000	60	0	540	0	0	0	840	0	0	0	2,640	60	300	0	0	1,560

FY 1994

00 . Labor Market Transition	6,983	0	0	696	0	0	0	1,124	0	0	0	2,519	517	517	0	0	1,590
Subtotal - FY 1994	6,983	0	0	696	0	0	0	1,124	0	0	0	2,519	517	517	0	0	1,590

FY 1995

00 . Labor Market Transition	6,451	0	0	600	0	0	0	1,000	0	0	0	3,229	0	0	0	0	1,622
Subtotal - FY 1995	6,451	0	0	600	0	0	0	1,000	0	0	0	3,229	0	0	0	0	1,622

FY 1996

00 . Labor Market Transition	4,640	0	0	400	0	0	0	650	0	0	0	1,699	0	0	0	0	1,891
Subtotal - FY 1996	4,640	0	0	400	0	0	0	650	0	0	0	1,699	0	0	0	0	1,891

FY 1997

00 . Labor Market Transition	2,183	0	0	700	0	0	0	250	0	0	0	0	0	0	0	0	1,233
Subtotal - FY 1997	2,183	0	0	700	0	0	0	250	0	0	0	0	0	0	0	0	1,233

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C. IMPROVING THE QUALITY OF LIFE

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

2. Employment & the Social Safety Net

1800033 Labor Market Transition

FY 1998

00 . Labor Market Transition	4,625	0	0	650	0	0	0	175	0	0	0	1,731	600	0	0	0	1,469
Subtotal - FY 1998	4,625	0	0	650	0	0	0	175	0	0	0	1,731	600	0	0	0	1,469
Total - Project 1800033	42,474	116	0	4,186	0	224	0	5,121	0	0	0	20,683	1,177	1,041	0	0	9,926

TOTAL - 2. Employment & the Social Safety Net

	44,124	116	0	4,186	0	224	0	5,121	0	0	0	21,383	1,177	1,041	0	0	10,076
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3. Urban Development

1800034 Urban Sector Assistance

FY 1991

00 . Urban Sector Assistance	5,366	0	0	771	0	448	0	1,622	0	0	0	1,957	0	448	0	0	120
Subtotal - FY 1991	5,366	0	0	771	0	448	0	1,622	0	0	0	1,957	0	448	0	0	120

FY 1992

00 . Urban Sector Assistance	22,561	721	0	3,534	0	1,381	0	3,288	0	0	0	6,166	480	1,368	0	0	5,623
Subtotal - FY 1992	22,561	721	0	3,534	0	1,381	0	3,288	0	0	0	6,166	480	1,368	0	0	5,623

FY 1993

00 . Urban Sector Assistance	7,000	0	0	320	0	980	0	350	0	0	0	3,050	90	380	0	0	1,830
Subtotal - FY 1993	7,000	0	0	320	0	980	0	350	0	0	0	3,050	90	380	0	0	1,830

FY 1994

00 . Urban Sector Assistance	19,407	207	0	840	0	891	0	1,154	0	0	0	9,600	361	965	0	0	5,389
Subtotal - FY 1994	19,407	207	0	840	0	891	0	1,154	0	0	0	9,600	361	965	0	0	5,389

FY 1995

00 . Urban Sector Assistance	21,782	1,489	0	1,283	820	2,378	0	2,082	0	0	0	8,124	700	2,968	0	0	1,938
Subtotal - FY 1995	21,782	1,489	0	1,283	820	2,378	0	2,082	0	0	0	8,124	700	2,968	0	0	1,938

FY 1996

00 . Urban Sector Assistance	19,230	1,014	0	322	2,000	1,804	0	2,229	0	0	0	7,720	1,000	2,496	0	0	645
Subtotal - FY 1996	19,230	1,014	0	322	2,000	1,804	0	2,229	0	0	0	7,720	1,000	2,496	0	0	645

FY 1997

00 . Urban Sector Assistance	21,833	1,500	0	1,600	2,750	0	0	500	0	0	0	11,836	800	2,219	0	0	628
Subtotal - FY 1997	21,833	1,500	0	1,600	2,750	0	0	500	0	0	0	11,836	800	2,219	0	0	628

