

A.I.D. ASSISTANCE TO CZECHOSLOVAKIA

Approximate Funding Totals

FY 1990	\$ 1,000,000
FY 1991	\$ 39,000,000

The U.S. assistance program to the Czecho-Slovak Federal Republic (CSFR) began later than the assistance programs to Hungary and Poland. The primary reason for this was that their economic restructuring program was not yet sufficiently developed and priorities and objectives were not yet determined. The government completed the economic restructuring program in late 1990, and the official commencement of the macro-economic liberalization program began in January 1991.

FY 1990

In FY 1990 approximately \$1 million was provided to the Government of the CSFR to support development of democratic institutions.

FY 1991

Substantial economic assistance, funded in FY 1991, is supporting economic restructuring, management training, environment, energy, and private voluntary organizations in the CSFR.

Privatization and Economic Restructuring

The Czech-Slovak American Enterprise Fund was authorized by the Congress in the amount of \$60 million and initially funded with \$5 million.

Privatization technical assistance is being provided by the International Executive Service Corps, Financial Services Volunteer Corps, and other senior financial sector consultants under contract. All are providing specialized technical assistance in the areas of valuation of firms, preparation of tender offer documentation, and "how to" guidance pamphlets for financing joint ventures. In addition, two or three long-term advisors will soon be recruited to work on economic restructuring policy and privatization implementation activities not covered in the restructuring assistance discussed above.

Banking and Finance

Two additional major initiatives will begin in Czechoslovakia during 1991. An estimated \$2 million will be provided during the next 12 months for: 1) Competition Policy, Laws and Regulations; and, 2) Bank Training and Technical Assistance Project. Both of these projects will assist Czechoslovakia in privatizing the entire financial sector, especially Banking.

Private Sector Support Initiative

In April, A.I.D. approved the American Business and Private Sector Development Initiative for Eastern Europe. This project will facilitate the transfer of U.S. technology and the flow of U.S. capital to Central and Eastern Europe and stimulate participation of small and medium size American firms in the Czech-Slovak markets. Although Czechoslovakia will not directly benefit between now and the end of the fiscal year, several project components are being put in place to benefit the CSFR beginning early FY 1992. These are: the Consortia of American Business in Eastern Europe; an American Business Center in Prague (FY 1992); and the Capital Development Initiative will support infrastructure rehabilitation. (Funding levels have not yet been determined, but will exceed several million dollars for the CSFR.) This project will be implemented jointly with the Department of Commerce, Overseas Private Investment Corporation, and the Trade Development Program.

Quality of Life

Environment - The CSFR will receive some \$22 million in grant assistance to support high priority environmental activities. Approximately \$7 million for technical assistance is being provided in conjunction with a World Bank structural adjustment loan (SAL) estimated at \$500 million. The A.I.D. funded technical assistance is meeting up-front costs for in depth environmental analyses required prior to approval of the World Bank SAL. An additional \$15 million sector grant will be made this summer. This sector grant will finance essential imports, preferably related to the environment, and also facilitate establishment of one environmental cleanup fund in each of the two republics (Czech and Slovak).

Management Training and Market Economics Education - A.I.D. has just completed a large grants competition and is in the process of awarding some \$4 million to three universities and university consortia to provide a wide range of training programs for the Czech and Slovak Republics.

U.S. Private Voluntary Organization Initiatives - FY 1991 grants totaling \$3.5 million are being made to:

- o Young Men's Christian Association (YMCA)
- o American Jewish Distribution Center
- o Project Hope

Energy Efficiency - Czechoslovakia is receiving approximately \$2.5 million in technical assistance in the following four areas:

- o industrial energy efficiency
- o refinery operation
- o improved international oil purchasing
- o energy price reform.

FY 1992

In addition to the projects presently underway in FY 1991, A.I.D. is planning to provide several long-term advisors in the areas of donor coordination, privatization policy and privatization implementation. In addition, many of the programs described above will continue to receive incremental funding in FY 1992 and beyond. An estimated \$40 million in additional funding will be provided to the Czech-Slovak American Enterprise Fund.

Establishment of an A.I.D. office and funding - In June, the permanent A.I.D. representative arrives in Prague. In late May, Ambassador Shirley Temple Black gave preliminary approval to increase the U.S. staff to six (including a secretary), and the Foreign Service National Staff to about 11.

Budget:

Approximate Funding Totals:

FY 1990	1,000,000
FY 1991	60,000,000
	5,000,000
Remaining thru FY 1991	2,000,000
7 million T.A and \$15 million 5.6	22,000,000
	4,000,000
	3,500,000
	2,500,000
	39,000,000

The President's request to the Congress for the FY 1992 regional Central and Eastern Europe A.I.D. assistance program is \$400 million.

Activities that could be Announced by the Vice President

Management Training - A.I.D. is in the process of negotiating three grants totaling approximately \$1.7 million to provide management training to Hungary. The grantees are as follows:

University of Wisconsin
State University of New York
Midwestern Universities Consortium
for International Activities

U.S. Private Voluntary Organization Initiatives - A.I.D. is currently negotiating five grants totalling \$2.7 million to provide humanitarian and development assistance to Hungary. The grantees are as follows:

Young Men's Christian Association (YMCA)
Brother's Brother
Project Hope
American Jewish Joint Distributor Committee
Aid to Artisans