Belarus

The Development Challenge: The 2001 presidential elections presented Belarus with alternatives to presidential autocracy and concentrated executive power. The elections attracted international attention, providing the possibility for a renewal of democracy. However, the Government of Belarus (GOB) ignored the recommendations of the Organization for Security and Cooperation in Europe (OSCE) for free and fair elections. The OSCE Limited Election Observation Mission concluded that the September 9 presidential elections in Belarus did not meet democratic standards, but that a vibrant civil society has emerged despite the efforts of the government.

> Belarus ranks 135th among 156 countries in investment climate attractiveness; and 146th place in economic freedom according to, respectively, the World Bank and the Heritage Foundation.

In the early 1990s, Belarus, started economic liberalization and structural reforms after gaining independence from the Soviet Union. The election of the current president in 1995 interrupted this transformation, as he centralized all authority in the executive. State ownership of property, depreciated industrial assets, limited foreign and domestic investment due to an unfavorable investment climate and the legacy of a command-driven economy also hampered economic development. A report released by the Commonwealth of Independent States (CIS) Statistical Committee in December 2001 shows that Belarus has the lowest GDP growth and highest inflation in the CIS.

According to the GOB's Labor and Social Protection Department, Belarus' social indicators have also deteriorated. Economic and social developments in the country have led to an acute decline in birth rates, marriages, and an increase in emigration and mortality rates (since 1990, the birth rate has declined 30%).

The legislative branch is largely limited in its powers, and a weak judiciary—directly controlled by the Executive branch—cannot protect civil or commercial rights. Nonetheless, the civic resistance that emerged during the presidential election period has broadened the debate on legislative reform and redistribution of power.

Civil society remains weak largely due to the restrictive environment imposed by the government and its harassment of the most active democratic non-governmental institutions. During the election year, the GOB chose to tighten the existing legislation even further, and used its administrative structures and state-controlled mass media to neutralize and discredit the most active components of the civil society: trade unions, democratic political parties, and non-governmental organizations (NGOs). The role of civil society is largely unrecognized and misunderstood by the general public due to the government's control over the media, and misinformation in the state-owned information sources. Despite the repressive climate, civil society struggles to raise the level of citizens' involvement in the political process, as demonstrated by the non-partisan get-out-the-vote campaign and the 2001 presidential election observation campaign. The developmental challenge is to broaden the constituency for change towards democratic, market-oriented society. USAID's assistance program will continue to play an important role in the democracy-building process.

Our national interests in Belarus stem from U.S. security and economic and political development concerns, including the need to promote genuine democratic institutions and a strong civil society. The U.S. Government supports the following developments: a legal environment in which peaceful political opposition and civil society can freely operate; free expression in the media, whether state-owned or independent; an open and transparent electoral process; and the return of independent legislative and judicial functions to those branches of government.

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The USAID Program:
FY 2002 Estimate: $10.07 million FY 2003 Request: $ 9.50 million

USAID's objective in Belarus is to achieve a pluralistic and democratic political culture that involves citizens directly in civic action and participation in the private sector of the economy. The Program Data Sheet attached covers the Strategic Objective for which USAID is requesting funds. This Strategic Objective is aimed at supporting the development of civil society, complemented by continued support to a weak private sector existing in a heavily regulated and unfavorable business environment. There is a small, but limited Small and Medium Enterprise (SME) Development Program helps to build and support the private sector, an alternative to a largely centralized economy.

Specific activities to be funded by FY 2002 and FY 2003 appropriations are described in more detail in the following Program Data Sheet.

Other Program Elements: A regional Farmer-to-Farmer program supported by P.L. 480 funds provides technical assistance to private farmers in Belarus and assists them to organize democratic associations and cooperatives to serve and represent them. The program, implemented by the Citizens' Network for Foreign Affairs (CNFA) brings modern agricultural know-how and management skills to Belarusian farmers and cooperatives.

Other Donors: Donor coordination substantially improved during the election year. USAID implemented several joint projects with other donors. In its political process development and election monitoring activities, USAID cooperated closely with the Organization for Security and Cooperation in Europe, which had the mandate to monitor the electoral process and political parties. There are a number of donor and donor organizations operating in Belarus. The largest bi-lateral donors are Germany, France and the United States. Other bilateral donors are Sweden, Denmark, the United Kingdom, and Switzerland. Among the multi-lateral donors, the largest contributions come from the European Union Technical Assistance for the Commonwealth of Independent States (TACIS) and the European Bank for Reconstruction and Development. TACIS focuses on regional and cross-border activities and third sector development. The United Nations Development Program (UNDP) supports health improvement and economic development activities. Private donors include the Soros Foundations/Open Society Institute and the National Endowment for Democracy.

Belarus

PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
FREEDOM Support Act	8,695	11,383	10,072	9,500
Total Program Funds	8,695	11,383	10,072	9,500

STRATEGIC OBJECTIVE SUMMARY				
113-0210 Increased, Better-Informed Citizen Participation in Civic and Private Economic Activity				
FSA	2,584	4,560	4,500	3,900
113-0410 Special Initiative				
FSA	816	0	0	0
Total Transfers	5,295	6,823	5,572	5,600

PROGRAM DATA SHEET

USAID MISSION: Belarus
PROGRAM TITLE: Citizen Participation (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Increased, better-informed citizen participation in civic and private economic activities, 113-0210
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,500,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $655,919 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $3,900,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID's program in Belarus to increase citizens' participation includes technical assistance in four areas: civil society development; political process strengthening; media development; and small and medium enterprise (SME) development.

Inputs, Outputs and Activities: *FY 2002 Program*: In FY 2002, USAID will obligate $4 million to provide technical assistance and limited funding to partner organizations in the non-governmental sector, democratic political parties, independent media, and the SME sector. The main beneficiaries of the USAID assistance will be mainly non-state institutions and selected local level government structures.

USAID will continue its institution-building, training, and consultations for civil society organizations in advocacy, civic education, lobbying, fundraising, networking, coalition building, and working with the mass media. It will also support legal defense and legal education, further developing the groups of non-governmental organization (NGO) and media expert lawyers, the legal clearinghouse operated by the local NGO, as well as regional legal advice centers. USAID will continue to support and develop independent media and targeted private regional TV stations. USAID will strengthen civic participation in the democratic political process by sending Belarusian civic and party activists to learn about election campaigns in Ukraine and other neighboring countries and to provide an international perspective on election monitoring and campaign management. USAID will also continue to work with democratically oriented political parties, specifically with their activists from regional and local chapters, through regular trainings, consultations, and cross-border exchanges. With its current SME Development activity expiring, USAID will identify sector priority areas and design a new activity built on the progress achieved in institution-building of business associations and support to SMEs.

Planned FY 2003 Program: Within present budget constraints, USAID will continue in FY 2003 the same activities identified in FY 2002. The program is likely to include the stages of community appraisal, action planning and project implementation. The activity will help create an enabling environment for new leaders to emerge at the local level, which is extremely important in the light of elections to local councils in March - April 2003. More active citizens' participation in community life will create public pressure for transparency in the operation of local governments and formation of local councils through a fair and democratic electoral process.

> A large coalition of citizens' organizations, "Independent Observation," supported by USAID jointly with OSCE, mobilized over 10,000 people to monitor voting all over the country.

Performance and Results: Despite the unfavorable operational environment and lack of partnership with the Belarus government, important outcomes of the USAID country program include: the emergence of new, democratic, issue-based coalitions; increased awareness and civic participation in the political process; increased lobbying capacity of NGOs and business associations; improved SME access to legal and business information; increased coverage of private sector-related issues; improved

media professionalism and media sustainability.

USAID support to the civil society and political parties during the presidential election strengthened in-country election observation and monitoring capacity. Coalition-building assistance resulted in the emergence of a broad-based democratic coalition, including most democratic political parties and civil society organizations, in support of alternative presidential candidates. USAID-funded political party experts conducted numerous training sessions on election preparation and coalition building.

In the pre-election period, political party activists worked to coordinate party activities at the regional level. USAID's 2001 election-focused activities gave thousands of Belarusians an opportunity to participate meaningfully in the political life of their country. Due to USAID political process strengthening efforts, thousands of Belarusian democracy supporters acquired practical party-building and campaigning skills, and knowledge of democratic electoral standards.

> 19 out of 22 USAID-funded CAP grantees conducted 249 awareness and mobilization campaigns aimed at informing and educating the population, with a total outreach to 3,443,707 people.

Six new active coalitions were created by NGOs participating in the Counterpart Alliance for Partnership (CAP)-sponsored events: Dialogue (12 NGOs); Belarus Women's Alliance (24 NGOs); Bobruysk Coalition (17 NGOs); Vitebsk Women's NGO Coalition (9 NGOs); Mogilov NGO Center (16 NGOs); Gorky NGO's Coalition (8 NGOs). Most of these groups are dedicated to continuing their work in democracy building and have expressed interest in focusing on the 2003 local elections as their next challenge.

As a result of an SME Development project implemented by International Finance Corporation, since July 2000, 18 partner business associations expanded their client base by 90% (about 6,300 clients) and their membership base by 51% (about 5,400) members, while at the same time improving the quality and range of their services. The advocacy and lobbying capacity of business associations was demonstrated by regular submission of legal drafts and legislation modification draft documents to the Government.

Building on the 2001 progress, USAID in Belarus will consolidate its efforts on increasing citizen participation in civil society activities, self-governance and political process. The NGO community-focused activities combined with political party training, support to independent media and SME development should empower a significant segment of the Belarusian population to advocate for democratic and transparent electoral processes, responsible and transparent government, and basic economic freedoms.

Principal Contractors, Grantees, or Agencies: USAID implements democracy activities primarily through U.S.-based NGOs, including (but not limited to) the American Bar Association/Central and East European Law Initiative, Counterpart Alliance for Partnership, International, International Research and Exchange Board, Freedom House, International Republican Institute, National Democratic Institute, International Finance Corporation, CNFA, and Development Alternatives, Inc.

US Financing in Thousands of Dollars

Belarus

113-0210 Increased, Better-Informed Citizen Participation in Civic and Private Economic Activity	ESF	FSA
Through September 30, 2000		
Obligations	165	12,801
Expenditures	65	10,080
Unliquidated	100	2,721
Fiscal Year 2001		
Obligations	0	5,081
Expenditures	0	4,510
Through September 30, 2001		
Obligations	165	17,882
Expenditures	65	14,590
Unliquidated	100	3,292
Prior Year Unobligated Funds		
Obligations	0	656
Planned Fiscal Year 2002 NOA		
Obligations	0	4,500
Total Planned Fiscal Year 2002		
Obligations	0	5,156
Proposed Fiscal Year 2003 NOA		
Obligations	0	3,900
Future Obligations	0	0
Est. Total Cost	165	26,938

Approximately 53% of Georgians fall below the poverty line.

The Development Challenge: The first years of Georgia's independence, gained in 1991, were marred by violence. With political stability beginning in 1995 came economic and democratic reforms. The transition to a democratic market economy has moved ahead at an uneven pace. The government is weak and suffers from the inability to invest resources into the development of its people and into social safety nets. It provides few services and its reach outside Tbilisi, the capital, is severely restricted, rendering it vulnerable to conflict and unrest. Collection of tax revenue, about 14% of GDP or only half of its potential, is the lowest in the region. Starting in 1995, Georgia made significant strides in introducing economic reforms in areas such as privatization, banking restructuring, judicial reform, health care, and regulatory policies. That progress, however, has been slowed in recent years because of weak institutional capacity and wavering commitment to implement reform policies and laws. Unbridled corruption has weakened the ability of the state to govern and has eroded public trust in government. A presidential commission to address corruption in government has had little or no impact. "Chaotic" corruption, little recourse in the judicial system, and security concerns deter foreign investors and investment in general. As government revenues decline, so have resources for social programs. Government spending for health, education, and welfare programs have dropped significantly, possibly the most dramatic of the transition economies. The energy sector remains in shambles, despite some foreign investment, reaching crisis proportion in the winter of 2001/2002. The very limited power supply, felt even more outside Tbilisi, hinders economic growth and brought hardship on most of the country's population who had to seek other sources of heat.

Since the Russian financial crisis in 1998, Georgia's growth rate has been low, although GDP in 2001 is expected to have risen by 5% over last year. Growth in 2001 was largely fueled by an increase in agricultural production, a sector that was particularly hard-hit by the severe drought of the previous year.

Georgia's independence, sovereignty, and viability as a state are strategically important for promoting stability in the volatile Caucasus/Central Asia region bounded by Russia, Iran, and Turkey. Georgia's pivotal role in the Eurasian east-west energy and transport corridor is vital to the economic viability of that entire region and its integration with western political, economic, and security structures. The Georgian Government is supporting the U.S. Government in its fight against terrorism.

The USAID Program:
FY 2002 Estimate: $89.01 million FY 2003 Request: $87.0 million

USAID's program in Georgia seeks to foster more stable and prosperous market-oriented democracy that empowers citizens, is governed by the rule of law and promotes the basic welfare of the population. This strategy comprises six objectives: economic growth; energy independence; improved local governance; development of the rule of law; reduced human suffering; and a cross-cutting objective that supports participant training, public information and outreach, and NGO development. It also takes into account the recommendations of the Georgia Assistance Review, which underscores the importance of political commitment and donor conditionality and recommends further attention to anti-corruption, energy, agriculture and small and medium enterprise (SME) development issues. Through these objectives, USAID will continue making its programatic shift from working with Tbilisi-based institutions toward doing more to improve the lives of people in the regions, especially in those areas prone to conflict. New activities in FY 2002 include a public works program and a multi-year agribusiness program, both of which will be concentrated in the regions. FY 2002 funds also will be used to support continuing programs in business development, economic policy reform, energy sector revitalization, civil society development and local governance, rule of law, community development, health (including infectious diseases and HIV/AIDS), and humanitarian assistance. Approaches and activities are explained in the Program Data Sheets included below. FY 2003

marks the last year of USAID's current programming strategy for Georgia, though it is expected that many of the elements contained in the strategy will form part of a new strategy.

On-going Programs for Which No FY 2002 or FY 2003 Funding is Requested: USAID is not requesting new funds, but is continuing to expend funds already appropriated for the following:

Number :	Title:	Last Notified:	Planned Completion:
114-0410	Special Initiatives	FY 2001 CN	FY 2002

Other Program Elements: A regional Caucasus farmer-to-farmer program funded through P.L. 480 proceeds operates in Georgia with approximately $400,000 a year in funding. The activity targets rural farmers and assists them by placing volunteer technical advisors at their farms on a short-term basis. The technical advisors develop and disseminate a set of best practices to their local clients and assist in strengthening local credit providers. Advisors have assisted farmers on issues of production, appropriate processing technology, and business management and planning. The program, in its second of four years, provided 56 short-term interventions out of a planned 112.

> Donor coordination and collaboration has been exemplary in supporting the Georgian Government's Poverty Reduction and Economic Growth Program.

Other Donors: The five largest donors to Georgia are the World Bank, the International Monetary Fund (IMF), the United States, the European Bank for Reconstruction and Development (EBRD), and the European Union (EU). From FY 1992 through FY 2001, the United States appropriated $986 million through the FREEDOM Support Act for assistance to Georgia, placing it fourth of the twelve Eurasian countries in terms of U.S. assistance received. Overall, donor coordination could be improved; however, there are areas and issues for which coordination has been ample and successful. World Bank assistance includes structural adjustment credits, agricultural development loans, assistance to the health and power sectors, and technical assistance to strengthen the private sector. A new loan will go toward rehabilitating the major road arteries. USAID programs tie in closely with the policy objectives of the World Bank and IMF structural reform programs, especially in the areas of economic restructuring and energy sector reform. EBRD provides direct funding for the power and transportation sectors and in support of private sector development. The EU's technical assistance program has focused on the rehabilitation of transportation infrastructure, strengthening the private sector, and food security. USAID provides technical assistance to the Ministry of Finance and the Ministry of Revenue in support of the Government's new three-year program with the IMF under the IMF's poverty reduction and growth facility.

Georgia
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
FREEDOM Support Act	108,762	92,808	89,010	87,000
PL 480 Title II	985	9,205	0	0
Total Program Funds	**109,747**	**102,013**	**89,010**	**87,000**

STRATEGIC OBJECTIVE SUMMARY				
114-0130 Accelerated Development and Growth of Private Enterprises				
FSA	22,970	14,353	14,700	14,700
114-0150 A More Economically Sustainable and Environmentally Sound Energy Sector				
FSA	9,450	12,650	11,796	8,850
114-0220 Legal Systems that Better Support Implementation of Democratic Processes and Market Reforms				
FSA	3,230	870	4,041	4,025
114-0230 More Efficient and Responsive Local Governance				
FSA	5,170	3,866	6,970	5,375
114-0310 Reduced Human Suffering in Targeted Communities				
FSA	22,615	7,572	11,908	10,250
114-0410 Special Initiatives				
FSA	1,045	0	0	0
114-0420 Cross-Cutting Programs				
FSA	5,410	4,770	3,685	8,650
Total Transfers	38,872	48,727	35,910	35,150

Program Data Sheet

USAID MISSION: Caucasus - Georgia
PROGRAM TITLE: Increased Economic Growth (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE: Accelerated Development and Growth of Private Enterprises,114-0130
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $14,700,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $2,150,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $14,700,000 FSA
INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: By providing technical assistance, grants and training to policy-makers and business associations, USAID is working to establish an environment to accelerate the growth of the private sector. USAID's broad, multi-year economic growth program includes:

- policy and legal reform on macroeconomic and fiscal issues;
- a comprehensive banking sector reform activity;
- provision of credit and services to promote business development;
- implementation of international accounting standards in commercial banks and selected enterprises;
- land markets reform, with a special emphasis on agricultural land;
- agricultural reform and assistance for agribusiness development; and
- improved tax administration.

Inputs, Outputs and Activities: *FY 2002 Program*: USAID will help create a predictable and transparent environment for commerce, including a fair and efficient system of tax collection and application of laws and regulations, and to help improve the ability of business persons and farmers to function under market conditions. To promote policy and institutional reform, USAID will continue to provide technical assistance, training, and equipment to the Ministry of Revenue, Ministry of Finance, and the Parliament. This assistance will support of improvements in tax and budget administration to create a transparent system of taxation and increase government revenues. USAID will continue to seek restructuring of the tax administration along functional lines. In promoting business development, USAID will extend the reach of its credit programs, start a new program to provide advisory and other services to Georgian entrepreneurs, broaden involvement with the formal financial sector, and increase the use of land as collateral. To support increased market-oriented production, USAID will initiate a new activity with the aim to identify and remove constraints to agribusiness development, particularly for value-added products.

USAID will support the registration of ownership rights in agricultural and commercial land parcels, as well as the registration of ownership rights arising out of secondary transactions (e.g., mortgages, re-sales, and leases). USAID will continue to use existing Georgian technology, expertise, and information to provide on-the-job training and assistance to local registrars in carrying out registration efforts.

Planned FY 2003 Program: FY 2003 marks the last year of USAID's current strategy for Georgia, although USAID expects to keep some of the elements of the current economic reform strategy. In FY 2003, USAID may initiate a new credit program that strengthens the financial and management capacity of selected non-bank institutions. USAID is also considering the merits of a private sector-led economic and policy reform activity.

Performance and Results: Since USAID established its market reform program in 1996, economic reforms have taken place in tax and fiscal policy, accounting, land privatization and laws on securities, banking, and entrepreneurship.

USAID partners, including the U.S. Treasury, have mobilized tax and budget specialists to provide technical support for the country's revenue-raising effort. USAID, U.S. Treasury, and

the Georgian Ministry of Revenue are completing a comprehensive program to modernize the State Tax Department by improving tax administration and tax collection.

In restructuring the Ministry of Agriculture, USAID technical assistance supports the ministry's initiatives to end functions held over from the Soviet system and to restructure the Ministry to meet the needs of a market-driven agricultural sector.

In support of land privatization, USAID has surveyed, titled, and registered agricultural plots for about one dollar per parcel. An ever-increasing number of rural, agricultural and urban enterprise land plots have been registered. Sales volume in the secondary land market is doubling annually with 6,500 plots changing hands in 2000. Since the inception of USAID's Land Market activity in 1997, 1,500,000 of a targeted 2,400,000 parcels have been surveyed, registered, and titled.

> USAID has helped privatize farm land and distribute titles for more than 1.5 million land parcels.

Four USAID partner financial institutions have established models of successful lending by providing a range of innovative loan products to micro, small, and medium-sized businesses, maintaining a near 98% repayment rate. These institutions are making steady progress toward operational and financial sustainability. Of the more than 20,000 active borrowers, 75% are women.

Under USAID leadership, 540 Georgian enterprises adopted International Accounting Standards. Moreover, USAID works with the National Bank of Georgia (NBG) to improve on-site and off-site supervision. Progress has been made in developing quarterly Uniform Bank Performance Reports. Two of the top ten banks, in terms of assets, have been closed without a run on bank deposits. One large bank has been merged into a stronger bank. Amendments to the law on the NBG and the law on commercial banks were passed by Parliament. The NBG has approved regulations on Asset Classification, Conflict of Interest, and Internal Audit. In addition, USAID has developed an electronic, interbank payments system to provide real-time settlements between the NBG and commercial banks.

Principal Contractors, Grantees, or Agencies: USAID activities are implemented by Save the Children/Constanta, KPMG/Barents, Booz-Allen and Hamilton, Shorebank/Foundation for International Community Assistance, Agricultural Cooperative Development Institute/Volunteers in Overseas Cooperative Assistance, Development Alternatives, Inc., World Bank, U.S. Customs, U.S. Department of Treasury, and Terra Institute/Association for Protection of Landowners Rights.

US Financing in Thousands of Dollars

Georgia

114-0130 Accelerated Development and Growth of Private Enterprises	ESF	FSA
Through September 30, 2000		
Obligations	3,888	34,494
Expenditures	3,888	25,800
Unliquidated	0	8,694
Fiscal Year 2001		
Obligations	0	20,637
Expenditures	0	18,619
Through September 30, 2001		
Obligations	3,888	55,131
Expenditures	3,888	44,419
Unliquidated	0	10,712
Prior Year Unobligated Funds		
Obligations	0	2,150
Planned Fiscal Year 2002 NOA		
Obligations	0	14,700
Total Planned Fiscal Year 2002		
Obligations	0	16,850
Proposed Fiscal Year 2003 NOA		
Obligations	0	14,700
Future Obligations	0	0
Est. Total Cost	3,888	86,681

PROGRAM DATA SHEET

USAID MISSION: Caucasus - Georgia
PROGRAM TITLE: Energy and Environment (Pillar: Economic Growth, Agriculture, and Trade)
STRATIGIC OBJECTIVE: A More Economically Sustainable and Environmentally Sound Energy Sector, 114-0150
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $11,796,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $10,031,000 FSA
PROPOSED FY 2003 OBLIGTION AND FUNDING SOURCE: $8,850,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Through technical assistance, grants and training, USAID's program for the energy sector in Georgia aims to:

- create a climate that will attract private sector participation and ownership, with subsequent improvements in the management of resources and provision of services; and
- (ii) improve energy sector efficiency in economic terms, with subsequent increases in capital and operating resources.

Inputs, Outputs and Activities: *FY 2002 Program*: Expanded 2002 funding will allow USAID to improve the energy security of Georgia (including emergency assistance in the form of winter heating assistance to the poor) and assist in strengthening the regulation of the energy sector. A new energy security program will promote broad-based implementation of regulations and other reforms that have been enacted through legislation. The Energy Security Plan, developed by the Georgian government-led Energy Working Group and released in June 2001, will be the basis for activity implementation and performance monitoring in the energy sector. The objective of this new Plan is to establish uninterrupted power supply to all paying customers within three years and complete energy independence for Georgia by 2005. Assistance under this program will be targeted at improving the collection rates for energy delivered. Pilot activities with communities that have higher payment rates for electricity and local electricity companies with higher collection rates will be undertaken to rationalize energy systems and cost-effectiveness of supply. The complete range of energy sources will be examined – including gas, electricity, oil products, firewood, bio-gas, wind, solar, etc – and, given the feasibility of application, tested within a target group of consumers. A substantial Winter Heat Assistance Program (known as GWHAP) will also be implemented under this initiative, to provide electricity subsidies to the country's most vulnerable during the winter season.

Assistance will also continue in institutional strengthening of the various regulatory and control agencies for energy, oil and gas production and supply. Operating regulations and procedures for these agencies will be codified and implemented. Energy market trading systems will also be supported and enhanced to improve the transparency and efficiency of transactions.

Planned FY 2003 Program: The new Energy Security Program above is scheduled to get underway at the end of FY 2002. USAID plans to use FY 2003 resources to incrementally fund this activity. The Georgia Winter Heating Assistance Program (GWHAP) will also continue in FY 2003.

Performance and Results: This past year yielded mixed results for the energy sector in Georgia. Whereas the number of customers served through privately-owned distribution companies held constant (480,810), the proportion of electricity generated by private suppliers improved dramatically from 9.3 % to 22.6%, exceeding USAID's expectations. However, although revenue collections for electricity supplied improved in Tbilisi and other major urban centers, payments from large, state industrial users and other local distribution companies declined, causing a drop from 43% (FY 1999) in the economic basis for delivery of electricity to 40% (FY 2000). Lack of revenues strapped the energy sector during the winter months, as funds were not available to pay for imported gas for electricity generation. Widespread outages occurred on a regular basis as a result.

The process of tendering long-term management contracts for electricity transmission and dispatch, and the wholesale electricity market was initiated. In addition, the approval of international agreements for transit of Caspian-based oil through Georgia sets the stage for future private investments in the energy sector. These actions, coupled with positive policy actions on the part of the Georgian Government, should contribute to significant improvement in energy services in the coming years.

Principal Contractors, Grantees, or Agencies: There are currently four institutional contractors working in the energy sector: PA Consulting (training, restructuring, privatization and legal assistance, energy efficiency, and equipment); Deloitte & Touche (audit of energy sector companies); the U.S. Energy Association (training in all energy areas); and Development Alternatives, Inc (management of natural resources).

US Financing in Thousands of Dollars

Georgia

114-0150 A More Economically Sustainable and Environmentally Sound Energy Sector	FSA
Through September 30, 2000	
Obligations	31,103
Expenditures	22,243
Unliquidated	8,860
Fiscal Year 2001	
Obligations	7,815
Expenditures	8,238
Through September 30, 2001	
Obligations	38,918
Expenditures	30,481
Unliquidated	8,437
Prior Year Unobligated Funds	
Obligations	10,031
Planned Fiscal Year 2002 NOA	
Obligations	11,796
Total Planned Fiscal Year 2002	
Obligations	21,827
Proposed Fiscal Year 2003 NOA	
Obligations	8,850
Future Obligations	0
Est. Total Cost	69,595

PROGRAM DATA SHEET

USAID MISSION: Caucasus - Georgia
PROGRAM TITLE: Rule of Law (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE: Legal Systems that Better Support Implementation of Democratic Processes and Market Reforms, 114-0220
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,041,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $247,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $4,025,000 FSA
INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: USAID's Rule of Law (ROL) program will apply grants, training and technical assistance toward accomplishing the following:

- increase access to legal remedies;
- increase public awareness of legal rights;
- increase availability of effective counsel;
- foster more effective, transparent and fair legal sector institutions;
- increase independence of the judiciary;
- increase institutional capacity of targeted institutions; and
- enact laws and regulations promoting democratic processes and market reforms.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will work to empower citizens through increasing public awareness of legal rights and supporting access to legal mechanisms to pursue these rights. Assistance will also be provided to increase the capacity of legal institutions to enact and implement better laws and regulations in a predictable and transparent manner; thus, fostering a more prosperous, market-oriented democracy. Clear legal bounds on the exercise of government power need to be established in order to enhance accountability and reduce opportunities for corruption and rent-seeking. Citizen awareness and initiative to challenge government actions will provide the key measures for monitoring and enforcement. The implementation of Georgia's General Administrative Code and several related laws will serve as the legal mechanisms to achieve these objectives. In addition to supporting administrative rights, USAID will provide significant resources to support human rights. Technical assistance, grants and training for supporting sustainable legal partnerships and enhancing legal professionalism will continue.

Planned FY 2003 Program: The activities described above will continue, but with an increased focus on working in the regions and working on the "demand side" with the private sector.

Performance and Results: The adoption of the General Administrative Code and the Administrative Procedure Code, which went into force in January 2000, represented extraordinary advances for Georgia, breaking new legal ground for Eurasian states. These are complex codes. Initial USAID assistance focused on the provisions dealing with freedom of information and the transparency of public agency meetings. Implementation through the efforts of interested citizens and informed courts showed impact. A reformed judiciary decided cases and gave meaning to the codes' progressive provisions. For example, Government agencies were compelled to disclose information they sought to withhold, and disputes between citizens and agencies were resolved pursuant to the new procedures.

Future USAID assistance for implementing administrative law will focus on three broad agency functions: general activities, licensing, and freedom of information. Licensing is one of the quintessential administrative law functions of the government, but one of the most susceptible to abuse and corruption in the absence of transparent procedures and standards. USAID launched a major initiative to support the drafting of a new and progressive Licensing Law, harmonized with the provisions of the Administrative Code in 2001. Parliament is expected to pass this draft law before it adjourns in December 2001. Implementation of this new law will

provide opportunities to improve the administrative process for individual citizens and small and medium enterprises.

Progress on judicial reform continues. The Council of Justice held two judicial qualification examinations in 2001. The number of sitting judges who have undergone testing, vetting, and a competitive selection process increased. Furthermore, the Conference of Judges, which includes all the Georgian judges, met for the second time and adopted a Judicial Code of Ethics. The Judges of Georgia (JOG), a private judges' association, continued to grow and extended its services to judges in the regions. However, judicial reform progress could be stymied if the judges do not receive an adequate salary in a timely manner, a recurring problem for a government with significant tax collection problems and budget constraints.

The judges identified the need for Bar reform as a critical, missing link in judicial reform. After several years of stiff opposition from Soviet-era legal associations, parliament, with support from legal advocacy organizations and private attorneys, enacted a modern, progressive Law on Advocates. This law mandates advocate qualification examinations and calls for the introduction of a Code of Ethics for advocates. A draft implementing decree has been prepared and examinations are planned for spring 2002.

Principal Contractors, Grantees, or Agencies: The primary implementing partners for this objective are: the American Bar Association's Central and East European Law Initiative (ABA/CEELI), and the ROL consortium led by the Center for Institutional Reform and the Informal Sector at the University of Maryland, with the following sub-contractors: the Georgian Young Lawyers Association, Liberty Institute (a Georgian NGO), Internews, AMEX International, Court Management Associates, Abt Associates, and Nathan Associates.

US Financing in Thousands of Dollars

Georgia

114-0220 Legal Systems that Better Support Implementation of Democratic Processes and Market Reforms	FSA
Through September 30, 2000	
Obligations	6,440
Expenditures	5,084
Unliquidated	1,356
Fiscal Year 2001	
Obligations	3,854
Expenditures	988
Through September 30, 2001	
Obligations	10,294
Expenditures	6,072
Unliquidated	4,222
Prior Year Unobligated Funds	
Obligations	247
Planned Fiscal Year 2002 NOA	
Obligations	4,041
Total Planned Fiscal Year 2002	
Obligations	4,288
Proposed Fiscal Year 2003 NOA	
Obligations	4,025
Future Obligations	0
Est. Total Cost	18,607

PROGRAM DATA SHEET

USAID MISSION: Caucasus - Georgia
PROGRAM TITLE: Good Local Governance (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE: More Efficient and Responsive Local Governance, 114-0230
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $6,970,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $128,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $5,375,000 FSA
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: USAID's program emphasizes local and political decision-making in the regions outside of Tbilisi, responding to citizens' needs, and service provision as priorities. Through grants, training and technical assistance, activities in this strategic objective support:

- improved local government service delivery in key areas defined by constituent needs;
- NGOs and media that are actively promoting citizen interests; and
- a strengthened enabling environment and organizational framework for political participation.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID plans to assist selected local governments directly in order to promote independent media and civil society, and election administration and political party support. Five important city administrations will undergo intensive training in financial and budget management and outreach to constituents, while a small grants program will assist with the provision of basic services. USAID will support efforts to improve the legislative base for local government by helping to draft amendments to a recently enacted law. USAID will also help to strengthen the capacity of the Councils Association of Georgia (CAG), a national association of local government officials, to effectively lobby the national government for change. A new activity designed to improve the technical skills of certain local governments in managing infrastructure will be implemented. In promoting civil society, USAID will initiate two new programs, one that supports advocacy-oriented NGOs, and another to improve the skills and financial viability of independent media organizations. Support for political party development will continue, with a special emphasis on attracting youth into politics and training them to become candidates.

Planned FY 2003 Program: USAID expects to use resources programmed for FY 2003 under this objective to continue toward the objectives summarized above. Depending on the outcome of the five selected pilot cities for local governance strengthening, USAID may expand its support to two or more cities. Other efforts for FY 2003 include civic education and NGO strengthening.

Performance and Results: In FY 2001, USAID (through its implementing partners) provided technical assistance to craft Georgia's first Unified Election Code. In addition, USAID supported Georgia's revised Organic Law on Local Self-Governance, which — for the first time — requires that local mayors and governors be democratically elected, rather than appointed by the president. Both of these measures were signed into law in August 2001. Citizens' movements, many supported through USAID programs, are demonstrating increased clout in the political arena. A government raid of internal security forces under the guise of "checking financial documents" of Rustavi II, Georgia's premier independent television station, resulted in thousands demonstrating in the streets. This ultimately led to the resignation of many Georgian government leaders in both the legislative and executive branches, including several ministers whom the public deemed major perpetrators of corruption.

Principal Contractors, Grantees, or Agencies: International Foundation for Election Systems (IFES), Urban Institute, the National Democratic Institute (NDI), the International Republican Institute (IRI), Internews, the International Center for Journalists (ICFJ), and the Horizonti Foundation (an indigenous NGO).

US Financing in Thousands of Dollars

Georgia

114-0230 More Efficient and Responsive Local Governance	FSA
Through September 30, 2000	
Obligations	10,907
Expenditures	3,825
Unliquidated	7,082
Fiscal Year 2001	
Obligations	3,879
Expenditures	6,176
Through September 30, 2001	
Obligations	14,786
Expenditures	10,001
Unliquidated	4,785
Prior Year Unobligated Funds	
Obligations	128
Planned Fiscal Year 2002 NOA	
Obligations	6,970
Total Planned Fiscal Year 2002	
Obligations	7,098
Proposed Fiscal Year 2003 NOA	
Obligations	5,375
Future Obligations	0
Est. Total Cost	27,259

PROGRAM DATA SHEET

USAID MISSION: Caucasus - Georgia
PROGRAM TITLE AND NUMBER: Reduced Human Suffering (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE: Reduced Human Suffering in Targeted Communities, 114-0310
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $11,908,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $3,236,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $10,250,000 FSA
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: USAID's program to reduce human suffering will use technical assistance, training and grants in targeted areas to work on six components:

- emergency relief and disaster response;
- conflict resolution;
- community mobilization;
- partnerships between Georgian and U.S. health care institutions;
- an Infectious Disease Program (TB, STI/HIV, immunization support, & Health Management Information System strengthening);
- women's health care initiatives.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will work to build capacity, increase self-sufficiency, and improve health services within targeted communities in order to enable them to better meet their own needs.

Community mobilization, humanitarian response and conflict resolution activities will include: 1) assisting communities to address priority needs through funding community micro-projects and grants to local NGOs; 2) implementing social policy analysis and advocacy activities; 3) providing food for vulnerable pensioners; 4) supporting conflict resolution activities, particularly those involving youth; and 5) implementing public works activities (a new program for 2002) to boost employment. The community development approach empowers people to set their own priorities and creates important linkages with democracy and governance activities.

Prevention of infectious diseases is a primary focus of the primary health care program, with funding being provided to United Nations Children's Fund (UNICEF) to strengthen the national immunization program. In FY 2002, USAID will initiate three new infectious disease prevention programs. A TB program will be implemented in close collaboration with the Ministry of Health and international donors. The program will provide training for a supervision and monitoring system, including a DOTS (Directly Observed Treatment Short) course outreach project, laboratory training, and a data base to track TB. An STI/HIV prevention activity will focus on behavioral change and outreach activities targeted at high-risk groups; strengthen the quality, accessibility and utilization of STI/HIV prevention services; enhance surveillance systems; and strengthen the capacity of local organizations engaged in STI/HIV prevention activities. A Health Management Information System activity will improve access to and utilization of accurate, appropriate, and timely health and management information, initially focusing on the management of vaccine preventable diseases. Five Health Partnerships will continue supporting primary care, blood bank services, infection control, health management education, and a Woman's Wellness Center (WWC). In FY 2002, USAID will design an integrated women's health program that will bring together reproductive/family planning activities under a consortium of implementers who bring innovative health ideas and practices focused on women and their infant children.

Planned FY 2003 Program: FY 2003 resources requested will focus on increasing self-sufficiency within targeted communities. Many of the health projects started in 2002 will begin

to rollout to the national level. Other projects, such as the health partnership project, are anticipated to seek broader collaboration with rural partners.

Performance and Results: An estimated 300 projects will be carried out by community action teams or other local groups organized through community mobilization activities. These activities will expand to more districts, including the conflict-affected Tskhinvali region. Conflict resolution activities will be primarily focused on increasing contact and cooperation between several thousand youth affected by the conflict in Abkhazia. These efforts will seek to stop the decline in living standards, and contribute to social stability. As a result of USAID activities in 2001, 38,000 households, living in drought-affected areas, benefited from a rapid response to the emergency, which consisted of agricultural inputs and special credit packages. Over 10,000 hectares were planted due to these programs. Shelter and basic living conditions were improved for 7,789 internally displaced persons (IDPs) accommodated in 27 collective centers. The potential for increased economic opportunity was improved for 3,631 individuals through vocational training and the awarding of 1,391 micro-credit and individual loans to entrepreneurs and businesses.

> Implementing communities contributed $374,000 in labor, materials, and cash for self-help projects. Over 179,000 households received winter electricity subsidies, which helped stave off widespread public unrest.

Over the past year, USAID health activities concentrated on reproductive health/family planning (RH/FP), infectious disease control and prevention, and retraining of physicians and nurses. A blood bank was opened, receiving 1,507 blood donations and processing 3,259 blood products. A Women's Wellness Center and primary health care center served over 8,000 patients, offering integrated primary health care and RH/FP services. Since 1995, USAID has been the primary donor for immunization programs in Georgia, resulting in overall child immunization levels of 74% in FY 2001.

USAID grantees are conducting a social marketing effort to prevent HIV and unintended pregnancies. A total of 3,000 women in 55 RH/FP clinics were served. Publication of the Center for Disease Control (CDC) Reproductive Health Survey report provided accurate data on the health status of Georgian women.

> Approximately 11,000 patients (predominantly women and children) were served in USAID -funded health clinics.

Principal Contractors, Grantees, or Agencies: The International Rescue Committee (IRC), Save the Children Federation (SCF), Mercy Corps International (MCI), CARE, United Methodist Committee on Relief (UMCOR), the Salvation Army, the American International Health Alliance (AIHA), UNICEF, Johns Hopkins University, Management Sciences for Health, and Population Services International.

US Financing in Thousands of Dollars

Georgia

114-0310 Reduced Human Suffering in Targeted Communities	DA	ESF	FSA
Through September 30, 2000			
Obligations	402	400	113,822
Expenditures	402	400	96,287
Unliquidated	0	0	17,535
Fiscal Year 2001			
Obligations	0	0	18,155
Expenditures	0	0	18,958
Through September 30, 2001			
Obligations	402	400	131,977
Expenditures	402	400	115,245
Unliquidated	0	0	16,732
Prior Year Unobligated Funds			
Obligations	0	0	3,236
Planned Fiscal Year 2002 NOA			
Obligations	0	0	11,908
Total Planned Fiscal Year 2002			
Obligations	0	0	15,144
Proposed Fiscal Year 2003 NOA			
Obligations	0	0	10,250
Future Obligations	0	0	0
Est. Total Cost	402	400	157,371

PROGRAM DATA SHEET

USAID MISSION: Caucasus - Georgia
PROGRAM TITLE AND NUMBER: Cross-cutting Programs (Pillar: All Pillars)
STRATEGIC OBJECTIVE: Cross-cutting Programs, 114-0420
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $ 3,685,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $2,311,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $8,650,000 FSA
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2003

Summary: Cross-cutting programs under this objective support the needs and complement the implementation of the five strategic objectives above. Activities under this objective include:

- training;
- small grant-making to indigenous NGOs;
- regional cooperation among the three South Caucasus countries;
- public information and outreach; and
- program development and support.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will initiate two new activities – a participant training program, and a public information and outreach program – and continue the regional cooperation program and grants program to support Georgian NGOs. The training program in FY 2002 will begin institutional analyses of the energy regulatory agencies USAID has helped set up and support; create post-training support mechanisms (possibly including alumni associations); and strengthen certain local training providers. Training priorities include a women in politics session in advance of elections for local government officials; a course designed to improve organizational management of small credit providers; conflict mitigation and management; and legal drafting, among other courses. The grants program has two core objectives: strengthening business associations and improving transparency of local governments. Efforts to improve regional cooperation include regional tourism, transportation, education, and others. A new public information and outreach program will help inform and educate the public on the benefits and opportunities of economic and democratic reform through in-depth public education campaigns. Funds for program development and support will be used to support personnel and administrative costs, program designs, evaluations and assessments, and information dissemination.

Planned FY 2003 Program: FY 2003 resources requested will continue activities initiated in FY 2002. In public education, USAID expects that the program will begin to focus on selected regions outside of Tbilisi, where knowledge of and support for reforms is limited.

Performance and Results: USAID completed its stand-alone participant training activity in August 2001. The participant training program supported all five strategic objectives and was intended to improve the performance of Georgian nationals in their professional or work settings. A total of 1,779 Georgians, including 946 women, participated in USAID-funded training programs in FY 2001. The participants received training in the areas of humanitarian assistance and social transition, economic restructuring, democracy and governance, and energy and environment.

One training program USAID has supported since 1998 is the "Young Leaders for Development Program," which brings together Abkhazian and Georgian youth in a setting that allows each side to learn more about the other. The program has developed a cadre of young future leaders from both sides of the conflict who have established a foundation of trust, confidence, and understanding. Summer camps held in Armenia and the United States trained more than 500 youths. The youths who received training have indeed become leaders in their communities and have striven to transfer their newly gained knowledge to others.

The Eurasia Foundation, which manages the small grants and regional cooperation programs, awarded 34 grants to Georgian NGOs in 2001. The grants were awarded in the following areas: private enterprise development – ten grants; public administration and policy – seven grants; and civil society - 17 grants. The Eurasia Foundation focused on the development of particular regions through initiatives in all three fields, with an emphasis on grants for projects designed to facilitate citizen participation in local government decision-making and to improve the public's access to information in order to increase government accountability and reduce corruption. Grants to business associations were made on the basis of their ability to develop a participatory approach between the public and private sectors to reduce burdensome government regulation at the local level.

The regional cooperation program (namely, the South Caucasus Cooperation Program) awarded grants to regional professional associations and NGOs in areas with the greatest potential for region-wide development. Examples of grant-making in 2001 that have had impact in the region include the development of a regional training center for information specialists and librarians, the formation of the Caucasus Regional Network for the Improvement of Election Systems, support for the Consumer Rights Advocacy Movement, and the establishment of the Caucasus Tourism Information System.

Principal Contractors, Grantees, or Agencies: A new training program and a new public information program will be competed in FY 2002. Eurasia Foundation implements both the small grants program and the regional cooperation program.

US Financing in Thousands of Dollars

Georgia

114-0420 Cross-Cutting Programs	ESF	FSA
Through September 30, 2000		
Obligations	229	16,422
Expenditures	229	14,077
Unliquidated	0	2,345
Fiscal Year 2001		
Obligations	0	3,069
Expenditures	0	717
Through September 30, 2001		
Obligations	229	19,491
Expenditures	229	14,794
Unliquidated	0	4,697
Prior Year Unobligated Funds		
Obligations	0	2,311
Planned Fiscal Year 2002 NOA		
Obligations	0	3,685
Total Planned Fiscal Year 2002		
Obligations	0	5,996
Proposed Fiscal Year 2003 NOA		
Obligations	0	8,650
Future Obligations	0	0
Est. Total Cost	229	34,137

Kazakhstan

The Development Challenge: Due to its oil and gas resources, and size and strategic location, Kazakhstan continues to have a special partnership with the U.S. Although it does not border Afghanistan, Kazakhstan's leading economic and political position in the region gives it an important role in the War on Terrorism. With a per capita GDP of $1,421, Kazakhstan is the wealthiest of the Central Asian republics. It has made the most significant economic progress since independence, well surpassing many other former Soviet countries in macro-economic reform. However, the nation's historical legacies of authoritarianism and corruption, wasteful services and energy practices, and disdain for civic action and an independent media are still very evident. The already large income and social disparities continue to grow, with over 30% of the population living under the poverty line, according to official government statistics. The informal economy is estimated to account for 20 to 28% of GDP. The official unemployment rate is near 4%, but the real figure may be as high as 30%.

Kazakhstan's macroeconomy continues to show many positive signs: with 2001 GDP growth of 10.2%, solid fiscal management, privatization of state-owned enterprises, an innovative Oil Fund, growing pension funds and bond and mortgage markets, as well as other reforms. However, the economy remains dominated by oligarchic interests and lacks a vigorous small business sector. Avoiding adverse macro-economic consequences from concentration on the oil sector is a major economic policy concern.

Continued government attempts to control and stifle independent media and political groups indicate a reluctance to embrace basic civil liberties. According to Freedom House, Kazakhstan remains "not free." However, vocal public action against some of the more severe government proposals did result in some moderation. Although recent political shifts have led to the removal of some key reformers from the government, a new political movement that includes many of these same reformers may also signal an increase in public debate on issues such as corruption, media, electoral reform and decentralization.

Kazakhstan's energy and water resources are often wasted through mismanagement and lack of maintenance; the public is largely ignorant of the concept of or the need for efficiency. The World Bank estimates that 91% of the population has access to an improved water source, but poor sanitation and the lack of safe sources of potable water especially in areas surrounding the Aral Sea, exacerbate health problems.

HIV/AIDS in particular is rising dramatically among high-risk groups, including drug users. Over 5% of the intravenous drug-using population is infected, making Kazakhstan the site of a concentrated HIV epidemic. The popularity of new community-level primary care centers demonstrates a public desire for better quality and improved efficiency in the health care system. It is estimated that Kazakhstan's rate of infant mortality is 59.17 deaths per every 1,000 live births. Tuberculosis mortality rates dropped 12.4% in the last reporting period, and inoculations against Hepatitis B have brought its incidence to zero among young children. By comparison, the incidence of these diseases beyond childhood is still well above international norms.

The USAID Program:

FY 2002 Estimate:	$45.02 million	*FY 2003 Request:*	$43.0 million

To meet these challenges, the goal of USAID assistance to Kazakhstan is to expand opportunities for participation in civil society and economic life, and for improved quality of life for all citizens. The Program Data Sheets provided below cover the five objectives for which USAID is requesting funds for Kazakhstan: small enterprise and trade, primary health care, democratic culture and institutions, energy and water resource management, and sound budgetary and tax systems. To

ensure demonstrable results in such a vast country, USAID is concentrating on selected localities and subregions. FY 2002 funds will be used to implement the program planned and described in the FY 2002 Congressional Budget Justification. Important cross-cutting objectives are conflict mitigation (through media, education, and community development), youth and education, gender, and anti-corruption and rule of law. Recognizing longer-term objectives, the cross-cutting nature of decentralization and the need to streamline management, in FY 2003, USAID's local government activities will be combined with the broader democratic objective. Local government initiatives continue as a means of strengthening democratic culture, social services, and small enterprise, rather than as an end in itself. The specific activities to be funded by FY 2002 and FY 2003 appropriations are described in more detail in the following Program Data Sheets. USAID will use $3 million of the FY 2003 request to fund new activities in media and public advocacy, youth and education and community development, while the remaining $29.35 million will fund ongoing efforts.

Ongoing Program for Which No FY 2002 or FY 2003 Funding is Requested:
USAID is not requesting new funds, but is continuing to expend funds already appropriated for the following objective:

Number:	Title:	Last Notified:	Planned Completion:
115-0230	More effective, responsive, accountable local governance	FY02 CBJ, p.494	FY 2002
115-014	Private financial sector	FY 02 CBJ, p. 470	FY 2002
115-041	Special Initiatives	FY 02 CBJ, p. 506	FY 2002

Other Program Elements: Through its Global Training for Development Program, USAID annually trains about 700 Kazakhstani citizens in enterprise and finance, democratic reform, and primary health care. In addition, USAID supports institutional partnerships that build lasting relationships in energy, health and governance between the U.S. and Kazakhstan. USAID uses several centrally-managed programs, including the agreement with the Centers for Disease Control, Monitoring and Evaluation to Assess and Use Results (MEASURE)/Evaluation, and the Ecolinks environmental partnership program. The Farmer-to-Farmer program complements other USAID agricultural enterprise activities in Kazakhstan. The Eurasia Foundation has an active small grants program in education, small business, local government and civil society. The Departments of Commerce, Defense, Energy, Agriculture, and State also manage programs complementary to USAID field activities in various sectors.

Other Donors: European Bank for Reconstruction and Development (EBRD), European Union – Technical Assistance for the Commonwealth of Independent States (EU-TACIS), the Asian Development Bank (ADB), and the World Bank (WB) are active in Kazakhstan. They provide resources to promote and support the development of SMEs; build public infrastrastructures; and modernize Kazakhstan's tax and treasury systems. The Soros Foundation/Open Society Institute (Soros/OSI), German Government, United Nations Development Program (UNDP) and Israeli Government complement the multi-lateral programs in SME development. UNDP, Soros/OSI, EU-TACIS, and the Organization for Security and Cooperation in Europesupport initiatives in democracy and governance. The Government of Kazakhstan has cancelled the World Bank Health Loan. Without these funds, future activities of Britain's Department for International Development (DFID) in family medicine training are in question. The UN agencies - UNAIDS, United Nations Childrens Fund (UNICEF) and the World Health Organization – have important health programs and are collaborating actively with (and are funded by) USAID. ADB is becoming more involved in the health sector, including a major regional project on iodine deficiency and anemia. WB, Swiss Government, ADB, and the Canadian International Development Agency support activities to improve natural resources management.

Kazakhstan
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
Child Survival and Disease Programs Fund	0	200	0	0
FREEDOM Support Act	45,121	45,699	45,015	43,000
Total Program Funds	**45,121**	**45,899**	**45,015**	**43,000**

STRATEGIC OBJECTIVE SUMMARY				
115-0120 Increased Soundness of Tax and Budget Policies and Administration				
FSA	2,723	2,400	1,455	0
115-0131 An Improved Environment for the Growth of Small and Medium Enterprises				
FSA	9,244	9,900	11,695	13,200
115-0140 A More Competitive and Market Responsive Private Financial Sector				
FSA	1,083	0	0	0
115-0161 Improved Management of Critical Natural Resources, Including Energy				
FSA	200	2,700	2,700	2,800
115-0211 Strengthened Democratic Culture Among Citizens and Target Institutions				
FSA	2,968	3,900	5,000	5,300
115-0230 More Effective, Responsive, and Accountable Local Governance				
FSA	1,600	1,800	0	0
115-0320 Increased Utilization of Quality Primary Health Care for Select Populations				
CSD	0	200	0	0
FSA	4,427	6,200	6,000	6,600
115-0410 Special Initiatives				
FSA	2,173	0	0	0
115-0420 Cross-Cutting Programs				
FSA	2,682	3,067	3,500	4,450
Total Transfers	**18,021**	**15,732**	**14,665**	**10,650**

PROGRAM DATA SHEET

USAID MISSION: Kazakhstan
PROGRAM TITLE: Tax and Budget Program (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Increased Soundness of Tax and Budget Policies and Administration; 115-0120
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,455,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $0
INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's tax and budget program for Kazakhstan has three major components:

- advocacy and legislative technical assistance for a more transparent Tax Code and its implementation;
- training in and modernization of Kazakhstan's public budget development, analysis and execution processes; and
- technical assistance to modernize and make more transparent intergovernmental finance operations.

Inputs, Outputs, and Activities: *FY2002 Program:* USAID will continue its highly successful fiscal reform efforts through training, computerization, and legislative drafting. To help manage scarce public resources, USAID will provide training, computerization, legislative drafting, and analytical assistance to the government and parliament. USAID will also help build the fiscal analysis capability of the government and parliament. USAID is beginning more intensive work at the oblast and city administration level in Ust-Kamenogorsk and Pavlodar.

Planned FY 2003 Program: Specific activities through which USAID plans to help the GOK manage its scarce public resources are likely to include fiscal and budget training for Government and Parliament officials; computerizing various operational aspects of the work at the Ministry of State Revenues, and helping to draft key tax and budget statutes and regulations. USAID also plans to help the GOK and the Parliament to analyze expenditures, develop the budget; and build their fiscal analysis capability. USAID is beginning more intensive work at the oblast and city administration level in Ust-Kamenogorsk and Pavlodar. New full-time, on-site advisors there will provide analytical and operational assistance to optimize the efficiency of their budget development processes and intergovernmental fiscal finance systems.

> The Government of Kazakhstan accepted USAID's recommendations to establish an off-shore Oil Fund to insulate the country's economy from sharp swings in international oil prices. Begun in December 2000 with capitalization of $300 million, the Oil Fund's resources stood at over $1 billion in December 2001. The Oil Fund is the first of its kind among the countries of the former Soviet Union.

Performance and Results: USAID has achieved notable success in increasing the soundness of tax and budget policies and administration. USAID finalized a Memorandum of Understanding with Parliament through which we jointly analyzed the impact of policy changes and budget performance and objectively evaluated the 2002 budget. USAID provided extensive assistance to the GOK to develop a new, greatly improved Tax Code that goes into effect in January 2002. The new code is more transparent and more easily enforced than the previous code, and removes convenient ambiguities favoring government friends. Improved compliance in tax revenue collections brought about a 32% increase over last year.

A number of recommendations made by USAID technical advisors on the budget development

process, including implementing medium term economic forecasting were accepted and implemented by the Ministry of Finance, and resulted in improved expenditure planning. All key USAID recommendations regarding establishment of an innovative off-shore Oil Fund were accepted, making the Oil Fund the first of its kind in the former Soviet Union. The fund's resources now total over $1 billion.

In conjunction with other donors in the region and the Eurasia Foundation, USAID's continued success with budget and fiscal policies on the national and local levels will continue to bring more transparency and accountability to national and local governments, thereby helping raise the level of Kazakhstan's public services. According to USAID's current strategy, fiscal reform efforts are winding down, and it is anticipated that Kazakhstan will graduate from this strategic objective by the end of the strategy period.

Principal Contractors and Grantees: USAID's principal implementers under this Strategic Objective are: KPMG/Barents (prime contractor), the Academy for Educational Development (prime contractor), and the Eurasia Foundation (grantee).

US Financing in Thousands of Dollars

Kazakhstan

115-0120 Increased Soundness of Tax and Budget Policies and Administration	ESF	FSA
Through September 30, 2000		
Obligations	1,000	20,424
Expenditures	1,000	16,871
Unliquidated	0	3,553
Fiscal Year 2001		
Obligations	0	2,400
Expenditures	0	3,787
Through September 30, 2001		
Obligations	1,000	22,824
Expenditures	1,000	20,658
Unliquidated	0	2,166
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2002 NOA		
Obligations	0	1,455
Total Planned Fiscal Year 2002		
Obligations	0	1,455
Proposed Fiscal Year 2003 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	1,000	24,279

PROGRAM DATA SHEET

USAID MISSION: Kazakhstan
PROGRAM TITLE: Small and Medium Sized Enterprise Program (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: An Improved Environment for the Growth of Small and Medium Enterprises; 115-0131
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $11,695,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $549,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $13,200,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program with Kazakhstan's small and medium sized enterprises (SMEs) has three major components:

- training present and future entrepreneurs in modern business skills and making business information more available;
- providing more access to capital by building lender knowledge, strengthening banks, and creating more liquidity through new financial instruments and micro-credit; and,
- advocating for and training in more transparent, systematic implementation of laws and regulations that improve the environment for SMEs.

Inputs, Outputs, and Activities: *FY2002 Program:* In FY 2002, USAID will expand and build upon existing activities that have helped Kazakhstan establish progressive banking, pension, and tax policies. USAID will work to strengthen financial institutions and increase financial products, giving SMEs greater access to capital. USAID will continue the development of a mortgage industry, an insurance industry, a credit bureau, and a credit rating agency. USAID will also continue to deliver a wide range of volunteer technical assistance, including farmer-to-farmer, business consulting, and business association development that strengthens business skills and practices and develops greater advocacy for reform. Teaching materials, training, research opportunities, and scholarships will be made available to Kazakhstani universities, businesses, regulators, and entrepreneurs.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

FY 2003 Program: USAID reforms will continue to enhance Kazakhstan's role as the leader of private sector reform in the former Soviet Union. USAID will make available teaching materials, training, research opportunities, and scholarships for Kazakhstani universities, businesses, regulators, and entrepreneurs. USAID's Resource Network for Economics and Business Education (RNEBE) will give college students greater access to information and opportunities to succeed in the free market. USAID will also hold classes outside the formal university setting, offering targeted business skills and training courses to entrepreneurs and business managers, including business planning, strategic marketing, and financial accounting, among others. Work with accounting reform, business advisory services, advocacy group development, and professional associations will continue. A new internet-based regional trade network will promote and facilitate regional trade. A Quality Management Center will be developed where SMEs may acquire ISO (International Product Standards) product certification. USAID business training will also draw on donor synergies by focusing on SMEs that receive small business loans from the European Bank for Reconstruction and Development (EBRD).