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Date: 1/25/1999

Report: d_seed_report_2

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	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
3. Urban Development																	
1800034 Urban Sector Assistance																	
FY 1998																	
00 . Urban Sector Assistance	28,310	600	0	0	7,500	0	0	1,200	0	0	653	12,562	1,421	2,148	0	0	2,226
Subtotal - FY 1998	28,310	600	0	0	7,500	0	0	1,200	0	0	653	12,562	1,421	2,148	0	0	2,226
Total - Project 1800034	145,489	5,531	0	8,670	13,070	7,882	0	12,425	0	0	653	61,015	4,852	12,992	0	0	18,399
TOTAL - 3. Urban Development	145,489	5,531	0	8,670	13,070	7,882	0	12,425	0	0	653	61,015	4,852	12,992	0	0	18,399
4. Health																	
1800037 Partnerships in Health Care																	
FY 1991																	
00 . Partnerships in Health Care	2,525	0	0	1,592	0	0	0	933	0	0	0	0	0	0	0	0	0
Subtotal - FY 1991	2,525	0	0	1,592	0	0	0	933	0	0	0	0	0	0	0	0	0
FY 1992																	
00 . Partnerships in Health Care	9,671	0	0	1,200	0	1,000	0	2,010	0	0	0	2,680	1,080	1,200	0	0	501
Subtotal - FY 1992	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 1993																	
00 . Partnerships in Health Care	7,053	0	0	1,101	0	550	0	950	0	0	0	1,466	1,980	650	0	0	356
Subtotal - FY 1993	7,053	0	0	1,101	0	550	0	950	0	0	0	1,466	1,980	650	0	0	356
FY 1994																	
00 . Partnerships in Health Care	10,736	1,329	0	1,429	1,954	600	1,504	688	0	0	0	733	1,317	610	0	0	572
Subtotal - FY 1994	10,736	1,329	0	1,429	1,954	600	1,504	688	0	0	0	733	1,317	610	0	0	572
FY 1995																	
00 . Partnerships in Health Care	7,112	1,100	0	0	600	350	0	800	798	0	0	0	1,096	750	0	0	1,618
Subtotal - FY 1995	7,112	1,100	0	0	600	350	0	800	798	0	0	0	1,096	750	0	0	1,618
FY 1996																	
00 . Partnerships in Health Care	3,519	0	0	0	600	0	0	400	349	0	0	0	600	750	0	0	820
Subtotal - FY 1996	3,519	0	0	0	600	0	0	400	349	0	0	0	600	750	0	0	820
FY 1997																	
00 . Partnerships in Health Care	1,291	0	0	0	600	0	0	0	0	0	0	0	0	625	0	0	66
Subtotal - FY 1997	1,291	0	0	0	600	0	0	0	0	0	0	0	0	625	0	0	66

C. IMPROVING THE QUALITY OF LIFE

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

4. Health

1800037 Partnerships in Health Care

FY 1998

00 . Partnerships in Health Care	559	0	0	0	0	0	0	0	0	0	0	0	300	75	0	0	184
Subtotal - FY 1998	559	0	0	0	0	0	0	0	0	0	0	0	300	75	0	0	184
Total - Project 1800037	42,466	2,429	0	5,322	3,754	2,500	1,504	5,781	1,147	0	0	4,879	6,373	4,660	0	0	4,117

1800038 Promotion of Private Health Markets

FY 1992

01 . Health Markets	4,995	61	0	4	0	1,906	0	270	0	0	0	317	174	697	0	0	1,566
Subtotal - FY 1992	4,995	61	0	4	0	1,906	0	270	0	0	0	317	174	697	0	0	1,566

FY 1993

00 . Promotion of Private Health Markets	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30
01 . Health Markets	2,091	357	0	7	0	402	0	252	0	0	0	702	102	202	0	0	67
Subtotal - FY 1993	2,121	357	0	7	0	402	0	252	0	0	0	702	102	202	0	0	97

FY 1994

00 . Promotion of Private Health Markets	20	0	0	4	0	6	0	1	0	0	0	5	0	1	0	0	3
01 . Health Markets	4,356	460	0	604	0	1,128	0	326	0	0	0	500	637	525	0	0	176
Subtotal - FY 1994	4,376	460	0	608	0	1,134	0	327	0	0	0	505	637	526	0	0	179

FY 1995

00 . Promotion of Private Health Markets	11,388	965	0	136	0	2,358	0	147	0	0	0	2,515	1,466	2,281	0	0	1,520
Subtotal - FY 1995	11,388	965	0	136	0	2,358	0	147	0	0	0	2,515	1,466	2,281	0	0	1,520

FY 1996

00 . Promotion of Private Health Markets	5,523	850	0	200	0	125	0	500	0	0	0	180	803	948	0	0	1,917
Subtotal - FY 1996	5,523	850	0	200	0	125	0	500	0	0	0	180	803	948	0	0	1,917

FY 1997

00 . Promotion of Private Health Markets	516	0	0	0	0	0	0	250	0	0	0	0	0	150	0	0	116
Subtotal - FY 1997	516	0	0	0	0	0	0	250	0	0	0	0	0	150	0	0	116

FY 1998

00 . Promotion of Private Health Markets	3,362	1,200	0	0	0	0	0	871	0	0	0	0	0	700	0	0	591
Subtotal - FY 1998	3,362	1,200	0	0	0	0	0	871	0	0	0	0	0	700	0	0	591
Total - Project 1800038	32,281	3,893	0	955	0	5,925	0	2,617	0	0	0	4,219	3,182	5,504	0	0	5,986

