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SEED ACT IMPLEMENTATION REPORT
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FY 1992 SEED ACT IMPLEMENTATION REPORT

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I. INTRODUCTION

An Overview

The third year of the U.S. assistance program authorized by the 1989 Support for East European Democracy (SEED) Act was perhaps the toughest year yet for choosing priorities in support of democracy and market economic reform in the region. A continuing resolution in FY 1992 kept the SEED budget slightly below FY 1991 levels, yet with the violent breakup of Yugoslavia the number of recipient countries continued to grow: The program authorized by Congress in November 1989 for Poland and Hungary now stretches to cover over a dozen countries from Tirana to Tallinn with combined population of more than 135 million. At the same time, the industrial decline and economic recession affecting all SEED-recipient countries continued, adding to social tensions and straining fragile democratic institutions.

The initial projections (shared by the U.S., EC, and the east Europeans themselves in late 1989) of a three-to-five year economic turnaround for Poland, Czechoslovakia, and Hungary appear in the proverbial 20/20 hindsight to be naively optimistic. Authorities for the SEED program, as well as the counterpart EC-PHARE program, have been renewed, and bilateral and multilateral assistance activities will continue throughout the region longer than originally thought necessary or desirable. A variety of factors contributed to the change in the expected "sunset" of SEED-funded activities, but the U.S. program remains transitional in nature. One can realistically hope that the bulk of the private-sector development activities in Poland, Hungary, and the Czech Republic will become unnecessary by 1996 or 1997. In some cases, notably Albania and parts of the former Yugoslavia (countries whose state of development is quite different from those covered in the original SEED Act), donor activities will not begin to wind down for many years to come. In some countries, we may be forced to adopt a stop-and-go program, as governments come and go and commitment to reform fluctuates.

The economic downturn, both deeper and of longer duration than first predicted, of all SEED-recipient countries is only partially explained by an underestimation of how quickly the problems of communist misdevelopment could be corrected. Important unforeseen circumstances adversely affected the unprecedented economic transformation of these economies, most notably the near-complete collapse of trade with the Soviet Union and economic sanctions against both Serbia-Montenegro and Iraq (a supplier of oil as well as a consumer of agricultural and manufactured goods). Fighting in the former Yugoslavia had both direct and indirect effects, with important trade ties disrupted and transit shipping routes severed.

Because of the global recession and uncertainty regarding the policies of the countries themselves, the levels of capital flows and other western investment in eastern Europe disappointed SEED-recipient governments.

Still, the explosion of the private sector and the enormous growth of hard-currency exports across the region provide promise that the pain of economic transformation will not last indefinitely, and in spite of difficulties and changes in government no SEED-recipient countries in FY 1992 abandoned the effort to build a market economy. (Of course, the speed and emphases of reforms varied from country to country, and observers will watch carefully the commitment to reform of governments in Slovakia and Lithuania, among others). Late in the year, for example, observers of the Polish economy began cautiously to predict a bottoming out of the recession there and perhaps even modest growth -- due entirely to the dynamic private sector (according to most economists now accounting for about 50 percent of the Polish GDP) since the moribund state sector continued its decline. Even in the Baltic states, linked the most thoroughly with the economic irrationalities and mismanagement of the former Soviet Union, private sector growth laid the foundation for a more prosperous future. Hungary's exports to the EC grew 20 percent in volume in 1992. Through the "Visegrad" cooperation, the more advanced northern countries agreed to work toward closer economic integration, publicly declaring that they could better reach EC standards by cooperating rather than competing with one another. With the help of IMF programs, greater macroeconomic stabilization in FY 1992 eliminated the need through most of the region for extraordinary balance of payments support.

With the bleak exception of parts of the former Yugoslavia, the development of democratic institutions and respect for human rights continued to progress throughout 1992. Notably, international observers determined that Romanian local and national elections, while not perfect, were free and fair. Out of Poland's fragmented Sejm emerged a government committed to further reform which has lasted longer than its immediate predecessors. In looking at the prospects for future progress, however, several factors militate against complacency. Ex-communist bureaucracies remain entrenched at the local and (in many cases) national level in several countries in the region. The electronic media remain under government control in nearly all central and east European countries, and in some cases the press also suffers from government pressure if not outright control or censorship. (A glance at the former Yugoslavia also provides a tragic example that democracy and respect for human rights are not yet fully in place in the region.) The region's parliaments are making rapid progress, but in some countries deputies remain reluctant to exercise their oversight powers. In addition, while there has been remarkable progress on human rights observance in the region since 1989 -- most observers believe all SEED-eligible

countries except parts of the former Yugoslavia observed and respected CSCE standards -- the presence of large ethnic minorities in many central and east European countries poses a real danger of interethnic tension (and human rights problems) if economic and social conditions worsen. Moreover, the social tensions and dislocations arising from the economic recession puts dangerous pressure on democratic institutions throughout the region.

As envisioned by Congress and implemented by the Executive branch, the U.S. SEED program, combined with other U.S. foreign policy initiatives and programs, is designed to strengthen these new democracies, helping to root them fully in the western economic and political community and to make sure they continue to meet internationally recognized standards of human rights. These goals are shared by all G-24 donors. While the U.S. SEED program alone is not large enough to be either a "carrot" or "stick," capable of preventing "another Yugoslavia" or forcing tough economic decisions, we are working together with our G-24 partners to consolidate democratic institutions, promote the new private sectors in the region, and solidify the commitment to continued movement toward stable democracy. (The prosperity that only private-sector growth and a market economy can bring is perhaps the best guarantor of the new democracies -- and in fact a market economy and democracy go hand in hand. Freeing individuals from the monopolistic arm of the state is both an economic imperative and among the essential ingredients of democratic rule.) The SEED program works to strengthen democratic institutions while providing technical assistance encouraging market economic reform and, on a selective basis, a cost-efficient social safety net able to care for those hardest-hit by the economic transformation.

The Rationale

Although the global landscape has changed significantly, the central and east European experiment remains as important to U.S. objectives today as it was when Polish and Hungarian reforms first inspired Congress and the Administration in 1989 to develop the SEED program. Indeed, the fate of central and eastern Europe has in a sense become more critical to the United States, as the successful transformation of these countries will provide the best model to reformers further east that democracy and economic prosperity can be built on the ashes of failed communist systems. If Poland, Hungary, or the Czech Republic, with their relative advantages compared to the independent states of the former Soviet Union (NIS), fail, what can inspire Russian or other reformers to continue what must seem at times to be an impossible task? Prosperous, democratic countries in central and eastern Europe provide more than hope and example for the NIS: they also can contribute to western security by providing stability against the spread of further nationalist fighting or of retrenchment further east.

Commercially, this region is also of direct interest to U.S. business. With a largely untapped market of over 135 million people, central and eastern Europe is also located strategically between even larger EC and NIS markets. As the EC association agreements with Hungary, Poland, and the Czech and Slovak Republics are implemented, the ability to reach the EC from eastern Europe increases. Helping U.S. business gain a foothold in central and eastern Europe is indeed "doing well by doing good": U.S. investors bring needed expertise, capital, and jobs to the region, contributing to economic growth which in turn increases the purchasing power of the east Europeans.

U.S. Assistance Objectives

Although the individual assistance activities vary from country to country, depending on the local needs and the priorities of the recipient governments, the U.S. activities concentrate on the following areas, also emphasized in the SEED Act:

- o the development of a market economy and strong private sector
 - through the removal of legal and bureaucratic constraints to entrepreneurship, the advancement of privatization and enterprise restructuring, the provision of capital and technical assistance to new entrepreneurs, and support for the development of the financial sector (particularly in the more advanced northern countries);
- o the development and strengthening of institutions necessary for sustainable democracy
 - through supporting the transformation of the public sector to better support democratic development, including technical assistance and training to improve public administration and promote reform of the social benefits and tax systems; as well as support for national parliaments, local governments, independent media, and other key institutions;
- o the improvement of the basic quality of life in selected areas
 - through assistance to build cost-efficient health care and housing systems, labor retraining and unemployment services, and regulations and policies conducive to responsible environmental management and improvement.

A related objective which applies to all major priorities above is use of our assistance resources whenever possible as leverage to bring in U.S. private-sector capital, goods, services, and expertise. The involvement of the western private sector is key to the successful transformation of these countries, and the U.S. assistance program can help the U.S. private sector take advantage of commercial opportunities in the region.

The U.S. alone cannot do everything that could conceivably fall under these categories; U.S. efforts must be combined with those of other G-24 donors and the international financial institutions to have an impact. There are other areas, also worthy of attention, which clearly fall outside of the SEED Act's basic mandate to use U.S. assistance to promote democracy and market economic reform. Thus the program largely does not address a few important areas of U.S. cooperation with eastern Europe, including the field of science and technology and the development of export licensing regimes. Other critical areas, particularly the conversion of nuclear power plants and large-scale environmental remediation, as well as direct financing of major infrastructure projects, entail costs that far exceed SEED resources.

Noteworthy about the U.S. assistance program is its emphasis on grant assistance which does not contribute to the indebtedness of the recipient countries, rather than on credits or loan guarantees. According to EC figures, the U.S. is the largest donor of grant assistance in central and eastern Europe -- ahead of all other bilateral donors and even the EC.

Organization of the Program

To support east European reformers at the outset of this program, the United States needed to deliver assistance rapidly; the average two-to-three year gestation period to develop an assistance activity was unacceptable in the face of the foreign policy opportunities and challenges in 1989. Because of budget constraints as well as for policy reasons, the U.S. ability to rely on cash transfers and capital project developments was, and remains, limited. Moreover, the overwhelming need in the region was, and continues to be, the transfer of knowledge and expertise. The foreign policy imperative of rapid delivery combined with the fiscal realities resulted in innovative assistance activities and management.

The SEED Act itself called for the President to name a "Coordinator within the Department of State" to oversee an interagency effort in the region. The original reasons for organizing U.S. assistance under senior political leadership still apply: they include the importance of the region for U.S. interests, the revolutionary character of the transitions (and their roles as models for the NIS), and the unique tasks of dealing with misdevelopment rather than underdevelopment.

The regional program that has developed continues to evolve, based on the realities of an assistance program no longer in its initial stages (as well as on subsequent legislative direction). But even as it matures, the SEED program retains some unique features, some of which remain controversial and little-understood. "Regional" contracts, for example, speed delivery by reducing the amount of paperwork needed in sectors where it is clear that more than one country needs the same sort of support -- privatization, for example. This has resulted in program implementation speed much faster than the A.I.D. average elsewhere in the world. Moreover, actual implementation, in spite of the "regional" contract, remains country-specific, since the contracts encompass the flexibility needed to develop activities in response to local circumstances and the desires and needs of host governments. A quick comparison of the privatization activities in Poland with those in the Czech Republic (described in Section III of this report) show how a "regional" contract ends up in practice being focused on the conditions in a particular country and developed with the involvement and endorsement of the host government. (Calling the SEED program a "regional" program, therefore, may confuse the issue, as it suggests a cookie-cutter approach to activities which is not reflected in the country-specific implementation of the regional contracts.)

As a result of reduced paperwork, many A.I.D. functions traditionally carried out by field staff can be centered in Washington, in order to reduce overhead and administrative costs and to speed contracting. (In general, it costs \$160,000 more per person to station someone overseas than it does in Washington, and the overhead costs compared to program costs of SEED activities are among A.I.D.'s lowest.) As part of the evolution of the program, however, A.I.D. has increased its field staff, reflecting a new balance of responsibilities. The A.I.D. representatives and their staffs now present in the field are key in the process: a December 1, 1992, A.I.D. Mission Order set forth the role of the A.I.D. representatives in approving and coordinating assistance activities in the field (under the policy direction of the Coordinator and the Ambassadors), whether carried out directly by A.I.D. or by other agencies, as set forth in the FY 93 Foreign Operations Appropriations Act.

The United States has also worked to avoid a country "entitlement" program, believing that resources should flow where opportunities and needs demand it. Considering the vast number of needs throughout the region, if a country backpedals or stalls on reform, the United States wants to be able to increase its efforts elsewhere, where the assistance can be utilized more effectively. This approach allowed the U.S. to shift resources to the Czech Republic to support its privatization program, for example, once that program was launched. With the sudden spread of reform in 1991, it also

enabled the U.S. to reward reformers in Bulgaria, the Baltics, and Albania, without having to wait until the following year's appropriations.

Some Polish officials in particular have expressed frustration with this approach, complaining that an assistance funding level announced in advance is necessary both for planning purposes and to help them coordinate with other donors. The SEED program is based on technical assistance rather than cash transfers, however, so the specific dollar amount of assistance should be less important than understanding what the U.S. activities will address, and how. The U.S., both through visits to the field and through increased consultations between the host governments and the AIDreps and other Embassy officials, is attempting to address the legitimate need of host governments to be able to predict levels of U.S. assistance in advance and to be involved in the process. (The exact role of the host government will vary depending on the individual activities -- a government would not need to be concerned with individual investments of the Enterprise Funds, for example, but would naturally be key in developing the scopes of work for privatization advisers.) During a September-October interagency trip headed by Ambassador Hutchings (Special Adviser for East European Assistance) to Warsaw, Prague, Bratislava, and Budapest, the host governments and Embassy country teams worked with the interagency representatives to develop and agree on country-specific assistance strategies (which are in the process of being refined and expanded through further policy dialogue). In the end, to be effective, the program must be considered by host governments to be both transparent and predictable.

The original SEED Act, in referring to the role of other agencies in the process, endorsed the interagency nature of the U.S. assistance program in central and eastern Europe. The program takes advantage of the comparative advantage and expertise of other USG agencies, putting Treasury, for example, in the lead in the area of financial sector assistance. Through FY 1992, 17 USG agencies received SEED funding transferred by A.I.D. to carry out activities in eastern Europe. (In FY 1992, for example, \$79 million out of \$364 million was transferred to these other agencies.) Non-SEED funded activities carried out by the Peace Corps, the U.S. Trade and Development Agency, USIA, and others support the goals of the SEED Act, as do U.S. foreign policy initiatives such as the Trade Enhancement Initiative and Polish debt relief. The interagency nature of the program has been one of the real strengths of the U.S. effort; while this makes coordination at times complicated it has nonetheless produced an unusual level of interagency cooperation and sharing of responsibilities.

In order to stretch scarce assistance dollars, the U.S. has attempted to use aid activities creatively, to provide leverage to involve the U.S. private sector and capital from other donors. Direct financing of capital projects have been deemed too expensive for this budget, but the U.S. does try to use its assistance tools to help U.S. companies become involved in the development of east European infrastructure. In the transfer of knowledge, the U.S. does rely on the U.S. private sector to deliver most of the technical assistance. In other cases, such as the innovative Enterprise Funds now running in Hungary, Poland, Czechoslovakia, and Bulgaria, private sector expertise has been harnessed to promote private sector development. The U.S. has also attempted to use its programs and persuasion to bring in additional resources from other donors, a successful example of which was the announcement during the Vice President's May Tokyo trip of Japanese support for small enterprise development in central and eastern Europe in cooperation with the U.S. Enterprise Funds. In addition, the Polish-American Enterprise Fund's cooperative effort with the EBRD to establish a new equity fund attracted \$70 million in new private capital for Polish investments -- and provided an intermediary allowing EBRD resources to be channeled to private entrepreneurs, an important segment of the growing private sector which otherwise would be closed off under the EBRD's minimum \$5 million project "floor."

Looking Ahead

Under a new Coordinator (as required by the SEED Act), the new Administration will need to make difficult decisions on the FY 1994 foreign assistance request as well as long-term goals of the SEED program. In the meantime, State and A.I.D. are working closely with AIDReps and country teams in the field to evaluate the SEED-funded activities to date. A systematic program review, which goes beyond the auditing issues to examine the impact of the programs, is being implemented by A.I.D., the findings of which will influence the direction of this program. (Through trial and error, we have already learned a few key lessons -- such as the fact that "pilot" or "model" projects are seldom replicated by the host governments.) Through meaningful policy dialogue, State and A.I.D. must also continue to involve the host governments in setting priorities for continued U.S. assistance. As the program matures, differentiation among countries will continue to grow, and the SEED activities must reflect local realities and needs -- as well as the effectiveness of programs to date. In the context of the G-24, the U.S. will continue to push for rapid disbursement and delivery of assistance commitments already made.

In 1989, the Congress and the Administration, in responding to the unprecedented revolutions in central and eastern Europe, developed a program that was both innovative and flexible,

reflecting the hopeful but unpredictable transitions of the countries themselves. Both the organization of the U.S. assistance program and its individual components will continue to evolve as do the pace and direction of economic and political reforms in the recipient countries. Yet with the next three years no more predictable than the last, the flexibility to respond to unforeseen needs and opportunities will remain an important characteristic of this program. By necessity, the SEED program will remain at some levels an experimental one.

This Report

Section 704 of the 1989 SEED Act (P.L. 101-179) requires a report on the United States Program of Support for East European Democracy (the SEED Program). This report is submitted in fulfillment of that requirement and emphasizes those activities through FY 1992 carried out with funds appropriated especially for central and eastern Europe. These so-called SEED funds totaled \$285 million in FY 1990, \$369 million in FY 1991, and \$364 million in FY 1992. The report also covers other programs, such as food assistance and sales, OPIC and Eximbank programs, the \$2.4 billion Polish debt relief initiative, and related activities. Including all of these programs, in the three years since the passage of the SEED Act the U.S. has committed over \$5.9 billion to support the economic and political transformation of central and eastern Europe and the Baltics.

II. POLITICAL AND ECONOMIC REPORTS

ALBANIA

Economic developments:

Democratic developments in eastern Europe and the deterioration of Albanian economic performance prompted student protests in 1990. These forced the government to open the political system, which resulted in a growing commitment to move the economy toward a market system. As a result, the pace of economic reform accelerated in 1991 and 1992.

By 1992, economic activity in Albania suffered from a seriously outdated capital base, poor infrastructure, and a lack of inputs. Labor discipline became a significant problem. Humanitarian assistance (mostly food) from the West has kept Albania afloat in the difficult period of economic transition. Major donors were the EC, Italy and the U.S. Albania remains the poorest country in Europe, with per capita GNP estimated at around \$400, according to IBRD sources.

Albania joined the EBRD in September 1991 and became a member of the IMF and World Bank in October 1991. Albania's IMF stand-by arrangement was approved on August 26, 1992. The program mandated comprehensive price reform, adoption of a floating exchange rate system, trade liberalization, control over wages and fiscal policy, strict limits on monetary and credit expansion, a revamped 1992 budget (second semester), higher interest rates, and improvement of the social safety net.

In the area of privatization, the Government issued several decrees that: a) allow for privatization of state enterprises; b) define privatization responsibilities within the government; c) create a privatization agency. These decrees fall short of establishing an adequate legal framework for the development of private sector activity, but progress continues in cooperation with international financial institutions and donor countries.

The Government has privatized and distributed substantial tracts of agricultural land. This measure was supported by the liberalization of prices for most agricultural and consumer products. Price controls remain in place on fewer than 10 consumer items.

The Albanian Government reports that 15,000 economic units were privatized through November 1992, with close to 60 percent of those businesses categorized as retail trade. About 58,000 workers are now employed in Albania's private sector, and Government statistics estimate that 40,000 new jobs were created in the private sector in 1992.

Political developments:

Once the most repressive of eastern Europe's Marxist-Leninist states, by the end of 1992 Albania had essentially established the framework for a democratic political system. The 1991 elections for the People's Assembly were Albania's first multi-party elections in more than two generations. Opposition parties won approximately one-third of the seats in the elections, which were flawed by instances of harassment and intimidation. By the end of the year, the communist-led government had given way to a mixed "unity" government, then a caretaker government to fill the gap until the March 1992 elections.

The 1992 elections -- judged to be free and fair by international observers -- resulted in a landslide victory by current President Sali Berisha and his Democratic Party. Local elections held in July 1992 gave a surprisingly large number of positions to the Socialist Party (renamed communists), but the overwhelming mandate for change toward democratic pluralism and a market economy with which Berisha was elected with in March is still the predominant political force in Albania.

Although a new constitution is still in the drafting process, the interim Law on Major Constitutional Provisions lays the foundations for democratic government based on the rule of law. A network of laws including statutes on civil and legal rights and commercial codes are being drafted and enacted, for the most part consistent with western concepts of human rights and commercial practice. Efforts to bring the state security apparatus, now known as the National Intelligence Service, under democratic control have been largely successful. The effort to depoliticize the judicial and law enforcement systems is well underway, but the process is not yet complete. There are serious gaps in judicial procedure throughout the legal system. The proliferation of specialized police forces, used in response to increasing crime, is worrisome: they have wide-ranging authority with insufficient institutional oversight.

Observance of human rights continues to improve dramatically. All political prisoners were freed by the summer of 1991. Freedom of speech, press and assembly are generally respected, although the publishing and distribution system remain under state control and major electronic media are state monopolies; there is no mechanism to ensure independent control of editorial policies and programming decisions on the broadcast media. Workers now have the right to associate freely, and have formed trade unions of their own choosing. There are no longer any restrictions on freedom of movement within the country and regulations on foreign travel and emigration are now in accord with international norms. Freedom of religion has been established in law and practice. Tensions increased between Albanians and the ethnic Greek minority.

BOSNIA AND HERZEGOVINA

Economic Development:

Bosnia and Herzegovina is a war zone and, consequently has very little economic development. Throughout much of the country, where there were once world renowned resorts there are now only burned-out villages and destroyed factories. The Bosnian Serbs are conducting a policy of "ethnic cleansing" to eliminate an entire sector of the population, namely, the Muslims. Many reports of the atrocities state that the primary targets for killing are the better educated and more productive Muslims. In Serb-controlled areas, those Muslims not killed outright are, for the most part, either locked up in detention camps or forced into exile.

As in any war zone, there appears to be an entrenched black market. The currency of choice is the Deutsche mark. Humanitarian aid coming into the country is subject to "tolls" as it makes its way to the needy, usually 20 percent of the shipment but it may be as high as 70 percent. Hijacked humanitarian aid then sometimes appears on the black market. (Some stories claim it is also used to feed the troops who seize it.) Bosnia and Herzegovina receives its natural gas from Russia via a pipeline that transits Serbia-Montenegro, allowing Serbia-Montenegro to divert most of the gas to ease its own shortages stemming from international sanctions. As a result, natural gas reaches Bosnia and Herzegovina at levels significantly below those of the pre-war period. Goods stolen from the homes of people who have been "ethnically cleansed" appear on the black market or are exported to Serbia-Montenegro.

The supply lines into Bosnia and Herzegovina are often interrupted by bad weather or by fighting. Sarajevo, the capital, is one of several cities under siege and is currently experiencing shortages of all essentials, including food, water, electricity, and fuel.

Humanitarian aid has not been able to provide enough food and supplies to keep people from dying of starvation and exposure. Often disrupted by fighting and roadblocks, supply routes become impassable and airports close.

The economic outlook for Bosnia and Herzegovina is very bleak. Even if hostilities end at once, the infrastructure is badly damaged and a large segment of the most productive members of society has been killed or forcibly displaced. There are no financial reserves to begin rebuilding. It will be years before Bosnia and Herzegovina will recover from the current crisis.

Political developments:

Bosnia and Herzegovina was a constituent republic of the former Socialist Federal Republic of Yugoslavia. The breakup of that country was formalized in 1992 with the international recognition of the independence of the former Yugoslav republics of Slovenia, Croatia, and Bosnia and Herzegovina. Bosnian politics had undergone growing ethnic polarization since the victory in 1990 elections of the three ethnic-based parties -- the Muslim Party of Democratic Action (SDA), the Croatian Democratic Union (HDZ), and the Serbian Democratic Party (SDS) -- which initially formed a governing "partnership." In a referendum on February 29-March 1, over 63 percent of the Bosnian electorate voted in favor of sovereignty and independence for the republic. However, the SDS boycotted the referendum, and on March 1 its armed followers erected barricades in Sarajevo.

By the time Bosnia and Herzegovina was formally recognized by the U.S. and others as an independent state in April 1992, Serbian paramilitaries reinforced by the Yugoslav People's Army (JNA) had begun a campaign of terror in the eastern Bosnian town of Bijeljina, and the SDS was completing its withdrawal of its members from Bosnian institutions. The JNA initially provided arms and tacit support to the SDS. When the JNA withdrew from Bosnia in May, it left behind 85 percent of its personnel, asserting they were Bosnian Serbs, along with an arsenal of heavy weaponry including tanks and warplanes. SDS leaders proclaimed a "Serbian republic." Croat nationalists led by Mate Boban, vice president of the HDZ and leader of the Croatian Defense Council (HVO), proclaimed their own entity within Bosnia, which they called "Herceg-Bosna."

Beginning in April, SDS and former JNA forces seized territory in northern and eastern Bosnia, terrorized and expelled much of the non-Serb population, and plundered their property. Serb militiamen carried out massive artillery attacks against Sarajevo and other population centers. Many civilians were taken prisoner, primarily by Serb forces but also by Croat militias and the primarily Muslim Bosnian government forces, and held in prison camps, often under appalling conditions. While precise figures were not available, the number of refugees from Bosnia exceeded 1.5 million, more than one third of the population, and the number of dead and missing reached into the tens of thousands. All of Bosnia suffered terribly, but ethnic Muslims were worst affected, and accounted for the larger share of casualties and displaced persons. As winter set in, Bosnia faced a humanitarian disaster, as many tens of thousands of undernourished people without proper shelter faced possible death from starvation and exposure.

All sides were guilty of atrocities during the period covered by this report, although the SDS bore by far the greatest share of guilt in the Bosnian war. The USG supported the establishment of a U.N. Commission to investigate alleged war crimes and has made five submissions.

The continuing violence in Bosnia has made democratic institutions and fundamental human freedoms impossible to protect. Negotiators at the Geneva Conference on the Former Yugoslavia have struggled to negotiate a ceasefire and to develop a new constitution which would address the concerns of all ethnic groups. At the end of 1992 that effort was at a standstill.

BULGARIA

Economic developments:

Bulgaria's economic reform program has several objectives: a) to provide for macroeconomic stabilization; b) to increase competition by liberalizing prices and foreign trade, as well as through demonopolization; c) to develop a modern, efficient private sector; d) to develop a modern banking sector; e) to restructure remaining state enterprises; f) to increase energy efficiency and reduce environmental damage; g) to establish a cost-effective social safety net.

The shift in Bulgaria's economic policy has been dramatic. In order to create the conditions for a market economy and to obtain an IMF stand-by arrangement, the Bulgarian Government passed sweeping legislation that liberalized wages and prices, foreign exchange transactions, foreign trade and payments transfers, as well as monetary and fiscal policies. The March 1991 stand-by agreement set as performance criteria goals in the areas of fiscal and monetary policy and reserve accumulation. The Bulgarian government made a good faith effort to comply with the performance criteria but fell short in fiscal policy and the related area of domestic credit expansion largely as a result of a loss of revenues as the economy contracted more deeply than expected.

In early 1991, the government liberalized most prices, leaving controls on energy prices and public utilities. These were adjusted to reduce their subsidy burden. Petroleum prices are at international levels.

Trade liberalization aims to optimize Bulgaria's comparative advantage. Import quotas have been lifted, except for a few items. Export quotas were largely abandoned, and all export taxes were eliminated. While the tariff regime has been simplified and harmonized with international standards, the harmonization had the effect of raising average tariff levels.

The Government continues to negotiate with the EC on the terms of an Association Agreement, and trade policy changes are expected to flow from that agreement.

The Constitution adopted in mid-1991 establishes the right of private property, and guarantees economic initiative by private agents. Other measures promoting privatization include the 1992 law on privatization, the commercial code, as well as laws on competition, accounting, banking, land reform and a revised law on foreign investment. These establish the regulatory framework for the development of Bulgaria's private sector.

Late in 1992, the newly-formed privatization agency announced plans to sell off about 100 state firms by mid-1993. Several enterprises have already been named. Sectors to receive priority for privatization in 1993 will be construction, building materials, transportation and tourism.

The Agricultural Land Law of February 1991 established the legal foundation for the return of agricultural land to private hands; its implementation will require a full two years.

Reform of the financial sector is based on the July 1991 Law on the Bulgarian National Bank, which confirms the two-tiered system established in 1989 and provides banking authorities with full independence. This law established the framework for the development of a modern banking system. Banking authorities will continue to work closely with the international financial institutions such as the IMF, IBRD and EBRD in the implementation of this law.

The government's energy reform program has substantially reduced state subsidies for energy consumption. The government also intends to establish a regulatory framework that keeps utility prices in line with long-run marginal production costs. Bulgaria's industry is, for the most part, energy intensive and a source of environmental degradation. A draft environmental law will require industry and urban planners to incorporate environmental concerns.

The pace of Bulgarian economic reform has received high marks from the IMF, but the political crisis that led to the fall of the Dimitrov Government slowed progress considerably in late-1992. Economic reform and the collapse of CMEA trade (once 80 percent of total trade) led to a decline of 22.7 percent in GDP in 1991, with a concomitant decline in living standards and sporadic labor unrest; for 1992, GDP is estimated to fall an additional 10 percent. Beyond the impact of reform measures, a new shock hit the Bulgarian economy in 1992, stemming from the collapse of Yugoslavia and the war in Bosnia. The Bulgarian Government estimates the cost of complying with UN sanctions against Serbia and Montenegro will

rise to 1.2 billion dollars in the second half of 1992 alone. This does not include the disruption caused by the sanctions to Bulgaria's trade with Western Europe, much of which formerly transited Yugoslavia and now must be rerouted to costly alternate routes.

Political developments:

Three years after the overthrow of Communist dictator Todor Zhivkov, Bulgaria is a constitutional republic ruled by a democratically elected government. All state institutions are functioning in accordance with the 1991 constitution. Despite lingering concerns about the adequacy of constitutional protections for members of minorities, we regard Bulgaria as essentially a free country.

President Zhelyu Zhelev, former UDF chairman, was elected in January 1992 to a five-year term in the country's first direct presidential elections.

From November 1991 to 1992, Bulgaria's first full year of government by the Union of Democratic Forces (UDF), parliament enacted over 200 basic reform laws and resolutions, ranging from privatization and property restitution to foreign investment, banking, labor, and confiscation of party property.

After prolonged inter-party consultations, a new cabinet headed by economics professor Lyuben Berov -- a former advisor to President Zhelev -- was approved by Parliament on December 30. The new government has reiterated its commitment to economic reform.

President Zhelev, following his constitutional mandate, invited the three parliamentary groups in descending order of size to attempt to form a new government. The UDF, with 110 seats in parliament, and the Bulgarian Socialist Party (BSP), with 106, were both unsuccessful. The Movement for Rights and Freedoms (MRF), which largely represents the ethnic Turkish minority and has 24 seats, nominated Lyuben Berov as its candidate for Prime Minister. On December 30, Berov successfully formed a Cabinet, drawing on support from moderates within both the UDF and BSP.

Parliament did not get around to passing a basic law on the judicial system in 1992, but this branch of government continued to develop towards a West European-style democratic model. The Constitutional Court demonstrated its independence from the government in at least two important decisions, ruling in July 1992 against a UDF-sponsored measure banning ex-Communists from certain banking positions, and reversing in April 1992 the Justice Minister's bid to participate in judiciary personnel selections by the Supreme Judicial Council.

A constitutional prohibition against political parties based on race, religion, or ethnicity jeopardizes the legality of the mainly ethnic Turkish Movement for Rights and Freedoms (MRF); however, it continued to function throughout 1992 despite legal challenges as a major force in Bulgarian politics. In 1990, the courts denied registration to a separatist Macedonian rights group, known as "Ilinden-UMO," on the grounds that it advocated breaking up the Bulgarian state; its appeal was denied in 1991. Also in 1991, the ethnically based Roma Union, dedicated to protecting the rights of Gypsies, was denied registration as a political party. The effect of this constitutional prohibition is to limit the rights of minority groups and others to form associations which could enable them to participate meaningfully in the political process. Other ethnic organizations with non-political aims were registered with the courts. Trade union activity continued to thrive, as guaranteed under the constitution, with little impediment from the UDF government's unsympathetic policies.

CROATIA

Economic developments:

The deterioration of Croatia's economy continues. One third of Croatia's territory, including 400,000 hectares of arable land, are under occupation by Serb paramilitary forces. Its GDP in 1992 is half its size in 1988, and 25-30 percent of its agricultural capacity destroyed. Monthly inflation at the end of 1992 was running at 30 percent, and average per capita incomes are steadily declining. Croatia's domestic consolidated debt is 48 percent of GDP -- the figure rises to 70 percent of GDP when foreign debt is included.

Occupation of territories by Serb paramilitary forces has also cut a key railroad line from the coast to the capital, as well as the Adria pipeline. Tourism, a key source of hard currency, has been hard hit due to the war in Croatia and Bosnia and Herzegovina. Trade with Bosnia has ceased due to the collapse of Bosnia's war-torn economy. Trade with Serbia has collapsed due to hostilities and international sanctions.

Croatia's economy has also carried the burden of supporting 700,000 refugees and displaced persons from Bosnia and Herzegovina as well as from occupied Croat territories. It is estimated that some 80 percent of refugees have found shelter with families in Croatia, although this situation is untenable in the longer-term due to both financial and psychological factors. The remainder are housed in refugee centers and hotels. While the international community has provided the bulk of the food needed for refugee sustenance, medical care and utilities have been paid by the Croatian government.

Conditions in many refugee camps are inadequate, including lack of warm water, unsanitary conditions, inadequate medical care, no access to schools, lack of milk and vitamins for children. Refugee influx continues at an average of 300-500 a day and pressures are likely to mount as the winter and the war progress.

At the same time, the Croatian government is attempting to implement economic reform measures, including privatization. A December 14 decision by the International Monetary Fund has cleared the way for Croatia's accession to the Fund as one of the successor states to the former Yugoslavia. Membership in the World Bank and the EBRD is expected shortly. Croatia is negotiating an investment treaty with the United States. Despite the difficult economic situation, foreign investors continue to identify opportunities in Croatia.

Political developments:

Croatia has made progress toward democracy since it declared its independence from the Socialist Federal Republic of Yugoslavia (SFRY) on June 25, 1991. But the war which Croatia had to fight in the latter half of 1991 to defend its territory against the Yugoslav National Army (JNA) and Serbian paramilitary forces left nearly a third of pre-war Croatian territory under Serbian military occupation. The rights of non-Serbs within this area, which is technically under the protection of a UN civilian and military force, are virtually non-existent. Serbian "authorities" demonstrated a flagrant and systematic disregard for human rights. Their campaign of "ethnic cleansing" to ensure Serbian dominance of these areas included killings, disappearances, beatings, and forced resettlement and exile.

Constitutionally, Croatia is a parliamentary democracy headed by a presidency invested with considerable powers. The president of the republic is Dr. Franjo Tudjman, who was elected for a five-year term in August 1992. The political party which he leads, the Croatian Democratic Union, won a majority of seats in the 138-member house of representatives. Foreign observers' estimates of the fairness of the election varied widely. Most concluded, however, that the results reflected the political opinions of the vast majority of Croatian voters. Nevertheless, Croatia has experienced a flowering of political parties and interest groups.

The Croatian legal system consists of municipal and district courts, a supreme court, and a constitutional court. There is also a military legal system of six courts. The Croatian judiciary has a good reputation and is making an effort to adapt to a constitutional, multiparty, democratic system. The process is not yet completely free of ethnic bias or political influence, but in practice it has met fair and reasonable standards.

The Croatian constitution guarantees freedom of thought and expression as well as other human rights. The existence of human rights violations in the areas of Croatia under the Government's control was not as pervasive as in Serb-controlled areas; nevertheless, serious violations of human rights did occur mostly near the cease-fire lines directed against ethnic Serbs. Such abuses included killings, disappearances, physical abuse, illegal detention, house bombings, and loss of employment. The Croatian Government has stated that all crimes against citizens will be prosecuted, and it did try to convict some persons for some of the violations.

CZECHOSLOVAKIA

Economic developments:

During 1992, the Czech and Slovak Federal Republic (CSFR) continued to implement the economic reform program which was launched the previous year. However, following the national elections in June, most attention was focused on the peaceful separation of the country into two states, which took place on January 1, 1993. The governments of both the Czech and Slovak republics have pledged to continue with economic reform following the separation. This appears to be most certain in the Czech republic under Prime Minister Klaus, who was architect of the CSFR's reform program as federal finance minister. Slovak Prime Minister Meciar has said the reform program needs to be modified to suit conditions in the Slovak republic; the final form of an independent Slovakia's economic program remains to be seen.

The CSFR remained in recession during 1992, with estimates of the expected decline in GDP ranging up to 10 percent, following a 13 percent drop in 1991. Unemployment was around 5 percent -- well below levels in neighboring countries since the CSFR had not yet taken active steps to close down inefficient state enterprises. Inflation remained low, only around 11 percent for the year, due to a strict monetary policy (which showed signs of loosening somewhat during the second half of the year). Czechoslovakia's foreign exchange position remained relatively strong throughout the year. The CSFR continued to shift more of its trade away from eastern Europe and the former USSR; however, total exports were practically unchanged from 1991.

Within the CSFR, economic performance differed sharply between the Czech and Slovak republics. Most striking was the disparity between unemployment rates: 11 percent in Slovakia, while only 2.7 percent in the Czech lands. Slovakia is home to the bulk of the country's obsolete state enterprises, including most of the struggling heavy arms manufacturers. Unemployment is likely to increase sharply in both states next year following introduction of a new bankruptcy law.

The CSFR's success in 1992 with its novel "voucher privatization" program surprised many skeptics. During the first of two planned "waves" of large-scale privatization, a large majority of Czechoslovak citizens used vouchers to bid on shares in 1500 state-owned companies. A second wave is scheduled to begin in early 1993, although the Slovak government has not committed itself to the timing or size of this effort. Small-scale privatizations through auctions has been successful in both republics, with 25,000 firms privatized since January 1991.

Foreign investment increased rapidly during the first half of 1992, although Slovakia received only about 15 percent of the country's total. German firms are the largest investors, followed by the U.S. in the Czech republic. A U.S.-Czechoslovak bilateral investment treaty was ratified this year and entered into force on December 19, 1992. This treaty, which both successor states are bound to fulfill, is the first investment treaty we have in effect with a country in eastern Europe.

The CSFR's Association Agreement with the EC was signed in December 1991, and its trade provisions became effective in March 1992. CSFR steel producers reacted by increasing exports to the EC, which drew complaints from western producers. The EC responded by re-imposing quotas on a number of steel products later in the year. The CSFR concluded a free trade agreement with EFTA, which has not yet been ratified. The pending separation of the country has delayed conclusion of a free trade agreement with Poland and Hungary, although that is likely to be finalized in early 1993. A customs union is planned between the Czech and Slovak republics after separation, which should minimize some of the economic costs of the split.

Political developments:

Czechoslovakia has been ruled by a democratically-elected Government formed after parliamentary and republic level elections in 1990 and 1992.

Following the parliamentary and republic-level elections in June 1992, representatives of the two leading political parties began negotiations over the proper relationship between the two republics and the relative strength of the federal government. When it became clear that no compromise could be reached, the parties, and later the parliaments in both republics, decided Czechoslovakia should be split into two independent countries as of January 1, 1993: the Czech Republic and the Slovak Republic.

The federal parliament, and the two republic parliaments, passed legislation during the last three months of the year dividing federal property, setting up customs and monetary arrangements, and dissolving the federal government, effective December 31. At the same time, both parliaments worked on (and the Slovak government passed) new constitutions. Legislation in both republics continued federal legislation guaranteeing freedom of speech and press, and equal rights for all citizens.

Individuals in both republics remain free to speak out on political and other issues and to criticize the government and public figures without fear of harassment and persecution. Hundreds of different newspapers, magazines, and journals are now published in the CSFR and are free to express what they wish without censorship or fear of government reprisal.

Rights of assembly and association are also protected by law in both republics. Permits for some public demonstrations are required but are routinely granted. Certain organizations, such as political parties, are required to register, but registration is essentially a formality.

Citizens in both republics have the right and ability to change their government peacefully. All citizens 18 years of age and older may vote in national and local elections. Voting is by secret ballot. Opposition groups, including political parties, function openly and freely participate in the electoral process. (Some critics claim that citizens did not have a proper voice in the decision to dissolve the federation.)

Those charged with criminal offenses are entitled to fair and open public trials. They have the right to be informed of the charges against them and of their legal rights, to retain and consult with counsel of their own choosing or court-appointed counsel, and to present a defense. They enjoy a presumption of innocence and have the right to refuse to testify against themselves. For the most part, these rights are honored in practice. The independence of the judiciary has been established but not fully ensured, particularly in Slovakia.

Citizens in both republics enjoy religious freedom. There is no official religion, and no religion is banned or discouraged by law. In addition, there are no restrictions on domestic or foreign travel, emigration, and repatriation. Passports are freely available to all wishing to travel abroad.

Health care, education, retirement, and other social services are provided without regard to race, sex, religion, language, or social status. There are some concerns about the commitment of the new Slovak Government to guarantees of press freedom and minority rights. The large Hungarian minority has noted with concern the removal of some Hungarian-language signs.

ESTONIA

Economic developments:

In 1992, Estonia continued reform and experienced increased private sector development. Reform remains complicated since Estonia's economy remains intertwined with the NIS. Periodic energy shortages, lack of capital -- primarily because of NIS arrears to Estonian companies -- and a severe drought complicated economic reform efforts. Estonia reached agreement with the IMF and negotiated a critical import loan with the IBRD, but there may be some shortages of fuel and food this winter.

Estonia has made significant progress in moving from a centrally planned economy to a market economy. After declaring its independence in August 1991, the Estonian government introduced the 3X3X3X program to solve the economic and political crisis and prepare Estonia for integration into the world economy. The overall objectives of the program are to establish a sovereign national economy and establish entrepreneurship based on private capital. Estonia is removing restrictions on foreign involvement in its economy, introducing favorable customs regulations, and implementing reforms in the following areas: monetary and fiscal policy, ownership and property rights, price structure, taxation system, foreign trade, labor laws, and in banking and markets.

Yet 1992 saw only modest additional progress on economic reform and privatization. In August 1992, Estonia created a national privatization agency, modeled on the German Treuhandanstalt, to handle state property privatization and reorganization. The government has approved a list of establishments that will not be privatized, which includes cultural, most medical and higher educational institutions; government buildings; and the national energy, tobacco and alcohol companies. A list of 150 enterprises to be privatized includes 51 industrial, 39 commercial, 28 agricultural, six transport/communication businesses, five cultural and two health care facilities. There has been progress on small scale privatization, with about 30 percent of small firms privatized.

Fear of displacing large numbers of the largely urban Russian work force has delayed privatization of many inefficient factories, and a government debate still rages over the issue of compensation or restitution to pre-1940 property owners. So far, naturalized citizens may buy property at open auctions, but foreign property ownership remains restricted. Vouchers enable the citizen populace to gain ownership of their dwellings based upon one year's work equalling one square meter of living space, beginning in 1945.

An acute ruble shortage, attendant high inflation and a desire for national financial independence spurred Estonia's introduction of its own national currency June 20, the kroon. Pegged to the German Mark and freely convertible, the kroon is backed by \$120 million of gold and timber reserves. Estonia successfully negotiated currency exchange agreements with the countries of the former Soviet Union, but has not recovered over \$10 million from the defunct Soviet foreign trade bank.

In September 1991, Estonia passed a foreign investment law, but still lacks some of the necessary legal framework (laws on real property, monopolies) to attract investment. Estonia passed a bankruptcy law June 18, 1992. The number of international shareholding companies in Estonia has surpassed 200, while more than 1,600 joint-venture companies have been created. While foreign investors are eligible for major tax breaks, they may not own land.

The objective of Estonian trade policy is to move towards European and world markets. The current task is to change the present trade structure which is oriented to the Soviet market and to try and raise the quality and competitiveness of Estonian goods. Estonia has made substantial progress. In the second half of 1992, less than 50 percent of Estonian trade was with the NIS.

MFN status was officially instituted for Estonia on December 19, 1991. The United States signed a Trade and Investment Framework Agreement (TIFA) with Estonia on September 17, 1992 and is preparing to negotiate additional agreements involving trade, investment, and intellectual property.

Political developments:

Estonia was an independent nation from 1918 to 1940, when it was forcibly incorporated by the Soviets. This illegal incorporation was never recognized by the United States. Estonia emphatically maintains that Russian troop withdrawals remain its highest priority and that its resolution will exponentially speed economic and political reform. As a result of attrition and unilateral withdrawals, Russian forces are estimated at about 9,000, down from 50,000.

The September 8 troop withdrawal agreement between Russia and Lithuania may provide a precedent for a similar agreement between Estonia and Russia. One of the key difficulties is the disposition of the Paldiski submarine naval base, which the Russians have indicated an interest in maintaining. On the heels of Yeltsin's October 29 decree suspending troop withdrawals from the Baltics, Russian Deputy Foreign Minister Churkin visited Tallinn on November 3 and stated publicly that the decree was for internal purposes only and that the withdrawal pace would continue. Observers believe that he essentially reversed Yeltsin's decree.

Estonia held free elections for the 105-member Supreme Council in March 1990. All residents of Estonia were eligible to participate in the elections, including the approximately 50,000 Soviet troops stationed there. The Popular Front coalition, composed of left and centrist parties, held a parliamentary majority. Estonia re-declared its independence in the wake of the unsuccessful August 1991 coup in the Soviet Union. The U.S. formally reestablished diplomatic relations with Estonia on September 2, 1991.

During the subsequent cold winter, compounding Estonia's economic restructuring problems, Prime Minister Edgar Savisaar demanded emergency powers to deal with the economic and fuel crises. A consequent no-confidence vote by the Supreme Council caused the Popular Front leader to resign, and a new caretaker government led by former Transportation Minister Tiit Vahi took office.

In February 1992, Parliament renewed Estonia's liberal 1938 citizenship law, which also provides equal civil protection to resident aliens. Dual citizenship is allowed for those Estonians and their families who fled the Soviet occupation. Accordingly, those who were citizens in 1940 are citizens now. Those who moved in subsequently can become citizens after one year following a two-year residence, retroactive to March 30, 1990, and proof of 1500-word comprehension of Estonian. Most of the ethnic Slavs (35 percent of the population) could be eligible for naturalization in March 1993. The government has funded Estonian language training for next year, and the 1,500-word Estonian language requirement will take effect in 1993. Ten percent of Estonia's Russian population was eligible to vote in the September 1992 elections, and all resident non-citizens are eligible to vote in municipal elections.