USAID will work to strengthen financial institutions and increase financial products, giving SMEs greater access to capital. At the National Bank, our financial experts will train staff in supervisory

techniques, help to improve the banking law, and strengthen the National Bank's newly-instated regulatory role in consolidating financial markets. To increase liquidity in the market to help SMEs grow, USAID will cooperate with both the Government of Kazakhstan (GOK) and the private sector to continue the development of a mortgage industry, an insurance industry, a credit bureau, and a credit rating agency. Similarly, the highly successful Kazakhstan Community Loan Fund (KCLF) will continue to provide financial products such as micro and small loans in Taldy-Korgan, Shymkent and Almaty, so that entrepreneurs, primarily women, may expand their businesses. USAID will continue to deliver a wide range of volunteer technical assistance, including farmer-to-farmer, busir.ess consulting, and business association development that strengthens business skills and practices and develops greater advocacy for reform.

Legal experts will identify and help remove legal and regulatory barriers to the development of SMEs at both the national level and within five separate oblasts through work with SMEs, business associations, and government officials through the implementation of administrative and procedural reforms. USAID will also help the State Customs Committee to assess the existing customs regime and to modernize the customs regime so that it is in conformance with the International Convention on the Simplification and Harmonization of Customs Procedures.

> USAID's mortgage market assistance helped home loans jump from $1 million to $10 million, creating 1,500 new homeowners in Kazakhstan.

Performance and Results: With USAID assistance and training, Kazakhstan is made significant progress towards improving the environment for the growth of SMEs. As a result of USAID training and technical assistance, Kazakhstan's corporate bond market grew over 200%, providing an additional source of capital for SME growth and expansion. USAID assistance in risk analysis resulted in home mortgage loans soaring from $1million to $10 million in just one year. The US dollar figure for the private pension system increased by more than 60%, surpassing $1.1 billion. Other critical successes included the passage of a consolidated banking supervision law, the enactment of a new insurance law, and the consolidation of four regulatory bodies. At the micro-level, KCLF expanded its product line to offer larger loans, reached self-sustainability at its Shymkent office, and opened a third branch in Almaty.

Five associations united to become a member of the International Council of Certified Accountants and Auditors (ICCAA). ICCAA, with members throughout Central Asia, Russia and Ukraine, is establishing an internationally recognized education, examination, and certification program in Russian.

USAID advisors developed an Investor Roadmap for the East Kazakhstan, Atyrau and Mangistau oblasts that identified barriers to SME growth. East Kazakhstan and Atyrau oblasts followed up with steering committees that approved recommendations for key procedural and administrative reforms.

Through the Eurasia Foundation, USAID made 42 grants totaling $550,000 to help entrepreneurs expand their businesses and increase their incomes. Eurasia Foundation purchased more than 3,000 books for universities, published 14 books, and helped start 55 businesses. Eurasia also provided 174 loans that strengthened existing businesses and created more jobs throughout the country.

Since the outset of the SME initiative, Kazakhstan's business environment has seen major changes. Loans, grants and training have provided tools that will result in expansion of the private business sector.

Principal Contractors and Grantees : KPMG/Barents (prime), the Academy for Educational Development (prime), and the Eurasia Foundation (grantee).

US Financing in Thousands of Dollars

Kazakhstan

115-0131 An Improved Environment for the Growth of Small and Medium Enterprises	ESF	FSA
Through September 30, 2000		
Obligations	1,215	75,950
Expenditures	1,209	63,799
Unliquidated	6	12,151
Fiscal Year 2001		
Obligations	0	11,788
Expenditures	0	8,407
Through September 30, 2001		
Obligations	1,215	87,738
Expenditures	1,209	72,206
Unliquidated	6	15,532
Prior Year Unobligated Funds		
Obligations	0	549
Planned Fiscal Year 2002 NOA		
Obligations	0	11,695
Total Planned Fiscal Year 2002		
Obligations	0	12,244
Proposed Fiscal Year 2003 NOA		
Obligations	0	13,200
Future Obligations	0	0
Est. Total Cost	1,215	113,182

PROGRAM DATA SHEET

USAID MISSION: Kazakhstan
PROGRAM TITLE AND NUMBER: Energy and Water (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE: Improved Management of Critical Natural Resources; 115-0161
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $2,700,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $600,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $2,800,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: As a result of Kazakhstan's limited water resources, and a reliance on mineral production, USAID assistance under this Strategic Objective to focuses on improving management of Kazakhstan's water, oil and energy resources. The major components of this program are:

- training for water, energy, oil, and meteorological officials and managers;
- installation of sustainable, affordable system models that demonstrate new, more efficient technology and management techniques;
- improving the policy and regulatory framework for natural resources management; and
- developing public commitment for better natural resource management.

Inputs, Outputs and Activities: *The FY 2002 Program:* To improve resource efficiency and mitigate the potential for conflict over shared resources, USAID will initiate transboundary activities that will include training, increased policy dialogue, and installation of sustainable energy and water management models. USAID will focus on improving the capability of the Kazakh National Hydromet Service (NHS) to better collect, process and transmit critical water data as part of a regional program.

USAID is beginning demonstration models in the energy sector. Environmentally sound methods of oil field cleanup in the Caspian Sea region continue. USAID is actively working with international and local oil companies, and regulatory agencies to demonstrate best practices in the management of oil field waste, and to clean up sites that are left in the region as a result of poor past practices. USAID is also installing simple, inexpensive thermostats to regulate the heating system of a building in Atyrau. Temperatures inside the building will be regulated based on outside temperatures, and the technology will pay for itself in saved heating costs by the end of the year.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE

Planned FY 2003 Program: USAID's energy and water program will continue to focus on models that demonstrate simple, inexpensive and easily replicated technology and/or practices. Demonstrations may be accompanied by equipment upgrades and robust programs on training and public awareness activities. Projects range from a broader international level, down to the oil well, farm, and customer level. Woven into each of these models are public participation and outreach, lessening of tension caused by mismanagement of these critical natural resources, and simplification of government procedures to minimize the potential for corruption.

Water activities will include two regional programs. The first program focuses on training the staff of the National Hydromet Service (NHS) to better collect, process, and transmit critical water data as part of a regional forecasting and allocation program. This feeds into a larger activity that will use this data as part of its decision-making for transboundary water and energy agreements with

other Central Asian states. USAID is training energy officials in data analysis methods as a part of this activity.

Demonstration models for both simple infrastructure upgrades and for better management practices are also a large part of USAID's water program in Kazakhstan. A pilot program demonstrating efficient water management practices for the farm near Shymkent will be initiated. In the Aral Sea wetlands, USAID will fund a fisheries model that will demonstrate simple, efficient technology and practices for replication, and will fund a separate forestry model which will both create a source of income and protect the fragile desert environment.

USAID is also beginning demonstration models on environmentally sound methods of oil field cleanup in the Caspian Sea region. USAID is actively working with international and local oil companies, and regulatory agencies to demonstrate best practices in the management of oil field waste, and to clean up sites that are left in the region as a result of poor past practices. USAID is also implementing energy efficiency demonstration projects to promote the adoption of simple, inexpensive technologies to boost energy conservation. In Atyrau, USAID is installing simple, inexpensive thermostats to regulate the heating system of a public building. Temperatures inside the building will be regulated based on outside temperatures, and the technology will pay for itself in saved heating costs by the end of the year. With financing from the EBRD loan to renovate public infrastructures in Atyrau, this demonstration project could be rolled out to other public buildings in the city; and replicated later in other cities throughout Kazakhstan.

USAID will continue to work with the petroleum sector in policy and regulatory reform as Kazakhstan moves further toward privatization. Other reforms in this sector include setting tariffs for water, heating and energy services.

Performance and Results: Water demonstration projects are just getting underway. Due to USAID-brokered agreements and the continued focus on training and study tours, USAID has played a key role in ensuring that water agreements meet international standards, and in providing an objective basis for decision-making. As a result of USAID-provided equipment and training, staff of the NHS serve as knowledgeable participants in the regional snowmelt runoff committee that meets semi-annually to improve water allocations for the Central Asia region, and make decisions for more fair and equitable water allocations across Central Asia .

Demonstration projects have started in oil field cleanup and heating efficiency. The public is engaged, and discussions with the government are starting to address each of the problems (in some cases for the first time). For example, in Atyrau, local residents who participated in the heating efficiency projects are involved in the monitoring of the heat and hot water use and have lobbied both the regulator and Akimat for consumption-based rates for themselves and others. A USAID-funded study conducted for the GOK on domestic petroleum products was widely circulated and continues to bring about greater government accountability and transparency.

If trends continue in Kazakhstan on energy sector market reforms, it will improve the management of these important resources and go a long way toward bringing independence and prosperity to her citizens. By the completion date of the activity, water managers should have the necessary tools and training to better collect, communicate and process water data resulting in improved allocations and overall management of the resource. Also, water and energy agreements will be based more on objective data and standards, thereby mitigating their potential for conflict.

Principal Contractors, Grantees, or Agencies: PA Consulting is the prime contractor for the Natural Resources Management Program, implementing both energy and water activities; Israel's Center for Cooperation is carrying out the Aral Sea regional activities; and United States Energy Association is building energy partnerships.

US Financing in Thousands of Dollars

Kazakhstan

115-0161 Improved Management of Critical Natural Resources, Including Energy	FSA
Through September 30, 2000	
Obligations	2,539
Expenditures	2,539
Unliquidated	0
Fiscal Year 2001	
Obligations	2,300
Expenditures	277
Through September 30, 2001	
Obligations	4,839
Expenditures	2,816
Unliquidated	2,023
Prior Year Unobligated Funds	
Obligations	600
Planned Fiscal Year 2002 NOA	
Obligations	2,700
Total Planned Fiscal Year 2002	
Obligations	3,300
Proposed Fiscal Year 2003 NOA	
Obligations	2,800
Future Obligations	0
Est. Total Cost	10,939

PROGRAM DATA SHEET

USAID MISSION: Kazakhstan
PROGRAM TITLE: Democratic Culture and Institutions (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened Democratic Culture Among Citizens and Target Institutions; 115-0211
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $5,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $685,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $5,300,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's training and technical assistance program to strengthen democratic culture among citizens and targeted institutions in Kazakhstan seeks to:

- strengthen civic organizations and make them more sustainable;
- increase the availability of information on civic rights and domestic public issues;
- increase opportunities for citizens participation in governance; and
- strengthen local governments as both democratic and service providing institutions.

Inputs, Outputs, and Activities: *FY2002 Program:* USAID continues to develop stronger and more sustainable civic organizations through a network of civil society support centers (CSSCs) which provide training seminars, technical support, information resources, wider networking opportunities, and professional services to non-governmental organizations (NGOs) and associations. More direct support will be provided to NGOs in targeted sectors, such as gender, youth, and environment. To build on the momentum of nascent civil activism in Kazakhstan, USAID will open more opportunities for citizen participation on several fronts, most notably through university student associations and support to legal professionals' civic activism. In an increasingly difficult environment for independent media, USAID will preserve and widen citizens' access to information through its support of the three-year Internews media and information initiative.

> Over 330 schools in Kazakhstan now use the USAID-funded civic education textbook and teaching manuals.

Planned FY 2003 Program: USAID plans to design a program of grant support to NGOs. In Kazakhstan's economic and regulatory environment, such support is vital to NGO sustainability. USAID will continue programs to bolster civic activism and to institutionalize the program in democratic teaching methods. Technical support to continuing legal education will serve as a component of this activism initiative.

USAID will continue to work to increase youth participation and activism in political and social life through extra-curricular civic activities such as student local government days, democracy summer camps, and student action committees in schools. USAID will fund a nationwide anti-trafficking information campaign that educates young women about the risks of trafficking by addressing illusions about job opportunities abroad, and that provides a hotline service for women who are victims of trafficking activities will continue. USAID also plans to continue provide technincal assistance and training for an innovative program in democratic teaching methods that involves parents in the educational process in pre-school and primary education. The program aims to increase students' capacity to think critically, take responsibility for their own learning, form independent opinions and show respect for the opinions of others. Support for an anti-corruption information center that builds public awareness and builds participation against corruption will also continue.

In FY 2003, this Strategic Objective (SO) will have a new intermediate result (IR), "More Effective,

Responsive, and Accountable Public Institutions." This IR will replace Strategic Objective 2.3, "More Effective, Responsive, and Accountable Local Governance." Ongoing activity levels will not change, but the new wording may allow for a broader spectrum of institutions served in Kazakhstan. USAID will continue to provide technical assistance to make local governments more effective, transparent and accountable to their citizens. This includes institutional strengthening measures for oblast and municipality governments; and housing reform.

Performance and Results: With USAID help, Kazakhstan's NGO community has strengthened significantly over the past year. USAID established four new CSSCs (bringing the new total to six) that served nearly 500 NGOs in the first six months of 2001. NGOs conducted advocacy campaigns that resulted in a new law regulating trade relations and the rights of consumers; amendments to Kazakhstan's media law; a new student contract with the universities; and Kazakhstan's first NGO Law. The latter represents a step forward in the legal recognition of NGOs, and was the first law to be drafted by and at the initiative of Kazakhstani senators. Another significant parliamentary step was their provision of computers to the USAID-funded Legislative Drafting Center. Kazakhstani NGOs have also begun to take initiatives with their government and with private investors for public services. For example, Umit, a local NGO that actively participates in USAID's CSSC activities, joined up with Chevron and the Ministry of Social Affairs to provide translations for the deaf on the Kazakhstani national television station.

In Pavlodar Oblast, USAID helped to create a regional development model that includes program budgeting, organizational and functional analysis, and community-based economic development. USAID helped to establish economic development councils and develop plans in three municipalities. These activities have paved the way for assistance through USAID's enterprise and finance programs. USAID's media initiative just began and has no results as yet to report.

If this year's sharp improvements in NGOs' organizational capacity, financial viability, and social partnership building continue, Kazakhstan's civic organizations may be able to push the envelope and open up the political space. Recent political shifts have resulted in the formation of a new movement, which includes most of the reformers who recently left the government. The movement's agenda mirrors the reforms that USAID supports, lending optimism to Kazakhstan's future

Principal Contractors, Grantees, or Agencies: Internews, Initiative for Social Action and Renewal in Eurasia, ABA's Central and East European Law Initiative, NDI, International City/County Management Association, International Foundation for Election Systems, Counterpart International, the International Center for Not-for-Profit Law, Soros Foundation, Eurasia Foundation, International Organization for Migration, and Transparency International Kazakhstan (grantee).

US Financing in Thousands of Dollars

Kazakhstan

115-0211 Strengthened Democratic Culture Among Citizens and Target Institutions	ESF	FSA
Through September 30, 2000		
Obligations	650	28,785
Expenditures	650	25,530
Unliquidated	0	3,255
Fiscal Year 2001		
Obligations	0	3,961
Expenditures	0	3,875
Through September 30, 2001		
Obligations	650	32,746
Expenditures	650	29,405
Unliquidated	0	3,341
Prior Year Unobligated Funds		
Obligations	0	685
Planned Fiscal Year 2002 NOA		
Obligations	0	5,000
Total Planned Fiscal Year 2002		
Obligations	0	5,685
Proposed Fiscal Year 2003 NOA		
Obligations	0	5,300
Future Obligations	0	0
Est. Total Cost	650	43,731

PROGRAM DATA SHEET

USAID MISSION: Kazakhstan
PROGRAM TITLE: Health and Population Program (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Increased Utilization of Quality Primary Health Care for Select Populations; 115-0320
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $6,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $3,092,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $6,600,000 FSA
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's training and technical assistance programs to strengthen primary care have four components:

- public awareness campaigns on personal health care rights and responsibilities;
- improving quality of care for new mothers, children and those with infectious diseases;
- reforming systems to devote more public health resources to primary health care; and
- updating legislative, regulatory and policy frameworks that are scientifically based and in line with international standards.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID plans to continue work with the Government of Kazakhstan (GOK) that will improve the financial sustainability, efficiency and quality of their health care systems, while preserving access. USAID plans to help restructure health systems at the oblast level to develop new primary care practices, introduce family medicine, upgrade clinical skills and introduce evidence-based clinical guidelines to improve quality of care. USAID will support a separate Health NGO Capacity Building Initiative (HNI) for Central Asia. The purpose of the Initiative is to facilitate the development of six sustainable NGOs with the capacity to improve health care through participatory actions with communities and government. A separate ongoing partnership at Kazakhstan's School of Public Health will focus on health management education.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE

Planned FY 2003 Program: USAID's Health and Population Program will continue to address health challenges, in particular infectious disease control, in Kazakhstan. USAID will support TB control activities by building capacity of local trainers and monitors to provide intensive Directly Observed Treatment, Short Course (DOTS) implementation. USAID will support TB laboratory training and surveillance, adoption of World Health Organization definition of live birth and infant mortality, and blood safety. USAID will also continue support for two new projects in applied epidemiology training and HIV/AIDS surveillance. A new HIV/AIDS prevention program, to begin in FY 2002, will focus on condom social marketing, drug prevention, and interventions for high-risk groups, especially intravenous drug users.

As a result of USAID-promoted universal immunizations, which cover 97% of newborns in Kazakhstan, there were no hepatitis B cases reported among children of age one to six in 2000.

Redefining patient rights and responsibilities and creating a favorable legal and policy framework are important elements of the health program. Public information campaigns will better inform people about how to protect their children's well being through "Keeping Children Healthy" and how to seek early tuberculosis (TB) care through "TB Can be Cured." A safe motherhood activity will update maternal care standards from the primary health care facility to the hospital. USAID will also work to expand health finance and health information systems in Kazakhstan, so that health care facilities will have better

infrastructure and capacity to provide services. One of USAID's ongoing partnerships will focus on family medicine in Astana.

USAID will support a separate Health NGO Capacity Building Initiative (HNI) for Central Asia. The purpose of the Initiative is to facilitate the development of six sustainable NGOs with the capacity to improve health care through participatory actions with communities and government. A separate ongoing partnership at Kazakhstan's School of Public Health will focus on health management education.

Performance and Results: The USAID-funded "Keeping Children Healthy" campaigns in Karaganda and Semipalatinsk have reached 1,000,000 women with instruction in breastfeeding, appropriate use of antibiotics and appropriate feeding for children with diarrhea. Such basic knowledge in the hands of parents will greatly increase child survival. More than 700,000 people from one oblast recently enrolled with USAID-funded primary health care facilities. Through support of a Drug Information Center, USAID is increasing information on medications so physicians can prescribe the most effective and least costly medications.

As the result of USAID and GOK joint efforts to control tuberculosis, the national TB incidence rate declined 6 % – its first decline in 10 years. The national TB mortality rate declined 29.9%. USAID and CDC calculate that implementation of DOTS strategy in Kazakhstan saved approximately 8,000 lives over the past 2 years. The TB Electronic Case-Based Surveillance System developed by USAID became fully operational throughout the country. This system allows policy makers to rapidly analyze trends and make informed decisions. At the urging of USAID and the CDC, the GOK changed its immunization policy for newborns to include immunization against hepatitis B. The universal immunization covers 97% of newborns, and resulted in no reports of hepatitus B among children age 1 to 6 in 2000. This compares with 27-87 cases per 100,000 of population in 1990.

USAID's expanded efforts in HIV/AIDS prevention, including research and training in HIV/AIDS surveillance, just began.

In FY 2001, the partnership between the Kazakhstan School of Public Health (KSPH) in Almaty and Virginia Commonwealth University in Richmond, Virginia helped to improve and develop post-graduate programs, research, and service functions at the KSPH. New short-term certificate programs in public health and health management were also developed, and curriculum for a Ph.D. program in health services research was designed. The partnership between the City Health Administration in Astana and Mercy Health System in Pittsburgh, Pennsylvania is fostering the development of prevention-oriented family-based primary care with integrated delivery of social services. The model Family Medicine Center was officially opened this year.

By December 2001, with USAID's support, all six of the major Kazakhstani health NGOs received organizational development training, developed long-term strategic plans, and completed community appraisals resulting in community action grants for two of those NGOs. Kazakhstani and Kyrgyzstani Family Group Practice NGOs have formed a Central Asian coalition to facilitate exchange of best practices.

Principal Contractors, Grantees, or Agencies: Abt. Associates/ZdravPlus, American International Health Alliance, Centers for Disease Control and Prevention, Counterpart Consortium, Project HOPE, WHO, Soros Foundation, and Population Services International. All are separate prime instruments.

US Financing in Thousands of Dollars

Kazakhstan

115-0320 Increased Utilization of Quality Primary Health Care for Select Populations	CSD	ESF	FSA
Through September 30, 2000			
Obligations	0	997	14,277
Expenditures	0	997	9,933
Unliquidated	0	0	4,344
Fiscal Year 2001			
Obligations	200	0	4,865
Expenditures	0	0	4,048
Through September 30, 2001			
Obligations	200	997	19,142
Expenditures	0	997	13,981
Unliquidated	200	0	5,161
Prior Year Unobligated Funds			
Obligations	0	0	3,092
Planned Fiscal Year 2002 NOA			
Obligations	0	0	6,000
Total Planned Fiscal Year 2002			
Obligations	0	0	9,092
Proposed Fiscal Year 2003 NOA			
Obligations	0	0	6,600
Future Obligations	0	0	0
Est. Total Cost	200	997	34,834

PROGRAM DATA SHEET

USAID MISSION: Kazakhstan
PROGRAM TITLE AND NUMBER: Cross-cutting Programs (Pillar: All Pillars)
STRATEGIC OBJECTIVE: Cross-cutting Programs; 115-0420
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $3,500,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,432,802 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $4,450,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: This cross-cutting program supports all of USAID's strategic objectives, and includes four main components:

- training and exchanges to support USAID's technical assistance programs in areas directly relevant to the transition to democracy and a free-market economy;
- training and sub-grants to strengthen NGOs working in business education, civil society, and media;
- a Community Action Investment Program (CAIP) to promote broad-based citizen dialogue and participation in community development activities, with an overall goal of reducing the potential for violent conflict in target communities; and
- program development support for cross - cutting evaluations, studies, and technical assistance.

Inputs, Outputs, and Activities: *FY 2002 Program: USAID will continue to use* participant training to complement its on-going technical assistance in Kazakhstan. More than 1,000 participants will be trained through participant training project in Kazakhstan during FY 2002. USAID will place greater emphasis on more cost-effective in-country training programs, in addition to the training that takes place in the USA and third countries. Eurasia will expand upon their Ferghana Valley Initiative to provide targeted grants to increase dialogue and cross-border linkages in this conflict-prone region.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE

FY 2003 Program: USAID will continue to utilize participant training to complement its on-going technical assistance in the other five Strategic Objective areas. More than 1,000 participants will be trained through participant training projects in Kazakhstan in FY 2003. USAID will place greater emphasis on more cost-effective in-country training programs, in addition to the training that takes place in the United States and third countries.

The Eurasia Foundation will continue to provide grants on an open-door basis in all three sectors (private enterprise, civil society, and public administration) to NGOs in Kazakhstan.

The new CAIP program, initiated in FY 2002, will be directed at mitigating sources of conflict in targeted communities, primarily in southern Kazakhstan. These programs will introduce community participatory processes to help identify priority investments in social infrastructure improvements, create several thousand new short-term and sustainable jobs (the majority of which will target youth), and improve social services through new and repaired infrastructure.

Performance and Results: In FY 2001, USAID trained over 700 Kazakhstani citizens (approximately 50 % of whom were women) in the areas of enterprise and finance, democratic reform, and primary health care. The overall impact of USAID's training programs in these areas has been broad and deep. Since returning from a decentralization study tour to Poland, deputies of local elected councils (Maslikhat) have widely publicized their experience in the mass media; conducted training

for other deputies; prepared citizens and candidates for the rural akim elections; and prepared recommendations for the Maslikhat handbook. As a result of a study tour to Netherlands and Norway, Kazakhstani parliamentarians established a $650 million Oil Fund.

The Eurasia Foundation made 42 grants to Kazakhstani NGOs in FY 2001, with an average grant size of nearly $28,000. Half of these grant funds supported private enterprise development, with the remainder targeting improvements in the areas of civil society and public policy and administration. During FY 2001, Eurasia grantees have helped to start 55 new businesses, defended citizens' rights with more than 800 legal consultations, published the first university-level business textbook in Kazakh, and added twelve new courses for curricula in Kazakhstan's leading universities.

In FY 2001, thirteen NGOs, recipients of Eurasia grants, succeeded in the first citizen lobbying effort in Kazakhstan, which targeted a flawed bill giving the national government more control over local governments. Ninety thousand signatures in opposition to the bill were collected and submitted to Parliament. Although the executive branch quietly pulled the bill, the campaign trained 3,000 activists in civic campaign tactics and awakened citizens' fighting for their political and civil rights. The Parliament paused in the face of widespread public opposition instead of simply rubber stamping legislation sent from the president's administration.

CAIP activities are scheduled to begin later in 2002. It is anticipated that CAIP will make meaningful contributions in the areas of conflict prevention, democratic process (especially community organizations and local governance), job creation, and improved social services (e.g., health clinics, schools, domestic water systems, and community centers).

Principal Contractors, Grantees or Agencies: Academy for Educational Development (participant training and exchanges) is the principal contractor for participant training and exchanges. The Eurasia Foundation makes grants to non-governmental organizations in Central Asia through its two main regional offices in Tashkent (Uzbekistan) and Almaty (Kazakhstan), and also maintains representative offices in Bishkek (Kyrgyzstan), Dushanbe (Tajikistan), and Ashgabat (Turkmenistan). The implementers of the cooperative agreements for the Community Action Investment Program will be selected in January 2002, and individual activities under CAIP will begin in spring 2002. Activities under the transboundary water and energy cooperation are being implemented by PA Consulting.

US Financing in Thousands of Dollars

Kazakhstan

116-0420 Cross-Cutting Programs	ESF	FSA
Through September 30, 2000		
Obligations	279	20,100
Expenditures	279	16,058
Unliquidated	0	4,042
Fiscal Year 2001		
Obligations	0	2,054
Expenditures	0	1,997
Through September 30, 2001		
Obligations	279	22,154
Expenditures	279	18,055
Unliquidated	0	4,099
Prior Year Unobligated Funds		
Obligations	0	1,432
Planned Fiscal Year 2002 NOA		
Obligations	0	3,500
Total Planned Fiscal Year 2002		
Obligations	0	4,932
Proposed Fiscal Year 2003 NOA		
Obligations	0	4,450
Future Obligations	0	0
Est. Total Cost	279	31,536

Kyrgyzstan

The Development Challenge: Although small and landlocked with limited natural resources, Kyrgyzstan has been the most open, progressive and cooperative of the Central Asian republics. Kyrgyzstan is important to stability of the region and has remained a stalwart friend of the United States. The Kyrgyz Republic is a firm ally in the War on Terrorism and a significant coalition member. Its geographic location at the headwaters of major river systems in Central Asia enable it to affect critical and sensitive issues such as irrigated agriculture, electricity generation, and the environment in the downstream countries of Central Asia.

> USAID programs build on Kyrgyzstan's cooperativeness, relatively open civil society, and economic and health reforms to meet the challenges of continuing oligarchy, corruption, debt burden, lack of trade, broad poverty, and weak governance.

Weak governance, continuing poverty, potential ethnic tensions, a porous southern border with Tajikistan and an essentially closed border with Uzbekistan are potential sources of conflict that could threaten regional stability and U.S. economic and political interests in Central Asia. Earlier armed incursions in the south of Kyrgyzstan by rebels from the Islamic Movement of Uzbekistan (IMU) and increased recruitment by the Hizb-u-Tahrir (both radical Islamic organizations) heighten the urgency to accelerate economic growth.

Although it inherited one of the least competitive economies of the former Soviet Union, Kyrgyzstan was the first Central Asian Republic to undertake meaningful economic and social reform. Positive signs of macro-economic stabilization continue. GDP rose by 5% in 2001, and inflation dropped from 9.6% in 2000 to 7.7% in 2001. The value of the Kyrgyz *som* has remained almost unchanged since 2000. However, 60.5% of the population now lives below the poverty line, up from 55.3% in 1999. Limited access to trade routes, a heavy burden of external debt (US$1.5 billion, draining 50% of the national budget for monthly debt servicing expenses), a weak banking sector (four banks were closed in 2001 and one put in receivership), as well as corrupt courts overturning some bank closures, all threaten economic and political reform and limit growth. Poverty and limited opportunities particularly jeopardize stability in the south where isolation, difficult borders, lack of investment, and ethnic differences are problems.

Civil society in Kyrgyzstan is the most developed in Central Asia, although in 2001 the country's Freedom House rating dropped from "partly free" to "not free," and its civil liberties rating declined from 5 to 6, (7 being the lowest degree of freedom). Nevertheless, Non-governmental organizations (NGOs), civic organizations and media, increasingly influence government policy and legislation. Parliament is an increasingly active and responsive legislative body and provides a check on government authoritarianism. Likewise, local governments are increasingly transparent and responsive. However, the presidential and parliamentary elections held in 2000 did not meet international standards, although local elections in over 460 villages and cities represent the first direct local elections in Central Asia.

Kyrgyzstan leads the region in health care reform and in actively addressing new health issues, such as HIV/AIDS, in an open and direct manner. However, government-supplied social services, critical to maintaining public support for reform, are still inadequate. Widespread poverty and very limited prospects for economic growth will also continue to influence both health status and the operations of the new health care systems. While it has embarked on educational reform, Kyrgyzstan's educational system is in a poor state characterized by mis-investment and corruption.

Kyrgyzstan's neighbors depend upon its management of water resources to meet their agricultural and domestic water supply needs; and Kyrgyzstan depends on these water resources for a large portion of its electricity requirements. Consequently, Kyrgyzstan, in cooperation with the other Central Asian republics, must manage its water resources in the most sustainable and responsible manner possible.

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The USAID Program:
FY 2002 Estimate: $34.99 million *FY 2003 Request:* $36.0 million

To meet these challenges, the goal of USAID in Kyrgyzstan is to expand opportunities for citizens to participate, to increase their livelihoods and to improve their quality of life. The Program Data Sheets below cover the five objectives for which USAID is requesting FY 2003 funds for Kyrgyzstan: small enterprise development and trade, democratic culture and institutions, primary health care, energy and water resource management, and sound budgetary and tax systems. FY 2002 funds will be used to implement the program planned and described in the FY 2002 Congressional Budget Justification. USAID's FY 2002 funds will also serve cross cutting objectives in conflict mitigation, youth and education, gender, rule of law and anti-corruption. USAID will emphasize conflict mitigation through media, education, agro-enterprise growth and community development, especially in the southern portion of the country. In FY 2003, USAID's local government activities will be combined into the broader democracy objective to streamline management and acknowledge longer-term and cross-cutting issues, rather than as an end in itself. The specific activities to be funded by FY 2002 and FY 2003 appropriations are described in more detail in the following Program Data Sheets. USAID will use $3 million of the FY 2003 request to fund new activities in education, agro-enterprise and community investment while the remaining $24.35 million will fund ongoing efforts.

Ongoing Programs for Which No FY 2002 or FY 2003 Funding Is Requested: Following are objectives for which USAID is not requesting new funds, but is continuing to expend funds already appropriated.

Number:	Title:	Last Notified:	Planned Completion:
116-023	More effective, responsive, accountable local governance	FY 2002 CBJ, p.494	FY 2002
116-014	Market environment	FY 2002 CBJ, p. 513	FY 2002
115-041	Special Initiatives	FY 2002 CBJ, p. 513	FY 2002

Other Program Elements: Partnerships, training and exchanges remain an important component of U.S. assistance. USAID's Global Training for Development Program trained over 1,500 Kyrgyzstani citizens in enterprise and finance, democratic reform, local governance, and primary health care in FY 2001. USAID supports a number of U.S. Kyrgy institutional partnerships that seek to build lasting relationships. The Farmer-to-Farmer Program, managed by USAID's Bureau for Humanitarian Response, is active in Kyrgyzstan. The Eurasia Foundation has an active small grants program in education, small business, local government and civil society. The Departments of Commerce, Defense, Energy, Agriculture, and State also manage programs complementary to USAID field activities in various sectors.

Other Donors: Kyrgyzstan's largest donors are the Asian Development Bank (roads, agriculture, education, health and corporate governance) and the World Bank (irrigation, health, and micro-credit). Other bilateral donors besides the U.S. include the Swiss and German governments, which support important land reform activities, and the Dutch Center for legal cooperation in judicial reform. The World Health Organization and the German, British, and Japanese governments also support health activities. The United Nations Development Program, the United Nations High Commission for Refugees (UNHCR), Organization for Security and Cooperation in Europe's Office for Democratic Institutions and Human Rights(OSCE/ODHIR), International NGO Training and Research Center, and the Soros Foundation all support NGOs with small grants. UNHCR, Soros and the EU co-fund civil society support centers, along with USAID. The Swiss and German Governments are working in the area of natural resources management.

Kyrgyzstan
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
FREEDOM Support Act	30,183	32,997	34,988	36,000
Total Program Funds	**30,183**	**32,997**	**34,988**	**36,000**

STRATEGIC OBJECTIVE SUMMARY				
116-0120 Increased Soundness of Tax and Budget Policies and Administration				
FSA	0	2,300	850	0
116-0131 Improved Environment for the Growth of Small and Medium Enterprises				
FSA	9,750	7,400	9,950	11,400
116-0140 A More Competitive and Market Responsive Private Financial Sector				
FSA	100	0	0	0
116-0161 Improved Management of Critical Natural Resources, Including Energy				
FSA	70	1,000	1,500	1,700
116-0211 Strengthened Democratic Culture Among Citizens and Target Institutions				
FSA	3,034	3,350	4,700	5,400
116-0230 More Effective, Responsible, and Accountable Local Governance				
FSA	2,000	1,700	0	0
116-0320 Increased Utilization of Quality Primary Health Care for Select Populations				
FSA	2,763	2,800	3,000	3,600
116-0410 Special Initiatives				
FSA	737	0	0	0
116-0420 Cross-Cutting Programs				
FSA	2,738	5,268	4,350	5,500
Total Transfers	**8,991**	**9,179**	**10,638**	**8,400**

PROGRAM DATA SHEET

USAID MISSION: Kyrgyzstan
PROGRAM TITLE: Tax and Budget Program (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Increased Soundness of Tax and Budget Policies and Administration; 116-0120
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $850,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $0
INITIAL OBLIGATION: FY 1994 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The three principal activity areas for USAID's budget and tax program in Kyrgyzstan are:

- advocacy and legislative assistance for a more transparent Tax Code and its implementation;
- taining in and modernization of Kazakhstan's public budget development, analysis and execution processes; and
- modernizing and making more transparent intergovernmental finance operations.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID will help the Ministry of Finance (MOF) to streamline tax administration to increase efficiency, reduce corruption and introduce fairness and consistency. USAID will also work with the MOF to improve in-system and intergovernmental finance. A continued focus on more accurate automated revenue and expenditure systems will enable ministries to improve the allocation and management of revenues at the local level, especially for health and education. USAID will assist local governments to adopt transparent budgeting practices to reduce waste and abuse and control spending. Finally, in FY 2002, USAID will perform an evaluation of the fiscal environment in Kyrgyzstan.

FY 2003 Program: USAID plans to continue to provide technical assistance and training to help the Government of Kyrgyzstan (GOK) develop policies and procedures that will help to bring about a stable and sound fiscal environment. USAID advisors will work with the MOF, Office of the President, Parliament, and the Tax Inspectorate to streamline tax policy and administration, budget analysis and development, and intergovernmental. Assistance to local governments will include technical assistance and training for select regional administrations on the improvement of their budget and finance processes. Such assistance is targeted at fostering greater decentralization and more efficient use of scarce public resources.

Performance and Results: USAID's consistent success in increasing the soundness of tax and budget policies and administration has been notable. USAID advisors played a key role in the government's decision to implement budget instructions requiring agencies to prepare program savings options for government consideration. Advisors were also instrumental in developing and fully implementing the former Soviet Union's first-ever Letter Rulings Database (LRD), which will compile decisions made by the tax authorities in response to taxpayer inquiries and will be available to the public. The letter based ruling system will improve transparency and bring about greater consistency in decisions made by the tax authorities. USAID technical staff also played a pivotal role in developing a new patent tax system that is now operational and expected to raise approximately 100 million *som* per year.

> USAID's support to a modernized, more efficient tax policy is a key factor in the 25.3% increase in tax collection over last year.

A joint effort of USAID's Fiscal and Democracy programs has also brought more transparency to the budget approval process, improving the quality of budget analysis by Parliamentarians, and improving the quality of the budget itself. Following public hearings on the 2002 budget, USAID received the commitment of the Budget Committee to hold public hearings at least quarterly. Moreover, there will be full public disclosure of all budget information on the Internet.

USAID's support to a modernized, more efficient tax policy is a key factor in the 25.3% increase in tax collection over last year. Further funding of this Strategic Objective will result in further improvements in tax compliance, more effective use of scarce public resources and greater transparency both at the national and local levels. According to USAID's current strategy fiscal reform efforts are winding down, and it is anticipated that Kyrgyzstan will graduate from this strategic objective by the end of the strategy period in 2002.

Because work at the city and oblast levels has just begun, there are no results to report as of yet.

Principal Contractors and Grantees: KPMG/Barents, the Academy for Educational Development, and the Eurasia Foundation.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0120 Increased Soundness of Tax and Budget Policies and Administration	ESF	FSA
Through September 30, 2000		
Obligations	53	10,800
Expenditures	53	8,771
Unliquidated	0	2,029
Fiscal Year 2001		
Obligations	0	2,300
Expenditures	0	2,117
Through September 30, 2001		
Obligations	53	13,100
Expenditures	53	10,888
Unliquidated	0	2,212
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2002 NOA		
Obligations	0	850
Total Planned Fiscal Year 2002		
Obligations	0	850
Proposed Fiscal Year 2003 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	53	13,950

PROGRAM DATA SHEET

USAID MISSION: Kyrgystan
PROGRAM TITLE: Small and Medium Enterprises (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: *An Improved Environment for the Growth of Small and* Medium Enterprises; 116-0131
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $9,950,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $517,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $11,400,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to improve the environment for Kyrgyzstan's small and medium sized enterprises (SMEs) has three major components:

- training in modern business skills and specialized business advisory services, and making business information more available;
- providing more access to capital by building lender knowledge, strengthening banks, and creating more liquidity through new financial instruments and micro-credit; and,
- advocacy for and training in more transparent, systematic implementation of laws and regulations that improve the environment for SMEs.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID plans to provide technical assistance to the private sector and the government to create freer markets where micro-, small-, and medium-sized enterprises can thrive. This effort to expand business and trade will include removing licensing/regulatory restraints, increasing access to credit, and expanding business skills and knowledge. USAID will work selectively with the Government of Kyrgyzstan (GOK) to develop the stock market and to strengthen banking by providing off-site technical assistance, previously provided by the IMF. Also, USAID plans to provide training in economics and business education, basic business management skills, and consulting services to business through Business Advisory Centers. USAID will continue to provide critical post-World Trade Organization (WTO) accession support to ensure that WTO obligations and requirements are fulfilled and will determine a timeframe for Kyrgyzstan's graduation from WTO assistance. Further training will be provided to professionals and farmers to increase awareness of private land ownership laws.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID seeks to improve the investment climate by implementing recommendations made by the Investor Roundtable, a working group that includes the President of Kyrgyzstan and the US Ambassador. Through expansion of its Resource Network for Economics and Business Education (RNEBE), USAID will offer teaching materials, training, research opportunities, and scholarships. USAID will help reorganize the educational system, fostering more efficient use of scarce resources to improve the quality of education for Kyrgyz students. USAID will also offer targeted training in business skills to entrepreneurs and business managers, on business planning, strategic marketing, and financial accounting. USAID will also continue to work through an internet-based regional trade network, as well as agricultural processing, accounting reform, business advisory services, and the development of professional associations and advocacy groups.

USAID will help strengthen financial institutions to give greater access to capital. Training will include off-site surveillance, identification, and resolution of problem banks to help improve the weak banking sector. In addition, advisors will work with the non-banking financial sector, providing increased access to credit to stimulate trade and reduce the potential for conflict.

USAID will provide technical assistance to develop and implement a system of commercial and land legislation through established Legal Centers in Osh. USAID will train judges, attorneys and tax inspectors in interpretation and application of commercial legislation. Professionals and farmers will have greater knowledge concerning private land ownership laws. USAID will help to modernize the State Customs Committee's procedures to meet international standards. USAID will identify and assist in removing other administrative and regulatory barriers to the growth of SMEs.

Performance and Results: Kyrgyzstan continues to have a weak government, and significant trade barriers remain in place, choking off desperately needed investment and exacerbating Kyrgyzstan's relative isolation from global markets. To combat this, USAID offered faculty and students access to educational tools useful in the free market. In its first year, USAID's business & economics education network saw membership increase to 29 universities and sponsored training in business and economics for 56 professors. Through the Eurasia Foundation, USAID made 14 grants totaling $250,000 to help entrepreneurs expand their businesses and provide greater access to modern business information and tools. USAID also delivered a wide range of volunteer technical assistance, including farmer-to-farmer, business consulting, and business association development.

As a result of USAID technical assistance Kyrgyzstan adopted National Standards of Audit and Accounting Standards, fully compliant with international standards. Four associations united to become a member of the International Council of Certified Accountants and Auditors.

USAID advisors designed a certification program for banking supervision department personnel of the National Bank and helped develop a draft law regulating micro-credit lending institutions. USAID's support, small enterprise client base reached almost 150,000 clients (88% women) and has disbursed almost $35 million. USAID lenders provided small enterprise loans averaging $3,000. In its first year of operation, the Bai-Tushum Foundation disbursed 514 loans to agro-enterprises and has a 97% payback rate.

Through television, radio, and over 2,000,000 pamphlets distributed on land rights (in Kyrgyz, Russian and Uzbek), landowners were urged to seek information about their rights. Detailed presentations were made in over 1,800 villages to more than 142,000 participants. To help reduce potential conflict in the area, USAID supported three legal assistance centers in Osh that provided legal advice to nearly 1,000 rural citizens in FY 2001. USAID assisted with the development of a market for urban land, and trained and organizeed associations of real estate brokers and appraisers. Through these legal reforms, Kyrgyz citizens gained critical access to tools that foster self-empowerment through awareness and knowledge of the law, the peaceful resolution of legal disputes, and additional opportunities to buy and sell land. In FY 2001, USAID helped draft the Comprehensive Development Framework that included roadmaps and mandates for future economic and judicial reforms. USAID advisors completed commentaries on the Tax Code and the Civil Code. Kyrgyzstan's first database of judicial opinions was also established.

With USAID's help, the number of business license categories was reduced from 62 to 29 and ion of flat fees for licenses, significantly reducing opportunities for corruption. Due to USAID assistance, proposed regulations affecting SMEs now undergo mandatory review and comment processes and cost-benefit analysis. USAID experts also helped design Kyrgyzstan's first joint Tax-Customs audit and inspection teams.

Principal Contractor and Grantees: Carana Corporation., Pragma Corporation., KPMG/Barents, ARD/Checchi, Chemonics, ACDI/VOCA, FINCA, Eurasia Foundation, Helvetas, and Winrock International.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0131 Improved Environment for the Growth of Small and Medium Enterprises	ESF	FSA
Through September 30, 2000		
Obligations	72	62,170
Expenditures	72	53,012
Unliquidated	0	9,158
Fiscal Year 2001		
Obligations	0	10,097
Expenditures	0	8,205
Through September 30, 2001		
Obligations	72	72,267
Expenditures	72	61,217
Unliquidated	0	11,050
Prior Year Unobligated Funds		
Obligations	0	517
Planned Fiscal Year 2002 NOA		
Obligations	0	9,950
Total Planned Fiscal Year 2002		
Obligations	0	10,467
Proposed Fiscal Year 2003 NOA		
Obligations	0	11,400
Future Obligations	0	0
Est. Total Cost	72	94,134

PROGRAM DATA SHEET

USAID MISSION: Kyrgyzstan
PROGRAM TITLE AND NUMBER: Energy and Water (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE: Improved Management of Critical Natural Resources, including Energy; 116-0161
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,500,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $100,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,700,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: As an important source of water for the CAR region, Kyrgyzstan's management of water is key to its own energy development needs and to transboundary cooperation. Major components of the USAID program are:

- training for water, energy and meteorological officials and managers;
- installation of sustainable, affordable energy efficiency and on-farm water management models that demonstrate new, more efficient technology and management techniques;
- improving the policy and regulatory framework, especially in the hydropower and transboundary water sectors; and
- developing public commitment to improve the process of energy privatization.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID will provide training to natural resources officials to improve resource management. To complement and reinforce this training, models will be developed and tested to demonstrate the viability of new management concepts and technologies. Trans-boundary activities focused on regional water management will include training in the use and maintenance of new technologies and procedures for snowmelt forecasting and regional data sharing, which will help regional officials to improve their planning for water allocation. Specifically, USAID will focus on improving the capability of the Kyrgyz National Hydromet Service (NHS) to better collect, process and transmit critical water data as part of a regional program. Two meteorological stations will be installed in a critical high altitude region for better collection of water and weather data. USAID will also fund an improved communication system that will facilitate the flow of critical water information between water managers. Pilot heating projects will demonstrate the efficacy of simple, inexpensive technologies in promoting energy conservation and cost savings.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: The USAID water program will focus on improving the capability of the Kyrgyz National Hydromet Service (NHS) to better collect, process and transmit critical water data as part of a regional program. Assistance will take the form of improved equipment and training programs for modeling of water runoff from snowmelt in order to facilitate planning and water allocations. In support of this activity, two meteorological stations will be installed in critical high altitude regions and a third in Bishkek, for better collection of water and weather data. USAID will also fund an improved communication system that will facilitate the flow of critical water information between water managers. Complementary training to energy officials will also support this effort. This activity will also provide a stronger, more objective basis for Kyrgyz decision- and policy-makers with regard to sensitive transboundary water and energy agreements in cooperation with counterparts in other Central Asian nations. Due to the important role Kyrgyzstan plays as a source for regional water for downstream countries, the USAID transboundary water and related energy cooperation activity will be centered in Kyrgyzstan.

Pilot programs demonstrating efficient water management practices for the on-farm level will also be implemented whereby local water user groups, using simple technology can assess and communicate their water needs more accurately. USAID will continue to work with the State Energy Agency, the independent regulator of the electric sector of Kyrgyzstan, to establish a transparent, equitable tariff structure for energy services, encourage independent local utilities, and hold regular public hearings. In addition, demonstration projects in heating efficiency will be initiated in schools and other public buildings.

> USAID assistance has increased public participation that has led to simplified billing procedures that will reduce corruption.

Performance and Results: Due to USAID-brokered agreements and the continued focus on training and study tours, USAID has played a key role in ensuring that water agreements meet international standards, and in providing an objective basis for decision-making. Staff of Kyrgyzstan's NHS are knowledgeable participants in the regional snowmelt runoff committee that meets semi-annually to improve water allocations for Central Asia. They have also begun collecting and processing water data for which USAID provided equipment and training. Several water courses were funded by USAID in cooperation with the Canadian Agency for International Development, through which Kyrgyz water officials and managers could better acquainted themselves with international water law, transboundary water management, and integrated water practices to improve irrigation efficiency.

This year, the Government of Kyrgyzstan took an important step in the privatization of its state-owned energy system by "unbundling" the generation, transmission and distribution of electrical services. The resulting new companies all fall under the purview of the State Energy Agency. USAID has assisted energy officials in the privatization process for the past six years, and in a political and economic environment that has been extremely resistant to reform, this is viewed as an important development. Due to USAID assistance, public participation has increased in the government energy sector resulting in simplified procedures in billing and other practices aimed at reducing corruption.

The heating pilot is well underway in Kyrgyzstan, and we expect that data will be collected this winter that will prove its cost-effectiveness for replication.

On-farm water management demonstrations will begin this spring, thus there are no results to date.

By the completion date of the activity, water managers should have the necessary tools and training to better collect, communicate and process water data resulting in improved allocations and overall management of the resource. Also, water and energy agreements will be based more on objective data and standards, thereby mitigating their potential for conflict.

Principal Contractors, Grantees, or Agencies: PA Consulting is the prime contractor for the Natural Resources Management Program, implementing both energy and water activities.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0161 Improved Management of Critical Natural Resources, Including Energy	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	970
Expenditures	869
Through September 30, 2001	
Obligations	970
Expenditures	869
Unliquidated	101
Prior Year Unobligated Funds	
Obligations	100
Planned Fiscal Year 2002 NOA	
Obligations	1,500
Total Planned Fiscal Year 2002	
Obligations	1,600
Proposed Fiscal Year 2003 NOA	
Obligations	1,700
Future Obligations	0
Est. Total Cost	4,270

PROGRAM DATA SHEET

USAID MISSION: Kyrgyzstan
PROGRAM TITLE: Democratic Culture and Institutions (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened Democratic Culture Among Citizens and Target Institutions; 116-0211
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,700,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $494,000 FSA*
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $5,400,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program of training and technical assistance to strengthen democratic culture among citizens and targeted institutions seeks to:

- strengthen civic and advocacy organizations and make them more sustainable;
- increase the availability of information on civic rights and domestic public issues;
- increase opportunities for citizen participation in governance; and
- strengthen judiciaries, local government, etc., as both democratic and service providing institutions.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will continue its support of a network of eleven civil society support centers (CSSCs) that operate throughout Kyrgyzstan to provide training, information, networking, grant assistance, and professional services to non-governmental organizations (NGOs), community associations, and media outlets. USAID will also support NGOs focusing on consumer rights, public advocacy, youth, gender and the environment, especially those in remote regions. Civic activism and media activities will also continue, including pilot testing of the civics education textbook in Kyrgyz, Uzbek, and Russian, in 100 schools.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID is planning a follow-on program for NGOs which will focus less on direct institution-building and more on grant support. While NGOs in Kyrgyzstan will have been strengthened through USAID's present program, the economic environment and regulatory regime continue to inhibit sustainability. USAID's plans for enhancing opportunities for citizen participation in governance include institutionalizing public hearings and improving citizen access to the parliament. USAID will continue to work with civic groups to enable them to actively engage with the government. Support to judicial and legal reform through legal associations will also continue.

USAID's three-year media initiative will likely continue its efforts to improve access to and use of modern technologies, train journalists, offer media management consultations, and provide legal support. A production fund will encourage the generation and distribution of print and electronic information and programs. USAID's high school civics program should expand to 300 schools, with pedagogical training for all secondary school teachers in the country. This initiative engages students in extra-curricular activities such as student action committees, student local government day, and summer democracy camps.

In FY 2003, this Strategic Objective will have a new intermediate result, "More Effective, Responsive, and Accountable Public Institutions", as a result of the impending closure of Strategic Objective 2.3, "More Effective, Responsive, and Accountable Local Governance". Ongoing activity levels will not change, though the wording may allow for a broader spectrum of institutions served

in Kyrgyzstan. USAID will continue to strengthen local government and foster decentralization through technical assistance to cities, as well as to parliament and key central government bodies, and will focus on financial management, budgeting, capital planning, and communal property. USAID will continue to train local officials and staff and condominium associations in promoting citizen participation and improved financial management. Policy dialogue and technical assistance will also continue at the national level.

> In a breakthrough for freedom of speech, a Jalal – Abad journalist was acquitted of criminal charges as a result of legal defense support from a USAID implementing partner.

Performance and Results: USAID continues to see success in its democracy and media programs, mostly because local partners are willing to push the envelope for change. USAID partner NGOs led the public outcry over proposed legislative amendments that would have restricted NGO activities, forcing the government to reconsider that legislation. Furthermore, NGOs successfully lobbied parliament to make changes to draft legislation on key bills, including those on the Ombudsman and on local self-government.

With USAID-funded technical assistance through Internews, independent television and radio stations throughout the country have been re-registered. A Eurasia Foundation grant to Internews allows them to hire an experienced media attorney to assist journalists in court cases, and to initiate a newspaper advocacy campaign on new regulations that affect the media. The new media initiative recently began, and therefore it is too early to report results.

USAID efforts helped to develop a communal property law and to introduce the property tax that will provide added sources of revenue and permit local governments greater control over their own budgets. In FY 2001, USAID technical assistance supported 13 public budget hearings in eight cities. Public hearings at the parliamentary level also began this year, and included the participation of NGOs, media organizations, and other citizens on issues such as the media law, the Ombudsman law, health, and the state budget (the first ever-parliamentary public budget hearing in Kyrgyzstan). Moreover, parliament is becoming more independent as evidenced in the revisions it made to the President's amendments to the election code, and thus making the local elections more democratic. USAID-supported organizations drafted, printed and distributed flyers so voters had full information, sponsored candidate debates, and trained candidates.

Other efforts serve initiatives in gender, youth, conflict mitigation and anti-corruption. National anti-trafficking seminars supported by USAID resulted in the formation of a working group led by the Kyrgyz Secretary of State and a Plan of Action currently under consideration for a presidential order. The Kyrgyz Minister of the Interior recently signed a UN Protocol on trafficking in persons. In Osh, law students conducted a "Youth Against Corruption" campaign as part of a USAID initiative. Condominium associations, which ensure better managed housing and greater quality of life for citizens, were established in 21 communities.

The important strides that NGOs have made in advocating their interests and lobbying parliament are promising. Public hearings that allow NGOs, citizens and independent media a voice in the debate over critical issues will become commonplace as parliamentarians become more comfortable with and realize the value in NGO and citizen input. It is expected that the parliament will continue to assert its independence from the president and that local governments will be more responsive to the needs of their constituents, who themselves are increasingly vocal.

Principal Contractors, Grantees, or Agencies: Internews (grantee), ABA/Central and East European Law Initiative (grantee), NDI (grantee), IFES (grantee), Urban Institute (prime), Barents (subgrantee), Counterpart International (grantee), The International Center for Not-for-Profit Law (subgrantee), The Eurasia Foundation (grantee), International Organization on Migration (grantee), and The Initiative for Social Action and Renewal in Eurasia (grantee).

US Financing in Thousands of Dollars

Kyrgyzstan

116-0211 Strengthened Democratic Culture Among Citizens and Target Institutions	ESF	FSA
Through September 30, 2000		
Obligations	291	15,292
Expenditures	251	12,288
Unliquidated	40	3,004
Fiscal Year 2001		
Obligations	0	3,055
Expenditures	0	3,618
Through September 30, 2001		
Obligations	291	18,347
Expenditures	251	15,906
Unliquidated	40	2,441
Prior Year Unobligated Funds		
Obligations	0	494
Planned Fiscal Year 2002 NOA		
Obligations	0	4,700
Total Planned Fiscal Year 2002		
Obligations	0	5,194
Proposed Fiscal Year 2003 NOA		
Obligations	0	5,400
Future Obligations	0	0
Est. Total Cost	291	28,941

PROGRAM DATA SHEET

USAID MISSION: Kyrgyzstan
PROGRAM TITLE: Health and Population Program (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Increased Utilization of Quality Primary Health Care in Select Populations; 116-0320
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $3,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,618,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $3,600,000 FSA
INITIAL OBLIGATION: FY1992 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen primary care has four components:

- public awareness campaigns on personal health care rights and responsibilities;
- improving quality of care for new mothers, children and those with infectious diseases;
- reforming systems to devote more public health resources to primary health care; and
- updating legislative, regulatory and policy frameworks that are scientifically based and in line with international standards.

Inputs, Outputs, and Activities: *FY 2002 Program:* Kyrgyzstan is the regional leader in health care reform, having completed over the last several years major restructuring of its health delivery system. USAID will support the Quality Primary Health Care Project through professional associations like the National Primary Health Care Association and the Hospital Association, to increase their ability to advocate for better standards of health care. Support for open enrollment campaigns will continue, whereby people can choose their family doctors. Quality of care will be addressed by continuing to develop family medicine training in medical schools and by retraining former specialists. People with sexually transmitted infections (STI) will be more likely to get treatment as this type of service is offered in primary health care clinics. USAID will continue to promote reforms that will make resources available for the health care sector to allocate drugs, supplies, and equipment. Inefficient specialist facilities currently funded by the state will be closed or merged into general hospital structures through USAID-promoted reforms, and small hospital co-payments will be introduced. Details of these activities are outlined in and will not differ from previous congressional notifications.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

With the introduction of new transparent hospital co-payment systems in two oblasts, Kyrgyzstan's citizens are paying less than they previously paid under-the-table to doctors.

Planned FY 2003 Program: The partnership between the Kyrgyz State Medical Academy and the University of Nevada School of Medicine will continue its focus on developing primary health care, with an emphasis on educating health professionals. A newly-joined member of that partnership, the University of South Florida Health Sciences Center, will concentrate on faculty and curriculum development, and on producing related educational materials for training and retraining community-based primary care practitioners, nurses and health care administrators.

USAID will support tuberculosis (TB) control activities by building capacity of local trainers and monitors to provide intensive Directly Observed Treatment, Short Course (DOTS) implementation. USAID will support activities in TB laboratory training and electronic surveillance, adaptation of

World Health Organization (WHO) definition of live birth and infant mortality, and blood safety. USAID will also continue new projects begun in FY 2002 in applied epidemiology training, HIV/AIDS surveillance and an HIV/AIDS prevention program focusing on condom social marketing and drug prevention and interventions for high-risk groups, especially intravenous drug users.

USAID will support a NGO (non-governmental organization) Capacity Building Initiative for Central Asia to facilitate the development of six sustainable NGOs with the capacity to improve health care processes through participatory actions with communities and government.

Performance and Results: As a result of USAID's Quality Primary Health Care Program, the Ministry of Health is implementing a comprehensive cost-effective health care system that currently provides services to more than 40% of the population. People now have the right to choose their own doctor and choose from better-qualified physicians and nurses, as 48% of all primary health care (PHC) doctors and 22% of all PHC nurses in Kyrgyzstan have now completed standard retraining courses. New management and health information systems at the oblast and national level developed by USAID have improved financial and management decision-making. With the introduction of new transparent hospital co-payment systems in two oblasts, people are paying less than they previously paid under-the-table. Increased revenues from co-payments are permitting hospitals to increase medication and keep necessary supplies in stock. A public outreach campaign kept people well informed about the co-payment introduction, and there were opportunities for the public to voice their opinions to the government about this change. A survey conducted in one oblast shows that people there noted that expanded services of better quality are now available to them.