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**U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
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C. IMPROVING THE QUALITY OF LIFE

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG	
4. Health																		
1860002 Romanian Family Planning																		
FY 1991																		
00 . Romanian Family Planning	1,499	0	0	0	0	0	0	0	0	0	0	0	1,499	0	0	0	0	
Subtotal - FY 1991	1,499	0	0	0	0	0	0	0	0	0	0	0	1,499	0	0	0	0	
FY 1992																		
00 . Romanian Family Planning	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0	
Subtotal - FY 1992	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0	
FY 1993																		
00 . Romanian Family Planning	1,998	0	0	0	0	0	0	0	0	0	0	0	1,998	0	0	0	0	
Subtotal - FY 1993	1,998	0	0	0	0	0	0	0	0	0	0	0	1,998	0	0	0	0	
FY 1997																		
00 . Romanian Family Planning	850	0	0	0	0	0	0	0	0	0	0	0	850	0	0	0	0	
Subtotal - FY 1997	850	0	0	0	0	0	0	0	0	0	0	0	850	0	0	0	0	
FY 1998																		
00 . Romanian Family Planning	3,048	600	0	0	0	0	0	0	0	0	0	0	2,448	0	0	0	0	
Subtotal - FY 1998	3,048	600	0	0	0	0	0	0	0	0	0	0	2,448	0	0	0	0	
Total - Project 1860002	8,895	600	0	0	0	0	0	0	0	0	0	0	8,295	0	0	0	0	
TOTAL - 4. Health	83,842	6,922	0	6,277	3,754	6,425	1,504	8,398	1,147	0	0	0	9,098	17,850	10,164	0	0	10,103

5. Environment																	
1800004 Environmental Initiatives																	
FY 1990																	
01 . World Environmental Center	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	128	0	0	42	0	22	0	44	0	0	0	0	0	20	0	0	0
04 . DOE (632b)	9,778	0	0	0	0	0	0	0	0	0	0	9,778	0	0	0	0	0
84 . EPA	3,220	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,220
Subtotal - FY 1990	13,924	0	0	42	0	22	0	394	0	0	0	10,128	0	20	0	0	3,320
FY 1991																	
01 . World Environmental Center	4,000	0	0	720	0	520	0	720	0	0	0	720	760	560	0	0	0

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 ** 632A Transfers to other U.S. Agencies counted as obligated in the fiscal year.

C. IMPROVING THE QUALITY OF LIFE

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

5. Environment																	
1800004 Environmental Initiatives																	
FY 1991																	
83 . EPA	3,199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,199
Subtotal - FY 1991	7,199	0	0	720	0	520	0	720	0	0	0	720	760	560	0	0	3,199
FY 1992																	
00 . Environmental Initiatives	3,723	0	0	443	0	332	295	369	369	332	0	775	443	332	0	0	33
07 . Krakow Air/Water	1,892	0	0	0	0	0	0	0	0	0	0	1,892	0	0	0	0	0
Subtotal - FY 1992	5,615	0	0	443	0	332	295	369	369	332	0	2,667	443	332	0	0	33
FY 1993																	
00 . Environmental Initiatives	24	0	0	6	0	0	1	2	0	0	0	0	2	3	0	0	10
07 . Krakow Air/Water	1,400	0	0	0	0	0	0	0	0	0	0	0	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	91	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	91
12 . Env Investments-Pride	675	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	675
13 . Evaluation And Prog. Mgmt	93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	93
Subtotal - FY 1993	2,423	0	0	6	0	0	1	2	0	0	0	0	2	3	0	0	2,409
FY 1994																	
00 . Environmental Initiatives	9,663	0	0	1,205	0	427	464	631	614	970	0	1,677	907	1,868	0	0	900
01 . World Environmental Center	3,649	0	0	392	0	320	285	249	285	249	0	499	534	249	0	0	587
10 . RSSA With EPA	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	46
11 . HIID	1,503	30	0	15	0	15	135	271	105	120	0	256	210	90	0	0	256
12 . Env Investments-Pride	522	0	0	24	0	0	0	0	0	24	0	350	0	0	0	0	124
13 . Evaluation And Prog. Mgmt	101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	101
14 . PSCS & Travel	269	0	0	7	0	0	7	0	1	7	0	0	0	0	0	0	247
Subtotal - FY 1994	15,753	30	0	1,643	0	762	891	1,151	1,005	1,370	0	2,782	1,651	2,207	0	0	2,261
FY 1995																	
00 . Environmental Initiatives	22	0	0	0	0	0	0	22	0	0	0	0	0	0	0	0	0
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	213	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	213
13 . Evaluation And Prog. Mgmt	274	5	0	0	0	0	4	0	0	0	0	17	2	0	0	0	246
Subtotal - FY 1995	7,033	5	0	380	0	330	4	822	630	626	0	1,267	1,113	875	0	0	981