On June 28 Estonian voters approved the constitutional assembly's draft constitution and implementation act. The document establishes a parliamentary form of government with a President as chief of State and with a government headed by a Prime Minister. It is based on the German model. Free and fair parliamentary and presidential elections were held on September 20, the first in a free Estonia in over fifty years.

Approximately 68 percent of the country's 637,000 registered voters cast ballots. Ten percent of the Russian population also were eligible to vote. No single party obtained a majority. The following represents a breakdown of election results:

Party	Parliamentary seats won
Fatherland	30
Secure Home	17
Popular Front	15
Moderates	12
National Independence Party	11
"Independent Monarchists"	08
Populists	07
Greens	01
Entrepreneurs	01

The leading presidential contenders, President Ruutel (43 percent) and former Foreign Minister Lennart Meri (29 percent), faced a parliamentary vote to determine the winner. Ruutel's former association with the ruling Communist Party probably helped Meri win on the first ballot. Meri chose 32-year old historian and Christian Democratic Party founder Mart Laar as prime minister. At the time of the constitutional referendum in June 1992 and the nation-wide parliamentary elections in September, most nonethnic Estonian residents (approximately 35 percent of the total population) could not qualify for citizenship and therefore were excluded from voting.

HUNGARY

Economic developments:

While the anticipated turn-around in the Hungarian economy failed to materialize in 1992, Hungary remained ahead of most of eastern Europe in terms of economic performance and progress on reform. Hungary remained the preferred destination for foreign investment in the region, with \$4 billion invested to date -- the largest share from the U.S. This has allowed Hungary to continue servicing its heavy debt burden without interruption.

Production in Hungary was expected to fall by 2-5 percent in 1992, but the government is hopeful that the slide will finally be reversed by mid-1993. Unemployment is now at 12 percent, and certain to continue rising next year as Hungary continues with implementation of its bankruptcy law. Inflation will be about 22 percent for the year, meeting last year's projections. Almost all prices are now set by the market. A significant budget deficit developed in 1992 as the continuing recession translated into lower tax revenues. Relying on a

revamped value added tax structure, the 1993 budget calls for a smaller deficit which the GOH hopes will prevent it from being found out of compliance with its IMF agreement.

Hungary has been quite successful at reorienting its trade to the west. Exports to the EC were up by about 20 percent this year, accounting for over half of Hungary's total exports. Total volume of exports continued to grow in 1992, and an \$800 million current account surplus is expected for the year. Hungary signed an Association Agreement with the EC in December 1991, which has yet to be ratified. The trade provisions of the agreement came into effect in March. Hungary is close to concluding free trade agreement negotiations with EFTA and with Poland and Czechoslovakia.

Progress continued along the lines of the economic reform program initiated in 1990. Hungary's small private sector is thriving, with the creation of about 60,000 new private firms. But in spite of a strong government commitment to privatization, large-scale privatization of state enterprises has been disappointingly slow. Only about 10 percent of state assets have been sold off in the past three years, although the Government of Hungary has publicly affirmed its commitment to privatization on numerous occasions. The long-anticipated privatization of commercial banks -- which many hope will remove a bottleneck to further private sector growth -- has been postponed again until early 1993. Hungary also had fiscal problems, and the larger-than-expected budget deficit prevented Hungary from drawing on its IMF program in 1992.

Political developments:

Hungary evolved into a working multiparty democracy in 1990. This was the result in large measure of a number of major amendments to the Constitution which were adopted in the fall of 1989, including provisions for the independence of the judiciary and the separation of executive and legislative powers. Parliamentary elections must be held every four years. All major legislation, such as the annual budget, must be approved by a two-thirds vote of Parliament, while other legislation needs a majority vote.

Parliamentary elections in March and April 1990 resulted in a coalition government headed by Prime Minister Jozsef Antall. In late summer 1990, Parliament passed a local government bill which paved the way for two stages of local elections in September and October. Both the parliamentary and local elections in 1990 were characterized by the participation of multiple parties fielding freely chosen slates of candidates, secret balloting, and universal suffrage. In 1992, growing polarization of the government parties and the opposition made it impossible to pass several pieces of important legislation, most notably a media law which would define the role of the

media and establish its degree of independence from government control. The debate about the constitutional prerogatives of the Prime Minister and the President has yet to be resolved. Competing wings of the leading coalition party, the Hungarian Democratic Forum are engaged in a struggle to determine the party's program. Prime Minister Antall and his supporters are attempting to limit the influence of the nationalists led by Istvan Csurka. Csurka, always a controversial politician, opened the debate by publishing a study which was critical of the Prime Minister and the government's program, using fascist, xenophobic, anti-Semitic language. While polls indicate few in Hungary share Csurka's anti-Semitism, many share his critical view of the government's record. Many observers believe that the Prime Minister distanced himself and his government from Csurka's views but did not repudiate them forcefully.

Peaceful gatherings are allowed in Hungary as long as they do not result in the advocacy or commission of crimes or infringe on the rights of others. Gatherings and demonstrations to promote a wide variety of political and social causes have been held since the transition to a parliamentary democracy. Several political demonstrations with crowds numbering in the tens of thousands were held in Budapest in September and October 1992 without incident. Any ten or more persons may establish an association, provided that it does not commit criminal offenses or disturb the rights of others. Private Hungarian organizations, such as trade association, political parties, and legal groups continue to enjoy numerous contacts with their counterparts abroad, as they have since the adoption of constitutional amendments in 1989. Prejudice against gypsies and foreigners continued.

LATVIA

Economic developments:

In 1992, Latvia continued to struggle with reform and transition to a market economy. It reached agreement with the IMF on a reform program and negotiated a critical import loan with the IBRD. Yet reform remains complicated since Latvia's economy remains intertwined with the NIS. Periodic energy shortages, lack of capital -- primarily because of NIS arrears to Latvian firms -- and a severe drought complicated reform efforts. Observers agree that there will be a shortage of energy and food this winter.

The Latvian government calls its overriding goal "to manage a smooth transition to market economy, at the same time recreating the integrity of the Latvian economy as a separate unit." Changes to the Latvian constitution reintroduced guarantees of individual property rights. New types of businesses are now permitted: individually and family-owned

enterprises, cooperatives, and privately and publicly held companies. Privatization of state properties will proceed in stages. The first step is the division of current ownership between Soviet-owned, republic-owned, and locally-owned properties. Other items for reform include: implementing a customs service, creating their own national currency, creating a strong central bank, reforming the taxation system, and stimulating foreign investment in Latvia.

Having established a legal framework for central banking on May 19, 1992, Latvia introduced the same month the Latvian ruble as a transition currency and plans to introduce the lat sometime in the near future. Latvia is seeking IMF help in establishing a currency stabilization fund. Hyperinflation and Russia's inability to supply Latvia with sufficient rubles have prompted the government to issue with success "white," or "Latvian," rubles as legal interim tender. Latvia has recovered only \$500,000 of \$2.67 million frozen in the now-defunct Soviet foreign trade bank.

Privatization of agriculture and small enterprises gained some momentum in early 1991. Nearly half of all farmland was distributed to private farmers while shops and stores operate on market principles. However, little progress has been made with privatization of large firms. Supporting legislation emerged slowly. On June 21, 1992 the Supreme Council passed legislation on the use of a voucher system of privatization, whereby workers receive privatization vouchers on the basis of the number of years worked in an enterprise. Holders of these vouchers have the priority right to purchase state property except for those earmarked for sale to foreign investors for hard currency.

Latvia began to free prices on January 1, 1992, but prices of certain goods remain frozen. Energy prices have been freed since late October 1991.

The foreign investment law passed on November 5, 1991 permits foreign investors to acquire existing businesses or create new ones under the same laws that apply to local investors. Only Latvian citizens are permitted to own land, although other property rights are guaranteed to foreign nationals.

MFN status was officially instituted for Latvia on December 19, 1991. The United States signed a Trade and Investment Framework Agreement (TIFA) with Latvia in December 1992 and are preparing to negotiate additional agreements involving trade, investment, and intellectual property.

Political developments:

In July 1989, the Latvian Supreme Council (legislature) adopted a "Declaration of Sovereignty" and amended the Constitution to assert the supremacy of its laws over those of the USSR. In March 1990, democratic elections gave pro-independence Latvian Popular Front candidates a two-thirds majority in the Supreme Council. On May 4, 1990, the Council declared its intention to restore full Latvian independence after a "transitional" period. On May 7, Ivars Godmanis was chosen Council of Ministers Chairman, or Prime Minister.

In January 1991, Soviet political and military forces tried unsuccessfully to overthrow the legitimate Latvian authorities by occupying the central publishing house in Riga and establishing a "Committee of National Salvation" to usurp governmental functions. Residents of Latvia confirmed their strong support for independence March 3 in a non-binding "advisory" referendum. Largely ethnic Russian regions also voted for the proposition. Latvia claimed de facto independence on August 21, 1991 in the aftermath of the failed Soviet coup attempt. International recognition, including by the USSR, followed. The United States resumed full diplomatic relations with Latvia on September 2, 1991.

Latvia emphatically maintains that Russian troop withdrawals remain its highest priority and that its resolution will exponentially speed economic and political reform. Latvia and Russia hold regular talks on the troop withdrawal issue. The latest round was on October 23, just days before the Yeltsin decree. Both sides considered that round constructive, in part because Latvia agreed in principle to working out a stationing arrangement for Russian forces at the phased array radar site at Skrunda.

In October 1991, the Latvian Parliament began deliberations on a citizenship law, which remains to be finalized. Under the accepted guidelines, those who were Latvian citizens in 1940 and their descendants can claim citizenship. (Those resident in Latvia had to claim it by July 1992; those abroad have unlimited time.) Almost 48 percent of the population of Latvia is ethnically non-Latvian. The guidelines also set five criteria for naturalization: conversational knowledge of Latvian, renunciation of former citizenship, residence of at least 16 years in Latvia, a knowledge of the Latvian constitution, and a loyalty oath. Of note, eighty percent of resident Russians in Latvia pass the residency requirement. Also of note is the fact that ethnic Russians constitute a majority in Latvia's seven largest cities.

Dual citizenship is allowed for those who were forced to leave Latvia during the Soviet occupation and adopted another citizenship. In addition, the resolution calls for excluding

criminals, drug addicts, members of the Soviet army, and certain other groups from becoming citizens.

On October 26, Latvian Foreign Minister Jurkans resigned in part because he called on the Latvian Parliament to pass citizenship legislation that would be politically more amenable to the Russian government. An indication of the lack of leadership in the country, there has been little interest by serious politicians to replace Jurkans.

On March 19, 1991 the Latvian parliament passed a law explicitly guaranteeing "equal rights to all nationalities and ethnic groups" and "guarantees to all permanent residents in the Republic regardless of their nationality, equal rights to work and wages." The law also prohibits "any activity directed toward nationality discrimination or the promotion of national superiority or hatred." Significant portions of the 1922 constitution were re-implemented last autumn, and a new constitution is in preparation -- although the timeframe for adoption of a new constitution is unclear.

Latvia intends to abolish the old Supreme Council in favor of a parliamentary system. Parliamentary elections have been scheduled for June 1993, but it is not certain whether a citizenship law will be finalized prior to that time. There is strong support in Latvia for having the new parliament resolve the issue.

LITHUANIA

Economic developments:

In 1992, Lithuania continued reform efforts and saw further development of its private sector. It reached agreement with the IMF and negotiated a critical import loan with the IBRD. However, frustration with the burden of reform led to electoral defeat of the government and replacement by a successor which, while pledging to continue reform, has said it will slow the pace of change. Reform is further complicated since Lithuania's economy remains intertwined with the NIS. Periodic energy shortages, lack of capital -- primarily because of NIS arrears to Lithuanian firms -- and a severe drought complicated reform efforts. Observers agree that there will be a shortage of energy and food this winter.

Because of Russia's inability to supply Lithuania with a sufficient supply of rubles, Lithuania established its own interim currency, the talonas, on September 23 in anticipation of its plans to replace the ruble with the litas sometime later. It is also seeking IMF and Western help in establishing a currency stabilization fund.

Some laws have been passed allowing for foreign investment in Lithuania. Other reforms are planned in the areas of banking and monetary policies, price structure, tax laws, land ownership laws, fiscal and foreign trade reform.

Privatization vouchers have enabled workers and investors to purchase many small firms, and over 10,000 private farms are operating from the breakup of collective farms. Little progress has been reached on privatizing large state firms.

The Lithuanian government has begun a cautious dismantling of the centralized price control mechanism formerly imposed by Moscow. Prices on most foodstuffs and manufactured goods have already been liberalized. However, prices on energy, housing, transportation and communications will remain fixed. All large manufacturing enterprises are still state-owned and the government has published a limited list of companies which are open to foreign investment.

The Law on Foreign Investments was adopted on December 29, 1990. This law allowed for three forms of foreign investment: ownership interests in a joint venture, firms with foreign capital, and other securities. The intent was to encourage foreign investment mainly through joint ventures with Lithuanian companies, though 100 percent foreign ownership appears to be permitted.

The objective of Lithuanian trade policy is to move toward European and world markets. The current task is to change the trade structure which is oriented to the Soviet market and to try to raise the quality and competitiveness of Lithuanian goods. One barrier for U.S. trade is the absence of a solid infrastructure in such areas as telecommunications and banking facilities.

MFN status was officially instituted for Lithuania on December 19, 1991. The United States signed a Trade and Investment Framework Agreement (TIFA) with Lithuania in September 1992 and is preparing to negotiate additional agreements involving trade, investment, and intellectual property.

Political developments:

Lithuania was an independent nation from 1918 to 1940, when it was annexed by the Soviets. The United States never recognized this forcible incorporation. On March 11, 1990, the Lithuanian Supreme Council declared Lithuania independent of the Soviet Union. The USSR responded with the imposition of a harsh economic blockade.

On January 10, 1991, USSR authorities seized public buildings in Vilnius and unsuccessfully attempted to overthrow

the elected government by sponsoring a local "National Salvation Committee." Three days later the Soviets forcibly took over the TV tower, killing 13 civilians and injuring hundreds. On February 9, 1991, a national referendum was held in which over 90 percent of the voters approved Lithuania's independence. Soviet military-security forces continued their illegal actions, including forcible inductions, seizing buildings, attacking customs posts, and sometimes killing customs and police officials.

During the August 19 coup against Gorbachev, Soviet troops took over some communications and other government facilities in Vilnius and other cities but returned to their barracks when the coup failed. The Lithuanian government banned the Communist Party and ordered confiscation of its property. The U.S. formally reestablished diplomatic relations on September 2, 1991, and the USSR State Council recognized the restoration of independence on September 6, 1991. Lithuania became a member of the United Nations on September 17, 1991.

Lithuania and Russia signed an agreement on September 8, 1992 calling for Russian troop withdrawals by August 31, 1993. Estimated Russian troop presence is about 20,500.

Lithuania is now a parliamentary democracy. The highest legislative authority is the Supreme Council; its Chairman, following elections this fall, is Algirdas Brazauskas, who serves as Head of State. The Prime Minister is the chief executive official.

A single draft constitution was approved by 53 percent of eligible voters (85 percent of those who actually voted) on October 25. Presidential elections will be held before spring, 1993.

After the failure of the May 23 referendum on establishing a permanent office of the president (based on the French model), President Landsbergis himself threatened to resign. Right-wing parliamentary members had boycotted legislative sessions to stall attempts to form a quorum and successfully forestalled PM Vagnorius' resignation until mid-June, when a parliamentary quorum passed a no-confidence motion. Aleksander Abisala, another strong Landsbergis favorite, was nominated and approved as the new Prime Minister.

Following elections on October 25 and runoffs on November 15, the Lithuanian Democratic Labor Party headed by former Communist Party boss Brazauskas captured 73 of the 141 Parliamentary seats. Sajudis won 30 seats. The LDLP is trying to put together a broad-based government, headed by a Sajudis member as Prime Minister (Lubys). The ruling Lithuanian Labor Party (LDLP) was formed after the Lithuanian Communist Party was disbanded, but the LDLP denies any affiliation with

communist ideology. The Lithuanian reform movement Sajudis was formed in mid-1988, under the leadership of intellectuals, and declared a program of democratic and national rights, winning nation-wide popularity. Eleven parties have been officially registered but have had little success in building grass roots support. Despite his communist party background, Brazauskas is a strong supporter of Lithuanian independence and has called for the expeditious withdrawal of Russian troops.

Lithuania adopted a full citizenship law on December 13, 1991. The law extends citizenship to persons who were born in Lithuania; who were citizens prior to 1940, and to their descendants; and who became citizens prior to December 11, 1991. All applications for retention, restoration and naturalization must go through a citizenship committee appointed by the Supreme Council, which appears to have wide discretion. Qualification for naturalization requires a ten-year residency, permanent job or source of income, knowledge of the constitution (not yet ratified), renunciation of current citizenship, and proficiency in Lithuanian.

Poles and Russians have raised concerns that the latest law does not clearly specify equal civil treatment for minorities should they choose not to become citizens. Vilnius, however, states that these minorities would enjoy equal rights. District elections in the ethnically Polish-dominated and conservative rayons of Salcininkai and Vilnius were planned for March but were postponed until November 22, when insufficient voter turnout did not provide definitive results. (50 percent or more have to vote to validate results.)

The sizable ethnic Polish minority in Lithuania nevertheless has access to its own branch of the national university, use of Polish-language textbooks (approved by the GOL), newspapers, amateur theater, and other ethnically-based organizations. A Treaty of Friendship and Cooperation between Poland and Lithuania was signed on January 16, 1992.

MACEDONIA

Note: Macedonia has proclaimed its statehood, but has not been formally recognized by the U.S. as a state. There has been a dispute regarding the name under which it should be recognized. We use "Macedonia" here informally for convenience; its use is not intended to have international or diplomatic significance.

Economic Development:

Macedonia's economy has suffered a number of shocks since 1990. The conflict in the former Yugoslavia has caused a flood of refugees, a breakdown in trade and capital flows, and a loss of infrastructure. Unemployment is running at over one quarter

of the labor force. Though there have been leakages through Macedonia in the UN sanctions against Serbia and Montenegro, it is still feeling the strain of losing its former major trading partner.

The absence of widespread international recognition has also hampered the Macedonian economy. Greece, which once provided Macedonia with access to the sea via Thessaloniki, has severely disrupted cross-border trade.

GDP declined by about 8 percent in 1990, 13 percent in 1991, and is estimated to have dropped at least another 20 percent in 1992. Industry and mining is the largest sector of the economy, contributing about 40 percent to GDP. It includes mainly textiles and footwear; food, beverages and tobacco; basic metal industries; metal products and chemicals. Agriculture constitutes about 15 percent of GDP. The main crops are tobacco, grapes, and vegetables.

Most of Macedonia's agricultural sector is in private hands, but the substantial industrial base is largely socially owned. Although 84 percent of the 12,867 enterprises registered in Macedonia were privately owned, over 94 percent of the country's industrial output was generated by state-owned enterprises. The existing private sector is small and concentrated in the service sector. Many of the registered private businesses exist only on paper.

Inflation for the first four months of 1992 was 380 percent, whereas the rate for all of 1991 was 230 percent. In April 1992, the Government launched a stabilization program consisting of currency reform, tight monetary policy, tight fiscal policy, a wage freeze, selected price controls, and a fixed exchange rate. The stabilization program brought the monthly inflation rate to 17 percent by June which, though higher than the target rate, was still a significant achievement given the regional difficulties and uncertainties.

Political developments:

Macedonia is the only former Yugoslav republic to have declared independence without incurring bloodshed. However, pending resolution of Greece's dispute with Macedonia over the name of the new republic, the United States, the European Community, and most of the international community had not recognized Macedonia by the end of 1992.

Macedonia is a parliamentary democracy. Macedonia's parliament was elected in November 1990 and, after a public referendum on the issue, declared its independence from Yugoslavia in September 1991. A constitution was adopted in November 1991. President Gligorov, for many years Macedonia's most important figure in the former Yugoslav Federal

government, was elected in January 1991. He has broad authority, particularly in international relations, despite his limited constitutional powers.

No political party commands a majority in Parliament. A non-party "government of experts" lost a vote of confidence in July 1992, and was replaced in September by a broad-based coalition of former communists, socialists, ethnic Albanians and others.

Fundamental human rights are provided for in the constitution and appear to be generally respected. The European Community's special commission considering Macedonia's request for recognition by the EC states, the Badinter Commission, stated that Macedonia fulfilled all of the EC's human rights requirements for recognition, including acceptance of the UN Charter and CSCE agreements and guarantees of the rights of ethnic minorities. Nonetheless, ethnic Albanians and other minorities have raised various allegations of human rights infringements and discrimination at the hands of the majority ethnic Macedonian population. Ethnic Macedonians have also made counterclaims of human rights abuses in regions populated by ethnic Albanians.

Foreign newspapers, books, and periodicals are available but expensive. There are no restrictions on freedom of the press, though the central printing facility is controlled by a government board. Television is still controlled by the government, but there are several different radio broadcasting groups around the country. Broadcast licensing laws are under parliamentary consideration. The primary obstacle to the development of greater media diversity is Macedonia's dire economic situation, though like other ex-Yugoslav republics Macedonia has a strong tradition of state-controlled news dissemination.

Following the departure of the Yugoslav National Army (JNA) from its territory earlier in 1992, Macedonia began forming its own armed forces. Parliament passed the "Law for Defense" in February 1992 which governs the role, obligations and operations of the Armed Forces of the Republic of Macedonia (AFRM). Throughout 1992, the AFRM was in the process of formation, reaching a strength of approximately 12,000 by October. By constitutional mandate, the Ministry of Defense is headed by a civilian.

The Macedonian Interior Ministry currently oversees the country's security apparatus, including uniformed police, border police, and the domestic and foreign intelligence services. Ministry branch offices in the country's 13 precincts are in charge of security at the local level.

POLAND

Economic developments:

1992 saw a continuation of existing reform measures and, following the formation of the Suchocka government, bold steps to address outstanding key issues. The economy showed surprising strength, as the private sector continued to grow. Poland signed a letter of intent with the IMF paving the way for a new stand-by arrangement and moved to convert the currency stabilization fund to new uses. Poland began implementing its association agreement with the EC in March, and in December signed a free trade agreement with EFTA and another with Czechoslovakia and Hungary, its Visegrad partners.

Since 1989, Poland has been in the grip of a recession. Output dropped significantly, unemployment increased, and inflation reached high levels. There are indications that Poland's economy has hit bottom and may have turned the corner. In 1992 Poland turned in a surprisingly strong performance. Overall output will be flat or show a slight decline. While industrial output is 1.8 percent above the first 10 months of 1991, a 20 percent drop in agriculture production will hold overall production down. The external balance has moved into surplus and inflation has remained below projections.

The private sector now accounts for nearly half of GDP and for perhaps 60 percent of employment. This activity is concentrated in the retail, service, and construction sectors. This has been accomplished in spite of an inadequate banking system and financial sector.

In December 1992 the GOP signed a letter of intent with the IMF on a 15-month stand-by arrangement. The IMF Executive Board now must approve the program. This is a major achievement since it paves the way for additional funding from the IBRD, the second tranche of debt relief in the Paris Club, and agreement on commercial debt in the London Club. Poland had been out of compliance with its IMF program since August 1991.

There are trouble spots, however. Unemployment is 13.8 percent and is a stumbling block to further reform, especially privatization of large state enterprises.

The budget deficit remains worrisome. It may reach 8 percent of GDP in 1992, and is expected to be about 5 percent of GDP in 1993. The key problem is on the revenue side. An inefficient tax system and slower than expected privatization have held down revenues. The parliament has approved significant cuts in expenditures. In November, in an attempt

to address the revenue side, the parliament approved a value added tax to become effective in 1993.

Although Poland passed a liberal foreign investment law in 1991, foreign investment has been disappointing. Investors seem concerned about bureaucratic delays and political instability. There are signs that in the later half of 1992, however, investor interest began to pick up.

In 1992 Poland continued existing reform measures, but political problems delayed new initiatives until the formation of the Suchocka government in July. Support for shock therapy policies launched in 1990 has waned. Frustration with the burdens of reform is reflected in the fragmented parliament where parties favoring antirecessionary policies hold a sizable bloc of seats. Following the October 1991 elections, Poland's fragmented parliament struggled to form a government. Reform was virtually on hold as the government of Prime Minister Olszewski lasted only six months. The next attempt to form a government under Prime Minister Pawlak failed. In July 1992 Hanna Suchocka formed the current government.

Although supported by a razor-thin majority, PM Suchocka has continued reform efforts and moved forthrightly to address key issues. The government has proposed a package of proposals to gain labor's support for privatization of large state enterprises and to recapitalize and privatize Poland's largest banks and to restructure industrial enterprises. These proposals either have been or shortly will be submitted to parliament for approval.

The GOP, supported by the IMF and IBRD, has asked participants in the Polish Stabilization Fund (PSF) to convert the PSF to support of bank reform. In light of the general improvement of macroeconomic conditions since 1989 and introduction of a "crawling peg" devaluation in October 1991, the PSF is viewed as having accomplished its purpose of stabilizing the zloty. The GOP hosted a donors conference in November 1992 to discuss how best to convert the PSF to support bank reform.

Political developments:

Poland has moved from a Communist state to a multiparty democracy with a lively, independent Parliament and a vigorous free press, and it continues the effort to forge lasting democratic institutions and processes. The minority coalition government of Jan Olszewski that was formed after the free and democratic elections of October 1991 resigned after a vote of no confidence in the Sejm (lower house) in June. Five weeks later, a new minority government under Prime Minister Hanna Suchocka was voted into office.

In November 1992 the President signed into law the so-called "Little Constitution," intended as an interim document while work continues on a permanent Constitution to replace the much-amended Stalinist-era Constitution of 1952. The Little Constitution clarifies, among other things, the division of powers among the President, the Prime Minister and the Parliament. The President also sent to the Parliament a proposed Bill of Rights, outlining fundamental civil rights and freedoms and intended for incorporation into the future Large Constitution. The Sejm continued debate on a new electoral law embodying proportional representation with a qualifying threshold of five percent.

Efforts to restructure the Office of State Security (responsible for intelligence and counterintelligence) within the Ministry of Internal Affairs were delayed by a crisis precipitated by the Olszewski government's attempt to use Communist-era secret police archives for partisan gain. When it made public a list of alleged secret police collaborators, the resulting storm of protest led to a vote of no confidence in the government and the replacement of both the Minister of Internal Affairs and the Minister of Defense. Regular police forces, meanwhile, improved their operations and reduced the incidence of brutality towards persons in custody.

Poland made some progress in the area of human rights in 1992. Legislation, including a broadcast law, labor law, amendments to the Constitution, and the penal code, was pending in Parliament to strengthen the legal framework for human rights and to reconcile laws passed during the Communist period with democratic practices. Despite individual instances, the typical human rights violations of the past were an exception. However, almost all broadcast media in 1992 were still under government control. Polish society continued to grapple with issues of social, gender, and ethnic intolerance, and there was again heated debate in 1992 on the role of the Roman Catholic Church in the State as it affects religious education in public schools.

ROMANIA

Economic developments:

The fundamental objective of the Romanian reform program is to establish a market economy, though (as in much of the region) the commitment of Romanian authorities to rapid implementation of the program has varied. The program's strategy consists of liberalizing prices, foreign trade, the exchange rate regime and interest rates; privatizing state enterprises; and reducing the role of government in the economy. However, economic reform has not come without cost.

Together with external economic shocks, economic restructuring has contributed to a 50 percent drop in industrial output since 1989 and three consecutive years of decline in GDP. Unemployment was estimated at nearly 10 percent at the end of 1992, and workers still employed have seen their real incomes decline by a third since late 1990.

Price liberalization is nearly complete; only a handful of basic commodities remain subject to price controls.

Trade liberalization abolished the former state monopoly on foreign transactions. Import licensing controls were abandoned in favor of a system that uses licenses for statistical purposes, and export licenses were abolished for all but a few products subject to domestic price controls and government subsidies. The tariff system was modified by harmonizing it with international standards, reducing the dispersion among rates, and developing a structure that supports Romania's comparative advantage. The remaining non-tariff barriers are gradually being removed in the context of 1992 programs with the IMF and the World Bank. Romania signed an Association Agreement with the EC in November 1992, committing the country to harmonize trade and tariff policies gradually with those of the EC.

The exchange rate regime has been liberalized gradually. A complex multiple exchange rate system was abandoned in favor of a managed float, but questions remain about the financial authorities' degree of control over the exchange rate. There is almost full convertibility for current account transactions and on residents' access to foreign exchange accounts and their export earnings. Non-residents are allowed to keep their foreign exchange earnings in the banking system, and to repatriate 100 percent of their profits.

With respect to privatization, many small enterprises were quickly sold and joint ventures were established with foreign participation. Large enterprises in strategic industries, mining, defense, and telecommunications will remain in state hands, while others will be privatized. The privatization law, enacted in mid-1991, provides for the establishment of five holding companies, which initially will own and eventually will distribute among the public a 30 percent share in each state enterprise. These holding companies will supervise the management of state enterprises.

The law also provides for a State Ownership Fund (SOF) that will initially hold a 70 percent share of all enterprises but with a mandate to divest through auctions and other market methods. In late 1991, Romania announced the first 30 firms to be auctioned. In addition to these developments, Romania has begun ambitious efforts, in concert with foreign donors, to privatize both housing and agricultural land.

Tax reform initially concentrated on reducing the turnover tax which drained state enterprises and replacing it with a broader based and less complicated system. On the expenditure side, investment was reduced to enable an increase in social expenditures. The fiscal authorities have developed a plan to further reform the tax system by adopting a value added and generalized income taxes, and simplifying the rest of the system. Some progress was made in 1992, but the bulk of these reforms are programmed for the 1993-94 period.

Financial reform sought to break up the mono-banking system. The government adopted a legal framework that allows private sector (domestic and foreign) participation in the financial system, separates commercial from the central banking functions, and permits the establishment of a modern and independent National Bank of Romania (NBR). Progress to date includes the establishment of two private banks, the authorization of foreign-owned bank operations, the separation of commercial banking functions from the NBR, and the nomination of an independent board of governors for the NBR.

A \$400 million Structural Adjustment Loan with the World Bank, agreed to in 1992, is supporting the economic reform program. This loan, co-financed by the Japanese, will provide Romania with added technical and financial support for its reform program. Several other large loans are planned as well.

Romania committed to a stand-by arrangement with the IMF in May 1991 which provided for \$525 million in balance of payments assistance plus up to \$342 million in contingency and compensatory lending to offset higher oil import costs and \$180 million in contingency financing. This program was terminated in February 1992 by mutual agreement when, as a result of growing inter-enterprise arrears, it became evident that Romania would miss program targets for monetary growth. Another stand-by arrangement was negotiated in May 1992 providing for \$440 million in lending. As of the end of September 1992, all performance criteria were being met.

Romania's transition to a market economy is still in its early stage. The successful implementation of new legislation and additional reforms are confronted by a governing coalition which may not yet be fully committed to rapid reform, ill-prepared bureaucrats, the risk of corruption, potential social unrest associated with a deteriorating economic situation, and a public unaccustomed to market concepts (as well as the costs to the Romanian economy of the economic sanctions against Serbia).

Political developments:

During 1992, Romania took major strides toward full democratic pluralism. The non-partisan government of technocrat Prime Minister Stolojan conducted local elections in February, resulting in victories by the center-right pro-reform Democratic Convention in several major cities.

Parliamentary and presidential elections, delayed until September by partisan disputes, represented a significant step in Romania's continuing transition to democracy. These elections followed an active, open, and pluralistic campaign, but were somewhat marred by restrictions on nonpartisan domestic observers, a large number of invalidated ballots, and other irregularities and procedural problems pointed out by international observers. In spite of these irregularities, the international observers concluded that the results did reflect the will of the electorate. President Iliescu won reelection over five other candidates, beating Democratic Convention rival Emil Constantinescu by 61 percent to 39 percent in the October 11 run-off. In parliamentary elections contested by more than eighty parties, Iliescu's Democratic National Salvation Front (DNSF) emerged as the strongest party with 28 percent, followed by the Democratic Convention with 20 percent.

Rebuffed by the pro-reform parties, and unwilling to enter a coalition with extreme nationalists, the DNSF appointed an obscure economist, Nicolae Vacaroiu, as Prime Minister, and named a mixed DNSF/technocratic government. Though dependent on extremist votes for its parliamentary majority, the Vacaroiu government has pledged to follow the course of free market economic reforms, albeit more cautiously, and continue the consolidation of democratic institutions and human rights.

The 1991 Constitution provides for the protection of fundamental human rights, but is criticized by the Hungarian minority for its lack of explicit safeguards for minority rights. During 1992, there were few reports of human rights abuses, though criticism continued for the government's failure to redress older violations. Hungarian minority complaints centered on the need for expanded Hungarian-language education, although Hungarian language education was available in areas with a large Hungarian population. Gypsy organizations noted a few vigilante-style attacks on Gypsies. Western groups expressed concern at Germany's decision to return rejected asylum seekers, primarily Gypsies, to Romania, given anti-Gypsy attitudes and the absence of any program for their resettlement. While the Chief Rabbi of Romania lobbied for a law banning anti-Semitic attacks in the press, there was no violence reported against Jews or Jewish institutions during 1992.

Media freedom improved vastly in 1992, with a full spectrum of views expressed, no abusive prosecutions, and a major decline in the attacks on journalists which marred 1991. Parliament approved a new broadcasting law in 1992, although some observers believed that state control of the national television by the ruling party remained a problem. Some decisions by the new Audio-Visual Council were controversial, particularly its rejection in December of licenses for four operating pro-opposition local television stations in favor of better-funded new commercial ventures with alleged nationalist or even communist backing. During the elections, multiparty oversight of television coverage to prevent bias was much improved, though the opposition continued to complain that state television is controlled by the ruling party and that state television news broadcasting reflected political bias.

Parliament did not implement effective oversight over the Romanian Intelligence Service in 1992, but the new chairman of the relevant parliamentary committee pledged to implement oversight legislation enacted in 1991 and 1992. Overt influence of the ex-Securitate (secret police) continued to decrease, but with continued public charges that former Securitate personnel enjoyed disproportionate economic influence. Others complained that the ex-Securitate also continued some unauthorized monitoring of telephone conversations and written correspondence.

SERBIA AND MONTENEGRO

Economic Developments:

The economy of Serbia and Montenegro continues to deteriorate rapidly. The war in Bosnia and Herzegovina is being financed largely by the Serbian Government in Belgrade. Inflation for FY 1992 is estimated at over 1300 percent and black market currency transactions are flourishing. The U.N. sanctions imposed against Serbia and Montenegro have created severe shortages for the manufacturing sector which is down to about 30 percent of capacity. Workers made redundant from manufacturing shutdowns and slowdowns are receiving large unemployment pensions (60-80 percent of regular pay) from the government, which is increasingly unable to meet even basic government costs. Food prices have increased to the point that most families find it difficult to buy basic necessities. The sanctions have effectively shut down banking operations. While the sanctions have been largely ineffectual in stopping the flow of fuel to Serbia and Montenegro, the payments for the contraband fuel must be made in hard currency, thus depleting the reserves of the government. The recent U.N. Security Council resolution 787 has tightened the sanctions on fuel and other key materials. The resolution has not been in effect long enough to gauge its effectiveness.

One anecdotal, but believable, source of goods for the Serbian and Montenegrin markets are goods confiscated from Muslims who have been forced out of Bosnia. Serbian "settlers" move into the homes left by the Muslims and take anything of value. Most of the settlers eventually return to their homes in Serbia and Montenegro.

The poorest region governed from Belgrade is Kosovo. Kosovo has the highest infant mortality rate in Europe and the highest rate of infectious diseases -- both symptoms of a poor economy. Serbia in the best of times did not supply Kosovo with fuel and raw materials as well as it did the rest of their territory. As the Serbs feel sanctions tighten, they are expected to send less and less of their scarce goods and fuel to Kosovo. The population of Kosovo is 90 percent ethnic Albanians. As the Serbs complete ethnic cleansing of Bosnia, they may turn their attention to Kosovo, which they see as traditionally Serbian soil. Many in the region believe that Kosovo will be the next site of conflict. Already, some Albanians have been forced from their jobs and homes in Kosovo.

The economic forecast for Serbia and Montenegro is bleak. The cost of the war effort and entitlement programs continues to rise while GDP plummets and hard currency reserves are depleted. The sanctions will not be lifted any time soon. Even if the crisis ends and sanctions are lifted, the rebuilding of the Serbian-Montenegrin economy will be a lengthy and expensive process.

Political developments:

During 1992 the Socialist Federal Republic of Yugoslavia (SFRY) continued to disintegrate, amid violence and political extremism that dealt a grave blow to democracy and fundamental freedoms for many inhabitants of the former Yugoslavia. For a full discussion of the horrific human rights violations perpetuated by Serbian-backed forces in Bosnia and Herzegovina, the reader is referred to the State Department's Country Reports on Human Rights Practices for 1992. The United States and many other countries formally recognized the independence of three of its former republics (Croatia, Slovenia, and Bosnia and Herzegovina). Because of the role of Serbia and Montenegro in the Bosnian crisis, the United Nations Security Council imposed sweeping sanctions in May, effectively isolating the two republics. In May, Serbia and Montenegro asserted the formation of a joint independent state, but this entity has not been formally recognized as a state by the United States. The FRY's claim to the continuity of the SFRY was rejected by the international community, and Yugoslav participation was suspended in such bodies as the United Nations General Assembly and the CSCE.

Elections held in May for delegates to the bicameral Federal Assembly of the "FRY" were boycotted by the democratic opposition in Serbia and Montenegro. The CSCE found those elections to be unfair and illegitimate. In June, the nationalist/socialist-dominated Assembly selected as federal President Dobrica Cosic, a prominent nationalist Serbian writer. In July, in an effort to improve Serbia's international image, a Serbian-American businessman, Milan Panic, was named federal Prime Minister. Panic formed a government which included some respected opposition figures, and pledged democratization and new elections.

Cosic and Panic had some initial success in fulfilling commitments made at the London International Conference on the Former Yugoslavia in August. They condemned the practice of "ethnic cleansing," withdrew the Yugoslav Army (JNA) from Croatia, and began a dialogue with Croatian and Bosnian leaders on mutual recognition. A pledged FRY crack-down on Serb nationalist paramilitaries resulted in a handful of arrests, but some perpetrators of notorious atrocities, such as Vojislav Seselj and Zeljko Raznjatovic ("Arkan"), considered to be linked to Serbian President Slobodan Milosevic, proved untouchable.

Real power in Serbia remained concentrated in the hands of Serbian President Milosevic, who resisted efforts by the federal government to assert constitutional authority over economic and foreign policy. Accusing Cosic and Panic of betraying Serbian interests, Milosevic used his party's dominance over the FRY Assembly to water down democratic reforms and delay elections. He retained control over the influential state-run Serbian Television and over Serbian police, who in October seized control of federal police headquarters in Belgrade. The still powerful Yugoslav Army, ostensibly under the joint command of Cosic, Milosevic, and Montenegrin President Bulatovic, sat on the sidelines.

"Federal" and republic elections in December, marred by serious irregularities, resulted in victory for Milosevic and his party and its Radical Party allies. Milan Panic ran unsuccessfully against Milosevic in the Serbian presidential race, and lost a parliamentary vote of confidence on December 29.

Serbian nationalists and paramilitaries, tolerated and even encouraged by the Milosevic regime, used threats and violence to intimidate minorities (Muslims, Croats, and, to a lesser degree, Hungarians) in the Sandzak and Vojvodina regions, resulting in deaths or disappearances, flight, and confiscation of property. Ethnic Serb and Montenegrin democratic opposition leaders, denied fair access to government-controlled mass media, were also victims of violence and intimidation. Faced with growing domestic criticism, the Milosevic-dominated

Serbian assembly adopted laws restricting freedom of assembly and university autonomy.

The human rights abuses and systematic repression of the Albanian majority in Kosovo worsened in 1992. Although Serbs constitute just ten percent of the population in the formerly autonomous Kosovo region, Serbian authorities maintain a complete hold over all aspects of political, economic, social, and cultural life. Police cracked down on an underground Albanian school system established after Serbs imposed their own curriculum and purged Pristina University of Albanian faculty. Through mass firings and protest resignations, only an insignificant number of Albanians remain employed in the public sector.

Police control over the Albanian population is repressive and brutal, and arrests and beatings are routine. Systematic abuses and torture during police interrogation resulted in a number of deaths. Those responsible were not prosecuted. Federal Prime Minister Panic and Kosovo Albanian leader Rugova initiated a dialogue in October. However, hope for meaningful improvements in the treatment of Albanians remains limited, given Serbian connivance in unofficial efforts to change the ethnic composition of Kosovo. In fact, Arkan was "elected" as a Kosovo representative to Parliament in December.

SLOVENIA

Economic developments:

Before declaring its independence from the former SFRY in 1991, Slovenia, although containing only 8.4 percent of the federation's population, was the country's most developed republic, producing 20 percent of GNP and 30 percent of exports. Widely regarded as Yugoslavia's wealthiest republic, Slovenia was unable to insulate itself completely from the Yugoslav economic downturn of the 1980s, and downtrends originating then have not been fully reversed. The country is now in a severe recession resulting from the disruption of intra-Yugoslav trade, Slovenia's own halting reform efforts, and the legacy of 1980's economic problems. Output in the first half of 1992 fell by 16 percent, and unemployment hit approximately 11 percent by mid-1992, with no relief in sight.

Slovenia's largest Yugoslav trading partner had been Serbia, before UN sanctions terminated this commerce, and economists believe this pattern will quickly reemerge whenever sanctions are lifted. In 1990, 30 percent of Slovenia's exports and 28 percent of imports were with Yugoslav republics. Despite the shock brought on by the collapse of former trade patterns, Slovenian firms have been successful in

reorienting much of their trade to the West. For the first half of 1992, a trade surplus of \$250 million was recorded as exports rose and imports fell, with hard currency reserves rising to over one billion dollars.

The Bank of Slovenia's tight control of monetary policy has brought inflation under control, and this has helped Slovenia's tolar to hold its value since its introduction in October 1991.

Slovenia has not implemented a coordinated economic reform program. A privatization law was passed in November 1992, after more than two years of parliamentary debate. The grass-roots private sector is expanding, and 32,000 private companies had been registered by mid-1992. Approximately 135,000 Slovenes (one in five employed workers) work in so-called "small business," although much of the sector remains to be privatized. The Government has not begun to tackle the problem of restructuring state enterprises, of which 1,300 were classified as unprofitable. Nevertheless, Slovenia remains relatively attractive to foreign investors, and German and Austrian investments predominate.

Slovenia is making rapid progress in establishing itself with international financial institutions. In October 1992 Slovenia became the first former Yugoslav republic to join the EBRD. Following that, a December 14, 1992 decision by the International Monetary Fund cleared the way for Slovenia's succession, as one of the successor states to the former Yugoslavia. Membership in the World Bank is expected to follow shortly after IMF membership. In addition, Slovenia applied to join the GATT in June 1992.

Political developments:

Slovenia, which was one of the constituent republics of the Socialist Federal Republic of Yugoslavia (SFRY), declared its independence from the SFRY on June 25, 1991. The Yugoslav National Army (JNA) attempted to prevent this action by force but after 10 days of fighting agreed to a ceasefire and withdrawal of JNA units from Slovenia. (The United States formally recognized Slovenia as an independent state in April 1992.)

Of all the former Yugoslav republics, Slovenia is the one which thus far has developed the most stable political system. The constitution, which was adopted December 23, 1991, proclaimed Slovenia a democratic republic governed by the rule of law. Having emerged, even before independence, from over four decades of an authoritarian political system under the communist party, Slovenia has become a multiparty system with a mixed presidential and parliamentary form of government. When the coalition government of Prime Minister Lojze Peterle,

formed in April 1990, fell in April 1992, the parliament confirmed a new coalition government, headed by Janez Drnovsek, the following month. The first presidential and parliamentary elections under the new constitution, held December 6, 1992, kept Milan Kucan, an independent, as president and put seven parties into parliament. The largest, the Liberal Democratic Party, obtained less than a quarter of the votes and is seeking to form a new coalition.

Although much of the rest of the former Yugoslavia is at war or afraid of being drawn into war, Slovenia is and should remain at peace. Aside from the dislocation of its economy caused in large part by the loss of much of its trade with the former Yugoslavia, the only major effect of the conflict elsewhere has been the need to care for refugees, particularly from Bosnia and Herzegovina. Human rights are generally well respected.

U.S. ASSISTANCE TO ALBANIA

PRIORITY PROGRAMS

Humanitarian assistance and support for economic restructuring, with particular emphasis on privatizing agriculture and agribusiness, are the highest priorities in Albania. U.S. assistance obligations for Albania totalled \$35.1 million as of September 30, 1992 (not including \$38.5 million on food aid covered in section VI of this report). Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING**AGRICULTURE**

Assistance in agriculture and agribusiness is the core of the Albania program. The U.S. is cooperating with the other members of the G-24, particularly the European Community and Japan, as well as the World Bank, to coordinate agricultural activities. A.I.D. is executing an \$18 million SEED-funded agricultural development program to help restructure and privatize Albania's domestic fertilizer production and distribution network. The program provides for technical assistance to the fertilizer industry, commodity assistance in the form of 50,000 metric tons (MT) of fertilizer and 30 U.S.-manufactured trucks for distribution, and a local currency fund generated from the sales of fertilizer to support the central budget. A.I.D. delivered the first 20,000 MT of urea and 10 trucks on an emergency basis in April 1992 and the second 10,000 MT and 20 trucks in September. The fertilizer was sold to private dealers and state distribution enterprises in a free market auction. The remaining 20,000 MT is being shipped in two tranches this winter for application on Albania's winter wheat crops.

A.I.D. has designed a long-term development assistance project (\$25 million over five years) to increase agricultural productivity and improve food distribution. In connection with the project, A.I.D. will also provide a long-term policy adviser to work with the Ministry of Agriculture. A short-term policy adviser to the Agriculture Minister was sent in September 1991 to begin work with the Albanian government on agribusiness development and price policy reform.