USAID provides technical assistance to the Kyrgyz Ministry of Health, to implement the DOTS strategy on a nationwide scale. Since 1995, the TB incidence rate has risen by 40% (from 72.4 in 1995 to 121.1 per 100,000 of population in 2000). The mortality rate, however, decreased by 5.6% (from 13.4 in 1995 to 12.6 per 100,000 in 2000). USAID expanded and strengthened the DOTS program per the request of the Government of Kyrgyzstan. To assure the quality of the training and monitoring of DOTS program, USAID placed an expatriate TB educator in Bishkek. USAID supports activities to strengthen the Infectious Disease Reference Laboratory and the viral hepatitis sentinel surveillance system in three pilots. The Reference Laboratory now allows Kyrgyzstan to estimate viral hepatitis incidence and proportionality for hepatitis A, B, C, D, and E by providing quality assured laboratory diagnostics. It also allows Kyrgyzstan to verify Hepatitis B immunization effectiveness in newborns.

Research and training in HIV/AIDS surveillance has been initiated. USAID supported a study tour of government officials to a model Harm Reduction site in Lithuania; a Central Asian Condom Social Marketing Assessment and Workshop were conducted; and the Central Asian Initiative Conference on the Prevention of HIV/AIDS/STIs was held jointly with UNICEF and UNAIDS.

By December 2001, with USAID's support, all six of the major Kyrgyzstani health NGOs received organizational development training and developed long-term strategic plans. All completed community appraisals, resulting in a community action grant for one of them. Kazakhstani and Kyrgyzstani Family Group Practice NGOs have formed a Central Asian coalition to facilitate exchange of best practices.

Over the next five years of the World Bank health loan, USAID will provide the technical assistance to complete comprehensive reforms and institutionalize a high-quality cost-effective and efficient health care system in Kyrgyzstan.

Principal Contractors, Grantees, or Agencies: Abt. Associates/ZdravPlus, American International Health Alliance (AIHA), the Centers for Disease Control and Prevention , Counterpart Consortium, Soros Foundation, Population Services International, and Project HOPE.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0320 Increased Utilization of Quality Primary Health Care for Select Populations	FSA
Through September 30, 2000	
Obligations	4,653
Expenditures	2,473
Unliquidated	2,180
Fiscal Year 2001	
Obligations	2,036
Expenditures	1,526
Through September 30, 2001	
Obligations	6,689
Expenditures	3,999
Unliquidated	2,690
Prior Year Unobligated Funds	
Obligations	1,618
Planned Fiscal Year 2002 NOA	
Obligations	3,000
Total Planned Fiscal Year 2002	
Obligations	4,618
Proposed Fiscal Year 2003 NOA	
Obligations	3,600
Future Obligations	0
Est. Total Cost	14,907

PROGRAM DATA SHEET

USAID MISSION: Kyrgyzstan
PROGRAM TITLE AND NUMBER: *Cross-cutting Programs (Pillar: All Pillars)*
STRATEGIC OBJECTIVE: Cross-cutting Programs; 116-0420
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,350,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $3,768,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $5,500,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: This cross-cutting program supports all of USAID's strategic objectives, and includes five main components:

- training and exchanges to support USAID's technical assistance programs in areas directly relevant to the transition to democracy and a free-market economy;
- Eurasia Foundation provides training and sub-grants to strengthen NGOs working in business education, civil society, and media;
- Conflict Mitigation Initiative, which includes the Community Action Investment Program (CAIP), promotes public dialogue, improves management of transboundary water resources and public health facilities, and increases education and other opportunities for youth;
- program development support for cross-cutting evaluations, studies and technical assistance.

Inputs, Outputs, and Acitvities: *FY 2002 Program:* Participant training will broaden its support for USAID's ongoing technical assistance in six strategic objective areas: improved environment for the growth of small and medium-sized enterprises; strengthened democratic culture; improved management of critical natural resources; increased utilization of quality primary health care; increased soundness of tax and budget policies and administration; and more effective, responsive and accountable local governance. More than 1,000 participants will be trained through participant training projects in Kyrgyzstan during FY 2002. This activity, along with the ongoing Eurasia Foundation grants and new conflict mitigation and community action activities will continue as detailed in previous congressional notifications.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

FY 2003 Program: USAID's participant training activity will place greater emphasis on more cost-effective in-country training programs, in addition to the training that takes place in the United States and third countries. The Eurasia Foundation continues to provide grants in all three sectors (private enterprise, civil society, and public administration) on an open-door basis to Kyrgyz non-governmental organizations (NGOs). Eurasia will expand upon their Ferghana Valley Initiative to provide targeted grants to increase dialogue and cross-border linkages in this conflict-prone region.

Two new programs directed at mitigating sources of conflict in targeted Central Asian communities—namely, CAIP and the Conflict Mitigation Initiative — will introduce community participatory processes to help identify sources of conflict, prioritize investments in social infrastructure improvements, create several thousand new short-term and sustainable jobs, and improve social services through new and repaired infrastructure. An example of activities under the Conflict Mitigation initiative is the regional effort on transboundary and related cooperation. The goal is to promote best management practices, regional water and energy data storing, and the development of international agreements that meet international standards in order to reduce tensions over shared water resources.

PERFORMANCE AND RESULTS: In FY 2001, USAID trained over 1,500 Kyrgyzstani citizens (approximately 50 % of whom were women) in the areas of enterprise management and finance, democratic reform, and primary health care. The impact of such training is seen in the following examples. After participating in a seminar for senior bank supervisors from emerging market economies, the head of the National Bank Inspection Department developed a new, easier-to-read format for commercial bank activity reports. The bank's Board of Directors accepted the two-part format in August 2001. As a result of condominium training, the chairman of the regional association Our House broadcast the first informational talk on condominiums over state radio and reached an agreement with the State Radio Agency to air information on the topic every two weeks. After attending the Energex 2000 Conference, the director of the Center for the Study of Renewable Energy Resource Utilization of Kyrgyzstan drafted the legislation "On State Policies on the Usage of Non-Traditional Renewable Sources of Energy," which was passed by the Parliament in February 2001.

The Eurasia Foundation made 27 grants to Kyrgyzstani NGOs in FY 2001, with an average grant size of nearly $18,000. Half of these grant funds supported private enterprise development, with the remainder targeting improvements in the areas of civil society and—to a lesser degree—public policy and administration. During FY 2001, Eurasia grantees have helped to start 186 new businesses, defended citizens' rights with more than 233 legal consultations, purchased more than 2862 books for universities, and added sixteen new courses for curricula in Kyrgyzstan's leading universities.

With independence, residents received title to their apartments. However, in the rush to privatize, the issue of common area ownership (basements, roofs, stairwells, yards, pipes, cables, etc.) was neglected. With the assistance of a grant from the Eurasia Foundation, residents of a building, under which a four-foot-deep pool of sewage had festered for months, formed the Sunrise Condominium. The residents made building improvements, including fixing the sewage pipe, pumping out the water, and cleaning the basement. The residents also cleared taway the trash away, dug a drainage ditch, and lit and painted the stairwells.

As a result of USAID's broad training and exchange program in Kyrgyzstan, more reform-minded professionals will be more apt to participate in private enterprise, resource management, and health care reform pioneered with USAID assistance. By the end of the three-year conflict mitigation activity, USAID will have reduced the potential for conflict in 17 communities in the Ferghana Valley and southern Kyrgyzstan by promoting public dialogue, improving social services and infrastructure, such as potable water and irrigation, and increasing opportunities for youth.

CAIP activities are scheduled to begin later in FY 2002. We expect CAIP to make meaningful contributions in the areas of conflict prevention, democratic, job creation, and improved social services.

Principal Contractors, Grantees, or Agencies: The Academy for Educational Development; the Eurasia Foundation; and Mercy Corps. The implementers of the cooperative agreements for the CAIP will be selected in January 2002, and individual activities under CAIP will begin in spring 2002. Activities under the transboundary water and energy cooperation are being implemented by PA Consulting.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0420 Cross-Cutting Programs	ESF	FSA
Through September 30, 2000		
Obligations	120	13,068
Expenditures	120	9,476
Unliquidated	0	3,592
Fiscal Year 2001		
Obligations	0	2,209
Expenditures	0	2,357
Through September 30, 2001		
Obligations	120	15,277
Expenditures	120	11,833
Unliquidated	0	3,444
Prior Year Unobligated Funds		
Obligations	0	3,768
Planned Fiscal Year 2002 NOA		
Obligations	0	4,350
Total Planned Fiscal Year 2002		
Obligations	0	8,118
Proposed Fiscal Year 2003 NOA		
Obligations	0	5,500
Future Obligations	0	0
Est. Total Cost	120	28,895

Moldova

The Development Challenge: In the mid-1990s, Moldova made considerable progress in democratization and economic development, particularly in reforming the agricultural sector. Since then, development has stagnated partly as a result of a narrow economic base, concentrated ownership of assets, limited foreign and domestic investment, and a legacy of authoritarian leadership and corruption.

The Government of Moldova (GOM), headed by the Communist Party (which won more than a two-thirds majority in February 2001 elections), attempted to improve relations with the International Monetary Fund (IMF) and the World Bank and to comply with agreements negotiated by its predecessor. However, by mid-December 2001 the GOM could not to reach full agreement with the World Bank and IMF. Although discussions with these institutions continue, tranche releases from the international financial institutions will now be delayed for at least several months.

According to World Bank statistics, over the last decade Moldova experienced the largest decline in gross domestic product (GDP) of any country in Europe and Central Asia. In 1999, Moldova's annual GDP per capita of $370 was less than a quarter of its 1990 level. However, a reversal of this downward trend started in 2000 and continued in 2001. The budget deficit remained at 1.5% of GDP for those two years. The foreign exchange rate was stabilized, inflation substantially declined and growth in GDP was positive. Moldova's economic decline also accentuated an increase in social and economic inequality.

> Downward trend of economic growth reversed starting in 2000.

The decline in output and corresponding income and poverty levels are strongly influenced by poor agricultural performance. Agriculture is the mainstay of the economy, accounting for about 25 % of GDP, 40 % of employment and 65 % of exports (if agribusiness is included). Over the last decade Moldova has experienced significant and continued declines in agricultural production, productivity and exports. However, it appears that economic conditions in Moldova bottomed out in 1999. Agricultural performance led to positive growth in production in 2001. Projections for the coming years give hope that economic growth will continue in the agriculture sector. Agriculture and small and medium-sized enterprise (SME) projects supported by USAID are improving the living standards of people in the agricultural sector.

While it is too early to predict how the government will deal with reform programs over the long term, there are deep concerns regarding private sector agricultural development. To forestall a reversal in the land reform movement, USAID's new strategy will concentrate on farmer assistance and development of SMEs. The Moldova program will strive to create jobs and generate income. Growth will be encouraged through investment in agribusiness and and improving the environment for private enterprise. USAID activities are further discussed in the Program Data Sheets.

While Moldova's transformation to a market economy has proceeded largely on track, it has imposed significant hardships that have eroded popular support for reform. The percentage of Moldovans living below the absolute poverty line increased from 35 % in 1997 to over 53 % in 1999. Moldova's Soviet-era social safety net is ill equipped to handle the numbers of people living in poverty. A necessary step in consolidating economic restructuring activities is by helping Moldova overcome an energy crisis that has resulted in a large external debt to Russia. Since the sale of three of the country's five electric power distribution companies, Moldova's energy-sector reforms have stalled. USAID aims to reduce energy costs by concentrating on energy efficiencies realized through privatization of state-owned utilities, regulatory changes and the introduction of new technology.

> Moldova's transformation to a market has imposed significant hardships that have eroded popular support for reform. The percentage of Moldovans living below the absolute poverty line increased from 35 % in 1997 to over 53 % in 1999.

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The USAID Program:
FY 2002 Estimate: $35.42 million FY 2003 Request: $32.5 million

The Program Data Sheets provided below cover the four objectives for which USAID is requesting funds. These four objectives concentrate on: fiscal and financial reforms; supporting private enterprise growth to create jobs and generate income; developing effective, responsive and accountable democratic institutions by strengthening local government autonomy and civil society; and helping create a social safety net to reach vulnerable groups.

FY 2002 funds will be used to implement the program as currently planned and previously described in the FY 2002 Congressional Budget Justification. USAID also intends to use FY 2002 funds to carry out certain new activities in response to changing circumstances. The specific activities to be funded by FY 2002 and FY 2003 appropriations are described in more detail in the following Program Data Sheets. USAID/ Moldova will use the $24.4 million FY 2003 funds to continue ongoing efforts.

> Starting FY2002 USAID's technical assistance program will move from stabilization to growth.

On-going Programs for Which No FY 2002 or FY 2003 Funding is Requested: USAID is not requesting new funds, but is continuing to expend funds already appropriated for the following:

Number :	Title:	Last Notified:	Planned Completion:
117-0110	Private Sector	FY 02 CBJ, p. 554	FY 2002
117-0140	Private Sector	FY 02 CBJ, p. 554	FY 2002
117-0210	Citizen Participation	FY 02 CBJ, p. 554	FY 2002
117-0150	Energy	FY 02 CBJ, p. 554	FY 2002

Other Program Elements: USAID/Washington manages several activities including a Farmer – to - Farmer Agribusiness Volunteer Program (Citizens Network for Foreign Affairs), a loan portfolio guarantee program, a food industry development program (Louisiana State University), Customs Information, Trade and Transport and energy programs.

The Bureau for Economic Growth, Agriculture, and Trade manages the Loan Portfolio Guarantee (LPG) program, a particular success in Moldova, assists microenterprises and small businesses on the basis of a risk sharing arrangement. This project started in July 2000 with three Moldovan financial institutions. USAID is guaranteeing 50% of the collateral requested by the banks. This three-year, $2.0 million project made 250 loans in the first 15 months for a total equivalent of about $2.5 million in loans to SMEs.

The U.S. Department of Agriculture administers a commodity monetization program that provides agricultural land mortgage loans. Mortgage loans under this program, working through three financial institutions, total about $1million.

Other Donors: Donor coordination is maintained through monthly meetings of all bilateral and multilateral donors at which the U.S. Ambassador and the USAID Country Program Coordinator represent the United States. The U.S. is the only major bilateral donor; however, Germany, the Netherlands, Japan, Great Britain and Sweden all have small bilateral programs. Further, the Soros Foundation and several other private organizations run development programs in Moldova. In addition to U.S. bilateral assistance, the other major players are the multilateral donors composed of the International Monetary Fund (economic policy), World Bank (economic policy, social investment fund, micro-projects at the village level and energy), European Union-Technical Assistance to the Commonwealth of Independent States (agricultural sector) and the International Fund for Agriculture Development (agriculture sector). The United Nations Development Program provides support for a number of separate activities.

Moldova
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
FREEDOM Support Act	50,091	44,803	35,416	32,500
Total Program Funds	**50,091**	**44,803**	**35,416**	**32,500**

STRATEGIC OBJECTIVE SUMMARY				
117-0110 Increased Transfer of State-Owned Assets to the Private Sector				
FSA	4,943	0	0	0
117-0121 Fiscal and Financial Reforms Support Market-led Growth				
FSA	6,251	3,400	4,750	2,300
117-0131 Private Enterprise Growth Creates Jobs and Generates Income				
FSA	17,765	8,875	13,900	16,950
117-0140 A More Competitive and Market-Responsive Private Financial Sector				
FSA	1,048	0	0	0
117-0150 Economically Sound/ Environmentally Sustainable Energy System				
FSA	5,738	0	0	0
117-0210 Increased Citizens' Participation in Political/ Economic Decision-Making				
FSA	1,171	0	0	0
117-0230 Local Democratic Institutions More Effective, Responsive and Accountable				
FSA	0	3,100	2,750	3,250
117-0340 Social Safety Net Reached Vulnerable Groups				
FSA	0	4,190	4,000	1,900
117-0420 Cross-Cutting Programs				
FSA	1,334	0	0	0
Total Transfers	**11,841**	**25,238**	**10,016**	**8,100**

PROGRAM DATA SHEET

USAID MISSION: Moldova
PROGRAM TITLE Fiscal and Financial Reforms (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Fiscal and Financial Reforms Support Market-led Growth, 117-0121
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,750,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $3,215,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $2,300,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to increase economic restructuring includes four components:

- commercial law development;
- fiscal reform;
- banking development; and
- financial management training and advisory activity.

Inputs, Outputs, and Activities: *FY 2002 Program:* The Fiscal Reform Program will put in place fiscal policies and fiscal management practices that are conducive to macro-economic stability and promote private sector development in market-led growth. In FY 2001, the fiscal reform program focused on increasing soundness of fiscal policies and fiscal management practices. Results included (1) budgeting and financial management reform; (2) enactment of a market-oriented tax system; and (3) effective Parliamentary action on fiscal reform. The FY 2002 Program will strengthen these efforts.

Assistance in legal reform is helping the Government of Moldova (GOM) in its evaluation of a civil code to establish the foundation for commercial law. The drafting of the civil code and the commercial law was finalized in 2001 to provide legislation supportive of a market-oriented economy and conducive to growth of private enterprises. In FY 2002, the program will continue to assist the Parliament to enact the civil code into law.

The last phase of the banking assistance program is expected to start in FY 2002, which will assist the strengthening of commercial banks to enable them to become a competitive and responsive banking system capable of meeting the demands of a growing economy and performing fundamental banking operations. The banking assistance program provide technical assistance and training to help develop essential banking services necessary to promote private sector activities and economic growth. This program anticipates development of a new automated payment system, assessment of credit demand for agriculture development, the institutionalization of a bank association that will help train banking personnel, promote effective legislation, regulations and policies, and recommend adjustment of banking-related laws within the civil code when necessary.

The Financial Management Training and Advisory Activity (FMTAA) will continue to focus on providing training in financial and management accounting to professional accountants, enterprise financial managers, and university-level faculty members. Results expected are: (1) establishment of a financial management training and advisory facility; (2) an effectively-run Association of Professional Accountants and Auditors of Moldova; (3) accounting and audit curriculum reform for the Academy of Economic Studies of Moldova; and (4) improvement of financial advisory services.

Planned FY 2003 Program: FY 2003 funding will be the final year for Fiscal and Financial Reforms. The resources requested in this Budget Justification will continue to provide technical assistance to on-going projects.

Performance and Results: A USAID commercial law project was instrumental in drafting of the Civil Code. This Code now has been introduced to Parliament for its second reading and is expected to become law in Spring 2002. Additionally, a USAID legal reform project prepared and assisted in finalizing a unified tax code which has been accepted by the Government of Moldova and the Parliament.

> USAID Draft Civil Code introduced to Parliament with enactment expected spring 2002.

The Fiscal Reform program contributed to improving fiscal management that in turn allowed the government to increase tax revenues and implement a performance budget process, thereby strengthening the central and local treasury system. As a result of the increase in tax revenues, the GOM is able not only to pay salaries to civil servants and pensions to pensioners but also to increase funding for education, health care and other social services. The computerized treasury system was extended from the Central Treasury to the local treasuries. Improved budget management is helping to meet the International Monetary Fund budget deficit target contributing to lower inflation and promoting economic growth.

The banking reform program contributed to the development of the banking infrastructure. USAID focused its technical assistance on strengthening banking supervisors and maximizing use of human resources by training bank examiners and banking staff.

Advisory services for the FMTAA program will continue to focus on developing skills to strengthen financial management in enterprises.

Principal Contractors, Grantees, or Agencies: USAID anticipates the continued involvement of key partners in fiscal and financial activities including KMPG/Barents Group, and the East-West Management Institute and Chemonics. USAID will select new implementing partners for activities related to banking development and commercial law development.

US Financing in Thousands of Dollars

Moldova

117-0120 Fiscal and Financial Reforms Support Market-led Growth	FSA
Through September 30, 2000	
Obligations	11,088
Expenditures	8,829
Unliquidated	2,259
Fiscal Year 2001	
Obligations	4,731
Expenditures	4,834
Through September 30, 2001	
Obligations	15,819
Expenditures	13,663
Unliquidated	2,156
Prior Year Unobligated Funds	
Obligations	3,215
Planned Fiscal Year 2002 NOA	
Obligations	4,750
Total Planned Fiscal Year 2002	
Obligations	7,965
Proposed Fiscal Year 2003 NOA	
Obligations	2,300
Future Obligations	0
Est. Total Cost	26,084

PROGRAM DATA SHEET

USAID MISSION: Moldova
PROGRAM TITLE: Private Enterprise Development (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Private Enterprise Growth Creates Jobs and Generates Income, 117-0131
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $13,900,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $7,551,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $16,950,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The USAID Private Enterprise Development program in Moldova is made up of three components:

- technical assistance to private farmers;
- technical assistance to private businesses (including Western NIS Enterprise Fund and BizPro); and
- energy-sector and communication infrastructure reform and development activities.

Inputs, Outputs and Activities: *FY 2002 Program*: In FY 2002, USAID will obligate $13.9 million in FREEDOM Support Act funds to continue private enterprise development activities in the three components listed in the summary above. All these efforts will help remove impediments to sustained enterprise growth.

USAID priorities in the agriculture and small and medium-sized enterprise (SME) development sectors will be amplified to stimulate private enterprise development. The focus will be on policy, legal and regulatory framework; developing farmer associations and cooperatives; providing new landowners with legal and related assistance; and facilitating information dissemination and training. USAID will contribute substantially towards increasing the role of SMEs by facilitating their access to market business skills and information, building the capacity of business service providers, and improving their access to finance. The end result should be an economy supported by a large number of SMEs. The Private Farmer Commercialization Project (PFCP) and the Private Farmer Assistance Program (PFAP), the major USAID agriculture project, are significantly contributing to agricultural business infrastructure development. PFAP has completed the agricultural land privatization started under the previous strategic plan with now over 98% of agricultural land has been privatized. The PFAP is concentrating on working with farmers to help build markets and provide other needed technical assistance. PFCP, the commercial arm of USAID's agricultural efforts, focuses on development of agri-businesses. Both help assure input supply and output distribution that in turn open new opportunities and access to micro-finance institutions rural areas.

Through the Western NIS Enterprise Fund (WNISEF), USAID is the largest direct foreign investor among financial institutions, having invested in share capital of Moldovan companies more than the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) combined. All WNISEF companies have become leaders in their sectors in terms of revenue growth and profitability. These companies represent good examples of USAID's implementation strategy, the ultimate goal of which is to improve the overall investment climate of the Moldovan economy.

The energy sector and infrastructure reform and development activities will focus on the development of a sound regulatory and legal environment for the energy and telecommunications spheres. The work in the telecommunications area is particularly crucial in the context of the scheduled privatization of the national telephone system operator, MoldTelecom. Many economists (including the World Bank) see the high-tech area as one area of potential high growth for the

Moldovan economy. The attraction of investment into the energy sector is closely linked with the functioning of a sound regulatory regime. Work in the energy sector will include assistance in: privatization of energy-sector assets, including electric power distribution companies, followed by an increase in generation and high-voltage transmission capacity; regional integration and cross-border energy trade development; and heating infrastructure rehabilitation. All of these components foster the development of energy-efficiency with a view to enhancing the economic viability of the Moldova energy sector, thereby contributing to the long-term energy security and economic growth of Moldova.

Planned FY 2003 Program: USAID plans to use FY 2003 to expand private enterprise growth by building upon the successes of on-going USAID agricultural, energy and telecommunication programs. More agriculture partnerships will be linked to private farmers with land titles to assure better access to inputs, credit and markets. Further, USAID plans to increase the revenue, growth, and profitability of SMEs by increasing their access to financing for small businesses.

In FY 2003, USAID plans to implement a new activity consistent with its strategy for energy and telecommunications. The fundamental direction of this new comprehensive strategy is the achievement of an economically rational use of energy resources whose supply is reliable, secure, and diverse.

USAID will continue to support the development of energy and telecommunications regulatory bodies. In FY 2003, USAID will likely intensify assistance to the GOM to privatize the remaining state-owned energy assets. USAID will also redouble efforts to assist Moldova in correcting the dysfunctional and inefficient heating systems infrastructure set up in the Soviet-era. USAID will provide technical assistance to the GOM to adopt legislative amendments and regulatory policy to create the necessary conditions to encourage private-sector investment in and operation of heating-sector infrastructures.

Performance and Results: Recent performance has been on target, with significant private enterprise development in rural areas. There now is a special focus on creating voluntary agricultural cooperatives and privatization of the national electric distribution companies.

To promote enterprise development, trade, and investment, USAID will assist in developing a sound legal and regulatory framework, to increase enterprise-level investment, competition and productivity. USAID will also promote partnerships between U.S. and Moldovan agribusiness counterparts. Efforts will include improvement of the policy, legal and regulatory environment; development of rural enterprises; and expansion of agricultural inputs availability.

USAID assistance in the energy sector will focus on privatization of the two remaining electricity distribution utilities and a predictable regulatory regime to finance operational needs and repay fuel debt. USAID's new project will consider energy efficiency efforts, regulatory controls, and privatization and provide guidance towards technical restructuring of the district heating system at the municipal level.

Major Contractors, Grantees, or Agencies: USAID activities will be implemented by the East West Management Institute; Citizens Network for Foreign Affairs; Western NIS Enterprise Fund; Development Alternatives Inc.; KPMG Barents; Pierce Atwood Attorneys; Deloitte Touche; National Association of Regulatory Utility Commissioners; Alliance to Save Energy.

US Financing in Thousands of Dollars

Moldova

117-0130 Private Enterprise Growth Creates Jobs and Generates Income	ESF	FSA
Through September 30, 2000		
Obligations	617	36,941
Expenditures	617	31,914
Unliquidated	0	5,027
Fiscal Year 2001		
Obligations	0	15,555
Expenditures	0	10,629
Through September 30, 2001		
Obligations	617	52,496
Expenditures	617	42,543
Unliquidated	0	9,953
Prior Year Unobligated Funds		
Obligations	0	7,551
Planned Fiscal Year 2002 NOA		
Obligations	0	13,900
Total Planned Fiscal Year 2002		
Obligations	0	21,451
Proposed Fiscal Year 2003 NOA		
Obligations	0	16,950
Future Obligations	0	17,650
Est. Total Cost	617	108,547

PROGRAM DATA SHEET

USAID MISSION: Moldova
PROGRAM TITLE AND NUMBER: Democratic Transition (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE: Local Democratic Institutions More Effective, Responsive and Accountable, 117-0230
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $2,750,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $2,109,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $3,250,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The USAID Democratic Transition program in Moldova is made up of three components:
- technical assistance to local government units;
- small grants to local NGOs through the Eurasia Foundation; and
- a legal reform program with the local bar association.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 funds to promote three inter-related activities – local government reform, rule of law, and small grants to NGOs.

Local government program activities include: 1) increasing the autonomy and sustainability of effective local government through greater fiscal decentralization; 2) improving strategic planning of municipal services and assets; and; 3) greater citizen participation in decision-making fora. Currently, there are five pilot communities participating in the local government program. To complement training in these areas, technical assistance will be provided to improve the management capacity and effectiveness of the Association of Mayors and of local NGOs.

The Rule of Law program will continue to focus training and technical assistance on three main areas: advocacy on behalf of human rights; legal association building; and institutional capacity building. The advocacy program will have an immediate impact as it involves direct use of the legal system to defend citizen rights. This program will increase citizen confidence in and respect for the legal system through consultations provided on human rights, freedom of speech and association; minority rights; property rights; and labor law, family law and privatization. Most of these tasks will be concentrated at the local level, in conjunction with the Local Government Reform Project.

The Eurasia Foundation provides small grants to Moldovan NGOs to promote the development of democracy and a market economy. The new regional grant for the Eurasia Foundation is forthcoming, however, as of January 2002, Eurasia is still inactive in Moldova.

Planned FY 2003 Program: USAID plans to use the FY 2003 funds requested in this Budget Justification to continue to provide technical assistance to local government units, NGO development and support the legal reform program. Additional pilot sites will be added to the local government program and models of service improvement will be made available by "rolling-out" lessons of the earlier municipal service projects. Training and technical assistance provided to local citizen-based NGOs and municipal officials will seek to increase accountability of local governments.

USAID expects that the Rule of Law and grant programs will continue in FY2003 at approximately the same levels as FY 2002.

Performance and Results: The five ongoing pilot projects to improve municipal services management through local government reform resulted in better heating service in a residential building project, decentralization of heating services through better metering, and a water service project, which

resulted in restoration of water delivery. A more efficient solid waste management program was instituted for six villages as a result of training USAID provided in 21 local communities. As of January 2002, the USAID Project on Local Government Reform had sponsored 17 strategic planning workshops, including eight Mayors' Associations or boards of associations, which report using new methods of strategic plan preparation. Nine "local government units" have now adopted their own strategic plans.

The Rule of Law program provided legal representation and counseling and disseminated information to demonstrate the value of legal advocacy and working with local government officials. More associations of legal professionals were developed that can provide member services, lobby for their constituents, promote internal ethics and external relations, and organize and raise funds to sustain such activities. Institutional capacity-building focused on enabling lawyers, judges, municipal officials and citizens to become better versed in how to properly apply the law.

Principal Contractors and Grantees: USAID activities are being implemented by the Urban Institute; American Bar Association; Eurasia Foundation, local NGOs.

US Financing in Thousands of Dollars

Moldova

117-0230 Local Democratic Institutions More Effective, Responsive and Accountable	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	1,343
Expenditures	285
Through September 30, 2001	
Obligations	1,343
Expenditures	285
Unliquidated	1,058
Prior Year Unobligated Funds	
Obligations	2,109
Planned Fiscal Year 2002 NOA	
Obligations	2,750
Total Planned Fiscal Year 2002	
Obligations	4,859
Proposed Fiscal Year 2003 NOA	
Obligations	3,250
Future Obligations	3,250
Est. Total Cost	12,702

PROGRAM DATA SHEET

USAID MISSION: Moldova
PROGRAM TITLE: Social Transition (Pillars: Democracy, Conflict, and Humanitarian Assistance; Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Social Safety Net Reaches Vulnerable Groups, 117-0340
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,283,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,900,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The portion of USAID/ Moldova's Social Transition Program funded with FREEDOM Support Act resources includes four components:

- humanitarian and social assistance;
- energy efficiency;
- health partnerships and combating infectious diseases
- anti-trafficking of persons

Inputs, Outputs, and Activities: *FY 2002 Program*: USAID will use FY 2002 funds to the above-mentioned components of Moldova's Social Transition Program.

The Community Humanitarian Assistance Program (CHAP) is a rapid response, humanitarian commodity distribution program that addresses the critical needs of the most vulnerable groups of population, i.e., disaster victims, the elderly, disabled, children and youth, sick people and veterans. CHAP aims to provide assistance to rural areas and regions often overlooked by other international donors. To achieve its objectives, CHAP has four aims: improvement of the quality of life of humanitarian assistance end-users; increased capacity of local non-governmental organization (NGO) partners; improved humanitarian assistance activities by other private voluntary organizations (PVOs); and effective response to natural and man-made disasters in coordination with the U.S. Government, the Government of Moldova (GOM) and local authorities.

The health partnership program will improve health care service delivery by shifting the provision of health care to the primary health care and family medicine clinics. Assistance will improve these health care facilities' capacity to provide adequate, high-quality and appropriate services. It will strengthen clinical preventive/screening programs and reproductive health services by emphasizing the importance of preventive and educational aspects of health care rather than the more traditional emphasis on curative strategies. Technical assistance will support the effort to enhance family medicine residency training and practice – a new approach to health care in Moldova. The components of health care financing and management will permit the establishment of an environment supportive of effective and efficient health care service delivery and public health interventions. Ideally, the GOM will reassume a greater role in health care financing. A new cross-border project with Romania to assist in combating tuberculosis (TB) will begin in late 2002. An assessment will be conducted in late January 2002 that will identify the most urgent needs and prepare the scope for program requirements to fight TB.

To further reduce the initially negative impact of energy and utility restructuring on Moldovans, USAID also launched its Low Income Energy and Social Assistance Program (LIESAP). Its primary objective is to reduce human suffering by providing targeted compensation to eligible low-income households for consumed electricity. Implicit in this is the implementation of a means-tested eligibility system and training to improve the technical capacity of professionals within the GOM in the areas of management of social welfare information systems and administration and delivery of social assistance programs.

Planned FY 2003 Program: There will be a slight increase in the level of effort in health assistance, especially in the new activity for TB prevention and HIV/AIDs awareness. This program is planned to expand in combating other infectious diseases following initial assessment and implementation.

Statistics show that an increasing portion of the population is falling below the poverty leveldespite a forward movement in economic and fiscal reforms. It is anticipated that a social sector assessment conducted in 2002 will result in the design of a new social safety-net project that incorporates lessons learned from the LIESAP program.

USAID also plans to develop a new Anti-Trafficking activity in FY2003.

Performance and Results: The overriding objective is to help develop social protection systems that will reach vulnerable groups, alleviate immediate suffering and combat trafficking in persons. To reduce human suffering, USAID will provide financial assistance to low-income households for electricity consumption payment through its LIESAP program. Starting in FY2002 and continuing in FY 2003, LIESAP will make targeted compensations for about 250,000 persons for electricity consumption for a period up to eighteen months. The end result will be an activity that reaches a large %age of the vulnerable population and helps to alleviate immediate suffering.

The Health Partnership Program will open another model primary health care clinic in FY 2002 (one opened the spring of 2001). As a result of the partnership, 200-400 physicians will be trained and retrained in the practice of family medicine. The program will result in two model primary health care centers becoming sustainable. The centers, along with the Medical University with a revised curriculum, will train a health care workforce in the discipline of family medicine.

> 200-400 health workers in Moldova are trained by USAID annually.

CHAP will continue its work with medical institutions, orphanages, and boarding schools, as well as with a core group of local NGOs. In collaboration with selected local partners, CHAP will render humanitarian assistance in two regions of Moldova, selected on the basis of an assessment. It will establish stricter control over the quality of donations, which will be monitored closely for proper distribution and impact. A small number of well-trained and equipped Moldovan NGOs will "graduate" from CHAP's local capacity building program to carry on the provision of humanitarian assistance after CHAP's closure.

Principal Contractors, Grantees, or Agencies: USAID's activities are implemented through Counterpart International, Advanced Engineering Associates International, and American International Health Alliance.

US Financing in Thousands of Dollars

Moldova

117-0340 Social Safety Net Reached Vulnerable Groups	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	2,907
Expenditures	135
Through September 30, 2001	
Obligations	2,907
Expenditures	135
Unliquidated	2,772
Prior Year Unobligated Funds	
Obligations	1,283
Planned Fiscal Year 2002 NOA	
Obligations	4,000
Total Planned Fiscal Year 2002	
Obligations	5,283
Proposed Fiscal Year 2003 NOA	
Obligations	1,900
Future Obligations	4,100
Est. Total Cost	14,190

Russia

The Development Challenge: The Russian Federation has made major strides in its transition to a market-oriented democracy, but many challenges remain. Over the past three years, the Russian economy, fueled in part by a boom in oil export revenues, grew at an average rate of 6.4%, with a projected rate of 5.5% in 2001. By the end of 2001, the Russian government achieved a budget surplus for the second consecutive year, with foreign exchange reserves reaching record levels.

Sustaining this growth is partly dependent on fundamental policy changes. In the past 18 months, the Russian government has enacted an array of legislation crucial to Russia's long-term economic future and social transition. This includes groundbreaking legislation on personal income tax, land ownership, business deregulation, leasing, labor code, housing and communal services, judicial reform, money laundering, and child welfare. While reform progress has been unprecedented over the past year, the remaining agenda is staggering. Legislation currently before the Duma covers: military reform, further tax reforms, pension reform, further land reform, implementing legislation to promote real estate market development, civil service reform, natural monopoly restructuring, World Trade Organization accession, banking reform, education reform, and health care financing. USAID has played an important role in developing many of these proposed reforms over the past ten years.

Clearly more needs to be done, both in deepening reforms and in translating reform into improved living standards for the majority of Russians, supporting the growth of the middle class – a vital constituency for a vibrant market-oriented democracy. Problems in the regions need to be confronted directly, and success more broadly disseminated. The standard of living – measured by average purchasing power – has improved in much of the country since the 1998 financial crisis; however, though by late 2000 few regions had achieved pre-crisis levels of prosperity. Small and medium-sized businesses continue to be hampered by excessive government regulation and lack of access to essential resources and services. Poor environmental management is also resulting in inefficient business operations.

> A USAID-funded survey found per capita income increased by 22 % between 1998 and 2000; incomes of the lowest income quintile grew by over 30%.

Life expectancy, in decline for two decades, was 65.9 in 1999, among the lowest in Europe, and the gap between men (59.8 years) and women (72.2 years) is the largest in the world. This trend is symptomatic of the health care system's lack of attention to lifestyle factors and the over-reliance on antiquated curative approaches. The re-emergence of tuberculosis at epidemic proportions along with one of the fastest rates of increase in HIV/AIDS infections in the world are threats to world health. These scourges, if unchecked, will further tax Russia's health care and social services and could devastate the economy.

> Russia and Ukraine have the most rapid rates of increase in HIV infection in the world.

Russia's civil society has blossomed over the past ten years, but the relationship between the state, the media, and independent citizen groups remains uneasy and ill-defined. The Putin Administration has centralized political power in a way that has facilitated some important reforms but leaves few checks on federal executive power. The independent mass media – crucial for ensuring government accountability – is under increasing pressure from the government and struggles to maintain itself in an economy that lacks the means to sustain it. Meanwhile, responsibility and some resources for providing a broad array of basic social services have been devolved to the regions. Municipal and regional governments, in turn, increasingly, look to partnerships with civil society to deliver these services.

Russia is making progress in strengthening the rule of law, but reform is impeded by the absence of strong enforcement mechanisms, failure to protect the social and economic rights of the poor and vulnerable, corruption, and the judiciary's struggle to gain independence from the executive branch. NGOs need to step forward to play a more constructive role in addressing religious and ethnic

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intolerance, gender discrimination and trafficking in persons. Meanwhile, the Chechnya conflict remains unresolved, resulting in violations of human rights on both sides and displacement of the civilian population.

U.S. foreign policy priorities germane to Russia – including missile defense, the future of NATO, nuclear disarmament, non-proliferation, trade and investment, regional stability and conflict prevention, transboundary health and environmental threats – are amongst the most critical to national interests. In addition, Russia has become a United States ally in the war on terrorism and is likely to be a vital partner in Afghanistan's reconstruction.

THE USAID PROGRAM:
FY 2002 Estimate: $157.73 million *FY 2003 Request:* $148.0 million

The Program Data Sheets provided below cover the objectives for which USAID is requesting funds. These objectives concentrate on supporting Russian economic policy reform initiatives, expanding the small and medium size business sector, sustaining economic growth through improved environmental resources management, opening up society to broad participation by men and women, strengthening the rule of law, strengthening local governance, improving health care and child welfare practices, financing the U.S.-Russia Investment Fund and financing cross-cutting programs. FY 2002 and FY 2003 funds will be used to implement ongoing programs in all of these areas, taking into account the inter-agency program review of assistance to Russia which called for focusing U.S. assistance in the areas of health, civil society, and small enterprises, while limiting engagement with the GORF. USAID also intends to use FY 2002 funds to carry out certain new activities in response to changing circumstances. The specific activities to be funded by FY 2002 and FY 2003 appropriations are described in more detail in the following Program Data Sheets.

ONGOING PROGRAMS FOR WHICH NO FY 2002 OR FY 2003 FUNDING IS REQUESTED: In FY 2002, USAID/Russia is amending its country strategy to refocus its programs. Consequently, the USAID program in Russia continues to expend funds for the following programs for which funds are not being requested in FY2002 or FY2003. The Program Data Sheets describe the adjusted programs that build on the programs listed below.

Number:	Title:	Last Notified:	Planned Completion:
118-0130	Accelerated Growth of Private Enterprises	FY02 CBJ p. 589	FY03
118-0140	Improved Economic Infrastructure	FY02 CBJ p. 594	FY03
118-0160	Improved Environmental Management	FY02 CBJ p. 600	FY03
118-0210	Increased Better Informed Citizen Participation	FY02 CBJ p. 604	FY03
118-0220	Strengthened Rule of Law and Human Rights	FY02 CBJ p. 609	FY03
118-0320	Improved Effectiveness of Social Services	FY02 CBJ p. 615	FY03

OTHER PROGRAM ELEMENTS: Non-bilateral resources include U.S.-Russian health and environmental partnerships, donated medical equipment, regional programs to combat tuberculosis and HIV/AIDS, farmer-to-farmer advisors, and small business loan guarantees.

Russia is no longer on an International Monetary Fund program, and World Bank funding has declined.

OTHER DONORS: The United States is the largest donor in Russia, followed by: the European Union (legal, civil service, fiscal, banking, and social reform); Germany (education, health, environment, and economic infrastructure); the United Kingdom (economic policy reform, participatory government, civil society, the rule of law, health, and enterprise development); France (economic and social infrastructure); and the Netherlands (economic and social infrastructure).

Russia
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
Child Survival and Disease Programs Fund	0	3,543	0	0
FREEDOM Support Act	190,014	159,861	157,728	148,000
PL 480 Title II	3,099	0	0	0
Total Program Funds	**193,113**	**163,404**	**157,728**	**148,000**

STRATEGIC OBJECTIVE SUMMARY				
118-0130 Accelerated Development and Growth of Private Enterprises				
FSA	11,262	10,360	0	0
118-013X Strengthened and Expanded Small and Medium Enterprises				
FSA	0	0	11,197	10,840
118-0140 Improved Economic Infrastructure to Support Market-Oriented Growth				
FSA	5,000	8,946	0	0
118-014X Market-Oriented Reforms Developed and Implemented in Selected Sectors				
FSA	0	0	6,343	6,000
118-0160 Increased Environmental Management Capacity to Support Sustainable Economic Growth				
FSA	6,820	6,960	0	0
118-016X Environmental Resources Managed More Effectively to Support Economic Growth				
FSA	0	0	6,800	6,325
118-0210 Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making				
FSA	9,010	13,123	0	0
118-021X A More Open, Participatory Society Fostered				
FSA	0	0	12,449	12,544
118-0220 Strengthened Rule of Law and Respect for Human Rights				
FSA	5,523	2,978	0	0
118-022X Increased Confidence in a Strengthened Rule of Law				
FSA	0	0	4,374	4,797
118-023X More Responsive and Accountable Local Governance				
FSA	0	0	3,220	3,220
118-0320 Improved Effectiveness of Selected Social Benefits and Services				
CSD	0	3,543	0	0
FSA	12,345	14,879	0	0
118-032X Increased Use of Improved Health and Child Welfare Practices				
FSA	0	0	13,215	15,000
118-0410 Special Initiatives				
FSA	24,000	20,000	20,000	20,000
118-0420 Cross-Cutting Programs				
FSA	10,040	14,176	14,602	14,844
Total Transfers	106,014	68,439	65,528	54,430

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: Small Business Development (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened and Expanded Small and Medium Enterprises, 118-013X
STATUS: New
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $11,197,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $618,700 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $10,840,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program for small and medium size enterprises (SMEs) includes

- technical assistance to improve the policy environment for SMEs;
- small grants to strengthen policy advocacy by business associations in the regions;
- technical assistance, policy support and loan capital to increase access to credit for SMEs through permanent, profitable small business financing entities;
- technical assistance to strengthen high-quality business support institutions;
- management and business training for entrepreneurs and school students; and
- technical assistance and advisory services to promote investment and trade.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will continue to finance activities in the business development program's major components of policy reform, entrepreneurship, credit, management training, and promotion of trade and investment. In FY 2002, USAID will begin an activity to strengthen regional business associations and work with a national organization to advocate for policy changes supportive of SMEs. These associations give SMEs a regional and national voice.

USAID will continue to improve both male and female entrepreneurs' access to high-quality training and consulting services by strengthening business support institutions in western and central Russia. USAID is working with Junior Achievement Russia to expand its network to five new regions and 1,500 new schools, and to add civics, ethics and information technology modules. In FY 2001, USAID began a program to create a national center to support non-bank financial institutions through credit and training. With this new activity in place, USAID will begin to phase out its other microfinance activities as the individual grants conclude. These activities will have achieved sustainability, and the first two will "graduate" in FY 2002.

Through FY 2002 USAID will continue to fund the Sakhalin Island American Business Center's advisory services to foster foreign investment in Sakhalin SMEs. This will also be the last year of support to the American Chamber of Commerce's e-government center, which provides technical assistance to establish the appropriate legal and regulatory framework to support the expansion of e-commerce in Russia.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to continue its programs and begin several activities. One may expand USAID's support for business support institutions to the Russian Far East. Another may strengthen support for women entrepreneurs. USAID may also begin a three-pronged SME trade and investment activity: technical assistance to venture capital investment in high-technology businesses, training in international accounting standards and technical assistance for trade and marketing. USAID's support for microfinance in Samara Oblast is expected to end in FY 2003.

> The small to medium enterprise sector constitutes 10% of GDP, vs. 6% a few years ago.

Performance and Results: The twin shocks of devaluation in the early 1990s and the 1998 financial crisis have forged

more sophisticated entrepreneurs. However, Russia's entrepreneurs continue to face formidable challenges. Russian SMEs face a policy and regulatory environment inimical in many ways to small business development. USAID's programs have made significant contributions to policy reforms of administrative barriers. In addition, the Russian government has enacted laws, developed with USAID's assistance, on leasing, consumer cooperatives and deregulation. Another law exempts interest payments on loans by non-bank financial institutions from the value-added tax, giving microfinance institutions the tax advantages that banks receive and providing financing opportunities for small entrepreneurs.

Recognizing Russian commercial banks' unwillingness to lend to SMEs, USAID has helped channel resources to SMEs by creating a nationwide network of non-bank financial institutions. To this end, USAID monitors and promotes equitable lending to ensure that both male- and female-owned businesses have access to credit. The number and value of USAID-supported microfinance loans doubled in 2001 to 32,000 loans worth $34 million. About 70% of these loans, which average $1,000, go to women entrepreneurs. A USAID-USDA agricultural credit program has extended $5 million in credit to over 750 farmers, with a repayment rate of 99%.

Because many Russian entrepreneurs lack experience with good business practice, high-quality business services and training are in great demand. USAID strengthens Russian capacity to deliver such services through business support centers. In Western Russia, 54% of these institutions' clients reported an average increase in sales of 5-10% within six months of receiving assistance. Networks of such centers managed by the University of Alaska/Anchorage's American-Russian Center and the Russian Academy of Management and the Market provided training and consulting services to 77,000 regional SME entrepreneurs and managers. Junior Achievement Russia reaches over 6,000 Russian schools and has trained over 1.7 million boys and girls in extracurricular programs that teach business and economic literacy.

Through USAID's activity to introduce International Accounting Standards in selected regions, six professional firms that received training now offer fee-based transformations as part of their services and Tomsk University offers a course on international accounting standards - the first in Siberia. Four institutes in Samara started courses after their instructors participated in a USAID-financed course. In Regional Initiative sites, USAID has brought about a private-public dialogue to create investment offices in regional governments, identified investment barriers and improved the business climate.

USAID expects these programs to result in the following: a legal and regulatory environment conducive to SME development; improved access of SMEs to financing; improved business skills for entrepreuners and business managers, all of which will contribute to an improved overall climate for investment and trade.

Principal Contractors, Grantees, or Agencies: USAID's small business program works with the following prime contractors: Citizens Democracy Corps, Counterpart International, Development Alternatives, Inc., Foundation for International Community Assistance International, Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance, University of Alaska/Anchorage, Junior Achievement Russia, Opportunity International, Academy of Management and the Market, American Chamber of Commerce, Foreign Investment Advisory Service, and Foundation for Russian-American Economic Cooperation.

US Financing in Thousands of Dollars

Russia

118-013X Strengthened and Expanded Small and Medium Enterprises	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	11,197
Total Planned Fiscal Year 2002	
Obligations	11,197
Proposed Fiscal Year 2003 NOA	
Obligations	10,840
Future Obligations	10,840
Est. Total Cost	32,877

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: Economic Policy Reform (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Market-Oriented Reforms Developed and Implemented in Selected Sectors, 118-014X
STATUS: New
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $6,343,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $6,000,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to support Russian-initiated policy reforms includes:

- grants to Russian think tanks for institution building and policy analyses on selected economic and fiscal reform topics;
- technical assistance from international experts to inform key economic policy decisions;
- small grants to further Russian initiatives that improve corporate governance;
- targeted technical assistance to strengthen the financial and banking systems; and
- loan guarantees to stimulate investment and credit for small and medium businesses.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will continue funding a variety of programs focused on economic, fiscal and financial sector policy reform and its implementation. The ongoing economic think tank activity is due to end in September and will be replaced by a follow-on to begin this fiscal year. The new activity will give special attention to reforms important to private entrepreneurs. The activity will be complemented by advisory services from international economic experts and the ongoing reform work of the Institute for the Economy in Transition and provide grants to regional (non-Moscow) institutions. In addition, USAID will provide funding to a Russian think tank to monitor implementation of a new law that reduces administrative barriers to small business.

Fiscal reform and budgeting relations are critical to regional economic stability and provision of services. For this reason, USAID will continue funding the Center for Fiscal Policy to improve intergovernmental fiscal relations and federal-level budgeting to regional governments. The growing momentum for banking reform was highlighted in the Crawford Presidential Summit's economic statement. In FY 2002, USAID will continue funding the Financial Services Volunteer Corps' targeted assistance to the financial sector. USAID will also fund guarantee agreements for small business development with Russian commercial banks, U.S. companies, or both.

A new corporate governance activity will support entrepreneurs and strengthen civil society by financing Russian NGO initiatives to implement Russia's near-final Corporate Governance Code. Possible initiatives encompass legislation for Russian joint stock companies and a legal support center for aggrieved shareholders. This activity will address the needs of Russian businesses to attract investment capital through transparent management practices.

USAID supports regional economic development by funding the Alaska-Sakhalin Working Group. USAID will extend the activity ending in June 2002 or begin a new one.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to continue financing its small, but productive, portfolio in economic policy reform.

Performance and Results: Russia's brightening economic position has been driven by oil export revenues, domestic production responding to the 1998 devaluation of the ruble, and substantive

progress in policy reform achieved under this strategic objective. Since the 1998 crisis, USAID has supported its Russian partners, in close coordination with other dononrs, to build the policy framework Russia needs to continue on its path toward a market oriented economy. During the past year alone, the Russian government enacted five major tax reform measures developed by a USAID grantee. These long-awaited measures give Russia the most liberal tax regime in Europe. Notably, the new individual income tax rate of 13% increased the tax base and expanded tax revenues by over 50 percent in only seven months, and the corporate profit tax rate dropped from 35% to 24%. The government also enacted landmark legislation, developed by a USAID-supported think tank, that reduced state-imposed administrative barriers on businesses and entrepreneurs by easing registration procedures, reducing licensing requirements, and limiting the number of state inspections.

> Russia's tax system now has the lowest rates in Europe and is positioned to support rapid economic growth.

Other areas have seen significant progress as well. A USAID-funded Russian think tank is conducting actuarial analysis and modeling to overhaul Russia's inadequate pension system. This analysis, which takes into consideration the gender realities in Russia, is the basis of legislation to allow individual pension accounts and private investment of pension funds. This legislation will provide financial security for future retirees and catalyze Russia's capital markets by investing $4 billion from the pension fund into the economy during the next four years. Another USAID grantee is improving Russia's system of intergovernmental fiscal relations by making revenue transfers more transparent and objective and creating incentives for local governments to increase revenue collections and rationalize spending.

The Central Bank announced a requirement, developed with support from USAID, that all banks shift to international accounting standards by 2004. Under USAID's Loan Portfolio Guarantee Program, Russia's BIN Bank has provided $3 million of new lending to SMEs in four regions. BIN Bank's success demonstrates that SME lending can be profitable for banks. Three banks have been preliminarily approved for new LPG programs, potentially providing another $5 million of new lending annually to the sector.

Principal Contractors, Grantees, or Agencies: USAID works through the State of Alaska Department of Commerce and Economic Development, Deloitte Touche Tohmatsu (prime), Center for Fiscal Policy (sub), Institute for Economy in Transition, Louis Berger Group, Financial Services Volunteer Corps, PriceWaterhouseCoopers, Moscow Public Science Foundation (prime), Center for Institutional Reform and the Informal Sector (sub) and the Center for Economic Policy and Financial Research.

US Financing in Thousands of Dollars

Russia

118-014X Market-Oriented Reforms Developed and Implemented in Selected Sectors	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	6,343
Total Planned Fiscal Year 2002	
Obligations	6,343
Proposed Fiscal Year 2003 NOA	
Obligations	6,000
Future Obligations	6,000
Est. Total Cost	18,343

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: Effective Management of the Environment (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Environmental Resources Managed More Effectively to Support Economic Growth, 118-016X
STATUS: New
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $6,800,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $6,325,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY2005

Summary: USAID's program to improve the management of Russia's environmental resources includes:

- technical assistance to support improvements in natural resources management;
- technical assistance to support the growth of eco-businesses;
- technical assistance to encourage the adoption of environmentally friendly business practices; and
- grants to Russian NGOs to strengthen their capacity, implement pollution prevention projects, promote improvements in environmental policy, and implement environmental education programs.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will continue implementation of its two environmental activities, Replication of Lessons Learned (ROLL) and Forest Resources and Technologies (FOREST). The activities will continue to focus on supporting economic growth and business development, while also contributing to USAID's health and civil society development programs and to the reduction of trans-boundary threats to the environment. The ROLL activity will continue to support initiatives by NGOs and businesses to replicate successful environmental projects. In addition, the ROLL activity will provide grants that support specific local government and health related initiatives, and will focus its efforts in regions identified as priorities for USG assistance programs. Through the FOREST activity, USAID will increase its emphasis on pest monitoring and forest fire prevention to address serious transboundary issues. USAID will increase technical assistance to support small and medium businesses working with non-timber forest products and secondary wood processing. The FOREST activity's policy and research components will shrink from FY 2001 levels to ensure that adequate financial resources are available to cover activities in priority areas.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to continue both the ROLL and the FOREST activities.

Performance and Results: USAID's environmental management program has made a significant contribution to protecting the environment, while supporting the development of the private sector and civil society and addressing environmental health issues. Approximately 50 percent of the country's administrative units has benefited from USAID's interventions in the environment sector.

In the Russian Far East and Siberia, forests provide the greatest number of jobs, and provide the most significant opportunities for entrepreneurship in businesses in secondary wood processing, non-timber forest products and ecotourism. With USAID's assistance, about 150 eco-businesses in the Russian Far East grew and improved their environmental performance. New tourism facilities in protected areas are increasing opportunities for tourism (over 100 tourists in the preserves each night), and generating new businesses and jobs for local residents, giving them a stake in preserving the environment.

Businesses are taking environmental issues more seriously for economic reasons. USAID's grantees have been helping Russian businesses become more profitable by improving their energy efficiency and reducing pollution from their operations. USAID's environment program is also helping Russian businesses comply with the World Trade Organization's international environmental standards required of companies that want to compete in the global market. More than 100 businesses are now in the process of pursuing certification, through programs funded by USAID.

For example, a system of monitoring Siberian Moth outbreaks using pheromone traps was introduced to Siberia. This new pest monitoring and prediction tool provides the necessary information to enable the Ministry of Natural Resources to combat outbreaks quickly. This is essential to minimize the impact on Russia's economy from destruction of forests by the moth, and to the potential for the moths to spread to other countries, including the United States. With USAID assistance, seven mobile fire fighting units were created and fully equipped in Khabarovsky and Primorsky krais to more effectively combat forest fires and to protect the Amur Taiga habitat. In 2000-2001 these fire brigades were actively used in fighting forest fires around forest settlements, thus saving human lives and thousands of hectares of valuable forests. Khabarovsk Krai reports that reforestation efforts are now exceeding the amount of timber being cut in the region, due in part to USAID's greenhouse programs, as a cost-effective method to grow robust seedlings.

> One-third of the world's forested acreage, a valuable carbon sink, lies in the Russian Far East.

USAID's environmental management program has been credited with having played a major role in developing and leveraging other support for national environmental NGOs, one of the most effective and active civil society groups in Russia. Environmental NGOs, many of which have received support from USAID, helped to lead the way as the first changes took place in Russia ten years ago, and they continue to weigh in on controversial issues like the reorganization of the Ministry of Natural Resources, and environmental problems related to nuclear waste and environmental health. A USAID-supported NGO was the key representative of the public at hearings devoted to a dispute over gas production in the environmentally sensitive Baikal region. Due to the NGO's testimony, the project was suspended. USAID's program financed 41 environmental education projects that have introduced environmental curricula into schools and trained teachers, including one project that created a network of boys and girls in 140 cities across Russia using the internet to share environmental experiences.

Principal Contractors, Grantees, or Agencies: USAID works with the Institute for Sustainable Communities (prime), Winrock International (prime), Chemonics International (sub), the Heron Group, LLC (sub).

US Financing in Thousands of Dollars

Russia

118-016X Environmental Resources Managed More Effectively to Support Economic Growth	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	6,800
Total Planned Fiscal Year 2002	
Obligations	6,800
Proposed Fiscal Year 2003 NOA	
Obligations	6,325
Future Obligations	6,825
Est. Total Cost	19,950

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: More Open, Participatory Society (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: A More Open, Participatory Society Fostered, 118-021X
STATUS: New
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $12,449,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $25,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $12,544,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to foster a more open, participatory society includes:

- *technical assistance and institution building to increase participation* and enhance citizens' understanding of democratic ideas and to encourage development of a multi-party system;
- institution building and grants for Russian civil society and advocacy institutions to strengthen the voice of Russia's people in decision making; and
- support for media outlets and NGOs to increase citizen access to independent information.