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**U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
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C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
5. Environment																	
1800004 Environmental Initiatives																	
FY 1996																	
00 . Environmental Initiatives	2,066	0	0	170	0	0	0	100	0	400	0	850	0	300	0	0	246
01 . World Environmental Center	170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170
10 . RSSA With EPA	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
11 . HIID	2,375	0	0	400	0	0	0	300	200	250	0	100	225	900	0	0	0
13 . Evaluation And Prog. Mgmt	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53
14 . PSCS & Travel	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	122
Subtotal - FY 1996	4,866	0	0	570	0	0	0	400	200	650	0	950	225	1,200	0	0	691
FY 1997																	
00 . Environmental Initiatives	2,882	0	0	350	0	0	0	0	0	100	0	0	440	1,300	0	0	692
Subtotal - FY 1997	2,882	0	0	350	0	0	0	0	0	100	0	0	440	1,300	0	0	692
FY 1998																	
00 . Environmental Initiatives	4,082	0	0	125	0	0	0	0	0	0	0	710	1,075	1,238	0	0	934
Subtotal - FY 1998	4,082	0	0	125	0	0	0	0	0	0	0	710	1,075	1,238	0	0	934
Total - Project 1800004	63,797	35	0	4,279	0	1,966	1,191	3,858	2,204	3,078	0	19,222	5,709	7,735	0	0	14,520
1800039 Improved Public Sector Environmental Services																	
FY 1991																	
01 . IAA WITH EPA	8,100	0	0	1,053	0	2,592	0	1,701	0	0	0	1,215	0	648	0	0	891
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	799	0	0	603	0	80	0	8	0	0	0	20	8	80	0	0	0
05 . USDA	400	0	0	80	0	40	0	80	0	0	0	80	80	40	0	0	0
07 . WASH Buy-in (Danube)	1,000	0	0	250	0	0	0	250	0	0	0	0	250	250	0	0	0
Subtotal - FY 1991	10,799	0	0	1,986	0	2,962	0	2,039	0	0	0	1,315	338	1,268	0	0	891
FY 1992																	
01 . IAA WITH EPA	4,980	0	0	455	0	1,119	275	485	275	350	0	1,417	0	134	0	0	450
02 . Center for Clean Air Policy	498	0	0	0	0	374	0	0	0	0	0	0	0	124	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 Environment	1,949	0	0	0	0	0	0	937	0	0	0	1,012	0	0	0	0	0
07 . WASH Buy-in (Danube)	1,248	0	0	312	0	0	0	312	0	0	0	0	312	312	0	0	0
Subtotal - FY 1992	10,230	0	0	1,930	0	1,493	275	1,758	275	350	0	2,454	650	595	0	0	450

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C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
5. Environment																	
1800039 Improved Public Sector Environmental Services																	
FY 1997																	
00 . Improved Public Sector	5,861	1,765	0	0	0	0	0	0	0	200	0	1,070	1,994	0	0	0	832
Subtotal - FY 1997	5,861	1,765	0	0	0	0	0	0	0	200	0	1,070	1,994	0	0	0	832
FY 1998																	
00 . Improved Public Sector	6,816	3,086	0	0	0	0	0	0	0	0	500	274	550	0	0	0	2,406
Subtotal - FY 1998	6,816	3,086	0	0	0	0	0	0	0	0	500	274	550	0	0	0	2,406
Total - Project 1800039	83,153	9,222	0	11,268	0	6,826	2,412	6,992	850	2,030	500	13,113	8,249	5,348	0	0	16,343
1800041 Environmental Training																	
FY 1991																	
00 . Environmental Training	1,000	0	0	219	0	490	0	67	0	0	0	105	0	84	0	0	35
Subtotal - FY 1991	1,000	0	0	219	0	490	0	67	0	0	0	105	0	84	0	0	35
FY 1992																	
00 . Environmental Training	3,146	0	0	692	0	409	0	283	0	0	0	787	472	503	0	0	0
Subtotal - FY 1992	3,146	0	0	692	0	409	0	283	0	0	0	787	472	503	0	0	0
FY 1993																	
00 . Environmental Training	1,400	0	0	322	0	182	0	126	0	0	0	336	210	224	0	0	0
Subtotal - FY 1993	1,400	0	0	322	0	182	0	126	0	0	0	336	210	224	0	0	0
FY 1994																	
00 . Environmental Training	3,000	0	0	900	0	450	0	570	0	0	0	540	150	390	0	0	0
Subtotal - FY 1994	3,000	0	0	900	0	450	0	570	0	0	0	540	150	390	0	0	0
FY 1995																	
00 . Environmental Training	1,842	0	0	60	0	0	0	200	0	0	0	625	457	300	0	0	200
Subtotal - FY 1995	1,842	0	0	60	0	0	0	200	0	0	0	625	457	300	0	0	200
FY 1996																	
00 . Environmental Training	1,100	0	0	0	0	0	0	0	0	0	0	800	0	300	0	0	0
Subtotal - FY 1996	1,100	0	0	0	0	0	0	0	0	0	0	800	0	300	0	0	0