The Volunteers for Overseas Cooperative Assistance (VOCA) has begun placing American farmers and agricultural experts in Albania to provide technical assistance in agribusiness and to establish and manage private agricultural cooperatives. In support of this program, the Land O' Lakes cooperative and

Agricultural Cooperative Development International (ACDI) will offer follow-up training. Eight VOCA volunteers, of an anticipated 50, have traveled to Albania since December 1991 to assist with agricultural sector restructuring and to help create new private farmer associations.

PRIVATIZATION AND BUSINESS DEVELOPMENT

A.I.D. and the Department of the Treasury funded seven short-term macroeconomic policy advisers to the Ministries of Finance and Economics and to the Central Bank. The advisers helped the Albanian government develop a plan to put in place badly needed economic policy reform with advice on such issues as tax policy, budget, price liberalization, customs law, currency convertibility, economic policy coordination, modernizing interbank payment operations, and preparation for the IMF/IBRD annual meeting.

Using SEED funds transferred by A.I.D., Treasury has sent two long-term advisers to the Ministry of Finance. The first advises the Minister on macroeconomic policy reform, including extensive monetary and price reforms, while the second works with Ministry officials on the central budget. These experts, placed in response to Albanian government requests, arrived in a resident capacity in July 1992. In addition, Treasury has plans for one long-term bank adviser to help develop the commercial banking structure. The above could be supplemented as needed by additional short-term advisers from the International Executive Service Corps (IESC) or Financial Services Volunteer Corps (FSVC).

A.I.D. funded a team from Deloitte & Touche to advise the Albanian Government on privatization in September 1991. As a follow-up to that trip, A.I.D. placed a long-term adviser, supported by short-term technical assistance, to evaluate foreign investment proposals. Assistance will also be provided to help the Albanian Government organize an Investment Development Agency and develop a privatization strategy to promote investment.

The International Executive Service Corps sent 20 retired business executives to Albania to assist with the reorganization of the Ministries of Foreign Economic Relations and Agriculture, the restructuring of the curriculum of the Polytechnic University of Tirana, the revamping of Albanian State TV, and the privatization of the state enterprise "ExIm Agri" and the Commercial Bank of Albania. In addition, IESC assisted in developing a business plan for the seven newspapers in partnership for the International Media Fund printing press. IESC is also sending an expert on rug manufacturing to Albania in March to assess the export viability of the rug factory at Kruje.

A.I.D.'s Bureau for Europe and Women In Development Office through A.I.D.'s Entrepreneurs International Training Program co-funded the training of six rug-making experts in entrepreneurial

skills and business management in the U.S. Four of the participants were women.

A.I.D. provided a grant to the American Bar Association to help central and eastern European countries to draft commercial and economic legislation and to provide technical training to government officials and private lawyers. Two long-term advisers served in Albania for six months commenting on dozens of draft laws and on the proposed constitution. The advisers also established sister school links between the Law Faculty at the University of Tirana and Vanderbilt, Temple and Hamline Universities, established a lending law library, and held three technical assistance workshops.

The Department of Commerce's Commercial Law Development Program provides technical assistance and training. The program concentrates on helping Albanians learn about commercial dispute resolution techniques, government procurement systems, domestic and foreign investment laws, and intellectual property rights.

The Department of Commerce sponsored a team of experts to travel to Albania in November 1991 to advise the government on general principles of commercial law, including the necessary legal framework to facilitate privatization, foreign investment, and commercial transactions.

Albania has been included in A.I.D.'s East European Regional Management Training and Economics Education project. Approximately \$850,000 was given to the University of Nebraska consortium to educate and train Albanians with the information and skills necessary to work in a market economy. Approximately 550 Albanians were trained in two five-day seminars in Tirana and Korce in May 1992. Additional seminars were held in September. The University of Nebraska will also establish a Management Training Center with Tirana University.

USIA awarded grants to San Diego State University (\$112,000) and Virginia Polytechnic Institute and State University (\$110,000) to carry out management training activities. Both institutions conducted in-country training programs for high-level university and ministry officials on economic theory and business issues in October and November 1992. Follow-up U.S. study tour programs are scheduled for winter/spring of 1993.

Under the American Business Initiative Project, the Commerce Department's East European Business Information Center has hired an Albanian to collect information on joint ventures and other business opportunities in Albania. This information is published in the Eastern Europe Looks for Partners bulletin.

II. QUALITY OF LIFE

HUMANITARIAN ASSISTANCE

Flash floods in six coastal districts of Albania during the week of November 16, 1992 killed ten people and left a reported 7,000 homeless. The floods also inundated 6,000 hectares of land, which had recently been planted with wheat, and severely damaged a 25,000 hen poultry agribusiness and a large pig farm. The U.S. Ambassador to Albania declared an emergency and A.I.D.'s Office of Foreign Disaster Assistance transferred \$25,000 to assist the government of Albania's capacity to respond to the situation.

A.I.D.'s chief medical assistance contractor, Project HOPE, delivered approximately \$1 million worth of medicines and medical supplies in late September 1991. Project HOPE experts returned in July 1992 to conduct a follow-up assessment to ensure the medicines were accounted for and distributed properly. A.I.D. has transferred another \$1 million to Project HOPE for additional shipments of medical supplies to help Albania get through winter of 1992/93.

A.I.D. gave the Organization for Rehabilitation Through Training (ORT) a \$500,000 grant to help relieve the suffering of recently freed political prisoners and their families through job skills training. ORT has conducted courses for Albanians to train other former prisoners in fashion and design, secretarial skills, and management of small construction and business enterprises such as carpentry, architectural design, cabinet making, plumbing, masonry, and electricity. A.I.D. provided an additional \$2.4 million in 1992 for ORT to undertake an expanded initiative to re-open the Vocational School at Tirana founded by the American Red Cross in 1921. The School will train Albanian students in machine design, heating and cooling systems, mechanics, and general education.

The Albanian Red Cross (ARC) received \$250,000 worth of technical assistance and equipment from A.I.D.'s Office of Foreign Disaster Assistance to enhance its ability to receive, store, and distribute relief supplies. Operating with support from the International Red Cross, the ARC is the principal non-governmental relief organization operating in Albania.

At the request of the Albanian Finance Ministry and in coordination with the IMF, the Department of Labor arranged a short-term policy adviser to assess worker safety and health problems and to develop proposals for improving working conditions.

HOUSING

A.I.D. field staff and advisers accompanied World Bank personnel on a housing sector reform assessment in November 1992. The team identified key elements of sectoral reform: privatization of the majority of housing stock, broadening the role of the private sector in production and maintenance, and progressively reducing housing subsidies through cost recovery.

The A.I.D. and World Bank housing team provided immediate advice on a Privatization Act. The act is essential to creating an environment to encourage private sector involvement in the provision of housing. The team reviewed two versions for the Minister of Finance; a definitive proposal should be introduced to Parliament soon.

LABOR

At the request of the Albanian Finance Ministry and in coordination with the IMF, the Department of Labor arranged a short-term policy adviser to examine the feasibility of establishing employment services systems.

HEALTH

Healthcare Enterprise International (HEI) has a regional contract which will provide technical assistance to the Ministry of Health.

III. DEMOCRATIC INITIATIVES

SEED funds were used to print \$611,000 worth of depoliticized textbooks to replace propaqaanda-laden texts used in Albania's schools during the former regime. The initial shipment of 200,000 books arrived in November 1991, and the final 400,000 books reached Albania on January 8, 1992. These were the first propaqaanda-free history and civics books used to teach young Albanians in over 40 years.

The International Republican Institute (IRI) received a grant for \$483,000 to conduct political party training and civic education in Albania. In addition to training, the IRI provided vehicles and office equipment to newly-organized democratic parties, assistance in electoral law drafting, and election monitoring services for parliamentary elections that were held March 22, 1992 and local elections held July 26, 1992. The National Democratic Institute (NDI) received a grant for \$146,000 for a civic education program.

USIA is providing university curriculum advisers and participant training for Albanian university professors in the U.S.; furnishing English language teaching, rule of law, and management training materials; offering youth exchanges; setting up a book donation and translation program; and

developing a sister institution relationship with the University of Tirana. USIA also will sponsor training of six to eight Albanian parliamentarians in the U.S. In addition, USIA installed a Worldnet satellite hook-up in Albania.

The International Media Fund, a U.S. government funded private voluntary organization, was awarded \$200,000 from A.I.D. to provide desktop publishing, photographic and other equipment for seven opposition newspapers, and programming and equipment for Albanian TV. In addition, two vehicles were purchased by the Fund in March 1992 to help independent publishers to distribute their newspapers.

The International Media Fund also provided a turn-key studio and transmitter to an Albanian group to establish an independent FM radio station serving Tirana and Durres. Permits were arranged and a frequency was assigned in early 1992, permitting operations to begin during the campaign for national elections. In addition, the Fund provided desktop publishing and communications equipment to start up a journalism department at the University of Tirana.

A.I.D. and USIA collaborated with the International Media Fund to deliver a printing press together with newsprint and training worth \$1.25 million for a consortium of independent newspapers. A pre-fab building was constructed to house the press, which was delivered and installed in late November. The Media Fund hopes the press will be operational by January.

A.I.D. transferred \$100,000 to USIA for the Soros Foundation to supply independent publications with newsprint prior to the parliamentary elections held March 22, 1992. USIA also received \$150,000 to supply Albania with election-related equipment, including stamps, fax machines, and copiers. In addition, A.I.D. gave a grant of \$36,000 to the International Foundation for Electoral Systems to provide technical assistance to the Central Election Commission for the spring elections.

Under the Rule of Law project, the American Bar Association's Central and East European Law Initiative has provided short-term legal assistance in drafting a new constitution. USIA and the Department of State's Bureau of Human Rights and Humanitarian Affairs (HA) have sent a Federal judge to Tirana for three weeks to advise the Ministry of Justice on a range of administration of justice and constitutional reform issues under the same project. More recently, State/HA and USIA sent an Assistant U.S. attorney to Albania for six months to help advise on legal system reform.

The Free Trade Union Institute received a grant of \$34,000 for technical assistance to trade unions.

A.I.D. has transferred \$7,000 of a planned total of \$176,000 to the Peace Corps for technical assistance to small and medium-sized enterprises over a three-year period beginning in FY 1993.

Peace Corps placed 21 volunteers in Albania in June 1992 as teachers of English as a foreign language. A second group of volunteers, due to arrive in April 1993, will assist in developing the institutional capacity of seven Regional Business Agencies providing assistance to small businesses, to assist with staff development of these institutions and to provide basic business skills and training for entrepreneurs.

**U.S. ASSISTANCE TO ALBANIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

•SAI/ESF/DA Total: **OBLIGATION
\$35,057**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800017.	Political Process	226
1800019.	Democratic Governance & Public Administration	150
1800020.	Rule of Law	14
Democratic Pluralism		
1800021.	Political & Social Process	747
1800022.	Independent Media	2,663
		SUBTOTAL:
		as % of Total:
		\$3,800 10.8%

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	738
1800023.	Technical Assistance to Enterprises	145
Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	740
1800027.	Business Services	1,503
Human Resources		
1800002.	Regional Human Resources Program	163
1800029.	Management Training and Economics Education	1,013
1800045.	Participant Training	266
Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	4,578
1800046.	Agriculture Development Fund - Albania	10,950
1800049.	Restructuring Albanian Agriculture	5,000
Energy Efficiency		
1800030.	Regional Energy Efficiency	255
		SUBTOTAL:
		as % of Total:
		\$25,352 72.3%

C. IMPROVING THE QUALITY OF LIFE

	Short-term Emergency and Humanitarian Aid	
1800016.	Humanitarian Emergency Medical Supply	1,667
1800032.	PVO Humanitarian Initiatives	3,626

	Employment and the Social Safety Net	
1800033.	Labor Market Transition	75

	Health	
1800038.	Promotion/Private Health Markets	433

SUBTOTAL:	\$5,801
as % of Total:	16.5%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	105
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SUBTOTAL:	\$105
as % of Total:	0.3%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

U.S. ASSISTANCE TO BULGARIA

PRIORITY PROGRAMS

Agriculture and agribusiness, including privatization, are the priority areas for U.S. assistance to Bulgaria. U.S. assistance obligations to Bulgaria totaled \$73.3 million as of September 30, 1992, plus \$34 million in food aid (covered in section VI of this report). Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

PRIVATIZATION AND BUSINESS DEVELOPMENT

The Bulgarian American Enterprise Fund, a private U.S. corporation with SEED funding, was established to promote the development of free enterprise and entrepreneurship in Bulgaria, through direct equity investments, loans to the private sector, and technical assistance and grants. With planned three-year capitalization at \$50 million, it is actively seeking proposals in many areas, especially in food and agribusiness, electronics and tourism. Offices have been established in Chicago and in Sofia. In October 1992, the first joint venture contract was signed, covering bread production.

Coopers and Lybrand has an A.I.D. contract to assist with privatization. In 1992, the firm concentrated efforts on the privatization of industries in the electronics sector, wood and light industry, and food distribution systems.

The International Executive Service Corps (IESC), another SEED-funded A.I.D. business activity, sent 25 volunteers to Bulgaria in fields such as commodity exchanges, postal security, telecommunications, and tourism.

Through the SEED program, A.I.D. has awarded contracts to KPMG Peat Marwick for privatization services in the light machinery and wood products sectors of the economy, and awarded Deloitte Touche Tohmatsu a contract to identify privatization candidates in the electronics sector.

The American Bar Association - Central and Eastern European Law Institute (ABA/CEELI) provides commercial and business legal advice and in-country technical assistance. A commercial law center has been established and a second long-term adviser started his assignment in Bulgaria in September 1992. In addition, ABA/CEELI recently issued a concept paper on public procurement law.

The International Development Law Institute (IDLI) provides training in-country and abroad, and has planned its initial

training session.

The Department of Justice (DOJ) and the Federal Trade Commission (FTC) sent experts to Bulgaria, assisting its government to develop, refine, and enforce economic competition laws and to act as an advocate for market-oriented, competitive solutions to economic problems. Both agencies are currently preparing for resident advisers to be placed in Sofia.

Peace Corps Bulgaria Volunteers, as part of the small business development project entitled "Project Enterprise," completed training and arrived in Bulgaria in June 1992. They are working in banks and municipal governments and have initiated six Multi-Link Centers, partially supported by SEED resources, located throughout the country. These Centers will serve as clearinghouses for information on English teaching, small business development, and environmental protection. Peace Corps is also providing technical assistance to small and medium-sized enterprises over a three-year period beginning in FY 1993.

The American Business Initiative (ABI) supports economic reform while promoting U.S. investment and trade. The Department of Commerce's Eastern European Business Information Center (EEBIC) Program has begun in Sofia. (Please refer to Section IV of this report on regional projects for additional information.)

OPIC's Project Development Program, funded under the ABI Project, has awarded a Program Agreement to three U.S. companies to enable them to assess the commercial viability of establishing a training center at the Kozloduy nuclear power plant in Bulgaria.

Also under the ABI Project, the Commerce Department's EEBIC will recruit a Bulgarian to collect information on joint ventures and other business opportunities in Bulgaria. This information will be published in the Eastern Europe Looks for Partners bulletin.

FINANCIAL SECTOR REFORM

The Department of Treasury has sent ten short-term advisers on debt management, tax policy, and export credit financing. In addition, Treasury sent long-term advisers on bank sector reorganization, bank supervision, and finance. The first commercial bank consolidation was completed in October 1992 under the guidance of one of the long-term advisers. In addition, Bulgaria's Deputy Finance Minister has been receiving economic policy management training since March 1992 at the Economics Institute in Boulder, Colorado and the Woodrow Wilson School in Princeton, New Jersey.

Under contract with Treasury, KPMG Peat Marwick will provide banker training services to the Bulgarian Institute for Banking and Finance in the form of curriculum advice, instructors, course

materials, and related assistance.

AGRICULTURE

Assistance in agriculture and agribusiness are the central focus of the A.I.D. program for Bulgaria. Support included \$10 million disbursed in early 1992 through an agricultural sector grant. Local currency generated by the grant is being used for operating the Bulgarian government's land reform offices.

USDA is helping Bulgaria develop the organizational infrastructure necessary to promote a private agricultural economy. The USDA program has two major objectives that reflect the its unique capabilities: (1) to establish extension and information systems that will give Bulgarians in both the public and the private sectors access to the data and the other tools necessary to make rational decisions in a market environment; and (2) to work in the physical and biological sciences to remove environmental constraints to food safety, marketing, and privatization.

USDA is implementing a technical assistance and training program which builds on past experience and reaches out to both rural and Sofia-based decision-makers in the agricultural economy. Its goal is to create systems for delivery of fruit and vegetable production and market information to participants at the farm, intermediate, market, and policy levels.

Volunteers in Overseas Cooperative Assistance (VOCA), with SEED funding from A.I.D., sent 18 volunteers to Bulgaria to work in areas such as the legal aspects of cooperatives, cooperative banking, and young farmer training. Agricultural Cooperative Development International (ACDI), Land O'Lakes, and an agribusiness consortium headed by Pragma Corporation also received SEED grants to provide complementary assistance in selected fields of Bulgaria's emerging private cooperative agriculture/agribusiness sector.

MANAGEMENT TRAINING

Through the A.I.D. Management Training and Market Economics Education Project, the University of Delaware has been offering courses in business management, economics education, and English as a Second Language in three cities: Sofia, Varna, and Plovdiv. The project also established a resource center in the Municipal Library in Sofia. In addition, USIA provided a small grant to the University of Arizona to offer a program in business management at the University of National and World Economics, Sofia.

ENERGY AND INFRASTRUCTURE

Bulgaria faces a major energy crisis due to its high dependence on imported supplies and the shut-down for safety reasons of its older nuclear units. A.I.D. has been working to improve energy efficiency for industry, which is the largest energy consumer in the country. Contractors completed energy audits on eight industrial plants, and installed energy efficiency equipment. They followed up on this work by presenting these findings at workshops on monitoring equipment, energy pricing, and oil purchasing. A Phase II program, implemented by RCG/Hagler Bailey, is promoting local energy service company development and joint ventures with U.S. firms.

Together with the European Community and the World Bank, A.I.D. is developing an action plan for the reform and modernization of the power sector. Central Maine Power and the new Bulgarian National Electric Company (NEK) initiated a utility partnership under the U.S. Energy Association's (USEA) program. A.I.D. contractor, Electrotek, is participating with the World Bank in identifying problems and solutions to the international transfer of electric power.

A non-governmental energy efficiency center is being activated by the Department of Energy, supported through an inter-agency agreement with A.I.D. It is expected that the Bulgarian center will provide support to U.S. industry similar to that of their Polish and Czechoslovak counterparts.

The U.S. Department of Energy and the U.S. Nuclear Regulatory Commission are also providing technical assistance in nuclear safety. This includes a computer-based diagnostic analyzer that the Brookhaven National Laboratory is transferring to Bulgaria's Kozloduy nuclear power plant and to the Committee for the Peaceful Uses of Atomic Energy (Bulgarian equivalent of the U.S. Nuclear Regulatory Commission).

Plans are also underway to assist in restructuring Bulgaria's Committee on Geology in order to promote private and foreign investment in petroleum and mineral resources.

With guidance and participation by the Federal Communications Commission (FCC) and the National Telecommunications and Information Agency (NTIA/DOC), seminars were held in Sofia and Washington with Bulgarian legislators and other policy officials to discuss goals and objectives and policy options facing decision makers in developing a new legal and regulatory basis for telecommunications development and privatization.

The FCC and NTIA gave a seminar on radio frequency spectrum management to assist in opening up frequencies for private radio and TV broadcasting and for private telecommunications services.

Under a grant to the U.S. Telecommunications Training

Institute (USTTI), two telecommunications officials were brought to the U.S. for training donated by major U.S. telecommunications companies.

The U.S. Trade and Development Agency (TDA) has funded two feasibility studies totaling \$1.18 million, one of which was funded under the American Business Initiative (ABI) program. These ongoing feasibility studies involve assessing thermal power plant rehabilitation and smaller district heating plants in the public energy sector.

LABOR MARKET TRANSITION

The Department of Labor is providing Bulgaria with labor market transition assistance through a labor exchange office in Plovdiv, Bulgaria's second largest city. This office serves as a model for the Ministry of Labor's market-oriented reform of its employment services system.

II. QUALITY OF LIFE

HEALTH

To facilitate the exchange of medical knowledge and technology, A.I.D. has established two partnerships between Bulgarian and U.S. institutions. Michigan State University and Sparrow Hospital are working with the Second National Center for Cardiovascular Diseases, while the Children's Hospital of Philadelphia is working with the N.I. Pirogov Emergency Medical Institute and the Medical Academy of Bulgaria. Both partnerships have set up programs of technical assistance, training, and equipment purchase, the first in the area of cardiac disease and the second in the area of childhood trauma.

On May 29, 1992, the Bulgarian National Center for Sight was inaugurated. This cooperative venture between the International Eye Foundation, the Bulgarian Ministry of Health, the University of Bulgaria, and the Bulgarian Medical Academy received an A.I.D. grant of \$500,000 to provide improved modern tertiary eye care, develop a national referral service, conduct short-term specialized training with visiting specialists from the U.S., and provide an upgraded post-graduate ophthalmology residency program.

A.I.D. also contracted with the following private voluntary organizations to offer specialized humanitarian aid in Bulgaria:

- o YMCA: revitalization of local YMCA associations to work with youth
- o Catholic Relief Services: purchase and shipment of medical supplies

ENVIRONMENT

The U.S. program of environmental assistance contributes to economic restructuring by reducing significant threats to health through three objectives: reform of environmental and economic policies, including pricing, legislation, and regulation; improving the efficiency and effectiveness of public sector environmental investment; and supporting the expansion of private sector involvement.

A.I.D., the EPA, and the World Bank have worked together to assist the Bulgarian Government in the drafting of an environmental strategy and action plan. In January 1992, this strategy was presented at a seminar in Sofia to Bulgarian officials, as well as other persons working in Bulgaria. The action plan has become Bulgaria's environmental policy directive.

The Environment Law Institute, through the World Environment Center (WEC), is providing assistance with law drafting, environmental assessment procedures, and public access to environmental information.

Through a cooperative agreement with the WEC, A.I.D. and the U.S. private sector are providing technical assistance and training in industrial environmental efficiency, industrial health safety, pollution prevention, and environmental economics. Nearly 50 environmental audits have been undertaken and low cost process and management reforms have been identified. This program provides linkages between the U.S. business community and its Bulgarian counterparts.

In order to improve public sector performance, the EPA is providing assistance and training to improve environmental management capacity of the Ministry of Environment. Assistance has been provided in environmental policy development assessments, environmental economics, and management of monitoring systems.

As part of the multinational Danube River Task Force, the Water and Sanitation for Health Project (WASH) conducted a Danube Workshop in Hungary in late 1991 in which Bulgarian specialists participated with A.I.D. support. The workshop assessed emission discharges, prepared a preliminary design for a water quality management study for the Yantra River Basin in Bulgaria, and identified priority river basins for environmental cleanup. Follow-up assistance in pre-investment analysis will be provided.

Bulgaria's bio-diversity constitutes the richest in all of continental Europe. Its global importance stems from its strategic location straddling the continental and Mediterranean climates. Through cooperative arrangements with the World Wildlife Fund and the U.S. National Park Service, A.I.D. is playing an active role in the institutional development of nature protection in Bulgaria. Activities include a U.S. study tour for

Bulgarian nature protection experts, National Nature Conservation Strategy Workshop, Central Balkans Management Plan Workshop, and formal education/higher training for park managers.

Through a cooperative agreement with a consortium led by the University of Minnesota, private sector and non-government organizations will be trained in aspects of environmental management. The private sector training will support U.S. business investments and joint ventures. The non-government organization training will promote leadership development, management, technical skills, and conflict mediation.

Long-term training needs in these areas will be met by the Environmental Management Training Center that was recently established by the EPA and Bulgarian environmental experts.

The USDA, in cooperation with the EPA, is implementing a three-tiered agro-environmental program which focuses on water quality, integrated pest management, and policy analysis.

HOUSING

Assistance to the housing sector focuses in the areas of housing policy, housing finance, private real estate development, and local government strengthening, with in-country direction provided through a resident adviser sent in early 1992.

In the area of housing policy, an analysis of legal and regulatory constraints to property development, sales, and the private rental market has been completed, and reforms of development permitting procedures are under way.

In the area of housing finance, an indexed mortgage instrument has been designed for implementation by the State Savings Bank (SSB). In addition, underwriting and servicing guidelines are being developed in conjunction with the Bulgarian National Bank (BNB) and the SSB.

In the area of private development, two training courses have been conducted through which 120 Bulgarian brokers/appraisers were licensed. Since January 1992, over 30 new brokerage firms were established and are operating in Sofia.

Local government assistance has encouraged new construction by the private sector and has initiated new procedures for allocating rental housing based on income and need.

III. DEMOCRATIC INITIATIVES

Under an initiative of the House of Representatives (Frost Task Force), A.I.D. has financed a wide range of technical assistance and equipment to support the Bulgarian Parliament. The Congressional Research Service of the Library of Congress has organized seminars and is supplying books for the parliamentary

library and equipment for parliamentary staff. The International Republican Institute (IRI) and the National Democratic Institute (NDI) helped the newly established Bulgarian Association for Free Elections to educate the electorate and to monitor elections, including the parliamentary elections of October 1991 and the presidential elections of January 1992. The IRI provided support to the Union of Democratic Forces, a coalition of opposition parties. The NDI continued its support of a non-partisan civic education program, primarily through the Bulgarian Association for Free Elections and Civil Rights.

USIA, along with (for some activities) the State Department's Bureau of Human Rights and Humanitarian Affairs (HA), has complemented these efforts through a number of activities:

- o providing an adviser on civilian control of the military to the Ministry of Defense;
- o providing advisers on criminal law reform to the Ministry of Justice for six-month periods;
- o providing advisers on administrative law reform to the Bulgarian Parliament;
- o assisting the development of a Center of Public Affairs at the University of National and World Economy in Sofia;
- o supporting Bulgarian university students studying in the U.S.;
- o providing equipment to the Center for the Study of Democracy, a private policy institution in Sofia; and
- o assigning English as a Foreign Language fellows to Bulgarian universities and teacher training institutes.

Through USIA's Participant Training project, 27 "top-up" scholarships to Bulgarian students were awarded for the 1992-1993 academic year in subjects including public administration, political science, and economics.

The University of South Carolina provides training and technical assistance to local government officials in Sofia, Varna, Stara Zagora, Kaskovo, and Plovdiv under an A.I.D. grant.

The Sofia Center for the Study of Democracy is also being supported through a \$46,000 grant through the National Endowment for Democracy.

The Free Trade Union Institute is providing assistance to the trade union umbrella group Podkrepa under grants totaling \$300,000 to help Podkrepa play a significant role in the democratic process.

A.I.D. has provided over \$1.6 million in SEED funds to support programs at the new American University of Bulgaria, which is the first American-style university established in eastern Europe. Located in Blagoevgrad, in southern Bulgaria, the university enjoys U.S. accreditation through the University of Maine, and receives funding primarily from A.I.D., USIA, and the Soros Foundation. The university enrolled over 200 students in its first freshman class in September 1991 in facilities provided by the town of Blagoevgrad. Approximately 400 students are enrolled for the 1992-93 academic year.

The International Media Fund has purchased and installed equipment at three newly established independent radio stations. One of the studios is associated with the Center for the Study of Democracy, another with the University of Sofia, and the third is the student-run radio station of the American University in Blagoevgrad.

**U.S. ASSISTANCE TO BULGARIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

*SAI/ESF/DA Total:

**OBLIGATION
\$73,320**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003.	Support of Democratic Institutions	2,633
1800017.	Political Process	404
1800018.	Local Government and Public Administration	350
1800019.	Democratic Governance & Public Administration	1,568
1800020.	Rule of Law	60
 Democratic Pluralism		
1800021.	Political & Social Process	2,231
1800022.	Independent Media	1,065
 SUBTOTAL:		\$8,310
as % of Total:		11.3%

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800044.	Sector Support - Bulgaria Agriculture	10,000
 Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	1,612
1800023.	Technical Assistance to Enterprises	533
 Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	1,309
1800027.	Business Services	2,108
1800035.	Bank Training	2,134
 Investment and Trade		
1800010.04	Bulgaria Enterprise Fund	10,000
1800028.	American Business and Private Sector Devel. Init.	736
 Human Resources		
1800002.	Regional Human Resources Program	1,007
1800029.	Management Training and Economics Education	3,022
1800045.	Participant Training	658
 Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	7,249
 Energy Efficiency		
1800015.	Emergency Energy	516

1800030.	Regional Energy Efficiency	6,778
	SUBTOTAL:	\$47,662
	as % of Total:	65.0%

C. IMPROVING THE QUALITY OF LIFE

	Short-term Emergency and Humanitarian Aid	
1800016.	Humanitarian Emergency Medical Supply	1,667
1800032.	PVO Humanitarian Initiatives	2,143
	Employment and the Social Safety Net	
1800033.	Labor Market Transition	300
	Housing	
1800034.	Housing Sector Assistance	4,089
	Health	
1800037.	Partnership in Health Care	2,792
1800038.	Promotion/Private Health Markets	458
	Environment	
1800004.	Environmental Initiatives	1,546
1800039.	Improved Public Sector Environmental Services	3,206
1800041.	Environmental Training	663
	SUBTOTAL:	\$16,864
	as % of Total:	23.0%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	485
	SUBTOTAL:	\$485
	as % of Total:	0.7%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

U.S. ASSISTANCE TO THE FORMER CZECHOSLOVAKIA

A. CZECH REPUBLIC

PRIORITY PROGRAMS

The delivery of U.S. assistance to Czechoslovakia began in August 1990. Approximately \$117.3 million in SEED-funded assistance has been programmed for Czechoslovakia through September 30, 1992. Historically, about 60 percent of the assistance (\$70 million) has benefitted the Czech Republic. Priority areas for U.S. assistance to the Czech Republic are privatization, capital markets and financial sector development, and energy efficiency and environmental improvement. Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

ASSISTANCE TO THE PRIVATIZATION PROCESS

The U.S. provided the former Czechoslovakia with \$7 million in technical assistance through FY 1992 and will provide \$4 million more to support large-scale privatization. Under A.I.D.'s privatization activities, Crimson Capital, the sub-contractor under Deloitte & Touche, is assisting the Czech Ministry of Privatization to make decisions on proposals from foreign investors. Approximately \$5 billion in investment deals have been approved by Czechoslovak officials, with over \$1.2 billion in U.S.-investor large-scale privatization proposals approved in the Czech Republic alone. Over fifty deals have now been closed.

A \$683,000 A.I.D. contract funds Deloitte and Touche to prepare sector assessments and to privatize Czech companies in the fuel/energy and telecommunications sectors. The energy and telecommunications teams assisted companies which are now being considered for privatization to prepare privatization plans. Prague Electric Company, Czech Gas (CPP), Bohemia Electric Company, and Central Bohemia Electric Distribution (STE) are scheduled to be privatized in phase II (1993) of the large-scale privatization program.

A.I.D. provided \$344,641 in SEED funds to develop privatization plans for four Czech companies: Cremona, Koli Food Processing, Petrof Pianos, and Sliver Textiles.

An A.I.D. contract with Price Waterhouse International provides for a \$1.7 million program in the Czech Republic. Price Waterhouse teams are working in three Czech industries: Ferox a.s., a cryogenic equipment manufacturer; Ceska Typografie, a newspaper printer; and Filmova Studio Barrandov, a film company.

The focus of the U.S. assistance has been on preparing firms for privatization by assisting with valuation and converting company accounts to western accounting standards (GAAP). These activities are nearing completion.

A \$710,350 contract funds KPMG Peat Marwick to work with the Czech Ministry of Industry and Trade, reviewing the non-ferrous metallurgy sector and assisting two large firms to prepare privatization plans, including advising on technical improvements and investor searches.

KPMG Peat Marwick received a \$280,000 contract to review and select municipalities for pilot test privatizations of two local solid waste disposal facilities in each Republic. Three of four Czechoslovak sites have initiated a private, fee-based system which may lead to development of a nation-wide private waste service.

A \$200,000 A.I.D. contract with KPMG Peat Marwick provided the Minister of Economy an adviser on industrial policy for privatization and public sector financial reform.

A.I.D. awarded a \$73,000 contract to KPMG Peat Marwick to provide training and systems development on management contracting in the Czech Republic.

The International Finance Corporation (IFC) received \$500,000 in SEED funds from A.I.D. to assist in the privatization of Skoda Plzen, a conglomerate which employs over 37,000 people. IFC's subcontractor, Coopers & Lybrand (UK), reviewed past and current accounts, implemented proper financial systems, and determined the value of the company for the Ministry of Privatization.

The Czech and Slovak-American Enterprise Fund (CSAEF) has offices in Washington, Prague and Bratislava. The Fund fosters small and medium-sized private enterprises through equity investments and loans. The Fund will turn these investments over in the medium term to allow reinvestment in new enterprises. \$27 million, of planned \$60 million in USG capitalization, has been obligated to the fund through November 1992. The portfolio represents approximately 70 percent loans and 30 percent equity, with most transactions below \$1 million.

The MBA Enterprise Corps received \$336,000 in SEED funding from A.I.D. to provide private businesses in Czechoslovakia with in-house business development assistance from recent U.S. MBA graduates. Advisers serve for periods of 18 months. For the 1992 program in the Czech Republic, 14 advisers are working in the Prague area, two in Plzen, and two in Brno.

The Citizens Democracy Corps (CDC) has a local representative in Prague (and a regional office in Budapest). One of its major functions is to serve as a clearinghouse,

matching interested sources of American investment and private sector volunteers with Czechoslovak partners. In regard to the environment, the CDC has provided a full time technical adviser to Czech and Slovak Ministries. The CDC has also begun a small business initiative and is looking at ways to assist in health care financing. (See section IV of this report for more information on CDC.)

The Department of Labor's \$400,000 program of SEED-funded technical assistance for Czechoslovakia includes the following activities in the Czech Republic: tourism development, social insurance reform, occupational safety and health, and labor statistics.

CAPITAL MARKETS AND FINANCIAL SECTOR DEVELOPMENT

KPMG Peat Marwick is working with the Czech Savings Bank to advise on the basics of commercial lending in a market environment and on the bank's new investment fund, the largest in the country. In the next year, assistance will continue to support the mutual fund, a primary vehicle for transferring ownership of enterprises from the bank's portfolio into private hands.

The Financial Services Volunteer Corps (FSVC) offers technical assistance and training in the areas of privatization, banking, and the formation of capital markets. Recent FSVC assistance has included Federal Reserve Bank of New York advisers to the State Bank in the area of bank supervision, including a two-week visit by State Bank staff to the Federal Reserve; advice to the Obchodni Banka regarding its equity portfolio and rationalization of its holdings; advice on the organization of the Office of the Chairman of the Komerčni Banka; and assistance to Investični Banka on forecasting and macroeconomic analysis.

The Securities and Exchange Commission and FSVC completed a review of regulatory and operational issues related to the trading of investment company shares and shares of publicly held companies in Bratislava and Prague in September 1992.

The Treasury Department has provided two long-term advisers to the Czech Republic during 1992. One adviser assists Komerčni Bank of Prague and advises on such subjects as establishing a joint venture mortgage lending bank and improving credit policies and branch operations. The other adviser works for the Banking Training Institute in conjunction with the State Bank and assists with developing appropriate course curricula and trainee selection. Treasury has provided four short-term advisers on tax policy and administration and to conduct a survey on the state of the banking sector.

The Treasury Department selected KPMG Peat Marwick to assist the Czechoslovak Institute of Banking in developing a professional training program. Classes began in July 1992. A

resident adviser representing KPMG Peat Marwick arrived in August to assist in curriculum development, and prior to that a Treasury-sponsored adviser completed groundwork for the project.

In March 1992, the second Prague Bankers Conference was held. The four-day conference, which focused on management skills required to operate a bank in a market economy, was co-sponsored by the Treasury Department and the Institute of East-West Security Studies.

The Federal Communications Commission and the National Telecommunications and Information Administration are providing technical assistance in spectrum management. They also provide assistance on issues related to the privatization of the telecommunications industry.

The Department of Justice (DOJ) and the Federal Trade Commission (FTC) have a two-person team in Bratislava, Slovakia providing assistance to both the Slovak Antimonopoly Office and the Czech Competition Office on enforcing competition laws and acting as an advocate for market-oriented competitive solutions to economic problems. This assistance helps ensure the timely review of privatization actions by advising antimonopoly officers on methods for reviewing proposals and for identifying issues of substance. Other experts from FTC and DOJ have provided technical assistance in specific areas including telecommunications, transportation, and public utilities. A conference hosted by FTC and DOJ provided further instruction on competition policy issues and allowed officials from the both republics and other central and eastern European countries a forum in which to discuss issues of mutual concern.

TRADE DEVELOPMENT

A.I.D. is funding a \$1.6 million International Executive Service Corps (IESC) program in the Czech and Slovak Republics. IESC places expert volunteer advisers with individual firms seeking assistance in general management, marketing, process and quality control, and other technical matters. In the Czech Republic, the IESC has offices in Prague and Brno. During 1992, 60 technical volunteers and one trade and investment service volunteer worked on projects in the Czech Republic. In a separate effort, the IESC is assisting in public administration and will place volunteers in seven locations.

The Trade and Development Agency (TDA) has used about \$1.4 million in SEED funds in the Czech and Slovak Republics to carry out a number of feasibility studies related to privatization and enterprise restructuring. Topics of studies supported by SEED funds in the Czech Republic include natural gas storage and control systems, district heating and industrial steam plants, and telecommunications regulatory framework and sector structure. (For more information on TDA, which also funded out of its own resources other projects in Czechoslovakia, see section VII of

this report.)

Through the A.I.D./Department of Commerce Consortia of American Businesses in Eastern Europe (CABEE), the Telecommunications Industry Association has opened an office in Prague and is conducting bi-monthly meetings among its members to discuss and share information on trade opportunities. The American Building Products Export/Import Council (ABPEC) has also opened an office in the Czech Republic. In Prague, one of ABPEC's member firms has purchased eight building lots on which the firm intends to build at least one American showhouse in cooperation with ABPEC. The Department of Commerce's Eastern Europe Business Information Center (EEBIC), one branch of which is in Prague, is working to develop leads for the "Eastern Europe Looks for Partners" program. This program matches Czech companies desiring to attract foreign business partners with firms in EEBIC's corporate database.

One of OPIC's largest investment missions (30 companies) visited Prague in October 1991. OPIC signed loan and insurance documents with Bohemia Jewelry during the mission, and had substantial discussions about potential joint-venture projects with a number of firms. Soon after the mission, OPIC signed insurance agreements with Citibank, Bell Atlantic, and NYNEX. The success of this mission stimulated a reverse mission to the U.S. in March 1992. Since these activities, OPIC has supported investments of over \$100 million in Czechoslovakia. (See section VII of this report for more information on OPIC.)

The Capital Development Initiative (CDI) was established in April 1992 to foster U.S. private industry involvement in the development of Czech infrastructure, specifically in the areas of environment, energy and telecommunications. Booz Allen & Hamilton is working on a major telecommunications project involving cable television in the Czech and Slovak Republics. ICF Resources and Sanders International have hired Prague representatives. ICF Resources has helped arrange the building of an insulation plant in the Czech Republic.

AGRICULTURE

The Volunteers in Overseas Cooperative Assistance (VOCA) completed 49 agriculture activities as of December 1992. VOCA volunteers provided technical assistance to the Zdislavice Agricultural Cooperative, addressing the Cooperative's privatization process and its efforts to improve production efficiency. Based on their recommendations, the cooperative incorporated no-till practices into its production system which reduces overall production costs while conserving soil in this hilly region of the Czech Republic. The farm has become a model for other farms.

The American Cooperative Enterprise (ACE) Center, funded by A.I.D. and the U.S. agricultural cooperative community, provides

technical assistance and training, encourage joint ventures and trade with private and newly privatized agribusinesses in the Czech Republic. The ACE Center officially inaugurated its Prague Regional Headquarters in September 1992. Primary ACE Center activities include technical assistance to two agricultural cooperatives undergoing privatization, publication of an ACE Center Business Journal which presented regional trade and joint venture information for prospective companies, and training for 21 agricultural cooperative managers in cooperative management and basic business techniques.

The U.S. Department of Agriculture (USDA) received SEED funds to permit its Economic Research Service (ERS) to work with the Ministry of Agriculture of the Czech Republic on situation and outlook analyses. The ERS has produced situation and outlook reports in Czech and English in dairy production, wheat, and barley. USDA also administers the Cochran Fellows program, which allows Czech participants to receive short-term U.S. training in such subjects as agro-industrial development, food and feed processing, and farm and business management. There were about 80 Cochran fellows from both Republics during 1992.

Land O' Lakes (LOL) has sponsored training courses in the Czech Republic in the areas of privatization, cooperative development, dairy breeding and reproduction, dairy processing, agricultural marketing, and input systems. Three Czechs have participated in leadership and agricultural policy orientation training held in the U.S. LOL will be collaborating with country representatives to increase the participation of women in future activities.

ENERGY AND INFRASTRUCTURE

Energy Efficiency: Under the Emergency Energy Project, energy audits were performed by Resource Management Associates, and low-cost U.S. energy-efficient equipment was provided to four industrial plants. The experience was disseminated through workshops to other plants and interested engineering companies. The non-government energy efficiency center, SEVEN, supported the A.I.D. program and subsequently has received additional support through an Interagency Agreement with the Department of Energy. SEVEN is developing an extensive network of local businesses and is serving as a useful point of entry for interested U.S. energy service and efficiency companies. In early December 1992, SEVEN organized an Energy Efficiency Business Week that brought together U.S. and Czech firms to exchange information and discuss opportunities. RCG/Hagler, Bailly is identifying private companies capable of marketing energy efficiency equipment and services. The Department of Energy is also undertaking demonstration projects in the towns of Cesky Krumlov, Plzen and Ostrava, in order to identify cost-effective ways to improve energy efficiency and reduce pollution.

Power sector restructuring: Under the Regional Energy Efficiency Project, a utility partnership agreement has been signed between Houston Lighting and Power and the Czech Electric Company (CEZ). An extensive program of management exchanges in economic and technical subjects is being developed. This program will be complemented by specific technical assistance and training through the Bechtel and Electrotek contracts. Bechtel and its sub-contractor ICF will continue the previous privatization and regulatory reform efforts within the Ministry of Industry and Trade.

Nuclear Safety: The Nuclear Regulatory Commission has developed a program to support the CSFR Atomic Energy Commission in international safety working groups and has provided technical advice and training to CAEC officials. DOE focused on the operational safety concerns at Dukovany and other plants. Argonne National Laboratory carried out training courses at Nuclear Research Centers in the Czech Republic.

Telecommunications: Two contracts totalling \$600,000 were carried out through the U.S. Trade and Development Agency (TDA) by expert advisers from Squire, Sanders and Dempsey to recommend new telecommunications legal and regulatory structures in preparation for privatization. This activity involved working with officials of the Czech Republic and the then existing Czech and Slovak Federal Republic to develop policies on regulatory and legal structure for telecommunications. Under a grant to the U.S. Telecommunications Training Institute (USTTI), three telecommunications officials were brought for training in the U.S. The training was donated by major U.S. telecommunications companies.

II. QUALITY OF LIFE

ENVIRONMENT

U.S. environmental assistance to the Czech Republic is designed to assist economic restructuring and reduction of environmental threats to human health through three objectives: supporting reform of the environment-related legal, regulatory, and policy environment; improving the efficiency and effectiveness of public sector environmental investments; and helping the private sector play a larger role in environmental management.

A.I.D., EPA, and the World Bank have cooperated with Czechoslovak officials in drafting a national environmental strategy and action program that was adopted by the two republics in 1991. This strategy was used as part of the World Bank's structural adjustment loan and as the basis for a \$15 million A.I.D. environmental sector grant. The \$10 million allocated to the Czech Republic has been fully transferred based on the importation of U.S. goods. Local currency generated from the grant will support environmental program and policy reforms,

environmental clean-up activities, and environmental infrastructure projects. A long-term adviser from the World Environment Center (WEC) provides assistance on the use of funds from the sector grant.

In terms of legal development, a long-term adviser from the WEC, in cooperation with the Harvard Institute for International Development, is providing technical assistance to the Czech Republic in drafting an environmental liability law for all Czech industries, with emphasis on those which are to be privatized. Through his efforts, a law containing several environmental liability and audit provisions has been passed. Also, the Environmental Law Institute has assisted the Czech Republic in developing an environmental impact assessment law, a hazardous and solid waste law, and in improving public participation and rights with respect to environmental protection.

A consortium headed by the University of Minnesota is providing training in environmental policy and planning, business management, and public outreach. Duke University leads a consortium of organizations to develop training programs in environmental economics and finance. In another training effort, courses in environmental policy and risk assessment were developed and delivered by the EPA in close consultation with Czech officials.

Public sector activities include a comprehensive risk analysis for the Ostrava region, completed by the EPA, which indicated that coke oven emissions are the most serious environmental threat in the region. The risk management/implementation phase of the project is beginning with strategies to encourage the modernization of steel production. Peer review workshops were conducted in Northern Bohemia to review work done by EPA and Czech experts on air quality management and environmental health impacts in the Teplice region. The EPA is also giving technical assistance in environmental audits of facilities targeted for privatization, and will be providing Geographic Information System (GIS) equipment and other technologies and training to improve Czech information systems and monitoring capacity.

The Center for Clean Air Policy (CCAP) is working with local and regional governments to address newly decentralized environmental utilities. CCAP has supported such activities as developing an integrated environmental management plan, advice on least cost strategies for addressing problems with the City of Prague Sewer System, and workshops on environmental priority-setting, least-cost solutions, and project financing.

In order to increase private sector involvement, A.I.D. contracted Sanders International to encourage U.S. private investment in environmental protection, fostering joint ventures and the commercial transfer of U.S. environmental technology. Sanders International has established a satellite office in

Prague and has assisted two firms in applying for Capital Development Initiative grants.