Inputs, Outputs and Activities: *FY 2002 Program:* The majority of USAID's civil society activities to increase citizen participation in the political process, strengthen NGOs, improve services and advocacy for women's issues, and increase access to independent information will continue under the proposed FY 2002 budget. In addition, USAID plans to initiate some new activities: expanding and strengthening a coalition composed of NGOs united across Russia to monitor Federal elections in 2003 and 2004; and an improved program incorporating lessons learned from on-going crisis activities to support institutions addressing the problem of domestic violence in Russia. USAID will also place new emphasis on an anti-trafficking initiative, focusing on prevention, information dissemination, and rehabilitation services.

USAID will continue to provide grants, training and technical assistance to NGOs involved in increasing citizen participation in the political process. USAID partners will include the Institute for Electoral Systems Development (IESD), which works to promote fair elections and citizen education; the Moscow School of Political Studies (MSPS), which provides leadership training and networking; and the U.S. political party training institutes, the National Democratic Institute (NDI) and the International Republican Institute (IRI).

Recognizing the importance of NGOs to the growth of civil society, USAID will utilize grants and technical assistance to help Russian NGOs become more effective and self-sustaining. USAID funds will help these organizations address serious social problems, including trafficking in persons and domestic violence, and improve the capacity of NGOs in Russia's Far East to meet community needs.

USAID will complement its ongoing support for print and broadcast media with two new activities. In response to the US-Russian Presidential Summit in Crawford, USAID will provide start-up funding for a dialogue between Russian, American and European media entrepreneurs. USAID will also launch an activity to expand Internews' *Internovosti* program by adding a video exchange to the ongoing exchange of news text through a network of independent television stations.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to continue efforts to foster an open, participatory society in Russia through ongoing activities. USAID will examine ways to build long-term consensus for citizen participation and democracy via programs in civic or citizen education. USAID is also considering a new activity to increase access to independent information through radio and the Internet.

Regional NGO networks and 56 Resource Centers contributed to the NGO sector's growth, from fewer than 10,000 NGOs in 1993 to more than 70,000 today.

Performance and Results: USAID's support is making a significant contribution to increasing citizen access to the political process, especially traditionally under-represented women and youth. The St. Petersburg League of Women Voters grew from 6 to 14 chapters throughout European Russia during 2000 and 2001 and stimulated voter turnout.

The VOICE coalition has sent more than 400 volunteer monitors to observe voting for local and regional elections in Astrakhan, Yekaterinburg, Chelyabinsk, and Yaroslavl and the coalition has expanded into 16 regions over the past year, increasing transparency in the election process. In order to increase the transparency of the legislative process, the IESD posted five drafts of the political party law on its website (www.democracy.ru) and prepared a comparative analysis of these draft laws and, in cooperation with Moscow's Carnegie Center, conducted a seminar on the political party law. The MSPS established an alumni network of 5,000 young political leaders who graduated from the school.

USAID helped establish the principle that no party, including the government, is above the law by aiding legal clinics that successfully challenged government actions in the courts. Over the past 18 months, these clinics represented the interests of 7,000 workers and 220 trade unions in 2,720 hearings, resulting in $222,700 in awards.

The number of victims of domestic violence suffering alone without access to services is beginning to decrease in Russia. USAID supports a network of 35 women's crisis centers across Russia. Over the past two years, the number of calls to these USAID-supported crisis centers has almost doubled.

Regional news competition "News - Local Time" launched by Internews three years ago has changed the landscape of broadcast journalism in Russia. It has brought together representatives of regional television stations that previously worked in isolation, brought the accomplishments of local news program to national attention, and motivated a young and rapidly developing community of journalists to think more seriously about their role as builders of civil society. In 2001, News - Local Time won an award equivalent to an Emmy in the U.S., as the best television event of the year.

Principal Contractors, Grantees, or Agencies: USAID works through the following prime contractors or grantees: IESD, IRI, NDI, MSPS, International Research and Exchange Board, Center for NGO Support, American Center for International Labor Solidarity, Consortium of Women's Nongovernmental Associations, Winrock International, and Internews.

US Financing in Thousands of Dollars

Russia

118-021X A More Open, Participatory Society Fostered	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	12,449
Total Planned Fiscal Year 2002	
Obligations	12,449
Proposed Fiscal Year 2003 NOA	
Obligations	12,544
Future Obligations	12,794
Est. Total Cost	37,787

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: Strengthened Rule of Law (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Increased Confidence in a Strengthened Rule of Law, 118-022X
STATUS: New
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $ 4,374,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $4,797,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen the rule of law in Russia includes:

- technical assistance to develop key judicial institutions;
- exchanges between Russian and American judicial officials on judicial education and court administration;
- strengthening partnerships between American and Russian legal communities;
- human rights monitoring and institutional development of human rights organizations; and
- public-private partnerships in Tomsk and Samara to fight corruption.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID's rule of law program is designed to target five areas: judicial reform; legal education; professionalism and advocacy; human rights; and anti-corruption. USAID's judicial reform activities focus on judicial education and judicial administration through exchanges between Russian and American judicial officials, and the institutional development of Russian judicial institutions, such as the Judicial Department, the Academy of Justice, the Supreme Qualifying Collegium and Council of Judges, in part through cooperative relationships with U.S. institutions such as the National Judicial College and the International Judicial Relations Committee of the Judicial Conference.

USAID will begin a new activity to provide technical assistance and training to support the Russian government's decision to implement jury trials nationwide beginning in 2003. This activity builds on USAID's work in the mid-1990s to train defense counsel and judges on the requirements for conducting trial by jury under Russia's jury trial experiment in nine regions. USAID's technical assistance for legal reform promotes clinical legal education, continuing education for commercial lawyers, women's rights and bar partnerships between American and Russian legal communities. These activities help build constituencies for legal reform outside of the government and professionalize the legal community. USAID's human rights activity continues to support the Moscow-Helsinki Group's monitoring project, but the project will be graduating from USAID assistance in the near future. USAID will launch a new human rights program in FY 2002 to develop the advocacy skills of NGOs, improve the image of human rights NGOs among the general public, and provide access to justice through human rights law clinics.

> In 2003 the Russian Government will implement jury trials nationwide, building on USAID's pilot activity in nine regions.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to continue all of the program areas described above for FY 2002 to strengthen the rule of law in Russia. USAID may begin a new activity in the area of legal education. The practice of law and jurisprudence will change significantly in the coming year, given the new requirement for jury trials, pending criminal procedure and civil procedure codes, and the draft law on advocates being considered in the Duma. The new activity would prepare lawyers for these changes through training in such areas as trial advocacy skills.

Performance and Results: Only ten years ago, the framework for a modern legal system was virtually non-existent in Russia, and the judiciary was totally subjugated to and dependent on the will of the executive branch of government. This situation seriously eroded public and investor confidence in the Russian legal system, thus inhibiting democratic and economic growth. USAID's assistance to develop the rule of law has achieved significant results in addressing these issues.

A strong and independent judiciary is central to establishing the rule of law. In Russia, USAID's programs have helped to empower the judiciary to push for further judicial reform. The Russian Council of Judges became more effective in formulating the needs of the judiciary and lobbying for fulfilling them. As a result, legislation on financing of the courts was enacted in 1999 to ensure that 100% of the Judiciary Budget is transferred in a timely manner, creating a better-funded and more independent judiciary. USAID also helped create, and ensure the effective operation of, new institutions responsible for judicial administration in Russia. A concrete result of this work was the establishment of the Judicial Department in 1998, modeled on the Administrative Office of the U.S. Courts. The Department manages and administers the courts of general jurisdiction and is directly responsible for increasing the budget for court operation, which tripled over the last three years.

USAID has also been deeply involved in Russian legal education and training. Due to USAID efforts, the Russian Academy of Justice, a training institution for judges, incorporated judicial ethics as a required subject in its curriculum. This is the first time that the Russian judiciary has included corruption concerns in its required curriculum for judicial training. In addition, U.S. legal educators have popularized the clinical legal education model in Russia, with many Russian law schools now offering practice-based education. Of the dozens of clinics that participated in the program, four clinics are now models for clinical education.

On the human rights front, a national network of human rights NGOs has been created as a result of USAID's support to the Moscow-Helsinki Group. This network, represented in every region, has evolved and developed the capability to bring broad public attention to specific human rights issues as they arise. After three years of USAID support, half of the monitoring groups are capable of sustaining themselves independently, while the European Union has committed itself to assuming support of the remaining groups, allowing USAID to direct its resources to other areas. Meanwhile, the Sakharov Center has continued its seminars and workshops for school children and teachers on human rights issues, along with an active human rights publishing program.

In Russia's fight against corruption, USAID support resulted in the development of Anti-Corruption Action Plans by government officials, businesses, and NGOs in Tomsk and Samara. Another anti-corruption program implemented by the Eurasia Foundation led to the transparency of budgets in six regions.

Principal Contractors, Grantees, or Agencies: USAID works through Chemonics International (prime), the National Judicial College (sub), the American Bar Association and the Central and East European Legal Institute (prime), Russian-American Rule of Law Consortium (sub), Management Systems International (prime), and the Moscow-Helsinki Group (prime).

US Financing in Thousands of Dollars

Russia

118-022X Increased Confidence in a Strengthened Rule of Law	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	4,374
Total Planned Fiscal Year 2002	
Obligations	4,374
Proposed Fiscal Year 2003 NOA	
Obligations	4,797
Future Obligations	4,797
Est. Total Cost	13,968

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: More Responsive and Accountable Local Governance (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: More Responsive and Accountable Local Governance, 118-023X
STATUS: New
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $3,220,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $3,220,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to increase the responsiveness and accountability of local governance includes:

- technical assistance to local governments to strengthen their capacity to manage their resources and deliver goods and services; and
- technical assistance and financial support for analysis of legislation and regulations.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will continue to strengthen the capacity of local governments to manage their financial, human, and physical resources, to provide goods and services on a sustainable basis, and to provide a foundation for sustained local economic growth. Under this program, USAID is strengthening local government budgeting and resource mobilization; introducing and replicating successful models of governance, economic development, service delivery and social protection; and supporting the analysis and development of federal and regional legislation and regulations.

FY 2002 represents the first year in which USAID/Russia will move forward with a single comprehensive local governance activity implemented by the Institute for Urban Economics (IUE), a Russian NGO. This program consolidates what, in previous years, have been separate activities in the closely related areas of land and real estate reform, public finance, housing and communal services reform, social sector reform and local economic development. This new consolidated approach, to be implemented in close coordination with other programs working at the regional level, will allow USAID to better address as a whole, rather than piecemeal, the various issues that local governments and communities face. Under the new agreement, the Institute will also establish a local governance support center in Nizhny Novgorod to disseminate successful models and lessons learned to regions in Central Russia.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to continue to finance the work of the IUE in strengthening the capacity of local governments and in improving the legal and regulatory environment in which they function.

Performance and Results: The federal government has decentralized a number of functions to the local level, including operation of the social safety net, many aspects of housing policy, and numerous other aspects of managing the "urban economy." At the same time, enterprises, which under the Soviet system had been major providers of social services, have been divesting their social assets to local governments. The result is that municipalities are now the principal level of government for the administration and the delivery of social assistance in Russia and are key players in determining the environment for economic growth.

> The ground-breaking Land Code enacted in September 2001 provides the legal foundation for buying and selling non-agricultural land. The legislation was developed with significant assistance from IUE.

USAID's ongoing and previous local-level pilot activities – such as in land and real estate markets, municipal finance, social assistance, communal services and strategic development planning – are beginning to have national impact as the lessons learned from those activities are incorporated into key federal level policy and legislative initiatives. For example, the Duma enacted a new Land Code in September that provides the first national-level basis for the sale and purchase of non-agricultural land. IUE, a USAID grantee, helped draft the legislation. In July 2001, the government adopted the "Mid-term Program for Socio-Economic Development of the Russian Federation: Years 2002-2004" (the "Gref Plan") including sections on land and real estate reform and housing and communal economy reform based on USAID's work in the regions and by USAID-funded think tanks. Based on earlier USAID-funded models, the government adopted a new program for modernization and reform of the housing and communal services sectors for 2002-2010. This will have a dramatic impact on fiscal and social policy, and will ensure that funds are better targeted to the truly needy.

Other successful models continue to be pioneered at the regional and municipal level. In July 2001, for example, the project-assisted city of Cherepovets became the first city in Russia to achieve full cost-recovery in its housing communal services. Four other pilot municipalities expanded means-testing to new areas of their social services systems and introduced competitive procurement in the delivery of services, in partnership with their NGO communities resulting in the truly needy receiving more effective subsidy assistance. More than 30 cities and two oblasts adopted and are using budget analysis tools developed under a USAID public finance activity to improve management of their budgets and to increase transparency. The cities of Novgorod and Tomsk are now using treasury systems to promote transparency and accountability in public finances. The Tomsk City Administration is customizing a model for an interactive city web site for budget and procurement information and is cooperating with the Association of Siberian and Far Eastern Cities to disseminate the results to other cities.

USAID's activities are also changing the way that local governments work with their communities. The first Federal District Fairs of Social NGOs, held in Perm (2000) and Saratov (2001), brought together social service NGOs, the business community and regional and municipal administrations from the fifteen regions of the Volga Federal District. At each fair, more than 600 NGOs participated in competitions for matching grant funds from government and business for projects in their communities, thus building unique partnerships for public-private cooperation and NGO participation in local revenue allocation decisions. Seven cities adopted multi-year strategic development plans that were created in partnership with business and NGO communities.

USAID has also been able to support activities to respond to last winter's heating crisis. A Comprehensive Energy Efficiency Improvement Program for Magadan Oblast was developed for the Oblast Administration, which is now planning special budget allocations to launch the program in FY 2002. The USAID-supported IUE made an emergency assessment of the communal services system in Primorsky Krai and recommendations to help the local administrations prevent another winter without heat. In following through on many of the action items, the regional and municipal administrations are reporting that they are prepared for the coming heating season and do not anticipate any serious problems.

USAID training and technical assistance to local governments will result in increased ability of localities to manage their financial, human and physical resources to provide public goods and services on a sustainable basis and to provide a foundation for sustained local economic growth.

Principal Contractors, Grantees, or Agencies: USAID works through the Institute for Urban Economics.

US Financing in Thousands of Dollars

Russia

118-023X More Responsive and Accountable Local Governance	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	3,220
Total Planned Fiscal Year 2002	
Obligations	3,220
Proposed Fiscal Year 2003 NOA	
Obligations	3,220
Future Obligations	3,220
Est. Total Cost	9,660

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: Improved Health Practices (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Increased Use of Improved Health and Child Welfare Practices, 118-032X
STATUS: New
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $13,215,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $15,000,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to increase improved health and child welfare practices includes:

- technical assistance to introduce and adapt modern public health approaches and primary health care services;
- introduction of health promotion and disease prevention technologies and interventions;
- partnerships and technical assistance to introduce and replicate modern health practices;
- financial support for programs to combat infectious diseases, such as tuberculosis and the spread of HIV/AIDS; and,
- technical assistance and grants to reduce the abandonment of children and improve the lot of Russian orphans.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID seeks to introduce modern systems of prevention and care in primary health care, infectious diseases, maternal and infant health, and child welfare. USAID will continue to finance U.S.-Russian health partnerships that replicate the best models of service delivery and disseminate best practices. Quality assurance assistance will continue, both through the Department of Health and Human Services' Agency for Health Care Quality and Research and through USAID's Quality Assurance Project. USAID will launch an activity, Healthy Russia 2020, that will use innovative educational campaigns and Internet technologies and consolidate activities in preventive health to replicate past achievements and change lifestyles linked to illness and mortality.

USAID will continue to provide grants to support the International Red Cross and Red Crescent Societies' tuberculosis control programs, ultimately covering three additional regions. Under an extended grant, the World Health Organization (WHO) will add a fourth region and work with the federal government to increase its capacity in tuberculosis management. USAID will launch an HIV/AIDS prevention campaign targeting youth in Samara oblast and will continue similar activities in Moscow and Saratov. USAID will extend its Women and Infant Health program for a fourth year to increase the potential for replication and dissemination, in part by the creating a Center of Excellence in Perm Oblast.

USAID will design and launch a four-year activity to follow on the successful orphans' assistance activity, which includes assisting Russian NGOs to develop alternative models to institutionalization for caring for orphans and other at-risk children, including those with disabilities. This assistance may take the form of grants, seminars, and site visits to promote the transfer of lessons learned; and study tours to the U.S. and other countries in the region to further expose leaders to alternative models and approaches. The new activity will build on the current program and will develop its policy, public education, and regional components. It will continue the focus on the Russian Far East and the Novgorod and Tomsk regions in Western Russia.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to expand and intensify ongoing health programs. In addition, the women and infant health activity will be extended.

Performance and Results: USAID supports the introduction, adoption and replication of internationally accepted standards and protocols for preventive health care and child welfare practices. Pilot activities that demonstrably improve people's health have been effective in changing policy at the facility, the region and, ultimately, the federal level.

For example, quality assurance programs use international scientific evidence to introduce technical approaches to specific health problems. Pilot projects in Tula and Tver on hypertension, pregnancy-induced hypertension, and perinatal respiratory distress syndrome improved people's health and in one case cut costs by 87%. In three years, regional authorities have embraced these techniques and clinicians have spread them oblast-wide. The Ministry of Health is considering a national program to roll out the methodology and is reviewing a proposal by federal health officials, developed during a USAID-funded seminar, for a national approach to quality assurance.

USAID's infectious disease activities demonstrate the effectiveness of international standards and protocols while building acceptance among Russian health officials. In Orel, a pilot site for the tuberculosis program, patients entering treatment achieved an average treatment success rate of more than 75 percent, WHO's standard for success, and preliminary results from the other two sites are also encouraging. USAID's campaign to combat HIV/AIDS is increasing awareness of HIV and sexually transmitted infections among young people in high-risk groups in Moscow and Saratov. One site reports dramatic reduction in needle sharing among drug users and increased use of condoms. The Ministry of Health has recommended active collaboration between obstetrician-gynecologists, specialists in skin and venereal diseases and neonatologists in the prevention and diagnosis of congenital syphilis, based on a study, partially funded by USAID, by the Centers for Disease Control and Prevention collaborating with Russian specialists. Research is improving service delivery in treating other sexually transmitted diseases in Moscow.

USAID's women and infant health activity is also bearing fruit. As a result of U.S. technical assistance, the Ministry of Health has issued national breast-feeding policies that bring Russia into conformance with WHO's standards and promote healthier babies. Target sites have restructured their services to meet WHO's standards in mother and child care; WHO/UNICEF conferred on two maternities the status of "Baby Friendly Hospital." Technical assistance to the NGO Advocacy Network of more than 20 Russian NGOs led to regional laws on reproductive health.

> USAID's support for family planning has reached four million — women and helped to reduce abortions.

More than 5,000 children and 3,000 families have benefited from assistance provided by 60 grantees in more than 20 regions under USAID's program for Russian orphans. Local initiatives supported by USAID have stimulated governmental institutions to seek partnerships with strong NGOs to improve child welfare practices, particularly in Tomsk, Novgorod, Primorski Krai and Magadan. Local governments and private businesses have begun to commit to financial support for these services after USAID's program ends.

Principal Contractors, Grantees, or Agencies: John Snow, Inc. (prime), Johns Hopkins University, Centre for Communication Programs (sub), University Research Corporation (sub), Engender Health (sub), Population Services International (prime), Centres for Disease Control and Prevention (sub), and SANAM (sub), World Health Organization; International Federation of the Red Cross, U.S. Department of Health and Human Services, American International Health Alliance.

US Financing in Thousands of Dollars

Russia

118-032X Increased Use of Improved Health and Child Welfare Practices	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	13,215
Total Planned Fiscal Year 2002	
Obligations	13,215
Proposed Fiscal Year 2003 NOA	
Obligations	15,000
Future Obligations	15,000
Est. Total Cost	43,215

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: Special Initiatives (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Special Initiatives, 118-041
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $20,000,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $20,000,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program for Special Initiatives includes:

- financing of the U.S.-Russia Investment Fund to provide financial services.

Inputs, Outputs and Activities: *FY 2002 Program:* The Special Initiatives Objective finances the U.S.-Russia Investment Fund, managed by Delta Capital, which is providing a variety of financial services for the Russian market. The Fund has created an array of Delta-branded products and operating entities providing mortgage lending, leasing services, and equity financing. The Fund has shifted its efforts to support SMEs from the Bank Partner program to Delta Leasing, which provides for operating and equipment leases. The Fund's equity investments have been redirected towards consumer products and the telecommunications, media and technology sectors because of their profitability and prospects for growth as the Russian economy grows. The Fund continues to actively manage its equity portfolio, and seeks to liquidate its investments as opportunities emerge to exit profitably. It continues to seek private investors to replace U.S. Government financing.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to continue financial support for the Fund to pursue profitable investments and provide services that fill a need in the Russian market, while seeking private capital for long-term sustainability when U.S. Government support ends.

Performance and Results: Since its inception in October 1999, Delta Capital has shown consistent growth. The target market for these leases is the SME sector, with an average lease size of $130,000. With favorable tax treatment, the leasing market will continue to grow. Delta Bank has completed its re-registration and is profitable.

> Building on USAID's support for landmark reform on mortgage lending, Delta Capital is now the leading mortgage financier in Russia.

Delta Credit continues its strong growth and has begun a marketing program and originated over $12 million in mortgages in the third quarter of 2001. Most important, Delta Credit has entered into negotiations with large insurance companies to provide third-party financing for the continued growth of the mortgage program. The Fund actively manages its direct investment portfolio and has a strategy to guide new investments.

The Fund has a mandate to invest $40 million of its resources in the Russian Far East (RFE). To help achieve this mandate, an office has been established in Vladivostok. Direct investments have totaled $11.4 million to date, and the program is concentrating on leasing activities and mortgage financing. As of mid 2001, the RFE operation had $2.85 million outstanding in small business loans and leases.

US Financing in Thousands of Dollars

Russia

118-0410 Special Initiatives	DA	ESF	FSA
Through September 30, 2000			
Obligations	1,491	20,087	442,675
Expenditures	1,491	19,916	438,294
Unliquidated	0	171	4,381
Fiscal Year 2001			
Obligations	0	0	38,000
Expenditures	0	0	3,787
Through September 30, 2001			
Obligations	1,491	20,087	480,675
Expenditures	1,491	19,916	442,081
Unliquidated	0	171	38,594
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2002 NOA			
Obligations	0	0	20,000
Total Planned Fiscal Year 2002			
Obligations	0	0	20,000
Proposed Fiscal Year 2003 NOA			
Obligations	0	0	20,000
Future Obligations	0	0	20,000
Est. Total Cost	1,491	20,087	540,675

PROGRAM DATA SHEET

USAID MISSION: Russia
PROGRAM TITLE: Cross-cutting Programs (Pillars: All Pillars)
STRATEGIC OBJECTIVE AND NUMBER: Cross-Cutting Programs, 118-0420
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $14,602,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $151,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $14,844,000 FSA
INITIAL OBLIGATION: FY 1999 **STIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to finance cross-cutting programs in support of the USAID/Russia's country strategy includes:

- U.S.-Russian partnerships in support of all of USAID/Russia's programs;
- financial support for the Eurasia Foundation's projects in civil society and private sector development;
- participant training in support of all of USAID/Russia's programs; and
- program monitoring, evaluations and surveys.

Inputs, Outputs and Activities: *FY 2002 Program:* In FY 2002, USAID will continue implementation of two new regional partnership programs to strengthen Russian capacity to provide services and facilitate technology transfer and cooperation. One is focused on the Volga Federal District (VFD) covers 37 activities in a variety of sectors and supports such objectives as improvements in the business climate, development of civil society and independent media. The intent of this pilot initiative is to disseminate "best practices" and successful models throughout the VFD and ultimately to other regions in the Russian Federation. The other, in the Russian Far East, emphasizes economic development and the integration of Russia into the Pacific Rim economy. The Eurasia Foundation will continue its small grants program across Russia, with continued emphasis on small business and civil society. USAID's participant training activity supports the objectives of all of USAID/Russia's programs. To maximize impact, this activity will target several regions and emphasize alumni development and capacity-building of local training institutions.

The Russia Longitudinal Monitoring Survey will conduct a tenth household survey to maintain consistent periodic socioeconomic data for policy makers. A separate assessment will address ethnic tolerance issues in the VFD. Evaluations, assessments and program management will continue in support of the USAID program as a whole.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to finance cross-cutting programs that support the achievement of USAID/Russia's objectives.

Performance and Results: Participant training programs build skills that both male and female Russian leaders, professionals and young entrepreneurs need to function effectively and manage their organizations in a market economy. People-to-people contacts expose Russians to American values and approaches, and help to integrate Russia into the international community. Since 1993, U.S. training for more than 9,000 Russian men and women has led to community-based programs and strengthened NGOs, professional associations and business relationships, while supporting achievement of USAID's other objectives. In one case, a series of innovative management workshops for alumni led to the creation of new alumni groups in Samara and Novgorod, which resulted to significant strengthening of Tomsk, Khabarovsk and Vladivostok alumni associations.

The Eurasia Foundation works with more than 1,000 nonprofit organizations, educational institutions, companies and local governments throughout Russia and their counterparts in the U.S.

Through its competitive grants programs, the Foundation has been able to provide a quick and flexible response to the needs of Russian citizens and grass roots organizations in small business development, public administration and civil society. For example, in FY 2001, a new loan guarantee fund provided small business support to male and female entrepreneurs in Tomsk, encouraging commercial banks to lend to small businesses.

USAID's partnership programs, linking U.S. and Russian communities and institutions, have been a flexible mechanism for addressing immediate needs while creating strong ties between citizens of both countries. Under the LILAS International and Sklifosofsky Emergency Burn Center partnership, a team of Russian project participants developed two new surgical procedures and was awarded a Russian government patent. Both are innovative surgical procedures that introduce corneal transplants to Russia. The Vermont/Karelia Rule of Law Project and the Union of Jurists of the Republic of Karelia expanded the student legal clinic at Petrozavodsk State University, which became the primary legal service provider for the indigent in Petrozavodsk. The partners disseminated their experience to law schools in other Russian regions seeking to establish legal clinics. The Volkhov International Business Incubator and the Alliance of American and Russian Women developed a women's business exchange program.

The Russia Longitudinal Monitoring Survey (RLMS) has completed nine rounds of annual household survey data covering economic and social conditions such as economic status, health conditions, family planning and abortion. The data highlight issues of poverty, housing, and health care, and is made available to Russian policy makers, donors, NGOs and others concerned with social and economic policy. Russian policy-makers have pointed out that the USAID-supported RLMS is one the few post-perestroika trend analyses available on a reliable basis to inform policy decisions. Consistent, statistically valid data allow policy makers to monitor the impact of the transition on Russian households over time.

> According to the RLMS, unemployment fell to 8.4% in October 2000 from its peak of 10.8% in November 1998.

Assessments of the Assistance to Russian Orphans program, the Think Tank Program, and the Russian Far East NGO sector support program have been used in the design of the new or follow-on activities. A human rights evaluation, gender evaluation, youth assessment, and biodiversity assessment were used to amend USAID/Russia's Country Strategy. An overview of six USAID/Russia evaluations and general programmatic views on the USAID/Russia activity identified strengths and weaknesses of USAID/Russia's evaluation process and provided external views of USAID/Russia's program. A new catalog of Internet resources related to technical assistance in Russia serves as a useful activity management tool.

Principal Contractors, Grantees, or Agencies: USAID works through the Eurasia Foundation, the University of North Carolina (prime), the Russian Institute of Sociology (sub), the Academy for Educational Development (prime), the Foundation of Russian-American Economic Cooperation (prime), Management Systems International (prime), PriceWaterhouseCoopers (prime), Carana Corporation (prime), and Development Associates (prime).

US Financing in Thousands of Dollars

Russia

118-0420 Cross-Cutting Programs	ESF	FSA
Through September 30, 2000		
Obligations	2,449	109,770
Expenditures	2,449	104,444
Unliquidated	0	5,326
Fiscal Year 2001		
Obligations	0	16,254
Expenditures	0	7,741
Through September 30, 2001		
Obligations	2,449	126,024
Expenditures	2,449	112,185
Unliquidated	0	13,839
Prior Year Unobligated Funds		
Obligations	0	151,200
Planned Fiscal Year 2002 NOA		
Obligations	0	14,602
Total Planned Fiscal Year 2002		
Obligations	0	165,802
Proposed Fiscal Year 2003 NOA		
Obligations	0	14,844
Future Obligations	0	15,024
Est. Total Cost	2,449	321,694

Tajikistan

The Development Challenge: Tajikistan is a front line state in the War on Terrorism and, despite risks from its own Islamists, quickly gave the United States necessary access for the intervention in Afghanistan. Tajikistan's role in the conflict and humanitarian relief effort has been essential. The most disadvantaged of the Central Asian Republics (CARs), Tajikistan has limited resources, is landlocked with few transportation links, was ravaged by several years of civil war, and is one of the poorest countries in Asia. Lawlessness and trafficking in both arms and drugs remain U.S. concerns.

Notwithstanding its disadvantages, Tajikistan is successfully, if haltingly, making a transition to civil order and democracy. Despite several potentially destabilizing events during 2001, e.g. the assassination of cabinet officials by unknown assailants, the various parties remain committed to peace even as they struggle for influence within the political landscape. The government continues to work to maintain a balance among various factions, such as between the president's party and former opposition members integrated into the government following the 1997 Peace Accord. The peace process resulted in a unique coalition government of Islamists and former Communists. Yet, governance and rule of law remain weak. In 2001, Freedom House characterized Tajikistan as "not free", and its political rights and civil liberties ratings are both 6 out of 7, with 7 designated as the lowest degree of freedom.

Corruption and local abuse of power are pervasive. Anecdotal evidence suggests that bribery is necessary for most transactions with the government, as well as for health services and training. Weak government institutions, deteriorated infrastructure and social services, and a largely subsistence (and criminalized) economy limit the pace of reform. Reforms are, however, moving forward, and the economy grew by about 10% last year. Since privatization began in 1991, Tajikistan has privatized nearly 5,500, an estimated 83% of its small state-owned properties. The agricultural sector, which employs over 60% of the population, is seriously constrained by the deterioration of the country's irrigation infrastructure and a lack of quality inputs. The economy as a whole remains overly dependent on its two main exports, cotton and aluminum, the earnings from which are controlled by politically connected elites. Tajikistan has the lowest per capita GDP ($286) among the 15 former Soviet republics, and inflation in 2001 was 35.5%. Thus far, the government has not been able to establish the rule of law sufficiently to attract the domestic and foreign investment needed to spur economic growth. The perceived inability of the government to prevent Islamic extremists and drug traffickers from transiting Uzbekistan prompted the Government of Uzbekistan to severely restrict movements across their common border, effectively shutting off much of Tajikistan's international trade and migratory labor. Two successive years of drought have further exacerbated the country's economic condition.

> USAID programs are expanding in Tajikistan. One of the poorest and weakest countries in Asia, it is nevertheless making surprising headway with economic and political reforms and is the only Central Asian republic with a coalition government.

Tajikistan's social indicators reflect the seriousness of the problem it faces: 80% of the population is below the poverty line, with 17% in extreme poverty. A recent national nutritional assessment found 17.3% of those surveyed suffering from acute malnutrition, with 4.2% with severe malnutrition, and 37.9% with chronic malnutrition. Tajikistan has the highest rates of infant mortality in Central Asia, with an estimated 116 deaths per every 1,000 live births.

According to World Bank estimates, Tajikistan's total external debt is slightly over $1.2 billion, 129% of GDP, mostly to Russia and Uzbekistan. Debt servicing is expected to require 50% of total government revenues in 2002. There has been no negotiated reduction in Tajikistan's debt despite a net present value of debt above 400 % of revenues, well above the Highly Indebted Poor Country threshold of 250%.

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THE USAID PROGRAM:
FY 2002 Estimate: $43.37 million *FY 2003 Request:* $22.50 million

To meet these challenges, USAID's goal in Tajikistan is to expand opportunities for citizens to participate in economic and political decsion-making, to increase their livelihoods and to improve their quality of life. The Program Data Sheets provided below cover four objectives for which USAID is requesting funds: small enterprise and agriculture, primary health care, democratic culture and institutions, and water and energy management, with cross-cutting objectives in conflict mitigation, youth and education, gender, anti-corruption and rule of law. The State Department's lifting of security restrictions is alleviating the primary constraint to USAID programs in Tajikistan. FY 2002 funds will be used to implement the program as planned and described in the FY 2002 Congressional Budget Justification. Supplemental funding from the War on Terrorism will be used for increased efforts in micro-credit, irrigated agriculture, and community development. With the War on Terrorism, USAID will place greater emphasis on conflict mitigation through media, education and community development. New initiatives include broader community development, an irrigation management pilot, micro-credit training and legislation, a Regional Trade Network, and expanded infectious disease control. Specific activities to be funded by FY 2002 and FY 2003 appropriations are described in the Program Data Sheets that follow. USAID will use the full $17.85 million of the FY 2003 request to fund ongoing efforts.

On-going Programs for Which No FY 2002 or FY 2003 Funding is Requested: USAID is not requesting new funds, but is continuing to expend funds already appropriated for the following:

Number :	Title:	Last Notified:	Planned Completion:
119-031	Human Suffering	FY 02 CBJ, p. 632	FY 2002
119-041	Special Initiatives	FY 02 CBJ, p. 632	FY 2002

OTHER PROGRAM ELEMENTS: Funding from USAID's Child Survival Matching Grant program will continue a successful primary and reproductive health care activity in the isolated and under-served Zarafshan Valley in northern Tajikistan. USAID/CAR takes advantage of several centrally managed programs, including the agreement with the Centers for Disease Control and the Monitoring and Evaluation to Use and Assess Results (MEASURE)/Evaluation Program. The Office of Foreign Disaster Assistance has given disaster grants and has had a presence in Tajikistan since October 2001. The Farmer-to-Farmer program, managed by USAID/Washington, is also active. The Eurasia Foundation has a modest small grants program in education, small business and civil society. The Departments of Defense, Agriculture (food aid), and State also manage programs complementary to USAID field activities in various sectors.

OTHER DONORS: The World Bank is Tajikistan's largest donor, providing loans in health reform and private sector development. The United States is the largest bilateral donor, providing assistance through USAID, the State Department, USDA (food aid), and others. The second biggest bilateral donor is Japan, which provides assistance for rehabilitation of the agricultural sector, and food security and poverty reduction programs through international NGOs, many of which are also partners of USAID. The European Union supports a number of humanitarian programs through the European Commission Humanitarian Office (ECHO). Other bilateral donors include Switzerland, Germany and the United Kingdom. Multilateral donors include the Asian Development Bank (social service sector rehabilitation, transportation, irrigation, hydroelectric generation) and the European Bank for Reconstruction and Development (telecommunications and airport navigation). USAID works closely with the Swiss Development Agency on water management issues, judicial reform and training, and conflict-mitigation activities, and with ECHO in implementing humanitarian assistance programs.

Tajikistan
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
FREEDOM Support Act	9,947	16,735	19,222	22,500
PL 480 Title II	1,422	12,631	24,151	0
Total Program Funds	11,369	29,366	43,373	22,500

STRATEGIC OBJECTIVE SUMMARY				
119-0131 Improved Environment for the Growth of Small and Medium Enterprises				
FSA	750	2,000	2,700	3,300
119-0161 Improved Management of Critical Natural Resources, Including Energy				
FSA	0	2,530	1,100	1,400
119-0211 Strengthened Democratic Culture Among Citizens and Target Institutions				
FSA	1,321	3,150	2,500	3,200
119-0310 Human Suffering and Negative Consequences of Crisis are Reduced				
FSA	1,481	0	0	0
119-0320 Increased Utilization of Quality Primary Health Care for Select Populations				
FSA	979	1,500	2,500	3,450
119-0410 Special Initiatives				
FSA	601	0	0	0
119-0420 Cross-Cutting Programs				
FSA	2,389	5,050	5,700	6,500
Total Transfers	2,428	2,505	4,722	4,650

PROGRAM DATA SHEET

USAID MISSION: Tajikistan
PROGRAM TITLE: Small and Medium Sized Enterprises (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: An Improved Environment for the Growth of Small and Medium Enterprises; 119-0131
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $2,700,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $30,131 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $3,300,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to improve the environment for Tajikistan's small and medium sized enterprises (SMEs) has three major components:

- training entrepreneurs in modern business skills, specialized business advisory services, and making business and marketing information more available;
- providing more access to capital by building lender knowledge, strengthening banks, and creating more liquidity through new financial instruments and micro-credit; and,
- advocating for and training in more transparent, systematic implementation of laws and regulations that improve the environment for SMEs.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID will continue to support programs that spur economic recovery, expand economic opportunity and support local entrepreneurs in Tajikistan. USAID will continue to work with the government institutions, particularly the courts and Parliament, to establish the legal and regulatory framework needed to support a market economy. USAID will provide training in basic business practices, economic principles and managerial skills to entrepreneurs and government officials. USAID will also continue to improve university- and graduate-level economics and business curricula and to implement a micro-credit activity in the Ferghana Valley.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE

Planned FY 2003 Program: USAID will slowly expand a targeted SME program that will help to alleviate poverty through expanded business opportunities. USAID will continue to provide resource materials, training, and research opportunities to universities and SMEs through the Resource Network for Economics and Business Education (RNEBE). Approximately six to nine students from Tajikistan will receive scholarships to attend KIMEP (Kazakhstan Institute for Management and Economic Research). Basic business courses and professional consultation services will be available to citizens involved in private enterprise. USAID will also begin to cultivate business associations and advocacy groups, and will continue to build the accounting profession. USAID-supported satellite offices in the region will implement and expand a regional trade promotion initiative that includes an internet-based regional trade network.

USAID will implement and expand micro-credit activity in the Ferghana Valley. USAID will also continue its collaboration with the U.S. Department of Agriculture to implement a separate micro-credit activity in Khojand. With new credit prospects, entrepreneurs can expand their businesses, provide employment opportunities, and improve the quality of life in Ferghana.

USAID advisors also will continue to foster the development of a predictable, stable, and transparent commercial law system. USAID will continue to support training workshops for Tajik

judges and attorneys conducted by other USAID-trained judges on the interpretation and application of commercial legislation. USAID will continue to work with the Tajik Council of Justice on the judicial qualification and attestation process, by monitoring and assisting in the administration of exams to prospective and sitting judges. Collaborating with the Asian Development Bank (ADB), USAID will maintain and expand a computer database of Tajik laws, and through it will work with the Tajik court system to establish modern methods of judicial administration and case management. Cooperation with legislative drafters will develop the framework necessary for commercial legislation. USAID will also assist the Government of Tajikistan's efforts to modernize and maintain its payment registration system. In response to requests for assistance, USAID will help Tajikistan apply for membership in and accession to the World Trade Organization.

Performance and Results:. Despite the government's willingness to reform its economy, political, and social instability remained a serious obstacle to the successful implementation of USAID-supported reforms in Tajikistan. Despite such obstacles, USAID continued to increase access to modern business information and skills in FY 2001. Seven hundred thirty-five Tajik entrepreneurs were trained in western business methods; and USAID training helped 622 (49% women) bookkeepers become professional accountants, practitioners, and technicians. Similarly, RNEBE watched network membership grow to 14 universities in less than a year, and supported two Visiting International Professors (VIPs). These VIPs helped develop their respective departments and delivered training and seminars to students and faculty in modern business principles and market economics. Continued participation by these universities in the network will result in marked improvements in the economics and business curricula.

Tajikistan's leading accounting association qualified for membership in the International Council of Certified Accountants and Auditors (ICCAA). With members throughout Central Asia, Russia and Ukraine, ICCAA is establishing an internationally recognized education, examination, and certification program in the Russian language.

During FY 2001, USAID worked with the Tajik judiciary to create a more transparent and orderly justice system. Advisors created a legal database of Tajik laws and normative acts that is the most comprehensive collection in Tajikistan. USAID advisors also assisted in the preparation of draft language for Intellectual Property Rights in the Tajik Civil Code. In FY 2001, USAID played a key role in developing and implementing a successful examination process for prospective and sitting Tajik judges and trained a core group of Tajik judges to establish an institutional judicial training mechanism. A court computerization program was launched at the City Court of Dushanbe, and training was provided to Dushanbe City Court and Council of Justice personnel which enables them to effectively use the legal database and computer equipment.

Through the Eurasia Foundation, USAID granted $168,000 to student and entrepreneurial activities, which allowed entrepreneurs to expand their businesses, have greater access to modern business information and tools, and open a business center.

USAID expects that entrepreneurs who are being introduced to a wide array of modern business methods and practices will provide the basis for economic recovery in Tajikistan. Business incubators and introduction of land, civil and business law to farmers will expand entrepreneurial opportunities, as well.

Principal Contractors, Grantees, or Agencies: Carana Corporation, Pragma Corporation, Citizens Democracy Corps/MBA Enterprise Corps, ARD/Checchi, ACDI/VOCA, Eurasia Foundation.

US Financing in Thousands of Dollars

Tajikistan

119-0131 Improved Environment for the Growth of Small and Medium Enterprises	FSA
Through September 30, 2000	
Obligations	5,095
Expenditures	2,865
Unliquidated	2,230
Fiscal Year 2001	
Obligations	2,679
Expenditures	1,238
Through September 30, 2001	
Obligations	7,774
Expenditures	4,103
Unliquidated	3,671
Prior Year Unobligated Funds	
Obligations	30
Planned Fiscal Year 2002 NOA	
Obligations	2,700
Total Planned Fiscal Year 2002	
Obligations	2,730
Proposed Fiscal Year 2003 NOA	
Obligations	3,300
Future Obligations	0
Est. Total Cost	13,804

PROGRAM DATA SHEET

USAID MISSION: Tajikistan
PROGRAM TITLE AND NUMBER: Energy and Water (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE: Improved Management of Critical Natural Resources, including Energy; 119-0161
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,100,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $2,190,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,400,000 FSA
INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: An important source of water for the region, Tajikistan's management of water is key to its own energy development needs and to transboundary cooperation. Major components of the USAID program are:

- training for water, energy, and meteorological officials and managers;
- installation of sustainable, affordable energy efficiency and on-farm water management models that demonstrate new, more efficient technology and management techniques; and
- improving the policy and regulatory framework, especially in hydropower and transboundary water management.

Inputs, Outputs, and Activities: *The FY 2002 Program:* USAID will initiate transboundary activities that will include training, increased policy dialogue, and installation of sustainable energy and water management models. USAID will focus on building the capability of the Tajik National Hydromet Service (NHS) to better collect, process and transmit critical water data as part of a regional program to manage scarce water supplies in Central Asia. USAID will provide equipment to install two meterological stations in critical high altitude regions and a third station in Dushanbe. These stations will improve the collection of water and weather data that is needed for water managers to coordinate the allocation of water resources among Central Asian Republics (CARstates. USAID will also fund an improved communication system that will facilitate the flow of critical water information among water managers.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE

Planned FY 2003 Program: Water programs will focus on improving the capability of the Tajik National Hydromet Service (NHS) to better collect, process and transmit critical water data as part of a regional program. Assistance will take the form of improved equipment and training programs for the modeling of water runoff from snowmelt in order to facilitate planning and water allocations. In support of this activity, two meteorological stations will be installed in critical high altitude regions and a third in Dushanbe for better collection of water and weather data. USAID will also fund an improved communication system that will facilitate the flow of critical water information between water managers. This activity will also provide a stronger, more objective basis for Tajik policy-makers with regard to sensitive transboundary water and energy agreements in cooperation with counterparts in other CAR nations.

> Tajikistan's water officials signed a protocol agreement with Central Asian counterparts to use data generated from USAID best management practices as a basis for regional water allocation decisions.

USAID will also work with the Tajik Ministry of Water Amelioration to demonstrate on-farm irrigation district level water management practices. This will include upgrading a water user district,

including infrastructure repairs to irrigation canals, some basic automation and communication, and associated training on equipment and improved water management practices.

A public building in Dushanbe will become a USAID demonstration model for heating efficiency. Simple automated temperature regulators will be installed that regulate temperature based on outside temperatures and turn off automatically at times when there is nobody in the building. The cost of the technology will pay for itself in saved heating costs by the end of the year.

Performance and Results: Recently, USAID has had few water and energy activities in Tajikistan due to security concerns and limited access to water and energy officials by advisors. Out of country training was the main focus of activities. With the easing of travel restrictions, a significant increase in activities is expected, especially in water.

Staff of the Tajik NHS are full participants in the regional snowmelt runoff committee that meets semi-annually to improve water allocations for the Central Asia region. They have begun collecting and processing water data for which USAID has provided equipment and training. Several water courses were funded by USAID in cooperation with the Canadian Agency for International Development, through which Tajik water officials and managers became better acquainted with international water law, transboundary water management, and integrated water practices to improve irrigation efficiency.

By the completion date of the activity, water managers should have the necessary tools and training to better collect, communicate and process water data resulting in improved allocations and overall management of the resource. Also, water and energy agreements will be based more on objective data and standards, thereby mitigating their potential for conflict.

Principal Contractors, Grantees, or Agencies: PA Consulting is the prime contractor for the Natural Resources Management Program, which implements USAID's water and energy activities. PA Consulting's subcontractors in Tajikistan are Winrock International, Development Associates International, and Riverside Technology Group.

US Financing in Thousands of Dollars

Tajikistan

119-0161 Improved Management of Critical Natural Resources, Including Energy	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	340
Expenditures	300
Through September 30, 2001	
Obligations	340
Expenditures	300
Unliquidated	40
Prior Year Unobligated Funds	
Obligations	2,190
Planned Fiscal Year 2002 NOA	
Obligations	1,100
Total Planned Fiscal Year 2002	
Obligations	3,290
Proposed Fiscal Year 2003 NOA	
Obligations	1,400
Future Obligations	0
Est. Total Cost	5,030

PROGRAM DATA SHEET

USAID MISSION: Tajikistan
PROGRAM TITLE: Democratic Culture and Institutions (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened Democratic Culture Among Citizens and Targeted Institutions; ~~122~~-0211
STATUS: Continuing 119
PLANNED FY2002 OBLIGATION AND FUNDING SOURCE: $2,500,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $769,000 FSA
PROPOSED FY2003 OBLIGATION AND FUNDING SOURCE: $3,200,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen democratic culture among citizens and targeted institutions seeks to:

- create stronger and more sustainable civic and advocacy organizations;
- increase the availability of information on civic rights and domestic public issues; and
- increase opportunities for citizen participation in governance.

Inputs, Outputs, and Activities: *FY 2002 Program*: As reported in previous congressional notifications, USAID will continue building local and community capabilities by supporting a network of five Civil Society Support Centers (CSSCs) in Tajikistan. The CSSCs provide training seminars, information, networking opportunities and professional services to non-governmental organizations (NGOs) and community associations. Additionally, USAID will continue to promote the efforts of NGOs in targeted sectors such as youth, women, community development, and environment. USAID will also continue support to a grants program that provides small grant awards to NGOs working on environmental and community issues in Tajikistan's remote areas. A three-year media and information initiative seeks to increase the production and availability of news and information through better access to and use of modern information technologies, journalism training, media management consultations, and direct legal support to media outlets and journalists. USAID is introducing civic education into secondary schools in Tajikistan by developing a civic education course for 9th grade students. The teacher's manual and textbook will be piloted in FY2002 in a minimum of ten schools in four or five regions as permitted by the security situation. This will be accompanied by training courses for teachers on the use of the textbook and the teacher's manual.

Planned - FY 2003 Program: USAID will continue to support the CSSCs and the media and information initiative. A production fund will encourage the generation and distribution of print and electronic informational programs on a range of issues of public import. USAID will continue to support a local independent TV-production studio to produce and provide regular high-quality TV news from the Tajik capital city Dushanbe and other regions of Tajikistan, as well as programs on various societal problems. Support to extra-curricular civic activities, such as Student Action Committees, Democracy Summer Camps, and Student Local Government Days will continue in order to increase youth participation and activism in political and social life of their country.

> The first independent radio station in Tajikistan, Radio Tiroz, opened in Khojand with USAID support.

USAID will increase opportunities for citizen participation in governance through organizational and structural development of political parties by engaging parties in parliamentary politics and drafting legislation. Efforts to improve continuing legal education and to strengthen judicial and legal associations will continue. Legislative assistance to the Parliament of Tajikistan will focus on legislative drafting, public hearings, ethics, constituent and press relations, and conflict prevention and resolution. Support will also continue for law student development and gender

advocacy. USAID encourages the incorporation of women and youth interests into the programs of political parties, and will help parties integrate former combatants into the political process.

PERFORMANCE AND RESULTS: Despite the difficult travel situation to and within Tajikistan (and the underlying security situation), support to Tajikistan's NGOs led to a marked improvement in NGO advocacy, service provision, and organizational capacity. The first independent radio station in Tajikistan, Radio Tiroz, opened in Khojand. Recommendations made by the Poverty Reduction Strategy Working Groups on public sector reform and improving parliamentary and judicial professionalism and independence were accepted by the President. USAID implementing partners ensured the participation of parliamentarians, judges, and NGOs in the process. The improved participatory process resulted in recommendations including opening the parliamentary committee process and removing the judiciary from the control of the Ministry of Justice. In addition, open meetings and seminars that bring together parliamentarians and NGOs on specific legislation are being held more frequently. Topics have included the family code, criminal procedure code, law on registering legal entities, and others. The International Center for Not-for-Profit Law's (ICNL) commentary on the draft law on Registration of Legal Entities has helped reduce the proposed registration fee for local NGOs.

Activities in this strategic objective contributed to the Mission's cross-cutting objectives in gender, youth and conflict mitigation by:

- assisting the development and growth of women's NGOs and a Women's Bar Association;
- increasing the role of women and youth in political parties;
- supporting the development of a Law Students' Association;
- assisting with the establishment of a women's caucus in parliament;
- producing information-sharing television programs where political parties can express their views in a public forum as an alternative to violence;
- supporting NGOs that promote conflict prevention; and
- including conflict-related chapters in the new civic education textbook, other materials and summer camp discussion topics.

A good example of the impact of USAID-supported NGOs have on cross-cutting initiatives is in Khojand where three such entities that received coalition-building technical assistance from USAID's local NGO resource center joined together to battle drug addiction among youth. The Youth Initiative Center Ittifok, No Drugs, and Public Television SM1 created the coalition Youth Against Drugs to prevent further increases in drug addiction among youth. USAID-funded interactive training and roundtables by the coalition on the harmful effect of drugs has resulted in a marked decrease in drug addiction in the area.

By working with political parties and the Parliament, encouraging participation of and open meetings with NGOs in legislative decision-making, it is expected that USAID will help stabilize the post-conflict situation in Tajikistan.

Principal Contractors, Grantees, or Agencies: Counterpart International (grantee), International Center for Not-for-Profit Law (subgrantee), Initiative for Social Action and Renewal in Eurasia (grantee), Internews (grantee), American Bar Association/Central and East European Law Initiative (grantee), International Foundation for Election Systems (grantee), Eurasia Foundation (grantee) and Academy for Educational Development (prime).

US Financing in Thousands of Dollars

Tajikistan

119-0211 Strengthened Democratic Culture Among Citizens and Target Institutions	ESF	FSA
Through September 30, 2000		
Obligations	47	7,217
Expenditures	47	4,952
Unliquidated	0	2,265
Fiscal Year 2001		
Obligations	0	2,763
Expenditures	0	2,018
Through September 30, 2001		
Obligations	47	9,980
Expenditures	47	6,970
Unliquidated	0	3,010
Prior Year Unobligated Funds		
Obligations	0	769
Planned Fiscal Year 2002 NOA		
Obligations	0	2,500
Total Planned Fiscal Year 2002		
Obligations	0	3,269
Proposed Fiscal Year 2003 NOA		
Obligations	0	3,200
Future Obligations	0	0
Est. Total Cost	47	16,449

PROGRAM DATA SHEET

USAID MISSION: Tajikistan
PROGRAM TITLE: Health and Population (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Improved Utilization of Quality Primary Health Care for Select Populations; 119-0320
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $2,500,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $436,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $3,450,000 FSA
INITIAL OBLIGATION: FY1992 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen primary health care has four components:

- greater public awareness of personal health care rights and responsibilities;
- improved quality of care for new mothers, children and those with infectious diseases;
- reformed systems to devote more public health resources to primary health care; and
- new legislation, regulations and policies that are scientifically based and in line with international standards.

Inputs, Outputs, and Activities: *FY 2002 Program:* As reported in previous congressional notifications, USAID will continue to support critical infectious disease and child survival programs and to work on systemic reform. Through the Quality Primary Health Care Project, community-based health NGOs will conduct public outreach on how people can better care for themselves and their children. Family medicine training will be provided for doctors to upgrade their skills for the first time in many years. Families will receive their care from better-funded public primary health care facilities as new national payment systems are introduced. USAID will support Tuberculosis (TB) control activities through further training and monitoring in Directly Observed Treatment, Short Course (DOTS). A larger, more comprehensive HIV/AIDS prevention program will also begin in FY 2002.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY2003 Program: USAID will continue to support blood safety, TB laboratory and field epidemiology training and HIV/AIDS surveillance. The HIV/AIDS prevention program begun in FY 2002 will focus on condom social marketing, drug prevention and interventions with high-risk groups. Malaria will also remain a focus for USAID's infectious disease program, through activities that include improvement of diagnostic efficacy, surveillance and clinical management of malaria treatment, and greater public awareness of malaria prevention and control. USAID will continue support to the Family Medicine Training Center through additional training for the Tajikistan trainers. Finally, USAID will continue efforts in reproductive health and family planning through training of midwives and birth attendants and through a teaching program in basic health education, preventing malnutrition and promoting access to primary health care among the rural population. Travel restrictions may continue to hinder the management of our health portfolio in Tajikistan and its expansion throughout the country.

Performance and Results: In spite of the security situation and severe travel restrictions for USAID staff and many of our partners, the health program achieved notable advances in the past year. Tajikistan's first model primary health care clinic opened in one district with newly trained physicians and nurses and new equipment. USAID's primary health care efforts in Tajikistan were strengthened with the opening of a new institutional partner under USAID's expanded health program – The Republican Training Center for Family Medicine in Dushanbe. In FY 2001 the USAID-funded partnership between the Ministry of Health and the Community Hospital in Boulder, Colorado

provided equipment and skills-based training for primary care providers in family medicine and emergency medical services.

USAID, in collaboration with the World Health Organization, conducted an assessment of TB prevention and control in Tajikistan to plan for a donation of TB drugs by the WHO Global Drug Funds (GDF). The assessment also led to the initiation of two pilot sites in Dushanbe for DOTS implementation. USAID helped the Government of Tajikistan successfully apply for funding from the Global Alliance Vaccines Initiative, which will extend universal Hepatitis B immunization at birth.

During the Soviet period, anti-malaria policy included insecticide spraying by airplane, spreading fuel in water, and chemoprophylactic treatment. After the break-up of the Soviet Union, Tajikistan could no longer afford to maintain such expensive anti-malaria prevention. As a result, malaria reached epidemic proportions. USAID has supported the World Health Organization Roll Back Malaria Program, which has resulted in a 60 % decrease in registered malaria cases in Tajikistan from 2000 to 2001. Research and training in HIV/AIDS surveillance have begun. USAID supported a study tour of government officials to a model Harm Reduction site in Lithuania; a Central Asian Condom Social Marketing Assessment and Workshop were conducted; and the Central Asian Initiative Conference on the Prevention of HIV/AIDS/STIs was held jointly with UNICEF and UNAIDS.

Mature children in Varzob have benefited from improved reproductive health services for women. CARE's midwives and birth attendants see to the delivery of a high proportion of babies in Tajikistan, as hospitals and health facilities have fallen into extreme disrepair. Almost 5,000 women attended nurse-led education sessions on breast-feeding and infant feeding practices. USAID's efforts in child malnourishment surveillance and identification were supported through a new supplementary feeding center in Ayronom (with 16 more planned) using World Food Programme food commodities.

Travel restrictions may continue to hinder the management of our health portfolio in Tajikistan, as well as its expansion throughout the country. It is expected that continued support in the health sector will help both manage and prevent the spread of infectious disease. USAID's collaboration with the World Bank in systemic reform should improve the quality of health care and the efficiency of resource use.

Principal Contractor, Grantees, or Agencies:: *American International Health Alliance;* Abt. Associates/ZdravPlus, Action Against Hunger, Aga Khan Foundation, CARE, the Centers for Disease Control and Prevention, Medical Emergency Relief International, Project HOPE, WHO, Soros Foundation and Population Services International. All listed organizations are prime contractors and grantees.

US Financing in Thousands of Dollars

Tajikistan

119-0320 Increased Utilization of Quality Primary Health Care for Select Populations	FSA
Through September 30, 2000	
Obligations	388
Expenditures	58
Unliquidated	330
Fiscal Year 2001	
Obligations	1,400
Expenditures	361
Through September 30, 2001	
Obligations	1,788
Expenditures	419
Unliquidated	1,369
Prior Year Unobligated Funds	
Obligations	436
Planned Fiscal Year 2002 NOA	
Obligations	2,500
Total Planned Fiscal Year 2002	
Obligations	2,936
Proposed Fiscal Year 2003 NOA	
Obligations	3,450
Future Obligations	0
Est. Total Cost	8,174

PROGRAM DATA SHEET

USAID MISSION: Tajikistan
PROGRAM TITLE AND NUMBER: Cross-cutting Programs (Pillar: All Pillars)
STRATEGIC OBJECTIVE: Cross-cutting Programs; 119-0420
STATUS: *Continuing*
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $5,700,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $2,990,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $6,500,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: This cross-cutting program *supports all of USAID's strategic objectives, and includes five* main components:

- training and exchanges to support USAID's technical assistance programs in areas directly relevant to primary health care, and the transition to democracy and a free-market economy;
- Support for the Eurasia Foundation, which provides training and sub-grants to strengthen NGOs working in business education, civil society, and media;
- Support for the Conflict Mitigation Initiative, including the Community Action Investment Program (CAIP), promotes public dialogue, improves management of transboundary water resources and public health facilities, and increases education and other opportunities for youth; and
- program development support for cross - cutting evaluations, studies and technical assistance.