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C. IMPROVING THE QUALITY OF LIFE

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

5. Environment

1800041 Environmental Training

FY 1997

00 . Environmental Training	890	0	0	0	0	0	0	0	0	0	0	640	0	250	0	0	0
Subtotal - FY 1997	890	0	0	0	0	0	0	0	0	0	0	640	0	250	0	0	0
Total - Project 1800041	12,378	0	0	2,193	0	1,531	0	1,246	0	0	0	3,833	1,289	2,051	0	0	235
TOTAL - 5. Environment	159,328	9,257	0	17,740	0	10,323	3,603	12,096	3,054	5,108	0	36,168	15,247	15,134	0	0	31,098

TOTAL - C. IMPROVING THE QUALITY OF LIFE

	985,659	27,072	458,495	42,668	38,658	29,569	5,293	41,454	4,782	5,949	5,953	138,577	59,662	42,153	100	1,880	83,394
TOTAL AS % OF 985,659	100.0%	2.7%	46.5%	4.3%	3.9%	3.0%	0.5%	4.2%	0.5%	0.6%	0.6%	14.1%	6.1%	4.3%	0.0%	0.2%	8.5%
TOTAL AS % OF 3,722,602	26.5%	0.7%	12.3%	1.1%	1.0%	0.8%	0.1%	1.1%	0.1%	0.2%	0.2%	3.7%	1.6%	1.1%	0.0%	0.1%	2.2%

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D. MISCELLANEOUS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. (MISC. in Detail)																	
0																	
FY 1995																	
00.	4,838	0	4,838	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	4,838	0	4,838	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 0	4,838	0	4,838	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1650053 Macedonia Cash Transfer (ESF)																	
FY 1994																	
00. Macedonia Cash Transfer (ESF)	5,000	0	0	0	0	0	0	0	0	0	5,000	0	0	0	0	0	0
Subtotal - FY 1994	5,000	0	0	0	0	0	0	0	0	0	5,000	0	0	0	0	0	0
Total - Project 1650053	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																	
FY 1990																	
00. A.I.D. Administrative Expenses	96	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96
Subtotal - FY 1990	96	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96
Total - Project 1800001	96	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96
1800249 Audit, Evaluation & Project Support																	
FY 1990																	
00. Audit, Evaluation & Project Support	288	0	0	0	0	0	0	17	0	0	0	211	0	0	0	0	60
Subtotal - FY 1990	288	0	0	0	0	0	0	17	0	0	0	211	0	0	0	0	60
FY 1991																	
00. Audit, Evaluation & Project Support	1,662	33	0	28	0	7	0	24	0	0	0	84	0	6	0	0	1,480
Subtotal - FY 1991	1,662	33	0	28	0	7	0	24	0	0	0	84	0	6	0	0	1,480
FY 1992																	
00. Audit, Evaluation & Project Support	3,270	54	0	412	0	232	84	124	84	87	0	107	364	129	0	0	1,593
Subtotal - FY 1992	3,270	54	0	412	0	232	84	124	84	87	0	107	364	129	0	0	1,593
FY 1993																	
00. Audit, Evaluation & Project Support	2,925	19	0	11	7	3	77	161	4	1	11	733	120	5	0	17	1,756
Subtotal - FY 1993	2,925	19	0	11	7	3	77	161	4	1	11	733	120	5	0	17	1,756
FY 1994																	
00. Audit, Evaluation & Project Support	3,313	16	61	14	0	36	75	416	0	13	27	652	35	27	0	0	1,941
01. Evaluation	438	0	0	44	0	0	0	0	0	0	0	44	44	0	0	0	308

* 832A Allocations counted as obligation in that Fiscal Year

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D. MISCELLANEOUS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. (MISC. in Detail)

1800249 Audit, Evaluation & Project Support

FY 1994

02 . Project Support	1,394	0	24	0	0	0	0	0	66	0	0	0	0	0	0	0	1,304
Subtotal - FY 1994	5,145	16	85	58	0	36	75	416	66	13	27	696	79	27	0	0	3,551

FY 1995

00 . Audit, Evaluation & Project Support	2,478	6	266	129	82	201	3	443	16	153	90	951	79	5	54	0	0
01 . Evaluation	891	44	0	44	0	0	0	0	0	0	0	0	45	0	0	0	758
02 . Project Support	1,568	3	74	26	23	53	6	19	8	44	99	97	2	0	53	144	917
04 . ENI/DG PSCS/Travel	103	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	103
32 . Department of Commerce*	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	250
Subtotal - FY 1995	5,290	53	340	199	105	254	9	462	24	197	189	1,048	126	5	107	144	2,028