The World Environment Center has undertaken several environmental assessments in the petrochemical and heavy metals industrial sectors, helped establish a new Center for Environmental Management for the chemical industry, and trained over 100 industrial directors and managers in environmental assessment and in how to address environmental barriers to privatization. WEC also initiated a comprehensive waste reduction program with Chemopetrol in Northern Bohemia, the third largest petrochemical plant in Czechoslovakia.

In addition, an environmental business specialist was retained to provide technical assistance in the preparation of funding and business proposals for Czech environmental companies, to facilitate their access to financing and opportunities for joint ventures with U.S. companies. Technical assistance is also provided to familiarize them with U.S. environmental equipment, technologies, and engineering consulting services.

The University of Minnesota consortium provides training to private, non-governmental organizations in leadership development, management, technical skills, and conflict mediation.

HOUSING

At the Federal level, the Urban Institute has produced a set of housing policy analyses and assisted with the drafting of a new Western-style condominium law, which will allow the sale of individual apartment units for the first time in 40 years. In addition, the Urban Institute has designed a housing allowance system, helped develop policies to mobilize capital for housing and infrastructure finance, and sponsored various conferences on market-oriented housing topics.

In terms of local-level privatization activities, the Urban Institute is working with two local district governments in Prague. Prague 2, where 6,041 units were brought under private management, serves as a model for future private management programs. In Prague 6, major mixed-use private land development projects are being arranged. In addition, guidance is being provided to the mayors of selected districts in Prague to formulate policies and methodologies for evaluating real estate development proposals and for designing a long-term strategy for management of rental properties.

In the private sector, Planning and Development Collaborative International (PADCO) has been working with the Guild of Contractors to develop courses to train private contractors and developers in the areas of construction management and alternative housing construction technologies. A.I.D. is also working through PADCO to support the establishment

of a market-based appraisal industry in the Czech Republic.

In addition, A.I.D. is helping to develop a financing system for urban infrastructure and other local capital projects. Working closely with Czech Ministries, banks and municipalities, the Urban Institute is designing an innovative, market-oriented approach to municipal finance. The program includes technical assistance to selected cities on an intensive basis, and to other localities through the Czech Association of Towns and Communities.

HEALTH

In March 1992, A.I.D. signed a Partnership in Health Care grant worth \$1 million to provide assistance to Czech health institutions to improve prevention techniques and treatment of heart disease. The Czech Republic Partnership links the University of California at San Francisco and the Stanford Center for Research and Disease Control with the Institute of Clinical and Experimental Medicine, The Third Medical Faculty of Charles University, and the Institute of Hygiene and Epidemiology in the Czech Republic.

Through the Promotion of Private Health Markets project, A.I.D. recently programmed \$1 million to provide assistance and training in public and private sector health reform. A.I.D. is currently reconfirming program directions and strategies with key leaders in the Czech Republic.

Project HOPE received approximately \$666,000 in grants to develop plans for improving nursing practices, basic nursing education, and strengthening and expanding continuing education programs. Improved cancer screening is resulting from the training given to health professionals in performing and interpreting cytologic cancer screening. Training is also being provided to health care personnel in appropriate resuscitation skills to support newborns.

The American Jewish Joint Distribution Committee, a PVO, is creating a core leadership group of professionals instructed in the care of persons with disabilities. AJJDC is also creating model community living arrangements, as alternatives to institutionalization of disabled persons.

A.I.D. has provided emergency medical supplies to the CSFR to combat shortages of medicines, vaccines and items such as sterile bandages and disposable syringes. The U.S. has supplied Czechoslovakia with over 100,000 doses of influenza vaccine to combat the last two flu seasons in both Republics.

OTHER

The YMCA is promoting youth service programs through the newly emerging Czechoslovak YMCAs. The programs include language

classes in German and English, childcare, education for deaf children, summer camps, and youth community information and counseling. As of September 1992, 12 YMCA branches with 1,000 members and a national office with seven staff members were in operation.

III. DEMOCRATIC INITIATIVES

Through A.I.D.'s Management Training and Market Economics Education project, Iowa State University has a \$2.6 million SEED grant for management training and policy development programs at the agricultural faculties at the universities in Prague, Nitra, and Brno. Iowa State University has permanent representatives in each city. The University of Pittsburgh has a \$3.2 million SEED grant to work with the Czechoslovakia Management Center in Prague and the Center of Economic Research and Graduate Education. This grant strengthens an ongoing relationship with these institutions and bolsters their contribution to establishing a permanent, functional, and efficient market economy. A \$276,000 SEED grant to the Midwest Universities Consortium for International Activities (MUCIA) supports a regional management training program which includes work with the Prague School of Economics.

The U.S. Information Agency (USIA) has awarded two grants for the training of professionals. One grant funds DePaul University to work with the Prague School of Economics Master in Business Administration program. The second grant, to the University of Pittsburgh, funds an 18-month program of professional development workshops, curriculum and course development, demonstration teaching, curriculum consulting, and support material identification and acquisition. The University of Pittsburgh is working with the Czechoslovakia Management Center and the Prague School of Economics.

USIA and A.I.D. administer a number of democratic initiative programs supporting civic organizations, educational reform, local government, media training, labor unions, and English language instruction. More than 200 Czechs and Slovaks have traveled to the U.S. during 1992 on visits under these programs, and a large number of U.S. experts have traveled to Czechoslovakia. The International Media Fund (IMF) is also involved in media training activities in the Czech Republic. The IMF awarded a grant to Palacky University's Journalism School to establish a radio education facility.

Forty-seven Peace Corps volunteers continue to work under the auspices of the Ministry of Education in teaching English as a foreign language in university, teacher training college, and secondary school faculties. Through Peace Corps' Environmental Project, another ten volunteers provide technical assistance to local government authorities and environmental non-governmental organizations (NGOs). Plans are being made for the initiation of a small business development project in FY 1993.

The Rule of Law program brought three Czechoslovak lawyers to the U.S. to attend a year-long Masters of Law program at George Washington University, placed an academic adviser at Palacky University for two months, and sent an Assistant U.S. Attorney to Slovakia for a six-month period. A Czech Republic liaison from the Central and East European Law Initiative (CEELI), a program of the American Bar Association, is continuing CEELI's work on a non-profit law, and is working with the Architect's Office for the City of Prague on issues of local government and land use reform.

Under an initiative of the House of Representatives Special Task Force on the Development of Parliamentary Institutions in Eastern Europe (the Frost Task Force), the U.S. has supplied \$1.5 million in technical and equipment assistance to the Czechoslovak Federal Assembly. The objective of this program, administered by the Congressional Research Service, is to strengthen the legislative process by improving parliamentary research and reference capability.

The AFL-CIO's Free Trade Union Institute has provided training and assistance to the Czech and Slovak Federation of Trade Unions (KOS).

The Institute of Public Administration is assisting the Czech Institute for Local Administration, which designs and delivers training to both local and republic-level government employees. The International City Managers Association is providing technical assistance, training, and a small amount of equipment to the Union of Towns and Communities in the Czech Republic.

B. SLOVAK REPUBLIC

PRIORITY PROGRAMS

Approximately \$117.3 million in SEED-funded assistance has been obligated for the Czech and Slovak Federal Republic (CSFR) as of September 30, 1992. About 40 percent of the assistance (\$47 million) benefited the Slovak Republic either directly or indirectly. Priority areas for U.S. assistance to the Slovak Republic are privatization, macro-economic policy, financial and business sector development, export development and investment promotion, and industrial restructuring. Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

PRIVATIZATION

The Czech and Slovak-American Enterprise Fund (CSAEF) has an office in Bratislava. The fund seeks to foster small and medium-sized private enterprise through equity investments and loans. A.I.D. has made \$27 million, a planned \$60 million USG capitalization, available to the CSAEF to date. About two-thirds of the board-approved projects are for the Slovak Republic and include Helas, an orthopedic device and crutch manufacturer; Dekoplast, a plastics molder; Bryndziaren, a cheese manufacturer in Ruzemberok; Penta, a motorcycle manufacturer in Kysucke Nove Mesto; BSK Rudne Bane, a cement roof tile manufacturer; and, Leader Gasket, a U.S.-Slovak joint venture producing gaskets in Bytca.

The International Executive Service Corps (IESC), which has an office in Bratislava, places expert volunteer advisers with individual firms seeking assistance in management, marketing, process and quality control, and other technical matters. During 1992, 32 IESC volunteers worked on projects in the Slovak Republic.

Defense Conversion/Industrial Restructuring: The IESC has also provided three long-term advisers, based in Bratislava, to assist Slovak government and industrial leaders in the conversion of defense industrial capacity to non-military uses. The main task of the advisers is to identify and marshal funding for commercially viable defense conversion projects. With active U.S. support, a memorandum of understanding between Raytheon Corporation and ZTS Martin was brokered by the Industrial Restructuring Advisers. Further assistance will be provided to convert tank production lines into road construction equipment production.

An A.I.D. contract with Price Waterhouse International Privatization Group provided for a \$1.7 million program in the Slovak Republic. Its emphasis was on preparing firms for privatization by assisting with valuation, reordering company records in accordance with modern accounting principles, and making recommendations for restructuring. Price Waterhouse worked with four Slovak companies: Gemtex s.p. (knitwear), Izomat s.p. (building materials) in Nova Bana, Slovena s.p. (woolen fabric) in Zilina, and Tatral'an s.p. (textiles).

Deloitte & Touche International has been awarded three SEED-funded contracts in the Slovak Republic: \$927,050 to review the rubber chemical sector and prepare an assistance plan for privatizing the Istrochem Rubber Chemical Plant, ad hoc economic advice to the Slovak Ministry of Economy and the Ministry of Finance, and \$480,000 for a pilot activity to start a transaction unit in the Slovak Ministry of Privatization.

A.I.D. awarded a \$30,000 contract to Coopers & Lybrand to provide technical assistance in the privatization of Chemko State Enterprises.

The Department of Justice (DOJ) and the Federal Trade Commission (FTC) have a two-person team in Bratislava, Slovakia providing advice to the Slovak Antimonopoly Office on enforcing competition laws and acting as an advocate for market-oriented competitive solutions to economic problems. Other experts from FTC and DOJ have provided technical assistance in specific areas including telecommunications, transportation, and public utilities. Slovak competition officials have interned in the U.S. with DOJ and FTC, obtaining detailed exposure to U.S. competition policy and law enforcement techniques. A conference hosted by FTC and DOJ provided further instruction on competition policy issues and allowed officials from Slovakia and other central and east European countries a forum in which to discuss issues of mutual concern.

The Treasury Department has provided Slovakia with two long-term advisers: one to the Director of the General Credit Bank in Bratislava and a budget adviser to the Finance Minister. A short-term adviser will arrive in early 1993 to assist the Ministry of Economy in the design of financial programs for Slovak industry. In the area of bank training, the Banking Training Institute based in Prague, which is supported by Treasury's contract with KPMG Peat Marwick, has established an associated campus in Bratislava to service Slovak bankers' training needs.

The Securities and Exchange Commission (SEC) and the Financial Services Volunteer Corps (FSVC) reviewed regulatory and operational issues related to trading investment company shares and shares of publicly held companies. A short-term SEC adviser is providing technical assistance to the Ministry of Finance on regulatory aspects of trade and investment issues, including

those involving the Bratislava Stock Exchange.

Under the Department of Labor, SRI International provided assistance in the tourism industry, and produced three documents on tourism development for Slovakia.

TRADE AND DEVELOPMENT

The Trade and Development Agency (TDA) has used \$1.4 million in SEED funds in the Czech and Slovak Republic to conduct a number of feasibility studies. Completed studies include a natural gas pipeline project, development of a hazardous waste incinerator, and power plant rehabilitation. The gas pipeline project was funded under the American Business Initiative program. Current studies include modernization of a copper smelter and municipal waste management. (See section VII for more information on TDA, which used its own funds as well as SEED transfers for activities in eastern Europe in FY 1992.)

The American Business Initiative supports economic reform while promoting U.S. investment and trade in the areas of telecommunications, environment, and energy. For example, the telecommunications Industry Association has assisted a Slovak entrepreneur in finding American suppliers of radio broadcast equipment for a new radio station in Bratislava. (Section IV has more information the American Business Initiative.)

Two contracts totalling \$600,000 were carried out through the U.S. Trade and Development Agency (TDA) by the U.S. law firm of Squire, Sanders and Dempsey to carry out studies and recommendations for new telecommunications legal and regulatory structures in preparation for privatization. Those studies involved working with officials of the Slovak Republic and the then existing government of the Czech and Slovak Federal Republic to develop policies on regulatory and legal structure for telecommunications.

ENERGY

Energy Efficiency: Under the Emergency Energy Project, low-cost energy efficiency improvements were made at four industrial plants by Resource Management Associates, and measures were identified by Davy McKee at the Slovnaft Refinery to improve performance. Under the Regional Energy Efficiency Project, a team from Bechtel developed the basis for a major feasibility study of options to upgrade heavy oil processing at the Slovnaft refinery in Bratislava. Under the Capital Development Initiative, an assessment of U.S. trade and investment potential is underway through the ICF Resources.

Power Sector Restructuring: Under the Regional Energy Efficiency Project, a utility partnership has been developed between the Southern Electric Company in Georgia and the Slovak Electric Power Company (SEP). The initial focus of this program

has been management, organization, and finance. Activities are being defined with the Ministry of Economy and SEP under A.I.D.'s electric power contracts with Bechtel and Electrotek.

Nuclear Safety: Through technical assistance, training, and information, this program addresses both operational and regulatory systems improvement. The Nuclear Regulatory Commission is working with the Atomic Energy Commission to ensure that appropriate safety codes and inspection procedures are instituted. The U.S. Department of Energy has carried out training programs at Bohunice and other sites and is developing technical assistance activities that will be included in a new solicitation to U.S. industry.

AGRICULTURE

Volunteers in Overseas Cooperative Assistance (VOCA) has used A.I.D. funds to advise on organization and operation of agricultural cooperatives, privatization of state farms, privatization of state food processing industries, and promotion of tourism in rural areas.

The American Cooperative Enterprise (ACE) Center, funded by A.I.D. and the U.S. agricultural cooperative community, provides technical assistance and training to encourage joint ventures and trade with private and newly privatized agribusinesses. As an example, InterCoop is receiving assistance to transform state managed operations to privately owned cooperatives.

Under A.I.D.'s Restructuring the Agriculture and Agribusiness Private Sector (RAAPS) project, lead consortium member Iowa State University prepared the first-year workplan based on a needs assessment study conducted in July 1992. Components of the RAAPS project include agriculture finance, collective farms, meat processing, input and commodities marketing, land management and appraisal, and public awareness.

Iowa State University, in concert with American Breeders Service, Swiss Valley Farms, the Iowa Small Business Development Center, the Iowa Farm Managers Association, and the Iowa Farm Business Association will provide technical assistance to the emerging private agribusiness sector. The emphasis is on training business managers.

The U.S. Department of Agriculture (USDA), under its Cochran Middle Income Exchange Program, funded a program of exchange fellowships and internships for 10 farmers and professionals in agribusiness. The USDA also funded their Economic Research Service (ERS) to work with the Federal Ministry of Economy of the CSFR on situation and outlook analyses. The ERS has produced Situation and Outlook Reports in Slovak and English on dairy production and products, wheat, and barley.

II. QUALITY OF LIFE

ENVIRONMENT

U.S. environmental assistance to the Slovak Republic is designed to support economic restructuring and mitigation of environmental threats to human health through 1) supporting reform of the environment-related legal, regulatory, and policy environment; 2) improving the efficiency and effectiveness of public sector environmental investments; and 3) helping the private sector play a larger role in environmental management.

A.I.D., EPA, and the World Bank have cooperated with Czechoslovak officials in drafting a national environmental strategy and action program that was adopted by the two Republics in 1991. This strategy was used as part of the World Bank's structural adjustment loan and as the basis for a \$15 million A.I.D. environmental sector grant. The \$5 million allocated to the Slovak Republic is to be used for the importation of U.S. goods. Local currency generated from the grant will support environmental program and policy reforms, environmental clean-up activities, and environmental infrastructure.

The World Environment Center (WEC) is financing a long-term resident adviser for the Slovak Republic on environmental issues. The adviser has helped the government develop laws and procedures to remove environmental liability as a barrier to privatization, undertake water pricing and financing reforms, and provide training in environmental audits in industry.

A legal adviser to the Slovak Ministry of Environment, funded through WEC and the Environmental Law Institute, has assisted the Slovak Republic in drafting regulations dealing with Environmental Impact Assessments, water quality, waste disposal, and hazardous waste management.

Under the Environmental Training Project, Duke University leads a consortium of organizations to develop training programs in environmental economics and finance. Recent consortium activities have include working with the Slovak Commission for Environmental Protection on water and wastewater management, and collaborating with the Economics University of Bratislava.

The Environmental Protection Agency (EPA) has been carrying out training courses in risk assessment and environmental policy, in which members of the Slovak Parliament participated. Through an agreement with the Slovak Ministry of Environment, the EPA is providing Geographic Information System (GIS) equipment and other technologies and training to improve Slovak information systems and monitoring capacity.

Under the A.I.D. \$1 million cooperative agreement with the Center for Clean Air Policy (CCAP), an infrastructure workshop was organized in Bratislava in July 1992.

CCAP began coordination with the Water and Sanitation for Health (WASH)/Danube project with pre-investment feasibility studies in the Hornad River basin in Slovakia. Camp, Dresser and McKee, also involved with the WASH project, has identified high-priority immediate investment needs to control municipal and industrial wastewater emission and evaluated the institutional conditions and needs to support implementation of the wastewater emissions control programs.

An agreement with a consortium headed by the University of Minnesota provides training in environmental policy and planning, business management, and public outreach. The consortium has delivered training sessions in Slovakia on environmental auditing to participants from industry, environmental service firms, and government agencies. The consortium is also providing training to private, non-governmental organizations in leadership development, management, technical skills, and conflict mediation.

A contract with Sanders International, under the Capital Development Initiative, will further expand efforts to stimulate U.S. private investment in environmental protection, fostering joint ventures and the commercial transfer of U.S. environmental technology.

An environmental business specialist has been retained to provide technical assistance in the preparation of funding and business proposals for Slovak environmental companies, to facilitate their access to financing and opportunities for joint ventures with U.S. companies. Technical assistance is also provided to familiarize them with U.S. environmental equipment, technologies, and engineering consulting services.

Through the Environmental Training Project, a training event for private sector entrepreneurs and public sector officials on environmental auditing was held in Bratislava and Kosice. Kosice is the geographic focus for both the Environmental Training and Danube Improvement Programs. In-country coordinators have been hired for the Slovak Republic.

HEALTH

Through the "Promotion of Private Health Markets" project, A.I.D. recently programmed approximately \$1 million in SEED funds to provide technical assistance and training for health sector reform, directed at both the public and private sectors. A.I.D. is developing program directions and strategies with key leaders in the Slovak Republics.

Project HOPE, which has its regional headquarters for Europe in Bratislava, is working with appropriate medical entities to develop immediate and long-term plans to reform and improve nursing practices, cancer screening in women, and resuscitation skills of health care personnel. The Slovak Republic received

approximately \$333,000 for this project.

A.I.D. signed a three-year grant on March 27, 1992 to provide a Partnership in Health Care project worth approximately \$2.4 million for Project HOPE and the Boston Children's Hospital, to establish a high quality pediatric cardiology/cardiac surgery capability in the Slovak Republic. The partners are the Pediatric Cardiovascular Institute and the University Children's Hospital of Bratislava.

A.I.D. has provided over \$1 million in emergency medical supplies to Czechoslovakia to combat shortages of medicines, vaccines and items such as sterile bandages and disposable syringes. The U.S. has supplied over 100,000 doses of influenza vaccine to combat the last two flu seasons in both Republics.

HOUSING

A.I.D., through the Urban Institute, has produced a set of housing policy analyses, including a study on housing costs and affordability, and assisted with the drafting of a new Western-style condominium law, which would allow the sale of individual apartment units for the first time in 40 years. In addition, A.I.D. has designed a housing allowance system.

With SEED funding, the Urban Institute sponsored conferences, involving senior policy makers, in which general principles and advantages of market-oriented housing systems, financing mechanisms for infrastructure and housing, assistance programs to protect tenant rights, alternative systems of tenant rights, and alternative methods of phasing out rent controls have been presented and debated.

A.I.D., through a contract with Planning and Development Collaborative International, has been working with the Association of Slovak Entrepreneurs to develop courses to train private contractors and developers in construction management and alternative housing construction technologies.

In addition, A.I.D. is helping to develop a financing system for urban infrastructure and other local capital projects. Working closely with Slovak ministries, banks and municipalities, the Urban Institute is designing an innovative, market-oriented approach to municipal finance. The program includes technical assistance to selected cities on an intensive basis, and to other localities through the Slovak Association of Towns and Communities.

OTHER

The YMCA is promoting and implementing youth service programs through the institutional strengthening of the newly re-emerging Czechoslovak YMCAs. The programs include language classes in English, child care, education for deaf children,

summer camps, and youth community information and counseling. Slovakia has received about 50 percent of the \$275,000 allocated for this activity in the two Republics.

Under a grant to the U.S. Telecommunications Training Institute (USTTI), three telecommunications officials were brought for training in the U.S. The training was donated by major U.S. telecommunications companies.

III. DEMOCRATIC INITIATIVES

Through A.I.D.'s Management Training and Market Economics Education project, the Slovak Republic will be able to draw on regional programs providing management and economics training in eastern Europe. Three university consortia involving American and Czechoslovak institutions are providing training in management and economics:

Iowa State University will use \$1.3 million to provide eight week-long seminars in management training and policy development at the agricultural faculty at the university in Nitra. ISU is also producing a number of videos, including six which relate to agricultural marketing;

The University of Pittsburgh has a \$3.2 million grant to work with the Czechoslovak Management Center and the Center of Economic Research and Graduate Education in Cella Kovice. Nearly 40 percent of the students participating in the Center of Economic Research, Graduate Education program are Slovak.

The Institute of Public Administration is assisting the Slovak Institute for Public Administration, a regional institution that designs and delivers training to both local and republic-level government employees. The International City Managers Association is providing technical assistance, training, and a small amount of equipment to the Association of Towns and Communities in the Slovak Republic.

Partners for International Education and Training (PIET) has selected 20 candidates for short term technical training based on country needs, or gaps in human resource development not filled by specific technical assistance training programs. Trainees are selected based on the nominees' current or future positions to act as change agents in their work places.

The USIA/State Rule of Law program enabled an Assistant U.S. Attorney to spend six months working with several Slovak ministries to provide assistance on criminal justice reform.

Under an initiative of the House of Representatives special task force for the development of parliamentary institutions in eastern Europe (the Frost Task force), the U.S. supplied technical assistance and equipment to the Czechoslovak Federal

Assembly. The objective of this program, administered by the Congressional Research Service, was to strengthen the legislative process by improving parliamentary research and reference capability.

USIA and A.I.D. administer a number of democratic initiative programs supporting civic organizations, educational reform, local government, media training, labor unions, and English language instruction. More than 200 Czechs and Slovaks have traveled to the U.S. during 1992 on visits under these programs and a large number of U.S. experts will travel to the Czech and Slovak Republics.

The International Media Fund is helping establish radio broadcasting stations, providing training in radio broadcasting, and establishing a Center for Independent Journalism.

The Peace Corps has assigned 28 volunteers to the Slovak Republic, of whom 24 are teaching English as a second language and four are working to improve environmental conditions in the country.

**U.S. ASSISTANCE TO CZECHOSLOVAKIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

*SAI/ESF/DA Total: **OBLIGATION**
\$117,331

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003.	Support of Democratic Institutions	1,148
1800017.	Political Process	143
1800018.	Local Government and Public Administration	675
1800019.	Democratic Governance & Public Administration	1,508
1800020.	Rule of Law	52
 Democratic Pluralism		
1800021.	Political & Social Process	588
1800022.	Independent Media	1,378
	SUBTOTAL:	\$5,491
	as % of Total:	4.7%

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800043.	Sector Support - Czechoslovakia Environment	15,000
 Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	16,767
1800023.	Technical Assistance to Enterprises	2,746
 Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	2,485
1800027.	Business Services	1,658
1800035.	Bank Training	2,134
 Investment and Trade		
1800010.03	Czechoslovakian Enterprise Fund	27,000
1800028.	American Business and Private Sector Devel. Init.	1,383
1800047.	Trade Enhancement (RITE)	125
 Human Resources		
1800002.	Regional Human Resources Program	807
1800029.	Management Training and Economics Education	6,884
1800045.	Participant Training	316
 Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	3,444

	Energy Efficiency	
1800015.	Emergency Energy	1,497
1800030.	Regional Energy Efficiency	6,971
	SUBTOTAL:	\$89,217
	as % of Total:	76.0%

C. IMPROVING THE QUALITY OF LIFE

	Short-term Emergency and Humanitarian Aid	
1800016.	Humanitarian Emergency Medical Supply	1,667
1800032.	PVO Humanitarian Initiatives	2,367
	Employment and the Social Safety Net	
1800033.	Labor Market Transition	700
	Housing	
1800034.	Housing Sector Assistance	4,089
	Health	
1800037.	Partnership in Health Care	2,200
1800038.	Promotion/Private Health Markets	1,033
	Environment	
1800004.	Environmental Initiatives	2,165
1800039.	Improved Public Sector Environmental Services	7,280
1800041.	Environmental Training	702
	SUBTOTAL:	\$22,202
	as % of Total:	18.9%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	421
	SUBTOTAL:	\$421
	as % of Total:	0.4%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

U.S. ASSISTANCE TO ESTONIA

PRIORITY PROGRAMS

U.S. assistance priorities to Estonia include the establishment of a vibrant private sector and improvement in energy efficiency. The U.S. is providing assistance in privatizing the dairy industry. The U.S. is promoting energy efficiency through technical assistance and energy saving equipment. Total U.S. economic assistance to Estonia was \$8.6 million as of September 30, 1992 (plus \$17.8 million in food aid covered in section VI of this report). Figures shown below for individual grants, cooperative agreements, and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

PRIVATIZATION AND BUSINESS DEVELOPMENT

Through a technical service contract from A.I.D. valued at \$1.5 million, Deloitte & Touche has made sustained progress over the past year in assisting the Ministry of Economy to create an automated voucher system for the government's privatization program. Deloitte & Touche is also advising the Government of Estonia on modification of its banking laws as well as on the macroeconomic impact of privatization. Under a sub-contract, Development Alternatives Inc. is working with a key state-owned dairy to develop a model for agricultural privatization.

In April 1992, the International Executive Service Corps (IESC) opened its first field office in Estonia. Nearly \$500,000 has been awarded to IESC to provide volunteers to establish hands-on technical assistance to small businesses and other state-owned businesses in the process of privatization. Volunteers have also worked in banking and smaller manufacturing operations.

The Center for International Private Enterprise (CIPE) has been awarded \$167,000 to provide technical assistance to enterprises. A sub-grantee, the Estonian Small Business Association, is initiating work on small business development with the Estonian Privatization Agency.

The Eastern Europe Business Information Center (EEBIC) hired an Estonian contractor to launch EEBIC's "Eastern Europe looks for Partners' Program" in Estonia and to provide information on Estonian business opportunities to Americans through EEBIC publications.

A.I.D. has transferred \$9,000 of a planned total of \$235,000 to the Peace Corps for technical assistance to small and medium-sized enterprises over a three-year period starting FY 1992.

Under the American Business Initiative (ABI) Project, the Commerce Department's Eastern Europe Business Information Center has hired an Estonian national to collect information on joint ventures and other business opportunities in Estonia. This information is published in the Eastern Europe Looks for Partners bulletin.

FINANCIAL SECTOR REFORM

Through an interagency agreement between A.I.D. and the Department of the Treasury, Treasury has provided long and short-term financial sector advisers in Estonia. Six short-term advisers have been placed during the past year to provide assistance in international finance and commercial banking. Four regional long-term advisers will be working with the Finance Ministry in the areas of tax policy, tax administration and budget and bank training.

Through an interagency agreement between the U.S. Customs Service and the Department of Treasury, A.I.D. is financing advisory services, training, technical assistance, and study tours for Baltic customs officials to assist them in the establishment of an effective customs organization in Estonia.

COMMERCIAL POLICY, LAWS AND REGULATIONS

The Department of Justice and the Federal Trade Commission have sent experts to Estonia, assisting its government to develop, refine, and enforce economic competition laws and acting as an advocate for market-oriented, competitive solutions to economic problems.

Through an interagency agreement between A.I.D. and the Department of Commerce (DOC), A.I.D. is financing a series of comparative studies, drafting support, and law faculty training to assist in the development of market-oriented commercial laws. The DOC also hosted an Estonian participant in a DOC export control conference.

AGRICULTURE

A.I.D. has provided \$217,000 to the Volunteers for Overseas Cooperative Assistance (VOCA) to provide technical assistance to agribusinesses and cooperatives. VOCA has sent several volunteers over the past year to assist in the improvement of production and marketing at the Halliste Dairy Farm. VOCA has also provided technical assistance in privatization to local farmers' groups and curriculum reform at Tartu Agricultural Academy and Tartu School for higher management.

Agricultural Cooperatives Development International (ACDI) is providing agriculture advisers to private farmers, agricultural credit agencies and extension services valued at \$134,000. Loan officers of the Estonian Land Bank have received training in

Advisory consultations were conducted by the law firm Debevoise and Plimpton to advise the Estonian government on privatization of its telecommunications sector.

Under a grant to the U.S. Telecommunications Training Institute, a telecommunications official was brought for training in the U.S. The training was donated by major U.S. telecommunications companies.

II. QUALITY OF LIFE

HUMANITARIAN ASSISTANCE

Under the Emergency Medical Assistance Program, A.I.D. awarded \$500,000 to Project HOPE to transport pharmaceutical and medical supplies to Estonia. Under the program, over \$4 million worth of donated medical supplies and pharmaceuticals were provided to Estonia.

ENVIRONMENT

The environment program in Estonia is designed to assist with economic restructuring and reduce threats to human health through three objectives: to support the reform of environment and economic policies, prices, legislation, and regulation; to improve the efficiency and effectiveness of public sector environmental investments; and to support the expansion of the role of the private sector in environment.

In 1992, A.I.D. provided over \$300,000 to the World Environment Center (WEC) to assist selected chemical plants along the Estonian coast to reduce highly toxic emissions. The Environmental Protection Agency (EPA) will be assisting the Ministry of Environment to improve its management capacity.

III. DEMOCRATIC INSTITUTION BUILDING

To strengthen democratic institutions, USIA and A.I.D. are providing funds for training and education in public administration and local government.

A grant with Iowa State University is providing assistance to improve the legal system to support a market economy and financing system through the exchange of financial experts and internship training programs.

The National Academy of Public Administration is structuring linkages between the legislative and executive branches of government and between ministries and regional governments. The U.S. Baltic Foundation has established eight week internships with municipal governments in the U.S. and is working to establish a municipal training center in Estonia.

The Rule of Law program has sent Estonian judges, administrators, prosecutors, and attorneys to the U.S. to examine the U.S. legal system. American judges and legal experts have been provided on a short-term basis to advise their Estonian counterparts on legal research and freedom of speech and the press. Specialized book collections have also been provided to Estonian judges and lawyers. At the beginning of 1993, a retired Washington State Supreme Court justice began a six-month placement in Estonia to work with the judicial branch.

The National Democratic Institute (NDI) and the International Republican Institute (IRI) have provided assistance to enhance the organizational capability and effectiveness of political parties and civic organizations to function effectively within a democratic system. Both of these groups, and the International Foundation for Electoral Systems (IFES) visited Estonia in September 1992 to observe the national elections.

In April 1992, Estonian journalists received a first-hand look at the latest in U.S. radio and television programming and equipment under the mass media training project. In addition, consultants, books, and workshops have been provided in Estonia to train radio/TV journalists, media managers, and broadcasters.

USIA's English Language Teaching Program has placed an English as a Foreign Language fellow at the Tallinn Pedagogical Institute to train local teachers. Other specialists, books, and materials have been provided to support English teachers in Estonia.

To assist in building strong institutions which can function independently in a multi-party democratic environment, \$1 million has been provided to the Estonian legislature under the House of Representatives Special Task Force on the Development of Parliamentary Institutions in Eastern Europe Program (the "Frost Task Force"). Plans to establish a parliamentary library and research facility are being implemented.

Peace Corps is providing English language training and assistance in the development of small and medium sized businesses.

The AFL-CIO's Free Trade Union Institute (FTUI) is conducting seminars on trade unionism, democracy, and the transition to a market economy to labor activists in the Estonian trade unions.

The International Media Fund (IMF) sent books, tape recorders, and computer equipment to the Tartu University School of Journalism in April 1992.

**U.S. ASSISTANCE TO ESTONIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

*SAI/ESF/DA Total: **OBLIGATION**
\$8,551

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800017.	Political Process	234
1800018.	Local Government and Public Administration	266
1800019.	Democratic Governance & Public Administration	1,150
1800020.	Rule of Law	120
 Democratic Pluralism		
1800021.	Political & Social Process	183
1800022.	Independent Media	133
		SUBTOTAL:
		\$2,087
		as % of Total: 24.4%

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	1,491
1800023.	Technical Assistance to Enterprises	634
 Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	140
1800027.	Business Services	241
1800035.	Bank Training	167
 Human Resources		
1800002.	Regional Human Resources Program	167
1800029.	Management Training and Economics Education	567
1800045.	Participant Training	100
 Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	584
 Energy Efficiency		
1800015.	Emergency Energy	574
1800030.	Regional Energy Efficiency	571
		SUBTOTAL:
		\$5,234
		as % of Total: 61.2%

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency and Humanitarian Aid		
1800016.	Humanitarian Emergency Medical Supply	500
1800032.	PVO Humanitarian Initiatives	16
Health		
1800038.	Promotion/Private Health Markets	20
Environment		
1800074.	Environmental Initiatives	333
1800039.	Improved Public Sector Environmental Services	275
SUBTOTAL:		\$1,145
as % of Total:		13.4%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	86
SUBTOTAL:		\$86
as % of Total:		1.0%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

U.S. ASSISTANCE TO HUNGARY

PRIORITY PROGRAMS

Priority areas of U.S. assistance to Hungary are promoting privatization and business infrastructure development, financial sector reform, improving environmental quality, and helping to address select key social issues, such as unemployment. SEED assistance obligations to Hungary totaled over \$121 million as of September 30, 1992. Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

BANKING AND FINANCIAL SERVICES

The U.S. is providing technical assistance to modernize Hungary's banking and financial services sector. In 1992 the Treasury Department assigned four resident advisers, including an adviser to the Finance Minister, two American bank consultants to advise senior managers of commercial banks, and an adviser to the Minister (Without Portfolio) for privatization. Short-term advisory services were provided to the state bank supervision agency, and seven additional short-term advisers worked in tax policy, debt management, government securities marketing, and bank examination training. Treasury is also providing a grant to the OECD regional training center in Budapest for tax-related course instruction.

Bank regulatory authorities, such as the Federal Reserve and the Federal Deposit Insurance Corporation, and Comptroller of the Currency, are providing training in bank supervision and examination for Hungarian regulatory authorities. The Chicago Federal Reserve is providing assistance to modernize Hungary's bank clearing and payments system, as well as the six-month assignment of a senior official to advise on developing a banking regulatory system.

The Department of Justice and the Federal Trade Commission provided short-term advisers to the Hungarian Competition Office on enforcing competition laws and advocacy of market-oriented, competitive solutions to economic problems. Other experts provided short-term advice on finance, economic analysis of competition issues, and law enforcement techniques. Hungarian competition officials also received detailed exposure to U.S. competition policy and law enforcement during internships in the U.S. late in 1992.

An A.I.D. contractor (KPMG Peat Marwick) is conducting courses at the International Training Center for Bankers in Budapest, which will provide up to 1,000 mid-level commercial bankers a year of training.

The Securities Exchange Commission (SEC) provides advisers and training for officials of the Budapest Stock Exchange and the State Securities Agency. The SEC and Financial Services Volunteer Corps have already provided advice to the Government of Hungary on company law and securities disclosure legislation. Under a separate A.I.D.-financed project, KPMG Peat Marwick is advising the Government of Hungary on overall plans for the anticipated privatization of state commercial banks, which currently hold 80 percent of all financial assets.

HUNGARIAN-AMERICAN ENTERPRISE FUND

The Hungarian-American Enterprise Fund provides loans, equity investments, grants, and technical assistance directly to private entrepreneurs and businesses to promote private sector development in Hungary. By the end of 1993, it will have received USG capitalization of \$60 million (plus \$5 million for technical assistance activities). As of November 1992, the investment portfolio amounted to approximately \$36 million. The Fund has developed two small loan programs through the Szechenyi Bank and Mezobank, providing loans to small entrepreneurs ranging from \$10,000 to \$100,000. One hundred and six loans totaling \$4.9 million had been made by mid-year. Of the remaining portfolio, about \$13 million have been placed in equity investments and the remainder in large business loans in manufacturing, services, retail, agriculture, and entertainment. Nearly \$2.7 million had been disbursed for technical assistance by mid-1992.

PRIVATIZATION

Since March 1990, a full-time U.S. adviser has been assigned to the Hungarian State Property Agency (SPA) to assist in the development of the institutional framework needed to promote the country's privatization program. Under its self-privatization program, drawing upon pre-qualified local consultant groups as negotiators, over 600 medium-size state firms are being assisted to evolve into private firms. Two hundred firms have so far been fully privatized under this program. Assistance has also included automation for the SPA, to help manage the privatization portfolio.

Contracts (\$700,000) with Pioneer Seed Co. and Agricultural Cooperative Development International (ACDI) will help to establish trade facilities and arrangements for marketing surplus food grains and to prepare selected state farms for privatization. Under the Agriculture Sector Support program, Coopers & Lybrand is providing short-term assistance to devise ways for increasing market demand for state-owner agricultural assets (particularly food processing firms), including introduction of improved techniques for assets valuation, ownership restructuring, and alternative land privatization.

A.I.D. has contracted with Coopers and Lybrand (\$736,000) to assist the Ministry of Finance and Hungarian privatization officials in identifying options for financing employee stock ownership plans (ESOPS) by developing draft legislation and assisting in a program for training and establishing an internal accountability system. With passage of its ESOPS law, Hungary became the third country (after the U.S. and Great Britain) to accord such prominence to employee ownership.

Deloitte & Touche of Hungary, with A.I.D. funding (\$117,675), is preparing "quick-form" privatization proposals (investors prospectus) on selected companies to attract foreign investors. The COMPASS (Consulting the Office of Prime Minister on Agricultural Support Strategies) project, funded at \$293,820, assists the Government in designing and implementing privatization strategies for agriculture, dealing with issues of land ownership, compensation, leasing, and food processing.

An A.I.D. contract (\$468,000) with Deloitte & Touche has placed a long-term adviser in the Ministry of International Economic Relations' State Trade and Investment Promotion Agency. This complements the efforts of the U.S. and Foreign Commercial Service to attract U.S. investors. Two investment conferences were conducted in the United States in October 1992. Deloitte & Touche is also working on ways to convert local accounting and financial data into the western accounting format likely to be of greater utility to domestic as well as foreign investors. Under another project, the same contractor (\$300,000) is also providing short-term advisory services to promote franchising in Hungary, by addressing select Hungarian companies, U.S. franchisers, and financial institutions in both countries.

Under the Privatization project, A.I.D. plans to provide the State Property Agency with a high-level investment banking team, who will be able to negotiate expeditiously the kinds of business transactions currently stalled under existing SPA procedures.

A U.S. Government grant (\$850,000 per year) to the International Executive Service Corps (IESC) is enabling the IESC to assign expert short-term advisers to individual Hungarian firms seeking assistance in modern management, marketing, quality control, and other techniques. This will also complement efforts under other projects to promote joint ventures between local and U.S. firms. By October 1992, over 100 IESC volunteers had completed assignments in Hungary. In 1993, IESC envisages the assignment of an additional ninety volunteers.

Under an A.I.D. grant (\$1 million), the Center for International Private Enterprise (CIPE) will provide advisory services to four private associations of Hungarian entrepreneurs, enabling them to improve their ability to support small business needs, promote legislative reform, and to become self-sustainable business organizations.

An A.I.D. grant (\$200,000) to the MBA Enterprise Corps pays the transportation, training, and housing of recent American MBA graduates, enabling them to provide business advisory services to Hungarian firms over nine to twelve-month periods. To date, 25 Corps members have been assigned and are providing advice to individual firms in subjects such as financial and strategic planning, marketing and information systems, public relations, financial analysis, and general management.

MANAGEMENT TRAINING

Through SEED grants to American universities totaling some \$2.4 million, the universities are conducting in-country training programs, as well as student and faculty exchanges. Grantees include the State University of New York (\$1.3 million), the Midwest Universities Consortium for International Activities (\$300,000), the University of Wisconsin (\$700,000), and Georgetown University's East-Central European Scholarship Program. These activities supplement faculty and student exchanges in management training already carried out by USIA and through grants (\$200,000) to the Universities of Pittsburgh and Tulsa.

ENERGY

The energy program focuses on energy efficiency; power sector restructuring, privatization and management; and nuclear safety. An audit program for industrial energy use was carried out successfully in 1992 by RCG/Hagler Bailly, and a second-phase effort is now beginning to commercialize low-cost efficiency technologies and develop local private energy services companies and U.S.-Hungarian joint ventures.

A utility arrangement is under way between the new Hungarian Electricity Company and the New England Electric System to address critical areas for management improvement. Exchanges and workshops have been held on financial systems, consumer relations, personnel development, and other topics. San Diego Gas and Electric also participated in the most recent workshop. Electric power systems contractors, Bechtel and Electrotek, will soon initiate a complementary support program to address key regulatory and private/independent power issues.

Because nearly half of Hungary's domestic electricity is nuclear-generated, the U.S. Nuclear Regulatory Commission is working with the Hungarian Atomic Energy Commission and the Paks Nuclear Plant management in developing an improved safety inspection and regulatory system. The U.S. Department of Energy is also developing nuclear safety training and technical assistance programs, and will soon be issuing requests for proposals to U.S. industry. The U.S. Department of Interior and an A.I.D. oil and gas system contractor (Bechtel) have begun training staff for a new Mining Office, responsible for promoting and managing private investments in oil, gas, coal, and mineral

concessions.

A.I.D. also provided a \$10 million energy sector grant to support the major energy price reforms taken by the Hungarian Government. This supplemented Hungary's efforts to help defray potentially destabilizing energy price increases for fixed-income consumers, including pensioners and large families, while moving towards energy pricing in line with world markets.

TELECOMMUNICATIONS

In collaboration with the Federal Communications Commission (FCC) and the Department of Commerce National Telecommunications Information Agency (NTIA), seminars were presented in Budapest and Washington by A.I.D. contractor Hatfield Associates, the Annenberg Foundation, and others to discuss with legislators and policy-level officials issues related to new telecommunications laws and regulations which will lay groundwork for a privatized telecommunications sector.

The FCC and NTIA have conducted frequency spectrum management talks to help increase efficient use of the spectrum for new technologies and to encourage private, independent broadcasting.

The Telecommunications Business Development Services component of the Capital Development Initiative provides transactional assistance to promote trade and investment opportunities. The project is designed to stimulate the flow of U.S. high technology exports, expertise, and investment capital, as well as supporting telecommunications privatization efforts.

Under a grant to the U.S. Telecommunications Training Institute, four Hungarian officials were brought to the United States for training donated by major U.S. telecommunications companies.

Advice on the drafts of the Hungarian telecommunications law from the perspective of potential investors was provided by the U.S. law firms of Debevoise and Plimpton and by Steptoe and Johnson.

The Hungarian Parliament passed the new telecommunications law in December 1992. The Trade and Development Agency will use SEED funding to follow up a program to help draw up the new telecommunications regulations which will be needed prior to privatization of the sector.

AGRICULTURE

Volunteers in Overseas Cooperative Assistance (VOCA) provide short-term technical assistance to private cooperatives and agribusinesses in marketing, management, and business planning. To date, 28 VOCA volunteers have served in Hungary in varying capacities. As the result of a feasibility study conducted by

one VOCA volunteer, for example, the Hungarian National Federation of Agricultural Cooperatives and Producers recently decided to establish a computerized marketing system for its members.

Agricultural Cooperative Development International (ACDI) and Pioneer Hi-Bred International assist private supply firms in expanding their skills in management and marketing, encouraging competition. The Agricultural Input Marketing Support (AIMS) project has trained 38 managers and executives from thirteen Hungarian agribusinesses through a two-week-long training course in the U.S. (designed and conducted by Pioneer). This will be followed by technical assistance to address specific needs identified by the Hungarian firms, Pioneer, and ACDI. Improvements at the input level should improve prospects for stability throughout the national food system.

Under A.I.D.'s Restructuring Agriculture and Agribusiness/Private Sector (RAAPS) project, ACDI identified Hungarian private and soon-to-be-privatized Hungarian agribusinesses for an executive development program stressing practical, hands-on business skills. Through this process, American firms will also gain export-enhancing insight into trade and investment possibilities with Hungarian firms. An Agribusiness Advisory Council assists ACDI and participating firms in identifying policy constraints to privatization. ACDI heads a RAAPS project consortium consisting of Iowa State University, Farmland Industries, Tri-Valley Growers, and Budapest University.

The American Cooperative Enterprise (ACE) Center, a regional activity based in Prague and with an office in Budapest, provides technical assistance and training to encourage joint ventures and trade between its U.S. cooperative investor members and private or soon-to-be-privatized Hungarian agribusinesses. The ACE Center, in cooperation with VOCA, recently participated in Budapest's annual "FOODAPEST" trade fair.

Under an interagency agreement between A.I.D. and the U.S. Department of Agriculture, USDA provides technical assistance to Hungarian farmers in commodity situation and outlook analysis and marketing.

TRADE PROMOTION

Under the President's Trade Enhancement Initiative, a textile agreement was negotiated between the United States and Hungary which increases market access for Hungarian producers.