Inputs, Outputs and Activities: *FY 2002 Program:* More than 1,000 participants will be trained through participant training projects in Tajikistan during FY 2002. Eurasia will expand upon their Ferghana Valley Initiative to provide targeted grants to increase dialogue and cross-border linkages in this conflict-prone region. Two new programs directed at mitigating sources of conflict in targeted Central Asian communitie - the Community Action Investment Program (CAIP) and the *Conflict Mitigation Initiative - will introduce participatory processes to address critical issues and* mitigate the potential for conflict at the community level.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: Participant training will broaden its support for USAID's ongoing technical assistance to four strategic objective areas: improved environment for the growth of small and medium-sized enterprises, strengthened democratic culture, improved management of critical natural resources, and increased utilization of quality primary health care. USAID will place greater emphasis on more cost-effective in-country training programs, in addition to the training that takes place in the USA and third countries.

> With USAID's help, Fidokor, an NGO that works with local governments to rehabilitate refugees to ensure their social and legal protection, created a resource center and handbook of legislation on refugees.

CAIP and the Conflict Mitigation Initiative will introduce community participatory processes to help identify sources of conflict, prioritize investments in social infrastructure improvements, create several thousand new jobs (the majority of which will be for youth), and improve social services through new and repaired physical infrastructure. An example of activities under the Conflict Mitigation Initiative is the regional effort on transboundary and related cooperation. The goal is to promote best management practices, regional water and energy data storing, and the development of *international agreements that meet international standards in order* to reduce tensions over shared water resources.

The Eurasia Foundation will continue to provide grants on an open-door basis to NGOs in Tajikistan working in the sectors of private enterprise, civil society, and public administration.

Performance and Results: In FY 2001, USAID trained over 800 Tajikistani citizens (approximately 50 % of whom were women) in the areas of enterprise management and finance, democratic reform, and primary health care. As a result of training on International Accounting Standards (IAS) for commercial banks, all commercial banks in Tajikistan had introduced new IAS-based balance sheets as of March 2001. In primary health care, the Somoni Health Reform Project changed its focus to family medicine, after which the organization opened five new family medicine centers to introduce family practices and donated funds to create a Chair of family medicine at the Khojand Medical University.

The Eurasia Foundation made 14 grants to Tajikistani NGOs in FY 2001, with an average grant size of nearly $17,000. Half of these grant funds supported private enterprise development, with the remainder targeting improvements in the areas of civil society and public policy and administration.

Fidokor, an NGO that works with local governments to rehabilitate refugees and ensure their social and legal protection, has used Eurasia Foundation grants to create a resource center in Dushanbe, hold seminars in outlying regions, and provide legal advice, counseling and information to refugees. Volunteers have put together a handbook of legislation on refugees and distributed it to local officials.

In Tajikistan, participant training and exchanges will strengthen citizen involvement in private enterprise, civil society and health care reform. By the end of the three-year conflict mitigation activity, USAID will reduce the potential for conflict in ten communities in the Ferghana Valley by promoting public dialogue, improving social services and infrastructure, such as potable water and irrigation, and increasing opportunities for youth.

CAIP activities are scheduled to begin later in FY 2002. CAIP is expected to make meaningful contributions in the areas of conflict prevention, democratic process (especially community organizations and local governance), job creation, and improved social services (e.g., health clinics, schools, domestic water systems, and community centers).

Principal Contractors, Grantees, or Agencies: The Academy for Educational Development is the principal contractor for participant training and exchanges. The Eurasia Foundation makes grants to non-governmental organizations in Central Asia through its two main regional offices in Tashkent, Uzbekistan and Almaty, Kazakhstan, and also maintains representative offices in Bishkek, Kyrgyzstan, Dushanbe, Tajikistan, and Ashgabat, Turkmenistan. Mercy Corps implements the Conflict Mitigation activity in Kyrgyzstan, Tajikistan, and Uzbekistan. The implementers of the cooperative agreements for the CAIP will be selected in January 2002, and individual activities under CAIP will begin in spring 2002. Activities under the transboundary water and energy cooperation activity are being implemented by PA Consulting.

US Financing in Thousands of Dollars

Tajikistan

119-0420 Cross-Cutting Programs	FSA
Through September 30, 2000	
Obligations	10,035
Expenditures	6,272
Unliquidated	3,763
Fiscal Year 2001	
Obligations	2,527
Expenditures	3,260
Through September 30, 2001	
Obligations	12,562
Expenditures	9,532
Unliquidated	3,030
Prior Year Unobligated Funds	
Obligations	2,990
Planned Fiscal Year 2002 NOA	
Obligations	5,700
Total Planned Fiscal Year 2002	
Obligations	8,690
Proposed Fiscal Year 2003 NOA	
Obligations	6,500
Future Obligations	0
Est. Total Cost	27,752

Turkmenistan

The Development Challenge: Of all the Central Asian Republics (CARs), Turkmenistan is the slowest to reform. The U.S. has a strong interest in the development of Turkmenistan's energy potential, but its continued self-isolationism limits United States involvement and opportunities in this regard. Turkmenistan has the longest border with Afghanistan, and its supportive role in supplying humanitarian relief for Afghanistan has been essential: it facilitated over 30% of the food aid for Afghanistan. Notwithstanding this cooperation, there appears little change in a regime characterized by patronage and corruption, a highly restrictive visa regime, suspicion of civic action and the media, and state-control over and distortion of the economy, as well as unsustainable water use.

> While the lack of significant political or economic reform calls into question and limits USAID programs in Turkmenistan, promising social, civic and people-to-people efforts warrant modest support to build for the future.

Freedom House has consistently rated Turkmenistan as "not free", with the lowest ranking of political rights and civil liberties possible on the Freedom House scale. A weak judiciary follows the will of the President for Life and is unprepared to protect civil and commercial rights. Civic action is still very risky, though a handful of non-governmental organizations (NGOs_, such as water user associations, has taken up issues at the local level to some effect.

There is almost no competitive business sector in Turkmenistan, and over-regulation continues to stifle any potential for growth in this sector. Due to the lack of transparency and an unwillingness to share information, precise numbers on Turkmenistan's per capita GDP and debt are not available, although the International Monetary Fund (IMF) estimates that the GDP per capita income is $652.

Due to the government's willingness, health reform shows some promise, although the situation is bad: the infant mortality rate in Turkmenistan is now the second highest in Central Asia, just behind Tajikistan, with 74 deaths per every 1,000 live births. According to the results of the 2000 Turkmenistan Demographic and Health Survey, 47% of women and 36% of children are anemic. This past year when Turkmenistan's neighbors sought relief for a drought in the region for several years, Turkmenistan's leadership would not publicly acknowledge or discuss the shortage of water. Agriculture consists of forced cotton and wheat production, state profiteering and wasteful water use. Despite these problems, USAID remains welcomed by the leadership and has had modest successes with local-level efforts in health, energy and training.

The USAID Program:

FY 2002 Estimate: $7.07 million *FY 2003 Request:* $7.0 million

To meet these challenges, the goal of USAID in Turkmenistan is to expand opportunities for citizens to participate, to increase their livelihoods and to improve their quality of life. The Program Data Sheets provided below cover the four objectives for which USAID is requesting funds for Turkmenistan: primary health care; water and energy management; democratic culture; and small enterprise; with cross-cutting objectives in conflict mitigation; youth and education; gender; anti-corruption; and rule of law. FY 2002 funds will be used to implement the program as planned and described in the FY 2002 Congressional Budget Justification. The specific activities to be funded by FY 2002 and FY 2003 appropriations are described in more detail in the following Program Data Sheets. USAID will use $300,000 of the FY 2003 request to fund a new community development program (CAIP), while the remaining $3.7 million will fund ongoing efforts.

On-going Programs for Which No FY 2002 or FY 2003 Funding is Requested: USAID is not requesting new funds, but is continuing to expend funds already appropriated for the following:

Number :	Title:	Last Notified:	Planned Completion:
120-041	Special Initiatives	FY 02 CBJ, p. 666	FY 02
120-031	Human Suffering	FY 02 CBJ, p. 666	FY 02

Other Program Elements: Partnerships, training and exchanges remain an important component of U.S. assistance. Through its Global Training for Development Program, USAID trained about 1,000 Turkmen citizens in all areas including economic and business education, NGO-sector development and primary health care in FY 2001. This program also exposed key water/irrigation and education personnel to neighboring countries' approaches to solving issues of mutual interest. USAID/CAR takes advantage of several centrally managed programs, including the inter-agency agreement with the Centers for Disease Control and a regional mechanism for reproductive health. The Office of Foreign Disaster Assistance has had a presence in Turkmenistan since October 2001. The Farmer-to-Farmer program, also active in Turkmenistan, is financed through P.L. 480 and managed by USAID's Bureau for Humanitarian Response. Eurasia Foundation grant-making has generally not been successful. The Departments of State and Defense also manage programs complementary to USAID's field activities.

Other Donors: World Bank lending has been restricted due to an unresolved negative pledge. The European Union – Technical Assistance to the Commonwealth of Independent States (EU-TACIS) continues to support improved agricultural production and processing, energy, and private sector development. The United Nations Children's Fund assists with maternal and child health care. The United Nations Development Program supports economic reform and management, the health and education sectors, and environmental protection. Other donors include the United Kingdom Department for International Development, the Organization for Security and Cooperation in Europe, and the United Nations High Commissioner for Refugees. The Canadian International Development Agency and the World Bank's Global Environmental facility continue to support natural resource management through their regional programs. The Asian Development Bank is in the process of approving a country strategy. The European Bank for Reconstruction (EBRD) has suspended future loans but continues to service its existing portfolio. The International Finance Corporation closed its office in November.

Turkmenistan
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
FREEDOM Support Act	6,195	6,275	7,072	7,000
Total Program Funds	**6,195**	**6,275**	**7,072**	**7,000**

STRATEGIC OBJECTIVE SUMMARY				
120-0131 An Improved Environment for the Growth of Small and Medium Enterprises				
FSA	700	750	700	600
120-0161 Improved Management of Critical Natural Resources, Including Energy				
FSA	20	400	400	400
120-0211 Strengthened Democratic Culture among Citizens and Targeted Institutions				
FSA	60	650	900	800
120-0310 Human Suffering and Negative Consequences of Crisis are Reduced				
FSA	838	0	0	0
120-0320 Increased Utilization of Quality Primary Health Care for Select Populations				
FSA	0	900	1,000	1,000
120-0410 Special Initiatives				
FSA	1,402	0	0	0
120-0420 Cross-Cutting Programs				
FSA	480	315	1,000	1,200
Total Transfers	2,695	3,260	3,072	3,000

PROGRAM DATA SHEET

USAID MISSION: Turkmenistan
PROGRAM TITLE: Small and Medium Sized Enterprises (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: An Improved Environment for the Growth of Small and Medium Sized Enterprises; 120-0131
STATUS: *Continuing*
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $700,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $337,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $600,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program with Turkmenistan's small and medium sized enterprises (SMEs) provides training to current and future entrepreneurs in modern business skills and makes business information more available.

Inputs, Outputs, and Activities: *FY 2002 Program:* In response to the government's unwillingness to implement reforms, USAID will continue with its program of limited technical assistance to develop the business knowledge and skills of future generations through training and education. USAID will provide Turkmen universities, businesses, regulators, and citizens with teaching materials, training, and research opportunities in business and economics. In particular, USAID assistance will focus on providing targeted information and training that helps future entrepreneurs and managers increase profit and expand their businesses.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: In response to the government's unwillingness to implement reforms, USAID will continue with its program of limited technical assistance to develop the business knowledge and skills of future generations through training and education. USAID will provide Turkmen universities, businesses, regulators, and citizens with teaching materials, training, and research opportunities in business and economics. Through the Network for Economics and Business Education (RNEBE), USAID will slightly expand its activity to give a greater number college students access to greater information and opportunities to succeed in the free market. In addition to education, USAID will offer less formal basic business skills and training courses to help this next generation of entrepreneurs acquire the tools necessary to succeed in a free market. In particular, USAID assistance will focus on providing targeted information and training that helps future entrepreneurs and managers increase profit and expand their businesses. USAID is also providing students with the opportunity to study graduate-level economics at the Kazakhstan Institute for Management and Economic Research (KIMEP).

Performance and Results: Progress under this strategic objective in Turkmenistan was exceedingly difficult last year. The Government of Turkmenistan's direct control of the economy crippled private sector growth and international trade and investment. Consequently, results were minimal. To increase access to modern business information and skills, USAID increased the number of entrepreneurs who received training to 612. In addition, the RNEBE enjoyed surprising participation from Turkmen universities, with 16 universities joining the network in less than a year. The RNEBE also trained 11 professors (nine of them women) in market economics during its summer school, so that they can go on to modernize

> All of Turkmenistan's universities became members of USAID's Network for Economics and Business Education.

their course content in business and economics. Additionally, the return of Turkmen scholarship recipients from KIMEP created a forum for re-introducing citizens into the economic system with the knowledge and tools needed to advocate for more liberal economic policies in Turkmenistan.

Restrictive economic policies will likely continue to prohibit USAID from pursuing significant reforms. USAID assistance focuses primarily on training the next generation of managers and entrepreneurs so that they are equipped with the knowledge and skills to succeed in a healthy business environment and advocate for greater economic reform.

Principal Contractors, Grantees, or Agencies: USAID's principal implementers under this Strategic Objective are: Carana Corporation (prime contractor), Pragma Corporation (prime contractor), and the Citizens Democracy Corps/MBA Enterprise Corps (subcontractor).

US Financing in Thousands of Dollars

Turkmenistan

120-0131 An Improved Environment for the Growth of Small and Medium Enterprises	FSA
Through September 30, 2000	
Obligations	13,798
Expenditures	12,249
Unliquidated	1,549
Fiscal Year 2001	
Obligations	513
Expenditures	523
Through September 30, 2001	
Obligations	14,311
Expenditures	12,772
Unliquidated	1,539
Prior Year Unobligated Funds	
Obligations	337
Planned Fiscal Year 2002 NOA	
Obligations	700
Total Planned Fiscal Year 2002	
Obligations	1,037
Proposed Fiscal Year 2003 NOA	
Obligations	600
Future Obligations	0
Est. Total Cost	15,948

PROGRAM DATA SHEET

USAID MISSION: Turkmenistan
PROGRAM TITLE AND NUMBER: Energy and Water (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE: Improved Management of Critical Natural Resources, including Energy; 120-0161
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $400,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $400,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: Turkmenistan's desire to internationalize its oil and gas industry provides the U.S. with some leverage in encouraging reforms in the energy and water sector. USAID plans to focus on improving the management of Turkmenistan's water and energy resources through:

- providing training for water, energy, and meteorological officials and managers;
- establishing sustainable, affordable system models that demonstrate new, more efficient technology and management techniques; and
- dialogue and exchanges on the importance on strengthening regional and international water and energy agreements.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID will work with local oil businesses to better their site management practices in ways that will improve their environmental and business performance. USAID will also begin work with other interested parties inside the government who can knowledgeably participate in the development of the resources in the region. Details of these activities are outlined in previous congressional notifications.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

FY 2003 Program: USAID's petroleum sector activities center around policy and regulatory reform as Turkmenistan attempts to attract foreign investment in the energy sector. USAID will also present demonstrations on simple, affordable, and environmentally sound methods of oil field cleanup of waste left as a result of poor past practices in the Caspian Sea region. More student chapters of international energy associations will be established, and their relationship with appropriate government entities reinforced.

Water activities will focus on improving the capability of Turkmenistan's National Hydromet Service (NHS) to better collect, process and transmit critical water data as part of a regional program. Assistance will take the form of improved equipment and training programs for modeling of water runoff from snowmelt in order to facilitate planning and water allocations. USAID will also fund an improved communication system that will facilitate the flow of critical water information between water managers. Energy officials will also be trained in the better analysis, processing, and communication of energy data. Altogether, these activities will provide a stronger, more objective basis for Turkmenistani decision-makers with regard to sensitive transboundary water and energy agreements in cooperation with counterparts in other Central Asian nations.

USAID's demonstrations in the energy and water sectors will be accompanied by equipment upgrades and robust programs on training and public awareness. Projects range from the international level, down to the oil well, farm, and customer level.

Performance and Results: The new Energy and Water program that began this year emphasizes the energy sector and continues where previous work left off. USAID helped to establish a Student Chapter of the Society of Petroleum Engineers at the Turkmen Polytechnic Institute in Ashgabad. The elected student leaders attended the society's annual meeting in New Orleans. Due to the transparency it fosters, western investors at the International Oil and Gas Exhibition in Turkmenistan praised the new regulatory structure, developed with USAID assistance, Turkmenistan adopted.

Staff of Turkmenistan's NHS are full participants in the Regional Snowmelt Runoff Committee that meets semi-annually to improve water allocations for the Central Asia region. They have begun collecting and processing water data for which USAID provided equipment and training. The technological approach that this forum offers has brought Turkmenistan back to the table with regard to discussions of regional water allocations. The data gathered has also served to provide a more objective basis for discussion, and is assisting USAID to help to open new lines of regional communication with Turkmenistan on energy issues.

Water is a very critical resource in Central Asia, and even more so in the desert country of Turkmenistan. The drought of the past few years has created major problems affecting agricultural production and national revenues. USAID activities in water have seen few results due to the level of central control over the sector and resistance of the government to reforms in land ownership and local water management.

By working in the areas of energy and water, both of which are of vital importance to the government of Turkmenistan, USAID will be able to introduce international practices and policies and promote more democratic and market principles in the management of these resources.

Principal Contractors, Grantees, or Agencies: PA Consulting is the prime contractor for the Natural Resources Management Program, implementing both energy and water activities.

US Financing in Thousands of Dollars

Turkmenistan

120-0161 Improved Management of Critical Natural Resources, Including Energy	FSA
Through September 30, 2000	
Obligations	1,225
Expenditures	1,102
Unliquidated	123
Fiscal Year 2001	
Obligations	420
Expenditures	443
Through September 30, 2001	
Obligations	1,645
Expenditures	1,545
Unliquidated	100
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	400
Total Planned Fiscal Year 2002	
Obligations	400
Proposed Fiscal Year 2003 NOA	
Obligations	400
Future Obligations	0
Est. Total Cost	2,445

PROGRAM DATA SHEET

USAID MISSION: Turkmenistan
PROGRAM TITLE: Democratic Culture and Institutions (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened Democratic Culture Among Citizens and Targeted Institutions; 120-0211
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $900,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $35,450 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $800,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program of training and technical assistance to strengthen democratic culture among citizens and targeted institutions seeks to:

- create strong, sustainable civic organizations;
- increase the availability of information on civic rights and domestic public issues; and
- increase opportunities for citizen participation in governance.

Inputs, Outputs, and Activities: *FY 2002 Program:* Because of the difficult working environment in Turkmenistan, USAID is implementing a limited democracy program. As political conditions permit, USAID will provide technical assistance and training to strengthen non-political non-governmental organizations (NGOs). Most training and technical assistance is focused on organizations at the local level, outside the capital city of Ashgabad Limited assistance to law students and legal professionals provides access to outside information for those in the legal sector.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: Continued USAID support for the development of stronger and more sustainable civic organizations will continue through three support centers that provide training seminars, information resources, networking opportunities and professional services NGOs and community associations. Small grants and technical assistance to local NGOs through these resource centers will also continue. Additionally, USAID will provide grants to NGOs working on environmental and community issues.

USAID will continue to encourage the development of civic organizations with a focus on the local level and within traditional communities outside the capital city of Ashgabad. However, approaches and forms of assistance will be reconsidered based upon political trends in the country. USAID will also continue its ongoing dialogue with the Turkmen National Institute of Democracy and Human Rights and the Ministry of Justice on how to improve the legal environment for local NGOs and international organizations.

USAID also plans to continue to lay the groundwork for rule of law through a program that supports law student associations and the dissemination of legal information through a law library, street law program and seminars for law students and legal professionals.

Performance and Results: The performance of activities funded under this strategic objective was constrained by the actions of the Government of Turkmenistan and its strictly controlled political environment. Democratic culture in Turkmenistan will require, first and foremost, government receptiveness to reforms and increasing the popular demand for reform among both citizens and governing elites. The degree to which this can currently be done in Turkmenistan is limited.

The government has finally allowed USAID to open a civil society resource center in Lebap Velayat. The center, located in Turkmenabad city, is now fully operational. The establishment of the fourth and final center, in Mary, is still delayed due to government interference.

> The Sarygamysh Water Users' Association, established through USAID's water program, provided delivery of safe drinking water to its 12,000 members.

Turkmenistani NGOs, with USAID assistance, continue to provide important services to their fellow citizens. For example, the Sarygamysh Water Users' Association, established through USAID's NGO program, provides delivery of safe drinking water to its 12,000 members residing in Turkmenbashi Etrap in Dashoguz Velayat. Recently, the association successfully appealed the order of the Velayat Hyakimlyk (governor's office) banning the USAID-funded Reverse Osmosis Plant from filling four water trucks operated by Sarygamysh. The association appealed the ban to the Etrap Hyakimlyk (county mayor's office) which overruled the Velayat order and issued a written and stamped overruling. This document is a testament to the vital role Sarygamysh is playing in the welfare of its members and endorses the quality of service that this member-owned and-operated organization provides.

As a result of participation in a USAID workshop on on how to develop a training module and adapt it to the target audience. The USAID-funded NGO Keik Okara provided training on water and sanitation and infectious disease prevention to 1,200 residents of a refugee settlement near the border with Tajikistan. The training resulted in the formation of a resident committee to control the condition of drainage ditch water; local health workers organizing and participating in further community training; and the local sanitary service providing the population with a means for disinfection. These steps help improve the health and lives of the residents of this settlement.

Strict registration requirements continue to hinder the development of nascent civic organizations and only a dozen or so organizations have been registered during the past two years. Most of these are sport clubs or quasi-NGOs organized in Soviet times. Given the registration constraint, Turkmen NGOs must be more innovative in obtaining legal status. Recently, several organizations were registered as cooperatives, which gives them most of the rights and benefits afforded to non-commercial organizations in the country.

Despite difficult and discouraging challenges in Turkmenistan, democracy work is possible at the grassroots level through local counterparts who are willing to take risks and seek assistance from and cooperation with international organizations. Their generally positive feedback on USAID-funded programs is hopeful. NGOs face increasing pressure from the government, which is suspicious of and resists civil society development. The Government continues to tighten its grip on the Turkmen society, regularly blocking civil society activities, restricting the media, discouraging educational innovation and refusing to acknowledge citizens' human and religious rights. At present, the Committee for National Security (KNB) actively restricts NGO activity, especially when NGOs' work attracts the attention and presence of international organizations. This negatively influences the attitudes of regional (velayat) and district (etrap) level officials towards NGOs, making it more difficult than in other countries in Central Asia for USAID to increase opportunities for citizen participation in governance.

Principal Contractors, Grantees, or Agencies: Counterpart International (grantee), the International Center for Not-for-Profit Law (subgrantee), the Initiative for Social Action and Renewal in Eurasia (grantee), the American Bar Association/Central and East European Law Initiative (grantee), the Eurasia Foundation (grantee) and the Academy for Educational Development (prime).

US Financing in Thousands of Dollars

Turkmenistan

120-0211 Strengthened Democratic Culture among Citizens and Targeted Institutions	FSA
Through September 30, 2000	
Obligations	910
Expenditures	910
Unliquidated	0
Fiscal Year 2001	
Obligations	775
Expenditures	61
Through September 30, 2001	
Obligations	1,685
Expenditures	971
Unliquidated	714
Prior Year Unobligated Funds	
Obligations	35
Planned Fiscal Year 2002 NOA	
Obligations	900
Total Planned Fiscal Year 2002	
Obligations	935
Proposed Fiscal Year 2003 NOA	
Obligations	800
Future Obligations	0
Est. Total Cost	3,420

PROGRAM DATA SHEET

USAID MISSION: Turkmenistan
PROGRAM TITLE: Health and Population Program (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Improved Utilization of Quality Primary Health Care for Select Populations; 120-0320
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $48,854 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,000,000 FSA
INITIAL OBLIGATION: FY1992 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen primary care has four components:

- public awareness on personal health care rights and responsibilities;
- improved quality of care for new mothers, children and those with infectious diseases;
- reformed systems to devote more public health resources to primary health care; and
- new legislation, regulations and policies that are scientifically-based and in line with international standards.

Inputs, Outputs, and Activities: *FY 2002 Program:* Turkmenistan has the second-highest under agefive mortality rate in Central Asia. To begin decreasing child mortality, USAID's Quality Primary Health Care Project will introduce a comprehensive approach to screening children for the key illnesses that threaten child survival. USAID will also support the Turkmen Maternal and Child Health Institute for a study in the principal causes of infant mortality. A separate partnership initiative with the Family Medicine Training Center in Ashgabad will continue. An HIV/AIDS prevention program will begin in FY 2002 with a focus on drug prevention in and interventions for high risk groups. The above projects have been reported in previous congressional notifications.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID will continue to support tuberculosis (TB) control activities by building capacity of local trainers and monitors to provide intensive Directly Observed Treatment, Short Course (DOTS) implementation, including TB laboratory training and electronic surveillance and blood safety. Two new projects in applied epidemiology training and HIV/AIDS surveillance and the HIV/AIDS prevention program, all begun in FY 2002, may be expanded. USAID will continue supporting a UNAIDS activity that will focus on mass media, information/education/communication materials, serial publications, and training health care professionals in syndromic management of HIV/AIDS. USAID will also continue support to a maternal and child health activity that builds awareness among women of reproductive age and youth on health-related topics, and has allowed community and non-governmental groups to become engaged in health issues.

> As a result of the national Demographic and Health Survey by USAID in November 2001, the government of Turkmenistan published the first accurate data on key health issues.

Performance and Results: Training in Integrated Management of Childhood Illness has been launched in two rural sites. The USAID-funded partnership between the University of North Dakota (UND) and Turkmenistan's Ministry of Health and Medical Industry developed skills-based primary care retraining programs for physicians, nurses and midwives. In May 2001, the Family Medicine Training Center officially opened in Ashgabad. Also through this United Nations Development Program (UNDP) partnership, the Ashgabad Emergency Services Training Center

continued to upgrade the skills of the country's emergency service staff and to serve as a model for similar health partnerships elsewhere in Central Asia.

In November 2001, the first Demographic and Health Survey of over 8,000 women in Turkmenistan was published and the data disseminated in a National Seminar. The survey is a landmark for accurate, reliable data on key health issues such as the infant mortality rate and was noted locally for the broad participation by Turkmen scientists. Its acceptance by the Government of Turkmenistan makes it even more notable.

USAID worked with the Ministry of Health and Medical Industry to implement the DOTS pilot strategy for TB control in Ashgabad City, conducting clinical and laboratory DOTS training in the Central TB Hospital and Houses of Health. In addition, laboratory equipment and TB drugs were provided. A second pilot site was opened in Turkmenbashi City in August 2001. USAID helped promote a comprehensive government order on viral hepatitis that abolishes mandatory hospitalization. USAID also assisted in the successful Global Alliance Vaccines Initiative application, through which all newborns will be provided with Hepatitis B vaccine over the next five years (starts in October 2001).

In 2001, with USAID's support, UNAIDS/Turkmenistan implemented five national workshops on sexually transmitted infection (STI) syndromic management for a total of 150 doctors and provided treatment for 3,000 STI patients. UNAIDS publications included a national STI manual, 17,000 copies monthly of "Serdar Yoly", and 3,000 copies monthly of "Lukman" (both serial publications on healthy lifestyles).

Through the Maternal and Child Health Initiative, USAID provided small grants to nine target health NGOs. Training activities were completed in three oblasts of Turkmenistan on HIV/AIDS, STIs, anemia, prenatal care, and water and sanitation.

Having developed close relations with key health officials and numerous community groups in Turkmenistan, USAID is poised to expand health programs and extend outreach to a larger segment of the national population.

Principal Contractor, Grantees, or Agencies: American International Health Alliance (AIHA), Project HOPE and the U.S. Centers for Disease Control and Prevention, Abt Associates/ZdravPlus, Counterpart Consortium, World Health Organization, UNAIDS Soros Foundation and Population Services International. All are prime contractors.

US Financing in Thousands of Dollars

Turkmenistan

120-0320 Increased Utilization of Quality Primary Health Care for Select Populations	FSA
Through September 30, 2000	
Obligations	43
Expenditures	43
Unliquidated	0
Fiscal Year 2001	
Obligations	1,689
Expenditures	136
Through September 30, 2001	
Obligations	1,732
Expenditures	179
Unliquidated	1,553
Prior Year Unobligated Funds	
Obligations	49
Planned Fiscal Year 2002 NOA	
Obligations	1,000
Total Planned Fiscal Year 2002	
Obligations	1,049
Proposed Fiscal Year 2003 NOA	
Obligations	1,000
Future Obligations	0
Est. Total Cost	3,781

PROGRAM DATA SHEET

USAID MISSION: / Turkmenistan
PROGRAM TITLE AND NUMBER: Cross-cutting Programs (Pillar: All Pillars)
STRATEGIC OBJECTIVE: Crosscutting Programs; 120-0420
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $115,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,200,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: This crosscutting program supports all of USAID's strategic objectives, and includes four main components:

- training and exchanges to support USAID's technical assistance programs in areas directly relevant to the transition to democracy and a free-market economy;
- support for the Eurasia Foundation that provides training and sub-grants to strengthen non-governmental organization (NGOs) working in business education, civil society, and media;
- support for the Community Action Investment Program (CAIP) promotes broad-based citizen dialogue and participation in community development activities, with an overall goal of reducing the potential for violent conflict in target communities; and
- program development support for cross cutting evaluations, studies, and technical assistance.

Inputs, Outputs, and Activities: *FY 2002 Program:* The Eurasia Foundation, CAIP and participant training activities will continue per previous congressional notifications. More than 400 participants will be trained through participant training projects in Turkmenistan during FY 2002.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: Participant training will broaden its support for USAID's ongoing technical assistance in four strategic objective areas: improved environment for the growth of small and medium-sized enterprises; strengthened democratic culture; improved management of critical natural resources;and increased utilization of quality primary health care. USAID will place greater emphasis on more cost-effective in-country training programs, in addition to the training that takes place in the USA and third countries.

The Eurasia Foundation will continue to provide grants in three sectors (private enterprise, civil society, and public administration) on an open-door basis to NGOs in Turkmenistan.

The CAIP program, initiated in FY 2002, will introduce community participatory processes to help identify priority investments in social infrastructure improvements, create several thousand new short-term and sustainable jobs (the majority of which will target youth), and improve social services through new and repaired infrastructure. CAIP will have only a small component in Turkmenistan.

> The School of Economics and Business provided an intensive one-month training to more than 500 unemployed people, after which 30% of trainees found employment.

PERFORMANCE AND RESULTS: In FY 2001, USAID trained over 1000 Turkmenistani citizens (approximately 50 % of whom were women) in the areas of enterprise and finance, democratic reform, and primary health care. The overall impact of USAID's training programs in these areas has been broad and deep. USAID-funded training programs continued to expose Turkmen participants to neighboring countries'

US Financing in Thousands of Dollars

Turkmenistan

120-0420 Cross-Cutting Programs	FSA
Through September 30, 2000	
Obligations	9,261
Expenditures	5,930
Unliquidated	3,331
Fiscal Year 2001	
Obligations	372
Expenditures	2,197
Through September 30, 2001	
Obligations	9,633
Expenditures	8,127
Unliquidated	1,506
Prior Year Unobligated Funds	
Obligations	115
Planned Fiscal Year 2002 NOA	
Obligations	1,000
Total Planned Fiscal Year 2002	
Obligations	1,115
Proposed Fiscal Year 2003 NOA	
Obligations	1,200
Future Obligations	0
Est. Total Cost	11,948

Official GDP in 1999 for Ukraine was only 35% of the 1989 level. Real economic growth in 2000 was 5.8%; and is estimated to be 9% in 2001. Inflation for 2001 is estimated at 6.5%. The GOU's budget deficit is 1.7%

THE DEVELOPMENT CHALLENGE: Ukraine's transition to a prosperous market economy has been difficult. At independence in 1991, it inherited an obsolete industrial base that was dependent on low-cost Russian energy supplies, and that was closely linked to other economies of the former Soviet Union. With the Soviet Union's collapse, Ukraine lost protected markets and cheap energy, and found it difficult to manufacture products that meet world quality standards. An agricultural sector in need of deep structural reform further complicated this situation. The Ukrainian Parliament's inability to organize itself has made it difficult to quickly pass reform legislation, and has strengthened the executive branch of government at the expense of the legislative and judicial branches. However, Ukraine has managed to avoid the serious social unrest that accompanied independence in other some former Soviet republics.

Poor economic and political choices made in the mid-1990s further delayed Ukraine's democratic and free market transition. Hyperinflation in 1994-95 and the 1998 banking crisis wiped out most Ukrainians' savings. This period resulted in wage and pension arrears, barter trading, and the further weakening of the fiscal base as economic activities migrated from the formal to the shadow economy.

In the last two years, Ukraine's macro-economic stability and economic growth have improved remarkably. After nine years of contraction, Ukraine experienced its first real economic growth in 2002. This growth is expected to continue and perhaps increase in 2001. The inflation rate is the lowest in seven years. The Government of Ukraine's (GOU's) budget deficit is well within the International Monetary Fund's (IMF) guidelines. The GOU is in full compliance with the IMF Standby Agreement and Extended Credit Facility, and signed its latest Letter of Intent with the IMF in September 2001. Sector data showing broad-based growth in agriculture, industry and services, supported by improvement in exports, provide further evidence of a strong, broad-based recovery.

The financial sector is also showing increased ability to mobilise resources for private sector expansion. Interest rates, while high, decreased in 2001. However, credit risks remain high due to uncertainty over the rule-of-law. Consequently, foreign direct investment, critical for sustaining Ukraine's current economic growth rate over the longer term, remains weak. With better macro-economic management, rescheduling of debt, and evidence of economic recovery, some major international credit rating agencies have now upgraded Ukraine's international credit rating.

Ukraine's monetization ratio (Bank deposits/GDP) has risen from a low of 11% between 1991 and 1991 to 17.5% in November 2001. In the last two years, commercial banks have doubled net lending to the private sector, and increased real lending by 80%.

The population rated as "healthy" has declined from 54 % in 1995 to 46 % in 2000. Almost 42,000 Ukrainians are registered as HIV-positive. Health officials estimate the actual number to be closer to 500,000, or about 1 % of the population.

Ukraine's health statistics reflect the impact of nine years of economic decline. Life expectancy for both men and women has fallen. The number of HIV/AIDS cases is escalating rapidly in Ukraine, where AIDS deaths doubled from 1999 to 2000.

Ukraine made significant progress on key reform laws in 2001. The new Land Code will help to develop a land market that is crucial to a more efficient agricultural sector. New codes were also passed for criminal and civil law, and customs administration. The Parliament also passed amendments to improve laws on political parties, elections, and the judiciary. This

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year's budget code contains provisions for intergovernmental transfer of funds, a key reform USAID advocated to support its objectives for local governance. Parliament passed a law on bankruptcy, which USAID advocated as critical to improve the regulatory environment for the private sector. These legislative accomplishments were exceptional, and reflect many years of effort by the Parliament, donor organizations and Ukrainian civil society. Despite these achievements, uch remains to be done to reconcile conflicting laws and to improve business regulation and tax administration. Judicial and regulatory institutions are notoriously weak, resulting in selective law and regulation enforcement. In 2000, Freedom House ranked Ukraine 15th of 27 transition countries for democratization, and 19th to 20th for economic reform. Parliamentary elections scheduled for spring 2002 will be closely watched for signs of progress in democratization.

Ukraine's strategic position between Europe and Eurasia, large population, and industrial potential make it crucial to regional stability. The United States has a national interest in helping Ukraine to develop a democratic, market-oriented, prosperous state founded on the rule of law that is better integrated into European and Euro-Atlantic institutions.

THE USAID PROGRAM:
FY 2002 Estimate: $154.20 million *FY 2003 Request: $155 million*

The Program Data Sheets provided below cover the 13 strategic objectives for which USAID is requesting funds. These objectives focus on: supporting economic and fiscal reform; developing a market oriented agricultural sector, including the privatization of agricultural land; private enterprise development, especially small and medium-sized enterprises (SMEs); financial sector and commercial law reform; energy sector reform and restructuring; strengthening civil society, the media, and the electoral system; judicial reform; promoting more responsive and accountable local government; promoting good health and access to quality health care; and social insurance and pension reform. Several special initiatives are aimed at: anti-trafficking; women's economic empowerment; public education for market reform; economic development in the Kharkiv Region; Polish-Ukrainian partnerships to share knowledge and experience on SME development, local government, and cross-border issues; the application of remote-sensing and geographic information systems technology to environmental problems; and a Small Business Loan Program and strengthened economic education and research capabilities. FY 2002 funds will be used to implement on-going programs in all of these areas. The Mission is now developing a new strategy that is likely to entail fewer and more focused strategic objectives.

OTHER PROGRAM ELEMENTS: The Europe and Eurasia Bureau supports a program on mother-to-child transmission of HIV/AIDS. The World Health Organization provides a grant for tuberculosis control, and the POLICY project for reproductive health. USAID/Ukraine participates through a buy-in to the centrally managed Eurasia Foundation for its economics education program and for small research grants. Other centrally managed activities include the E&E Bureau Utility Partnership and the National Association of Utilities Commissioners.

OTHER DONORS: The European Bank for Reconstruction and Development (EBRD), with a diversified portfolio in enterprise development, privatization, financial sector assistance, infrastructure, and energy, is the largest donor in Ukraine. The World Bank ranks second, with its portfolio concentrated in public sector management, community development, institutional development and rural finance. As Ukraine's largest bilateral donor, followed by the European Union-Technical Assistance to the Commonwealth of Independent States (EU-TACIS) program, USAID is concentrated in institutional, legal and administrative reforms, economic reform and private sector development and the social consequences of transition. Germany and Canada provide assistance in SME development, agriculture and the energy and social sectors. Critical cooperation links are with the EU and Germany for the energy sector, the World Bank and the EU-TACIS for policy reform, the World Bank and the EU for the social sectors, the EBRD for SME development, and with Canada, Germany and the EU-TACIS for agriculture.

Ukraine

PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
Child Survival and Disease Programs Fund	0	1,019	0	0
FREEDOM Support Act	174,753	171,581	154,196	155,000
Total Program Funds	**174,753**	**172,600**	**154,196**	**155,000**

STRATEGIC OBJECTIVE SUMMARY				
121-0120 Increased Soundness of Fiscal Policies and Fiscal Management Practices				
FSA	4,705	3,094	3,670	3,280
121-0130 Accelerated Growth and Development of Private Enterprises				
FSA	33,283	33,473	29,069	27,421
121-0140 A More Competitive and Market-Responsive Private Financial Sector				
FSA	7,957	4,715	3,000	3,600
121-0150 A More Economically Sustainable and Environmentally Sound Energy Sector				
FSA	7,995	4,284	3,475	3,275
121-0160 Increased Environmental Management Capacity to Promote Sustainable Development				
FSA	1,933	1,760	1,645	460
121-0210 Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making				
FSA	6,119	7,842	7,368	8,269
121-0220 Legal Systems that Better Support Democratic Processes and Market Reforms				
FSA	2,970	1,530	1,070	1,534
121-0230 More Effective, Responsive and Accountable Local Government				
FSA	4,300	4,459	4,456	4,920
121-0320 Increased Promotion of Good Health and Access to Quality Health Care				
CSD	0	1,019	0	0
FSA	4,263	6,095	5,496	6,801
121-0340 Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies				
FSA	5,265	2,635	2,500	2,650
121-0410 Special Initiatives				
FSA	0	12,000	0	0
121-0420 Cross-Cutting Programs				
FSA	9,090	13,853	11,991	13,250
Total Transfers	86,873	75,841	80,456	79,540

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Support to Economic and Fiscal Reform (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Increased Soundness of Fiscal Policies and Fiscal Management Practices, 121-0120
STATUS: Continuing
PLANNED FY2002 OBLIGATION AND FUNDING SOURCE: $3,670,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,088,000 FSA
PROPOSED FY2003 OBLIGATION AND FUNDING SOURCE: $ 3,280,000 FSA
INITIAL OBLIGATION: FY1999 **ESTIMATED COMPLETION DATE:** FY2002

Summary: USAID's program to support economic and fiscal reform in Ukraine includes four substantive areas of technical assistance, with a focus on building the capacity of Ukrainian counterparts:

- macroeconomic policy assistance;
- tax reform;
- budget reform; and
- fiscal analysis for the parliament.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 funds to strengthen the institutional capacity of Ukrainian counterparts to develop, implement, and monitor effectively short-term economic and fiscal policies that promote growth and efficiency in the private economy, including implementation of the Budget Code. Technical assistance will be provided to both national and local public authorities, including the Ministry of Economy and European Integration, the Ministry of Finance, and the State Tax Administration of Ukraine, as well as non-governmental organizations involved in economic and fiscal policy reform. Assistance will include expertise of expatriate advisors and local professionals, both on a long-term and short-term basis; information systems support; and internal and external training programs (including training of local trainers), seminars and conferences, internships, mentoring, and study tours.

Planned FY 2003 Program: USAID will obligate FY 2003 funds to strengthen the institutional capacity of its Ukrainian counterparts to develop, implement, and monitor effectively medium-term economic and fiscal policies that promote growth and efficiency in the private economy, including implementation of the Tax Code and use of program budgeting.

Performance and Results: Important outcomes of this program will be the increased capacity of the Government of Ukraine (GOU) to produce short- and medium-term economic and fiscal forecasts; formulate and implement more realistic and more effective economic and fiscal policies, both short- and medium-term; and, eventually, ensure that major macroeconomic indicators such as the budget deficit, inflation rate, and the tax burden are maintained at a level acceptable for the private economy to grow. The program will also partly contribute to structural reforms that will improve the efficiency of the economy by increasing its transparency, competitiveness, and openness. The program's contributions to economic and fiscal policy formulation and implementation are helping the GOU develop and implement more realistic and sustainable social policies aimed to better address poverty, health and education issues.

USAID activities and committed partnership with the GOU have played a role in improving economic and fiscal policies. Inflation dropped from 80% a few years ago to 6% in 2001, while interest rates declined from 60% to 25%; and a relatively stable currency was launched in September 1996. A reduced tax burden has helped ease barriers to business development in the private sector,

increased investments in the domestic economy, and enabled Ukraine's economy to grow by 6% in 2000 and 9.5% in 2001.

The State Budget is now a more comprehensive and transparent policy document, one that is better able to reflect GOU priorities while using fewer resources. The share of state revenues and expenditures was reduced from about 42% of GDP in 1996 to around 35% in 2001 while the budget deficit w reduced from about 5% of GDP in 1996 to a more sustainable 1.7%. This helped promote economic growth by lowering inflation and interest rates and making more resources available for private investment. Moreover, budget execution was done on a cash basis as the amount of offsets was reduced from about 50% of revenues/expenditures a few years ago to just a few percent in 2001, thus enabling the GOU to finally pay off all pension arrears and most wage arrears in the public sector. The GOU has even been able to begin increasing wages and pensions.

> Early results of intergovernmental reforms indicate that local budgets are receiving more resources from the central government than in previous years and that there is less dispersion of budget expenditures per capita among regions. The new Budget Code, which includes a comprehensive budget law promoting multi-year program budgeting, a modern budget management system, and a radical reform of the intergovernmental finance system, will increase the amount of financial resources controlled by local governments, and further promote democracy and financial decentralization in Ukraine.

In tax policy and administration, USAID advisors have assisted in the development of a European-style value added tax (VAT) and an enterprise profit tax (EPT) which have provided the GOU with a sizable and stable source of revenue for the State Budget. The EPT is now based on profit instead of gross revenues, and the VAT is based on value-added instead of turnover. Ukrainian payroll taxes have been cut from 52% to 38% to help broaden the base and work eligibility for social insurance. The tax burden as a % of GDP have been reduced from 23% to 18%, thus fostering economic growth by easing another barrier to business development. Introduction of a unified tax for small businesses further reduced the tax burden, as well as the number of taxes for this type of enterprise.

Tax administration has been improved. Senior tax officials demonstrate increased understanding and promotion of voluntary compliance, improvements in tax administration processes, accounting and auditing. Moreover, amendments to tax laws have simplified and improved tax administration, as well as promoted the modernization of the State Tax Service. One significant result has been the improvement in administration of the personal income tax (PIT) and increasing compliance rates.

Principal Contractor, Grantees, or Agencies: Development Alternatives, Inc.

US Financing in Thousands of Dollars

Ukraine

121-0120 Increased Soundness of Fiscal Policies and Fiscal Management Practices	ESF	FSA
Through September 30, 2000		
Obligations	1,281	38,364
Expenditures	1,191	36,223
Unliquidated	90	2,141
Fiscal Year 2001		
Obligations	0	4,842
Expenditures	0	4,210
Through September 30, 2001		
Obligations	1,281	43,206
Expenditures	1,191	40,433
Unliquidated	90	2,773
Prior Year Unobligated Funds		
Obligations	0	1,088
Planned Fiscal Year 2002 NOA		
Obligations	0	3,670
Total Planned Fiscal Year 2002		
Obligations	0	4,758
Proposed Fiscal Year 2003 NOA		
Obligations	0	3,280
Future Obligations	0	0
Est. Total Cost	1,281	51,244

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Agriculture (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Accelerated Growth and Development of Private Enterprise/A More Market Responsive Agricultural Sector, 121-1130
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $8,746,027 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE:$2,059,806 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $7,365,026 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID's program to develop a more market oriented agriculture sector includes technical assistance in the areas of:

- land privatization;
- development of an agricultural extension service;
- agricultural policy reform;
- private farming and private farm associations; and
- food processing and food processor associations.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 funds to support development of private agricultural producers and enterprises, and to improve their ability to function efficiently within a market environment. To assist with the transition of Ukraine's agricultural sector from a command to market economy funds will be used to: 1) transfer collective farm land to private family farms through land privatization; 2) reorient agricultural universities to provide extension services to family farms; 3) provide guarantees to family farmers to obtain loans from Ukrainian commercial banks; 4) enable family farms to shift product marketing from the shadow economy to formal market channels; and, 5) assist independent think tanks to change Government of Ukraine (GOU) agricultural policy from over-regulation and subsidies to support for the private sector.

Planned FY 2003 Program: USAID plans to use FY 2003 resources to continue land privatization, providing support to newly emerging private farms, and to deepen technical assistance to commercial banks to enable mortgage and long-term lending to family farms for purchase of agricultural equipment.

Performance and Results: Important outcomes of this program will be an efficient agricultural sector consisting of private sector enterprises with the ability to make resource allocation and marketing decisions without government interference. USAID believes that its agricultural strategy will achieve this outcome because the cornerstone of current assistance – land privatization – will de-collectivize agricultural production. Creation of private family farms through land privatization is the last component in the development of a private agricultural economy in Ukraine because prior assistance already accomplished the privatization and break up of government monopolies in input supply, food processing and food retailing.

> Seven years of agricultural land privatization contributed to a 7% increase in agricultural production in 2000 and another 9% in 2001. More remarkable has been the performance of private family farms, which now produce more than 70% of agricultural output on less than 20% of the available arable land.

USAID's strategy focused on creating private agricultural enterprises to replace state and collective enterprises. While this strategy has been successful, Ukrainian agricultural enterprises and the Ukrainian agricultural marketplace are still weak, excessively regulated and under-capitalized. To

ensure that private enterprises develop into strong economic entities, USAID has provided considerable assistance to change GOU agricultural policy. Major strides have been made in persuading the GOU to encourage commercial bank lending to private farms, develop an agricultural extension service, move toward World Trade Organization (WTO) membership and adopt other policy shifts. A key reform, the Land Code, required to develop a land market that will permit the organization of a far more efficient agricultural sector, was passed. As a result of these efforts, agricultural producers received commercial bank loans that met much of their requirement for operations during the last year. Our intention is to broaden the scope of farmer access to credit so that even small family farms will be able to borrow for capital investment. This will yield further increases in production, improve farmer incomes, and make fresh and processed food cheaper and more accessible to urban Ukraine.

USAID activities have also strengthened farmer and agribusiness capacity to develop associations and cooperatives that provide member services and protect member interests. There are now more than ten national associations, which represent the private sector's interests to the GOU. Farmer cooperatives and rural credit unions have also increased in number and scope.

Principal Contractors, Grantees, or Agencies: Chemonics is the prime contractor implementing the to Land Privatization Initiative; Louisiana State University has a grant to roll out Private Farmer Training – agricultural extension program; Citizens Network for Foreign Affairs and ACDI-VOCA, both grantees, provide volunteer technical assistance; The United Nations Development Program manages the Agricultural Policy for Human Development Activity. USAID will implement a Development Credit Authority guarantee to develop Ukrainian commercial bank lending to private farmers and select a new implementing partner to assist private farmers in marketing their produce to commercial retailers and processors.

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Accelerated Growth and Development of Private Enterprise/Enterprises are More Competitive and Efficient (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Privatized Enterprises Are More Competitive and Efficient, 121-2130
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $11,190,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE:$172,535 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $11,212,901 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID provides technical assistance and training to support the development of privatized enterprises. Such technical assistance and training concentrates on:

- providing essential business skills;
- removing external constraints to business;
- creating an enabling legal and regulatory environment, and enforcement;
- providing accounting and corporate governance reform;
- supporting Government of Ukraine (GOU) efforts against corruption and money laundering; and
- promoting a favorable investment climate.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 funds to further the implementation of international accounting standards, auditing and corporate governance standards; provide training and certification efforts; finance private companies and entrepreneurs through lending and leasing; develop a system for the issuance and registration of land titles for urban land; and ensure access to business skills and information. USAID's program also promotes regulatory reforms to better support enterprise development and investment. USAID will add a component to bolster the enforcement activities of the Ukrainian Securities Commission, since the Securities Commission has demonstrated commitment to market reform, transparency and bold actions protecting investors.

Planned FY 2003 Program: The prospects for progress under this program are good. USAID will use FY 2003 resources requested in this Budget Justification to target a new audience. Enforcers, regulatory agencies, and judges should understand more deeply the inter-relation of disclosure, shareholder rights and protection, and corporate governance practices to assist anti-corruption and fraud prevention. That understanding is essential to achieve fundamental change in attitude toward markets, commercial behavior, property rights, and ending financial fraud. This work will complement other GOU efforts on anti-corruption and money laundering. Support will also include adopting a system of practical implementation, monitoring, and enforcement of international standards in accounting and auditing (including the creation of a legal and regulatory framework to comply with those standards). Education and certification programs will also be continued to produce professionals capable of ensuring the accuracy of financial statements for banks to make more informed decisions.

> Estimated GDP growth is significant in 2001 – 9% over the 2000 level

Performance and Results: Important outcomes of this program will be sustainable increases in the level of output by industry. Industrial production increased 15% and agriculture at 9% in 2001. Official estimates of the GDP in 2001 are positive – 9% higher than the 2000 level, more than the 3% that had been planned. As a result of USAID and other donors' activities and committed partnership with the GOU, a critical mass of privatized enterprises has been restructured into efficient and competitive entities. The policy environment for enterprise growth is positive. USAID will contribute to the development of skilled managers using sound

business tools to restructure and effectively manage firms to attract investment and reduce or eliminate the numerous legal and regulatory constraints to business growth.

USAID believes Ukraine's privatized enterprises can be transformed through increased productivity, job creation, and increased incomes from both medium- and large-scale business. USAID estimates that these efforts will play a role in reducing unemployment and increasing investment and economic growth. Achieving the current U.S. priorities of reducing Ukraine's corruption, improving public and private sector transparency and accountability becomes even more essential to achieve the end objectives of abating money laundering and improving corporate governance.

Principal Contractors, Grantees, or Agencies: USAID anticipates the continued involvement of key partners in the development of privatized enterprises, including Financial Markets International, Inc. (prime), International Business and Technical Consultants, Inc. (prime), Chemonics (prime) and WestNIS Enterprise Fund (prime).

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Small and Medium Enterprise Development (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Accelerated Growth and Development of Private Enterprises/ Expanded Role of Small and Medium Enterprises in National Economy, 121-3130
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $9,133,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE:$1,093,069 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $8,843,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID's program to expand the role of small and medium enterprises (SMEs) in the national economy includes:

- working with associations and advocacy coalitions to create a favorable environment for SMEs to grow through legal and regulatory reform;
- providing technical assistance and training to improve the business skills of Ukrainian entrepreneurs; and
- increasing SME access to finance to enable further growth and development.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will continue to fund activities that have proven effective for SME development. SME development remains an essential element of Ukraine's transition to a market economy. SMEs stimulate economic growth and make the economy more attractive to potential investors. Although significant progress has been made, the SME sector and USAID's programs face many challenges due to the current business climate in Ukraine. The most significant of these have remained the same over the period of Ukraine's independence: 1) a poor and inefficient legal and regulatory environment; 2) excessive taxation; 3) the large shadow economy; 4) insufficient access to finance; and 5) the lack of business and management skills among entrepreneurs.

USAID will move forward in FY 2002 with substantial programs focusing on business education and skills development, policy reform and microfinance. BIZPRO, an SME development project focusing on business skills development and the SME policy environment, will provide training to SMEs in ten targeted regions, and will provide technical assistance to strengthen the institutional capacity of Ukrainian business associations to effectively advocate the concerns of Ukrainian businesses. Funding for technical assistance to the European Bank for Reconstruction and Development (EBRD) microfinance program will increase the capacity of local banks to provide SMEs and the agricultural sector with needed financing. The Center for Economic Initiatives (CEI) will continue organizing and operating the Management, Technology and Marketing (MTM) Productivity Study Tour Program in Kharkiv and Slavutich based on the techniques used in the original Marshall Plan. USAID will continue to provide consulting services to businesses and associations, while Junior Achievement (JA) will carry on its work to provide the concepts of a market economy to Ukrainian school children.

New programs starting in 2002 include a business management education activity that will build on the success of the Consortium for Enhancement of Ukraine Management Education (CEUME), which is slated to end in April of 2002; and the establishment of business internet centers in underserved Ukrainian communities.

Planned FY 2003 Program: The FY 2003 Program will continue to target the same areas of SME development, using the experience of 2002 to make the program ever more effective.

Performance and Results: There has been significant progress in the critical areas of SME development. BIZPRO has reached thousands of entrepreneurs through its informational hotlines, discounts for business training and advocacy work with business associations and coalitions. CEUME has trained over 3,500 faculty and administrators in Western methodologies of teaching and effective governance of higher education institutions. CEUME trained professors have reached nearly 200,000 students and have developed 150 of their own case studies for use in their interactive teaching sessions. JA is providing economic education for Ukrainian students at 231 secondary schools and nearly 12,000 high school students in Ukraine are studying the JA "Applied Economics" course and receiving hands-on experience in business through the computer simulated training exercises. Through the EBRD Microfinance Bank, Winrock and Counterpart International USAID has provided over 3,200 loans below $30,000 (with most loans below $10,000) to Ukrainian SMEs.

Principal Contractors, Grantees, or Agencies: USAID projects are implemented through ACED, CEUME, Counterpart International, Development Alternatives Inc. (DAI), JA, the National Telephone Cooperative Association and Winrock International.

US Financing in Thousands of Dollars

Ukraine

121-0130 Accelerated Growth and Development of Private Enterprises	ESF	FSA
Through September 30, 2000		
Obligations	6,845	307,712
Expenditures	6,839	266,374
Unliquidated	6	41,338
Fiscal Year 2001		
Obligations	0	33,281
Expenditures	0	52,972
Through September 30, 2001		
Obligations	6,845	340,993
Expenditures	6,839	319,346
Unliquidated	6	21,647
Prior Year Unobligated Funds		
Obligations	0	3,325
Planned Fiscal Year 2002 NOA		
Obligations	0	29,069
Total Planned Fiscal Year 2002		
Obligations	0	32,394
Proposed Fiscal Year 2003 NOA		
Obligations	0	27,421
Future Obligations	0	0
Est. Total Cost	6,845	400,808

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE Reform of Financial Sector and Commercial Law (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: A More Competitive and Market-Responsive Private Financial Sector, 121-0140
STATUS: Continuing
PLANNED FY2002 OBLIGATION AND FUNDING SOURCE: $3,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,909,400 FSA
PROPOSED FY2003 OBLIGATION AND FUNDING SOURCE: $3,600,000 FSA
INITIAL OBLIGATION: FY1999 **ESTIMATED COMPLETION DATE:** FY2002

Summary: USAID's program to reform the financial sector and commercial law in Ukraine includes technical assistance in two principle areas:

- helping to establish the legal and regulatory system governing the safety and efficiency of banks and non-bank financial intermediaries; and
- sound establishment and implementation of a market-oriented commercial legal framework.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID intends to use FY 2002 funds to strengthen Ukraine's capacity to regulate its financial institutions and to develop sound commercial laws and procedures. Through the Commercial Law Resource Center, USAID will continue to provide technical assistance, training, and education for commercial law professionals, and public outreach on matters of commercial law reform. Technical assistance will include work on the revision and amendment of a large number of laws and regulations so that they conform with the new Civil Code; reform of currently ineffective mechanisms for enforcing court decisions; and passage of a new mortgage law. In the financial sector, USAID technical assistance will focus on the drafting and adoption of regulations aimed at promoting the soundness and growth prospects for non-bank financial institutions (NBFIs), while further improving the safety and effectiveness of Ukrainian banks. USAID has worked at the local level to give businesses better access to municipal owned property, opportunities to buy and improve land parcels, competitive opportunities for passenger transport concessions, and the use of city-owned advertising space. Because of the strong, positive impact of such regulatory "package decisions" in pilot regions during FY 2000 – FY 2001, the program will be disseminated in numerous additional cities and regions in FY 2002.