FY 1996

00 . Audit, Evaluation & Project Support	6,062	0	1,189	146	563	168	30	763	287	456	250	832	145	172	83	0	978
01 . Evaluation	525	158	0	158	0	0	0	0	0	79	0	0	0	0	0	0	130
02 . Project Support	1,040	0	345	0	50	0	0	0	0	0	0	0	0	0	0	0	645
04 . ENI/DG PSCS/Travel	163	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	163
Subtotal - FY 1996	7,790	158	1,534	304	613	168	30	763	287	535	250	832	145	172	83	0	1,916

FY 1997

00 . Audit, Evaluation & Project Support	7,998	12	702	523	956	226	0	625	328	607	482	291	773	253	3	0	2,217
Subtotal - FY 1997	7,998	12	702	523	956	226	0	625	328	607	482	291	773	253	3	0	2,217

FY 1998

00 . Audit, Evaluation & Project Support	9,495	283	1,106	575	936	0	0	475	271	561	256	211	551	189	0	727	3,354
Subtotal - FY 1998	9,495	283	1,106	575	936	0	0	475	271	561	256	211	551	189	0	727	3,354

Total - Project 1800249

	43,863	628	3,767	2,110	2,617	926	275	3,067	1,064	2,001	1,215	4,213	2,158	786	193	888	17,955
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1800250 Science & Technology

FY 1996

40 . Department of State*	2,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,900
Subtotal - FY 1996	2,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,900

Total - Project 1800250

	2,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,900
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* 632A Allocations counted as obligation in that Fiscal Year.

** 632A Transfers to other U.S. Agencies counted as obligated in the fiscal year transferred.

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.

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TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. (MISC. in Detail)																	
180632A Transfers To Other US Agencies																	
FY 1993																	
05 . Dept. of State**	1,803	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,803
Subtotal - FY 1993	1,803	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,803
FY 1994																	
01 . Dept of Defense**	2,000	0	0	0	0	0	0	0	2,000	0	0	0	0	0	0	0	0
03 . Trade & Dev. Agency**	3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000
04 . USIA**	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000
Subtotal - FY 1994	7,000	0	0	0	0	0	0	0	2,000	0	0	0	0	0	0	0	5,000
FY 1995																	
02 . USIA**	9,058	825	450	600	430	750	100	1,275	250	380	398	1,340	950	500	710	0	100
06 . Dept. of State**	500	0	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	9,558	825	950	600	430	750	100	1,275	250	380	398	1,340	950	500	710	0	100
FY 1996																	
01 . Dept of Treasury**	6,023	700	1,000	0	200	0	0	1,323	0	860	540	500	0	0	150	0	750
03 . Trade & Dev. Agency**	9,000	0	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	7,000
04 . USIA**	7,980	700	2,550	250	300	0	0	900	320	200	410	1,050	100	500	300	0	400
06 . Dept of State (Bos)**	57,955	0	53,600	0	0	0	0	0	0	0	0	0	0	0	0	0	4,355
Subtotal - FY 1996	80,958	1,400	59,150	250	500	0	0	2,223	320	1,060	950	1,550	100	500	450	0	12,505
FY 1997																	
99 . US Agencies**	110,594	2,430	80,910	575	550	0	0	1,855	0	1,115	550	980	1,300	500	0	0	19,829
Subtotal - FY 1997	110,594	2,430	80,910	575	550	0	0	1,855	0	1,115	550	980	1,300	500	0	0	19,829
FY 1998																	
00 . Transfers to Other US Agencies	78,524	3,330	44,399	895	650	0	0	1,300	100	1,100	1,125	850	1,725	325	0	1,200	21,525
Subtotal - FY 1998	78,524	3,330	44,399	895	650	0	0	1,300	100	1,100	1,125	850	1,725	325	0	1,200	21,525
Total - Project 180632A	288,437	7,985	185,409	2,320	2,130	750	100	6,653	2,670	3,655	3,023	4,720	4,075	1,825	1,160	1,200	60,762
180TRAN Transfers to Other Bureaus																	
FY 1995																	
04 . OFDA Activities	5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 180TRAN	5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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** 632A Transfers to other U.S. Agencies counted as obligation in that Fiscal Year.