The Trade and Development Agency (TDA) provided a total of \$6.7 million in cumulative FY 1989-92 grants for sixteen feasibility studies on energy infrastructure development, environmental protection, transportation, and telecommunications. Of this amount, \$1.4 million was SEED-funded and was used in FY 1992 to cover the costs of feasibility studies and orientation

visits to U.S. manufacturers in connection with power grid telecommunications (\$450,000), informatics technical assistance (\$235,000), sewage treatment for Budapest (\$516,000), galvanic sludge processing (\$140,400), and improved telecommunications within the Office of the Prime Minister and Parliament (\$86,000). Early in 1992 a week-long seminar was held in Washington, D.C. for 13 Hungarian telecommunications decision makers. This influenced directly the Hungarian Parliament's telecommunications sub-committee decision to remove language from draft legislation which would have retained for the state exclusive ownership of the telephone system. Greater transparency and competition has also resulted from several A.I.D.-financed studies which analyzed the draft legislation for Hungarian lawmakers.

A.I.D.'s Capital Development Initiative (CDI) promotes U.S. private industry participation in east European telecommunications, energy, and environment sectors. To date, CDI has assisted two U.S. firms in their efforts to compete with other international bidders, one with regard to a partnership ventures in the Hungarian telephone system and one in wastewater treatment.

The Eastern European Business Information Center (EEBIC) is operated by the U.S. Department of Commerce under a SEED-funded program, and distributes up-to-date information regarding private investment opportunities in Hungary. EEBIC serves as an information clearinghouse, providing information to American inquirers regarding export prospects, investment, financing, and licensing, as well as referrals to other agencies such as the Export-Import Bank and Overseas Private Investment Corporation (OPIC). EEBIC's principal outreach publication, Eastern Europe Business Bulletin, provides American subscribers with ideas and techniques useful in pursuing business opportunities. Another EEBIC periodical, Eastern Europe Looks for Partners, alerts inquirers to specific joint ventures and other business opportunities in the region.

Also operating under Department of Commerce auspices, the Consortium of American Businesses in Eastern Europe (CABEE) received \$3 million in a regional grant to help small and mid-sized businesses establish a commercial presence in central and eastern Europe. The Consortium provided grants of \$500,000 each to five trade association organizations to cover start-up costs in establishing commercial offices and staff in central and eastern Europe. The American Building Export/Import Council opened its Budapest office in December 1991. Other grantees included the Water Environment Federation, Food Processing Machinery and Supplies Association, Telecommunications Industry Association, and Sun-Diamond Growers of California.

II. QUALITY OF LIFE

ENVIRONMENT

The U.S. program of environmental assistance contributes to economic restructuring and to reducing significant threats to health through three objectives: reform of environment and economic policies, including pricing, legislation, and regulation; improving the efficiency and effectiveness of public sector environmental investment; and supporting the expansion of private sector involvement.

U.S. experts from the Environmental Protection Agency (EPA) and A.I.D. are working with Hungarian authorities to develop an environmental action plan and expand collaboration on environmental protection, in support of efforts to reform economic and legal aspects of environmental protection.

Through a SEED grant from A.I.D. to the World Environment Center, a resident adviser completed policy studies on air quality and hazardous waste for the Ministry of Environment. A SEED-funded automobile fuel tax emissions study was completed and resulted in Parliament's enacting appropriate legislation. The EPA and the Environmental Law Institute are assisting the Ministry of Environment and Parliament in drafting Hungary's first environmental legislation.

Along with other east European countries, Hungary is drawing upon the expertise and resources available through the Regional Environmental Center (REC), located in Budapest. The U.S. provided about \$3.4 million to create this center and finance its initial operations. EPA is providing technical support. In cooperation with the European Economic Community (EC) and the Government of Hungary, A.I.D. and EPA have reviewed the management and operations of the Center. The REC completed an initial financial audit, now updated, and the EC has completed a program audit. Significant management reforms are under way.

In order to improve public sector performance, EPA is providing training to the Ministry of Environment in enforcement of environmental laws, risk assessment, financing environmental investments, hazardous site ranking at the national level, and environmental impact assessment. EPA is assisting the Ministry of Environment's information resource staff in developing an inventory of automated data sources to support the new Hungarian public access legislation. It is also advising the Hungarian authorities on wetlands preservation and revenue issues.

A regional Improved Public Services project (\$9.5 million) was initiated in 1992 to support decentralization of environmental management, strengthen management and institution-building at local levels, and to help establish hazardous waste control systems. Finally, EPA has undertaken an environmental education project and is working with the Ministry of

Environment, local educators, local governments and communities, and with teachers' colleges to introduce environmental education at primary level schools in three pilot locations.

In July 1992, a contract was signed with Research Triangle Institute to provide technical assistance and training to local governments. The project focuses on Borsod County (an environmental hot spot), and is coordinated with the Danube Improvement Program, EBRD, and with the assistance to municipal governments provided through A.I.D.'s Office of Housing and Urban Programs.

As part of the multi-national Danube River Task Force, the Water and Sanitation for Health Project (WASH) conducted a Danube Workshop in Hungary in late 1991, engaged a Hungarian engineering firm (Innosystem) to assess emission dischargers, and identified priority river basins for environmental clean-up. Some \$30 million in other donor assistance was leveraged by these U.S. efforts. Follow-up assistance in pre-investment analysis will be provided to promote donor lending.

To support expansion of the role of the private sector in environmental protection, A.I.D. concluded an \$8.9 million cooperative agreement with the World Environment Center under which the U.S. private sector is providing technical assistance and training in industrial environmental efficiency, industrial health safety, pollution prevention, and environmental economics. Nearly 50 environmental audits were undertaken and a number of no/low cost process and management reforms were identified. This program also facilitates linkages between the U.S. business community and its Hungarian counterparts.

In 1992, a regional environmental business specialist was assigned to Warsaw (but with responsibilities including Hungary) to facilitate the transfer of U.S. commercial expertise and the flow of U.S. capital to the region as well as to stimulate the involvement of American firms. A contract (\$2.4 million) with Sanders International will further expand efforts to stimulate U.S. private investment in environmental protection, fostering joint ventures and the commercial transfer of U.S. environmental technology.

Through a cooperative agreement with a consortium led by the University of Minnesota, the Hungarian private sector, non-government organizations (NGOs), and local governments will receive training in aspects of environmental management. Training for the private sector supports U.S. business investments and joint ventures, while training for the NGOs and local governments will emphasize leadership development, management, technical skills, and conflict mediation.

HOUSING

Hungary's housing sector is benefiting from a range of A.I.D. programs funded at \$4.6 million in 1991-92. The program advises the Hungarian Government on housing finance and policy options; helps local governments to plan for urban development and to manage and privatize state-owned housing stock under their control, and provides technical and institutional support for the growing private housing construction industry. Of current high priority are the design of a housing investment guaranty program which will support development of a market housing finance system, helping Budapest with its urban development issues, and developing a strategy for assistance to selected local governments. The Urban Institute, the Federal National Mortgage Association (FNMA), Planning and Development Collaborative International (PADCO), and the International City Management Association are among the organizations providing technical expertise to Hungarian cities, banks, industry, and public officials in matters pertaining to housing.

LABOR

The U.S. Department of Labor is providing technical assistance to support employment services and dislocated worker programs, economic education for workers, dispute avoidance and resolution techniques, and labor statistics. The focus of this assistance has been on developing a model employment office in Baranya County. Regional workshops have addressed the issues of occupational safety and health hazards.

HEALTH

The University of Kansas received an A.I.D. grant of approximately \$2.4 million in SEED funding to work on pediatric oncology in partnership with the Second Department of Pediatrics of Semmelweis Medical University and the National Institute of Neurosurgery in Budapest. This program will have a national impact by treating virtually all pediatric cancer cases within the country.

Another Partnerships in Health Care grant of \$2.1 million was provided to Inova Health Systems and the Fairfax Heart Center in Fairfax, Virginia for a program of cardiovascular disease treatment and prevention. Their main counterpart in Budapest is St. Francis Hospital, a small community hospital. Referral arrangements are being established with St. John Hospital and with Semmelweis Medical University.

A.I.D. has supported Project HOPE's influenza immunization program, which began during the winter of 1990-91 when 30,000 Hungarian children were inoculated. Project Hope recently responded to an emergency preparedness request by providing over 15,000 doses of hepatitis-B vaccine for health workers working in disease-prone refugee camps. The vaccine was contributed by the

manufacturer, with packing and shipping costs borne by A.I.D.

The Brother's Brother Foundation has so far provided nearly \$3.4 million worth of critically needed medical supplies to four university hospitals and clinics, in collaboration with the Ministry of Health, the Soros Foundation, Interchurch Medical Assistance, and Catholic Medical Missions.

Healthcare Enterprise International (HEI) is providing technical assistance to support the implementation of health sector reforms. These will expand access to greater choice in type and level of health care services, improve the cost effectiveness of services, and promote private investment in health care industries.

PEACE CORPS

One hundred and sixteen professionally-trained volunteers, on two-year assignments, work to improve English language training and environmental awareness in villages and towns throughout Hungary. English is taught to primary and secondary school students as well as to teachers in institutions of higher learning, with environmental issues integrated into the English curriculum. Environmental volunteers work with Hungarian organizations and municipal governments on strategic planning, fund-raising, proposal writing, and the design and implementation of projects to protect the environment. The first group of twelve small business development volunteers will arrive in Hungary during 1993 to work primarily with enterprise agencies, coordinated by the Hungarian Foundation for Enterprise Promotion. To support this program, A.I.D. plans to transfer \$137,000 of SEED funding to the Peace Corps for technical assistance to small and medium-sized enterprises over a two-year period beginning in FY 1993.

PVO INITIATIVES

The U.S. is funding a number of initiatives by private voluntary organizations. These include a YMCA program to strengthen the leadership capabilities of Hungary's youth, work by Project HOPE to strengthen health care services, and a program organized by the American Jewish Joint Distribution Committee to develop skills and training for the care of disadvantaged senior citizens. A.I.D. also supports the Citizens Democracy Corps, which seeks to match needs with resources through a central listing of individuals wishing to volunteer their services, referrals to those organizations utilizing volunteers, and by maintaining data bank listing those non-profit organizations assisting eastern Europe. (For more details on CDC programs, see section IV of this report.) An export enhancement project, funded through a SEED grant to Aid to Artisans, provides an integrated product development and marketing program which targets rural artisan cooperatives.

III. DEMOCRATIC INITIATIVES

Technical assistance was provided to the Hungarian Parliament through a contract with the State University of New York's Center for Parliamentary Democracy (\$642,000).

Pre-election (1990) technical and material assistance was furnished to opposition political parties through SEED grants from A.I.D. to the International Republican Institute (\$257,000) and the National Democratic Institute for International Affairs (\$234,000), as well as to Hungary's Democratic League of Independent Trade Unions through a SEED grant to the AFL-CIO Free Trade Union Institute (\$502,000).

In FY 1992, the Library of Congress provided equipment, library materials, and training for the Hungarian Parliament, under the direction of the U.S. House of Representatives Special Task Force on the Development of Parliamentary Institutions in Eastern Europe (Frost Committee) and financed by a SEED grant from A.I.D. of \$1.9 million.

The International Media Fund is helping to finance a new American Journalism Center in Budapest, in cooperation with the Hungarian Journalism Association and the World Press Freedom Committee. The Fund will also provide SEED-funded equipment for the Hungarian School of Journalism, to be established at Elte University in cooperation with the University of Maryland.

The University of Southern California provided technical assistance and training for democratically-elected local government officials and their staffs in the city of Szekesfehervar through a pilot cities program funded by A.I.D. with SEED appropriations (\$750,000).

During 1991-92 USIA initiated pilot projects to provide a series of U.S. advisers to the municipalities of Debrecen, Pecs, and Szeged. Seminars on strategic planning and public finance were conducted in 1992 for these plus the city of Veszprem under a USIA grant to the U.S. Council of Governors' Policy Advisers. In addition, seminars on entrepreneurship were sponsored by USIA in Pecs and Debrecen in March 1992.

The Committee for Danubian Studies received from A.I.D. SEED funds (\$170,000) through the National Endowment for Democracy for a civic education program.

USIA administers other democratic initiative programs amounting to more than \$2 million in support of civic organizations, local government, educational reform, management training, media infrastructure support, Books for Democracy, Rule of Law, and English language instruction. SEED funds underwrite the Fulbright Program for Hungary, administered by USIA, under which twelve U.S. scholars have been placed in Hungarian institutions of higher learning in 1992-93. These are not

exclusively academic assignments, since these scholars will also be conducting business, economics, civics, and municipal planning courses. SEED funds also cover scholarships for Hungarians to study business, economics, and law in the United States. Five Hungarian and American teachers will also be exchanged during the 1992-93 academic year. SEED funding supplements the International Visitors Program, which provides opportunities for Hungarian professionals to visit the U.S. for up to 30 days, in order to meet counterparts, observe programs, and establish contacts with individuals and institutions of mutual interest. Two groups of city officials and economic advisers visited the U.S. in the Summer of 1992. Other SEED-assisted programs enable USIA to translate and arrange local publication of books as well as donations of books from U.S. publishers to Hungarian libraries and academic institutions, in collaboration with the Sabre Foundation.

In addition, the USIA/State Rule of Law program supported the placement of long-term legal advisers in Hungary and also a short-term advisory mission focused on labor law.

The Maxwell School at Syracuse University is implementing an A.I.D. grant (\$170,000) to undertake a series of public forums on various topics of public interest to introduce civic education and citizen participation in Hungary.

**U.S. ASSISTANCE TO HUNGARY
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

•SAI/ESF/DA Total:

**OBLIGATION
\$121,206**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003.	Support of Democratic Institutions	2,490
1800017.	Political Process	1,124
1800018.	Local Government and Public Administration	750
1800019.	Democratic Governance & Public Administration	1,508
1800020.	Rule of Law	95
Democratic Pluralism		
1800021.	Political & Social Process	1,287
1800022.	Independent Media	1,110
	SUBTOTAL:	\$8,363
	as % of Total:	6.9%

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800036.	Sector Support - Hungary Energy	10,000
Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	5,282
1800023.	Technical Assistance to Enterprises	3,176
Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	1,091
1800027.	Business Services	3,268
1800035.	Bank Training	2,134
Investment and Trade		
1800010.02	Hungarian Enterprise Fund	46,962
1800028.	American Business and Private Sector Devel. Init.	1,429
1800047.	Trade Enhancement (RITE)	125
Human Resources		
1800002.	Regional Human Resources Program	3,837
1800029.	Management Training and Economics Education	4,705
1800045.	Participant Training	276
Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	2,680

Energy Efficiency

1800015.	Emergency Energy	1,174
1806030.	Regional Energy Efficiency	4,022

SUBTOTAL:	\$90,160
as % of Total:	74.4%

C. IMPROVING THE QUALITY OF LIFE**Short-term Emergency and Humanitarian Aid**

1800016.	Humanitarian Emergency Medical Supply	667
1800032.	PVO Humanitarian Initiatives	3,068

Employment and the Social Safety Net

1800033.	Labor Market Transition	1,350
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Housing

1800034.	Housing Sector Assistance	4,671
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Health

1800037.	Partnership in Health Care	2,943
1800038.	Promotion/Private Health Markets	1,033

Environment

1800004.	Environmental Initiatives	3,560
1800039.	Improved Public Sector Environmental Services	4,147
1800041.	Environmental Training	975

SUBTOTAL:	\$22,414
as % of Total:	18.5%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	268
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SUBTOTAL:	\$268
as % of Total:	0.2%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

U.S. ASSISTANCE TO LATVIA

PRIORITY PROGRAMS

Privatization of agro-industries, primarily dairy processing and meat packing, financial sector reform, and energy efficiency are priority areas for U.S. assistance to Latvia. Total U.S. assistance to Latvia (not including \$17.8 million in food aid covered in section VI of this report) was over \$9.8 million as of September 30, 1992. Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

PRIVATIZATION AND BUSINESS DEVELOPMENT

Through an A.I.D. technical service contract valued at \$1,088,000, Coopers & Lybrand and Chemonics Inc. have been providing technical assistance toward the privatization of selected agro-industries. The U.S. advisers have assisted the Latvian Government to negotiate with all interested parties. They recently completed the draft strategy and legislative requirements needed to complete the process. As a result of their work, privatization legislation has been drafted and presented for a final reading by the Government of Latvia.

Coopers & Lybrand is now focusing on the actual privatization of dairy processing and meat packing plants chosen by the Latvian Government as the first models for agro-industry privatization. The team will evaluate a list of ten dairy processing plants to determine which plants are the most economically viable. The actual privatization is scheduled to begin in October 1992. This will include asset valuation, restructuring of accounting systems, development of business plans, and legal documentation. Simultaneously, a sector analysis of the meat and agro-service industry will be conducted on selected enterprises.

The International Executive Service Corps (IESC) has opened a field office in Latvia and hired a country director. Approximately \$450,000 has been awarded to IESC to send volunteers on short-term assignments to Latvia. The pharmaceutical industry, administration of medical care, trade, and investment are typical of the areas where IESC volunteers are working. Volunteer assignments have included the Latvian tourist board, the Bank of Latvia, and a confectionery factory.

A.I.D. has transferred \$9,000 of a planned total of \$235,000 of funding to the Peace Corps for technical assistance to small and medium-sized enterprises over a three period starting in FY 1992.

FINANCIAL SECTOR REFORM

Through an interagency agreement with A.I.D., the Department of the Treasury has received funding for financial sector assistance. To promote private investment and savings, six short-term advisers have been provided to the Ministry of Finance and the Bank of Latvia to advise on macroeconomic policy, tax policy and administration, monetary policy developments, international finance, and commercial banking.

Treasury has also assigned a long-term adviser to the Bank of Latvia to advise on bank management, commercial bank supervision, and the Bank's international division. Also, four regional long-term advisers will be assisting with budgetary issues and commercial bank training.

Through an interagency agreement between A.I.D. and the U.S. Customs Service, U.S. funding allowed Latvia's Customs Department officials to travel to the U.S. to participate in a U.S. Customs Service-sponsored International Customs Automation Course. A Customs Service trainer provided intensive English language instruction focused on customs administration.

INVESTMENT AND TRADE

Under the American Business Initiative (ABI) project, approximately \$990,000 has been provided for infrastructure development to support the emergence of a private sector market economy. The assistance has been provided through an interagency agreement between A.I.D. and the Trade Development Agency (TDA) to finance feasibility studies for the TECHII Thermal Power Plant and the development of a new coal fire powered energy plant.

The Department of Commerce's Eastern Europe Business Information Center (EEBIC) hired a Latvian contractor to launch EEBIC's Eastern Europe looks for Partners Program in Latvia and to provide information on business opportunities to Americans through EEBIC publications.

COMMERCIAL POLICY, LAWS AND REGULATIONS

Using funds transferred by A.I.D., the Department of Justice (DOJ) and the Federal Trade Commission (FTC) have sent experts to the Latvian competition agency on two occasions, assisting its government to develop, refine, and enforce economic competition laws and acting as an advocate for market-oriented, competitive solutions to economic problems. A conference hosted by FTC and DOJ provided further instruction on competition policy issues and provided officials from Latvia and other central and eastern European countries a forum in which to discuss issues of mutual concern.

AGRICULTURE

A.I.D. is providing \$217,000 to the Volunteers for Overseas Cooperative Assistance (VOCA) to provide technical assistance to agribusinesses and cooperatives. Fifteen short-term volunteers have been placed in Latvia to provide assistance in privatizing agricultural cooperatives.

A.I.D. provided a grant of \$133,000 to Agricultural Cooperatives Development International (ACDI) to provide agriculture assistance to private farmers, agricultural credit agencies, and extension services. ACDI sent eight Latvian participants for a month long familiarization tour of U.S. agriculture. The group included practicing farmers as well as Ministry staff.

Land O'Lakes was awarded over \$75,000 from A.I.D. to carry out a training needs assessment identified in the Agribusiness Exchange Project and sent two dairy farmers on a short-term orientation tour to the U.S. to study dairy management and production.

MANAGEMENT EDUCATION

USIA is administering a \$567,000 management training and economics education program. Under this grant to USIA, SUNY Buffalo is establishing a comprehensive center for management education at the Riga Technical University, including the initiation of a formal MBA program.

USIA has been providing serial assistance in support of business education at various academic levels. Several American specialists traveled to Latvia throughout the summer of 1992 to conduct training and curriculum programs. Nine Latvian educators then came to the U.S. in the fall of 1992 for a three week program on business education. Approximately \$165,000 has been spent on this effort to date.

ENERGY AND INFRASTRUCTURE

Over \$1 million in assistance has been provided to the energy sector in Latvia. Industry energy efficiency work was initiated by RCG/Hagler, Bailly under a contract with A.I.D., through four audits followed up by the implementation of the low-cost recommendations with U.S. energy efficiency technologies. By subcontracting with two Latvian private engineering firms, the work supported the emergence of private energy service companies in Latvia. A wrap-up energy efficiency workshop attracted 150 Latvians and included ten U.S. energy efficiency equipment manufacturers.

Energy pricing assistance was provided focusing on oil, gas and heat tariffs to a range of key officials in order to develop a broad common base of understanding of energy pricing

methodologies. Latvian energy officials are participating in a Regional Electricity Pricing and Contracting program which provides training and assistance on pricing and model contracts for international electricity transactions among the Baltic states. The assistance, provided by A.I.D. contractor RCG/Hagler, Bailly, includes collaboration among the three countries and the Baltic Dispatch Center.

Plans are underway for the expansion of the U.S.-Eastern Europe Electric Utility Partnership managed by the U.S. Energy Association to link the Latvian Electric Company with a U.S. partner.

The Federal Communications Commission and National Telecommunications and Information Agency (DOC) gave a regional seminar on radio frequency spectrum management to assist in opening up frequencies for private radio and TV broadcasting and for private telecommunications services.

II. QUALITY OF LIFE

HUMANITARIAN ASSISTANCE

Under the Emergency Medical Assistance Program, A.I.D. has awarded \$500,000 to Project HOPE to provide transport for pharmaceutical and medical supplies to Latvia, aimed at reducing the number of deaths due to influenza, pneumonia, and other serious illnesses. Through donations, over \$4 million worth of pharmaceuticals and medical supplies have been provided.

ENVIRONMENT

A.I.D. and the World Bank cooperated with officials from all three Baltic Republics to prepare national environmental action plans. The draft action plans are the basis for national discussions on environmental policy. The environment program in Latvia is designed to assist with economic restructuring and reducing threats to human health through three objectives: to support the reform of environment and economic policies, prices, legislation, and regulations; to improve the efficiency and effectiveness of the public sector environmental investments; and to support the expansion of the role of the private sector in environment.

Over \$300,000 in technical assistance was provided to the World Environment Center (WEC) in the areas of industrial pollution prevention and reduction. Workplans were established in September 1992.

In May 1992, a joint A.I.D./EPA team visited Latvia to begin to identify the parameters of an environmental assistance program. A.I.D. is focusing resources on reducing pollution through more efficient use of energy and the development of economic policies that promote environmental protection.

III. DEMOCRATIC INSTITUTION BUILDING

To strengthen democratic institutions, the U.S. Information Agency (USIA) and A.I.D. are providing technical assistance and training in the areas of public administration and local government management, and constitutional and civil law reform.

Iowa State University is working to develop a legal system to support a market economy and private sector through exchange of financial experts and internship programs. The U.S. Baltic Foundation is training Latvian municipal officials through eight-week internships with municipal governments in the U.S.

Under the Rule of Law program, Latvian judges, prosecutors and attorneys spent thirty days in the U.S. examining the American legal system. Under the same program, USIA funded specialized collections of books and materials on legal reform issues for Latvian lawyers and judges. In addition, under the USIA/State Rule of Law program, short and long-term advisers have assisted in legal and judicial reform. Also under the Rule of Law program, the American Bar Association (ABA) has placed a resident legal adviser (as ABA has in other central and east European countries) in Latvia to work with the government on legal reform issues and coordinate short-term visits by U.S. legal experts and initiate legal assessments by ABA or draft legislation.

The National Democratic Institute and the International Republican Institute have provided assistance to enhance the organizational capability and effectiveness of political parties and civic organizations to work within a democratic system.

Under the mass media training project, USIA has sent Latvian journalists to a three-week program in the U.S. to get a first-hand look at U.S. radio and television programming equipment. USIA also funded workshops on print, broadcast, production, and media management led by U.S. consultants and experts in Latvia.

USIA's English Language Teaching Program has placed an English as a Foreign Language fellow in a Latvian training institute to conduct programs for local English teachers. Books and materials have also been provided.

To assist in building strong institutions which can function independently in a multi-party democratic environment, \$1 million has been provided to the Latvian Parliament under the House of Representatives Special Task Force on the Development of Parliamentary Institutions in Eastern Europe Program (the Frost Task Force). Plans for the establishment of a parliamentary library and research facility are being implemented.

The Peace Corps is providing English language training and assistance in the development of small and medium sized businesses.

**U.S. ASSISTANCE TO LATVIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

		OBLIGATION
*SAI/ESF/DA Total:		\$9,828
 A. <u>STRENGTHENING DEMOCRATIC INSTITUTIONS</u>		
Political Process and Governance		
1800017.	Political Process	233
1800018.	Local Government and Public Administration	267
1800019.	Democratic Governance & Public Administration	1,150
1800020.	Rule of Law	120
 Democratic Pluralism		
1800021.	Political & Social Process	184
1800022.	Independent Media	132
SUBTOTAL:		\$2,086
as % of Total:		21.2%
 B. <u>ECONOMIC RESTRUCTURING</u>		
Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	1,088
1800023.	Technical Assistance to Enterprises	617
 Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	100
1800027.	Business Services	979
1800035.	Bank Training	167
 Investment and Trade		
1800028.	American Business and Private Sector Devel. Init.	990
 Human Resources		
1800002.	Regional Human Resources Program	167
1800029.	Management Training and Economics Education	567
1800045.	Participant Training	100
 Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	593
 Energy Efficiency		
1800015.	Emergency Energy	574

1800030.	Regional Energy Efficiency	571
	SUBTOTAL:	\$6,512
	as % of Total:	66.3%

C. IMPROVING THE QUALITY OF LIFE

	Short-term Emergency and Humanitarian Aid	
1800016.	Humanitarian Emergency Medical Supply	500
1800032.	PVO Humanitarian Initiatives	16
	Health	
1800038.	Promotion/Private Health Markets	20
	Environment	
1800004.	Environmental Initiatives	333
1800039.	Improved Public Sector Environmental Services	275
	SUBTOTAL:	\$1,145
	as % of Total:	11.6%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	86
	SUBTOTAL:	\$86
	as % of Total:	0.9%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

U.S. ASSISTANCE TO LITHUANIA

PRIORITY PROGRAMS

U.S. assistance priorities in Lithuania focus on privatizing the manufacturing sector, energy conservation, and the safety of the Ignalina nuclear plant. The energy crisis has become an ever greater priority for the Government of Lithuania. Financial sector reform and agriculture is also a major part of U.S. assistance efforts. Total U.S. assistance (not including food aid of \$18.6 million covered in section VI of this report) to Lithuania was over \$11.2 million as of September 30, 1992. Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

PRIVATIZATION AND BUSINESS DEVELOPMENT

Through two A.I.D. technical assistance contracts with KPMG Peat Marwick valued at \$3.0 million, privatization models have been established at five state textile firms. The process includes asset valuation, the restructuring of accounting systems, development of business plans, and legal documentation, in order to attract private sector investment or acquisition of these state-owned firms.

The International Executive Service Corps (IESC) office in Vilnius has established a Lithuanian-American business and banking sector program. Nearly \$491,000 has been awarded to the IESC. The IESC plans to assist nine enterprises and three ministries. IESC volunteers will help a bathtub company improve its marketing, a paper mill improve its general management, and the Ministry of International Economic Relations promote tourism.

A.I.D. has transferred \$9,000 to the Peace Corps for technical assistance to small and medium-sized enterprises, as the first part of a multi-year program.

FINANCIAL SECTOR REFORM

Through an interagency agreement between A.I.D. and the Department of the Treasury to promote private investment and savings, the Department of the Treasury has provided eight short-term advisers to the Bank of Lithuania (BoL) to advise on macroeconomic policy, tax policy and administration, customs administration, cash management and accounting standards, international finance, monetary policy, and commercial banking.

A long-term adviser to the BoL will arrive in country in February 1993. He will advise on bank management, commercial bank supervision, and improving the Bank's international operations. Long-term regional advisers will be available in the

areas of tax administration, tax policy, budgetary issues, and commercial bank training.

INVESTMENT AND TRADE

Under the American Business Initiative (ABI) project, approximately \$720,000 has been provided for infrastructure development to support the emergence of a private sector market economy. The assistance has been provided through an interagency agreement between A.I.D. and the Trade Development Agency (TDA) to finance feasibility studies for the Mazeikiai Oil Refinery and an offshore oil terminal in Klaipeda.

The American Building Export Council (ABPEC), one of the five grantees under the Commerce Department's Consortia of American Businesses in Eastern Europe (CABEE) program, has opened a representative office in Lithuania.

COMMERCIAL POLICY, LAWS AND REGULATIONS

The Department of Justice (DOJ) and the Federal Trade Commission (FTC) have sent experts to the Lithuanian competition agency on two occasions, assisting its government to develop, refine, and enforce economic competition laws and acting as an advocate for market-oriented, competitive solutions to economic problems. A conference hosted by FTC and DOJ provided further instruction on competition policy issues and provided officials from Lithuania and other central and eastern European countries a forum in which to discuss issues of mutual concern.

Through an A.I.D. grant to the American Bar Association Central and Eastern European Law Initiative (ABA/CEELI), \$325,000 in advisory services has been provided to the Ministry of Justice. A short-term adviser to the Minister of International Economic Relations just completed an assignment in September advising on multilateral and bilateral agreements.

Through an interagency agreement between A.I.D. and the Department of Commerce (DOC) to promote commercial law reform, the Department of Commerce has provided short-term advisers, and plans to provide long-term advisers to the ministries involved in international economic agreement negotiation and implementation. The DOC also has provided assistance on export control issues.

AGRICULTURE

A.I.D. is providing \$217,000 to Volunteers for Overseas Cooperative Assistance (VOCA) to provide technical assistance to agribusinesses and cooperatives. A Lithuanian VOCA office has been established, a local full-time director has been hired, and short-term volunteers have been placed in Lithuania to initiate assistance in privatizing agricultural cooperatives.

Agricultural Cooperatives Development International (ACDI) has sent six representatives from the Farmers' Union for a U.S. agriculture sector study trip under a \$133,000 grant.

Land O'Lakes has organized business management training courses in Lithuania under a \$166,000 grant.

MANAGEMENT EDUCATION

The U.S. Information Agency (USIA) administers a \$567,000 management training and economics education program in Lithuania. Purdue University is providing assistance to improve business management programs at the Kaunas University of Technology, Vytautas Magnus University, and the Lithuanian Academy of Agriculture through the implementation of thirteen-week modules of intensive training and development and translation of books and training manuals.

One of the Consortia of American Businesses in Eastern Europe (CABEE), the American Building Products Export Council (ABPEC), established an office in Vilnius.

ENERGY AND INFRASTRUCTURE

Over \$1.7 million has been provided to assist the energy sector in Lithuania. Under a contract with A.I.D., Resource Management Associates (RMA) initiated energy efficiency work in the industrial sector through four audits followed up by the implementation of the low-cost recommendations with U.S. energy efficiency technologies. By subcontracting with a new Lithuanian private engineering firm, the work supported the development of one of the emerging private energy service companies in the Baltics. A major energy efficiency workshop was conducted in Kaunas by RMA in September 1992 bringing together the Baltic participants in the A.I.D.-supported industrial energy efficiency program and ten U.S. energy efficiency equipment manufacturers.

Energy pricing technical assistance and training was provided by RMA throughout the past year to a Lithuanian Energy Pricing Working Group that was formed to foster a common base of knowledge on economic energy pricing methodologies. A series of training seminars and technical assistance was provided and energy pricing models transferred.

Lithuanian energy officials are participating in a Regional Electricity Pricing and Contracting program which will provide electricity pricing training and model contracts for international electricity transactions among the Baltic states. The assistance, provided by A.I.D. contractor RCG/Hagler, Bailly, includes collaboration among the three countries and the Baltic Dispatch Center.

A.I.D. contractor, Electrolek, is participating with the World Bank in identifying problems and solutions to international

trade in electric power.

Work has been initiated on the development of a demand side management program with the Lithuanian electric utility by A.I.D. contractor RCG/Hagler, Bailly. The work will lead to implementation of a program to conserve electricity and the development of an integrated resource planning capability.

Under the A.I.D.-financed agreements with the U.S. Department of Energy and U.S. Nuclear Regulatory Commission, nuclear regulatory and safety assistance plans have been developed for operational and regulatory assistance related to the Ignalina power plant in coordination with other donors.

Plans are underway for the expansion of the U.S.-Eastern Europe Electric Utility Partnership managed by the U.S. Energy Association to link the Lithuanian Electric Company with a U.S. partner. Additional electricity sector support is under development as well.

The Federal Communications Commission and National Telecommunications and Information Agency (DOC) gave a regional seminar on radio frequency spectrum management to assist in opening up frequencies for private radio and TV broadcasting and for private telecommunications services. Officials from Latvia, Estonia, Russia, and Belarus, as well as from Lithuania, participated.

Under a grant to the U.S. Telecommunications Training Institute (USTTI), seven telecommunications officials were brought for training in the U.S. The training was donated by major U.S. telecommunications companies.

II. QUALITY OF LIFE

HUMANITARIAN ASSISTANCE

Under the Emergency Medical Assistance Program, A.I.D. has awarded \$500,000 to Project HOPE to transport pharmaceutical and medical supplies to Lithuania. Under this program, over \$4 million worth of donated medical supplies and pharmaceuticals have been provided to Lithuania.

ENVIRONMENT

A.I.D. and the World Bank cooperated with officials from all three Baltic Republics to prepare national environmental action plans. The draft action plans are the basis for national discussions on environmental policy.

The environmental program in Lithuania is designed to assist with economic restructuring and to reduce threats to human health through three objectives: to support the reform of environment and economic policies, prices, legislation and regulation; to

improve the efficiency and effectiveness of public sector environmental investments; and to support the expansion of the role of the private sector in environment.

Over \$300,000 has been awarded to the World Environment Center (WEC) in industrial pollution prevention and reduction. Workplans were established in September 1992.

An Environmental Protection Agency (EPA) team was in Lithuania in late July and early August to work with the Lithuanian Environmental Protection Department (EPD) and Vilnius University to review progress in environmental monitoring subsequent to the environmental monitoring workshop in Siauliai in May. Identification of training and equipment needs for the EPD and assistance in planning and resource allocation were also provided. Additional assistance in risk assessment and other technical areas is underway in cooperation with Latvian and Estonian environmental officials.

III. DEMOCRATIC INSTITUTION BUILDING

To strengthen democratic institutions, the U.S. Information Agency (USIA) and A.I.D. are providing technical assistance and training in the areas of public administration and local government management, and constitutional and civil law reform.

Iowa State University is providing assistance to develop a legal system to support a market economy and form a private sector financing system through exchanges of financial experts and internship programs. The U.S. Baltic Foundation is sponsoring eight week internships to the U.S. in municipal training.

The Rule of Law program has provided funds to send Lithuanian judges, administrators, prosecutors, and attorneys to spend thirty days in the U.S. examining the American legal system. Also, U.S. legal experts have participated in Lithuanian legal conferences, and specialized legal book collections have been provided on legal reform issues.

The American Bar Association (ABA) offers short-term advisers for specific legal topics and legal analysis of draft legislation upon request. These services are coordinated by ABA's resident liaison.

The National Democratic Institute (NDI) and the International Republican Institute (IRI) have provided assistance to enhance the organizational capability and effectiveness of political parties and civic organizations to function effectively within a democratic system.

Under the Mass Media Training Project USIA has provided Lithuanian journalists the opportunity to come to the U.S. to view U.S. radio and television programming and equipment.

Workshops in media broadcasting, production, and management have also been provided to Lithuania by U.S. consultants and media experts.

USIA's English Language Teaching Program has placed an English as a Foreign Language fellow in a Lithuanian training institute to conduct programs for local English teachers. Books and materials have also been provided.

To assist in building strong institutions which can function independently in a multi-party democratic environment, \$1 million has been provided to the Lithuanian legislature under the House of Representatives Special Task Force on the Development of Parliamentary Institutions in Eastern Europe Program (the Frost Task Force). Plans for the establishment of a parliamentary library and research facility are being implemented.

Peace Corps representatives provide English language training and assistance in the development of small and medium sized businesses.

**U.S. ASSISTANCE TO LITHUANIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

*SAI/ESF/DA Total: **OBLIGATION
\$11,243**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800017.	Political Process	233
1800018.	Local Government and Public Administration	266
1800019.	Democratic Governance & Public Administration	1,150
1800020.	Rule of Law	121
 Democratic Pluralism		
1800021.	Political & Social Process	192
1800022.	Independent Media	123
		SUBTOTAL:
		as % of Total:
		\$2,085 18.5%

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	1,613
1800023.	Technical Assistance to Enterprises	491
 Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	755
1800027.	Business Services	979
1800035.	Bank Training	167
 Investment and Trade		
1800028.	American Business and Private Sector Devel. Init.	720
 Human Resources		
1800002.	Regional Human Resources Program	167
1800029.	Management Training and Economics Education	567
1800045.	Participant Training	70
 Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	573
 Energy Efficiency		
1800015.	Emergency Energy	600

1800030.	Regional Energy Efficiency	1,162
	SUBTOTAL:	\$7,863
	as % of Total:	69.9%

C. IMPROVING THE QUALITY OF LIFE

	Short-term Emergency and Humanitarian Aid	
1800016.	Humanitarian Emergency Medical Supply	499
1800032.	PVO Humanitarian Initiatives	16
	Health	
1800038.	Promotion/Private Health Markets	10
	Environment	
1800004.	Environmental Initiatives	333
1800039.	Improved Public Sector Environmental Services	350
	SUBTOTAL:	\$1,209
	as % of Total:	10.8%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	86
	SUBTOTAL:	\$86
	as % of Total:	0.8%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information.

U.S. ASSISTANCE TO THE REPUBLIC OF POLAND

PRIORITY PROGRAMS

Poland continues to be the largest recipient of U.S. assistance to central and eastern Europe. As of September 1992, \$525.7 million in Support for Eastern Europe Democracy (SEED) funding was obligated for Poland. (Total U.S. commitments in Poland are \$3.7 billion. This includes the \$2.4 million debt relief, OPIC and Eximbank programs, and food and feed grain assistance, all covered elsewhere in this report.) Three fundamental objectives of assistance to Poland are supporting private sector development, assisting development of the private sector, and transforming the public sector to support democratic development and a market economy. Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING AND PRIVATIZATION

This program, 87 percent of the total portfolio in Poland, assists in the transformation of a centrally planned economy to a market-based economy led by the private sector.

CURRENCY STABILIZATION

The U.S. granted \$200 million to the Polish Stabilization Fund in 1990 as part of a U.S.-led multi-donor \$1 billion hard currency reserve. The fund made possible limited convertibility of the Polish zloty by creating an additional foreign exchange reserve. The fund was scheduled to end on December 30, 1992, at which time the \$200 million will be used by Poland for mutually agreed to development purposes. Negotiations among donors are underway to reach agreement on using the Fund resources for bank recapitalization. (See section VIII of this report for more details on the currency stabilization fund and its future use.)

PRIVATE SECTOR DEVELOPMENT

The Polish American Enterprise Fund is the second largest U.S. assistance vehicle. U.S. contributions totaled \$188 million by September 1992. As of July 1992, the Fund had disbursed \$111.7 million for development of the private sector through equity investment, loans, technical assistance, and other measures. The Fund has approved over \$30 million in loans to more than 1,300 Polish small businesses. The Fund recently established the \$150 million Polish Private Equity Fund with \$40 million of its own resources, \$40 million leveraged from the European Bank for Reconstruction and Development, and the rest attracted from private sources. In October 1992, the Enterprise Fund opened the Polish American Mortgage Bank, which will specialize in construction loans and 15-year mortgages on single family housing.

The International Executive Service Corps (IESC) has expended over \$3.1 million in Poland for projects which provide managerial and professional assistance to individual business enterprises. As of the end of FY 1992, IESC's offices in Warsaw and Krakow had completed 136 projects, with 27 more underway and 17 others in the approval process. Additional funding was provided in 1992 for three long-term consultants to work with Poland's defense industry helping companies convert to non-lethal civilian production and private ownership.

The MBA Enterprise Corps/Kenan Institute is providing private Polish businesses with in-house business development assistance. Under 1992 funding, 22 new recruits have recently arrived and in 1991 15 advisers completed their year-long assignments.

Development Alternatives, Inc., (DAI) and the University of Maryland continue to provide assistance in institutional reform and regulatory framework to encourage creation and growth of small business. DAI has directly contributed to the creation of a high-level Polish Government office to assure that the needs of small and medium-sized enterprises in Poland are met. The University of Maryland's IRIS Project has made substantial progress towards the drafting and acceptance of collateral law that should substantially benefit the private sector.

A \$2 million SEED grant to the International Finance Corporation's Polish Business Advisory Service is helping new and existing small-medium sized firms.

The Department of Commerce's American Business Center in Warsaw opened in June 1992, providing office space and business services, on a user-fee basis, to U.S. companies starting operations.

1992 SEED funding (\$800,000) to the U.S. Trade and Development Agency (TDA) allowed for two feasibility studies on top of TDA's own activities in Poland.

Consortia of American Business in Eastern Europe (CABEE) grants covered Warsaw office start-up costs of the Telecommunications Industry Association, American Building Products Export/Import Council, Food Processing Machinery & Supplies Association, Sun-Diamond Growers, and Water Pollution Control Federation. The Sun-Diamond Consortium has exported products valued in excess of \$60,000 to Poland.

The Capital Development Initiative (CDI) is helping rebuild infrastructure by offering grant funding to U.S. firms or consortia to cover up to 50 percent of the costs associated with the design of energy, environmental, and telecommunications projects. Three long-term consultants have arrived in Warsaw where they will assist U.S. organizations to identify infrastructure opportunities. Prospective deals include solar

turbine, coal washing, district heating, fiberglass, e-mail, cable TV, biobriquettes, and wastewater treatment.

The Department of Commerce's (DoC) Eastern Europe Business Information Center is collecting information on joint ventures and other business opportunities in Poland. The information is published in Eastern Europe Looks for Partners bulletin.

In 1992, \$1 million of SEED funding was provided to the Peace Corps for their Free-Enterprise Transition Consortium which opened on November 20, 1992. The consortium will provide training to over 100 Peace Corps counterpart institutions and more than 2,000 businessmen. An \$80,600 went to the Peace Corps Small Project Assistance Program (SPA). An additional \$119,000 of a planned total of \$540,000 was transferred to the Peace Corps for technical assistance to small and medium-sized enterprises, starting in fiscal year 1992 over a 3-year period.

PRIVATIZATION

Under the A.I.D. privatization project, almost \$10 million of activities in Poland are underway, with additional activities planned for 1993.

Price Waterhouse is helping Poland privatize medium-sized firms, develop an auction system, conduct training workshops, and develop the glass sector privatization program.

Deloitte Touche (DRT) has done a restructuring study of the Polish Airlines, LOT. DRT is also assisting the Polish Security and Exchange Commission develop the regulatory framework for securities trading, the Ministry of Privatization (MOP) develop a system to sell off unrelated smaller components of state-owned firms being privatized, and the MOP privatize state-owned enterprises where restructuring is required prior to privatization.

KPMG Peat Marwick is assisting the National Bank of Poland with its banking privatization and supervision project, advancing the privatization of firms in the furniture sector; and accelerating development of Poland's capital market through establishment of regulated investment companies, an integral part of Poland's mass privatization plans.

Coopers and Lybrand conducted a business valuation of Huta Warszawa Steel Mill, preliminary to a proposed joint venture.

Assistance to the Government of Poland provided \$800,000 of private sector activities (Ministry of Privatization adviser Gultekin, Professor Savas' lectures on privatization of municipal services, UNDP Privatization Task Force funding, and a ten-week training program for the Director of the Anti-Monopoly Office).

FINANCIAL SECTOR REFORM

With SEED funding transferred from A.I.D., the Department of the Treasury used \$1.9 million in 1992 to provide short and long-term advisers to Poland to help develop the Ministry of Finance's macroeconomic policies, and to support open market commercial banking programs and bank privatization. As of the end of FY 1992, Treasury had three long-term advisers in bank reform. One has worked in the Finance Ministry since 1991 on assisting the Minister and his policy associates on a variety of issues, such as external debt management and bank privatization. Two advisers were placed in commercial banks in 1992, Bank Handlowy in Warsaw and the General Economic Bank in Lodz. A fourth and fifth long-term adviser will begin work in early 1993 on bank supervision at the National Bank of Poland and on debt negotiations with the Finance Ministry. Treasury has provided 15 short-term advisers in the areas of tax policy and administration, deposit insurance, government securities marketing, banking legislation, debt negotiation, bank supervision, and loan work-out.

Also supporting financial sector reform, the Financial Services Volunteer Corps (FSVC) is providing financial expertise on a voluntary basis to the Government of Poland and financial institutions. The Executive Director for the American Investment Initiative In Poland, following up former Deputy Secretary of State John Whitehead's May 1992 mission to Warsaw, arrived in August to serve as a long-term investment adviser, in response to the Government of Poland's desire for help in increasing investor interest. Another adviser arrived in August to assist the Ministry of Privatization with its Mass Privatization Program and coordinate short-term FSVC assignments. (By the end of FY 1992, FSVC had completed 12 such assignments).

To support the development of a securities market, in June 1992 a long-term adviser funded under the SEED program from the Securities and Exchange Commission arrived to assist development of the Polish securities market and to develop stock exchange regulatory systems.

Under Treasury's SEED-funded Bank Training Project, KPMG Peat Marwick won a contract in May 1992 to provide assistance to a bank training school in Warsaw and seminars in Katowice. KPMG delivered courses and a comprehensive curriculum for the institute is now in place.

In 1992, the World Council of Credit Unions received \$700,000 to help its Polish counterpart promote, organize, and develop private, democratic, cooperative savings and credit institutions.