Planned FY 2003 Program: USAID intends to use FY 2003 funds to strengthen the oversight capacity of the National Bank of Ukraine (NBU); and to develop and pass new commercial laws that will improve the investment climate in Ukraine. In particular, USAID will emphasize the the establishment by Ukraine of basic regulations, licensing, and inspection procedures of a regulatory body for NBFIs due to be formed in 2002. USAID will provide technical assistance throughout 2003 to strengthen the Commercial Law Resource Center so that it becomes a legally independent and largely self-sustaining Ukrainian institutions. The Commercial Law Resource Center will continue to work on the development of legal infrastructure and marketplace laws and rules, and training public and private sector officials in resolution of commercial disputes.

Performance and Results: USAID technical assistance and training have had a significant impact on the banking and commercial law sectors in Ukraine. Partly as a result of recent improvements in the banking system, depositor confidence in Ukraine has now lifted deposits in banks from 11.5% (mid-1998) to 17.5% of GDP (fall 2001). Bank lending to enterprises has expanded even more rapidly. This is a result of changes wrought by USAID programs, including: strengthening bank supervision and bank safety; promoting the adoption of international accounting standards (IAS); and advocating a new Law on Banks and Banking of that would allow NBU the to take control of and to begin liquidation of the insolvent Bank Ukraina.

Since 1995, USAID has trained more than 6,000 Ukrainian bank personnel and provided technical assistance to the National Center for Training Bank Personnel, which is now an independent, self-sustaining center; helped to establish an Interbank Payment System (IPS) at the NBU which now executes Interbank payments within Ukraine in minutes rather than weeks (the Ukrainian IPS is regarded as one of the best systems in the region and has been used as a model for other countries, such as Armenia) ; and, in order to prevent a systemic breakdown of the banking system following the Russian financial collapse in 1998, provided restructuring assistance for large banks that had accounted for over half the banking system. Through direct assistance to Avalbank and indirect assistance provided via NBU enforcement, these banks adopted improved policies and procedures (such as internal audit) to better manage bank risks. By mid-2001, five of the seven largest banks (all of which were weak or insolvent in 1998) had built up acceptable levels of capital.

USAID assistance in the commercial law sector led to: development and implementation of a modern Bankruptcy Law, which provides for restructuring rather than liquidating insolvent enterprises. USAID-trained arbitration managers have restructured 50 enterprises, employing about 300,000 workers. USAID also helped to develop "Law On Pledge" and the creation of a nationwide Pledge Registry. This electronic registry establishes priority rights for pledges and tax liens, reducing previous frauds, and lowering the risks and costs of credit. USAID has also provided assistance to the Ukrainian Parliament to develop and pass in 2001 a modern Civil Code to replace the patchwork of ad hoc and Soviet-era laws that govern business relations.

USAID has also worked with the GOU to reduce bureaucratic obstacles to business development in Ukraine. This work has resulted in the repeal 150 anachronistic, conflicting, or unlawful regulations. The GOU estimates that this saves Ukrainian entrepreneurs over $400 million in annual compliance costs. USAID has also helped to streamline the business registration process to shorten the average time from 24 to 6 days and has helped to cut the average cost of preparation from $480 to $186. The Law on Licensing of 2000 reduced by nearly half the types of business activities that require a license and reduced by 60% the costs for obtaining a business license. Another law in FY 2001 sets a new regime for standardization and certification of products within the private sector, consistent with EU practice.

Principal Contractors: Deloitte Touche & Thomatsu is the prime contractor for Commercial Law Reform. USAID has yet to determine the contractor who will implement the financial sector regulation activity.

US Financing in Thousands of Dollars

Ukraine

121-0140 A More Competitive and Market-Responsive Private Financial Sector	ESF	FSA
Through September 30, 2000		
Obligations	1,269	88,335
Expenditures	1,269	81,050
Unliquidated	0	7,285
Fiscal Year 2001		
Obligations	0	5,034
Expenditures	0	8,366
Through September 30, 2001		
Obligations	1,269	93,369
Expenditures	1,269	89,416
Unliquidated	0	3,953
Prior Year Unobligated Funds		
Obligations	0	1,909
Planned Fiscal Year 2002 NOA		
Obligations	0	3,000
Total Planned Fiscal Year 2002		
Obligations	0	4,909
Proposed Fiscal Year 2003 NOA		
Obligations	0	3,600
Future Obligations	0	0
Est. Total Cost	1,269	101,878

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Energy (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: A More Economically Sustainable and Environmentally Sound Energy Sector, 121-0150
STATUS: Continuing
PLANNED FY2002 OBLIGATION AND FUNDING SOURCE: $3,475,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,329,000 FSA
PROPOSED FY2003 OBLIGATION AND FUNDING SOURCE: $3,275,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: This Strategic Objective is targeted toward achieving a commercially operated, profitable, efficient and environmentally sound energy sector that substantially decreases Ukraine's dependence on energy supplies from Russia. *USAID technical assistance focuses on:*

- improving the legal and regulatory environment for the energy sector;
- development of an energy market and market regulation;
- privatization of energy generation and distribution companies;
- improved energy efficiency;
- building partnerships between U.S. and Ukrainian energy companies that serve to exchange information on energy business practices, management, and technology; and
- training energy sector managers.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 funds to provide critically needed assistance for improving the operation and regulation of the energy market; and to assist the transparent privatization of energy companies to foreign strategic investors. To address the needs of Ukraine's energy sector, these funds will also be used to provide technical assistance to: (1) improve the laws that strengthen the independence of the National Energy Regulatory Commission (NERC) and provide the basis for the development of a competitive energy market; 2) restructuring the debt of energy companies; 3) provide, in conjunction with the European Bank for Reconstruction and Development and the International Bank for Reconstruction and Development, a Partial Risk Guarantee program to support the privatization of energy companies; 4) strengthen the institutional capabilities of the Ukrainian Parliament's Energy Committee; and 5) establish U.S.-Ukraine partnerships with the Energoatom (Nuclear Generating Company) and the Energomarket Enterprise. USAID advisors will work with government and non-governmental institutions to provide technical assistance in areas of legislation and regulation, tariff methodology, privatization, and professional training and information exchange.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to further strengthen the performance of the energy markets and help the energy regulatory body function in a fair and transparent way. USAID will also continue to promote energy sector reform through the privatization of the fossil-fuel electric generating companies. All the aforementioned activities aim to revitalize the investment climate in the energy sector and bring in foreign strategic investors who possess capital, new management approaches and state-of-art technologies to operate in the energy business. Beyond the power sector, USAID plans to identify and assist in removing the obstacles of proper market functioning in other segments of the energy sector such as the privatization of the oil and gas transportation systems.

Performance and Results: An important outcome of this program will be a commercially sustainable energy sector with a majority of assets privately owned. The energy sector is critical element to Ukraine's economic growth. Ukraine's energy companies should have full cost recovery and sufficient financial capabilities to invest in new asset improvement and stimulate more investments. Energy companies need to be privatized by foreign strategic investors. To make strategic investors

become interested in Ukraine's energy companies, major "country risk" factors need to be addressed. An improved legislative and regulatory framework for the energy sector that encourages competition and established a solid tariff structure that guarantees profits and return on investment; will also facilitate energy sector restructuring. USAID estimates that implementation of these critical reforms can stabilize Ukraine's economic development and lessen its energy dependence on Russia.

> In April 2001, six electric distribution companies worth $155 million were privatized. The foreign strategic investors brought new management, investment capability and technology to the companies and funds to the Ukraine budget.
>
> In December 2001, the National Electric Regulatory Commission approved tariff increases for four of the six privatized companies. The tariffs were based on cost-of-service.

The USAID energy program has a very high profile with the Government of Ukraine (GOU) and is respected by international donors. As a result of USAID activities, six electric distribution companies were privatized by foreign strategic investors in April 2001 (two of which were acquired by the American United Energy Systems (AES)). A new tariff methodology that guarantees full cost recovery and a minimum of 17 % rate of return on investments was approved in March 2001 and was implemented in December 2001. The USAID privatization contractor prepared documentation for the privatization of an additional 12 electric distribution companies. It is expected that, by the end of FY 2005, all 27 electric distribution and four fossil-fuel generating companies will be privately owned. USAID implementing partners work in conjunction with the GOU in building the concept of a Western-type energy market that could promote competition.

Energy efficiency activities were implemented in seven large cities of Ukraine, improving the efficiency of the heat supply. In addition, training of local specialists was conducted in areas of audit techniques, design and installation of the heat control systems.

Professional training and exchanges were provided through seven U.S.-Ukraine utility partnerships. Two additional partnership programs graduated from USAID financial support and are self-sustaining. Over 70% of the 140 MBA graduates received promotions as a result of the USAID-sponsored MBA energy training program. Graduates from the program have formed an alumni association to sustain their contact and exchange ideas.

Principal Contractors, Grantees, or Agencies: USAID anticipates the continued involvement of key partners in areas of legal, regulatory and market development; privatization; and utility partnerships: Hunton & Williams (prime), Deloitte Touche Tohmatsu (prime), Central European Institute for Social and Economic Reform (INEKO) (sub), and the U.S. Energy Association (USEA).

US Financing in Thousands of Dollars

Ukraine

121-0150 A More Economically Sustainable and Environmentally Sound Energy Sector	ESF	FSA
Through September 30, 2000		
Obligations	492	113,085
Expenditures	492	97,555
Unliquidated	0	15,530
Fiscal Year 2001		
Obligations	0	10,518
Expenditures	0	14,397
Through September 30, 2001		
Obligations	492	123,603
Expenditures	492	111,952
Unliquidated	0	11,651
Prior Year Unobligated Funds		
Obligations	0	1,329
Planned Fiscal Year 2002 NOA		
Obligations	0	3,475
Total Planned Fiscal Year 2002		
Obligations	0	4,804
Proposed Fiscal Year 2003 NOA		
Obligations	0	3,275
Future Obligations	0	0
Est. Total Cost	492	131,682

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Environment *(Pillar: Economic Growth, Agriculture, and Trade)*
STRATEGIC OBJECTIVE AND NUMBER: Increased Environmental Management Capacity to Promote Sustainable Development, 121-0160
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,645,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $346,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $ 460,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: This Strategic Objective targets the promotion of sound environmental management for sustainable development and includes technical assistance and training:

- to the government, industry, non-governmental organizations (NGOs) and experts in strengthening Ukraine's environmental policy, legal and regulatory framework;
- for increasing environmental investments and promoting environmentally sound technologies;
- in improving environmental management at public and private facilities; and
- to involve citizens and NGOs in environmental decision-making.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2003 resources to increase environmental management capacity for sustainable development in Ukraine one of the most severely environmentally damaged countries in the region. These resources will be used to: 1) adopt internationally recognized approaches to environmental legislation, policies and regulations, such as environmental impact assessments, pollution release and transfer registries, comparative risk assessments and economic incentives for regulatory compliance; 2) support at least six local environmental action programs (LEAP) community demonstration projects, develop guidelines and train community facilitators, establish at least three LEAP centers of excellence, and provide continued support to the network of municipalities interested in local environmental action through the publication of the LEAP bulletin "Chysta Khata" (Clean House) and public seminars and conferences for NGOs and local authorities; 3) assist Ukraine develop municipal climate change action plans and business plans for greenhouse-gas (GHG) mitigation at industries, district heating facilities, hospitals, and other public buildings; 4) promote improved environmental management at public and private facilities; and 5) provide training for the use of remote sensing, geographic information systems (GIS), digital mapping, Internet, and other information technologies for effective public policy development and decision-making.

Planned FY 2003 Program: USAID plans to use FY 2003 resources requested in this Budget Justification to: continue providing technical assistance and training to further strengthen Ukraine's environmental policy, legal and regulatory framework; increase environmental investments and promote environmentally sound technologies; improve environmental management at facilities; and involve citizens and NGOs in environmental decision-making. By the fifth Environment for Europe Ministerial Conference (to be held in Kiev in May 2003) six communities will have LEAPs and USAID assistance may facilitate the implementation of these plans.

Performance and Results: In FY 2001, USAID-funded environmental activities in Ukraine continued to address important environmental problems such as global climate change, increased investment in environmental technology and sound environmental management, and empowered citizen participation in environmental decision-making. USAID has helped Ukraine meet its commitments under the United Nations Framework Convention on Climate Change and has developed investment projects for the mitigation of GHG emissions. The USAID Climate Change Initiative has delivered training, organized seminars and workshops, supported the formation of an industry council and NGO network, designed and broadcast six public service announcements (PSAs), conducted an

inventory on GHG emissions in the energy sector, and developed business plans for possible investments in GHG mitigation at a brewery, tire factory, and municipal vodokanal. Climate change awareness and information on activities in Ukraine are provided through a monthly electronic newsletter in English and Ukrainian, six PSAs and website, *www.climate.org.ua* that are unique in the Europe & Eurasia region.

The principal USAID activity for increasing the effectiveness of policies at the local level and for empowering citizens to affect environmental decision-making is the LEAP. On October 30th, the USAID LEAP was officially launched at a national conference that attracted over 100 local government and NGO representatives from all over Ukraine, as well as national and regional authorities. In addition, USAID supported the Initiative for Social Action and Renewal in Eurasia (ISAR) award of ten small grants to grass-roots environmental NGOs. USAID's EcoLinks Program awarded 23 challenge grants and 23 quick-response awards totaling over $1,100,000 to municipalities and businesses. In cooperation with the Academy for Educational Development, USAID sponsored environmental management training and study tours for over 100 Ukrainian industrial and municipal enterprises, and training in sustainable development for the members of the National Commission on Sustainable Development, regional authorities and NGOs. Ukraine's National Commission on Sustainable Development was re-established and elevated in status under the chairmanship of a First Vice Prime Minister with three deputies, the Minister of Economy and European Integration, the Minister of Ecology and Natural Resources, and the Minister of Labor and Social Policy. The National Commission has received USAID assistance in analyzing key policy positions. The USAID-supported Ukrainian Land and Resources Management Center (ULRMC) applies the technologies of remote sensing and geographic information systems (GIS) to assist Ukraine in managing such problems as flooding and fires near the Chernobyl exclusion zone, in the Transcarpathian region and in the Pervomaisk district ecological disaster zone. USAID, the U.S. Environmental Protection Agency (EPA) and the Centers for Disease Control and Prevention (CDC) responded to the GOU's request for assistance in assessing the environmental health emergency that occurred in Pervomaisk district. In November 2000, the GOU accepted the findings of U.S. experts..

EcoLinks Grants and Quick Response Awards link Ukrainian businesses, industry and municipalities with partners in the U.S. and CEE who are providing expertise, technology and financing for specific environmental improvements at facilities:

- 23 challenge grants ($1,085,018)
- 23 quick response awards ($95,753)
- Improved Performance of Odesa CHPP Heat Boilers: reducing costs by over 50%, SO2 (sulfer dioxide), ash and V2O5 (vanadium pentoxide) eliminated, CO & CO2 down by 70% and 20%, Oblast invested $460K to switch from bunker fuel to gas

Principal Contractors, Grantees, or Agencies: USAID's activities are implemented through PA Government Services (prime), Institute for Sustainable Communities (prime), Environmental Research Institute of Michigan (prime), Institute for International Education (EcoLinks), UNDP, United Nations Fund for International Partnerships, UNECE, Chemonics International, Initiative for Social Action and Renewal (ISAR)-Yednannia (sub), Agency for Rational Energy Use and Ecology "ArenaEco" (sub).

US Financing in Thousands of Dollars

Ukraine

121-0160 Increased Environmental Management Capacity to Promote Sustainable Development	FSA
Through September 30, 2000	
Obligations	4,135
Expenditures	1,700
Unliquidated	2,435
Fiscal Year 2001	
Obligations	1,687
Expenditures	2,406
Through September 30, 2001	
Obligations	5,822
Expenditures	4,106
Unliquidated	1,716
Prior Year Unobligated Funds	
Obligations	346
Planned Fiscal Year 2002 NOA	
Obligations	1,645
Total Planned Fiscal Year 2002	
Obligations	1,991
Proposed Fiscal Year 2003 NOA	
Obligations	460
Future Obligations	0
Est. Total Cost	8,273

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Civil Society (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE NAME AND NUMBER: Increased Better-Informed Citizens' Participation in Political and Economic Decision-making, 121-0210
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $7,368,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $822,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $8,269,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: This Strategic Objective includes grants, technical assistance and training aimed at:

- increasing the role of civil society organizations in promoting democracy;
- building more effective and democratically-oriented political parties;
- increasing the availability of unbiased public information; and
- promoting open and competitive electoral systems.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 resources for two projects to strengthen political parties. These activities are designed to make parties more responsive and accountable to citizens and fulfill governance roles within the Parliament and at the local level. Other training is targeted to empower younger party members and women. USAID is also working to improve the electoral process by supporting long-term civic electoral monitoring, training for political party representatives on their roles in administering credible elections, targeted assistance to the Central Elections Commission, and disseminating key information on the electoral process to political parties and the public. USAID also has launched a new anti-corruption program that engages local civic organizations to work with their government and business counterparts to develop specific anti-corruption initiatives in their communities.

USAID's current civil society organization (CSO) and media programs close-out this year. The successors, to be launched in FY 2002, will focus on: (1) advocacy to better protect and defend citizen interests and promotion of more transparent, accountable and responsive governance; (2) enhancing the legal and regulatory framework to better protect civil liberties and foster the financial sustainability of CSOs; (3) improving the financial viability of CSOs; and (4) strengthening their professionalism and ethical standards. USAID's planned support for independent media will seek to: (1) improve and uphold the legal and regulatory framework for media; (2) strengthen legal defense for freedom of speech; (3) improve the financial viability of the non-state, independent media outlets; and (4) increase the availability of quality news through non-state, independent media outlets.

With on-going programs in political and electoral processes and newly started programs in civil society, media and anti-corruption in FY 2002, USAID does not anticipate any new initiatives for this Strategic Objective in FY 2003. During this year between elections, programs will focus on the longer-term, non-election-specific developmental objectives discussed above.

Performance and Results: During FY 2001, USAID investments resulted in concrete achievements directly contributing to the Strategic Objective. A coalition of think tank experts worked to improve the tax system, resulting in 50 new amendments in the Law on State Budget for 2001, including: 1) a clear definition of local budgeting procedures; 2) a better explication of how local budgets are approved; and 3) a new system for establishing interest rates charged by and to the state budget. The Civil Code improved provisions related to NGOs and the passage of a partial judicial reform package was subject to intense public-debate. An amendment more clearly defining corporate resident and non-resident status in the Law on Corporate Income Tax was drafted and passed into law by Act N977-XIV on "Amending Laws Aiming to Stimulate Investment Activity". The

amendment improved the environment for SME development by removing ambiguous terminology as well as the source of many conflicts with the tax authorities.

As a result of USAID assistance, CSOs have made significant organizational improvements (see box).

Organizational improvements of Ukrainian CSOs:

- In FY 2001, the number of NGOs with social enterprises grew from 19 to 31. USAID is aware of another 50 seeking to establish them.
- USAID partner institutions increased their membership by 6,300 over FY 1999. Their number of permanent volunteers has risen from 7,000 to 14,000.
- Many are reaching more clients by diversifying the range of services provided, adapting service delivery to the needs of the community, improving sector expertise, and developing evaluation systems.
- 61 % have improved their internal governance, which should lead to more NGOs operating in a transparent manner and enhancing community trust.
- Over 70 % of grantees improved their resource base since 1999. Excluding USAID grant funds, the average monthly operating budget for grantees under this Strategic Objective is equivalent to $1,152 (in 1999 - $801) which is a 43 % increase.
- 75 % have improved their financial management since 1999, thereby creating stronger systems to prevent any possible misuse of funds and to better account for the use of funds to the public and tax authorities.
- Over 60 % of USAID's SO 2.1 CSO partners were involved in the cooperation with local government bodies on a frequent basis, versus 45 % in 1999.

Several political parties have developed internal training capacities and training their own members. USAID-activities are partially responsible for increased coordination among parties in the pre-election period to provide voters a clearer picture on what they represent. In at least 14 oblasts, parties that have attended coalition-building seminars are employing specific skills and concepts from those trainings in the lead-up to the March 2002 elections. In two oblasts, the Reforms and Order Party, Ukrainian People's Rukh, the Congress of Ukrainian Nationalists, and Rukh meet once a week to plan their joint campaign and communications strategy. In addition to these achievements, efforts to train elected officials have also helped to make parties more responsive to constituents' once in office. The majority of the at least 600 local officials receiving training under USAID's party program are holding open office hours for constituents.

The independent media this year saw the fruition of two USAID-funded media associations – the Association of Independent Broadcasters (AIB) and the Newspaper Publishers Association (NPA) Both organizations lobby in defense of the legal rights of the independent media. The quality of news with partner media outlets is also improving, thanks to USAID initiatives, such as a news information exchange among regional outlets. In addition, many partner outlets have been able to achieve greater financial sustainability.

Principle Contractors, Grantees, or Agencies: Development Associates, Inc. (DAI) is the primary implementor of elections-specific activities; the National Democratic Institute (NDI) and International Republican Institute (IRI) implement the political process and party building activities, as well as some civil society activities; CSO/NGO activities are currently implemented, in large part, by Freedom House and Counterpart International, with a new recipient TBD in FY 2002. Media activities are implemented by Internews and the International Research & Exchanges Board with a new recipient TBD in FY 2002. Development Alternatives International (DAI) implements the *"Fostering Anti-Corruption Public Actions" program.*

US Financing in Thousands of Dollars

Ukraine

121-0210 Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making	ESF	FSA
Through September 30, 2000		
Obligations	5,906	41,435
Expenditures	5,906	34,991
Unliquidated	0	6,444
Fiscal Year 2001		
Obligations	0	9,387
Expenditures	0	7,361
Through September 30, 2001		
Obligations	5,906	50,822
Expenditures	5,906	42,352
Unliquidated	0	8,470
Prior Year Unobligated Funds		
Obligations	0	822
Planned Fiscal Year 2002 NOA		
Obligations	0	7,368
Total Planned Fiscal Year 2002		
Obligations	0	8,190
Proposed Fiscal Year 2003 NOA		
Obligations	0	8,269
Future Obligations	0	0
Est. Total Cost	5,906	67,281

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Rule of Law (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE NAME AND NUMBER: Legal Systems that Better Support Democratic Processes and Market Reforms, 121-0220
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,070,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $570,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,534,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID program assistance enables:

- more open and effective legislative process;
- better protection of citizens' rights; and a
- more effective and fair court system.

Inputs, Outputs and Activities: *FY 2002 Program:* Technical assistance and training to the Parliament (Rada) continues with a focus on assisting in essential legislative reform and strengthening its institutional capacity. Legislative reform requires coordination with other technical assistance projects that provide expertise in drafting reform legislation. Continued work on improving the institutional capacity of the Rada focuses on: increasing understanding of and adherence to Rules of Procedure (lawmaking); increasing the role of committees and their access to citizen input (oversight); and improving information and analytical services. Under the Parliamentary Intern Program, 50 young adults are trained to produce legislative briefs and analyses and are assigned as assistants to Rada committees that actively consider, revise, or adopt key pieces of reform legislation.

Advocacy programs provide legal consultations and case representation to citizens and NGOs, educate citizens about their rights under the law, train lawyers to better handle citizen advocacy, and train other legal professionals to improve the efficacy of advocacy. Judges received training on both broad and specific sections of Ukrainian law and applicable international statutes. The capacity of selected courts was improved through increasing their access to legal information, including computerization. Efforts continued to develop viable independent judicial associations at the oblast level.

Work on judicial reform has been limited by the continued lack of political will to pass a legislative framework establishing an independent judiciary. A major focus over the past year has been assistance to both the legislature and to relevant legal experts and judges to facilitate debate and passage of judicial reform legislation. While a Law on the Judiciary remains under consideration, a pro-democratic package of laws ("Small Judicial Reform") was enacted that provides a foundation for further judicial reform and its increasing independence from executive control. Thus, training for judges and lawyers on implementing new reform legislation was added to USAID activities. Assistance to nascent judicial associations was continued and other judges and lawyers were encouraged to form associations based on existing models. USAID will conduct a comprehensive Rule of Law Assessment, which will compare Ukraine's progress in this critical area with other post-communist countries and help guide future USAID programming.

Planned FY 2003 Program: Current contracts under this Strategic Objective will end this year. However, given the importance of Rule of Law (ROL) as a framework for continued democratic, economic, and social development,USAID intends to award new contracts in FY 2003 to continue Parliamentary Development Project (PDP) and ROL efforts in concert with the Mission's new 2003-2007 Development Strategy.

The "Small Judicial Reform" was enacted which lays a pro-democratic foundation for further reform of the judiciary.

Approximately 20% of the alumni of the Parliamentary Internship Program now work as Rada staff members. Other graduates work in ministries, courts, local governments, NGOs, international donors, and as elected local Rada deputies.

The Expert Consultation Center for Human Rights opened and successfully settled a freedom of religion dispute.

Performance and Results: In FY 2001, significant legal frameworks were passed: a new Criminal Code, a Law on Political Parties, a Budget Code, a "Small" Judicial Reform, a new Election Law on Parliamentary Elections, a Land Code, and a new Civil Code. This represents the cumulative effect of over seven years of USAID training and technical assistance to the parliament as well as to the government, think tanks, and NGOs. Parliament continues to develop democratically with USAID assistance. Twenty parliamentary hearings (a twofold increase over 2000 and a fivefold increase over 1999) were held with the participation of outside entities and media. In 2001, parliament more than tripled the number of days when the government answers questions from Rada deputies in open sessions with the media. Further, more biweekly press conferences are now held and the parliament's web-site was also improved and opened to the public in 2001. An Expert Consultation Center for Human Rights was established and successfully addressed the concern that the revocation of construction permits for the Ukrainian Greek Catholic Cathedral was discriminatory and in violation of the constitution. Judicial self-governance was advanced as the President of the Council of Judges reversed his prior prohibition and is now working cooperatively with judges to organize judicial associations to better represent their interests. For the first time, an oblast (Ternopil) Judicial Association won a lawsuit against the local office of its Ministry of Justice for timely payments for the courts' budget, a significant measure of progress toward ensuring the financial autonomy of the oblast courts.

Principal Contractors, Grantees, or Agencies: Indiana University implements the Parliamentary Development Project (PDP); American Bar Association/Central and East European Law Initiative (ABA/CEELI) implements the Rule of Law Development Program; and Ukrainian Legal Foundation (ULF) implements the "Improve Legal Education Program."

US Financing in Thousands of Dollars

Ukraine

121-0220 Legal Systems that Better Support Democratic Processes and Market Reforms	ESF	FSA
Through September 30, 2000		
Obligations	153	32,815
Expenditures	153	30,556
Unliquidated	0	2,259
Fiscal Year 2001		
Obligations	0	1,853
Expenditures	0	2,363
Through September 30, 2001		
Obligations	153	34,668
Expenditures	153	32,919
Unliquidated	0	1,749
Prior Year Unobligated Funds		
Obligations	0	571
Planned Fiscal Year 2002 NOA		
Obligations	0	1,070
Total Planned Fiscal Year 2002		
Obligations	0	1,641
Proposed Fiscal Year 2003 NOA		
Obligations	0	1,534
Future Obligations	0	0
Est. Total Cost	153	37,843

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Municipal/Local Government Development (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: More Effective, Responsive and Accountable Local Government, 121-0230
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,456,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $948,481 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $4,920,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID's program for municipal/local government development includes:

- expanded support for the Association of Ukrainian Cities;
- technical assistance to Ukrainian municipalities through partnerships with U.S. cities;
- training and technical assistance to cities in strategic planning with citizen participation, budgeting, and financial management;
- training and technical assistance to municipalities and water utilities in participatory strategic planning, energy savings, and improved services;
- broad based training to cities, NGOs, and businesses through regional training centers; and
- development and assistance in the implementation of a national tariff reform policy for pricing of water and district heating services and tariff collection.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 funds to further develop the capabilities of the Association of Ukrainian Cities (AUC) by establishing regional offices in each oblast capital city for purposes of member communication, technical assistance in financial management and competitive procurement, and the development of national legislation that has a positive impact on local governments. A number of AUC small member cities will be provided with computers and communication equipment to facilitate better communication and networking. The Community Partnership Program (CPP) will continue with 14 American cities supplying direct technical assistance to Ukrainian counterpart cities. CPP also operates four Regional Training Centers (RTCs) that deliver a wide variety of training programs to local governments, civil society organizations, and businesses. To improve basic municipal services, the Municipal Water Roll-out Program will continue technical assistance to municipalities and water and wastewater utilities in the areas of financial management, technical analysis of technical facilities, energy savings, and equitable fee pricing based upon customer involvement in strategic planning and implementing new price structures. At the national level, USAID advisors are developing a comprehensive utility tariff reform program that will standardize rate setting policy and procedures for all local utility services, principally water, wastewater, and district heating. The main elements of this program will be implemented in the pilot cities to demonstrate their effectiveness before the subsequent rollout to other cities across the country.

Planned FY 2003 Program: Under the new strategy to be implemented beginning in FY 2003, the core program of technical assistance to local governments will be substantially continued under a new Strategic Objective. A portion of the FY 2003 resources requested in this Budget Justification will be to expand USAID technical assistance to the area of local economic development. Activities will develop the capacity of local governments to create an enabling environment for both new and existing business to prosper and provide employment. In addition to local government capacity-building, the activity focus will be on forging partnerships among the public, private, and civil society sectors of the local community for strategic planning and implementation of a master community economic development initiative. To the extent possible, the activity will also promote

an improved legal and regulatory environment that provides local governments the authority and autonomy to better manage the affairs of cities in supporting economic development.

Performance and Results: Expected program outcomes are improved quality of basic municipal services provided in an equitable manner to all citizens at the lowest possible cost. Furthermore, local governments will become truly democratic institutions where elected officials carry out municipal activities with transparency based on mandates provided by an informed citizenry.

During FY 2001, indicators pointed to broad-based marginal improvements in the project's expected outcomes. At the national level, Parliament passed the Budget Code by a wide margin. This code incorporated a transparent, formula-based intergovernmental funding transfer from the central government to the cities. The President of Ukraine issued a decree in Support for Local Self-governance and appointed a national committee to plan for and to implement this support. This decree complied with Council of Europe standards for local governance. Significant reform of tariff-setting policy was achieved in the area of establishing transparent and efficiency promoting rules of price setting for municipal water and wastewater services through USAID work with regulatory agencies.

The AUC cities expanded its number of regional offices from 12 to 18 and, as a result, quickly increased its membership by more than 25 % to nearly 400 cities. The association was active in securing passage of the Budget Code and has now turned its attention to improving the current "Law on Local Self-governance." With USAID assistance, the association also initiated a program to serve the technical assistance needs of smaller cities.

USAID-funded Regional Training Centers expanded their training capacity by 25 % and now serve some 6,000 clients each year. They have also expanded their curriculum content, which allows them to train NGOs and business clients on how to form partnerships with local governments.

The highly successful Municipal Water Roll-out Program training and technical assistance activity has reduced operating costs of participating utilities by 15 % to 30 %. These savings have allowed the utilities to make the first capital improvements to their systems in years. The financial management and citizen participation elements of the program have taught the utilities to prepare proper rate increase requests to present to citizens, which result in equitable increases being accepted. A measure of the program's success is that three to four times as many non-program cities routinely attend training seminars at their own expense as do program cities.

> Of 108 target cities, 46% use USAID finance systems and 35% have adopted USAID strategic planning systems.
>
> Nationwide, 89 cities hold public hearings on a regular basis and 113 have standing citizen advisory committees.

Principal Contractors, Grantees, or Agencies: Key implementing partners include CH2M Hill (water), US-Ukraine Foundation (community partnerships and training centers), Research Triangle Institute (association development) and Planning and Development Collaborative International (PADCO) (tariff reform).

US Financing in Thousands of Dollars

Ukraine

121-0230 More Effective, Responsive and Accountable Local Government	ESF	FSA
Through September 30, 2000		
Obligations	16	24,232
Expenditures	16	19,901
Unliquidated	0	4,331
Fiscal Year 2001		
Obligations	0	5,338
Expenditures	0	4,686
Through September 30, 2001		
Obligations	16	29,570
Expenditures	16	24,587
Unliquidated	0	4,983
Prior Year Unobligated Funds		
Obligations	0	948
Planned Fiscal Year 2002 NOA		
Obligations	0	4,456
Total Planned Fiscal Year 2002		
Obligations	0	5,404
Proposed Fiscal Year 2003 NOA		
Obligations	0	4,920
Future Obligations	0	0
Est. Total Cost	16	39,894

PROGRAM DATA SHEET

USAID OPERATING UNIT: Ukraine
PROGRAM TITLE: Health (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Increased Promotion of Good Health and Access to Quality Health Care, 121-0320
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $5,496,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,909,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $6,800,900 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: Ukraine's population still suffers from poor health services, despite some stabilization of life expectancy due to improved infant and women's health. USAID technical assistance, expertise and training are geared to make the health care system more efficient, affordable, and prevention-oriented. Programs are targeted primarily toward strengthening the provision of quality health care at the community level – through comprehensive primary health care and family medicine clinics. Other priorities include improving women's reproductive health (RH) and combating two emerging public health dangers: tuberculosis and HIV/AIDS. The following components are included in the program:

- increasing access to quality primary health care services and promoting family medicine;
- improving quality of reproductive health services and supporting reproductive policy reforms;
- arresting the spread of infectious diseases focusing on HIV/AIDS and TB epidemics;
- improving health services to the population affected by the Chornobyl accident;
- surveillance and prevention of birth defects (BDs).

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 resources to provide critically needed technical assistance, professional training and information exchange to further improve the quality of health care services and reduce public health risks. Resources will be used to increase the capacity of recently established family medicine clinics to provide high quality and appropriate services; and raise standards of maternal care to strengthen the capabilities of maternity hospitals and rural health facilities. Reproductive health services will be strengthened by emphasizing preventive measures for reducing morbidity and mortality. Implementers will work with government and non-government institutions to provide international experience and expertise in areas of family medicine, maternal and infant health services, HIV/AIDS prevention, and TB control.

Planned FY 2003 Program: In the new strategy to be implemented beginning in FY 2003, many health care activities will be absorbed into a new social transition Strategic Objective. USAID plans to use FY 2003 resources requested in this Budget Justification under this new Strategic Objective to further improve primary health care services and increase their efficiency. In maternal care, modern cost-effective services and practices will help reduce the maternal and infant morbidity and mortality. HIV-related activities will be expended to encompass youth-focused preventive interventions.

Performance and Results: A sustainable system for primary health cares services and community outreach implemented in pilot areas is introducing a new paradigm for primary care based on an integrated family medicine approach as a key element in enhancing health care reform. This is to demonstrate the feasibility of robust community-based primary health care to meet the basic needs of Ukrainian citizens. Strategic Objective 3.2 has been proactive in addressing women's health care and in combating the HIV/AIDS and tuberculosis epidemics.

As a result of partner relations between American and Ukrainian health facilities and communities, a sound infrastructure for furthering family medicine development (professional training, medical supplies, medical equipment, and upgraded facilities) has been established. Ten demonstration family medicine clinics were opened, which have become the catalyst for an increasing establishment of family medicine clinics by local health administrations, totaling 129 in pilot areas in 2001. Training provided to family medicine practitioners allowed them to offer broader and improved services. As a result, the number of patients referred for highly specialized and costly services decreased by an average of 50 % at pilot sites. USAID has been very effective in the area of RH. National contraceptive service delivery guidelines were developed to improve quality of RH services. USAID assisted a GOU and NGO task force on RH policy development in elaborating the National RH Program for 2001-2005. RH programs also are aimed at reducing abortions as a means of birth control, which significantly deteriorate women's and maternal health. USAID interventions are contributing to an ongoing reduction of the abortion rate, which has declined nearly 50 % over the last five years.

> USAID has contributed to a 50% decline in the abortion rate over the last five years

Support for a wide range of preventive activities by indigenous NGOs is an essential component of USAID-assisted interventions to arrest the HIV epidemic. The HIV/AIDS Information Clearinghouse regularly releases educational materials. Electronic copies are available at *www.aidsalliance.kiev.ua*. An anti-TB pilot program is being implemented in Donetsk based on the World Health Organization - recommended treatment protocol, strengthened laboratory capacity, and provision of an adequate drug supply. A BD surveillance system operates on a regular basis and provides data for birth/BD registries in accordance with international standards. In recognition of its high quality, the BD surveillance system in two initial pilot regions has been accepted by the International BD Clearinghouse (Italy), which analyzes BD data worldwide. The BD surveillance system is being expanded to four additional regions. Chornobyl-related programs address the growth of thyroid abnormalities and psychosocial negative consequences of the Chornobyl accident. To date, over 80,000 children have been screened for early thyroid cancer and psychological trauma in radioactive contaminated areas.

Principal Contractors, Grantees, or Agencies: American International Health Alliance (AIHA), Counterpart International, the Futures Group International, Johns Hopkins Program on International Education in Gynecology and Obstetrics (JHPIEGO), Medical Services Corporation International (MSCI), University of South Alabama, UNICEF, UNDP.

US Financing in Thousands of Dollars

Ukraine

121-0320 Increased Promotion of Good Health and Access to Quality Health Care	CSD	ESF	FSA
Through September 30, 2000			
Obligations	0	6	56,457
Expenditures	0	6	48,134
Unliquidated	0	0	8,323
Fiscal Year 2001			
Obligations	1,019	0	4,862
Expenditures	0	0	5,881
Through September 30, 2001			
Obligations	1,019	6	61,319
Expenditures	0	6	54,015
Unliquidated	1,019	0	7,304
Prior Year Unobligated Funds			
Obligations	0	0	1,909
Planned Fiscal Year 2002 NOA			
Obligations	0	0	5,496
Total Planned Fiscal Year 2002			
Obligations	0	0	7,405
Proposed Fiscal Year 2003 NOA			
Obligations	0	0	6,801
Future Obligations	0	0	0
Est. Total Cost	1,019	6	75,525

PROGRAM DATA SHEET

USAID MISSION: Ukraine
PROGRAM TITLE: Social Protection (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies, 121-0340
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $2,500,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $435,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $2,650,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary of Objectives: USAID assistance focuses on contributing to:

- a broadly available, adequately funded and effectively administered subset of social insurance programs (pension reform in particular);
- the development, financing and effective administration of public system(s) to meet the needs of citizens; and
- the effective delivery of targeted humanitarian assistance through social services NGOs.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2003 resources to help the Government of Ukraine (GOU) stabilize the current public pension system, lay the foundation for a private pension industry, and enhance the capacity of local social services non-governmental organizations (NGOs) in delivering humanitarian assistance. USAID will assist Ukraine to: 1) develop a proper legal framework for the reformed public pension system and introduction of private pension insurance; 2) strengthen the institutional capacity to increase contributions' collection compliance and enforcement activities; 3) establish a non-banking financial institutions (NBFI) regulator; 4) train relevant staff in supervising, regulating and managing private pension schemes; and 5) create broad-based public support, as well as support from key Ukrainian policy-makers, trade unions, employers and the media. USAID also intends to continue supporting vulnerable population groups through the humanitarian assistance program. A significant shift in USAID support will be the emphasis on training a network of sustainable local social services NGOs, which will deliver humanitarian assistance. While some direct assistance will continue to be delivered to needy people, USAID is working with its implementing partner to phase out direct donor assistance to vulnerable groups within three years. During this time period, other U.S. NGOs delivering humanitarian assistance in the region will continue to receive technical assistance and advice from the project.

Planned FY 2003 Program: USAID plans to continue providing legal and regulatory support to policy-makers to assist the GOU to develop a pension system that is transparent, reliable, fiscally sound and sustainable. USAID anticipates that the administrative efficiency of the public pension system will be strengthened and plans to continue institutional capacity-building for the private pension industry. A public awareness campaign, funded by USAID, will continue to explain the complexities of pension reform development and implementation. Through its humanitarian assistance program USAID will enhance the ability of indigenous social services NGOs to provide humanitarian assistance.

Performance and Results: USAID support has helped the GOU to stabilize the current public pension system which provides benefits for 14 million pensioners, and lay the foundation for a private pension industry. Significantly, critical pension reform legislation, drafted with USAID assistance, passed the first reading in Parliament in November 2001. With USAID assistance, the GOU has completed the first phase of an automated personalized data collection process, which now maintains pension records for nearly 19 million workers. The development of software to issue social security certificates, similar to the U.S. social security card, has begun. The framework law authorizing the establishment of the NBFI regulator to supervise private pension funds, insurance

companies, credit unions, and mutual funds was passed in July 2001. In FY 2001, the USAID program contributed to the immediate relief needs of impoverished and vulnerable citizens through NGOs, medical, and other social service institutions. Much of this assistance was targeted to rural communities. In addition, selected governmental social service institutions were supported with equipment and supplies.

Principal Contractors, Grantees or Agencies: Planning and Development Collaborative International, Inc. (PADCO) implements the Pension Reform Implementation Project, Gavin Anderson implements the Public Education Program, and Counterpart International implements the Community and Humanitarian Assistance Program (CHAP).

US Financing in Thousands of Dollars

Ukraine

121-0340 Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies	FSA
Through September 30, 2000	
Obligations	29,448
Expenditures	24,193
Unliquidated	5,255
Fiscal Year 2001	
Obligations	2,568
Expenditures	5,537
Through September 30, 2001	
Obligations	32,016
Expenditures	29,730
Unliquidated	2,286
Prior Year Unobligated Funds	
Obligations	435
Planned Fiscal Year 2002 NOA	
Obligations	2,500
Total Planned Fiscal Year 2002	
Obligations	2,935
Proposed Fiscal Year 2003 NOA	
Obligations	2,650
Future Obligations	0
Est. Total Cost	37,601

PROGRAM DATA SHEET

USAID OPERATING UNIT: Ukraine
PROGRAM TITLE: Special Initiatives and Cross-Cutting Objectives (Pillar: All Pillars)
STRATEGIC OBJECTIVE AND NUMBER: Cross-Cutting Objectives, 121-0420
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $11,991,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $7,147,198 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $13,250,000 FSA
INITIAL OBLIGATION: FY 1999 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: USAID Special Initiatives and Cross-Cutting objectives include:

- preventing trafficking in persons and protecting and rehabilitating trafficking victims;
- increasing business and economic opportunities for Ukrainian women entrepreneurs
- increasing public understanding of and support for market reforms and benefits, including SME development, pension reform, privatization, enterprise restructuring, land titling;
- training Ukrainians in the U.S and in third countries in topics that reinforce the Mission's core group of reformers;
- promoting economic development in Kharkiv – Ukraine's second largest city – and its surrounding municipalities;
- facilitating Polish-Ukrainian partnerships in cross-border transfer of know-how in small business development, local governance, macroeconomic policy, and European integration;
- promoting the use of remote-sensing technologies and geographic information systems for assessing potential environmental dangers and managing risk; and the
- providing loans to small businesses and working with universities to strengthen economics education and research capabilities.

Inputs, Outputs, and Activities: *FY 2002 Program*: As part of the Anti-Trafficking Initiative, USAID will continue to fund seven regional Women-for-Women Trafficking Prevention Centers to provide job skills training, public awareness campaigns, legal consulting, crisis prevention help, hotline services, and medical and psychological referrals to trafficking victims USAID will also continue a small seed grants program to further strengthen the network of non-governmental organizations (NGOs) working on all aspects of the trafficking issue in Ukraine. Youth leadership camps to promote awareness and community leaders from the "at-risk group" will also continue next summer. Complementing the Anti-trafficking Initiative is the Women's Economic Empowerment project, which will continue to partially finance the Women's Business Service Centers (WBSCs). Operating in five regions, the WBSCs provide training women in business skills, grants to Ukrainian NGOs, develop advocacy among women entrepreneurs, provide access to micro finance through local credit unions, and study tours to Poland to observe successful SME ventures. USAID plans to establish a sixth WBSC in a region with a high incidence of potential trafficking victims.

FY 2002 funding for the "The Ukraine Reform Education Project", formerly the "Ukraine Market Reform Education Project (UMREP)", will go to broadcast and print public information programs which aim to clarify the complexities of transition topics such as media development, pension reform, SME licensing, anti-corruption efforts, and land privatization. Start-up financing to continue Ukrainian language programming of UMREP's successor, the Ukrainian NGO, Center for Ukrainian Reform Education (CURE), will allow CURE to bid for tenders and public education components of new and existing USAID-funded and private market-reform oriented activities. Funds for 2002 will also be directed to the launch of the follow-on activity for Global Training for Development - "Strategic Technical Assistance for Results in Training" (START). Ukrainian professionals will be provided with short-term practical hands-on training in all Strategic Objective areas such as economic growth, NGO and private enterprise development, agriculture, health, management and

public administration, and democracy and governance. New opportunities in local institutional capacity building and distance learning will be used.

Funds for the Kharkiv Partnership will be redirected from the long-term goal of encouraging large-scale investment to improving the foundations of economic development. USAID will provide techinical assistance and training to develop the capacity of smaller cities and their public officials to promote investment and SME growth opportunities. The Partnership will continue to sponsor study tours, and coordinate cooperation among USAID/USG and other donor activities in the Oblast.

USAID will provide $1 million for additional grants to further the advances of the Poland-America-Ukraine-Cooperation Initiative (PAUCI) to create sustainable cross-border links through grants to Polish-Ukrainian partnerships that provide for exchange of information and experience in SME development, local governance, and macroeconomic reform. The Ukrainian Land and Resources Management Center will emphasize developing policies for the sustainable use of natural resources, preservation of biological diversity and protected natural areas, communication and management of environmental health risks and prevention and response to human and man-made disasters.

Planned FY 2003 programs: Anti-trafficking programs, Kharkiv, public education, and ULMRC plan to continue at roughly the same activity levels as FY 2002. PAUCI could shift more resources into developing program evaluations of current cross-border activities to determine the viability of institutionalizing the organization into a tri-national foundation in 2004; while concentrating grant funds for projects dealing with the effect of Polish integration into the EU on Ukraine's civic and economic development.

Performance and Results: This Strategic Objective contributes to progress in the other 12 Strategic Objectives. In December 2001, the Government of Ukraine (GOU) adopted a new program to "Combat Trafficking in Humans" incorporating many observations raised through USAID technical assistance. In September 2001, the "Law Against Trafficking in Humans", was passed as Article 149 in Ukraine's New Criminal Code. Women's Economic Empowerment offered training to 813 women in five regions, 214 of whom opened new businesses and created 619 new jobs. The repayment rate for micro-loans was 100%. UMREP's education campaign on "land reform" was pivotal in making the rights and restrictions of new land code accessible to the average farmer. The Kharkiv Partnership completed the first sectoral and regional assessments of Kharkiv's investment potential and facilitated the creation of economic development offices and strategies in four small cities. PAUCI provided $2.3 million to over 51 organizations resulting in local municipalities allocating their budget reserves for continued Polish exchanges and establishing four Polish-Ukrainian regional business centers. Over 32 Polish-language laws and reports on Polish local self-governance, and macroeconomic reform have been translated into Ukrainian. ULMRC assisted the GOU in detecting and managing fires in the Chornobyl exclusion zone, flooding in Transcarpathia, the environmental health disaster in Ukraine's Pervomaisk district, and flood control in the Carpathian Mountains.

Principal Contractors, Grantees, or Agencies: Anti-Trafficking Initiative: Winrock International (prime), La Strada Ukraine (sub), International Office of Migration, Organization for Security and Cooperation in Europe, and International Narcotics and Labor (INL) (other donors). Women's Economic Empowerment: Winrock International (prime), Peace Corps and Soros (other agencies). START/Participant Training: Academy for Educational Development (AED). Ukraine Reform Education Project: Gavin Anderson (now CURE). Kharkiv Partnership: (Mendez-England Associates (prime), and all 23 regionally based contractors/grantees. PAUCI: Freedom House (prime). ULMRC: Environment Research Institute of Michigan (ERIM) (prime) and Eurasia Foundation.

US Financing in Thousands of Dollars

Ukraine

121-0420 Cross-Cutting Programs	ESF	FSA
Through September 30, 2000		
Obligations	1,394	84,438
Expenditures	1,394	76,383
Unliquidated	0	8,055
Fiscal Year 2001		
Obligations	0	11,051
Expenditures	0	9,100
Through September 30, 2001		
Obligations	1,394	95,489
Expenditures	1,394	85,483
Unliquidated	0	10,006
Prior Year Unobligated Funds		
Obligations	0	7,147
Planned Fiscal Year 2002 NOA		
Obligations	0	11,991
Total Planned Fiscal Year 2002		
Obligations	0	19,138
Proposed Fiscal Year 2003 NOA		
Obligations	0	13,250
Future Obligations	0	0
Est. Total Cost	1,394	127,877

Uzbekistan

The Development Challenge: Uzbekistan is the most populous of the Central Asian Republics (CARs) and is situated in the geographic heart of the region, bordered by the four other Central Asian countries, as well as Afghanistan. Uzbekistan has suddenly found itself on the frontline of the War on Terrorism and has assumed increased strategic importance to the stability of Central Asia. With its central location, fast growing population, a variety of natural resources, and a potential for a diversified economy, an open, prosperous Uzbekistan is central to economic growth in the region. Uzbekistan aspires to regional leadership and continues to be key in maintaining security in Central Asia. However, its leadership remains entrenched in a closed and stagnant political and economic system. The overall development challenge in Uzbekistan is to help build constituencies for political, economic and social change.

The unwillingness of the Government of Uzbekistan (GOU) to introduce market-oriented reforms in the financial sector continues to constrain economic development. In 2000, GDP grew by a mere 1.5%. The GDP per capita income is $488. Ten percent of the population is estimated to be unemployed, with another 20% underemployed. Inflation rose from 25% in 2000 to 35.5% in 2001. According to World Bank estimates, one-third of annual profits from small private enterprises is channeled as protection and bribes. The economy and infrastructure have declined each year since independence and will continue to do so without economic reform and new investment. As 2001 ends with the signing of a Staff Monitoring Agreement with the International Monetary Fund, there is guarded hope that the GOU may be ready to take steps toward market liberalization. Its authoritarian politics and state-controlled economy stymie meaningful transition, contribute to human rights violations and limit foreign investment.

> Authoritarianism and vested interests make reform a long-term effort in Uzbekistan. Given its strategic importance and deteriorating situation, USAID programs are expanding to pursue reform over the long term.

Newly appreciative of the vital role small enterprises play in the economy, the country's leadership is calling for greater growth of the small business sector. Nonetheless, citizens remain poorly informed and their participation in economic and political life restricted. Political opposition is not tolerated and interference with the independent media persists. Despite public statements from the highest levels of the GOU, promising legal and judicial reform and protection of the independent media, there is little tangible achievement. Freedom House has consistently ranked Uzbekistan as "not free", with the lowest degree of political freedom possible on the Freedom House scale. Nevertheless, progress does continue in building a vocal and effective NGO community, particularly at local levels.

Uzbekistan inherited Soviet-style water management systems, for which it has neither the financial resources nor management experience to adequately maintain or replace. Two successive years of drought have focused the need for improved water management in the upstream areas, as well as the need for new investments in providing potable water in order to have a positive impact on health and social conditions. The GOU shows considerable eagerness to cooperate with USAID and others to modernize this system as a first and essential step toward modernizing its state-controlled agricultural sector.

Uzbekistan's population is growing at 1.6%, and the infant mortality rate is 71.92 deaths per 1,000 live births. In Ferghana oblast,for example, 78% of women and children suffer from anemia. The GOU is committed to providing quality health services and is working with USAID and other donors to gradually shift the focus of the health care system from curative to preventive. Investment in education appears skewed to universities and technical schools, while primary education is impoverished.

THE USAID PROGRAM:
FY 2002 Estimate: $28.89 million *FY 2003 Request:* $31.50 million
$40.5 million FY 02 FSA Supplemental: Emergency Response Fund

To meet these challenges, the goal of USAID in Uzbekistan is to expand opportunities for citizens to participate, to increase their livelihoods and to improve quality of life. The Program Data Sheets provided below cover the four objectives for which USAID is requesting funds: primary health care, water resource management, democratic culture, and small enterprise, with cross cutting objectives in conflict mitigation, youth and education, gender, anti-corruption and rule of law. Supplemental funding from the War on Terrorism will be used for conflict mitigation by strengthening community development and improving access to health, water and employment opportunities especially in southern Uzbekistan. USAID will also advance conflict prevention and mitigation through media, education and public advocacy. The specific activities to be funded in FY 2002 and FY 2003 are described in more detail in the following Program Data Sheets.

On-going Programs for Which No FY 2002 or FY 2003 Funding is Requested: USAID is not requesting new funds, but is continuing to expend funds already appropriated for the following:

Number :	Title:	Last Notified:	Planned Completion:
122-0410	Special Initiatives	FY 02 CBJ. P. 768	FY 2002

OTHER PROGRAM ELEMENTS: In addition, USAID supports a number of institutional partnerships that seek to build lasting relationships between the U.S. and Uzbekistan. USAID takes advantage of several centrally-managed programs, including the agreement with the Centers for Disease Control and the Monitoring and Evaluation to Assess and Use Results (MEASURE)/Evaluation Program. The Office of Foreign Disaster Assistance has had a presence in Uzbekistan since October 2001. The Farmer-to-Farmer program managed by USAID's Bureau for Democracy, Conflict and Humanitarian Assistance is also active. The Eurasia Foundation has an active small grants program in education, small business, local government and civil society. The Departments of Commerce, Defense, Energy, Agriculture, and State also manage programs complementary to USAID field activities in various sectors.

OTHER DONORS: USAID is the largest bilateral donor and continues to strengthen its coordination with other donors through joint activities. The World Bank follows the U.S. lead, and is renewing attention to the Ferghana Valley and to the education sector. The World Bank continues its support to natural resource management issues through the Global Environmental facility and its large health sector reform loan, the latter implemented in conjunction with USAID's health care project. The Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD) are also large donors. The ADB supports programs in infrastructure and education and anticipates beginning a new program to establish credit unions. ADB invited USAID to join this effort through the provision of technical assistance, and is also initiating a micronutrient program aimed at addressing iodine and iron deficiencies. The EBRD has made loans for textile plants, energy, and small enterprise development. Several smaller but still significant donors have effective programs. The European Union focuses on agriculture, private business development, and training and is launching a social infrastructure program in the Surhandarya region. The United Nations, the Soros Foundation, and the Organization for Security and Cooperation in Europe (OSCE) fund training to improve civil society and collaborate well with USAID. The World Health Organization is providing support for tuberculosis control, also in cooperation with USAID and Project Hope. The Japan International Cooperation Agency is examining the feasibility of providing health and medical equipment to Karakalpakstan. The United Nations Development Program continues to work on microcredit and poverty alleviation.

Uzbekistan
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
Child Survival and Disease Programs Fund	0	700	0	0
FREEDOM Support Act	20,590	24,800	28,890	31,500
Emergency Response Fund – FSA/NIS	0	0	40,500	0
Total Program Funds	**20,590**	**25,500**	**69,390**	**31,500**

STRATEGIC OBJECTIVE SUMMARY				
122-0131 An Improved Environment for the Growth of Small and Medium Enterprises				
FSA	1,600	2,100	2,100	2,800
122-0161 Improved Management of Critical Natural Resources, Including Energy				
FSA	0	1,750	1,700	2,300
122-016X Emergency Response Fund - FSA/NIS				
FSA	0	0	18,000	0
122-0211 Strengthened Democratic Culture Among Citizens and Target Institutions				
FSA	2,000	2,950	4,000	5,400
122-0320 Increased Utilization of Quality Primary Health Care for Select Populations				
CSD	0	700	0	0
FSA	3,222	5,500	4,000	5,400
122-032X Emergency Response Fund - FSA/NIS				
FSA	0	0	15,000	0
122-0410 Special Initiatives				
FSA	1,378	0	0	0
122-0420 Cross-Cutting Programs				
FSA	1,200	2,598	2,750	3,900
122-042X Emergency Response Fund - FSA/NIS				
FSA	0	0	4,000	0
122-042Y Emergency Response Fund - FSA/NIS - Transfer				
FSA	0	0	3,500	0
Total Transfers	11,190	9,902	14,340	11,700

PROGRAM DATA SHEET

USAID MISSION: Uzbekistan
PROGRAM TITLE: Small and Medium Sized Enterprises (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: An Improved Environment for the Growth of Small and Medium Sized Enterprises; 122-0131
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $2,100,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $969,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $2,800,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program with Uzbekistan's small and medium sized enterprises (SMEs) has two major components:

- training, information access, and formal education opportunities in modern business skills; and
- providing more access to capital by building lender knowledge, strengthening banks, and creating more liquidity through new financial instruments and micro-credit.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID will continue activities that capitalize on the GOU's renewed interest in pursuing economic reforms. Supplemental Funds will allow for expanded microcredit activities to micro-entrepreneurs in the Ferghana Valley. Through the expansion of its Resource Network for Economics and Business Education (EdNet), USAID will give college students access to greater information and opportunities to succeed in the free market. USAID will also provide students with the opportunity to study graduate-level economics at the Kazakhstan Institute for Management and Economic Research. Less formal training courses in basic business skills will be offered to those involved in private enterprise, thereby providing businesses with targeted information and training that will help entrepreneurs and managers increase profit and expand their businesses.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATON OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID will expand targeted areas where its impact will be greatest. USAID will continue to make available teaching materials, training, research opportunities, and scholarships for Uzbekistani universities, businesses, regulators, and entrepreneurs. Through the expansion of its Resource Network for Economics and Business Education (RNEBE), USAID will give college students access to greater information and opportunities to succeed in the free market. USAID will also provide students with the opportunity to study graduate-level economics at the Kazakhstan Institute for Management and Economic Research. Less formal training courses in basic business skills will be offered to those involved in private enterprise, thereby providing businesses with targeted information and training that will help entrepreneurs and managers increase profit and expand their businesses.