D. MISCELLANEOUS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. (MISC. in Detail)

1810001 Hospital Equipment

FY 1993

00 . Hospital Equipment	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
Subtotal - FY 1993	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
Total - Project 1810001	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0

1810004 Solidarty Support Program

FY 1993

00 . Solidarty Support Program	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	0	0
Subtotal - FY 1993	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	0	0
Total - Project 1810004	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	0	0

1810005 Assistance to Private Farmers(Poland)

FY 1990

00 . Assistance to Private Farmers(Poland)	10,000	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	0
Subtotal - FY 1990	10,000	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	0
Total - Project 1810005	10,000	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	0

1810006 Medical Supplies, Equipment & Training(Poland)

FY 1990

00 . Medical Supplies, Equipment & Training	1,990	0	0	0	0	0	0	0	0	0	0	497	0	0	0	0	1,493
Subtotal - FY 1990	1,990	0	0	0	0	0	0	0	0	0	0	497	0	0	0	0	1,493
Total - Project 1810006	1,990	0	0	0	0	0	0	0	0	0	0	497	0	0	0	0	1,493

1810007 Asst. To Democratic/Poland

FY 1993

00 . Asst. To Democratic/Poland	330	0	0	0	0	0	0	0	0	0	0	330	0	0	0	0	0
Subtotal - FY 1993	330	0	0	0	0	0	0	0	0	0	0	330	0	0	0	0	0
Total - Project 1810007	330	0	0	0	0	0	0	0	0	0	0	330	0	0	0	0	0

1850001 Asst. To Democratic/Hungary

FY 1993

00 . Asst. To Democratic/Hungary	253	0	0	0	0	0	0	253	0	0	0	0	0	0	0	0	0
Subtotal - FY 1993	253	0	0	0	0	0	0	253	0	0	0	0	0	0	0	0	0
Total - Project 1850001	253	0	0	0	0	0	0	253	0	0	0	0	0	0	0	0	0

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TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. (MISC. in Detail)																	
9260071 Training Eval. & Support Services																	
FY 1996																	
00 - Training Eval. & Support Services	203	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	203
Subtotal - FY 1996	203	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	203
Total - Project 9260071	203	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	203
9300100 WID Strategies Resources																	
FY 1995																	
00 - WID Strategies Resources	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
Subtotal - FY 1995	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
FY 1996																	
00 - WID Strategies Resources	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
Subtotal - FY 1996	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
Total - Project 9300100	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500
9361421 AID/Peace Corps Small Project Asst																	
FY 1991																	
00 - AID/Peace Corps Small Project Asst	95	0	0	19	0	19	0	19	0	0	0	19	19	0	0	0	0
Subtotal - FY 1991	95	0	0	19	0	19	0	19	0	0	0	19	19	0	0	0	0
Total - Project 9361421	95	0	0	19	0	19	0	19	0	0	0	19	19	0	0	0	0
9363038 FP Logistics Management																	
FY 1995																	
00 - FP Logistics Management	100	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0
Subtotal - FY 1995	100	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0
FY 1996																	
00 - FP Logistics Management	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Subtotal - FY 1996	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Total - Project 9363038	225	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	125

* 632A Allocations counted as obligation in that Fiscal Year.

** 632A Transfers to other U.S. Agencies counted as obligated.

D. MISCELLANEOUS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. (MISC. in Detail)

9363048 Service Expansion & Tech Support

FY 1996

00 . Service Expansion & Tech Support	1,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,200
Subtotal - FY 1996	1,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,200
Total - Project 9363048	1,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,200

9363054 Population Services Fellowship Program

FY 1995

00 . Population Services Fellowship Program	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
Subtotal - FY 1995	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
Total - Project 9363054	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150

9363056 Promoting Financial Invest. & Transfers

FY 1995

00 . Promoting Financial Invest. & Transfers	1,100	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	1,100	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

FY 1996

00 . Promoting Financial Invest. & Transfers	110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	110
Subtotal - FY 1996	110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	110
Total - Project 9363056	1,210	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	110

9363057 Central Contraceptive Procurement

FY 1994

00 . Central Contraceptive Procurement	250	0	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	250	0	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 9363057	250	0	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

9363078 Policy Analysis Planning & Action

FY 1995

00 . Policy Analysis Planning & Action	400	0	0	0	0	0	0	0	0	0	0	0	400	0	0	0	0	0
Subtotal - FY 1995	400	0	0	0	0	0	0	0	0	0	0	0	400	0	0	0	0	0

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TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. (MISC. in Detail)																	
9363078 Policy Analysis Planning & Action																	
FY 1996																	
00 . Policy Analysis Planning & Action	390	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	390
Subtotal - FY 1996	390	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	390
Total - Project 9363078	790	0	0	0	0	0	0	0	0	0	0	400	0	0	0	0	390
9365451 Implementing Policy Change																	
FY 1991																	
00 . Implementing Policy Change	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
Subtotal - FY 1991	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
FY 1994																	
00 . Implementing Policy Change	55	0	0	0	0	0	0	0	0	55	0	0	0	0	0	0	0
Subtotal - FY 1994	55	0	0	0	0	0	0	0	0	55	0	0	0	0	0	0	0
Total - Project 9365451	60	0	0	0	0	0	0	0	0	55	0	0	0	0	0	0	5
9365517 Environmental Planning & Management																	
FY 1996																	
00 . Environmental Planning & Management	115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	115
Subtotal - FY 1996	115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	115
Total - Project 9365517	115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	115
9365556 Forest Resources Management																	
FY 1996																	
00 . Forest Resources Management	178	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	178
Subtotal - FY 1996	178	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	178
Total - Project 9365556	178	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	178
9365600 Innovative Scientific Research																	
FY 1996																	
00 . Innovative Scientific Research	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	80
Subtotal - FY 1996	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	80
Total - Project 9365600	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	80

* 632A Allocations counted as obligation in that Fiscal Year.