The Competition Policy, Laws and Regulations project received \$1.6 million in SEED funding for Poland in 1992 for assistance in tax administration, anti-monopoly reform, and development of sound commercial laws and practices. Activities

in this project in Poland include the following:

- o Two long-term advisers are in Warsaw providing advice to the Polish Anti-Monopoly Office on enforcing competition laws and acting as an advocate for market-oriented, competitive solutions to economic problems.
- o One long-term IRS adviser is in place in Poland to work on tax administration. Working in the Finance Ministry, the adviser concentrates on computerization of tax collection. In addition, a long-term tax policy adviser completed her one-year tour in August 1992.
- o The Central and Eastern European Law Institute (CEELI) has placed a long term resident liaison in Poland to manage CEELI activities.
- o The International Development Law Institute selected the Polish Lawyers Association for collaboration in legal workshops for Polish lawyers.
- o Through OMB and DoC assistance, the Commercial Law Development Program (CLDP) is working with the GOP on development and implementation of Government of Poland procedures and rules to promote fair and open procurement.
- o Hatfield Associates presented a seminar in Warsaw on U.S. telecommunications laws and regulations as part of a policy dialogue with telecommunications officials and technicians to encourage development and prepare for privatization.
- o Officials from the National Telecommunications and Information Agency (NTIA) and the Federal Communications Commission (FCC) gave a seminar on radio frequency management to help increase efficient use of the available spectrum for new technologies and to facilitate use of radio-based communications, including private, independent radio and television broadcasting.
- o Follow-up consultations were held by NTIA on radio propagation modeling, and development of a national spectrum allocation table led to publication by NTIA of "Evaluation of Spectrum Management in Poland" in English and Polish.
- o A \$200,000 grant to the U.S. Telecommunications Training Institute brought Polish officials and other east Europeans to the U.S. for training donated by major U.S. companies.
- o The National Telephone Cooperative Association (NTCA) supports development of two rural telephone cooperatives with private participation.

AGRICULTURE

The segments of USDA's work that have been funded by the SEED Act fall under the headings of Marketing and Internal Trade, and Research and Extension.

USDA has four long-term advisers in the Ministry of Agriculture and several short term advisers located throughout Poland providing institutional and extension service support. Also providing agricultural assistance are USDA Economic Research Service with commodity situation and outlook reporting, USDA's Agricultural Marketing Service with grading standards and market news reports, and USDA's Office of International Cooperation and Development with research institute restructuring projects.

The Cochran Middle Income Program sponsored 40 Polish agribusiness managers and agriculturalists to undertake training in the U.S. in 1991. In 1992, a total of 140 candidates were interviewed and 106 fellows were selected for training.

In September 1991, the Agricultural Cooperative Development International opened an office in Poland. Two long-term advisers now in Poland are assisting in the development of rural cooperative banks. In-country training (five-day courses) was offered to 275 agribusiness individuals. Thirty business people have been trained and had internships in the U.S.

Volunteers in Overseas Cooperative Assistance provided volunteers from the U.S. in agriculture production, marketing, and distribution. Volunteer assignments already completed and underway total 146.

Under a \$4 million SEED grant from A.I.D., Land O'Lakes is providing assistance for eastern Europe in dairy processing and management. Their opening forum was held in Poland in February 1992. They will be conducting 34 training courses in dairy processing, marketing, and management. They have sent 23 Polish agribusiness leaders/farmers for internships in comparable American firms/farms.

National Cooperative Business Association (NCBA) is providing technical assistance and training for cooperatives and promoting development of economic links between Polish and NCBA's member cooperatives.

American Breeders Service is providing a long-term adviser and equipment to an animal breeding station, which will help to privatize and modernize the Polish breeding industry.

MANAGEMENT TRAINING AND MARKET ECONOMICS

1992 grants totaled \$3.4 million to U.S. universities for improving management and business skills and market economics knowledge in Poland. Grantees have established partnerships with

Polish institutions as follows:

- Central Connecticut State University with Wroclaw Technical University;
- the Midwest University Consortia for International Activities with Warsaw University;
- the University of Minnesota with the American Trust for Agriculture and the Warsaw School of Economics;
- Ohio State University and Solidarity with management training centers at Poznan, Rzeszow and Bialystok; and
- University of Wisconsin and New York University with the Polish International Business School and Warsaw University.

Summer business and economics schools in Poznan, Krakow, and Olsztyn have trained over 300 young faculty and managers, and a \$1.9 million grant to Georgetown University funded 42 rural Polish agricultural leaders and farmers in two-year university programs.

ENERGY

A.I.D.'s Power Sector Restructuring, Privatization, and Management program is providing long and short-term advisers in power/lignite, privatization and corporate management as part of a multi-donor restructuring team developed by the World Bank and the Ministry of Industry. The program is also providing technical assistance to help the Polish Power Grid in privatization/joint venture promotion; and legal assistance to help develop model power purchase agreements for buying electricity from generating companies and to assist in specific joint venture negotiations for projects under consideration by the World Bank. In addition, the program is funding a training and assistance partnership between the Polish Power Grid Company and Commonwealth Edison in Chicago. Bechtel and Electrotek will soon be initiating technical assistance and training activities with specific generating and distribution companies.

As the first part of President Bush's initiative to help improve the environment in Krakow, the Department of Energy, in a \$10 million activity, contracted Airpohl of New Jersey to install a pollution control system for the Skawina coal-fired power plant. Construction has started. Upon completion, the plant will meet 1988 environmental standards.

The U.S. Department of Energy is working with Krakow authorities to demonstrate options for reducing air pollution from small boilers and home furnaces (\$5.5 million) and phase two is underway, with a solicitation (\$14 million) for joint ventures with U.S. companies recently issued.

Approximately \$1.7 million has been provided for technical assistance, training, and low cost equipment to improve energy efficiency in industries and refineries. RCG/Hagler-Bailly is implementing a demand management planning and demonstration program with the Polish Power Grid and Poland's largest distribution company.

II. QUALITY OF LIFE

This program focuses on improving or maintaining quality of life standards while Poland undergoes the disruptive processes of economic restructuring and political reform.

ENVIRONMENT

The environment program is designed to assist with economic restructuring and reduce threats to human health through three objectives.

1) To support the reform of environment and economic policies, prices, legislation, and regulations:

- Working with the World Environment Center, the Harvard Institute for International Development is providing long- and short-term policy analysis.
- Training is being provided for environmental non-governmental organizations by the University of Minnesota Consortium.

2) To improve the efficiency and effectiveness of public sector environmental investments:

- EPA staff are providing technical assistance for institutional development, legal and regulatory reform, and training. EPA "twinning" seeks to improve managerial and technical skills in the provision of wastewater and water quality. EPA Katowice administrative strengthening provides general assistance to regional authorities.
- Working closely with the World Bank, EBRD, and housing projects, Research Triangle Institute assists municipalities to improve environment services, develop capital investments, and expand the use of the private sector.
- The first shipments of wastewater, drinking water treatment and laboratory equipment were delivered to Krakow upgrading the central laboratory and two wastewater and two drinking water treatment facilities.
- The full network of six air monitoring stations was installed in Krakow.

3) To support the expansion of the role of the private

sector in environment:

- A regional environmental business specialist is assisting Polish environment firms with business management and increased access to commercial sources of U.S. technology. As part of Sanders International, a second Warsaw based environmental business specialist arrived in September under the previously mentioned Capital Development Initiative.
- The University of Minnesota assists the development of Polish environmental businesses through the Environmental Training Project.
- The World Environment Center provides experts and technology to improve management adoption of cost effective technologies in efficiency to reduce pollution and increase productivity. Over 100 individuals have been trained and approximately a dozen companies are receiving assistance from U.S. industry experts on a pro bono basis.

HOUSING

Housing Policy and Finance - 1992: This program is addressing the policy, institutional development, and operational aspects of housing finance at the national and local levels.

- On November 9, 1992, a \$25 million Housing Guarantee Loan Agreement was signed that will allow for reform of the housing finance sector and support the development of market based Polish construction and mortgage lending system. The loan leverages \$200 million from the World Bank and \$67 million from the EBRD. \$10 million in the capital assistance program will be provided by A.I.D. to support the capital program. Loans will be made through Polish banks for residential projects, and in order to operate in an inflationary economy will be "dual-indexed", adjustable market rate loans capped at a percentage of borrower income.
- Fannie Mae prepared a set of guides on credit underwriting and lending guidelines to be incorporated in the World Bank and Guarantee programs. The guidelines are under final review prior to adoption by Poland's BUD Bank.

Local Government - 1992: This program seeks to improve local governments' capacity to deal with private sector housing production and land development, and to privatize the public housing stock.

- International Cities Management Association (ICMA) is working with the Krakow Real Estate Institute to design a prototype property tax system based on land valuation. The prototype will be used to demonstrate the effectiveness of market based land valuation in supporting local revenue generation.

- ICMA is also near completion on a strategy for assistance to municipalities (Gdansk, Lublin, and Gdynia) which will be implemented in target cities over the next year. Assistance will be provided to municipalities in urban land development, infrastructure, housing privatization, and municipal finance, as well as administrative reform at the national level that promotes decentralization.
- A series of seminars have been held by ICMA providing training to over 120 key local officials in municipal finance, land development, appraisal techniques, and housing management.

Private Sector Development - 1992: This element focuses on developing the private developer, building, and real estate industries.

- Planning and Development Collaborative International (PADCO) is working with the GOP and construction industry to develop a strategy and action plan for technical assistance and training to meet the needs of the construction industry.
- PADCO also undertook work to identify projects eligible for financing under the Guarantee program (18 proposals were reviewed).
- The Cooperative Housing Foundation has placed two advisers in Bialystok and Zory developing new housing units as a demonstration of private market building design and development, and positive interaction between the public and private sectors to promote new housing development.
- On October 4, 1992, the National Association of Home Builders (\$1.5 million in 1992) opened the American-Polish Builders Institute in Gdansk. The Institute will be providing professional advice and training to private builders and developers as well as facilitating joint ventures with US builders.
- In a regional activity, the National Association of Realtors' affiliate, the Eastern Europe Realtors Foundation, will help train and develop a private sector realtors industry.

HEALTH

Albany Medical Center (\$1.1 million) and Milwaukee International Health Training Center (\$1.5 million) are facilitating partnerships with Polish medical centers to exchange medical knowledge and technology in the areas of cancer and emergency medical services.

Promotion of Private Health Markets: This project assists the GOP shape policy, management, and markets so that the private

sector health industry can flourish and make its maximum contribution to a market-oriented economy and a higher quality of life.

- Mobile Seminar in U.S. on managed health care attended by parliamentarians, officials of the Ministry of Health, and Solidarity leaders.
- Training of 40 Solidarity leaders on managed health care.
- As part of an international donor effort, the project provided an adviser to a team that is dealing with the reform of Poland's social benefits system.
- "drug store" investment team identified a fertile market for American-type drug stores and related industries.
- Private faculty practice is under development at the Partnerships hospital in Krakow. Evaluation of a potential HMO related to the faculty practice is under development.
- Women's cardiology center investment team.
- A private sector development regional manager for Poland has been hired and arrived December 15, 1992.
- Community development for a managed care initiative in Lodz.
- Sponsored attendance of Polish health care leaders at a training program in Washington, D.C. on managed health care.
- Advice to Ministry of Health on managed health care proposal as part of health sector reforms.

LABOR MARKET TRANSITION

This project (\$1.7 million in 1992 for Poland) has undertaken a number of activities in Poland:

- Model employment service and unemployment benefit payment offices were established through technical assistance in Gdansk and Szczecin (the regions include one central office and ten smaller local offices);
- The counseling services for displaced workers component established in Gdansk a model counseling program;
- Ohio State University worked with Solidarity to adapt the "Program for Acquiring Competence in Entrepreneurship" materials for use in Poland;
- A grant to the Building Trades Consortium remodeled, equipped and staffed the Praga Center to train and retrain workers and managers in the construction industry; a second

construction skills center will be established in 1992 in Gydnia as part of the housing National Association of Home Builders Project;

- The Polish American Labor Center (PALC) opened in June 1992. The center will act as a conference and training facility; and
- In 1992 Economic Innovation International began work to develop a work plan to seed successful regional restructuring efforts in Poland.

PRIVATE VOLUNTARY ORGANIZATIONS

In September 1992, Opportunities Industrialization Centers International (OIC) received an \$800,000 SEED grant and has begun work to develop business incubators, business advisory centers, and programs in vocational training in the Lublin area. Previous grants to assist local non-governmental organizations totalled \$5.2 million. Grantees under this program include YMCA, National Telephone Cooperative Association, Project Hope, Polish American Congress, Technoserve, Delphi International, Citizens' Democracy Corps, and American Committee for Aid to Poland.

III. DEMOCRATIC INITIATIVES

This program involves assisting the development of democratic institutions in order to form the foundation for enduring political freedom, and encourage broad-based participation in civic and economic affairs.

Under the direction of the U.S. Senate, \$750,000 in equipment and training was supplied to the Polish Parliament. Approximately \$512,667 for equipment and training was provided under the direction of the House of Representatives Special Task Force on the Development of Parliamentary Institutions in Eastern Europe (the "Frost Task Force").

Rutgers University (\$1.3 million in 1991 and \$1.3 million in 1992), in conjunction with its Polish partner, Foundation in Support of Local Democracy, has provided intensive training of municipal and local Polish officials, and capacity building for the Foundation's 16 regional training centers.

In August 1992, Milwaukee County began a program to provide six-week internships for 20 Polish local government officials in Milwaukee County Government. The participants will develop case studies to be used in the regional training centers of the Foundation in Support for Local Democracy.

The United States Information Agency (USIA) provided \$900,000 (of a \$1.7 million regional project) to support a citizens' network for broadening the basis of public

participation. (Sub-grants included American Committee for Aid to Poland, International Development Exchange, and the League of Women Voters.) Additional USIA activities included a grant to the International Media Fund, John Marshall Fellowships, Fulbright lecturers, educational specialists for the Ministry of Education, teacher exchange programs, professionals-in-residence program, and long-term U.S. social science lecturers in Poland.

The USIA/State Rule of Law program also supported training and internships in human rights law for a group of Polish law students.

Through the National Endowment for Democracy, a grant funded Polish organizations to meet the needs of pro-democratic forces and independent publishing groups and to encourage the development of democratic institutions.

The International City Managers Association, with a \$300,000 SEED grant, worked with the Polish Association of Cities to develop capacity to provide local government training and assistance.

The AFL-CIO's Free Trade Union Institute (\$1.4 million) has provided support to NSZZ Solidarnosc's Economic Foundation and Rural Solidarity through. Small grants totaling almost \$300,000 were also given to Rural Solidarity, the Economic Foundation of NSZZ Solidarnosc, and the central office of Solidarity through FTUI.

**U.S. ASSISTANCE TO POLAND
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

•SAI/ESF/DA Total:

**OBLIGATION
\$525,741**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003.	Support of Democratic Institutions	4,257
1800017.	Political Process	588
1800018.	Local Government and Public Administration	1,575
1800019.	Democratic Governance & Public Administration	2,581
1800020.	Rule of Law	36
 Democratic Pluralism		
1800021.	Political & Social Process	1,020
1800022.	Independent Media	1,246
 SUBTOTAL:		\$11,302
as % of Total:		2.1%

B. ECONOMIC RESTRUCTURING

Macroeconomic Support		
1800008.	Polish Stabilization Fund (Treasury)	199,140
 Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	9,716
1800023.	Technical Assistance to Enterprises	9,275
 Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	3,165
1800027.	Business Services	3,431
1800035.	Bank Training	2,134
 Investment and Trade		
1800010.01	Polish Enterprise Fund	188,192
1800028.	American Business and Private Sector Devel. Init.	800
1800047.	Trade Enhancement (RITE)	167
 Human Resources		
1800002.	Regional Human Resources Program	8,822
1800029.	Management Training and Economics Education	8,382
1800045.	Participant Training	370
 Agriculture and Agribusiness		
1800005.	Assistance to Private Farmers (Poland)	4,225
1800024.	Restructuring Agriculture and Agribusiness	15,484

Energy Efficiency

1800015.	Emergency Energy	516
1800030.	Regional Energy Efficiency	3,656
1800031.	Krakow Clean Fossil Fuels/Energy Efficiency	8,500

SUBTOTAL: \$465,975
as % of Total: 88.6%

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency and Humanitarian Aid

1800016.	Humanitarian Emergency Medical Supply	1,667
1800032.	PVO Humanitarian Initiatives	5,997

Employment and the Social Safety Net

1800033.	Labor Market Transition	5,400
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Housing

1800034.	Housing Sector Assistance	7,597
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Health

1800006.	Medical Supplies, Equipment & Training (Poland)	1,991
1800037.	Partnership in Health Care	2,680
1800038.	Promotion/Private Health Markets	1,033

Environment

1800004.	Environmental Initiatives	16,609
1800039.	Improved Public Sector Environmental Services	3,897
1800041.	Environmental Training	928

SUBTOTAL: \$47,800
as % of Total: 9.1%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	664
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SUBTOTAL: \$664
as % of Total: 0.1%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

U.S. ASSISTANCE TO ROMANIA

PRIORITY PROGRAMS

Democratic institution building and humanitarian assistance to Romanian children were the priority areas for U.S. assistance in FY 1990 and FY 1991. In FY 1992 the portfolio was expanded to include economic restructuring, with design of a \$10 million agriculture sector grant and \$2.5 million for privatization. As of the end of FY 1992, U.S. assistance obligations for Romania totalled \$40.3 million (plus food aid of \$104.3 million and credit guarantees of \$50 million, covered in section VI of this report). Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

I. ECONOMIC RESTRUCTURING

AGRICULTURE

A \$10 million grant was signed in December 1992 to support reform in the agriculture sector. Private farmers will purchase through auctions soy protein concentrates for use in feed to poultry and hog livestock. The government will receive the local currency equivalent for use in land titling. In addition, technical assistance and equipment will be provided for mapping, as part of the land titling process.

Volunteers in Overseas Cooperative Assistance (VOCA) began operations in Romania in FY 1992. With the opening of an office in Bucharest in October 1992, they hope to be able to place up to 20 volunteers a year, with an emphasis on restructuring agriculture along private lines.

COMMERCE

The Commerce Department's Foreign Commercial Service Office in Bucharest hired a Romanian national to submit about ten potential Romanian investment and/or joint venture partners monthly for the Eastern Europe Looks for Partners (EELFP) program which seeks to match them with U.S. firms interested in the region.

The Department of Commerce's Commercial Law Development Program (CLDP) sent a legal assistance mission to Romania in July 1992 focusing on implementation of foreign investment legislation. Mission follow-up activities have included articles in the EEBIC Bulletin announcing the CLDP's proposed law faculty exchange program and discussing Romania's tourism development potential and relevant legal framework; sending a technical adviser to work with the Bucharest Bar Association; providing comments on Romania's new patent law; proposed training for Romanian officials; and technical assistance in drafting new trade secrets legislation. CLDP also hosted a conference on

export controls with Romanian participation and will provide a legal internship for a Romanian law student.

Under separate activities, a joint Federal Trade Commission and Department of Justice team and Department of Commerce officials have explored with Romanian officials issues related to the commercial legal framework in Romania. Commerce is in the process of making a proposal for a specific package of commercial law assistance to Romania.

ENERGY AND INFRASTRUCTURE

Industrial energy efficiency, power sector management and reform, and petroleum sector restructuring are the main areas of emphasis of the energy program. Under the Emergency Energy Project, A.I.D. placed emphasis on the industrial audit program, energy pricing analysis, and training. The Regional Energy Efficiency Project expands on this effort. RCG Hagler-Bailley will provide training to local private companies in energy efficiency service delivery.

Under a cooperative agreement with the U.S. Energy Association, A.I.D. has initiated a utility partnership program which pairs the Romanian Electric Utility (RENEL) on initial financial and strategic management issues and systems with Boston Edison. This program will be complemented by in-depth management and technical training under the Bechtel and Electrotek Electric Power Systems contracts.

At the request of the World Bank and the Romanian Ministry of Industry, A.I.D.-financed consultants under the Bechtel oil and gas contract have completed a major study on the restructuring of the petroleum exploration and production sectors. This study is serving as the basis for a planned sector loan by the World Bank and identifies opportunities for A.I.D. privatization follow-up activities.

With guidance and participation of the Federal Communications Commission and National Telecommunications and Information Agency (DOC), Hatfield Associates presented a seminar on Telecommunications Policy Laws and Regulations aimed at restructuring the telecommunications sector and at engaging in dialogue the legislators and officials formulating new telecommunications laws.

Seminars conducted by the Federal Communications Commission and National Telecommunications and Information Agency (DOC) were held in Washington and Bucharest with legislators and other policy-level officials on telecommunications policy and management issues. Consultations in Washington organized by the FCC included a study financed by the International Media Fund which demonstrated that additional television broadcasting was possible.

Under a grant to the U.S. Telecommunications Training Institute, twelve telecommunications officials were brought for training in the U.S. The training was donated by major U.S. telecommunications companies.

The Trade and Development Agency (TDA, formerly TDP) has funded one feasibility study in Romania under the American Business Initiative (ABI) program for the modernization of the country's electric power grid energy management system.

AMERICAN BUSINESS INITIATIVE

This program, which supports economic reform while promoting U.S. trade and investment in central and eastern Europe (see separate report in section IV pertaining to regional projects), supported in Romania a review of a landfill gas electricity generation project by ICF Resources.

FINANCIAL SECTOR REFORM

Since this project's inception, Treasury has provided to the Ministries of Economy and Finance four short-term advisers in the areas of tax policy and administration, cash management, and fiscal federalism. In 1993, Treasury will provide two long-term advisers, one to help the Ministry of Finance on budgetary issues and another to advise the Central Bank on banking reform. By September 30, 1992, Treasury's banker training contract with KPMG Peat Marwick had provided an initial groundwork for placing a resident adviser and to develop courses.

INTERNATIONAL EXECUTIVE SERVICE CORPS

Under its technical assistance program, IESC had completed 23 projects by the end of FY 1992, with short-term volunteers who worked in fields such as aerospace, commodities exchange, electronics, heavy industry, hotels, the media, and public utilities. Four projects are in progress: assistance to a local radio station, hotel assets evaluation, refrigerator equipment technology, and tractor production. There are over 20 projects in recruitment.

Under its trade and investment services activities, IESC has identified a number of Romanian clients interested in trade and investment links with U.S. firms. Market research reports, which gauge U.S. interest in Romanian products, are underway for six Romanian firms.

MANAGEMENT TRAINING

A.I.D.'s \$2.1 million project for management training and economics education which got underway in FY 1991 continued in FY 1992. It is executed through the University of Washington and Washington State University in conjunction with the Academy of Economic Studies and the Bucharest Polytechnic Institute.

Activities have included the delivery of short-term courses for students and professors at the two higher education institutes in Bucharest, and the establishment of Small Business Centers at the two institutes.

The United States Information Agency (USIA), through the University of Nebraska at Omaha, is working with the Alexandru Ion Cuza University in Iasi. Activities have emphasized professional development of faculty in management. Through the USIA Alexander Hamilton Fellows program, seven Romanians completed one year of non-degree study at U.S. universities, and three U.S. professors spent a year at Romanian universities teaching economics and business administration.

PRIVATIZATION

A \$2.5 million program was obligated in late FY 1992, with \$1.5 million to support the establishment of an investment bank (in cooperation with Romanian partners and the EBRD), and \$1 million for a public education campaign on privatization.

II. QUALITY OF LIFE

CHILDREN OF ROMANIA PROJECT

This project was funded at \$4 million, with \$2 million each going to two institutions: the United Nations Children's Fund (UNICEF) and Private Agencies Cooperating Together (PACT). It was aimed at providing emergency assistance to the 100,000-200,000 children living in over 700 institutions. UNICEF has served a catalytic role in reducing the suffering of institutionalized children and building the capacity for Romania's giving priority to children's needs. UNICEF activities include coordinating the first national conference for non-governmental organizations working in Romania, establishing an information clearing house, training social workers and health promoters, analyzing vaccine management, preparing for nutritional surveillance, and studying the problems of gypsy families.

PACT has provided services to infant, child, and adolescent populations in institutions and has facilitated alternatives to institutional care. Activities have included training the Romanian Adoption Committee, setting up visits from dental and surgical teams, training social workers who have successfully reunited over 350 children with their birth families and have assisted in over 100 national adoptions, and surveying children and adolescents in the children's institutions.

EMERGENCY MEDICAL SUPPLIES

Project HOPE, together with the Centers for Disease Control, is assisting the Government in the implementation of a \$1 million hepatitis B prevention program for newborn children.

ENVIRONMENT

The environment program is designed to assist economic restructuring and to reduce threats to human health by supporting environmental reform, improving the effectiveness of the public sector, and expanding the private sector in environmental matters.

In conjunction with the World Bank, the European Community, the World Health Organization and the Government of Romania, A.I.D. and EPA prepared an Environment Strategy Paper which was discussed by a wide range of public and private groups in Romania in May 1992.

Under the Environmental Initiatives and Environment Training Projects, A.I.D. will fulfill its objectives through a wide range of activities which will have both national scope and local impact. EPA will provide technical assistance to support these activities. At the national level, a long-term adviser will be placed with one of the key Ministries to advise in areas such as policy and institutional reform, liability assessment and fee regulations. The adviser will also supervise the work of short-term advisers from the Environmental Law Institute who will work on new legislation.

Through the Water and Sanitation for Health Project (WASH), A.I.D. provided assistance to Romania as a participant in the multinational Danube Task Force, assessing emission discharges and identifying priority needs in the river basins for environmental action. The WASH group will provide computer equipment to continue the inventory of pollution sources, prepare investment studies, and work with donors to foster investment. The United States Department of Agriculture, in cooperation with EPA, is implementing a program to help reduce sources of agricultural pollution focusing on water quality, integrated pest management, and policy analysis.

At the local level, the key Arges River basin will be the focal point for action. The University of Minnesota will train government officials, private sector environmental business people, and representatives from non-governmental organizations on assessment of priorities for environmental action, conflict resolution, enterprise management, and information management.

The World Environment Center will launch a waste minimization program in at least three plants and set up pilot projects at each plant to demonstrate use of U.S. equipment to reduce waste. Pro bono technical assistance from U.S. industries will be provided in waste minimization, pollution prevention, and industrial health and safety.

FAMILY PLANNING

With \$3 million in FY 1991 and FY 1992, A.I.D. has provided help for private-sector family planning activities. Another \$2 million is earmarked for FY 1993. The project aims to improve the capability of Romanian medical personnel to provide family planning services and information and gives support to two Romanian family planning associations. So far, eight family planning clinics have been established in four regions of the country, and another two are in the planning stages. Perhaps the biggest accomplishment in FY 1992 is that for the first time women general practitioners have been trained and are now authorized to provide family planning services. Their participation should greatly expand access to and acceptance of these services.

HEALTH

An A.I.D. grant was awarded in March 1992 for a health partnership which will address problems of cardiovascular disease in Romania. The U.S. partner is the Humana Heart Institute International, Louisville Kentucky and the Romanian counterparts are the Fundeni Clinic Hospital, Bucharest and Mures Clinic Hospital, Tirgu Mures. Training, technical assistance, and other interchange activities are underway.

PRIVATE VOLUNTARY ORGANIZATION INITIATIVES

Eight organizations have received A.I.D. financing to work on Romania's humanitarian needs. During FY 1992 their work continued in the following areas:

- o Brother's Brother Foundation: clothing and medical supplies
- o Citizens Democracy Corps: relief supplies
- o Feed the Children: physical rehabilitation of institutions
- o Holt International: training social service workers
- o Operation Blessing: construction of wells and training of technicians
- o Operation Smile: reconstructive surgery
- o Project Concern International: medical services to children
- o World Vision Relief and Development: services to the handicapped and primary health care.

PEACE CORPS

The Teaching English as a Foreign Language (TEFL) project, which commenced in the summer of 1992, is responding to needs expressed by Education Ministry officials. Plans have been made for beginning two other projects in FY 1993. A programming trip made in June 1992 to assess the potential for volunteers in the agribusiness sector has resulted in a recommendation that

volunteers be assigned in agribusiness and other business activities, and A.I.D. transferred \$8,000 of a planned total of \$90,000 to Peace Corps for technical assistance to small and medium-sized enterprises over a three-year period starting in FY 1992. A Youth Development specialist also visited Romania in August 1992 to develop several assignments for volunteers to work with youth at risk.

III. DEMOCRATIC INITIATIVES

Full-time representatives from the National Democratic Institute for International Affairs (NDI) and the International Republican Institute (IRI) have conducted civic education programs and aided political parties committed to the democratic process. NDI has focused on developing the civic organization Pro-Democracy, now the largest civic education organization in Romania. IRI has concentrated on assisting the Democratic Convention, an umbrella organization of democratic political parties. Both NDI and IRI provided observers for the February 1992 municipal elections and the September 1992 national elections.

The International Foundation for Electoral Systems (IFES) is providing a full time staff member to help organize and support a network of civic education resource centers. IFES also provided an adviser to the Central Election Commission for the September 1992 national elections.

The International Media Fund has provided support to the University of Bucharest School of Journalism, the Society for the Organization of Independent Television (SOTI), and the Romanian newspaper Romania Libera. The Fund has also assisted in the creation of short-range FM radio stations and local television studios.

In addition, USIA provided a long-term media adviser in the independent television station SOTI to assist with management and programming in the station. USIA has also supported educational reform programs through the Books for Democracy program and has supported an English language program for the training of teachers.

Under the Rule of Law program administered in cooperation with the Department of State Human Rights and Humanitarian Affairs Bureau, USIA has provided long and short-term legal advisers to the Parliament and Romanian ministries to assist in legal reform in a variety of areas. The program has also sponsored two judicial seminars. Under the same program, the American Bar Association's Central and East European Law Initiative (CEELI) has placed long-term legal advisers in Romania to assist with the drafting and revising of laws and administrative procedures and with the establishment and training of independent judicial and regulatory institutions.

A USIA English for Specific Purposes (ESP) Fellow was placed in September 1992 at Bucharest's year-old Magistrate's School, run by the Romanian Ministry of Justice. During a one-year assignment, the adviser will develop an ESP law curriculum, teach ESP for law to trainee judges and prosecutors, and train a Romanian English language teacher to be an ESP law specialist.

AFL-CIO's Free Trade Union Institute (FTUI) is providing support to democratic trade unions such as Fratia, 15 November, Alfa Cartel, the National Union Block, and Hercules Federation. FTUI also organized an observer mission for the September 1992 elections.

Funds were provided to the Soros Foundation to supply independent publications with newsprint for the period preceding the parliamentary elections in 1992.

**U.S. ASSISTANCE TO ROMANIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

*SAI/ESF/DA Total: **OBLIGATION**
\$40,288

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003.	Support of Democratic Institutions	2,082
1800017.	Political Process	1,796
1800019.	Democratic Governance & Public Administration	247
1800020.	Rule of Law	106
Democratic Pluralism		
1800021.	Political & Social Process	707
1800022.	Independent Media	1,835
SUBTOTAL:		\$6,773
as % of Total:		16.8%

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	2,531
1800023.	Technical Assistance to Enterprises	269
Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	338
1800027.	Business Services	903
Investment and Trade		
1800028.	American Business and Private Sector Devel. Init.	560
Human Resources		
1800002.	Regional Human Resources Program	370
1800029.	Management Training and Economics Education	2,488
1800045.	Participant Training	151
Agriculture and Agribusiness		
1800024.	Restructuring Agriculture and Agribusiness	2,429
Energy Efficiency		
1800015.	Emergency Energy	1,497

1800030.	Regional Energy Efficiency	2,288
	SUBTOTAL:	\$13,823
	as % of Total:	34.3%

C. IMPROVING THE QUALITY OF LIFE

	Short-term Emergency and Humanitarian Aid	
1800016.	Humanitarian Emergency Medical Supply	1,667
1800032.	PVO Humanitarian Initiatives	6,050
1860001.	Humanitarian Assistance for Romanian Children	4,000
	Employment and the Social Safety Net	
1860002.	Romanian Family Planning (D.A. Funding)	3,000
	Health	
1800037.	Partnership in Health Care	1,080
1800038.	Promotion/Private Health Markets	458
	Environment	
1800004.	Environmental Initiatives	1,287
1800039.	Improved Public Sector Environmental Services	1,156
1800041.	Environmental Training	632
	SUBTOTAL:	\$19,330
	as % of Total:	48.0%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	361
	SUBTOTAL:	\$361
	as % of Total:	0.9%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information.

U.S. ASSISTANCE TO THE FORMER YUGOSLAVIA

BACKGROUND

Programs in privatization, banking, and financial services were the priorities for Yugoslavia in fiscal years 1990 and 1991. At the outbreak of the civil conflict in June 1991, travel restrictions imposed a slowdown in the U.S. assistance effort. In December 1991, the assistance program was suspended, with the exception of humanitarian assistance and democratic initiatives, as part of U.S. economic sanctions imposed in concert with the EC to encourage a cease-fire and peaceful settlement of the civil conflict in Yugoslavia. By April 1992, the U.S. formally recognized the independent republics of Slovenia, Croatia, and Bosnia and Herzegovina. Only humanitarian and democratic initiatives assistance, largely from non-SEED funds, were provided to the former Yugoslav republics in FY 1992. (See following separate special section on humanitarian assistance.)

PRIORITY PROGRAMS

A program of economic assistance to Croatia, Slovenia, and the ex-Yugoslav Republic of Macedonia (which, for the sake of convenience, is being referred to as "Macedonia" in this report, although that should not be interpreted to imply U.S. recognition) has been approved for 1993 -- \$10 million for Macedonia in the areas of humanitarian food and medical assistance, democratic pluralism, macroeconomic policy, privatization, foundations for commerce, and export-oriented business assistance; \$3 million for Slovenia in the areas of privatization and financial markets, commercial law, energy, and democratic initiatives; and \$2 million for Croatia for development of an independent media, training in journalism, strengthening democratic pluralism, and rule of law. A carefully targeted democratic initiatives program was implemented in Serbia, including campaign monitors for the December 20, 1992 elections. SEED assistance obligations to the former Yugoslavia totaled \$8,237,000 as of September 30, 1992. Most of these obligations were incurred before the 1991 suspension of activities. Figures shown below for individual grants, cooperative agreements and contracts are estimated cumulative amounts.

II. QUALITY OF LIFE

EMERGENCY ASSISTANCE

A.I.D. sent a Project Hope team to Bosnia and Herzegovina in April 1992 to assess medical needs and provided \$600,000 which leveraged a \$3,000,000 shipment of medical supplies to that beleaguered state.

III. DEMOCRATIC INITIATIVES

The U.S. funded a number of democratic initiatives to support political reform in the former Yugoslavia, including a grant to the International Republican Institute (IRI) for election-related assistance and monitoring of the December 20, 1992 Federal and Republic elections in Serbia and Montenegro.

The International Media Fund has been providing equipment, training, and support to KANALA-TV in Slovenia since May 1992. In Croatia, through the University of Indiana, the Fund is developing a Media Resource Center at the University of Zagreb.

The National Democratic Institute (NDI) has provided training to Slovenian political leaders in drafting electoral laws and preparing for elections.

HUMANITARIAN ASSISTANCE FOR
THE FORMER YUGOSLAVIA

Since the outbreak of warfare, the U.S. Government has provided humanitarian assistance valued at \$93,331,813 to the former Yugoslavia. Of this amount:

- The Department of Defense (DOD) provided approximately \$36,045,000 worth of meals-ready-to-eat (MREs) and other food, excess property and clothing worth \$7,304,000, and participated in the U.N.-sponsored airlift of relief supplies to Sarajevo at a cost of \$1,500,000;
- The State Department's Bureau of Refugee Programs (RP) provided \$34,632,138 primarily to the United Nations High Commission for Refugees (UNHCR), the International Committee of the Red Cross (ICRC), and UNICEF for assistance to refugees and displaced persons;
- A.I.D.'s Office of Food and Humanitarian Assistance provided food supplies worth \$6,620,000 (including transport costs) for all areas of the former Yugoslavia, as well as a separate shipment of wheat worth \$2,800,000 (including transport costs) to Macedonia;
- A.I.D.'s Office of Foreign Disaster Assistance (OFDA) provided \$3,760,201 for assessments, consultants to assist with relief efforts, infant weaning foods, medical supplies, winterization supplies, transport and airlift costs to deliver the supplies, and a grant to UNICEF to support its work with traumatized children; and
- A.I.D.'s Europe Bureau sent a Project Hope team to the former Yugoslavia to assess medical needs in Bosnia and Herzegovina and provided \$600,000 in order to leverage a \$3,000,000 shipment of Project Hope medical supplies.

Assistance from G-24 governments, excluding the U.S., totaled \$358.47 million. Of that, assistance from the European Community (EC) totaled \$376.85 million (pledged and delivered).

**U.S. ASSISTANCE TO YUGOSLAVIA
TOTAL OBLIGATIONS
as of 30 September 1992
(in US 000s)**

***SAI/ESF/DA Total: OBLIGATION
\$8,237**

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

Political Process and Governance		
1800003.	Support of Democratic Institutions	308
1800017.	Political Process	706
1800019.	Democratic Governance & Public Administration	150
1800020.	Rule of Law	47
Democratic Pluralism		
1800021.	Political & Social Process	304
1800022.	Independent Media	672
SUBTOTAL:		\$2,187
as % of Total:		26.5%

B. ECONOMIC RESTRUCTURING

Privatization and Assistance to Enterprises		
1800014.	Privatization and Enterprise Restructuring	882
1800023.	Technical Assistance to Enterprises	698
Improving the Business Climate		
1800026.	Competition Policy, Laws & Regulations	6
1800027.	Business Services	135
Human Resources		
1800002.	Regional Human Resources Program	387
1800029.	Management Training and Economics Education	373
1800045.	Participant Training	20
Energy Efficiency		
1800015.	Emergency Energy	1,633
SUBTOTAL:		\$4,134
as % of Total:		50.2%

C. IMPROVING THE QUALITY OF LIFE

Short-term Emergency and Humanitarian Aid		
1800016.	Humanitarian Emergency Medical Supply	1,400

Environment

1800004.	Environmental Initiatives	258
1800041.	Environmental Training	248

SUBTOTAL: \$1,905
as % of Total: 23.1%

D. MISCELLANEOUS

1800249.	Audit, Evaluation and Program Support	11
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SUBTOTAL: \$11
as % of Total: 0.1%

* 1. EUR/RME projects are regionally programmed. Country specific attributions are based on the best available information

17. REGIONAL SEED-FUNDED ACTIVITIES

AMERICAN BUSINESS AND PRIVATE SECTOR DEVELOPMENT INITIATIVE

The American Business Initiative (ABI) was announced by President Bush in March 1991. The \$46 million four-year program supports economic reform in central and eastern Europe and the Baltics while promoting U.S. trade and investment in the region. Developed by USAID and the Department of Commerce, the ABI is a pioneering effort bringing together the expertise of those agencies, as well as the Overseas Private Investment Corporation (OPIC), and the Trade and Development Agency (TDA).

The ABI consists of six programs aimed at helping primarily small and medium-sized U.S. companies enter the central and eastern European market. Five of these programs are operating regionally and are described below. The other program, the American Business Center/Warsaw, is currently being applied on a pilot basis in Poland and is described under the Poland activities in section III of this report. The concept, however, could be applied elsewhere as appropriate to business needs.

These programs are targeted at five industry sectors which are key to central and eastern European economic reform and growth: agriculture/agribusiness, energy, environment, telecommunications, and housing.

CAPITAL DEVELOPMENT INITIATIVE (CDI)

The Capital Development Initiative (CDI) is helping rebuild infrastructure in central and eastern Europe by offering grant funding to U.S. firms or consortia to cover up to 50 percent of the costs associated with the design of agriculture, agribusiness, energy, environment, housing, and telecommunications projects in the central and eastern Europe.

U.S. companies, and/or consortia comprised primarily of small and medium U.S. for-profit companies, may apply for these grants by submitting a grant application. The SEED-funded grants are anticipated to range from \$100,000 to \$500,000.

Four competitively selected firms provide financial and technical services at no cost to U.S. businesses under CDI. Regional Business Development Officers (RBDs) in the energy, environment, and telecommunications sectors with regional responsibility are in place in Warsaw providing services under the CDI. A financial services RBD will also be placed in Warsaw.

The following services are available through CDI in the U.S. and central and eastern Europe: a) identifying and responding to infrastructure opportunities; b) assisting eligible CEE governments with policy, regulatory and institutional issues; c)

providing pre-feasibility advice in the technical, policy and financial field; and d) reviewing Development Cost Support Fund (CDI Grant Fund) applications.

Since the announcement of the grant program on April 20, 1992 over 600 requests for the grant application package have been received. Eight completed applications have been received and are in various stages of review. A.I.D. anticipates announcing two grant awards shortly in the telecommunications and environment sectors.

EASTERN EUROPE BUSINESS INFORMATION CENTER (EEBIC)

The Eastern Europe Business Information Center (EEBIC), in cooperation with A.I.D., was established at the U.S. Department of Commerce in January 1990 under the Support for Eastern Europe Democracy (SEED) legislation. EEBIC responds to the SEED Act's requirement that the Administration establish a clearinghouse on business opportunities in the region and on U.S. government programs supporting expanded trade and investment. EEBIC is the information center of the American Business Initiative -- a "one-stop shop" providing information in areas such as exporting, investment, financing, and licensing, as well as referrals to other agencies such as Eximbank and OPIC.

Since its opening EEBIC has responded to more than 95,000 requests for information from U.S. firms. Roughly 80-90 percent of the users have been small and medium-sized firms. The EEBIC database contains more than 12,000 American firms serious about pursuing business opportunities in the region. EEBIC provides information about doing business in the region through the following publications:

Eastern Europe Business Bulletin: This is EEBIC's principal outreach publication. Published on a monthly basis, it provides American firms with ideas and techniques they can use in pursuing business opportunities in central and eastern Europe.

Eastern Europe Looks for Partners: Through its "Eastern Europe Looks for Partners" publication, EEBIC alerts companies in its database to specific joint venture and other business opportunities in the region. Published twice a month, this service emphasizes not only the five ABI sectors, but also includes other opportunities as appropriate. EEBIC has or will soon have hired contract personnel in each CEE country dedicated specifically to promotion of the EELFP service.

EEBICFLASH: This new EEBIC resource can fax to an inquirer a variety of documents about doing business in eastern Europe. It lists information on exporting and financing, upcoming trade events, country data, and specific export and other business opportunities.

CONSORTIA OF AMERICAN BUSINESSES IN EASTERN EUROPE (CABEE)

The Consortia of American Businesses in Eastern Europe (CABEE) is a pilot grant program administered by the U.S. Department of Commerce and funded by A.I.D. with SEED appropriations. The program is designed to assist small and medium-sized firms in establishing a commercial presence in eastern Europe.

The consortia are non-profit U.S. trade associations or business groups which represent the commercial interests of for-profit member U.S. companies. For this purpose, each consortium has established permanent offices in one or more selected east European cities, providing a base of operation. The other objective is to identify, establish, and help develop at least one counterpart trade or business association in eastern Europe with which the Consortium members will interact.

Priority consideration for grant funding was given to agribusiness, environment, housing, telecommunications, and energy sectors. Since the announcement of the ABI program, five consortia of American firms have been awarded grants by the Department of Commerce via a competitive application process. The grants are \$500,000 per consortium and must be matched with an equal amount of private resources.

The CABEE grantees include American Building Products Export/Import Council, Food Processing Machinery & Supplies Association, Sun-Diamond Growers of California, Telecommunications Industry Association, and, Water Environment Federation. Together, the grantees represent the commercial interests of a multitude of U.S. firms, the majority of which are small and medium-sized companies that are novice to exporting and/or the eastern European market.

All of the consortia have opened offices in one or more CEE countries. The following are notable achievements made thus far under the CABEE program: Sun-Diamond has exported products valued in excess of \$60,000, and the American Building Export/Import Council is building an American Showhouse in Warsaw due to be opened in spring 1993. All CABEE consortia are actively promoting and supporting U.S. export transactions.

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

Under the ABI, OPIC will further expand the services it offers to potential U.S. investors in central and eastern Europe. In addition to offering investment advisory services, investment missions, computer-assisted joint ventures partner matching, and country and regional information kits, OPIC will offer project development assistance. This program will provide eligible U.S. companies with assistance of up to 50 percent (75 percent for small businesses) of their costs in conducting feasibility studies and developing business plans. As such, the programs

will enhance OPIC's existing insurance and direct loan and loan guaranty programs. It is expected that companies will use the program to develop high quality projects which can then qualify for OPIC finance and insurance.

OPIC's total contribution typically will not exceed \$150,000 per project. In an effort to expand the types of projects eligible for assistance under the ABI rubric, OPIC will generally fund projects outside of the priority ABI sectors.

OPIC has received over two hundred requests for the Project Development Program application package. OPIC is currently reviewing ten proposals for projects in the CEE region. Thus far, OPIC has awarded one program agreement with three U.S. companies to enable them to assess the commercial viability of establishing a training center at a nuclear power plant in Bulgaria.

OPIC's equity program has not yet received Congressional approval as of this date. The equity program is designed to supply equity financing on a per project basis of \$250,000 and limited to a minority position of no more than 49 percent, facilitating privatization. Once privatized, OPIC envisions divesting its ownership interest by selling to U.S. or local private sector firms. The equity program still requires Congressional approval before it can proceed. (Because of the lack of Congressional approval, the the proposed FY 1993 funding of \$3 million for the equity program has been reprogrammed.) For more information on OPIC programs in the region, see section VII of this report.

TRADE AND DEVELOPMENT AGENCY (TDA)

The U.S. Trade and Development Agency (TDA), an independent U.S. government agency, promotes U.S. business opportunities, particularly exports, in developing and middle income countries by financing feasibility studies, reverse trade missions, training programs, conferences, and other project planning services. SEED funds provided through the American Business Initiative enable TDA to expand its activities in central and eastern Europe. Consistent with the ABI Project's mandate to promote infrastructure development, the SEED-funded feasibility studies are confined to the ABI priority sectors of agribusiness, energy, environment, telecommunications, and housing.

Under the ABI, TDA has funded five feasibility studies for infrastructure projects in the Czech and Slovak Republics, five in Hungary, three in Poland, two in Latvia, two in Lithuania, and one each in Bulgaria and Romania. (See also the country assistance reports in section III and the TDA report in section VII of this report.)