Similarly, USAID will support the development of professional associations and advocacy groups; and business advisory services; and the expansion of regional trade promotion through an internet-based regional trade network. USAID will also create partnerships between short-term U.S. agricultural experts and Uzbek agri-businesses. In cooperation with the Israel's Center for International Cooperation (MASHAV), USAID will provide direct agribusiness consulting and training through agribusiness centers.

As another means to stimulate trade and reduce the potential for conflict, USAID will continue and expand the implementation of a large micro-credit activity that will provide a source of capital to micro-entrepreneurs in the Ferghana Valley. As a result, entrepreneurs will gain greater opportunities to expand their businesses, provide employment opportunities, and improve their communities' quality of life.

Performance and Results: Restrictive economic policies and the government's unwillingness to implement macroeconomic reform have severely limited USAID's ability to undertake meaningful reform. Despite the obstacles, USAID continued to increase access to modern business information and skills in FY 2001. Training to entrepreneurs and prospective accountants increased, and the RNEBE saw network membership grow to 34 universities in less than a year. Two Visiting International Professors (VIPs) delivered a host of modern business and economics courses to university students, helped develop the university departments of modern business principles and market economics, and trained 22 other professors (48% of whom were women) in the RNEBE business and economics summer program. Continued participation by these universities in the network will result in marked improvements in the economics and business curricula. Students' continued exposure to healthy market and business systems should bring change to Uzbekistan's way of doing business. USAID's newly implemented business advisory services also provided comprehensive assessments of 69 SMEs, offering them modern business advice and input for business strategies.

> With USAID help, seven regional accounting associations united as a single, national organization with a charter meeting international standards.

In accounting reform, seven regional accounting associations consolidated as a single, national organization with an internationally compliant charter. Once unified, this new group became a member of the International Council of Certified Accountants and Auditors (ICCAA). With members throughout Central Asia, Russia and Ukraine, ICCAA is establishing an internationally recognized education, examination and certification program for Russian speakers.

Through collaboration with the Eurasia Foundation, USAID made 15 grants totaling $290,000 to help entrepreneurs expand their businesses and to provide greater access to modern business information and tools, including $27,000 in support of micro-enterprise. In conjunction with Winrock's Farmer-to-Farmer program, Eurasia Foundation grants supported the development of an agro-enterprise incubator that will stimulate sound farming practices. Eurasia Foundation grants also supported the development of the Institute for SME Finance, where entrepreneurs can better understand and locate sources of risk capital financing.

Restrictive economic policies may continue to prohibit USAID from pursuing significant reforms. USAID assistance focuses primarily on training the next generation of managers and entrepreneurs so that they are equipped with the knowledge and skills to succeed in a healthy business environment and advocate for greater economic reform.

Principal Contractors, Grantees or Agencies: Carana Corporation, the Citizens Democracy Corps/MBA Enterprise Corps, Pragma Corporation, ACDI/VOCA, Eurasia Foundation, Winrock International.

US Financing in Thousands of Dollars

Uzbekistan

122-0131 An Improved Environment for the Growth of Small and Medium Enterprises	ESF	FSA
Through September 30, 2000		
Obligations	66	29,415
Expenditures	66	27,241
Unliquidated	0	2,174
Fiscal Year 2001		
Obligations	0	2,034
Expenditures	0	927
Through September 30, 2001		
Obligations	66	31,449
Expenditures	66	28,168
Unliquidated	0	3,281
Prior Year Unobligated Funds		
Obligations	0	969
Planned Fiscal Year 2002 NOA		
Obligations	0	2,100
Total Planned Fiscal Year 2002		
Obligations	0	3,069
Proposed Fiscal Year 2003 NOA		
Obligations	0	2,800
Future Obligations	0	0
Est. Total Cost	66	37,318

PROGRAM DATA SHEET

USAID MISSION: Uzbekistan
PROGRAM TITLE AND NUMBER: Energy and Water (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE: Improved Management of Critical Natural Resources, including Energy; 122-0161 & 122-016X
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,700,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $270,000 FSA; $18,000,000 FSA FY02 Supplemental: Emergency Response Fund
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $2,300,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: Uzbekistan consumes up to 65% of all water resources in Central Asia; the irrigated agricultural sector is by far the largest user within the country. This makes Uzbekistan the key nation in improving water management on all levels, including transboundary water cooperation. The focus of this program is to improve Uzbekistan's management of its water and energy resources. Major components of this program are:

- training for water and meteorological officials and managers;
- installation of sustainable, affordable models that demonstrate new, more efficient technology and management techniques for the water and related energy sectors;
- improving the policy and regulatory framework for management of water resources; and
- developing public commitment for better water management on the local user level.

Inputs, Outputs and Activities: *FY 2002 Program:* To improve resource efficiency and mitigate the potential for conflict over regionally shared resources, USAID will initiate transboundary activities that will include training, increased policy dialogue, and installation of sustainable energy and water management models. USAID will provide technical assistance on improving the capability of the Uzbek National Hydromet Service (NHS) to better collect, process and transmit critical water data as part of a regional program. Supplemental Funds will significantly increase work done on water management for a local water district and improve access to potable water in Karakalpakstan.

Supplemental Funds for Uzbekistan will expand water management activities. These include: 1) improved water flow management schemes for major river systems, irrigation districts, inter-farm systems, and individual farms; 2) strengthened water data processing and transmission systems; 3) additional on-site and national level training to support these demonstration models; and 4) expanded public outreach activities. These activities will further improve the environment for the policy reforms needed. The demonstration models will be strategically located in different regions and applied to varying hydrological and agricultural conditions to increase exposure of water sector managers and operators to new management concepts. An important aspect of the expanded program will be the integration or linkage of various demonstration models for flow management that are presently being pursued independently. Communication linkages will be established to ensure that management of water deliveries at the various operational levels (river basin, irrigation district, inter-farm network) are responsive to the needs of individual farmers. In addition, supplemental funding will be used to improve access to potable water for Uzbek citizens in the Karakalpakstan region. People there have suffered from the Aral Sea disaster and improving water quality is a major health and social issue.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATON OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: Water programs will continue to focus on improving the capability of the NHS to better collect, process and transmit critical water data as part of a regional program. Training and equipment will be provided for modeling of water runoff from snowmelt to facilitate

planning and water allocations. One meteorological station will be installed in the Ferghana Valley region for better collection of water and weather data. USAID will also fund an improved communication system to facilitate the flow of critical water information between water managers. Energy officials will be trained in data analysis to feed into the decision making for water allocation. This activity will also provide a stronger, more objective basis for Uzbek decision- and policy-makers with regard to sensitive transboundary water and energy agreements in cooperation with counterparts in other Central Asian nations and the Amu Darya and Syr Darya river basin management authorities.

The USAID funded Internet Center at the Tashkent Institute of Irrigation provides students, scientists and agriculture and water resource specialists with free and unrestricted access to information.

USAID will work with the Ministry of Agriculture to demonstrate more efficient on-farm water management practices. At the core are the water user groups who, using simple technology, can assess their water needs more accurately and communicate their needs to those that are allocating irrigation water. This demonstration, on the irrigation district level, includes upgrading of infrastructure and equipment to better determine needs, allocations, and control of irrigation water; computer training of water managers; and an improved communication system throughout the irrigation district.

Another demonstration in the Ferghana Valley region will increase the productivity of saline and water-logged soils through agro-forestry methods.

Educational resources are planned for the Oil and Gas Institute for students studying petroleum and geological sciences.

Performance and Results: Staff of the Uzbek NHS are full participants in the regional snowmelt runoff committee. They have begun collecting and processing water data for which USAID provided equipment and training. Water managers in the Paktaabad irrigation district are using the software, communications network, and training that USAID provided to allocate water within their irrigation district. The GOU has taken notice of the program and indicated willingness to reform water management policies. This will enable local water user groups take a more active role in water management and operation and maintenance. An active water reform dialogue is now underway between the U.S. Ambassador and Uzbek high level officials.

A USAID-funded Internet Center at the main university for hydrologists and irrigation engineers is in use. Through it, water managers and educators have access to the latest water information from around the world. The Tashkent Water Training Center has hosted several joint USAID/Canadian International Development Agency training courses for water managers in international water law, transboundary water management, and integrated water practices to improve irrigation efficiency.

By the completion date of the activity, water managers should have the necessary tools and training to better collect, communicate and process water data resulting in improved allocations and overall management of the resource. Also, water and energy agreements will be based more on objective data and standards, thereby mitigating their potential for conflict.

Principal Contractors, Grantees, or Agencies: PA Consulting is the prime contractor for the Natural Resources Management Program implementing water and energy activities, and Israel's Center for International Cooperation (MASHAV) is carrying out the biodrainage and activities.

US Financing in Thousands of Dollars

Uzbekistan

122-0161 Improved Management of Critical Natural Resources, Including Energy	FSA
Through September 30, 2000	
Obligations	825
Expenditures	777
Unliquidated	48
Fiscal Year 2001	
Obligations	1,480
Expenditures	0
Through September 30, 2001	
Obligations	2,305
Expenditures	777
Unliquidated	1,528
Prior Year Unobligated Funds	
Obligations	270
Planned Fiscal Year 2002 NOA	
Obligations	1,700
Total Planned Fiscal Year 2002	
Obligations	19,970
Proposed Fiscal Year 2003 NOA	
Obligations	2,300
Future Obligations	0
Est. Total Cost	24,575

US Financing in Thousands of Dollars

Uzbekistan

122-016X Emergency Response Fund - FSA/NIS	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	18,000
Total Planned Fiscal Year 2002	
Obligations	18,000
Proposed Fiscal Year 2003 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	18,000

PROGRAM DATA SHEET

USAID MISSION: Uzbekistan
PROGRAM TITLE: Democratic Culture and Institutions (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened Democratic Culture Among Citizens and Targeted Institutions; 122-0211
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $543,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $5,400,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen democratic culture among citizens and targeted institutions seeks to:

- strengthen civic and advocacy organizations and make them more sustainable;
- increase the availability of information on civic rights and domestic public issues; and
- increase opportunities for citizen participation in governance.

Inputs, Outputs, and Activities: *FY 2002 Program:* Assistance and results in the democracy sector in Uzbekistan are hampered by the difficult environment caused by government restrictions on civil and political liberties. While the security threat behind this clampdown is real, the lack of due process and the severity of restrictions on freedoms do not necessarily correlate to the threat. In this restrictive environment, USAID will continue focusing on citizen participation at the local level. As reported in previous congressional notifications, activities include strengthening Uzbekistan's network of civil society support centers (CSSCs), which provide training seminars, information resources, networking opportunities and professional services to non-governmental organizations (NGOs), community associations and media outlets. USAID will also continue targeting assistance to NGOs in sectors such as women's rights and the environment. A new three-year media initiative will improve access to and use of modern information technologies, provide journalism training, offer media management consultations, and provide direct legal support to media outlets and journalists. A production fund will encourage the generation and distribution of print and electronic information programs on a range of issues of public concern.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY2003 Program: USAID will continue to promote NGO collaboration with progressive local officials and *mahallas* (indigenous neighborhood councils) to resolve problems such as water supply, health care, and youth activities. USAID provides small grant awards to NGOs working on environmental and community issues in remote areas of Uzbekistan. USAID will design a follow-on program for NGOs that continues basic institution-building and grant support and places greater emphasis on civic and politically active NGOs. The civics education pilot will extend to 300 secondary schools and will be incorporated into pedagogical training for all secondary school teachers.

USAID's activities in judicial and legal reform will continue to move forward through assistance to the judges' association, bar association, and law student associations. Targeted assistance on gender legal issues is provided to the women's bar association and to a women's section of the judges' association through a USAID-supported gender liaison. USAID plans to focus its rule of law programs exclusively on judicial reform to build upon the government's recent progress in this area.

A USAID-funded women's legal rights program will continue training rural women and men on domestic violence and gender equality issues. USAID also supports Uzbek human rights defenders. USAID complements the work of the Eurasia Foundation in the area of legal reform, including grants to local organizations for legal literacy programs.

Performance and Results: Four new civil society support centers (CSSCs) were established this year for a total of seven throughout Uzbekistan. Support to Uzbek NGOs through this network and the corollary opportunities that it offers has shown a marked improvement in the legal environment in which NGOs work, as well as a rise in NGO advocacy and development. For example, a series of seminars and publication of commentary on the 1999 NGO law has eased the registration process for NGOs. Another result of USAID's work in this sector is the increased capacity for human rights NGOs, particularly those outside of Tashkent. A human rights NGO in Bukhara was even able to legally register this year.

> Women's Integrated Legal Literacy (WILL) trained 5,000 rural women and men on women's legal issues.

The ARMON Women's Center for Environmental Law, with USAID assistance, established an Environmental Public Advocacy Center (EPAC) in Uzbekistan this year. In the three months since EPAC started offering free legal consultations on environmental rights, more than 100 citizens have sought assistance. EPAC has assisted a group of citizens from Brichmulla, (the site of several Islamic Movement of Uzbekistan incursions), to plant safflower seeds along the Chervok Water Reserve. After obtaining approval from the local government, the citizen group purchased and planted the seeds, which will prevent further erosion from dust storms that currently plague the area. EPAC's efforts demonstrate the success of environmental advocacy as a tool to promote public participation and democratic practices.

Significant judicial reforms were instituted in the fall of 2001 with USAID assistance. The adoption of a new law on the Procuracy and the issuance of a decree by the Cabinet of Ministers removed two of Uzbekistan's largest obstacles to judicial independence, e.g., the prosecutorial right to suspend judicial judgments and the authority of the Ministry of Justice to appoint and remove judges.

Through USAID's media program, the first seminar for radio station directors in Uzbekistan was held, and five new independent stations opened this year. A weekly news exchange program called "ZAMON" produced by local stations and compiled by Internews now reaches 15 million potential viewers or 63% of the Uzbekistan population.

USAID's efforts in democracy and media serve cross-cutting efforts most apparent in gender where both the American Bar Association's gender liaison and the Women's Integrated Legal Literacy program address women's legal rights. Alumni of the legal literacy program's domestic violence training now serve in local governments. In the area of youth, some of the organizations supported through the CSSCs are youth-based or benefit youth. For example, the Uzbek NGO Orzu repaired and furnished three rooms of a local library where activities for disabled children are conducted. A club for parents of disabled children conducted lessons on the rights of the disabled for local school children, resulting in 15 students volunteering to work with the club's disabled children.

Principal Contractors, Grantees, or Agencies: Internews(grantee), American Bar Association/Central and East European Law Initiative (ABA/CEELI) (grantee), Winrock International (grantee), Freedom House (grantee), Counterpart International (grantee), the International Center for Not-for-Profit Law (ICNL) (subgrantee), Institute for Social Action and Renewal In Eurasia (ISAR) (grantee), Eurasia Foundation (grantee) and Academy for Educational Development (AED) (prime).

US Financing in Thousands of Dollars

Uzbekistan

122-0211 Strengthened Democratic Culture Among Citizens and Target Institutions	ESF	FSA
Through September 30, 2000		
Obligations	283	10,248
Expenditures	133	7,689
Unliquidated	150	2,559
Fiscal Year 2001		
Obligations	0	2,890
Expenditures	0	3,044
Through September 30, 2001		
Obligations	283	13,138
Expenditures	133	10,733
Unliquidated	150	2,405
Prior Year Unobligated Funds		
Obligations	0	543
Planned Fiscal Year 2002 NOA		
Obligations	0	4,000
Total Planned Fiscal Year 2002		
Obligations	0	4,543
Proposed Fiscal Year 2003 NOA		
Obligations	0	5,400
Future Obligations	0	0
Est. Total Cost	283	23,081

PROGRAM DATA SHEET

USAID MISSION: Uzbekistan
PROGRAM TITLE: Health and Population Program (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Improved Utilization of Quality Primary Health Care for Select Populations; 122-0320 & 122-032X
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $2,974,000 FSA; 15,000,000 FSA FY02 Supplemental: Emergency Response Fund
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $5,400,000 FSA
INITIAL OBLIGATION: FY1992 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen primary health care has four components:

- public awareness campaigns on personal health care rights and responsibilities;
- improving quality of care for new mothers, children and those with infectious diseases;
- reforming systems to devote more public health resources to primary health care; and
- updating legislative, regulatory and policy frameworks that are scientifically based and in line with international standards.

> USAID's introduction of cost-effective, transparent payment systems has nearly doubled funds available for primary health care in pilot sites.

Inputs, Outputs, and Activities: *FY 2002 Program:* New supplemental funds will allow USAID to dramatically expand activities in strengthening primary care, health education and sports, and infectious disease control and prevention, including HIV/AIDS. Geographically, USAID will continue to focus on the Ferghana Valley and will add Karakalpakstan and Sukhandarya Oblasts as key target areas. As reported in previous congressional notifications, USAID will support the Quality Primary Health Care Project to assist the Government of Uzbekistan to improve the financial sustainability, efficiency and quality of their health care systems, while preserving access. USAID is broadening primary health care development in Ferghana Oblast and will expand efforts to a neighboring oblast in 2002. The second national Demographic and Health Survey will be conducted in FY 2002 with a new set of questions on adult health and biomarkers for lead in children, sexually transmitted infections (STIs) in women and cholesterol in adults. USAID will begin support of a separate demographic and research analysis on the health consequences of the Aral Sea disaster.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID-funded public information campaigns will instruct parents in prevention of acute respiratory infection and diarrhea in children. This campaign will be presented in a culturally appropriate manner through theater presentations and other innovative approaches by health sector non-governmental organizations (NGOs). Quality of care will be addressed on several fronts: through retraining former specialists in family medicine; by initiating family medicine programs in medical schools; and through better training in reproductive health. USAID plans to promote reforms in health finance and health information systems, through which health care facilities will have better infrastructure and capacity to provide services. USAID partnership activities will upgrade emergency health services in Tashkent and Ferghana, and will train new groups of nurses in Ferghana.

USAID will support tuberculosis (TB) control activities by building capacity of local trainers and monitors to provide intensive Directly Observed Treatment, Short Course (DOTS) implementation. USAID will support TB laboratory training and electronic surveillance and blood safety. Two new

projects in applied epidemiology training and HIV/AIDS surveillance will also begin. USAID will continue a new HIV/AIDS prevention program, initiated in FY 2002, with a focus on condom social marketing, drug prevention and interventions for high-risk groups, especially intravenous drug users.

As in FY 2002, USAID will continue support to the development of seven health NGOs with the capacity to improve health care through participatory actions with communities and government.

Performance and Results: Surveys conducted before and after USAID's public information campaigns show that many more women are aware of the basic care of children with diarrhea. Such knowledge in the hands of mothers can save children's lives. Community-based organizations in the Ferghana Valley have attracted standing room only crowds to theater events reaching the entire family on topics like family planning, HIV/AIDS and STIs. USAID-supported community groups have also implemented clean water projects that reach almost 25,000 people. People now have access to primary health care clinics that have better resources to deliver care, as the funding for primary health care has nearly doubled in pilot sites through introduction of cost-effective, transparent payment systems.

The DOTS strategy for tuberculosis control is underway in five initial pilot sites. At the request of the GOU, USAID agreed to support DOTS implementation throughout the Ferghana Valley, reaching another 6.6 million people. In a show of commitment to the program, the GOU purchased $1 million worth of anti-TB drugs to support this expansion. USAID helped the GOU apply for funding from the Global Alliance Vaccines Initiative that will extend universal Hepatitis B immunization at birth over the next five years. A USAID-promoted comprehensive government order on viral hepatitis will abolish the unnecessary practice of mandatory hospitalization for viral hepatitis. USAID supported a study tour of government officials to a model Harm Reduction site in Lithuania; a Central Asian Condom Social Marketing Assessment and Workshop were conducted; and the Central Asian Initiative Conference on the Prevention of HIV/AIDS/STIs was held jointly with UNICEF and UNAIDS.

By December 2001, with USAID's support, all seven Uzbekistani health NGOs had received organizational development training and had developed long-term strategic plans. All completed community appraisals, which resulted in a community action grant for one of the NGOs.

The USAID-funded health partnership between Grady Health System and the Republican Center for Emergency Medicine in Tashkent and in Ferghana continued to focus on developing an efficient emergency care system. Under this partnership, these emergency care centers train mid-level health care and primary health care personnel. A separate partnership in nursing education was initiated this year with the Israeli Center for International Cooperation (MASHAV), through which two groups of nurses from Ferghana were trained in Israel, and nursing trainers worked in Ferghana.

In the past two years, USAID has become a leading force in health care reform and delivery in Uzbekistan, gaining the confidence and appreciation of key health officials and a wide range of partners in NGO and community organizations. With additional funds in FY 2002, USAID will expand these programs to new geographic areas and include new health priority programs.

PRINCIPAL CONTRACTORS, GRANTEES, OR AGENCIES: Abt Associates/ZdravPlus, American International Health Alliance (AIHA), the Centers for Disease Control and Prevention (CDC), Counterpart Consortium, Project HOPE, MASHAV, World Health Organization, Macro International, Soros Foundation, Population Services International and Medecins san Frontiers.

US Financing in Thousands of Dollars

Uzbekistan

122-0320 Increased Utilization of Quality Primary Health Care for Select Populations	CSD	FSA
Through September 30, 2000		
Obligations	0	10,237
Expenditures	0	6,146
Unliquidated	0	4,091
Fiscal Year 2001		
Obligations	700	5,659
Expenditures	0	3,196
Through September 30, 2001		
Obligations	700	15,896
Expenditures	0	9,342
Unliquidated	700	6,554
Prior Year Unobligated Funds		
Obligations	0	2,464
Planned Fiscal Year 2002 NOA		
Obligations	0	4,000
Total Planned Fiscal Year 2002		
Obligations	0	6,464
Proposed Fiscal Year 2003 NOA		
Obligations	0	5,400
Future Obligations	0	0
Est. Total Cost	700	27,760

US Financing in Thousands of Dollars

Uzbekistan

122-032X Emergency Response Fund - FSA/NIS	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	15,000
Total Planned Fiscal Year 2002	
Obligations	15,000
Proposed Fiscal Year 2003 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	15,000

PROGRAM DATA SHEET

USAID MISSION: Uzbekistan
PROGRAM TITLE AND NUMBER: Cross-cutting Programs (Pillar: All Pillars)
STRATEGIC OBJECTIVE: Cross-cutting Programs; 122-0420 & 122-042X
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $2,750,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,466,000 FSA; $4,000,000 FSA FY02 Supplemental: Emergency Response Fund
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $3,900,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: This cross-cutting program supports all of USAID's strategic objectives, and includes five main components:

- training and exchanges to support USAID's technical assistance programs in areas directly relevant to the transition to democracy and a free-market economy;
- Eurasia Foundation provides training and sub-grants to strengthen NGOs working in business education, civil society, and media;
- Conflict Mitigation Initiative, which includes the Community Action Investment Program (CAIP), to promote public dialogue, improves management of transboundary water resources and public health facilities, and increases education and other opportunities for youth; and
- Program development support for cross cutting evaluations, studies, and technical assistance.

Inputs, Outputs, and Activities: *FY 2002 Program:* Participant training will broaden its support for USAID's ongoing technical assistance in four strategic objective areas: improved environment for the growth of small and medium-sized enterprises, strengthened democratic culture, improved management of critical natural resources, and increased utilization of quality primary health care. More than 1,000 participants will be trained through participant training projects in Uzbekistan during FY 2002. Eurasia will expand upon their Ferghana Valley Initiative to provide targeted grants to increase dialogue and cross-border linkages in this conflict-prone region. Training, along with ongoing Eurasia Foundation grants, and new conflict mitigation and community action activities, will continue as detailed in previous congressional notifications.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID's participant training activity will place greater emphasis on more cost-effective in-country training programs, in addition to the training that takes place in the United States and third countries. Eurasia Foundation will continue to provide grants in three sectors (private enterprise, civil society, and public administration) on an open-door basis to NGOs in Uzbekistan.

Two new programs directed at mitigating sources of conflict in targeted Central Asian communities—namely, CAIP and the Conflict Mitigation Initiative—will introduce community participatory processes to help identify sources of conflict, prioritize investments in social infrastructure improvements, create several thousand new short-term and sustainable jobs (the majority of which will be for youth), and improve social services through new and repaired infrastructure. An example of activities under the Conflict Mitigation Initiative is the regional effort on transboundary and related cooperation. The goal is to promote best management practices, regional water and energy data storing, and the development of international agreements that meet international standards in order to reduce tensions over shared water resources.

Performance and Results: In FY 2001, USAID trained over 1,100 Uzbekistani citizens (approximately 50% were women) in the areas of enterprise and finance, democratic reform, and primary health care. The overall impact of USAID's training programs in these areas has been broad and deep. As a result of USAID funded training activities for oblast-level judges, a Committee of Women Lawyers was created and a new edition of the law on courts was adopted and a Law on Civil and Criminal Law came into effect on January 1, 2001. The Drug-Free Schools training seminar provided the impetus for the creation of a government-sponsored national effort to prevent drug abuse among Uzbekistani youth and instructed educators and physicians on practical and effective strategies to counsel and support youth in making healthy lifestyle choices. Over 9,000 students and servicemen have participated in the drug education campaign.

Eurasia Foundation made 21 grants to Uzbekistani NGOs in FY 2001, with an average grant size of nearly $19,000. Three-fourths of these grant funds supported private enterprise development, with the remainder targeting improvements in the areas of civil society and public policy and administration.

The Karakalpakstan branch of the Business Women's Association of Uzbekistan used their grant to provide legal-business training courses for hundreds of women entrepreneurs throughout Karakalpakstan and to expand membership and services. The knowledge and experience the Association gained helped the association successfully bid on a UNDP micro-credit contract. The association successfully worked with the UNDP and local government authorities to distribute small loans through a group-lending program. More than 1,000 people have benefited from the loans, and the association's credit portfolio has tripled.

The goal of USAID's training and exchange program is to train more citizens in the areas of primary healthcare, economics and civic education who will be able to create changes and support on going reforms. By the end of the three-year conflict mitigation activity, USAID will promote public dialogue, improve social services and infrastructure, e.g. potable water and irrigation, and increase opportunities for youth, thus reducing the potential for conflict in the Ferghana Valley and Southern Uzbekistan.

CAIP activities are scheduled to begin later in 2002. USAID expects CAIP to make meaningful contributions in 13 communities in the areas of conflict prevention, democratic process (especially community organizations and local governance), job creation, and improved social services (e.g., health clinics, schools, domestic water systems, and community centers).

Principal Contractors, Grantees or Agencies: The Academy for Educational Development is the principal contractor for participant training and exchanges. The Eurasia Foundation makes grants to NGOs in Central Asia. The implementers of the cooperative agreements for the Community Action Investment Program will be selected in January 2002, and individual activities under CAIP will begin in spring 2002. Activities under the transboundary water and energy cooperation are being implemented by PA Consulting.

US Financing in Thousands of Dollars

Uzbekistan

122-0420 Cross-Cutting Programs	ESF	FSA
Through September 30, 2000		
Obligations	112	15,107
Expenditures	112	11,065
Unliquidated	0	4,042
Fiscal Year 2001		
Obligations	0	1,500
Expenditures	0	3,420
Through September 30, 2001		
Obligations	112	16,607
Expenditures	112	14,485
Unliquidated	0	2,122
Prior Year Unobligated Funds		
Obligations	0	1,466
Planned Fiscal Year 2002 NOA		
Obligations	0	2,750
Total Planned Fiscal Year 2002		
Obligations	0	4,216
Proposed Fiscal Year 2003 NOA		
Obligations	0	3,900
Future Obligations	0	0
Est. Total Cost	112	24,723

US Financing in Thousands of Dollars

Uzbekistan

122-042X Emergency Response Fund - FSA/NIS	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	4,000
Total Planned Fiscal Year 2002	
Obligations	4,000
Proposed Fiscal Year 2003 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	4,000

Central Asian Republics Regional

The Development Challenge: The governments of all five Central Asian Republics[1] willingly supported the U.S. effort against terrorism in various ways. The effort appears to have engendered greater regional cooperation among these five competitive nations. Even Turkmenistan, which is generally reluctant to engage internationally, has been key to the Afghan humanitarian relief effort. The potential for the spread of Islamic radicalism is a major anxiety for the republics' leaders and has enabled them to justify human rights transgressions in the name of national security. Unfortunately, the three republics that border Afghanistan (Turkmenistan, Uzbekistan, and Tajikistan) have shown the least commitment to economic and political reform, and the war may create plausible excuses for them to regress even further in this regard.

Balancing repression in the name of stability and national security with democratization, human rights and economic growth is one of USAID's greatest challenges in this region. Overall, aspects of public civic action are taking hold to varying degrees in all five of the Central Asian republics, but real reform within the present authoritarian systems will be slow for some time yet. Likewise, while superficial economic reforms have taken hold in some republics, there is only a fledgling competitive business sector outside of the oligarchies. Income disparities and unemployment rates in the region have not decreased significantly. Social services, water and energy are taken very much for granted; cost-effectiveness and cost recovery are still foreign. Healthcare is an area where commitment to reform is growing. All five republics are making efforts to improve primary health care and are actively battling the rising incidence of tuberculosis, Hepatitis B, HIV/AIDS, and drug addiction.

The overall challenge in the region is to build broad-based economic and political systems through expanding opportunities for citizens, thus building longer-term stability in the region. Failure to implement these political, economic and social changes would ultimately result in radicalism and the exacerbation of social and ethnic tensions. Improving economic opportunities also involves cost-effective social services and natural resource management, especially in the critical water and energy sectors.

USAID is addressing these challenges primarily through its bilateral assistance programs in enterprise development, health, water, energy, and democracy. However, Central Asia's development challenges also require a regional response. For example, resurgence of infectious disease is a regional problem. A disease outbreak in one country frequently leads to the resurgence of this disease in neighboring countries. Region-wide drug trafficking, a serious problem in itself, also exacerbates HIV rates. Thus, coordinated regional efforts are needed to effectively deal with these threats. Water is a scarce resource throughout the region, and questions about its distribution and use are a potential source of conflict. Equitable distribution and use of this resource requires strengthening mechanisms for cooperation and coordination among all five Central Asian countries. The drought of the last few years has intensified the already critical issues concerning water use and allocation. The region is rife with impediments to free trade and marketing due to difficult border situations, and lack of sufficient progress in trade policy reform. A regional approach also enables the Central Asian countries to share lessons learned and information with their neighbors to promote improved business and economic opportunities, civil society and open media.

The USAID Program:

FY 2002 Estimate:	$7.9 million	*FY 2003 Request:*	$9.0 million
	$6.0 million Emergency Response Fund		

To meet these challenges, the goal of USAID in Central Asia is to expand opportunities for citizens

[1] Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan

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to participate, and to improve their livelihoods and quality of life. The Program Data Sheets provided below cover the ongoing four objectives for which USAID is requesting funds: primary health care; water and energy resource management; democratic culture and institutions; and small enterprise and trade. As noted above, USAID's regional objectives parallel and support the specific country objectives. FY 2002 funds will be used to implement the program described in the FY 2002 Congressional Budget Justification, including water management, infectious disease control, regional trade and conflict prevention (in the Ferghana Valley). USAID will also use current year funding to expand its cross-cutting initiative in conflict mitigation through community development and to explore opportunities in higher education, anti-corruption and rule of law. The specific activities to be funded by FY 2002 and FY 2003 appropriations are described in more detail in the following Program Data Sheets. USAID will use $3 million of the FY 2003 regional program request to fund new activities in conflict mitigation, while $5.1 million will fund ongoing efforts. $6 million in supplemental funds will be used for conflict prevention.

On-going Programs for Which No FY 2002 or FY 2003 Funding is Requested:

Number	Title	Last Notified	Completion Date
176-0150	More Economically and Environmentally Sustainable Energy Sector	FY02 CBJ, p. 805	FY 2002

Other Program Elements: The USAID mission also takes advantage of technical expertise available in the Centers for Disease Control, including its regional office in Almaty. Other country-specific programs in which USAID participates include the Global Training for Development Program, through which USAID trained over 5,000 Central Asians in primary health care, democratic reform, economic and business education, and enterprise and finance in FY 2001. The Farmer-to-Farmer program managed by the Office of Private and Voluntary Cooperation in the Bureau for Democracy, Conflict and Humanitarian Assistance, is active throughout Central Asia. USAID also takes advantage of the new Monitoring and Evaluation to Assess and Use Results (MEASURE)/Evaluation Program managed out of the Bureau for Global Health. The Departments of Commerce, Defense, Energy, Agriculture, and State also manage programs complementary to USAID field activities in various sectors.

Other Donors: Although there are many other donors in each of the specific republics of Central Asia, the United Nations Development Program (UNDP), European Union/Technical Assistance for the Commonwealth of Independent States (EU/TACIS) and World Bank have programs that are funded on a regional basis (as opposed to bilateral) programs. UNDP and EU/TACIS are working on customs and transportation; the World Bank is working on energy and water management. USAID is collaborating closely with the World Bank.

Central Asian Republics Regional
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
FREEDOM Support Act	4,500	7,566	7,900	9,000
Emergency Response Fund – FSA/NIS	0	0	6,000	0
Total Program Funds	4,500	7,566	13,900	9,000

STRATEGIC OBJECTIVE SUMMARY				
176-0131 Improved Environment for the Growth of Small and Medium Enterprises				
FSA	0	500	1,000	1,200
176-0150 A More Economic Sustainable and Environment Sound Energy Sector				
FSA	500	0	0	0
176-0161 Improved Management of Critical Natural Resources, Including Energy				
FSA	4,000	4,000	3,500	4,100
176-0211 Strengthened Democratic Culture among Citizens and Target Institutions				
FSA	0	0	500	600
176-0320 Increased Utilization of Quality Primary Health Care for Select Populations				
FSA	0	966	1,000	1,200
176-0420 Cross-Cutting Programs				
FSA	0	0	1,000	1,000
176-042X Emergency Response Fund - FSA/NIS				
FSA	0	0	6,000	0

Total Transfers	0	2,100	900	900

PROGRAM DATA SHEET

USAID MISSION: Central Asian Republics (CAR) Regional
PROGRAM TITLE: Small and Medium Sized Enterprises (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: An Improved Environment for the Growth of Small and Medium Sized Enterprises; 176-0131
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $30,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,200,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: At the regional level, USAID's Small and Medium Size Enterprises (SME) initiative will train present and future entrepreneurs in modern business skills and make business information more available.

Inputs, Outputs, and Activities:
FY 2002 Program: USAID will continue its business education activities to address the lack of a thriving competitive business sector in Central Asia by helping fill the gap in the region's economic and business education and information systems. USAID plans to continue its current program with high school students to better prepare them for rigorous university-level economics courses. USAID will supplement Europe and Eurasia Bureau funding in an effort to develop and strengthen the Junior Achievement International member nations throughout Central Asia to promote self-sustaining economics and business programs. Illustrative activities include after-school and summer camp programs where students not only learn how businesses function, but also learn about the structure of a free enterprise system.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID will continue this initiative through work with high schools, universities, and private entrepreneurs. USAID plans to continue its current program with high school students to better prepare them for rigorous university-level economics courses. USAID will supplement Europe & Eurasia Bureau funding in an effort to develop and strengthen the Junior Achievement International member nations throughout Central Asia to promote self-sustaining economics and business programs. Illustrative activities include after-school and summer camp programs where students not only learn how businesses function, but also learn about the structure of a free enterprise system.

USAID will also support the licensing and translation of business and accounting textbooks that will be incorporated into university and adult education curricula throughout Central Asia. The accounting textbooks, which include topics such as accounting principles and managerial accounting, are crucial to successfully implementing a global model accounting curriculum to which a number of nations have either committed or expressed interest.

> With USAID assistance, eight Central Asian accounting associations founded the International Council of Central Asian Accountants and have begun a regional education, examination and certification program.

Additionally, drawing on synergies with the regional trade promotion component of its SME Development project, USAID will facilitate communication, collaboration, and sustainable partnerships among Central Asian SMEs through an internet-based regional trade network. This technology will enable enterprises to locate potential

customers, vendors, and other business partners in the region.

Performance and Results: These activities remain in the early stages of implementation; therefore no substantial results have been achieved. When further underway, each of these activities will provide entrepreneurs, managers and citizens with the critical knowledge, information and skills necessary to succeed in a market economy.

Principal Contractors, Grantees or Agencies: Junior Achievement International (grantee), Carana Corporation (prime contractor), Pragma Corporation (prime contractor).

US Financing in Thousands of Dollars

Central Asia Regional

176-0131 Improved Environment for the Growth of Small and Medium Enterprises	FSA
Through September 30, 2000	
Obligations	4,660
Expenditures	4,585
Unliquidated	75
Fiscal Year 2001	
Obligations	470
Expenditures	11
Through September 30, 2001	
Obligations	5,130
Expenditures	4,596
Unliquidated	534
Prior Year Unobligated Funds	
Obligations	30
Planned Fiscal Year 2002 NOA	
Obligations	1,000
Total Planned Fiscal Year 2002	
Obligations	1,030
Proposed Fiscal Year 2003 NOA	
Obligations	1,200
Future Obligations	0
Est. Total Cost	7,360

PROGRAM DATA SHEET

USAID MISSION: Central Asian Republics
PROGRAM TITLE AND NUMBER: Energy and Water (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE: Improved Management of Critical Natural Resources, including Energy; 176-0161
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $3,500,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $618,497 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $4,100,000 FSA
INITIAL OBLIGATION: FY 2000 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The shared use of water for irrigation, livelihood and electric generation is one of the most difficult challenges faced by the Central Asian Republics. Because of this, USAID plans to focus on improving the management of regional water and energy resources. The major components of this program are:

- training for water, energy, and meteorological officials and managers;
- installation of sustainable, affordable system models that demonstrate new and more efficient technology and management techniques;
- improvement and strengthening of regional and international water and energy agreements; and
- development and building of public commitment to sustainable natural resource management policies and practices.

Inputs, Outputs and Activities:

FY 2002 Program: To improve resource efficiency and mitigate the potential for trans-boundary conflict over shared resources, USAID will initiate trans-boundary activities that will include training, increased policy dialogue, and installation of sustainable energy and water management models. USAID will focus on improving the capability of the separate National Hydromet Services (NHSs) to better collect, process and transmit critical water data as part of a regional program. Meteorological stations will be installed for better collection of water and weather data. USAID will also fund an improved communication system that will facilitate the flow of critical water information between Central Asian water managers.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: Water programs will focus on improving the capability of the separate National Hydromet Services (NHSs) to better collect, process and transmit critical water data as part of a regional program. Assistance will take the form of improved equipment and training programs for modeling of water runoff from snowmelt in order to facilitate planning and water allocations. In support of the activity, USAID will install four meteorological stations in different critical regions for better collection of water and weather data. USAID will also fund an improved communication system that will facilitate the flow of critical water information between water managers. This activity will also provide a stronger, more objective basis for decision- and policy-makers with regard to sensitive trans-boundary water and energy agreements between the Central Asian Republics and with the Basin Management Authorities for the Amu Darya and Syr Darya Rivers.

USAID will also demonstrate on-farm water management practices in four of the five Central Asian republics, whereby local water user groups, using simple technology, can assess their water needs more accurately and communicate their needs to those that are allocating irrigation water. This will include infrastructure repair to existing canals, some basic automation and communication, and training in more efficient general practices.

Performance and Results: The drought of the past few years has intensified the already critical issues concerning water use and allocation. USAID has played a key role in encouraging dialogue and data-based decision-making as a way to settle trans-boundary issues. USAID has also helped water policymakers ensure that their agreements meet international standards and has provided an objective basis for decision-making through activities in forecasting snowmelt runoff. Staff of all five of the National Hydromet Services are full participants in the Regional Snowmelt Runoff Committee that meets semi-annually to improve water allocations for the region. They have begun collecting and processing water data for which USAID has provided equipment and training. As a result of a USAID/Canadian Agency for International Development- funded regional Water Training Center, water managers throughout the region are more knowledgeable about sustainable water policies and practices. Water officials and managers are better acquainted with international water law, trans-boundary water management, and integrated water practices to improve irrigation efficiency.

> In FY 2001, USAID's programs brought together over 350 participants representing all Central Asian nations to work on regional natural resource issues. Training and seminars help ensure that managers and policymakers continue open dialogue and work together on technical issues related to natural resource management.

Water and energy pilot demonstration models, along with training and public outreach, are now underway in the region. When completed, they will provide managers and policymakers with more transparent, efficient and sustainable means to utilize the region's natural resources. Work with the National Hydromet Services will result in a region-wide system of water data collection and exchanges leading to a fairer and more transparent system of planning and allocation.

Principal Contractors, Grantees, or Agencies: PA Consulting (prime)

US Financing in Thousands of Dollars

Central Asia Regional

176-0161 Improved Management of Critical Natural Resources, Including Energy	FSA
Through September 30, 2000	
Obligations	11,121
Expenditures	6,808
Unliquidated	4,313
Fiscal Year 2001	
Obligations	4,043
Expenditures	1,217
Through September 30, 2001	
Obligations	15,164
Expenditures	8,025
Unliquidated	7,139
Prior Year Unobligated Funds	
Obligations	618
Planned Fiscal Year 2002 NOA	
Obligations	3,500
Total Planned Fiscal Year 2002	
Obligations	4,118
Proposed Fiscal Year 2003 NOA	
Obligations	4,100
Future Obligations	0
Est. Total Cost	23,382

PROGRAM DATA SHEET

USAID MISSION: Central Asian Republics
PROGRAM TITLE: Democratic Culture and Institutions (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened Democratic Culture Among Citizens and Targeted Institutions; 176-0211
STATUS: Continuing
PLANNED FY2002 OBLIGATION AND FUNDING SOURCE: $500,000 FSA
PROPOSED FY2003 OBLIGATION AND FUNDING SOURCE: $600,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program to strengthen democratic culture among citizens and targeted institutions seeks to:

- create stronger and more sustainable civic organizations;
- increase the availability of information on civic rights and domestic public issues;
- increase opportunities for citizen participation in governance; and
- strengthen local government as both democratic and service providing institutions.

Inputs, Outputs, and Activities: *FY 2002 Program:* USAID's regional program in Democratic Culture and Institutions will build on NGO successes seen throughout Central Asia through continued legal and institutional assistance to this growing community. USAID will also continue to facilitate opening doors for citizen participation and advocacy and for freedom of speech. In the major new activity foreseen in FY 2002, the Israeli foreign aid agency MASHAV will provide training both locally and in Israel for women and men to learn to build community awareness of issues (such as domestic violence, unemployment and alcoholism) that contribute to the gender gap in Central Asia.

> A USAID-sponsored regional conference brought together 150 representatives of Central Asian NGOs, international organizations, businesses and governments to discuss effective governance mechanisms for NGOs. Concepts such as boards of directors, systems of oversight and executive committees were introduced to participants to incorporate these new concepts into their own organizations' planning and follow-up activities.

Planned FY 2003 Program: The Local Government Strategic Objective currently being implemented only in Kazakhstan and Kyrgyzstan, will be merged with the Democratic Culture and Institutions Strategic Objective. With regional funds, USAID's democracy efforts will begin to include other Central Asian countries in training to local governments and other public institutions to lay the groundwork for future more comprehensive programs.

Also in FY 2003, USAID will help develop stronger and more sustainable civic organizations through a network of civil society support centers which provide training seminars, technical support, information resources, wider networking opportunities, and professional services to NGOs and associations throughout Central Asia. In an increasingly difficult environment for the region's independent media, USAID will preserve and widen citizens' access to information through its support of the three-year Internews media and information initiative.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Performance and Results: FY 2001 saw some impressive movement with regard to NGO performance in the region. Advocacy encouraged through USAID's Civil Society Support Centers saw to key legislative changes across the region, including a new NGO Law in Kazakhstan, a more open parliamentary committee process in Tajikistan, and amendments to local self-government

legislation in Kyrgyzstan. Although historically USAID's assistance in this area has not been through regional mechanisms, assistance at this level could open a broader spectrum for success. MASHAV activities will begin later in FY 2002.

Principal Contractors, Grantees, or Agencies: Internews, American Bar Association/Central and East European Law Initiative, National Democratic Institute, International Foundation for Electoral Systems, Counterpart International, International Center for Not-for-Profit Law (subgrantee), The Eurasia Foundation, International Organization for Migration, and Initiative for Social Action and Renewal in Eurasia .

US Financing in Thousands of Dollars

Central Asia Regional

176-0211 Strengthened Democratic Culture among Citizens and Target Institutions	AEEB	FSA
Through September 30, 2000		
Obligations	200	2,417
Expenditures	0	2,417
Unliquidated	200	0
Fiscal Year 2001		
Obligations	0	0
Expenditures	200	0
Through September 30, 2001		
Obligations	200	2,417
Expenditures	200	2,417
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2002 NOA		
Obligations	0	500
Total Planned Fiscal Year 2002		
Obligations	0	500
Proposed Fiscal Year 2003 NOA		
Obligations	0	600
Future Obligations	0	0
Est. Total Cost	200	3,517

PROGRAM DATA SHEET

USAID MISSION: Central Asian Republics
PROGRAM TITLE: Health and Population Program (Pillar: Global Health)
STRATEGIC OBJECTIVE AND NUMBER: Increased Utilization of Quality Primary Health Care for Select Populations; 176-0320
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $1,767,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,200,000 FSA
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: USAID's program of training, technical assistance and outreach to strengthen primary health care has four components:

- public awareness campaigns on personal health care rights and responsibilities;
- improving quality of care for new mothers, children and those with infectious diseases;
- reforming systems to devote more public health resources to primary health care; and
- updating legislative, regulatory and policy frameworks that are scientifically based and in line with international standards.

Inputs, Outputs, and Activities: *FY 2002 Program*: Regional funds for Strategic Objective 3.2 will continue to support activities that cut across our specific country programs and involve health professionals from all five Central Asian Republics. Because of the regional nature of the drug trafficking and HIV/AIDS problems, USAID is using regional funds to support two new HIV/AIDS initiatives: an education and information program and a program of preventive interventions with high-risk groups, including intravenous drug users. These prevention activities will be fully operational and active across the region in FY 2003.

> Drug trafficking in Central Asia is a major cause of a rapid rise in HIV incidence.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: Because of the regional nature of the drug trafficking and HIV/AIDS problems, USAID has used regional funds to support two new HIV/AIDS initiatives: an education and information program and a program of preventive interventions with high-risk groups, including injecting drug users. These prevention activities will be fully operational and active across the region in FY 2003.

USAID will also continue to fund regional workshops and conferences related to infectious disease, health reform and other major elements of our health assistance program. In a newly initiated Centers for Disease Control and Prevention (CDC) Field Epidemiology Training Program, epidemiologists from the five Central Asia countries will be trained through a two-year program of both didactic instruction at the School of Public Health in Almaty and actual field investigations in their countries. This will be the first time that field investigations will be conducted in the former Soviet Union.

Performance and Results: USAID only recently initiated its HIV/AIDS prevention program. The obligation to CDC was also made very recently. There are no results to report at this time.

Principal Contractors, Grantees, or Agencies: Abt. Associates, American International Health Alliance, Centers for Disease Control and Prevention, Counterpart Consortium, Project HOPE, World Health Organization, Soros Foundation, and Population Services International.

US Financing in Thousands of Dollars

Central Asia Regional

176-0320 Increased Utilization of Quality Primary Health Care for Select Populations	CSD	FSA
Through September 30, 2000		
Obligations	0	18
Expenditures	0	18
Unliquidated	0	0
Fiscal Year 2001		
Obligations	500	6,000
Expenditures	50	0
Through September 30, 2001		
Obligations	500	6,018
Expenditures	50	18
Unliquidated	450	6,000
Prior Year Unobligated Funds		
Obligations	0	1,767
Planned Fiscal Year 2002 NOA		
Obligations	0	1,000
Total Planned Fiscal Year 2002		
Obligations	0	2,767
Proposed Fiscal Year 2003 NOA		
Obligations	0	1,200
Future Obligations	0	0
Est. Total Cost	500	9,985

PROGRAM DATA SHEET

USAID MISSION: Central Asian Republics Regional
PROGRAM TITLE AND NUMBER: Cross-cutting Programs (Pillar: All Pillars)
STRATEGIC OBJECTIVE: Cross-cutting Programs; 176-0420 & 176-042X
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,000,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $6,000,000 FSA FY02 Supplemental: Emergency Response Fund
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,000,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The cross-cutting Central Asian Republic regional program provides evaluations, studies, and program management in support of USAID's Community Action Investment Program (CAIP), which will improve community participation in social infrastructure projects in targeted communities of all Central Asian countries.

Inputs, Outputs, and Activities: *FY 2002 Program:* CAIP will be initiated, as per a previous congressional notification. Underway is the Peaceful Communities Initiative (CPI), through which some early visible conflict prevention activities have been initiated in the Ferghana Valley: a youth basketball league, multi-ethnic youth sports programs in the newly established condominiums, and a training manual for water users' associations.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: The CAIP program plans to promote broad-based citizen dialogue and participation in community development activities, with an overall goal of reducing the potential for violent conflict in target communities of each Central Asian Republic. CAIP will introduce community participatory processes to help identify priority investments in social infrastructure improvements, create several thousand new short-term and sustainable jobs (the majority of which will be for youth), and improve social services through new and repaired infrastructure.

Activities aimed at conflict mitigation through community-level work are the focus of regional cross cutting initiatives for FY 2002 and FY 2003.

Performance and Results: Activities under this component will not begin until FY 2002, so there are no results to report to date. USAID expects CAIP to make meaningful contributions in the areas of conflict prevention, democratic process (especially community organizations and local governance), job creation, and improved social services (e.g., health clinics, schools, domestic water systems, and community centers) in 60 to 80 communities throughout Central Asia.

Principal Contractors, Grantees, or Agencies: To be selected in January 2002. Activities under the trans-boundary water and energy cooperation are being implemented by PA Consulting.

US Financing in Thousands of Dollars

Central Asia Regional

176-0420 Cross-Cutting Programs	FSA
Through September 30, 2000	
Obligations	5,164
Expenditures	5,164
Unliquidated	0
Fiscal Year 2001	
Obligations	2,100
Expenditures	0
Through September 30, 2001	
Obligations	7,264
Expenditures	5,164
Unliquidated	2,100
Prior Year Unobligated Funds	
Obligations	6,000
Planned Fiscal Year 2002 NOA	
Obligations	1,000
Total Planned Fiscal Year 2002	
Obligations	7,000
Proposed Fiscal Year 2003 NOA	
Obligations	1,000
Future Obligations	0
Est. Total Cost	15,264

US Financing in Thousands of Dollars

Central Asia Regional

176-042X Emergency Response Fund - FSA/NIS	FSA
Through September 30, 2000	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2002 NOA	
Obligations	6,000
Total Planned Fiscal Year 2002	
Obligations	6,000
Proposed Fiscal Year 2003 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	6,000

The Development Challenge

Progress on democratic transition and economic restructuring in Eurasia is taking longer in comparison to Europe, bearing witness to the difficulties of implementing the fundamental changes required in this sub-region. Although each of the Eurasian countries is changing at its own pace, overall, key economic and political institutions are still being developed and corruption is widespread. In too many cases, these societies are polarized between a few wealthy beneficiaries of transition and a great number of people who have been unable to access the benefits of reform. At the same time, social services are woefully insufficient, adding to the burden of common citizens. The turmoil and pain resulting from incomplete reforms have discouraged citizens and led many to long for the certainty of the old Soviet days.

Fundamental challenges in Eurasia include: a) rampant corruption; b) weak or non-existent legal infrastructure including inconsistent application of the rule of law; c) non-competitive industries; d) inefficient financial systems; e) lack of a stable environment for private investment and efficient market development in energy; and f) overextended and inefficient health systems and the impending epidemic of HIV/AIDS. In addition, the Eurasian economies remain relatively autarchic, with relatively few trade and investment ties to countries outside the region

USAID's challenge is to stay the course with the Eurasian countries and encourage and support reformers at all levels of society. Our country strategies are tailored to meet the particular needs and foreign policy interests of the United States in a specific nation. Regional programs address cross-border issues and help to forge substantive linkages among the organizations and people of these nations as well as with reformers in the European transition countries. Regional programs help to break through the isolation many of the Eurasian countries continue to experience.

The USAID Program

FY 2002 Estimate: $61.181 million FY 2003 Request: $58.0 million

Estimated FY 2002 regional resources, and requested FY 2003 regional resources include both USAID-managed funds and transfers of $40.981 million and $38 million, respectively. USAID's regional budget is $18.2 million in FY 2002 and $18 million in FY 2003. Regional budget funds are used to fill gaps in bi-lateral programs, fund directives and special initiatives that country budgets cannot, implement cross-border or truly regional activities, and foster dissemination of lessons learned across the region.

Regional funds are used to provide E&E specific technical assistance in energy, whose complex technical issues are closely intertwined with the politics of the region. The regional program also helps address problems that cross borders, such as health and environment. Activities under the economic restructuring area encompass those directed at anti-corruption, agro-industry competitiveness, micro-enterprise development, financial sector and fiscal reform, energy cooperation and trade, and environmental management. Activities under the democracy and governance rubric include those in civil society, the rule of law and judicial strengthening, and local government. Activities under social transition encompass efforts on conflict prevention, HIV/AIDS, humanitarian response, health promotion, health care access, infectious disease control, social sector assessment and program design services, and regional review of social safety net issues. Cross-cutting

support will also be provided through participant training, information technology development, and program evaluation, assessment, and support.

On-Going Programs for Which No FY 2002 or FY 2003 Funding is Requested: Instead of maintaining the regional privatization strategic objective, the remaining small activities on accounting reform and for corporate governance have been consolidated under the fiscal reform strategic objective.

Number:	Title:	Last Notified:	Planned Completion:
110-0110	Increased Transfer of State-Owned Assets to the Private Sector	FY02 CBJ, p. 821	FY 2002
110-0410	Special Initiatives	FY02 CN, Dec. 2001	FY 2002

Eurasia Regional
PROGRAM SUMMARY
(in thousands of dollars)

Accounts	FY 2000 Actual	FY 2001 Actual	FY 2002 Estimated	FY 2003 Request
Child Survival and Disease Programs Fund	0	550	0	0
FREEDOM Support Act (Includes Caucasus Regional)	52,637	67,884	61,181	58,000
Total Program Funds	52,637	68,434	61,181	58,000

STRATEGIC OBJECTIVE SUMMARY				
110-0110 Increased Transfer of State-Owned Assets to the Private Sector				
FSA	684	936	0	0
110-0120 Increased Soundness of Fiscal Policies and Fiscal Management Practices				
FSA	279	447	1,079	1,079
110-0130 Accelerated Development and Growth of Private Enterprise				
FSA	2,542	1,602	1,192	1,192
110-0140 A More Competitive and Market Responsive Private Financial Sector				
FSA	1,361	1,392	500	500
110-0150 A More Economically Sound and Environmentally Sustainable Energy System				
FSA	54	822	775	775
110-0160 Increased Environmental Management Capacity to Support Sustainable Economic Growth				
FSA	2,545	2,166	1,453	1,453
110-0210 Increased Better-Informed Citizens' Participation in Political and Economic Decision-Making				
FSA	803	739	875	875
110-0220 Legal Systems that Better Support Democratic Processes and Market Reforms				
FSA	300	827	950	950
110-0230 More Effective, Responsive and Accountable Local Governance				
FSA	409	724	1,098	1,098
110-0310 Strengthened Humanitarian Responses to Crises				
FSA	95	219	170	170
110-0320 Increased Health Promotion and Access to Quality Health Care				
CSD	0	550	0	0
FSA	2,848	3,946	4,492	4,492
110-0340 Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies				
FSA	225	572	510	510
110-0410 Special Initiatives				
FSA	1,500	100	0	0
110-0420 Cross-Cutting Programs				
FSA	3,323	5,342	5,106	4,906
123-0310 Strengthened Humanitarian Response to Crises				
FSA	2,000	4,000	2,000	2,000
Total Transfers	33,669	44,050	40,981	38,000

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe and Eurasia (Eurasia Regional)
PROGRAM TITLE: Fiscal Reform (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Increased Soundness of Fiscal Policies and Fiscal Policy Management, 110-0120
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,079,050 FSA
PRIOR YEAR UNOBLIGATED FUNDS AND FUNDING SOURCE: $393,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,079,050 FSA
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY2004

Summary:

- Technical assistance to national governments to improve budget management, tax collection, customs management and tax reform
- Support to regional accounting association to increase adherence to international accounting standards
- Technical support to develop regional approaches to anticorruption
- Support to regional associations to improve corporate governance

Inputs, Outputs and Activities: *FY 2002 Program*: Technical assistance in budget management, tax reform and tax collection will be provided to national governments in the region through regional seminars developed and executed in a cost-sharing arrangement with the Organization of Economic Cooperation and Development (OECD). The seminars will use a case study format to maximize their value. Support to regional accounting association, in partnership with the OECD, will continue by providing this organization with assistance in formalizing its status, including developing a charter, establishing membership standards, and providing technical input for periodic conferences.

Technical support to reduce corruption will be provided through one half-time senior expert, who will provide technical input to existing and new USAID programs. New and existing economic growth programs will begin to integrate anti-corruption best practices into program design and structure. Support to improve corporate governance will take several forms. USAID will continue to work with the Center for International Private Enterprise (CIPE) in developing sub-regional networks of business groups and policy organizations that are advocating for improved corporate governance. These networks will increase their ability to dialogue through regional corporate governance roundtables, which will be implemented by the OECD. Dialogue between national governments and network members will be supported by national corporate governance assessments that will be completed under a cost-sharing arrangement with the World Bank.

Given the substantial progress achieved in the area of privatization, regional programs supporting the development of regional accounting associations and corporate governance have been shifted in support of enhanced fiscal policies and financial management practices, as outlined above.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL RENOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

FY 2003 Program: Support to regional accounting association, in partnership with the OECD, will continue to ensure that they continue operations with their current structure, and provide technical input for periodic conferences. The Eurasia Federation of Accountants and

Auditors is expected to attain financial sustainability in FY 2003. Technical support to reduce corruption is planned. New and existing economic growth programs will begin to integrate anti-corruption best practices into program design and structure.