D. MISCELLANEOUS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. (MISC. in Detail)

9365856 Crisis Education Bosnia

FY 1996

00 - Crisis Education Bosnia	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
Subtotal - FY 1996	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
Total - Project 9365856	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000

9365970 Technical Advisors in AIDS & Child Survival

FY 1994

00 - Technical Advisors in AIDS & Child Survival	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	122
Subtotal - FY 1994	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	122

FY 1995

00 - Technical Advisors in AIDS & Child Survival	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
Subtotal - FY 1995	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
Total - Project 9365970	272	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	272

9365974 Health Care Financing & Sustainability

FY 1995

00 - Health Care Financing & Sustainability	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
Subtotal - FY 1995	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
Total - Project 9365974	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100

9366004 Health Resources Support II

FY 1995

00 - Health Resources Support II	246	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	246
Subtotal - FY 1995	246	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	246

FY 1996

00 - Health Resources Support II	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
Subtotal - FY 1996	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
Total - Project 9366004	262	0	262															

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**U.S. ASSISTANCE TO CENTRAL AND EASTERN EUROPE
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D. MISCELLANEOUS

TOTAL ALB BOS BUL CRO CZE EST HUN LAT LIT FYROM POL ROM SVK SLO YUG REG

1. (MISC. In Detail)																	
9400015 Institutional Reform at the Formal Sector																	
FY 1996																	
00 . Institutional Reform at the Formal Sector	456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	456
Subtotal - FY 1996	456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	456
Total - Project 9400015	456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	456
9400017 Financial Services Volunteer Corps																	
FY 1991																	
00 . Financial Services Volunteer Corps	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
Subtotal - FY 1991	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
Total - Project 9400017	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 1995																	
00 . Micro Enterprise Innovation Project	353	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	353
Subtotal - FY 1995	353	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	353
Total - Project 9400406	353	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	353
9401008 Housing and Urban Programs																	
FY 1995																	
00 . Housing and Urban Programs	3	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	3	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0
FY 1996																	
00 . Housing and Urban Programs	20	0	0	0	0	0	0	20	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	20	0	0	0	0	0	0	20	0	0	0	0	0	0	0	0	0
Total - Project 9401008	23	0	0	0	0	0	0	23	0	0	0	0	0	0	0	0	0
9683003 LOC SUPP OFDA CROATIA/BOSNIA Herzegovina																	
FY 1993																	
00 . LOC SUPP OFDA CROATIA/BOSNIA.	624	0	385	0	239	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1993	624	0	385	0	239	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 9683003	624	0	385	0	239	0	0	0	0	0	0	0	0	0	0	0	0

D. MISCELLANEOUS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
1. (MISC. in Detail)																	
9683045 Dart Administration Support, RRF																	
FY 1994																	
00 . Dart Administration Support, RRF	1,151	0	0	0	1,151	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	1,151	0	0	0	1,151	0	0	0	0	0	0	0	0	0	0	0	0
FY 1995																	
00 . Dart Administration Support, RRF	2,017	0	0	0	2,017	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	2,017	0	0	0	2,017	0	0	0	0	0	0	0	0	0	0	0	0
FY 1996																	
00 . Dart Administration Support, RRF	3,310	0	0	0	3,310	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	3,310	0	0	0	3,310	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 9683045	6,478	0	0	0	6,478	0	0	0	0	0	0	0	0	0	0	0	0
9686029 Emergency Shelter Program																	
FY 1996																	
00 . Emergency Shelter Program	25,422	0	25,422	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	25,422	0	25,422	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 9686029	25,422	0	25,422	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9686209 Stockpile Vehicles																	
FY 1996																	
00 . Stockpile Vehicles	100	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	100	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 9686209	100	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0
9686600 OTI Bosnian Task Force																	
FY 1996																	
00 . OTI Bosnian Task Force	1,833	0	200	0	1,633	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	1,833	0	200	0	1,633	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 9686600	1,833	0	200	0	1,633	0	0	0	0	0	0	0	0	0	0	0	0

* 632A Allocations counted as obligation in that Fiscal Year.

** 632A Transfers to other U.S. Agencies counted as obligated in the fiscal year transferred.

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.

Obligation levels are provided by the ENI bureau and do not reflect official Agency levels.