TDA continually evaluates actual exports that have resulted from the projects for which TDA has funded a feasibility study,

including SEED-funded studies. Studies funded under the ABI Project are in various stages of implementation ranging from contractor selection to completed studies; four studies have been completed. It should be noted that it typically takes up to one year from the time a contractor is selected until a study is completed. Further, the procurement of equipment and services recommended as a result of the studies will likely take two to five years after the feasibility studies are completed and the necessary financing is in place. TDA expects actual exports on the SEED-funded projects to be realized within the next two to three years.

CITIZENS DEMOCRACY CORPS

The mission of the Citizens Democracy Corps (CDC) is to mobilize the expertise of the U.S. private sector to assist the countries of central and eastern Europe and the new independent states of the former Soviet Union (NIS) to build democratic institutions and free market economies. CDC accomplishes its mission through its assistance programs and its Clearinghouse. The CDC, headquartered in Washington, D.C., maintains east European field offices in Bratislava, Bucharest, Budapest, Prague, Sofia, and Warsaw.

Over the past year and a half, CDC has developed three assistance programs in response to the needs of the region: the Corporate Assistance Program, the Business Entrepreneur Program, and the Citizens Volunteer Program. The Corporate Assistance Program encourages both the building of market economies and democratic institutions while the Business Entrepreneur Program focuses entirely on market economy reform and the Citizens Volunteer Program concentrates primarily on democratic institutions building, both in government and civil society. Through its assistance programs, CDC has proven that the U.S. private sector is willing to assist the countries in the region by volunteering their resources. In addition to the \$2.5 million CDC has raised to date from private contributions, CDC has been able to leverage approximately \$2.8 million pro bono, volunteer and in-kind resources for central and eastern Europe in 1992. (CDC received \$2.5 million in FY 1992 SEED funding, to support both FY 1992 and FY 1993 activities.)

CORPORATE ASSISTANCE PROGRAM

The Corporate Assistance Program (initiated March 1991) enlists U.S. corporations to provide pro bono assistance to public and private institutions in central and eastern Europe and the NIS to develop the managerial, technical and financial skills necessary to strengthen market economies and democratic institutions. Corporate Advisors contribute their time and expertise for six months to a year, and work with top management of the host institutions to help them succeed in an increasingly competitive economic environment. Housing, local transportation, and translation services are frequently provided by the host institutions, and the U.S. corporations support the Corporate Advisors, including send experts for short visits and paying for international travel. CDC is responsible for program coordination.

Bulgaria: The Upjohn Company sent a multi-disciplinary team to Bulgaria in January 1992 to analyze the pharmaceutical industry. As a result of their study, RJR provided training for National Drug Control Institute personnel in their facilities in Brussels and Kalamazoo. W.M. Kellogg, a subsidiary of Dresser Industries, is providing assistance to Agrobiochim, Bulgaria's largest manufacturer and distributor of synthetic fertilizer.

Czech and Slovak Federal Republic: Waste Management International, Inc. provided an adviser for one year to a number of ministries to address environmental issues. An adviser from Fluor Daniel, Inc. has provided assistance on alternatives for converting individual arms manufacturing facilities to civilian production. Teams of experts from Voluntary Hospitals of America are providing advise on health care administration and management problems.

Hungary: CDC has arranged for American Express Company to provide an adviser to the Hungarian Tourism Board. The adviser will arrive in January 1993.

Poland: In June 1992, a CSX Corporation executive took over from a Union Pacific Corporation executive in assisting the Polish State Railways with restructuring and reorganizing the railroad. They have been instrumental in arranging and managing a strategic study financed by a grant from the Trade and Development Agency. They have also provided training seminars on management skills and teamwork for top management. RJR Nabisco provided an adviser for a year to provide on-site technical and managerial assistance to a food processing cooperative in southeast Poland. He helped the cooperative develop a business plan, assisted with renegotiating their debt with local Polish banks, and was active in negotiating contracts with Western firms for the purchase of the cooperative's fruit production. In January, CDC organized a three week management training in Chicago for twenty-five Polish managers. The training, which covered sales and marketing, general management, time based competition, organizational structure and improving product and service quality, was conducted and hosted by Motorola, Inc., Baxter International, Inc., and McDonald's Corporation.

Romania: CDC continued to provide on-ground logistical support for the Humana Hospital and Baylor University Medical Center nursing programs that are providing specialized training in oncology to a team from the cancer clinic in Cluj. Funding for the program (\$32,000 USD) was arranged by CDC-Bucharest through the Open Society Fund.

BUSINESS ENTREPRENEUR PROGRAM

The Business Entrepreneur Program (initiated June 1992) matches experienced U.S. entrepreneurs (known as Entrepreneur Advisers) with small and medium-sized businesses in central and eastern Europe and the NIS to provide on-site assistance to companies striving to compete in newly emerging market economies. The Entrepreneur Advisers (EA), who volunteer for a minimum of two months, provide their time and expertise. The host is responsible for the EA's major in-country expenses, including housing, local transportation, and translation services, and CDC is responsible for program coordination and the cost of international travel.

In April 1992, CDC initiated the program in Bulgaria, Czechoslovakia, and Hungary by assigning "Entrepreneurs-in-Residence" to CDC country offices. The task of these volunteers is to identify small and medium businesses that can effectively use assistance from Americans who volunteer as EAs. The program was expanded to Poland in October and to Romania in January 1993.

CDC has received requests for assistance from fifty-four companies, has placed thirty EAs, and is identifying candidates for the remaining assignments. The following are examples of companies CDC Entrepreneur Advisers have assisted:

Bulgaria: Serdika, a dairy factory that manufactures and exports milk, cheese, and butter, requested assistance with accounting and marketing. The Entrepreneur Adviser, Tom Boomsma, is the former President of a perishable food product company.

Czech and Slovak Federal Republic: Chirana Stara Tura, a \$100 million company in the health care field producing syringes, dental and x-ray equipment, and gas and water supplies, requested advice in marketing, planning, sales, distribution, and exporting. The Entrepreneur Adviser, Ken Preston, owned a company which marketed and manufactured physical therapy, rehabilitation, and special education equipment.

Hungary: Hunor Glove Company is a recently privatized manufacturer of high quality, high fashion gloves that requested assistance to develop a business plan to be presented to banks to avoid liquidation. The Entrepreneur Adviser, Paul Kirschner, has extensive experience as owner, executive, and consultant to garment manufacturing firms and with directing programs affiliated with SCORE, AARP, and USDA.

Poland: Secura Company is a private company that manufactures industrial and medical testing products that requested assistance in restructuring management to be more responsive to a market economy. The EA, Charles Furlong, is the founder and president of a management consulting firm and a former executive with the Bell telephone system.

A steering committee of entrepreneurs, under the leadership of Martin F. Stein, a businessman from Milwaukee and a CDC Executive Committee member, is assisting CDC to develop and implement the program. Members of the steering committee have started and managed businesses in the U.S. and many have experience in the region.

CITIZENS VOLUNTEER PROGRAM

The Citizens Volunteer Program (CVP) places, for a minimum of two months, skilled U.S. volunteers to provide on-site assistance to strengthen public and private institutions in the region. As the CVP expands to all the countries where CDC maintains offices, it will focus primarily on providing assistance in three main areas: municipal governments, non-governmental organizations, and higher education reform. The volunteers contribute their time and expertise. The host is responsible for the volunteer's major in-country expenses, including housing, local transportation and translation services, and CDC is responsible for program coordination the cost of international travel.

Bulgaria: CDC has sent 11 volunteers to work in the areas as Agricultural Extension Service Development in Stara Zagora hosted by the University of Animal Husbandry and Veterinary Medicine, Nonprofit Management and Multi-Sector Training with the Sofia-based School of International Management and Business Administration (SIMBA), Telecommunications Training with the government Committee on Telecommunications, Hospital Administration with the Bulgarian Doctors Union and various hospitals throughout the country.

Hungary and Czech and Slovak Federal Republic: CDC has sent six volunteers to assist with University Governance Project, headed by CDC Executive Committee member Derek Bok, President Emeritus of Harvard University. He consulted with rectors, education ministers, faculty, students, and government leaders on issues of university governance, educational reform and other issues. Harvard University Professor Henry Rosovsky accompanied Bok in Czechoslovakia and Princeton University Professor Richard Quandt joined him in Hungary.

Upon his return, Bok published a report, Universities in Transition, which identified several areas in which the American private sector could assist colleges and universities in both countries. CDC is currently working with several other organizations to implement the recommendations in the report. High priority is being given to the acquisition of teaching materials, training for administrators, and efforts to reform university governance.

CDC, with assistance from General Cinema Corporation, Addison-Wesley Publishing, Andrew W. Mellon Foundation and the Soros Foundation, obtained books requested by the universities in Hungary and Czechoslovakia and is in the process of distributing them. CDC also arranged for Dr. Geza Gardos, Vice Rector of the Budapest Technical University, to attend the Institute for Educational Management at the Harvard Graduate School of Education last July. The month-long program is a highly selective educational management program attended by approximately ninety senior educational officials from many nations.

At the request of the Hungarian Parliamentary Subcommittee for Science and Education, CDC has enlisted two U.S. experts to assist Derek Bok in advising Parliament on the Higher Education Reform Bill. Professor Robert Zemsky of the University of Pennsylvania and Professor William Massey, Director of Stanford University Institute of Higher Education Research accompanied Bok on a five day visit to Budapest in October 1992. Bok is presently preparing a report on the legislation for the parliamentarians.

Romania: CDC has mobilized 19 volunteers to assist in such areas as Dairy Production/Processing, Municipal Administration for the city of Bucharest, and Small Business Development to help staff the Small Business Development Centers established by Washington State University in Bucharest in conjunction with the Academy of Economics and the Polytechnic University.

CDC CLEARINGHOUSE

The CDC Clearinghouse collects and disseminates information about private U.S. assistance to central and eastern Europe and the independent states of the former Soviet Union through its DataBank, forums and conferences, publications, and Volunteer Registry.

DataBank: In August 1992, CDC published the third edition of the Compendium: U.S. Nonprofit Assistance to Central and Eastern Europe and the Commonwealth of Independent States. This three-volume, 1032-page publication is a comprehensive source for research on voluntary assistance to the region and profiles 535 nonprofit organizations. The compendium also features three quarterly supplements that are to include additional appendices and Resource Lists. The first quarterly supplement included an IBM-compatible query system. CDC published the same information in condensed form through a series of 21 country-specific Assistance Directories, which are being distributed by CDC field representatives as well as being sold in the U.S. The Resource Lists cover 18 specific topics, including agricultural exchange programs, business internships and exchanges, humanitarian aid to the former Yugoslav republics, foreign student advising centers for admissions into U.S. colleges and universities, foundations active in the region, medical resources, teaching English, and others.

Forum/Conferences: CDC organizes a series of forums on assistance to countries in the region which bring together U.S. nonprofit organizations, universities, and U.S. government agencies to share information on assistance-related issues. In 1992, forums were held for Bulgaria, Romania, and the Baltic states. Reports are available on each forum.

Publications: Besides the compendium listed in the DataBank section above, CDC publishes a quarterly bulletin and special reports such as Derek Bok's Universities in Transition.

Volunteer Registry: Of the more than 2500 individuals currently in the Volunteer Registry, 48 percent have an advanced degree, 49 percent speak at least one language used in the region, and 42 percent have teaching experience. The average age is 45. The Registry refers volunteers to organizations based in the U.S. and in the region that request volunteer positions. The Registry has made referrals to more than 85 organizations including the International Executive Service Corps, Delphi International, and Internews. Among other successful referrals, the Bulgarian-American Enterprise Fund has enlisted the help of a CDC volunteer to work on small business loans, and the Financial Services Volunteer Corps placed a CDC volunteer with a Polish ministry office working on labor relations.

PARTICIPANT TRAINING PROJECT FOR EUROPE

The Participant Training Project for Europe (PTPE) supports academic education, specialized technical training and internships for participants from eastern Europe, in the U.S. and in U.S.-owned institutions abroad. The project's purpose is to equip a broad base of east European leaders and professionals with specialized skills and practical knowledge in order to support democratic processes, free enterprise, and an improved quality of life. Initiated in February 1992, the project is a three-year, \$35 million effort. There were approximately 150 participants in FY 1992, and there are projected to be 1,000 participants per year beginning in FY 1993.

The project is managed by the United States Information Agency (USIA) and A.I.D. USIA is responsible for administration and oversight of the long-term academic portion of the project. USIA has selected NAFSA and the Association of International Educators to implement this program, which consists of grants for up to two years of study, with project funding not to exceed \$10,000 per student per year.

A.I.D. is responsible for short-term technical programs, which are usually non-degree and under one year. Implementation of this component is handled by Partners for International Education and Training (PIET).

The A.I.D.-managed side of the PTPE has three main functions:

- To serve as a mechanism for considering competing proposals for providing training programs for east Europeans. These programs can be held in U.S. institutions or in U.S. owned training facilities abroad;
- To meet specific training needs identified by A.I.D. Representatives and project managers, by providing PTPE funded training to individuals on a priority basis.
- To act as an overseas training clearinghouse, providing administrative support services to A.I.D. Representatives, and training programming services to A.I.D. and Embassy representatives.

The PTPE project also contains specialized training programs, including intensive one to two week "Salzburg Seminars," grants through the Institute of International Education (IIE) for one year of training toward an MBA degree, and diplomatic training for Bulgarians and Albanians through an Interagency Agreement with the State Department. A Congressional earmark for Georgetown University to administer a rural leadership program is also administered under this project.

REGIONAL ENERGY ACTIVITIES

The U.S. assistance program in energy seeks to promote cooperation among countries in the region and to foster the integration of these countries' energy systems with those of Western Europe and international energy markets. Although country-specific activities are provided in section III of this report, this description provides the regional framework for a program whose activities reach beyond national boundaries.

A major focus of these efforts is the rationalization and integration of oil, electricity, and gas systems. A.I.D. in cooperation with the World Bank, International Energy Agency, and the European Commission is undertaking a Regional Refinery Rationalization Study that will identify obstacles to modernization, privatization and foreign investment in refineries and oil supply infrastructure and also will develop projects for assistance and investment by public and private organizations.

The Utility Partnership program with the United States Energy Association, along with the electric power systems contracts with Bechtel and Electrotek, are furthering exchanges and discussion among electric utilities and national electric control centers. Opportunities for enhancing regional electricity trade, improving grid inter-ties are being identified with assistance being given on contractual, pricing, and technical interconnection issues.

The exchange of experience on energy efficiency and demand side management among the countries of central and eastern Europe is being supported under A.I.D.'s Energy Pricing, Efficiency and Restructuring contract with RCG/Hagler, Bailly. The objective is to establish on-going exchanges with U.S. industry and professional associations, such as the Association of Energy Engineers.

The International Energy Agency of the OECD in Paris has established a special program for eastern and central Europe, focusing on policy and trade and investment issues. A.I.D. has provided grants to the IEA in FY 1991 and FY 1992 along with support from other IEA members. With these resources, the IEA has carried out national energy policy reviews; held workshops on trade, energy and the environment, and clean coal technologies (cosponsored by DOE); contributed to the above mentioned refinery study; sponsored east European involvement in European Energy Charter negotiations; and played a major role in the studies requested by the G-7 on options to continued use of unsafe Soviet nuclear reactors.

The issue of nuclear safety is a central regional issue and A.I.D., DOE and NRC are working closely with the Department of State in developing activities within the G-24 framework. A major workshop on Nuclear Safety and Power Sector Reform in Eastern and Central Europe was held in September that reviewed, with central and east European representatives of electricity and

nuclear power plants in the region and U.S. industry and government experts, the status of operational and regulatory safety program and agencies in these countries. It also identified priorities for U.S. and G-24 assistance.

Under A.I.D.'s Interagency Agreement with the Department of Energy, a long-term advisor is being provided to the International Atomic Energy Agency along with support for the special IAEA regional power plant maintenance project and specific activities in Bulgaria.

The U.S. Nuclear Regulatory Commission is carrying out a regional training and internship program and is developing a new regional nuclear safety inspector training program.

**REGIONAL ENVIRONMENTAL CENTER FOR CENTRAL AND
EASTERN EUROPE**

I. DESCRIPTION AND BACKGROUND

The Regional Environmental Center for Central and Eastern Europe, first announced during President Bush's trip to Budapest in July 1989, was formally established as an independent, non-profit entity in June 1990. Its charter was signed by representatives of the governments of Hungary and the United States, the European Economic Community, and the Netherlands. An international Board of Trustees provides guidance on all Center programs and activities, with the technical assistance of an adjunct Advisory Council. The Board is comprised of representatives from non-governmental organizations, foundations, environmental experts, government officials and business leaders. The Center's Executive Director and Program Manager oversee daily operations.

II. MISSION OF THE REC

The emphasis on industrialization in central and eastern Europe has left a legacy of severe environmental problems that often transcend national and international boundaries. Sustainable development and increased environmental literacy are critical to maintaining a sound and healthy environment. The Center was established to provide leadership and information which will lead the region into a new era of environmental awareness and activism. It aims to promote innovative approaches to environmental management while providing a neutral forum to increase public communication and access to environmental information.

III. REC ACTIVITIES

INFORMATION RESOURCES ACTIVITIES

A wide variety of environmental information for use by the public and professionals is provided due to the REC's development of the core collection of printed materials and established environmental data bases. An important element of REC activities in this area is the development of partnerships with existing information exchange organizations and networks in the region. New technology such as geographic information systems are utilized to assist in developing local and regional decision making capabilities. The Center's long range goals are to function as a focal point for the collection of disparate environmental data to be channeled into new systems.

INSTITUTIONAL DEVELOPMENT ACTIVITIES

A key activity of the Center is to foster the development of local and regional capability and expertise by sponsoring activities that promote sound environmental management through

energy conservation, pollution prevention, research, and waste minimization. The Center sponsors activities that encourage the use of integrated management principles and economic mechanisms as an approach to developing sound environmental regulations and standards. Policy planning activities will be based on communication between public interest groups, governments, organizations, and concerned individuals.

CLEARINGHOUSE ACTIVITIES

Matching the needs of the region with worldwide expertise and resources is an important function of the Center. The Center identifies available resources, such as assistance programs, donated equipment, exchange programs, and directs them to appropriate recipients. In addition, the Center distributes information on environmental events and relevant activities taking place throughout central and eastern Europe.

EDUCATION AND TRAINING

Essential to the Center's mission is its ability to promote and encourage the public's awareness and individual responsibility for their environment. The Center accomplishes this by sponsoring seminars, workshops and roundtable discussions. Development of environmental curricula for all grade levels, along with the creation and expansion of environmental education organizations, is an important role. The Center has the capacity to provide timely information directly to the public on environment-related health risks and precautionary measures. Ultimately, the Center will meet its goal by disseminating new values and ideas on regional approaches on the environment.

IV. U.S. GOVERNMENT FUNDING

The U.S. Government is in the third of three years of Congressionally authorized funding for the REC. With SEED funding provided by A.I.D., EPA is transferring approximately \$5 million over a three-year period through a grant to the REC. EPA also provided an additional \$250,000 for the establishment of local offices that have opened in Warsaw, Bratislava, Bucharest and Sofia.

V. MAJOR ACCOMPLISHMENTS

* As a clearinghouse for information, the REC publishes a quarterly information bulletin that describes recent activities sponsored by the REC, provides information about grants it has issued, and disseminates information about organization and environmental projects around the region.

* As a clearinghouse for technical assistance, the REC works to match the environmental needs of the region with available resources, often from Western Europe and North America. Several

examples of this are environmental assessments sponsored by the REC at industrial facilities in Hungary and in the CSFR to investigate mercury contamination and air pollution; and assessments of an aluminum plant in Slovakia and a lead and zinc plant in Bulgaria. The REC also sponsored many workshops and conferences supported via grants or in-kind support. Some topics covered by the conferences included environmental health, accident prevention from chemicals, sustainable development, and legal advocacy of environmental principles. Technical and legal assistance in the form of actions and referrals were provided to both governmental and non-governmental organizations. Hundreds of requests were fulfilled in 1991 and 1992. An information resources clearinghouse plan and a database matching resources to needs has been developed. Board approval to carry out a pilot project to implement this clearinghouse pilot project include information services on environmental topics; on institutional sources; on major references collections; on other clearinghouse services and on non-REC services accessible through the REC.

* The grants program is a major activity of the Center designed to account for more than one-half of the Center's resources. The grants are a form of financial support to assist primarily non-governmental organizations in carrying out their projects. Criteria were developed for projects to be considered for funding and a decision was made to give priority attention to projects in pollution prevention, education and training, energy efficiency, and environmental health. In the first full year of the Center's operations, 103 projects amounting to more than a 1.4 million ECUs were supported. In 1992, 196 applications were received from January to September and 71 were approved. The total value of grants issued from September 1990 through September 1992 was approximately 2,020,000 ECUs.

* Under its outreach activities, the REC opened four Outreach Offices (Warsaw, Sofia, Bratislava, and Bucharest), and trained all Outreach Office Coordinators in January 1992. These offices are specifically designed to offer grants-program advice, to build information resources, and to further clearinghouse activities.

* Institutional development activities included support for legislative initiatives in several countries, for constituency groups with special projects from recycling to environmental management texts and training, a major REC Task Force, and the development and promotion of environmental guiding principles for investors.

In summary, considerable progress has been made at the Regional Environmental Center since its initial operations in September 1990. It is currently developing a strategic plan to outline its long-term goals and future programs.

VI. REC PROGRAM REVIEWS

A program evaluation and financial audit were conducted between December 1991 and September 1992 to review program expenditures and administrative and managerial systems. These reviews did not uncover any evidence of fraud, waste or abuse, although deficiencies were noted in the REC's internal control procedures relating to various administrative functions. The REC has reviewed and responded to the findings in these evaluations, and corrective actions have been put in place to improve financial management and administrative and management practices and procedures.

Significant restructuring of the REC Board, management, strategic planning and long-term financial planning were recommended by the program evaluation. Many of these recommendations are being implemented and will be formalized at the February 1993 REC Board meeting.

AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG	
NATIONAL ENDOWMENT FOR DEMOCRACY	GRANT/CO-OP NC	760	09/25/91	0	24	0	0	0	0	0	0	0	736	
Project Total for FY 91				0	787	0	0	0	0	0	0	0	829	
PROJECT TOTAL:				0	2,633	1,148	0	2,490	0	0	4,257	2,082	308	1,040

1800017. Political Process

632B - USIA: CITIZENS NETWORKS ACTIVITY	632(B) IAA	2,000	04/05/91	6	302	143	0	561	0	0	453	60	50	425
NATIONAL REPUBLICAN INSTITUTE FOR INTERN.	GRANT/CO-OP NC	174	04/16/91	0	0	0	0	0	0	0	0	0	0	174
NATIONAL REPUBLICAN INSTITUTE FOR INT'L	GRANT/CO-OP NC	1,947	08/01/91	0	0	0	0	0	0	0	0	0	0	1,947
NATIONAL REPUBLICAN INSTITUTE FOR INT'L	GRANT/CO-OP NC	1,500	08/01/91	0	0	0	0	0	0	0	752	656	92	
NDI BALTICS GRANT AGREEMENT	GRANT/CO-OP NC	300	09/29/91	0	0	0	100	0	100	100	0	0	0	
NRI BALTICS GRANT AGREEMENT	GRANT/CO-OP NC	400	09/29/91	0	0	0	134	0	133	133	0	0	0	
C/O 91: FREE TRADE UNION INSTITUTE - GR	GRANT/CO-OP NC	3,274	03/12/92	34	56	0	0	393	0	0	135	56	0	2,600
C/O: INTL FOUNDATION/ELECTORAL SYS™™	GRANT AMEND	36	03/18/92	36	0	0	0	0	0	0	0	0	0	0
C/O 91: NDI - NATIONAL DEMOCRATIC INSTT	GRANT AMEND	334	03/20/92	0	0	0	0	0	0	0	334	0	0	0
C/O 91: MAXWELL SCHOOL OF CITIZENSHIP &	GRANT/CO-OP NC	170	03/24/92	0	0	0	0	170	0	0	0	0	0	0
C/O 91: ATLANTIC COUNCIL CO-OP AGR.	GRANT/CO-OP NC	198	03/26/92	0	0	0	0	0	0	0	0	0	0	198
C/O 91: USIA	632(B) IAA	150	03/30/92	150	0	0	0	0	0	0	0	0	0	0
C/O 91: GERMAN MARSHALL FUND	GRANT/CO-OP NC	161	03/31/92	0	0	0	0	0	0	0	0	0	0	161
C/O 91: ROMANIA - INTERNATIONAL FOUNDAT	GRANT AMEND	170	04/01/92	0	0	0	0	0	0	0	170	0	0	0
C/O 91: ROMANIA - INTERNATIONAL FOUNDAT	GRANT AMEND	342	06/30/92	0	0	0	0	0	0	0	342	0	0	0
C/O 91: NATIONAL ENDOWMENT FOR DEMOCRACY	GRANT/CO-OP NC	615	07/06/92	0	46	0	0	0	0	0	82	0	0	487
Project Total for FY 91				226	404	143	234	1,124	233	233	588	1,796	706	6,085
PROJECT TOTAL:				226	404	143	234	1,124	233	233	588	1,796	706	6,085

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1800018. Local Government and Public Administration

U. OF S. CAROLINA	GRANT/CO-OP NC	350	09/16/91	0	350	0	0	0	0	0	0	0	0	0
NDI BALTICS GRANT	GRANT/CO-OP NC	100	09/29/91	0	0	0	33	0	33	33	0	0	0	0
INST. OF PUBLIC ADMIN.	GRANT/CO-OP NC	450	09/30/91	0	0	450	0	0	0	0	0	0	0	0
632(B) WITH USIA.	632(B) IAA	700	09/30/91	0	0	0	233	0	234	233	0	0	0	0
C/O 91: RUTGERS GRANT (1183546).	GRANT AMEND	1,300	11/15/91	0	0	0	0	0	0	0	1,300	0	0	0
C/O 91: ICMA - INTERNATIONAL CITY MANAGE	GRANT AMEND	500	11/15/91	0	0	225	0	0	0	0	275	0	0	0

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 2. Project totals reflect obligations by fiscal year of appropriation, not necessarily fiscal year of obligation.

AGREEMENT	DATE	AIB	BUL	CZE	EST	HUN	LAT	LIT	NOL	ROM	YUG	REG
C/O 91: UNIVERSITY OF SOUTHERN CALIFORNIA	12/15/91	0	0	0	0	750	0	0	0	0	0	0
		0	350	675	266	750	267	266	1,575	0	0	0
Project Total for FY 91		0	350	675	266	750	267	266	1,575	0	0	0
PROJECT TOTAL:		0	350	675	266	750	267	266	1,575	0	0	0
Democratic Governance & Public Administration												
632(A) IAA	01/30/91	0	1,063	1,063	0	1,063	0	0	1,063	0	0	0
632(B) IAA	08/26/91	0	97	97	0	97	0	0	97	97	0	0
GRANT/CO-OP NC	12/31/91	0	0	0	0	0	0	0	0	0	0	182
C/O 91: NATO - NORTH ATLANTIC ASSEMBLY:												
TEAM TECH: POLISH PARL. COMPUTER GOODS A	03/31/92	0	0	0	0	0	0	0	356	0	0	0
C/O 91: USA	03/01/92	0	60	0	0	0	0	0	0	0	0	0
TEAM TECH: POLISH PARL. COMPUTER GOODS A	06/10/92	0	0	0	0	0	0	0	393	0	0	0
C/O 91: IESC	09/22/92	35	35	35	35	35	35	35	35	35	35	0
Project Total for FY 91		35	1,255	1,195	35	1,195	35	35	1,944	132	35	182
632(A) IAA	03/26/92	0	84	84	0	84	0	0	84	0	0	0
632(B) IAA	04/30/92	0	0	0	1,000	0	1,000	1,000	0	0	0	0
GRANT/CO-OP NC	07/23/92	0	114	114	0	114	0	0	114	0	0	0
MILWAUKEE COUNTY	08/06/92	0	0	0	0	0	0	0	75	0	0	0
MILWAUKEE COUNTY - POLISH LOC. GOVT. INT	08/06/92	0	0	0	0	0	0	0	250	0	0	0
IESC	09/22/92	115	115	115	115	115	115	115	115	115	115	0
Project Total for FY 92		115	313	313	1,115	313	1,115	1,115	637	115	115	0
PROJECT TOTAL:		150	1,568	1,508	1,150	1,508	1,150	1,150	2,561	247	150	182
Rule of Law												
632A - USA: IMPLEMENT RULE OF LAW PROJE	04/05/91	1	27	41	0	95	0	0	14	95	14	379
632(B) WITH USA: RULE OF LAW	09/30/91	0	0	0	120	0	120	110	0	0	0	0
Project Total for FY 91		14	27	41	120	95	120	110	14	95	14	379
PROJECT TOTAL:		0	0	0	0	0	0	0	0	0	0	278
FUND FOR JUSTICE AND EDUCATION/AMERICAN												

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
632(B) USIA	632(B) IAA	722	07/30/92	0	33	11	0	0	0	11	22	11	33	601
	Project Total for FY 92	1,000		0	33	11	0	0	0	11	22	11	33	879
	PROJECT TOTAL:	2,028		14	60	32	120	95	120	121	36	106	47	1,258

2. Democratic Pluralism

1800021. Political & Social Process

632(B) - USIA: IMPLEMENTING THE EDUCATI	632(B) IAA	4,050	09/01/91	0	527	294	0	595	0	0	464	329	227	1,614
ALBANIA TEXTBOOK SHIPMENT - SEALAND SERV	RPF (CONTRACT)	46	09/30/91	46	0	0	0	0	0	0	0	0	0	0
ALBANIA TEXTBOOK SHIPMENT - GLOBAL TRANS	RPF (CONTRACT)	98	09/30/91	98	0	0	0	0	0	0	0	0	0	0
ALBANIA: PANALPINA AIRFREIGHT INC.	PURCHASE ORDER	12	09/30/91	12	0	0	0	0	0	0	0	0	0	0
SF 1: BIOLOGY 5 - PRINTING REQUISITION -	PIO/COMMODITIES	42	09/30/91	42	0	0	0	0	0	0	0	0	0	0
SF 1: ENGLISH 5 - PRINTING REQUISITION -	PIO/COMMODITIES	73	09/30/91	73	0	0	0	0	0	0	0	0	0	0
SF 1: CHEMISTRY 8 - PRINTING REQUISITI	PIO/COMMODITIES	105	09/30/91	105	0	0	0	0	0	0	0	0	0	0
SF 1: MATHEMATICS 3 - PRINTING REQUISIT	PIO/COMMODITIES	74	09/30/91	74	6	0	0	0	0	0	0	0	0	0
SF 1: ABC BOOK - PRINTING REQUISITION	PIO/COMMODITIES	27	09/30/91	27	0	0	0	0	0	0	0	0	0	0
SF 1: ABC WORKBOOKS, 3 PART:PRINTING REQ	PIO/COMMODITIES	79	09/30/91	79	0	0	0	0	0	0	0	0	0	0
C/O 91: GERMAN MARSHALL FUND	GRANT/CO-OP NC	589	03/31/92	0	0	0	0	0	0	0	0	0	0	589
C/O 91: GRACELAND COLLEGE (BULGARIA)	GRANT/CO-OP NC	117	08/18/92	0	117	0	0	0	0	0	0	0	0	0
AMERICAN UNIVERSITY BULGARIA (AUBG) GRAN	GRANT/CO-OP NC	368	09/24/92	0	368	0	0	0	0	0	0	0	0	0
	Project Total for FY 91	5,679		555	1,012	294	0	595	0	0	464	329	227	2,203

632(B) - USIA	632(B) IAA	1,561	06/12/92	45	127	32	18	83	52	18	37	82	0	1,067
632(B) - USIA: EDUCATIONAL REFORM	632(B) IAA	2,138	06/12/92	137	223	202	69	374	84	77	372	95	77	427
GENESYS/FUTURES GROUP	CONTRACT AMEND	50	07/25/92	10	10	10	0	10	0	0	10	0	0	0
IFES (INT'L FOUNDATION FOR ELECTORAL SYS	GRANT AMEND	48	09/17/92	0	0	0	48	0	0	0	0	0	0	0
AMERICAN UNIVERSITY BULGARIA (AUBG) GRAN	GRANT/CO-OP NC	632	09/24/92	0	632	0	0	0	0	0	0	0	0	0
FREE TRADE UNION INSTITUTE	GRANT AMEND	1,456	09/25/92	0	227	50	49	225	49	97	138	200	0	423
	Project Total for FY 92	5,885		192	1,219	294	183	692	184	192	556	378	77	1,917
	PROJECT TOTAL:	11,564		747	2,231	588	183	1,287	184	192	1,020	707	304	4,120

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
1800022. Independent Media														
632(A) - USA: IMPLEMENTING THE INTERNA	632(A) IAA	5,000	04/05/91	200	775	800	0	800	0	0	800	1,200	425	0
632(B) - USA: IMPLEMENTING THE JOURNAL	632(B) IAA	1,800	04/05/91	6	90	252	0	40	0	0	162	129	7	814
632(B) WITH USA: ENGLISH MEDIA	632(B) IAA	350	09/30/91	0	0	0	117	0	117	117	0	0	0	0
C/O 91: 632(B) USA - JOURNALISM TRAININ	632(B) IAA	200	06/12/92	7	40	5	10	0	9	0	0	40	40	148
Project Total for FY 91.		7,150		213	905	1,057	127	840	126	117	962	1,369	472	962
632(B): USA	632(B) IAA	300	03/18/92	150	0	0	0	0	0	0	0	150	0	0
632(B) USA - JOURNALISM TRAINING	632(B) IAA	150	06/12/92	0	0	0	0	0	0	0	0	0	0	150
632(B) - USA: INTER. MEDIA FUND	632(B) IAA	3,750	06/12/92	1,050	160	321	6	270	6	6	284	316	200	1,132
632B W/USA (ALBANIA)	632(B) IAA	1,250	06/22/92	1,250	0	0	0	0	0	0	0	0	0	0
Project Total for FY 92		5,450		2,450	160	321	6	270	6	6	284	466	200	1,282
PROJECT TOTAL:		12,600		2,663	1,065	1,378	133	1,110	132	123	1,246	1,835	672	2,244

B. ECONOMIC RESTRUCTURING

Cum. Subtotal: **\$801,682** **\$25,352** **\$47,662** **\$89,217** **\$5,234** **\$90,160** **\$6,512** **\$7,863** **\$465,975** **\$13,873** **\$3,134** **\$45,748**

1. Macroeconomic Support

1800008. Polish Stabilization Fund (Treasury)

632A - DEPT. OF TREASURY: POLISH STABILI	MISC OBLIG DOC	199,140	12/28/89	0	0	0	0	0	0	0	199,140	0	0	0
Project Total for FY 90		199,140		0	0	0	0	0	0	0	199,140	0	0	0
PROJECT TOTAL:		199,140		0	0	0	0	0	0	0	199,140	0	0	0

1800036. Sector Support - Hungary Energy

BILATERAL GRANT - HUNGARY ENERGY SECTOR	GRANT/CO-OP NC	10,000	09/17/91	0	0	0	0	10,000	0	0	0	0	0	0
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- 2. Project totals reflect obligations by fiscal year of appropriation, not necessarily fiscal year of obligation.

AGREEMENT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
Project Total for FY 91												
		10,000				10,000						
PROJECT TOTAL:												
1800043	Sector Support - Czechoslovakia Environment											
BILATERAL GRANT - CZECH-SLOVAK ENVIRONME												
	GRANT/CO-OP NC	15,000	0	15,000	0	0	0	0	0	0	0	0
Project Total for FY 91												
		15,000										
PROJECT TOTAL:												
1800044	Sector Support - Bulgaria Agriculture											
BILATERAL GRANT AGREEMENT: USG - GOVT OF												
	GRANT/CO-OP NC	10,000	0	10,000	0	0	0	0	0	0	0	0
Project Total for FY 91												
		10,000										
PROJECT TOTAL:												
2. Privatization and Assistance to Enterprises												
1800014	Privatization and Enterprise Restructuring											
SCIENTEX CORPORATION												
	RPF (CONTRACT)	200	0	0	0	0	0	0	0	0	0	200
CONTRACT/NON-SA												
	COOPERS & LYBRAND: YUGOSLAVIA PRIVATIZAT	195	0	0	0	0	0	0	0	0	0	195
GOVT OF POLAND GRANT												
	GRANT/CO-OP NC	21	0	0	0	0	0	0	21	0	0	0
PURCHASE ORDER												
	GOVT. ADVISORY SERVICES - POLAND	20	0	0	0	0	0	0	20	0	0	0
TRAVEL AUTH #0014001												
	UNDP - POLAND	4	0	0	0	0	0	0	4	0	0	0
UNIVERSITY OF PENNSYLVANIA - POLAND												
	GRANT/CO-OP NC	245	0	0	0	0	0	0	245	0	0	0
	GRANT/CO-OP NC	210	0	0	0	0	0	0	210	0	0	0
Project Total for FY 90												
		895							500		195	200
PENNYHARTON/GULTEKIN												
	GRANT AMEND	184	0	0	0	0	0	0	184	0	0	0
COOPERS & LYBRAND: YUGOSLAVIA PRIVATIZAT												
	RPF (CONTRACT)	687	0	0	0	0	0	0	0	0	0	687

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AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
DELOTTE & TOUCHE - HUNGARY (SPA)	300	06/06/91	0	0	0	0	300	0	0	0	0	0	0
CHEMONICS - HUNGARY	181	06/07/91	0	0	0	0	181	0	0	0	0	0	0
DELOTTE & TOUCHE	10	07/03/91	0	0	0	0	0	0	0	0	0	0	10
KPMG PEAT MARWICK	10	07/03/91	0	0	0	0	0	0	0	0	0	0	10
COOPERS & LYBRAND IQC	125	08/01/91	0	0	0	0	0	0	0	125	0	0	0
UNDP - POLAND	1,699	08/01/91	0	0	1,699	0	0	0	0	0	0	0	0
BUY-IN: APRE/PRICE WATERHOUSE	1,690	08/01/91	0	0	1,690	0	0	0	0	0	0	0	0
DELOTTE & TOUCHE	40	08/01/91	40	0	0	0	0	0	0	0	0	0	0
RPF (CONTRACT)	500	08/21/91	0	0	500	0	0	0	0	0	0	0	0
GRANT AMEND	2,204	09/01/91	0	0	0	0	0	0	0	2,204	0	0	0
PRICE WATERHOUSE INT - POLAND PRIVATIZAT	71	09/01/91	0	0	71	0	0	0	0	0	0	0	0
KPMG PEAT MARWICK - IQC DELIVERY ORDER:	336	09/16/91	0	0	0	0	0	0	0	0	0	0	336
ARTI (8 <A> AWARD)	81	09/19/91	0	0	81	0	0	0	0	0	0	0	0
DELOTTE & TOUCHE	84	09/19/91	0	0	0	0	84	0	0	0	0	0	0
COOPERS LYBRAND - HUNGARY: IQC DELIVERY	79	09/20/91	0	0	79	0	0	0	0	0	0	0	0
KPMG PEAT MARWICK - CZECH-SLOVAK: IQC DE	102	09/23/91	0	0	102	0	0	0	0	0	0	0	0
COOPERS & LYBRAND - CZECH-SLOVAK PRIVATI	683	09/23/91	0	0	683	0	0	0	0	0	0	0	0
DELOTTE & TOUCHE - CSFR	33	09/23/91	0	0	0	0	0	0	0	0	33	0	0
DELOTTE & TOUCHE - ROMANIA	2,477	09/28/91	0	0	0	0	2,477	0	0	0	0	0	0
DELOTTE & TOUCHE	82	09/28/91	0	0	82	0	0	0	0	0	0	0	0
COOPERS & LYBRAND - CSFR: DELIVERY ORDER	479	09/30/91	0	0	479	0	0	0	0	0	0	0	0
DELOTTE & TOUCHE: SLOVAK DELIVERY ORDER	479	09/30/91	0	0	479	0	0	0	0	0	0	0	0
DELOTTE & TOUCHE: CZECH DELIVERY ORDER	441	09/30/91	0	0	0	0	0	0	441	0	0	0	0
KPMG PETE MARWICK: PRIVATIZATION - LITHU	451	09/30/91	0	0	0	451	0	0	0	0	0	0	0
DELOTTE & TOUCHE: ESTONIA PRIVATIZATION	385	09/30/91	0	0	0	0	0	385	0	0	0	0	0
COOPERS AND LYBRAND - LATVIA PRIVATIZAT	37	11/07/91	0	37	0	0	0	0	0	0	0	0	0
D/O: COOPERS & LYBRAND BULGARIA D/O (	280	11/08/91	0	0	280	0	0	0	0	0	0	0	0
C/O 91: PRICE WATERHOUSE - CSFR WASTE CO	107	12/06/91	0	0	0	0	0	0	0	107	0	0	0
D/O: COOPERS & LYBRAND POLAND PRIVATIZAT	762	12/13/91	0	0	0	0	0	0	0	762	0	0	0
D/O: DELOTTE & TOUCHE - POLAND PRIVATIZAT	687	01/01/92	0	0	0	0	687	0	0	0	0	0	0
C/O 91: ACPI - STATE FARM PRIVATIZATION	446	01/31/92	0	0	0	0	0	0	0	446	0	0	0
D/O: PEAT MARWICK - POLAND PRIVATIZATION	52	05/19/92	0	0	0	52	0	0	0	0	0	0	0
C/O 91: DELOTTE AND TOUCHE (ESTONIA)	16,277		40	37	6,228	503	3,728	385	441	3,828	33	687	366
Project Total for FY 91													
D/O: DELOTTE & TOUCHE - CSFR PRIVATIZAT	4,585	12/23/91	0	0	4,585	0	0	0	0	0	0	0	0
D/O: KPMG PEAT MARWICK - CSFR PRIVATIZAT	710	01/13/92	0	0	710	0	0	0	0	0	0	0	0
D/O: KPMG PEAT MARWICK - CSFR PRIVATIZAT	1,816	01/13/92	0	0	1,816	0	0	0	0	0	0	0	0
D/O: PETE MARWICK - POLAND PRIVATIZATION	421	01/14/92	0	0	0	0	0	0	0	421	0	0	0

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AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
DELLOTTE AND TOUCHÉ - CONTRACT AMENDMENT	468	02/13/92	0	0	0	0	468	0	0	0	0	0	0
KPMG PEAT MARWICK	690	04/28/92	0	0	0	0	0	690	0	0	0	0	0
DELLOTTE & TOUCHÉ (POLAND)	453	05/01/92	0	0	0	0	0	0	453	0	0	0	0
COOPERS AND LYBRAND (HUNGARY)	424	05/04/92	0	0	0	424	0	0	0	0	0	0	0
DELLOTTE & TOUCHÉ (POLAND)	616	05/18/92	0	0	0	0	0	0	616	0	0	0	0
DELLOTTE TOUCHÉ (POLAND)	41	05/18/92	0	0	0	0	0	0	41	0	0	0	0
C/O M: DELLOTTE AND TOUCHÉ (ESTONIA)	523	05/19/92	0	0	523	0	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ (CZECH)	928	05/20/92	0	0	928	0	0	0	0	0	0	0	0
KPMG PEAT MARWICK - TA TO CZECH MIN. OF	134	05/22/92	0	0	134	0	0	0	0	0	0	0	0
COOPERS AND LYBRAND (CZECHOSLOVAKIA)	30	05/22/92	0	0	30	0	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ (CZECHOSLOVAKIA)	237	05/22/92	0	0	237	0	0	0	0	0	0	0	0
KPMG PEAT MARWICK (POLAND)	495	06/10/92	0	0	0	0	0	0	0	495	0	0	0
KPMG PEAT MARWICK (POLAND)	1,300	06/10/92	0	0	0	0	0	0	1,300	0	0	0	0
DELLOTTE AND TOUCHÉ (ESTONIA)	465	06/18/92	0	0	465	0	0	0	0	0	0	0	0
TRAVEL AUTH. - EMMANUEL DUBOIS	1	06/22/92	0	0	0	0	0	0	0	1,415	0	0	1
PRICE WATERHOUSE (POLAND)	1,415	07/01/92	0	0	0	0	0	703	0	0	0	0	0
COOPERS AND LYBRAND (LATVIA)	703	07/30/92	0	0	0	0	118	0	0	0	0	0	0
DELLOTTE & TOUCHÉ	118	08/21/92	0	0	0	0	0	0	0	304	0	0	0
DELLOTTE & TOUCHÉ - LOT AIRLINES PRIVATI	304	08/21/92	0	0	0	0	0	0	0	0	0	0	0
KPMG PEAT MARWICK - BULGARIA LIGHT INDUS	504	08/27/92	0	504	0	0	0	0	0	0	0	0	0
COOPERS & LYBRAND - HUNGARY COMPASS PROJE	294	08/28/92	0	0	0	294	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ - HUNGARY	250	09/01/92	0	0	0	250	0	0	0	0	0	0	25
ADVANCED RESOURCE TECHNOLOGIES INC. (PSC	25	09/08/92	0	0	0	0	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ - POLAND (DELIVERY O	343	09/10/92	0	0	0	0	0	0	0	343	0	0	0
KPMG PEAT MARWICK - LITHUANIA	483	09/10/92	0	0	0	0	0	483	0	0	0	0	0
DELLOTTE AND TOUCHÉ - BULGARIA	695	09/16/92	0	695	0	0	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ - ROMANIA PRIV. INVEST	1,498	09/21/92	0	0	0	0	0	0	0	0	1,498	0	0
DELLOTTE AND TOUCHÉ - BULGARIA	376	09/22/92	0	376	0	0	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ - ALBANIA	699	09/23/92	699	0	0	0	0	0	0	0	0	0	0
KPMG PEAT MARWICK - CZECHOSLOVAKIA	100	09/29/92	0	0	100	0	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ - ROMANIA	95	09/30/92	0	0	0	0	0	0	0	0	95	0	0
DELLOTTE AND TOUCHÉ - CZECHOSLOVAKIA	2,000	09/30/92	0	0	2,000	0	0	0	0	0	0	0	0
DELLOTTE AND TOUCHÉ - ROMANIA	905	09/30/92	0	0	0	0	0	0	0	0	905	0	0
	25,140		699	1,575	10,538	988	1,514	703	1,172	5,388	2,498	0	25
Project Total for FY 92	42,312		738	1,612	16,767	1,491	5,282	1,088	1,613	9,716	2,531	882	592
PROJECT TOTAL:													