Support to improve corporate governance is expected to take several forms. USAID will continue to work with CIPE in developing sub-regional networks of business groups and policy organizations that are advocating for improved corporate governance. These networks will increase their ability to dialogue through regional corporate governance roundtables, implemented by the OECD. Dialogue between national governments and network members will be supported by national corporate governance assessments that should be completed by the World Bank. The World Bank is expected to contribute approximately a third of the value of the effort.

Performance and Results: In the area of corporate governance, national initiatives are under way for increasing local capacity to advocate for improved corporate governance. Regionally funded roundtables addressing corporate governance issues have been highly successful, and have been expanded through Mission funding contributions.
In the area of accounting reform, the Eurasia Federation of Accountants and Auditors has been recognized by the international accounting community. It is currently validating its charter and establishing membership standards.

Major Contractors and Grantees: USAID will support this regional program in collaboration with the following grantees: Center for International Private Enterprise; Organization for Economic Cooperation and Development; and the World Bank.

US Financing in Thousands of Dollars

Eurasia Regional

110-0120 Increased Soundness of Fiscal Policies and Fiscal Management Practices	FSA
Through September 30, 2000	
Obligations	1,626
Expenditures	1,262
Unliquidated	364
Fiscal Year 2001	
Obligations	248
Expenditures	409
Through September 30, 2001	
Obligations	1,874
Expenditures	1,671
Unliquidated	203
Prior Year Unobligated Funds	
Obligations	393
Planned Fiscal Year 2002 NOA	
Obligations	1,079
Total Planned Fiscal Year 2002	
Obligations	1,472
Proposed Fiscal Year 2003 NOA	
Obligations	1,079
Future Obligations	0
Est. Total Cost	4,425

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM TITLE: Private Enterprise Development (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Accelerated Development and Growth of Private Enterprises, 110-0130
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $1,192,000 FSA
PRIOR YEAR UNOBLIGATED FUNDS AND FUNDING SOURCE: $2,152,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,192,000 FSA
INITIAL OBLIGATION: FY 1996 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: This regional program provides technical leadership for the Bureau's enterprise development work across the transition countries of Eurasia in the following services:

- Technical advice in micro, small and medium enterprise development
- Regional guidance on best practices for successful commercial law reform
- Promotion of a regional approach to harmonizing competition policies and regulatory frameworks
- Encouragement of food industry cluster formation, competition and trade on a regional basis

Inputs, Outputs and Activities: *FY 2002 Program*: For FY 2002, The principal regional activities receiving attention in FY 2002 will promote competitiveness, commercial law reform, micro, small and medium enterprise development, and trade and investment. These activities will provide the vehicle for introducing new (and reforming old) commercial law practices, improving the exchange of information among businesses through trade and investment events, standardizing best practice through workshops and seminars, and introducing entrepreneurial skills and business management training. The FY 2002 FSA regional program will complement ongoing bilateral private sector programs with planned obligations for the following activities: micro, small and medium enterprise support; commercial law reform; competition policy and e-commerce; agro-industry competitiveness initiatives; and technical and administrative support across all program categories throughout the region.

> SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL RENOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

FY 2003 Program: In FY 2003, additional funding is envisioned to continue sector assessments, trade and investment events, and technical assistance to strengthen the management and operations of micro, small and medium enterprises, associations and community-based cooperatives. USAID will continue to push for a stronger voice in policy advocacy through these community-based groups, especially in the areas of land reform and the policy changes needed to consolidate productive agricultural land and to create a vibrant land market system.

Performance and Results: Nearly all USAID programs have focused significant bilateral resources on improving the environment for private sector economic growth. In each of the countries in the region, policy reforms have been enacted to give the private sector greater access to information, credit, technology, and markets. Land reform is beginning to take hold and land consolidation is proving profitable. Through various private sector endeavors in both the agricultural and non-agricultural areas, the private sector is gaining greater access to credit, technology and information. Trade and investment events have generated momentum as well as competition among domestic businesses. USAID's clients are beginning to look beyond their borders and requesting information and technology needed to be competitive in regional and international markets. Support to business

and farmer associations is enabling firms and farmers throughout the region to improve product value and volume, primarily for sale in domestic, regional or European Union markets.

The *regional program* will complement USAID bilateral programs in achieving the following results:

- enhanced entrepreneurial skills for developing and managing micro, small and medium enterprises;
- strengthened business and trade association, particularly in sectors and sub-sectors evidencing capacity for competitiveness in the region and beyond;
- improved land registration and titling and the associated development of land markets; and
- modern standards and quality control procedures for meeting international trade and investment requirements.

Major Contractors and Grantees: USAID supports this regional program through the following contractors and grantees: Booz-Allen & Hamilton, Institute for Liberty and Democracy, Consultative Group to Assist the Poor, ACDI/VOCA, Small Enterprise Assistance Fund, the U.S. Federal Trade Commission, Development Assistance International, Chemonics, and Junior Achievement International.

US Financing in Thousands of Dollars

Eurasia Regional

110-0130 Accelerated Development and Growth of Private Enterprise	ESF	FSA
Through September 30, 2000		
Obligations	15,092	84,616
Expenditures	14,792	74,622
Unliquidated	300	9,994
Fiscal Year 2001		
Obligations	0	3,990
Expenditures	0	2,625
Through September 30, 2001		
Obligations	15,092	88,606
Expenditures	14,792	77,247
Unliquidated	300	11,359
Prior Year Unobligated Funds		
Obligations	0	2,152
Planned Fiscal Year 2002 NOA		
Obligations	0	1,192
Total Planned Fiscal Year 2002		
Obligations	0	3,344
Proposed Fiscal Year 2003 NOA		
Obligations	0	1,192
Future Obligations	0	0
Est. Total Cost	15,092	93,142

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM TITLE: Strengthening the Financial Sector (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: A More Competitive and Market Responsive Private Financial Sector, 110-0140
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $500,000 FSA
PRIOR YEAR UNOBLIGATED FUNDS AND FUNDING SOURCE: $866,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $500,000 FSA
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2005.

Summary:

- Provide technical assistance to the region's financial sector
- Address priority financial sector needs in the FSA region
- Facilitate the transfer of knowledge and new technologies through conferences, workshops and technical training that promote the harmonization of financial sector rules and regulations
- Design interventions in support of other strategic concerns, including competitiveness transparency, corporate governance, and anti-corruption
- Promote a broad range of non-bank financial services, including insurance, leasing, real estate finance, pension funds, mutual funds, and securities markets
- Facilitate linkages and exchanges between FSA financial sector leaders and their counterparts in the more advanced countries of the AEEB region
- Provide technical leadership to design, support and measure the success of FSA financial sector activities, especially those related to financial crimes and counter-terrorism

Inputs, Outputs and Activities: *FY 2002 Program*: FY 2002 funds will be used to strengthen the financial sectors (both banks and non-banks) in the transitional and developing countries of the FSA region. Planned regional activities seek to reinforce and expand upon bilateral financial market programs, as well as promote linkages between and among national, regional and international institutions. U.S.- based experts and other U.S. government agencies will provide highly specialized technical assistance to individual client missions to design and implement bilateral and/or regional activities. These activities include banking advisory service, long and short-term banking supervision assignments with central banks, and establishing problem loan units and developing liquidation manuals, public information programs, and licensing procedures. Additional assistance to non-bank financial institutions will focus on advisory programs to stock exchanges and their regulators, licensing, disclosure rules and related regulations of mortgage/reverse-mortgage instruments, leasing and insurance products. The regional program also seeks to improve the financial sector's contribution to the overall international competitiveness of these economies.

FY 2003 Program: In FY 2003, USAID plans to use FSA funds to provide technical leadership and financial sector advice to the region. Additionally, a limited number of pilot activities utilizing FSA funds are under consideration, including (1) regional workshops for bringing international and Eastern European public and private financial sector practitioners together with their FSA counterparts to discuss priority financial sector issues and share best practices for addressing them; and (2) the introduction of simple, replicable debt instruments and the development of debt markets across the region.

Performance and Results: The principal goal is to advance financial sector development to the point of meeting EU and other international standards. Common indicators and annual performance measures, using international standards for financial markets development in

each transition country, are utilized. For each category of financial sector work, a mix of qualitative and quantitative indicators are used to measure the progress of the central banks, securities and exchange commissions, self-regulatory organizations and other entities in building sustainable partnerships and institutions. These indicators are used to help identify areas requiring special attention and continued support, and to determine when USAID assistance is no longer required. Generally, financial sector trends in the region are improving. The October 2000 Graduation Threshold Report for this strategic objective tracked progress against nine intermediate results (IRs) for banking and thirteen IRs for Non-Bank Financial Institutions in all FSA countries. This report reflected continued progress over the 1998 Stocktaking exercise in meeting minimum performance indicators. However, of the 12 countries tracked only Kazakhstan scored above the 2.5 level (on a 5 point system). This is indicative of the continued need for assistance to the financial sector to complete stage one and two reforms (policy reform, financial architecture, and institutional development). Our projected portfolio for FY 2003 targets the introduction of a third stage of assistance activities centered on competitiveness, continued policy reform, and financial intermediation.

Major Contractors and Grantees: USAID supports this regional program in collaboration with the following contractors and grantees: Financial Services Volunteer Corps, U.S. Securities and Exchange Commission, Federal Deposit and Insurance Corporation, Department of the Treasury, Booz-Allen & Hamilton, KPMG/Barents Group, and the World Bank Institute.

US Financing in Thousands of Dollars

Eurasia Regional

110-0140 A More Competitive and Market Responsive Private Financial Sector	ESF	FSA
Through September 30, 2000		
Obligations	175	13,143
Expenditures	175	11,845
Unliquidated	0	1,298
Fiscal Year 2001		
Obligations	0	1,177
Expenditures	0	1,415
Through September 30, 2001		
Obligations	175	14,320
Expenditures	175	13,260
Unliquidated	0	1,060
Prior Year Unobligated Funds		
Obligations	0	868
Planned Fiscal Year 2002 NOA		
Obligations	0	500
Total Planned Fiscal Year 2002		
Obligations	0	1,368
Proposed Fiscal Year 2003 NOA		
Obligations	0	500
Future Obligations	0	0
Est. Total Cost	175	16,188

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe and Eurasia (Eurasia Regional)
PROGRAM TITLE: Energy Sector (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: A More Economically Sound and Environmentally Sustainable Energy System, 110-0150
STATUS: Continuing
PLANNED FY2002 OBLIGATION AND FUNDING SOURCE: $775,000 FSA
PROPOSED FY2003 OBLGIATION AND FUNDING SOURCE: $775,000 FSA
INITIAL OBLIGATION: FY1991 **ESTIMATED COMPLETION:** FY2006

Summary: The USAID Europe seeks regional funds for activities to achieve the following results:

- developing efficient regional and sub-regional electricity markets that will facilitate private investment and trade;
- expanding private investment and commercial financing for energy efficiency; and
- creating sound energy regulatory frameworks and competitive power markets.

Inputs, Outputs and Activities: *FY 2002 Program:* The major focus of the Eurasia regional energy program is on the development of sound energy regulatory agencies that can provide a stable and predictable environment for private investment and efficient market development. USAID is supporting the newly established Energy Regulators Regional Association (ERRA). ERRA is a non-profit association, chartered in Hungary, and comprised on 17 energy regulatory organizations throughout the Europe and Eurasia. It is addressing and exchanging experiences on issues critical to efficient energy market development and private investment, e.g. tariffs, licensing, market rules and operation, and inter-country energy trade, with support from U.S. commissioners and technical staff and experts.

The second component is USAID support for a regional energy efficiency network spanning both Eurasia and Europe that is developing viable approaches to municipal energy efficiency that are both economically sound and serve important social needs, e.g. in hospitals, schools, and public facilities. Eurasia missions are supporting this network that also facilitates the considerable body of experience gained from the transition and enlargement countries of Central and Eastern Europe.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

FY 2003 Program: The USAID program in FY2003 will continue to pursue market reform and energy efficiency through these regional networks and associations. It is expected that the environment may become amenable to consideration of transmission interconnections approaches between Eurasia and Central Europe. ERRA has an export-import working group that is already examining the regulatory and others regional market development. The Black Sea Economic Organization is currently fostering such a dialogue and the issues are developing in the context of strong Russia interest in exporting to Western Europe and the Balkans and Turkey's interest in interconnection with Western European systems.

Performance and Results: The ERRA organization became operational with the Hungarian Chairman playing an effective role in developing the objectives and program of the new Association. A major conference on Regulation and Investment will be held in the Spring to stimulate financing for ERRA. ERRA is developing excellent relationships with the organization of Western Energy Regulators (CEER).

The Municipal Energy Efficiency Network has provided grants to several leading NGO energy efficiency centers for development of case analyses of successful projects and for actual implementation and training activities in municipalities. Specialized software for energy accounting and baseline analysis has been disseminated to centers and municipalities. Missions in Armenia and Moldova are provided significant support to this program.

Principal Contractors, Grantees, or Agencies: The principal implementing partners are US Energy Association, US National Association of Energy Regulatory Commissioners and the Alliance to Save Energy.

US Financing in Thousands of Dollars

Eurasia Regional

110-0150 A More Economically Sound and Environmentally Sustainable Energy System	ESF	FSA
Through September 30, 2000		
Obligations	1,769	19,976
Expenditures	1,769	19,361
Unliquidated	0	615
Fiscal Year 2001		
Obligations	0	894
Expenditures	0	0
Through September 30, 2001		
Obligations	1,769	20,870
Expenditures	1,769	19,361
Unliquidated	0	1,509
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2002 NOA		
Obligations	0	775
Total Planned Fiscal Year 2002		
Obligations	0	775
Proposed Fiscal Year 2003 NOA		
Obligations	0	775
Future Obligations	0	0
Est. Total Cost	1,769	22,420

PROGRAM DATA SHEET

USAID MISSION: Bureau for Europe and Eurasia (Eurasia Regional)
PROGRAM: Better Environmental Management (Pillar: Economic Growth, Agriculture, and Trade)
STRATEGIC OBJECTIVE AND NUMBER: Increased Environmental Management Capacity to Support Sustainable Economic Growth, 110-0160
STATUS: Continuing
PLANNED FY 2002 OBLIGATIONS AND FUNDING SOURCE: $1,453,000 FSA
PRIOR YEAR UNOBLIGATED FUNDS AND FUNDING SOURCE: $815,000 FSA
PROPOSED FY 2003 OBLIGATIONS AND FUNDING SOURCE: $1,453,000 FSA
INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: The purpose of the program is to assist the Eurasian countries to develop environmental management capacity to support sustainable economic growth. The program works with the private sector and government agencies to solve environmental problems and encourages democratic participation in environmental issues through local non-government organizations (NGOs).

Inputs, Outputs and Activities: *FY 2002 Program:* The Environmental Partnership Program focuses its efforts on selected countries in the Eastern Europe and Eurasia (E&E) region where the partnering mode has the greatest potential for success. Through its partnership grants component, this program has awarded 45 challenge grants and 81 quick response awards for projects to address environmental problems in Russia, Ukraine and Kazakhstan. The majority of these involve a U.S. partner and the projects include businesses throughout the United States. The Environmental Partnership Program is also working with the project leaders of the completed projects to identify sources of financing and investment capital to help ensure their long-term sustainability.

Under the trade and investment component, USAID has provided environmental specialists is to identify environmental partnership opportunities for U.S. companies and to assist U.S. companies interested in pursuing environmental business opportunities in their countries. To date, this has resulted in business agreements of approximately $1 million. Environmental trade and investment specialists have a number of tools at their disposal to reach U.S. companies with information about these opportunities. These include access to USAID's Global Technology Network, a partnership with the U.S.-based Environmental Export Council, and a state-of-the-art partnering Web site developed by the Global Environment & Technology Foundation. Through the work of the Environmental Export Council, the Environmental Partnership Program is developing an informal network of businesses and business associations in the E&E region and the U.S. that are seriously interested in forming strategic business alliances to address environmental needs of the region.

Over this last year, the program conducted two cycles of competitively awarded Challenge Grants to promote market based solutions to environmental problems and will continue current activities to promote partnerships among businesses, municipalities, and associations in the E&E region and the United States.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: During this year, Missions will begin to finance the Grants component of the Environmental Partnership Program. Regional resources are requested for the trade component and to finance the administration costs of grants.

Performance and Results: Results expected from the program are: increased environmental trade, finance and investment; best practices adopted by industrial and public sectors; improved management of natural resources and bio-diversity; and increased institutional ability to identify and remedy environment problems.

Selected performance measures include (1) international trade in environmental goods and services is encouraged by national laws and policies and is increasing, (2) industries are increasingly adopting international standards and (3) successful and replicable models exist for sustainable natural-resource based economic activities. Progress toward each of these indicators is positive, with the greatest progress in the encouragement of trade in environmental goods and services.

Principal Contractors, Grantees or Agencies: USAID implements its environmental program in Eurasia through the U.S. Department of Commerce, Initiative for Social & Renewal in Eurasia, Inc. (ISAR), Institute of International Education, Global Environmental Technology Foundation, Environmental Export Council, and DevTech Systems, Inc.

US Financing in Thousands of Dollars

Eurasia Regional

110-0160 Increased Environmental Management Capacity to Support Sustainable Economic Growth	ESF	FSA
Through September 30, 2000		
Obligations	3	12,618
Expenditures	3	8,947
Unliquidated	0	3,671
Fiscal Year 2001		
Obligations	0	3,437
Expenditures	0	3,098
Through September 30, 2001		
Obligations	3	16,055
Expenditures	3	12,045
Unliquidated	0	4,010
Prior Year Unobligated Funds		
Obligations	0	815
Planned Fiscal Year 2002 NOA		
Obligations	0	1,453
Total Planned Fiscal Year 2002		
Obligations	0	2,268
Proposed Fiscal Year 2003 NOA		
Obligations	0	1,453
Future Obligations	0	0
Est. Total Cost	3	19,776

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM TITLE: Civil Society (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making, 110-0210
STATUS: Continuing
PLANNED FY 2002 OBLIGATIONS AND FUNDING SOURCE: $875,000 FSA
PRIOR YEAR UNOBLIGATED FUNDS AND FUNDING SOURCE: $399,000 FSA
PROPOSED FY 2003 OBLIGATIONS AND FUNDING SOURCE: $875,000 FSA
INITIAL OBLIGATION: FY 1992 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: USAID's objective is to help build a vibrant civil society in Eurasia – a society in which citizens can engage freely in debating the political, economic and social issues that affect their lives. Activities include:

- Civil society and NGO strengthening;
- Support for independent media;
- Program development support.

Inputs, Outputs, and Activities: *FY 2002 Civil Society/NGO Strengthening Program:* The Regional Networking Program (RNP) sponsors cross-border activities in Eurasia, including grants, training and exchanges, on-site technical advice, and publications. The NGO Legal Reform Initiative aims to strengthen the legal and regulatory environment for NGOs in Eurasia.

FY 2002 Independent Media Program: The regional Professional Media Program (ProMedia) concentrates on regional and cross-border media development activities. These activities are designed to bolster the country-specific programs by creating linkages between journalists in different countries. These linkages strengthen independent media internally, as print and broadcast media broaden their programming appeal to issues of regional importance.

Program Development Support includes program-funded technical staff, conferences, and information meetings.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Performance and Prospects: USAID's regional activities yielded many accomplishments in FY 2001. The "Model Provisions for Laws Affecting Public Benefit Organizations", which defines "public benefit" organizations entitled to preferential tax and fiscal treatment, was finalized and is already being used by working groups in the region. A regional conference in April 2001was organized to address models of NGO/government cooperation and included significant Eurasian participation. The regional NGO networking program awarded 20 project grants totaling $275,066, and funded four projects linking European and Eurasia policy think-tanks.

The Media Sustainability Index (MSI) was published which provides detailed indicators on Eurasian countries' progress in developing independent media systems. The MSI will be updated in all E&E countries. USAID also promoted continued regional cooperation between leading news agencies in Eurasia.

By early 2002 an assessment of the current state of cross-border NGO networking in Central/Eastern Europe and Eurasia will be completed. The results will assist in adjusting the program to more closely target issue areas revealed by the assessment as requiring more attention. In 2002, regional conferences, workshops, and study tours will be organized; regional research will

be sponsored ; and cross-border consultations facilitated to promote ongoing NGO legal reform and build NGO legal capacity in Eurasia. Also in 2002, an investigative reporting competition in 13 E&E countries will encourage more reporting on corruption and a new television programming initiative will include developing a programming bank that promotes regional programming cooperation.

Principal Contractors, Grantees or Agencies: : USAID implements its regional civil society and media programs through International Center for Not-for-Profit Law, Freedom House, and International Research and Exchanges Board.

US Financing in Thousands of Dollars

Eurasia Regional

110-0210 Increased Better-Informed Citizens' Participation in Political and Economic *Decision-Making*	ESF	FSA
Through September 30, 2000		
Obligations	799	6,622
Expenditures	799	6,276
Unliquidated	0	346
Fiscal Year 2001		
Obligations	0	791
Expenditures	0	305
Through September 30, 2001		
Obligations	799	7,413
Expenditures	799	6,581
Unliquidated	0	832
Prior Year Unobligated Funds		
Obligations	0	399
Planned Fiscal Year 2002 NOA		
Obligations	0	875
Total Planned Fiscal Year 2002		
Obligations	0	1,274
Proposed Fiscal Year 2003 NOA		
Obligations	0	875
Future Obligations	0	0
Est. Total Cost	799	9,562

PROGRAM DATA SHEET

USAID OPERATING UNIT: Eurasia Regional (Eurasia Regional)
PROGRAM TITLE: Rule of Law (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Legal Systems that Better Support Democratic Processes and Market Reforms, 110-0220
STATUS: Continuing
PROPOSED FY 2002 OBLIGATIONS AND FUNDING SOURCE: $950,000 FSA
PRIOR YEAR UNOBLIGATED FUNDS AND FUNDING SOURCE: $447,000 FSA
PROPOSED FY 2003 OBLIGATIONS AND FUNDING SOURCE: $950,000 FSA
INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: USAID's objective is to support the creation of better legal systems in Eurasia. In FY 2001, assistance will support regional legal education, building legal reform organizations, anti-corruption networking programs, and program development and support.

INPUTS, OUTPUTS AND ACTIVITIES: *FY 2002 Program*: In FY 2002, Management of the nobribes website will be transferred to a qualified regional NGO and this program will close out. The Network for Transition Economies will complete its business plan, making the Network financially sustainable without USAID assistance. An assessment to identify how the program fits into an existing network of regional legal training and support institutions will be conducted and it will also describe the role and relationships of the program and its advisory board with collaborating institutions. In addition to the course entitled "Judging in a Democratic Society," USAID will organize the development of other programs, each specifically tailored to the needs of CEE and NIS judges and legal specialists. The NIS RIBA program will significantly expand in FY 2002 with the addition of a cadre of locally-hired institution building advisors. As a result, the reach of the RIBA program will be felt well beyond Ukraine, Belarus, Moldova and Armenia. This is a critical advance for the program, and it is consistent with its accelerating efforts to transfer increased responsibility for reform efforts to national staff.

The Distance Learning Program will assess the feasibility of developing, implementing and sustaining supported distance learning legal studies partnerships in Europe and Eurasia. A preliminary business plan for long-term sustainability of the project will be developed as appropriate.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Performance and Results: USAID's regional activities yielded many accomplishments during FY2001. Comprehensive assistance on organizational development issues to key legal reform NGOs , primarily in Ukraine, Moldova, Belarus and Armenia was provided. As a result of USAID-supported efforts, several of key partners secured non-USAID funds through improved proposal writing skills and superior public outreach efforts, most notably in the case of the Environmental Public Advocacy Centers. Separately, several key partners have also instituted more rigorous performance monitoring plans that allow better tracking and documenting the successes of its partners. Finally, USAID supported a major push to hire and train resident staff to provide organizational development assistance to key partners in many of the 12 NIS countries in which it has an in-country presence.

The ROL impact assessment program began in October 2001 and, as of this date, the contractor has completed the assessment methodology and completed field assessments in

three countries—Kazakhstan, Uzbekistan and Krygystan. In 2002, assessments are planned for three more countries, including Ukraine (tentatively scheduled for February) and Georgia (tentatively planned for June-July). USAID expects to have completed assessments for at least seven countries in all by early 2003, after which a regional comparative/lessons learned analysis, incorporating the results from the seven plus the assessment done earlier in Armenia, will be completed.

USAID continued to provide support to Eurasia missions, e.g. assistance was provided to USAID/Russia in designing its new activity to support legal advocacy to protect human rights.

Principal Contractors, Grantees or Agencies: USAID implements its democracy activities primarily through U.S.-based and indigenous NGOs and contractors, including the American Bar Association/Central and East European Law Initiative (CEELI) and Management Systems International.

US Financing in Thousands of Dollars

Eurasia Regional

110-0220 Legal Systems that Better Support Democratic Processes and Market Reforms	ESF	FSA
Through September 30, 2000		
Obligations	52	11,060
Expenditures	52	10,340
Unliquidated	0	720
Fiscal Year 2001		
Obligations	0	479
Expenditures	0	476
Through September 30, 2001		
Obligations	52	11,539
Expenditures	52	10,816
Unliquidated	0	723
Prior Year Unobligated Funds		
Obligations	0	447
Planned Fiscal Year 2002 NOA		
Obligations	0	950
Total Planned Fiscal Year 2002		
Obligations	0	1,397
Proposed Fiscal Year 2003 NOA		
Obligations	0	950
Future Obligations	0	0
Est. Total Cost	52	13,886

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM TITLE: Local Government (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: More Effective, Responsive and Accountable Local Governance, 110-0230
STATUS: Continuing
PLANNED FY 2002 OBLIGATIONS AND FUNDING SOURCE: $1,098,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $359,275 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $1,098,000 FSA
INITIAL OBLIGATION: FY 1997 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: The USAID Eurasia Regional Local Government and Urban Development Program consists of activities in the following areas:

- *Fiscal and Administrative Decentralization* including strengthening of legal, policy and institutional frameworks that support decentralization of fiscal and management authority to sub-national levels to improve the effectiveness of local governance.
- *Local Government Management Capacity* including development and use of improved management tools and approaches (e.g. budgeting, investment planning, economic development strategies, service delivery and public participation) for local governments and related training and technical assistance.
- *Local Government Support Organizations* including the development of institutional and policy analysis capacity of local government organizations and associations to make them stronger voices for member local governments and for information dissemination.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID will use FY 2002 Freedom Support Act resources to facilitate the decentralization process in Eurasian countries and to assist local governments in becoming more effective, responsive and accountable to their citizens. Support for better local governance will assist the overall transition to more open, democratic, market-driven societies in the region. The Eurasia regional local government program will draw on region-wide experience to provide technical assistance to overseas missions for the development and implementation of country-specific programs. The program will leverage USG resources by actively participating in the Local Government Information Network (LOGIN) and the Fiscal Decentralization Initiative (FDI), both multi-donor efforts to facilitate decentralization and strengthen local government management capacity. The program will also continue to ensure the sustainability of a regional network of real property associations. The program will conduct regional networking activities (including training, conferences, evaluations and policy studies) that encourage the transfer of knowledge and practices in areas critical to local government and promote inter-regional cooperation among countries of Eurasia. Topics may include local economic development, municipal finance, strategic planning, crisis management and conflict prevention, fiscal and administrative decentralization and municipal association development.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: In FY 2003, regional activities under this program will be similar to those in FY 2002. Development of the LOGIN network will be substantially complete and emphasis will shift to closeout of the activity.

> As Eurasian countries begin to decentralize, decisions on vital everyday issues are being made closer to home, giving citizens greater influence over government policies and actions and promoting accountability.

Performance and Results: Countries in Eurasia lag far behind those in Central and Eastern Europe (CEE) in progress toward achieving USAID's objectives in this area, especially with the lack of legal frameworks and institutions to support democratic local government and the lack of managerial capacity at the local level. USAID's major emphasis is to encourage the region's governments to consider introduction of new, more decentralized local government frameworks and to support improvements in local government management. In part, the lack of progress in Eurasia reflects the historic circumstances in the region, since the former Soviet Republics, unlike some of the countries of the CEE, neither had market-based economic systems nor histories of democratic local governance. USAID's seeks results in the following area:

- Legal Sustainability and Policy Framework - Local officials are freely elected, the autonomy of local government is legally guaranteed, and its responsibilities are clearly defined.
- Democratic Process - Information is readily available, citizens are urged to and do participate in local government, procedures are efficient, regulations are equitable, and municipal budgets are transparent.
- Financial Resources - Cities can raise revenues and determine expenditures, transfer payments are fair and predictable, and cities can borrow for capital expenditures.
- Municipal Services and Assets - Urban services are cost-priced with targeted and transparent subsidies if necessary, private sector service delivery is maximized where efficiencies can be obtained, municipalities own only those assets required for sound municipal management, cities plan for the future and prioritize development of land and infrastructure.
- Institutional Support Systems - Institutions exist to collect and analyze data and conduct local government research and organizations exist to train local government officials and professionals.

Principal Contractors, Grantees or Agencies: USAID activities will be implemented by Abt Associates; Chemonics International Inc.; Development Alternatives Inc.; International City/County Management Association; Research Triangle Institute; The Urban Institute; The World Bank; The Council of Europe; The International Real Property Foundation; The United Nations Development Program; The Open Society Institute; National Association of Schools of Public Administration, and key regional counterpart organizations.

US Financing in Thousands of Dollars

Eurasia Regional

110-0230 More Effective, Responsive and Accountable Local Governance	ESF	FSA
Through September 30, 2000		
Obligations	81	3,405
Expenditures	81	3,006
Unliquidated	0	399
Fiscal Year 2001		
Obligations	0	370
Expenditures	0	101
Through September 30, 2001		
Obligations	81	3,775
Expenditures	81	3,107
Unliquidated	0	668
Prior Year Unobligated Funds		
Obligations	0	361
Planned Fiscal Year 2002 NOA		
Obligations	0	1,098
Total Planned Fiscal Year 2002		
Obligations	0	1,459
Proposed Fiscal Year 2003 NOA		
Obligations	0	1,098
Future Obligations	0	0
Est. Total Cost	81	6,332

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM: Humanitarian Response to Crisis (Pillar: Democracy, Conflict, and Humanitarian Assistance)
STRATEGIC OBJECTIVE AND NUMBER: Strengthened Humanitarian Response to Crises, 110-0310 and 123-0310
STATUS: Continuing
PLANNED FY 2002 OBLIGATIONS AND FUNDING SOURCE: $170,000 FSA (110-0310) and $2,000,000 FSA (123-0310)
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $194,000 FSA (110-0310) and $2,000,000 FSA (123-0310)
PROPOSED FY 2003 OBLIGATIONS AND FUNDING SOURCE: $170,000 FSA (110-0310) and $2,000,000 FSA (123-0310)

INITIAL OBLIGATIONS: FY 1990 **ESTIMATED COMPLETION DATE:** FY 2005

Summary: This Strategic Objective (SO) supports:

- Critical humanitarian needs in Nagorno-Karabakh (N-K) in the Caucasus subregion;
- Technical expertise that supports USAID humanitarian assistance activities;
- Coordination of provision of humanitarian assistance with other U.S. Government organizations, donors and multilateral organizations; and
- Assistance in dealing more effectively with ethnic tensions and conflicts which have plagued the Eurasia region

Inputs, Outputs and Activities: *FY 2002 Program*: Under the Caucasus Regional activity, USAID will continue to respond to Congressional interest in N-K. The activities supported will foster self-reliance and dignity of the vulnerable in N-K by providing community access to potable water, strengthening of the health care system and addressing economic challenges by providing employment and income generation opportunities. Specifically, USAID will rehabilitate and/or upgrade community water systems in 11 sites with 13,100 people; improve referral systems and upgrade health clinics and posts targeting about 45,000 people and promote job creation targeting approximately 13,800 people. These efforts will also raise the living standards of women and their families by providing financial services to urban and rural women. An earlier loan program will be expanded to include 22 additional sites. It will introduce larger loans of up to $3,000 for legally registered women's groups and provide sector-based technical assistance and business training to clients. This activity will reach approximately 5,500 people, 1,300 of whom are women. USAID is also supporting an activity to train and equip two manual mine clearance teams to operate across N-K and to destroy unexploded ordnance there. This activity will benefit the entire population of N-K (130,000 people).

In FY 2002, under the Eurasia Regional initiative, USAID will also support shelter and health initiatives in N-K. An estimated 2,350 houses damaged during the conflict remain to be repaired. The reconstruction needs range from repairs of damaged houses to total reconstruction of homes that were completely destroyed. The costs range from $2,000 to $6,000 per dwelling, depending on the level of work required. Recent funding has supported the renovation of the maternity departments of regional hospitals. Additional funding will be used for the rehabilitation of other departments (i.e. surgery, internal medicine, infectious diseases, etc.) in these same institutions, as well as polyclinics within the structure of regional hospitals. This effort will be coordinated with local authorities in order to optimize health facilities in N-K.

Azerbaijan, Georgia, Tajikistan and Uzbekistan continued to suffer from a major drought, which has seriously affected agricultural production, employment opportunities and access to water, food and

shelter. There is increasing evidence to suggest that drought is also leading to increased tensions over access to resources in the region. The USAID Missions have responded effectively to the drought, setting an example for other donors to follow. In FY 2002, this critical assistance will continue coordinating humanitarian assistance with USAID field missions and other USG agencies. Technical assistance will continue to be provided to contribute to increased effectiveness and efficiency in the design and conduct of humanitarian activities in the region.

USAID will fund a new conflict prevention, mitigation and resolution activity, which will help USAID respond more effectively to the constant threat of conflicts in the region. The funding will support risk vulnerability assessments, giving priority to countries where the potential for conflict appears high. The capacity of selected implementing partners and local counterparts will be enhanced to play a more proactive role in dealing with political and ethnic tension and others factors which can lead to violent conflict. A series of analytical conferences involving prominent international and local participation on key topics will promote understanding of the factors that lead to conflict and how to address them, and will help countries develop a strategic approach to assessing and managing conflict in the region.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL RE-NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

In FY 2003 funding will be provided to continue the analytical work and to develop mechanisms for countries to share their experiences in addressing issues around conflict.

Performance and Results: The overall capacity of USAID in the region to respond to complex, natural and man-made disasters has been strengthened. USAID continues to improve its strategic planning, reporting and monitoring of humanitarian crises. USAID is increasingly integrating humanitarian and development activities thereby accelerating a return to economic growth when the crisis has ended. The USAID Caucasus program for Azerbaijan, for example, is transitioning from a humanitarian to a development program, which will have long-term benefits to the country as well as to many of the refugees and internally displaced people in the country. USAID increasingly recognizes the importance that it must play a proactive role in conflict prevention, mitigation and resolution. This will also strengthen USAID's capacity to prevent and respond to humanitarian crises.

Principal Contractors, Grantees or Agencies: Assistance is provided by various technical contractors.

US Financing in Thousands of Dollars

Eurasia Regional

110-0310 Strengthened Humanitarian Responses to Crises	ESF	FSA
Through September 30, 2000		
Obligations	1,811	8,946
Expenditures	1,769	8,731
Unliquidated	42	215
Fiscal Year 2001		
Obligations	0	103
Expenditures	0	0
Through September 30, 2001		
Obligations	1,811	9,049
Expenditures	1,769	8,731
Unliquidated	42	318
Prior Year Unobligated Funds		
Obligations	0	194
Planned Fiscal Year 2002 NOA		
Obligations	0	170
Total Planned Fiscal Year 2002		
Obligations	0	364
Proposed Fiscal Year 2003 NOA		
Obligations	0	170
Future Obligations	0	0
Est. Total Cost	1,811	9,583

US Financing in Thousands of Dollars

Eurasia Regional

123-0310 Strengthened Humanitarian Response to Crises	FSA
Through September 30, 2000	
Obligations	1
Expenditures	0
Unliquidated	1
Fiscal Year 2001	
Obligations	0
Expenditures	0
Through September 30, 2001	
Obligations	1
Expenditures	0
Unliquidated	1
Prior Year Unobligated Funds	
Obligations	2,000
Planned Fiscal Year 2002 NOA	
Obligations	2,000
Total Planned Fiscal Year 2002	
Obligations	4,000
Proposed Fiscal Year 2003 NOA	
Obligations	2,000
Future Obligations	0
Est. Total Cost	6,001

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM: Health Care Reform (Pillar: Global Health)
STRATEGIC OBJECTIVETITLE AND NUMBER: Increased Health Promotion and Access to Quality Health Care, 110-0320
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $4,492,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $ 404,000 FSA; $135,000 CSD
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $4,492,000 FSA
INITIAL OBLIGATION: FY 1998 **ESTIMATED COMPLETION DATE:** FY 2004

Summary: USAID's Eurasia Regional program seeks to increase health promotion and access to quality health care in the following ways:

- provides technical assistance, training and related activities to expand opportunities for USAID Missions, implementing partners and Eurasia countries to learn from each other, and
- supports Missions' efforts to achieve similar results.

Inputs, Outputs and Activities: In maternal and child health, the Eurasia Regional program supports lessons learned among successful health partnerships and task forces to improve quality of health care through a network of 19 women's wellness centers and 27 primary health care centers in the Health Partnerships Program. Through health partnerships, the Regional Program also supports conferences, workshops, information exchange and cross-border initiatives to develop professional cadres of health workers and managers. The annual conference in 2002 will showcase ten years of accomplishments, in collaboration with a ten-year retrospective program that will examine the impact of introducing health reform and modernizing health practices throughout Eurasia. USAID will invite Central and Eastern Europe participants to review program progress and share lessons learned. An associated activity supported is the delivery of supplies, medical equipment, and related maintenance training to the health partnerships in nine Eurasia countries.

Eurasia Regional Program supports HIV/AIDS prevention activities. The Secretariat for the World Health Organization's Sexually Transmitted Infections (STI) Task Force provides technical assistance to Missions, shares information, mobilizes training workshops, and critiques country-specific HIV/STI strategies. In 2002 a regional assessment will determine how to improve and expand HIV/STI activities and develop treatment standards for the region. In 2001, the regional health partnership program launched a pilot activity to prevent the transmission of HIV from mothers to their babies. In 2002 the pilot activity will disseminate materials, share lessons learned and best practices, and promote cross border collaboration. The lessons in clinical management for mothers and newborns, organization of the patients' referral and consulting services, and appropriate training of the involved health services providers will be shared internationally at the 2002 HIV/AIDS Conference. The Regional Program includes the Baltic Sea HIV/AIDS initiative for Kaliningrad and St. Petersburg, Russia in collaboration with the Baltic countries of Estonia, Latvia and Lithuania. In 2002, a Center of Excellence for sharing information will be fully operational in Lithuania and will expand regional capacity for developing information and supporting small grants to NGOs for HIV prevention activities.

USAID is supporting efforts in TB control and prevention through activities such as: (1) the development and dissemination of regionally appropriate TB control and educational materials; (2) regional technical assistance and training conferences and workshops; (3) joint procurement of TB control commodities such as antibiotics and laboratory equipment; (4) the exploration of more cost-effective MDR diagnosis and treatment strategies; and (5) regional networking for TB control (including Internet connections). A TB Manual for primary health care physicians, has been drafted collaboratively with CDC, DHHS, WHO and other experts from the NIS and will be finalized, tested

and disseminated in 2002. The Eurasia Regional Program is designing a cross border TB control activity between Romania and Moldova, which will strengthen TB diagnostic laboratories and improve procurement of pharmaceuticals for treating TB, while working closely with national and local governments in each country. Regional funds also provide technical assistance and training to Missions.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Performance and Results: The successful health partnership model addresses local, national, and regional health care issues, including upgrading nursing skills; Internet access to information on evidence-based medical practices; "Adolescents-at-Risk"; STI's; neonatal resuscitation, and emergency medical services, among others. Improvements in women's health and in the quality of health care for newborns are some of the results of the partnerships. In 2001, people to people impact was illustrated by CNN and NY Times when the Dubna, Russia/LaCrosse, Wisconsin partnership was cited as a "textbook" example of how Russia can heal itself. The partnership's many accomplishments included the rebuilding of a maternity hospital and establishing a women's wellness center, and a rehabilitation center for disabled children. The impact of professional training was seen during the mine accident in Donetsk, Ukraine in August 2001. All 348 rescuers in 58 six-person teams had been trained at the Donetsk Emergency Medical Services Training Center established under the Donetsk/Pittsburgh partnership. FY 2001 in-kind contributions by U.S. partners totaled $24,342,205. This represents 120% of USAID funding. To date, The commodity program has delivered medical goods and training, valued in excess of $4,500,000, to Eurasia countries.

In HIV, the pilot project for the prevention of maternal transmission of HIV to newborns has produced survey tools, reference documents, clinical training curricula and monitoring and evaluation guidelines that will be applicable to other cities to develop other maternal transmission prevention activities. Linkages now exist to strengthen behavior change activities in St. Petersburg and Kaliningrad working with drug users and to provide learning resources to health professionals through small grants to non-governmental organizations. Through the Regional TB Training Center in Latvia, since 2001, 15 Russian and 10 Ukrainian physicians have been trained in management and clinical issues for multi-drug resistant TB.

Principal Contractors, Grantees or Agencies: American International Health Alliance, Carelift, Centers for Disease Control and Prevention, Department of Health and Human Services, and the World Health Organization. USAID will coordinate closely with the Department of International Development-United Kingdom, the Open Society Institute, the United Nations (UN) Theme Groups, the World Bank, and a host of other bilateral donors and partners in order to avoid duplication and to assure consistent results.

Linkages: Program 110-032 Increased Health Promotion and Access to Quality Health Care
Pillar II: Global Health, Goal: World population stabilized and human health protected – 100%

US Financing in Thousands of Dollars

Eurasia Regional

110-0320 Increased Health Promotion and Access to Quality Health Care	CSD	ESF	FSA
Through September 30, 2000			
Obligations	0	13,833	40,064
Expenditures	0	13,829	30,771
Unliquidated	0	4	9,293
Fiscal Year 2001			
Obligations	415	0	6,009
Expenditures	0	0	8,270
Through September 30, 2001			
Obligations	415	13,833	46,073
Expenditures	0	13,829	39,041
Unliquidated	415	4	7,032
Prior Year Unobligated Funds			
Obligations	0	0	404
Planned Fiscal Year 2002 NOA			
Obligations	0	0	4,492
Total Planned Fiscal Year 2002			
Obligations	0	0	4,896
Proposed Fiscal Year 2003 NOA			
Obligations	0	0	4,492
Future Obligations	0	0	0
Est. Total Cost	415	13,833	55,461

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM: Social Sector Reform (Pillar: All Pillars)
STRATEGIC OBJECTIVE AND NUMBER: Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies, 110-0340
STATUS: Continuing
PLANNED FY 2002 OBLIGATIONS AND FUNDING SOURCE: $510,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $95,000 FSA
PROPOSED FY 2003 OBLIGATIONS AND FUNDING SOURCE: $510,000 FSA
INITIAL OBLIGATION: FY 2001 **ESTIMATED COMPLETION DATE:** FY 2006

Summary: USAID's regional program to reform the social sector in Eurasia includes:

- Improved tracking of key indicators for safety net performance, education, employment, and poverty;
- Promoting programs to protect vulnerable groups and ensure their access to social benefits and inclusion in social protection systems;
- Promoting the reform of education systems, at all levels, so they contribute to the effective functioning of free market, democratic societies;
- Coordinating analytical work with colleagues working on democratic and economic transition issues in USAID, other U.S. Government and donor agencies, and partner organizations;

These activities complement similar programs funded with Assistance for Eastern Europe and Baltic States (AEEB) funds, and operate across all countries in the E&E Region.

Inputs, Outputs and Activities: *FY 2002 Program*: USAID will use regional FY 2002 funds to launch a website featuring information and best practices in social transition (ST), initially within USAID and then more broadly. It will organize a workshop in the region to promote the implementation of ST programs. Technical assistance will be provided on revising or improving their strategic approaches to social transition issues. Working with other offices in E&E, a cost-effective, rapid assessment methodology on youth issues will be developed and tested. USAID will develop capacity to advise USAID management on the status of social transition issues in the region; provide strategic advice and guidance to field missions by assessing the need for, and introducing, new social sector reform approaches; facilitate expert resources to field missions; and disseminate new and current knowledge on social transition issues and best practices.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL RE-NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID plans to use FY 2003 funds under this SO to work with a broader number of field missions that are contemplating introducing or improving social transition programs. Emphasis of this program will focus more to performing analytical work and to strengthening collaboration and cooperative relations with other donors and partners working on social transition issues. Strategic design and assessment assistance will be provided to at least two countries, with emphasis on countries in Central Asia which have not previously placed priority on ST activities outside of those in the health sector. A region-wide assessment of the status of social transition issues will be completed to guide further programming, and presented and discussed at a ST workshop in the region.

Performance and Results: The results achieved under this objective will improve the sustainability of USAID's assistance in E&E countries by helping to halt and eventually reverse the declines in social welfare experienced by citizens in the transition countries. In addition to reducing human suffering and deprivation, strategic assistance in the social sectors increases public support for reform in among citizens in countries who had been accustomed to relatively high levels of social services.

In the last year, analysis and strategy recommendations have been made for two missions (Russia, Armenia) that are involved in social sector programming. This led to the further integration and regional concentration of urban-based social services reform assistance in Russia, and a request for assistance with a comprehensive formal assessment of social sector reform in Armenia, with particular emphasis on employment and labor market reform.

Principal Contractors, Grantees, or Agencies: USAID supports Aguirre International, the International Science and Technology Institute, and the Department of Health and Human Services

US Financing in Thousands of Dollars

Eurasia Regional

110-0340 Mitigation of Adverse Social Impacts of the Transition to Market-Based Democracies	FSA
Through September 30, 2000	
Obligations	225
Expenditures	0
Unliquidated	225
Fiscal Year 2001	
Obligations	1,976
Expenditures	108
Through September 30, 2001	
Obligations	2,201
Expenditures	108
Unliquidated	2,093
Prior Year Unobligated Funds	
Obligations	95
Planned Fiscal Year 2002 NOA	
Obligations	510
Total Planned Fiscal Year 2002	
Obligations	605
Proposed Fiscal Year 2003 NOA	
Obligations	510
Future Obligations	0
Est. Total Cost	3,316

PROGRAM DATA SHEET

USAID OPERATING UNIT: Bureau for Europe & Eurasia (Eurasia Regional)
PROGRAM TITLE: Cross-Cutting Programs (Pillar: All Pillars)
STRATEGIC OBJECTIVE AND NUMBER: Cross-Cutting Programs, 110-0420
STATUS: Continuing
PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: $5,106,000 FSA
PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: $9,621,000 FSA
PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: $4,906,000 FSA
INITIAL OBLIGATION: FY 1993 **ESTIMATED COMPLETION DATE:** FY 2007

Summary: The USAID regional cross-cutting program comprises the following key elements:

- Training and technical assistance
- Information technology
- Evaluations and assessments
- Program development and support
- Research between Israeli and regional scientists

Inputs, Outputs and Activities: In FY 2002, USAID will obligate FSA resources to design, implement, monitor, and evaluate training programs that develop the lor l human resource capacities identified by field missions as critical to the achievement of their strategic objectives. The process insures that training is oriented to results and is directly linked to strategic plans. Training will also be provided to ensure an understanding of the differential impact of change on men and women; to increase awareness of methods to minimize trafficking and to promote an awareness of operating and evaluation procedures that maximize the impact of USAID's assistance programs. Funds will also be used to evaluate the effectiveness of selected programs being implemented in multiple countries in the region to share lessons learned, improve effectiveness and deepen an understanding of the progress of transition. USAID will provide assistance through institutional and personal services contractors (PSCs) to help field missions and their partners design and manage their programs; to support information technology development in the region; to support the administrative costs of PSCs managing activities and backstopping programs; to support the inter-agency costs of the Washington facility; and, through transfers to USAID's pillar bureaus, to support the work of Israeli scientists in the region. Funds will be obligated for the same purposes in FY 2003.

Performance and Results: Participant training improves the sustainability of USAID's overseas programs by reinforcing local capacity to implement programs aimed at achieving economic, democratic, and social transition in the region. The remaining activities in this objective reinforce and strengthen USAID's capacity to develop, implement, manage, innovate, and stay on the cutting edge of a broad portfolio of programs in Eurasia. As a cross-cutting objective, the results of this objective are reflected in the results of the other objectives it supports.

Principal Contractors, Grantees, or Agencies: Management Systems International, Training Resources Group, SETA Corp., Aguirre International, the International Science and Technology Institute, World Learning, the Academy for Educational Development, First Washington, Nathan Associates, Land Tenure Center – University of Wisconsin, Stanford University

US Financing in Thousands of Dollars

Eurasia Regional

110-0420 Cross-Cutting Programs	ESF	FSA
Through September 30, 2000		
Obligations	1,509	71,645
Expenditures	1,494	66,509
Unliquidated	15	5,136
Fiscal Year 2001		
Obligations	0	4,797
Expenditures	0	4,768
Through September 30, 2001		
Obligations	1,509	76,442
Expenditures	1,494	71,277
Unliquidated	15	5,165
Prior Year Unobligated Funds		
Obligations	0	9,621
Planned Fiscal Year 2002 NOA		
Obligations	0	5,106
Total Planned Fiscal Year 2002		
Obligations	0	14,727
Proposed Fiscal Year 2003 NOA		
Obligations	0	4,906
Future Obligations	0	0
Est. Total Cost	1,509	96,075

BUREAU FOR EUROPE AND EURASIA
(Abbreviations and Acronyms)

AAEF	-	Albanian-American Enterprise Fund
ABA	-	American Bar Association
ACDI	-	Agricultural Cooperative Development Institute
ADB	-	Asian Development Bank
ADS	-	Automated Directives System
AED	-	Academy for Educational Development
AIDS	-	Acquired Immune Deficiency Syndrome
AIFLD	-	American Institute for Free Labor Development
AIHA	-	American International Health Alliance
AOJ	-	Administration of Justice
ASHA	-	American Schools and Hospital Abroad
ATI	-	Appropriate Technology International
AWACS	-	AID Worldwide Accounting and Control System
BCN	-	Biodiversity Conservation Network
CAAEF	-	Central Asian - American Enterprise Fund
CAP	-	Counterpart Alliance for Partnership Program
CAPEL	-	Center for the Promotion of Electoral Assistance
CARE	-	Cooperative for Assistance and Relief Everywhere, Inc.
CDC	-	Centers for Disease Control and Prevention
		Citizens' Democracy Corps
CDIE	-	Center for Development Information and Evaluation
CEE	-	Central and Eastern Europe
CEELI	-	Central and East European Law Institute
CFO	-	Chief Financial Officers Act
	-	Chief Financial Officer
CG	-	Consultative Group
CIDA	-	Canadian International Development Agency
CIFOR	-	Center for International Forestry Research
CLD	-	Consortium for Legislative Development
CLUSA	-	Cooperative League of the United States of America
COE	-	Council of Europe
CO_2	-	Carbon Dioxide
CP	-	Congressional Presentation
CPR	-	Contraceptive Prevalence Rate
CRS	-	Catholic Relief Services
CSM	-	Contraceptive Social Marketing
CSO	-	Civil Society Organizations
DA	-	Development Assistance
DAC	-	Development Assistance Committee
DAF	-	Development Assistance Fund
DAI	-	Development Alternatives, Inc.
DART	-	Disaster Assistance Response Team
DG	-	Democracy and Governance
DHS	-	Demographic Health Survey
DOE	-	Department of Energy

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DOT	-	Department of Treasury
DRG	-	Diagnostic -Related Group
EBRD	-	European Bank for Reconstruction and Development
EC	-	European Community
	-	European Commission
ECU	-	European Currency Unit
EMED	-	Entrepreneur Management and Executive Development
ENI	-	Europe and New Independent States
EPA	-	Environmental Protection Agency
EPRA	-	Economic Policy Resource Center
EIB	-	European Investment Bank
ESAF	-	Extended Structural Adjustment Facility (IMF)
ESCOs	-	Energy Service Companies
ESF	-	Economic Support Fund
EU	-	European Union
EU/ECHO	-	European Community Humanitarian Office
EU/PHARE	-	European Union - Poland, Hungary, Albania, Romania, Estonia (EU's technical assistance organization for CEE countries)
EU-TACIS	-	European Union - Technical Assistance for the Commonwealth of Independent States
FAO	-	Food and Agriculture Organization
FDA	-	Food and Drug Administration
FDI	-	Foreign Direct Investment
FFP	-	Food for Peace
FLAG	-	Firm Level Assistance Group
FH	-	Freedom House
FH/FNN	-	Freedom House/National Forum Foundation
FINCA	-	Foundation for International Community Assistance
FREEDOM	-	Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (FREEDOM Support Act)
FSA	-	Freedom Support Act
FSVC	-	Financial Services Volunteer Corps
FTF	-	Farmer to Farmer Program
G-7	-	Group of Seven (leading industrialized nations consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States)
GATT	-	General Agreement on Tariffs and Trade
GCC	-	Global Climate Change
GDP	-	Gross Domestic Product
GEF	-	Global Environmental Facility
GHG	-	Green House Gas
GIS	-	Geographic Information System
GNP	-	Gross National Product
GPRA	-	Government Performance Review Act (P.L. 103-62)
GSA	-	General Services Administration
GSP	-	General System of Preference
GSU	-	Georgia State University
GTZ	-	German Organization for Technical Assistance

HA	-	Hectare
HG	-	*Housing Guaranty*
HIID	-	Harvard Institute of International Development
HIV	-	Human Immuno-deficiency Virus
HMO	-	Health Maintenance Organization
IACCC	-	Inter-Agency Climate Change Committee
IARC	-	International Agricultural Research Center
IAS	-	International Accounting Standards
IBRD	-	International Bank for Reconstruction and Development (World Bank)
IBTC	-	International Business and Technical Consultants
ICASS	-	International Cooperative Administrative Support Services
ICITAP	-	International Criminal Investigation and Training Assistance Program
ICNL	-	International Center for Not-For-Profit Law
IDA	-	International Development Association
IDEE	-	Institution for Democracy in Eastern Europe
IDP	-	Internally Displaced People
IESC	-	International Executive Service Corps
IFES	-	International Foundation for Electoral Systems
IFRC	-	International Federation of the Red Cross
IFC	-	*International Finance Corporation*
IFI	-	International Financial Institute
IFOR	-	Implementation Force (NATO)
IG	-	Inspector General
ILO	-	International Labor Organization
IOM	-	International Organization for Migration
IMF	-	International Monetary Fund
IREX	-	International Research and Exchanges Board
IRI	-	International Republican Institute
IRIS	-	Center for Institutional Reform in the Informal Sector
ISAR	-	Institute on Soviet - American Relations
JHU/PCS	-	Johns Hopkins University/Population Communication Services
JHPIEGO		Johns Hopkins Program providing reproductive health Information and education
KG	-	Kilogram
LG	-	Local Government
MCH	-	Maternal and Child Health
MDB	-	Multilateral Development Bank
MOF	-	Minister of Finance
MOH	-	Ministry of Health
MSED	-	Micro and Small Enterprise Development
MSH	-	Management Sciences for Health
MT	-	Metric Ton
MW	-	Megawatt
NACP	-	National AIDS Control Program
NAPA	-	National Academy for Public Administration
NATO	-	North Atlantic Treaty Organization

NBG	-	National Bank of Georgia
NCBA	-	National Cooperative Business Association
NDI	-	National Democratic Institute
NEAP	-	National Environmental Action Plan
NED	-	National Endowment for Democracy
NET	-	NIS Exchanges and Training Project
NGO	-	Non-governmental Organization
NIH	-	National Institute of Health
NIS	-	New Independent States of the former Soviet Union
NPI	-	New Partnership Initiative
NPR	-	National Performance Review
NTA	-	New Transatlantic Agenda
ODA	-	Official Development Assistance
	-	Overseas Development Administration
OECD	-	Organization for Economic Cooperation and Development
OFDA	-	Office of Foreign Disaster Assistance
OIG	-	Office of the Inspector General
OMB	-	Office of Management and Budget
OSCE	-	Organization for Security and Cooperation in Europe
OTI	-	Office of Transition Initiative
PASA	-	Participating Agency Service Agreement
PMTI	-	Presidential Management Training Initiative
PRF	-	International Planned Parenthood Federation
PSC	-	Personal Service Contract
PVO	-	Private Voluntary Organization
PW	-	Price-Waterhouse
RHUDO	-	Regional Housing and Urban Development Office
RIG	-	Regional Inspector General
ROL	-	Rule of Law
SAI	-	Special Assistance Initiative
	-	Supreme Audit Institution
SEC	-	Securities and Exchange Commission
SEED	-	Support for East European Democracy
SET	-	Supreme Electoral Tribunal
SME	-	Small and Medium Enterprise
SO	-	Strategic Objective
SOE	-	State-Owned Enterprise
SSMSC	-	Stock Market State Commission (Ukraine)
TNC	-	The Nature Conservancy
TR&D	-	Tropical Research and Development
UMCOR	-	Untied Methodist Committee on Relief
UN	-	United Nations
UNDP	-	United Nation Development Program
UNECE	-	United Nations Economic Commission for Europe
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFPA	-	United Nations Population Fund

UNHCR	-	United Nations High Commission for Refugees
UNHRC	-	United Nations Human Rights Commission
UNICEF	-	United Nations Children Fund
UNOPS	-	United Nations Operations Support
USAEP	-	United States-Asia Environmental Partnership Initiative
USAID	-	U.S. Agency for International Development
USDA	-	United States Department of Agriculture
USFDA	-	U.S. Food and Drug Administration
USIS	-	United States Information Service
USSR	-	Union of Soviet Specialist Republics
VOA	-	Voice of America
VOCA	-	Volunteers in Overseas Cooperative Assistance
WFF	-	World Wildlife Federation
WFP	-	World Food Program
WHO	-	World Health Organization
WID	-	Women in Development
WOCCU	-	World Council of Credit Unions
WTO	-	World Trade Organization