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
1800023. Technical Assistance to Enterprises														
IESC COOPERATIVE AGREEMENT	GRANT/CO-OP NC	5,366	02/28/91	24	231	1,112	0	1,549	0	0	1,975	14	461	0
IFC - POLAND BUSINESS ADVISORY SERVICES	GRANT/CO-OP NC	2,000	08/13/91	0	0	0	0	0	0	0	2,000	0	0	0
BUY-IN TO GEMINI PROJECT - POLAND SMALL	CONTRACT AMEND	1,355	09/25/91	0	0	0	0	0	0	0	1,355	0	0	0
IRIS POLAND SMALL BUSINESS PROJECT - DEL.	BASIC ORD AGR	643	09/25/91	0	0	0	0	0	0	0	643	0	0	0
IESC GRANT AMENDMENT: BALTIC STATES ESF	GRANT AMEND	949	09/29/91	0	0	0	317	0	316	316	0	0	0	0
KENAN INSTITUTE - UNIV. OF NC - MBA ENTE	GRANT/CO-OP NC	634	09/30/91	0	0	336	0	127	0	0	171	0	0	0
632(B) - PEACE CORPS BULGARIA	632(B) IAA	2	06/29/92	0	2	0	0	0	0	0	0	0	0	0
	Project Total for FY 91	10,949		24	233	1,448	317	1,676	316	316	6,145	14	461	0
IESC INTERNATIONAL EXECUTIVE SERVICES C	CONTRACT AMEND	5,355	03/30/92	114	0	483	141	285	126	0	385	247	237	3,337
632(B): PEACE CORPS	632(B) IAA	290	04/15/92	7	130	0	9	0	9	9	119	8	0	0
632(B) - PEACE CORPS POLAND	632(B) IAA	986	06/29/92	0	0	0	0	0	0	0	986	0	0	0
632(B) - PEACE CORPS BULGARIA	632(B) IAA	170	06/29/92	0	170	0	0	0	0	0	0	0	0	0
IESC - DEFENSE CONVERSION	GRANT/CO-OP NC	1,200	07/14/92	0	0	600	0	0	0	0	600	0	0	0
WOCCU - POLAND CO-OP SAVINGS/CREDIT	GRANT/CO-OP NC	700	07/21/92	0	0	0	0	0	0	0	700	0	0	0
KENAN INSTITUTE - MBA ENTERPRISE CORPS	GRANT AMEND	645	08/07/92	0	0	215	0	215	0	0	215	0	0	0
IRIS CENTER, UNIV OF MD.	GRANT/CO-OP NC	125	09/25/92	0	0	0	0	0	0	0	125	0	0	0
C.I.P.E. - BALTICS/HUNGARY	GRANT/CO-OP NC	1,500	09/30/92	0	0	0	167	1,000	167	167	0	0	0	0
	Project Total for FY 92	10,971		121	300	1,298	317	1,500	301	175	3,130	255	237	3,337
	PROJECT TOTAL:	21,920		145	533	2,746	634	3,176	617	491	9,275	269	698	3,337

3. Improving the Business Climate

1800026. Competition Policy, Laws & Regulations

OECD	GRANT/CO-OP NC	1,500	01/24/91	0	0	0	0	0	0	0	0	0	0	1,500
632(A) - TREASURY: IMPLEMENTING REGIONAL STATE	632(A) IAA	1,558	03/29/91	260	260	260	0	260	0	0	260	260	0	0
TELECONSULTANTS/HARZA	632(A) IAA	101	05/23/91	0	50	0	0	51	0	0	0	0	0	0
HATFIELD ASSOC./SINGLE SOURCE PROCURE. W	IQC	186	05/28/91	0	46	46	0	46	0	0	46	0	0	0
632(A) - FTC: ANTITRUST LEGAL ADVICE	CONTRACT (8A)	64	05/28/91	0	16	16	0	16	0	0	16	0	0	0
632(A) - DOJ: ANTITRUST LEGAL ADVICE	632(A) IAA	1,189	05/28/91	0	0	595	0	0	0	0	595	0	0	0
632B - TRADE AND DEVELOPMENT PROGRAM: TE	632(A) IAA	1,138	05/28/91	0	0	569	0	0	0	0	569	0	0	0
HATFIELD ASSOC./SINGLE SOURCE PROCURE. P	632(B) IAA	90	09/01/91	0	0	90	0	0	0	0	0	0	0	0
	CONTRACT (8A)	24	09/24/91	0	6	6	0	6	0	0	6	0	0	0

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AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
HARZA (TELECONSULT) - DELIVERY ORDER													
632(B) WITH TREASURY	113	09/23/91	0	29	29	0	29	0	0	29	0	0	0
C/O 91: OECD GRANT	250	09/30/91	0	0	0	83	0	83	0	0	0	0	0
C/O 91: HARZA ENG. CO. DIO - HUNGARY; VI	2,700	01/01/92	0	0	0	0	0	0	0	0	0	0	2,700
C/O 91: IDLI	78	03/25/92	0	0	0	0	78	0	0	0	0	0	0
C/O 91: 632(B) JUSTICE; ANTI-TRUST LEGAL	227	03/31/92	0	0	0	0	82	0	145	0	0	0	0
	24	09/10/92	0	0	0	0	0	0	0	24	0	0	0
Project Total for FY 91	9,246		260	407	1,611	83	568	83	228	1,545	260	0	4,200
632A - DEPT OF COMMERCE													
632(B) IAA	150	01/01/92	0	0	0	0	0	0	0	0	0	0	150
632(B) IAA	300	03/19/92	0	35	0	40	60	0	35	0	60	0	70
GRANT/CO-OP NC	353	03/31/92	0	145	0	0	63	0	0	145	0	0	0
632(B) IAA	896	03/31/92	150	296	0	0	0	0	150	300	0	0	0
632(B) IAA	600	03/31/92	0	0	330	0	270	0	0	0	0	0	0
632(B) IAA	810	05/01/92	5	6	6	5	6	5	4	356	6	6	446
ABA: FUND FOR JUSTICE & EDUC.	1,300	06/20/92	325	325	0	0	0	0	325	325	0	0	0
632(B) - FTC; ANTI-TRUST LEGAL ADVICE	662	09/01/92	0	48	250	6	35	6	6	307	6	0	0
632(B) IAA	638	09/10/92	0	47	289	7	88	7	7	187	7	0	0
Project Total for FY 92	5,750		480	902	874	57	523	17	526	1,620	78	6	666
PROJECT TOTAL:	14,996		740	1,309	2,485	140	1,091	100	755	3,165	338	6	4,866
1800027. Business Services													
632(A) TREASURY: FINANCIAL SERV. T. A.													
APRE - FSVC	3,455	05/29/91	0	311	345	0	1,554	0	0	1,243	0	0	0
632(B) WITH TREASURY	1,000	06/28/91	100	100	225	0	150	0	0	250	100	75	0
	650	09/30/91	0	0	0	217	0	217	217	0	0	0	0
Project Total for FY 91	5,105		100	411	570	217	1,704	217	217	1,493	100	75	0
632(B) SEC													
632(B) - TREASURY: FINANCIAL ADVISORS	900	03/31/92	0	0	0	0	450	0	0	450	0	0	0
632(B) IAA	1,600	05/01/92	0	0	350	24	376	25	25	750	0	0	50
632(B) IAA	1,750	06/09/92	665	960	0	0	0	0	0	0	65	60	0

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
632(B) - DEPT. OF TREASURY FINANCIAL ADV	632(B) IAA	5,900	09/10/92	738	738	738	0	738	738	738	738	738	0	0
	Project Total for FY 92	10,150		1,403	1,698	1,088	24	1,564	763	763	1,938	803	60	50
	PROJECT TOTAL:	15,255		1,503	2,108	1,658	241	3,268	979	979	3,431	903	135	50
1800035. Bank Training														
632A - DEPT OF TREASURY: IMPLEMENTATION	MISC OBLIG DOC	8,536	03/29/91	0	2,134	2,134	0	2,134	0	0	2,134	0	0	0
632(B) WITH TREASURY.	MISC OBLIG DOC	500	09/30/91	0	0	0	167	0	167	167	0	0	0	0
	Project Total for FY 91	9,036		0	2,134	2,134	167	2,134	167	167	2,134	0	0	0
	PROJECT TOTAL:	9,036		0	2,134	2,134	167	2,134	167	167	2,134	0	0	0
4. Investment and Trade														
1800010.01 Polish Enterprise Fund														
POLISH-AMERICAN ENTERPRISE FUND: CHLD.	GRANT/CO-OP NC	1,471	05/17/90	0	0	0	0	0	0	0	1,471	0	0	0
POLISH-AMERICAN ENTERPRISE FUND: AIDS	GRANT/CO-OP NC	1,012	05/17/90	0	0	0	0	0	0	0	1,012	0	0	0
POLISH-AMERICAN ENTERPRISE FUND: ECONOM	GRANT/CO-OP NC	12,429	05/17/90	0	0	0	0	0	0	0	12,429	0	0	0
POLISH-AMERICAN ENTERPRISE FUND: AGRICU	GRANT/CO-OP NC	12,740	05/17/90	0	0	0	0	0	0	0	12,740	0	0	0
POLISH-AMERICAN ENTERPRISE FUND: HEALTH	GRANT/CO-OP NC	2,551	05/17/90	0	0	0	0	0	0	0	2,551	0	0	0
POLISH-AMERICAN ENTERPRISE FUND: POPULA	GRANT/CO-OP NC	3,989	05/17/90	0	0	0	0	0	0	0	3,989	0	0	0
	Project Total for FY 90	34,192		0	0	0	0	0	0	0	34,192	0	0	0
GRANT AGREEMENT WITH THE POLISH-AMERICAN	GRANT/CO-OP NC	69,000	01/31/91	0	0	0	0	0	0	0	69,000	0	0	0
	Project Total for FY 91	69,000		0	0	0	0	0	0	0	69,000	0	0	0
POLISH AMERICAN ENTERPRISE FUND - GRANT	GRANT AMEND	34,500	12/23/91	0	0	0	0	0	0	0	34,500	0	0	0
POLISH AMERICAN ENTERPRISE FUND	GRANT AMEND	12,750	03/27/92	0	0	0	0	0	0	0	12,750	0	0	0

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
POLISH AMERICAN ENTERPRISE FUND.	GRANT AMEND	37,750	06/17/92	0	0	0	0	0	0	0	37,750	0	0	0
Project Total for FY 92		85,000		0	0	0	0	0	0	0	85,000	0	0	0
PROJECT TOTAL:		188,192		0	0	0	0	0	0	0	188,192	0	0	0
1800010.02 Hungarian Enterprise Fund														
HUNGARIAN-AMERICAN ENTERPRISE FUND: ECO	GRANT/CO-OP NC	2,489	05/17/90	0	0	0	0	2,489	0	0	0	0	0	0
HUNGARIAN-AMERICAN ENTERPRISE FUND: AGR	GRANT/CO-OP NC	1,680	05/17/90	0	0	0	0	1,680	0	0	0	0	0	0
HUNGARIAN-AMERICAN ENTERPRISE FUND: HEA	GRANT/CO-OP NC	283	05/17/90	0	0	0	0	283	0	0	0	0	0	0
HUNGARIAN-AMERICAN ENTERPRISE FUND: POP	GRANT/CO-OP NC	510	05/17/90	0	0	0	0	510	0	0	0	0	0	0
Project Total for FY 90		4,962		0	0	0	0	4,962	0	0	0	0	0	0
HUNGARIAN-AMERICAN ENTERPRISE FUND.	GRANT/CO-OP NC	21,000	01/31/91	0	0	0	0	21,000	0	0	0	0	0	0
Project Total for FY 91		21,000		0	0	0	0	21,000	0	0	0	0	0	0
HUNGARIAN AMERICAN ENTERPRISE FUND: GRAN	GRANT AMEND	10,500	12/23/91	0	0	0	0	10,500	0	0	0	0	0	0
HUNGARIAN AMERICAN ENTERPRISE FUND	GRANT AMEND	1,500	03/27/92	0	0	0	0	1,500	0	0	0	0	0	0
HUNGARIAN AMERICAN ENTERPRISE FUND	GRANT AMEND	9,000	06/17/92	0	0	0	0	9,000	0	0	0	0	0	0
Project Total for FY 92		21,000		0	0	0	0	21,000	0	0	0	0	0	0
PROJECT TOTAL:		46,962		0	0	0	0	46,962	0	0	0	0	0	0
1800010.03 Czechoslovakian Enterprise Fund														
CZECH/SLOVAK ENTERPRISE FUND - GRANT	GRANT/CO-OP NC	5,000	04/04/91	0	0	5,000	0	0	0	0	0	0	0	0
CZECH & SLOVAK AMERICAN ENTERPRISE FUND:	GRANT AMEND	5,000	12/05/91	0	0	5,000	0	0	0	0	0	0	0	0
Project Total for FY 91		10,000		0	0	10,000	0	0	0	0	0	0	0	0
CZECH SLOVAK AMERICAN ENTERPRISE FUND: C	GRANT AMEND	5,000	12/19/91	0	0	5,000	0	0	0	0	0	0	0	0
CZECH AND SLOVAK ENTERPRISE FUND	GRANT AMEND	2,500	03/27/92	0	0	2,500	0	0	0	0	0	0	0	0

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
CZECH AND SLOVAK AMERICAN ENTERPRISE FUN		GRANT AMEND	9,500	06/25/92	0	0	9,500	0	0	0	0	0	0	0
Project Total for FY 92			17,000		0	0	17,000	0	0	0	0	0	0	0
PROJECT TOTAL:			27,000		0	0	27,000	0	0	0	0	0	0	0
1800010.04 Bulgaria Enterprise Fund														
GRANT WITH THE BULGARIAN AMERICAN AGRICU		GRANT/CO-OP NC	5,000	01/02/92	0	5,000	0	0	0	0	0	0	0	0
BULGARIAN AMERICAN ENTERPRISE FUND		GRANT AMEND	5,000	06/17/92	0	5,000	0	0	0	0	0	0	0	0
Project Total for FY 92			10,000		0	10,000	0	0	0	0	0	0	0	0
PROJECT TOTAL:			10,000		0	10,000	0	0	0	0	0	0	0	0
1800028. American Business and Private Sector Devel. Init.														
BUDGET ALLOCATION - DEPT. OF COMMERCE: C		MISC OBLIG DOC	3,168	06/12/91	0	0	0	0	0	0	0	0	0	3,168
632A - TRADE AND DEVELOPMENT PROGRAM: FE		MISC OBLIG DOC	3,000	09/20/91	0	0	1,383	0	1,427	0	190	0	0	0
POLAND ENVIRONMENT BUSINESS SPECIALIST -		IQC AMENDMENT	318	01/30/92	0	0	0	0	0	0	0	0	0	318
C/O 91: CDI - COOPERS LYBRAND FINANCIAL		RPF (CONTRACT)	2,750	02/11/92	0	0	0	0	0	0	0	0	0	2,750
C/O 91: CDI COMPONENT ENERGY RELATED T.A		RPF (CONTRACT)	200	03/31/92	0	0	0	0	0	0	0	0	0	200
C/O 91: CDI COMPONENT ENERGY RELATED T.A		RPF (CONTRACT)	1,425	03/31/92	0	0	0	0	0	0	0	0	0	1,425
C/O 91: CDI/HUNGARY		PURCHASE ORDER	2	08/28/92	0	0	0	2	0	0	0	0	0	0
Project Total for FY 91			10,863		0	0	1,383	0	1,429	0	190	0	0	7,862
632(B) OPIC		632(B) IAA	3,000	03/20/92	0	86	0	0	0	0	0	0	0	2,914
CDI: ICF INFO TECH - ENERGY T.A.		RPF (CONTRACT)	1,039	03/31/92	0	0	0	0	0	0	0	0	0	1,039
CDI: SANDER INTL - ENVIRONMENTAL T.A.		RPF (CONTRACT)	2,321	04/13/92	0	0	0	0	0	0	0	0	0	2,321
CDI: BOOZ ALLEN - TELECOM - REPLACE FUND		RPF (CONTRACT)	1,740	04/13/92	0	0	0	0	0	0	0	0	0	1,740
632(B) TDP		632(B) IAA	3,530	07/30/92	0	650	0	0	990	720	610	560	0	0
Project Total for FY 92			11,630		0	736	0	0	990	720	610	560	0	8,014
PROJECT TOTAL:			22,493		0	736	1,383	0	1,429	990	720	800	560	15,876

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AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
1800047. <u>Trade Enhancement (RITE)</u>													
PIET - PARTICIPANT TRAINING/ENTREP. INTL	CONTRACT AMEND	417	09/30/92	0	0	125	0	125	0	0	167	0	0
Project Total for FY 92		417		0	0	125	0	125	0	0	167	0	0
PROJECT TOTAL:		417		0	0	125	0	125	0	0	167	0	0

5. Human Resources

1800002. Regional Human Resources Program

632B - USIA EDUCATIONAL AND CULTURAL EXC	MISC OBLIG DOC	2,943	02/08/90	0	0	0	0	1,000	0	0	1,943	0	0
VOCA - FARMER TO FARMER PROGRAM FOR POLA	GRANT/CO-OP NC	996	02/12/90	0	0	0	0	0	0	0	996	0	0
632A - DEPT. OF LABOR: POLAND/HUNGARY LA	MISC OBLIG DOC	1,475	03/16/90	0	0	0	0	738	0	0	738	0	0
632A - DEPT. OF LABOR: POLAND LABOR MKT.	MISC OBLIG DOC	200	05/22/90	0	0	0	0	0	0	0	200	0	0
632A - DEPT OF TREASURY: TECHNICAL ASST.	MISC OBLIG DOC	100	06/12/90	0	0	0	0	0	0	0	100	0	0
632B - USDA: TRAINING AND TECHNICAL ASSI	MISC OBLIG DOC	225	06/30/90	0	0	0	0	0	0	0	225	0	0
GEORGETOWN UNIV - COOP AGREEMENT: POLAND	GRANT/CO-OP NC	1,962	08/22/90	0	0	0	0	0	0	0	1,962	0	0
CREDIT UNION NATIONAL ASSOC. - HUNGARY	GRANT/CO-OP NC	80	09/01/90	0	0	0	0	80	0	0	0	0	0
IESC - TRAINING PROGRAMS	GRANT/CO-OP NC	653	09/01/90	0	0	0	0	0	0	0	0	0	653
DELOITTE & TOUCHE - HUNGARY TRAINING (SP	CONTRACT (B.)	500	09/01/90	0	0	0	0	500	0	0	0	0	0
Project Total for FY 90		9,134		0	0	0	0	2,318	0	0	6,163	0	653

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632A - TREASURY AGREEMENT (INTERIM)	632(A) IAA	76	01/25/91	0	0	0	0	0	0	0	0	0	76
632A - BLS: SOVIET UNION/CZECHOSLOVAKIA	632(A) IAA	150	01/25/91	0	0	75	0	0	0	0	0	0	75
632A - DEPT OF LABOR: LABOR MKT TRANSITIO	632(A) IAA	385	01/30/91	0	0	0	0	0	0	0	0	0	385
GEORGETOWN UNIV. - INTERNATIONAL STUDENT	GRANT/CO-OP NC	280	03/01/91	0	0	0	0	0	0	0	280	0	0
632B - USIA: ENGLISH TEACHING	632(B) IAA	3,000	04/03/91	0	244	569	0	356	0	0	496	207	224
AMERICAN UNIVERSITY - BULGARIA	GRANT/CO-OP NC	600	08/29/91	0	600	0	0	0	0	0	0	0	0
GEORGETOWN UNIV. - INTERNATIONAL STUDENT	GRANT/CO-OP NC	2,720	09/21/91	0	0	0	0	1,000	0	0	1,720	0	0
632(B) WITH USIA.	632(B) IAA	300	09/30/91	0	0	0	100	0	100	100	0	0	0
INSTITUTE OF INTERNATIONAL EDUCATION	GRANT/CO-OP NC	400	03/31/92	0	0	0	0	0	0	0	0	0	400
Project Total for FY 91		7,911		0	844	644	100	1,356	100	100	2,496	207	224

632(B) - USIA	632(B) IAA	2,000	06/08/92	163	163	163	67	163	67	67	163	163	163
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 2. Project totals reflect obligations by fiscal year of appropriation, not necessarily fiscal year of obligation.

AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
Project Total for FY 91	2,000		163	163	163	67	163	67	67	163	163	163	661
PROJECT TOTAL:	19,045		163	1,007	807	167	3,837	167	167	8,822	370	387	3,154

1800029. Management Training and Economics Education

632B - USIA: SMALL GRANTS COMPETITION	MISC OBLIG DOC	4,300	04/05/91	0	402	800	0	723	0	0	1,017	430	373	555
OHIO STATE UNIVERSITY GRANT	RFA (GRANT)	1,300	06/01/91	0	0	0	0	1,300	0	0	0	0	0	0
CENTRAL CONNECTICUT STATE UNIV. - POLAND	GRANT/CO-OP NC	928	06/11/91	0	0	0	0	0	0	928	0	0	0	0
UNIVERSITY OF DELAWARE - BULGARIA BUSINE	GRANT/CO-OP NC	1,497	06/11/91	0	1,497	0	0	0	0	0	0	0	0	0
UNIVERSITY OF PITTSBURGH	RFF (CONTRACT)	1,817	06/27/91	0	0	1,817	0	0	0	0	0	0	0	0
UNIVERSITY OF WASHINGTON / WASHINGTON ST	RFA (GRANT)	1,176	07/01/91	0	0	0	0	0	0	0	1,176	0	0	0
UNIVERSITY OF MINNESOTA	RFA (GRANT)	1,494	07/11/91	0	0	0	0	0	0	1,494	0	0	0	0
UNIVERSITY OF WISCONSIN-MADISON CONSORTI	RFA (GRANT)	1,239	07/12/91	0	0	0	0	0	0	1,239	0	0	0	0
MUCIA	RFA (GRANT)	829	07/15/91	0	0	276	0	276	0	276	0	0	0	0
IOWA STATE UNIVERSITY OF SCIENCE AND TEC	RFA (GRANT)	1,496	07/22/91	0	0	1,496	0	0	0	0	0	0	0	0
UNIVERSITY OF NEBRASKA - INTERNATIONAL M	GRANT/CO-OP NC	700	07/22/91	700	0	0	0	0	0	0	0	0	0	0
SUNY RESEARCH FOUNDATION	RFA (GRANT)	1,117	07/25/91	0	0	0	0	1,117	0	0	0	0	0	0
632(B) WITH USIA;	MISC OBLIG DOC	1,500	09/30/91	0	0	0	500	0	500	0	0	0	0	0
C/O 91: EVALUATION SERVICES; DR. LESLIE	RFF (CONTRACT)	105	11/07/91	0	0	0	0	0	0	0	0	0	0	105
C/O 91: BUSINESS-HIGHER EDUCATION FORUM	GRANT/CO-OP NC	2	09/29/92	0	0	0	0	0	0	0	0	0	0	2
Project Total for FY 91	19,500		700	1,899	4,389	500	3,417	500	500	4,955	1,606	373	662	

OHIO STATE UNIVERSITY RESEARCH FOUNDATIO	GRANT AMEND	977	03/19/92	0	0	0	0	0	0	977	0	0	0	0
CENTRAL CONNECTICUT STATE UNIVERSITY	GRANT AMEND	696	03/31/92	0	0	0	0	0	0	696	0	0	0	0
UNIVERSITY OF MINNESOTA	GRANT AMEND	1,654	03/31/92	0	0	0	0	0	0	1,654	0	0	0	0
UNIV OF WASH & WASH ST UNIV	GRANT AMEND	882	04/09/92	0	0	0	0	0	0	0	882	0	0	0
IOWA STATE UNIVERSITY	GRANT AMEND	1,132	04/27/92	0	0	1,132	0	0	0	0	0	0	0	0
UNIV OF PITTSBURGH	GRANT AMEND	1,363	05/06/92	0	0	1,363	0	0	0	0	0	0	0	0
632(B) - USIA	632(B) 1AA	3,326	06/08/92	113	0	0	67	0	67	0	0	0	0	2,813
UNIV. OF DEL. GRANT AMEND.	GRANT AMEND	1,123	06/15/92	0	1,123	0	0	0	0	0	0	0	0	0
UNIV. OF WISCONSIN: MADISON CONSORTIUM	GRANT AMEND	200	06/22/92	0	0	0	0	100	0	100	0	0	0	0
SUNY RESEARCH FOUNDATION GRANT AMEND.	GRANT AMEND	1,188	06/30/92	0	0	0	0	1,188	0	0	0	0	0	0
LESLIE KOLTAI: EVALUATION	CONTRACT AMEND	240	07/01/92	0	0	0	0	0	0	0	0	0	0	240
MUCIA	GRANT AMEND	264	08/06/92	0	0	0	0	0	0	0	0	0	0	264
BUSINESS-HIGHER EDUCATION FORUM	GRANT/CO-OP NC	48	09/29/92	0	0	0	0	0	0	0	0	0	0	48
CLAUDINE WOLAS: EVALUATION	CONTRACT AMEND	56	09/30/92	0	0	0	0	0	0	0	0	0	0	56

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
JEFFREY KOVACS: EVALUATION ADMIN ASST.	PURCHASE ORDER	14	09/30/92	0	0	0	0	0	0	0	0	0	0	14
MICHAEL WILDING: EVALUATION COMPUTER ANA	PURCHASE ORDER	12	09/30/92	0	0	0	0	0	0	0	0	0	0	12
ROBERT RICH: EVAL. COORDINATOR	PURCHASE ORDER	12	09/30/92	0	0	0	0	0	0	0	0	0	0	12
ELAINE FOX: EVAL. FINANCIAL ANALYST	PURCHASE ORDER	16	09/30/92	0	0	0	0	0	0	0	0	0	0	16
Project Total for FY 92		13,205		313	1,123	2,495	67	1,288	67	67	3,428	882	0	3,476
PROJECT TOTAL:		32,705		1,013	3,022	6,884	567	4,705	567	567	6,382	2,488	373	4,137

1800045. Participant Training

632(H) - USIA	632(B) IAA	1,000	04/15/92	20	300	180	50	140	50	20	100	60	20	60
PIET (PARTNERS FOR INTL EDUCATION & TRAI	CONTRACT AMEND	500	09/17/92	25	68	68	25	68	25	25	135	45	0	16
PIET	CONTRACT AMEND	500	09/17/92	0	68	68	25	68	25	25	135	45	0	41
SALZBURG SEMINAR	GRANT/CO-OP NC	125	09/30/92	0	0	0	0	0	0	0	0	0	0	125
632(B) - STATE: DIPLOMATIC SEC.	632(B) IAA	443	09/30/92	222	222	0	0	0	0	0	0	0	0	0
632(B) - USIA: ACADEMIC TRAINING	632(B) IAA	775	09/30/92	0	0	0	0	0	0	0	0	0	0	775
Project Total for FY 92		3,343		266	658	316	100	276	100	70	370	151	20	1,017
PROJECT TOTAL:		3,343		266	658	316	100	276	100	70	370	151	20	1,017

6. Agriculture and Agribusiness

1800005. Assistance to Private Farmers (Poland)

ASSISTANCE TO PRIVATE FARMERS IN POLAND	GRANT/CO-OP NC	4,225	03/19/90	0	0	0	0	0	0	0	4,225	0	0	0
Project Total for FY 90		4,225		0	0	0	0	0	0	0	4,225	0	0	0
PROJECT TOTAL:		4,225		0	0	0	0	0	0	0	4,225	0	0	0

1800024. Restructuring Agriculture and Agribusiness

632(B) - USDA	632(B) IAA	6,000	03/29/91	50	1,000	500	0	500	0	0	3,950	0	0	0
VOCA	RPF (CONTRACT)	2,600	04/02/91	300	600	200	0	200	0	0	1,000	300	0	0
ACDI	GRANT/CO-OP NC	500	08/01/91	0	0	0	0	0	0	0	500	0	0	0

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AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG	
ACDI - COOP TRAINING	RPF (CONTRACT)	2,000	08/16/91	200	550	175	0	175	0	0	700	200	0	0
NCBA	RPF (CONTRACT)	500	09/01/91	0	0	200	0	200	0	0	100	0	0	0
LAND O' LAKES - MGMT. TRAINING DIARY IND	GRANT/CO-OP NC	4,000	09/24/91	450	500	250	167	300	167	166	1,500	500	0	0
VOCA GRANT AMEND.	GRANT AMEND	650	09/30/91	0	0	0	217	0	216	217	0	0	0	0
ACDI GRANT AMENDMENT: BALTIC STATES ESP	GRANT AMEND	400	09/30/91	0	0	0	134	0	133	133	0	0	0	0
C/O 91: IFDC - ALBANIA FERTILIZER LOGISTIC	GRANT/CO-OP NC	200	12/10/91	200	0	0	0	0	0	0	0	0	0	0
C/O 91: PRAGMA CORPORATION - BULGARIA PR	GRANT/CO-OP NC	800	03/16/92	0	800	0	0	0	0	0	0	0	0	0
C/O 91: LAND O' LAKES - POLAND PRIVATE S	GRANT/CO-OP NC	800	03/31/92	0	0	0	0	0	0	800	0	0	0	0
C/O 91: ACDI - HUNGARY PRIV SECTOR TRAINI	GRANT/CO-OP NC	800	03/31/92	0	0	0	0	800	0	0	0	0	0	0
C/O 91: IOWA STATE UNIVERSITY - CSFR PRI	GRANT/CO-OP NC	800	03/31/92	0	0	800	0	0	0	0	0	0	0	0
Project Total for FY 91			20,050	1,200	3,450	2,125	518	2,175	516	516	8,550	1,000	0	0
VOCA (VOLUNTEERS IN OVERSEAS COOPERATIVE	GRANT AMEND	2,000	02/24/92	300	500	100	0	100	0	0	800	200	0	0
NCBA (NATIONAL COOPERATIVE BUSINESS ASSO	GRANT AMEND	750	02/24/92	0	0	250	0	250	0	0	250	0	0	0
USDA - PASA BUY-IN	PASA	17	03/26/92	0	0	0	0	0	0	0	0	0	0	17
ACDI (AGRICULTURAL COOPERATIVE DEVELOPME	GRANT AMEND	700	03/26/92	0	0	0	0	0	0	0	700	0	0	0
AMERICAN BREEDERS SERVICE - POLAND: MINI	GRANT/CO-OP NC	500	03/31/92	0	0	0	0	0	0	0	500	0	0	0
632(B) - USDA	632(B) IAA	3,000	03/31/92	0	203	90	0	90	0	0	2,618	0	0	0
C/O 91: IFDC (INTL FERTILIZER DEV CORP)	GRANT/CO-OP NC	900	03/31/92	900	0	0	0	0	0	0	0	0	0	0
ACDI - SOUTHERN TIER INCREMENTAL FUNDING	GRANT AMEND	1,000	07/08/92	0	0	0	0	0	0	0	0	0	0	1,000
C/O 91: ADCI (AGRIC COOP DEV INTL)	GRANT AMEND	1,000	07/08/92	300	400	0	0	0	0	0	300	0	0	0
IOWA STATE UNIV. - CSFR PROGRAM	GRANT/CO-OP NC	800	07/15/92	0	0	800	0	0	0	0	0	0	0	0
PRAGMA CORP. INCREMENTAL FUNDING	GRANT/CO-OP NC	800	07/23/92	0	800	0	0	0	0	0	0	0	0	0
LAND O' LAKES - POLAND PRIV. SECTOR	GRANT AMEND	800	07/30/92	0	0	0	0	0	0	800	0	0	0	0
632(B) - USDA	632(B) IAA	1,000	07/31/92	0	38	0	0	0	0	838	0	0	0	125
VOCA (VOLUNTEERS IN OVERSEAS COOPERATIVE	GRANT AMEND	1,000	08/07/92	150	250	50	0	50	0	0	400	100	0	0
C/O 91: VOCA	GRANT AMEND	2,500	08/07/92	870	850	0	0	0	0	0	780	0	0	0
USDA - PASA BUY-IN	PASA	7	08/10/92	0	0	0	0	0	0	0	0	0	0	7
LAND O' LAKES	GRANT AMEND	4,000	09/28/92	58	159	29	66	15	77	57	29	49	0	3,460
IFDC - ALBANIA FERTILIZER AMEND.	GRANT AMEND	800	09/30/92	800	0	0	0	0	0	0	0	0	0	0
632(B) - USDA EXTENSION - BULGARIA	632(B) IAA	600	09/30/92	0	600	0	0	0	0	0	0	0	0	0
Project Total for FY 92			22,175	3,378	3,799	1,319	66	505	77	57	6,934	1,429	0	4,610
PROJECT TOTAL:			42,225	4,578	7,249	3,444	584	2,680	593	573	15,484	2,429	0	4,610

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
1800046. Agriculture Development Fund - Albania														
	IFDC - FERTILIZER	GRANT/CO-OP NC	6,700	03/23/92	6,700	0	0	0	0	0	0	0	0	0
	IFDC - TRUCKS	GRANT/CO-OP NC	2,250	03/24/92	2,250	0	0	0	0	0	0	0	0	0
	IFDC - ALBANIA FERTILIZER	GRANT AMEND	2,000	08/24/92	2,000	0	0	0	0	0	0	0	0	0
	Project Total for FY 92		10,950		10,950	0	0	0	0	0	0	0	0	0
	PROJECT TOTAL:		10,950		10,950	0	0	0	0	0	0	0	0	0
1800049. Restructuring Albanian Agriculture														
	ALBANIA AGR. SECTOR GRANT	GRANT/CO-OP NC	5,000	09/29/92	5,000	0	0	0	0	0	0	0	0	0
	Project Total for FY 92		5,000		5,000	0	0	0	0	0	0	0	0	0
	PROJECT TOTAL:		5,000		5,000	0	0	0	0	0	0	0	0	0
7. Energy Efficiency														
1800015. Emergency Energy														
	RESOURCES MGMT. ASSOC.	CONTRACT AMEND	1,963	02/12/91	0	0	982	0	0	0	0	982	0	0
	HAGLER, BAILLY	IQC	2,235	02/12/91	0	0	0	0	1,117	0	0	0	1,117	0
	INT'L RESOURCES GRP.	IQC	3,142	02/13/91	0	0	0	0	0	0	0	0	0	3,142
	DAVY MCKEE CO.	IQC	2,578	03/14/91	0	516	516	0	0	0	516	516	516	0
	RESOURCE MGMT ASSOCIATES: ENERGY	IQC AMENDMENT	600	09/30/91	0	0	0	0	0	600	0	0	0	0
	IQA WITH RCG/HAGLER BAILLY	IQC AMENDMENT	1,148	09/30/91	0	0	0	574	0	574	0	0	0	0
	CHARLES BLISS: CONSULTANT TO REVIEW REFI	PURCHASE ORDER	10	02/24/92	0	0	0	0	0	0	0	0	0	10
	C/O 91: RCG/HAGLER, BAILLY	CONTRACT AMEND	56	09/23/92	0	0	0	56	0	0	0	0	0	0
	Project Total for FY 91		11,732		0	516	1,497	574	1,174	574	600	516	1,497	3,152
	PROJECT TOTAL:		11,732		0	516	1,497	574	1,174	574	600	516	1,497	3,152
1800030. Regional Energy Efficiency														
	NRC (NUCLEAR REGULATORY COMMISSION) PAS	PASA	575	09/01/91	0	0	287	0	288	0	0	0	0	0

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AGREEMENT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
DOE (DEPT. OF ENERGY) PASA	2,560	09/19/92	0	650	0	450	0	0	200	0	0	750
HAGLER, BAILLY: DELIVER ORDER - POLAND P	198	09/26/91	0	0	0	0	0	0	198	0	0	0
ENERGY INFO SYSTEMS - SCIENTECH INC.	300	09/30/91	0	0	0	0	0	0	0	0	0	300
COOP AOR - U.S. ENERGY ASSOCIATION - UTI	2,675	09/30/91	0	750	0	750	0	0	750	0	0	425
IEA - GRANT	200	09/30/91	0	0	0	0	0	0	0	0	0	200
C/O 91: NRC PASA - 1183667	150	01/13/92	0	150	0	0	0	0	0	0	0	0
C/O 91 - DEPT. OF ENERGY PASA - 1183668	1,000	02/01/92	0	1,000	0	0	0	0	0	0	0	0
ELECTROTEL - TECHNICAL SERVICES - 11	3,136	03/17/92	0	1,098	659	287	0	0	533	282	0	282
C/O 91: HAGLER BAILLY TECHNICAL SERVICES	2,567	04/16/92	0	899	539	231	0	0	436	231	0	231
ELECTROTEL CONCEPTS	685	06/30/92	0	500	0	0	0	0	185	0	0	0
RCG HAGLER BAILLY, INC. FUNDING	1,111	09/30/92	0	0	0	0	0	0	0	0	0	1,111
RCG HAGLER BAILLY AMENDMENT	48	09/30/92	0	0	0	0	0	0	0	0	0	48
Project Total for FY 91	15,546		0	3,796	3,585	2,001	0	2,303	513	0	0	3,347
U.S. ENERGY ASSOCIATION	1,000	03/26/92	0	0	500	0	0	0	0	0	0	0
631(B) INTERIOR	160	03/31/92	0	0	0	160	0	0	0	0	0	0
RCG/HAGLER BAILLY	439	05/01/92	0	0	0	0	0	0	439	0	0	0
ELECTROTEL CORP.	1,151	06/30/92	0	0	0	0	0	0	615	0	0	536
BECHTEL CORP.	849	06/30/92	0	199	0	217	0	217	0	0	0	0
BECHTEL CORP.	1,576	06/30/92	0	801	400	0	0	0	0	375	0	0
ESF C/O 91: BECHTEL CORP.	3,500	06/30/92	0	0	0	625	0	0	0	800	0	75
SCIENTECH, INC. (BA)	498	07/10/92	0	0	0	0	0	0	0	0	0	300
US ENERGY ASSOCIATION (BALTIM)	4,850	07/10/92	0	1,200	2,150	0	166	166	0	0	0	0
631(B) IAA	400	07/27/92	0	0	0	400	0	500	300	0	0	300
INTER. ENERGY AGENCY (IEA) GRANT	564	09/30/92	0	0	0	0	0	0	0	0	0	400
RCG HAGLER BAILLY INC. FUNDING	900	09/30/92	0	137	316	0	188	188	0	0	0	0
631(B) - NRC	1,500	09/30/92	255	645	0	0	0	91	0	0	0	0
RCG HAGLER BAILLY INC. FUNDING	15,687		255	2,982	3,386	571	2,021	571	1,162	1,775	0	1,611
Project Total for FY 92	31,233		255	6,778	6,971	4,022	571	1,162	3,656	2,286	0	4,958
PROJECT TOTAL:												
16000031. Krakow Clean Fossil Fuel/Energy Efficiency	3,000	08/05/91	0	0	0	0	0	0	3,000	0	0	0
632B - DEPT. OF ENERGY: KRACOW CLEAN COA	3,000		0	0	0	0	0	0	3,000	0	0	0
Project Total for FY 91	3,000		0	0	0	0	0	0	3,000	0	0	0

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AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
632(B) IAA	2,500	04/22/91	0	0	0	0	0	0	0	2,500	0	0	0
632(B) IAA	3,000	07/10/92	0	0	0	0	0	0	0	3,000	0	0	0
	5,500		0	0	0	0	0	0	0	5,500	0	0	0
Project Total for FY 92													
PROJECT TOTAL:													
	8,500		0	0	0	0	0	0	0	8,500	0	0	0

C. IMPROVING THE QUALITY OF LIFE

Cum. Subtotal: \$152,655 \$5,801 \$16,864 \$22,201 \$11,45 \$22,414 \$1,445 \$1,109 \$47,800 \$19,310 \$1,905 \$12,840

1. Short-term Emergency and Humanitarian Aid

1800016. Humanitarian Emergency Medical Supply

PEOPLE TO PEOPLE HF
 PEOPLE TO PEOPLE HF
 PROJECT HOPE - AMENDMENT TO COOP AGREEME

GRANT/CO-OP NC	354	12/31/90	71	71	71	0	0	0	0	71	71	0	0
GRANT/CO-OP NC	4,846	03/31/91	929	929	929	0	0	0	0	929	929	0	0
GRANT AMEND	500	09/28/91	0	0	0	167	0	167	166	0	0	0	0
	5,500		1,000	1,000	1,000	167	0	167	166	1,000	1,000	0	0
Project Total for FY 91													
PROJECT TOTAL:													
	11,900		1,667	1,667	1,667	500	667	500	499	1,667	1,667	1,400	0

PROJECT HOPE: AMENDMENT TO ADD \$3.0 MILL.
 PROJECT HOPE
 PROJECT HOPE: MACEDON-IA ESF AMEND.

GRANT/CO-OP NC	3,000	01/10/92	333	333	333	333	333	333	333	335	333	0	0
GRANT AMEND	2,000	03/17/92	333	333	0	0	0	0	0	333	333	0	0
GRANT AMEND	1,400	09/25/92	0	0	0	0	0	0	0	0	0	1,400	0
	6,400		667	667	667	333	667	333	333	667	667	1,400	0
Project Total for FY 92													
PROJECT TOTAL:													
	11,900		1,667	1,667	1,667	500	667	500	499	1,667	1,667	1,400	0

1800032. PVO Humanitarian Initiatives

TECHINSERVE INCORPORATED
 NATIONAL TELEPHONE COOPERATIVE ASSOCIATI
 YMCA
 INTERNATIONAL EYE FOUNDATION

GRANT/CO-OP NC	1,000	04/01/91	0	0	0	0	0	0	0	1,000	0	0	0
GRANT/CO-OP NC	260	04/02/91	0	0	0	0	0	0	0	260	0	0	0
GRANT/CO-OP NC	1,500	04/12/91	0	0	0	1,500	0	0	0	0	0	0	0
GRANT/CO-OP NC	525	04/16/91	0	525	0	0	0	0	0	0	0	0	0

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 2. Project totals reflect obligations by fiscal year of appropriation, not necessarily fiscal year of obligation.

	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
FEED THE CHILDREN	GRANT/CO-OP NC	1,000	04/22/91	0	0	0	0	0	0	0	0	1,000	0	0
AID TO ARTISANS	GRANT/CO-OP NC	400	04/25/91	0	0	0	0	400	0	0	0	0	0	0
PROJECT CONCERN INTERNATIONAL	GRANT/CO-OP NC	500	05/01/91	0	0	0	0	0	0	0	0	500	0	0
PROJECT CONCERN INTERNATIONAL	GRANT/CO-OP NC	500	05/01/91	0	0	0	0	0	0	0	0	500	0	0
POLISH AMERICAN CONGRESS CHARITABLE FOUN	GRANT/CO-OP NC	1,000	05/31/91	0	0	0	0	0	0	0	1,000	0	0	0
OPERATION SMILE INT'L	GRANT/CO-OP NC	123	06/01/91	0	0	0	0	0	0	0	0	123	0	0
PEOPLE TO PEOPLE HEALTH FDN. (HPC)	GRANT/CO-OP NC	2,000	06/01/91	0	0	0	0	0	0	0	2,000	0	0	0
WORLD VISION RELIEF & DEVELOPMENT	GRANT/CO-OP NC	1,000	06/21/91	0	0	0	0	0	0	0	0	1,000	0	0
AMERICAN JEWISH JOINT DISTRIBUTION COMMI	GRANT/CO-OP NC	1,649	07/01/91	0	0	1,649	0	0	0	0	0	0	0	0
OPERATION BLESSING INT'L RELIEF	GRANT/CO-OP NC	196	07/11/91	0	0	0	0	0	0	0	0	196	0	0
BROTHERS BROTHER FOUNDATION	GRANT/CO-OP NC	500	08/01/91	0	0	0	0	450	0	0	0	50	0	0
CITIZENS DEMOCRACY CORPS	GRANT/CO-OP NC	1,800	09/24/91	292	292	292	16	292	16	16	292	292	0	0
CRS	GRANT/CO-OP NC	900	09/28/91	0	900	0	0	L	0	0	0	0	0	0
C/O 91: AMERICAN ORT FEDERATION, INC. -	GRANT/CO-OP NC	500	11/20/91	500	0	0	0	0	0	0	0	0	0	0
C/O 91: PACT- PRIVATE AGENCIES COLLABOR	GRANT/CO-OP NC	250	11/27/91	0	0	0	0	0	0	0	0	250	0	0
C/O 91: DELPHI INTERNATIONAL GROUP - TO	GRANT AMEND	160	12/31/91	0	0	0	0	0	0	0	160	0	0	0
OPERATION SMILE	GRANT AMEND	37	03/25/92	0	0	0	0	0	0	0	0	37	0	0
Project Total for FY 91		15,800		792	1,717	1,941	16	2,642	16	16	4,712	3,948	0	0
CITIZENS DEMOCRACY CORPS	GRANT AMEND	2,557	03/07/92	426	426	426	0	426	0	0	426	426	0	0
OPERATION SMILE	GRANT AMEND	2	03/25/92	0	0	0	0	0	0	0	0	2	0	0
HOLT INT'L CHILDREN'S SERVICES	GRANT/CO-OP NC	153	07/30/92	0	0	0	0	0	0	0	0	153	0	0
AMERICAN ORT FEDERATION - ALBANIA	GRANT AMEND	2,408	07/31/92	2,408	0	0	0	0	0	0	0	0	0	0
HOLT INTERNATIONAL CHILDREN'S SERV.	GRANT/CO-OP NC	1,500	07/31/92	0	0	0	0	0	0	0	0	1,500	0	0
OIC INTERNATIONAL	GRANT/CO-OP NC	799	09/10/92	0	0	0	0	0	0	0	799	0	0	0
AMERICAN COMMITTEES FOR AID TO POLAND	GRANT AMEND	61	09/17/92	0	0	0	0	0	0	0	61	0	0	0
PACT	GRANT AMEND	22	09/30/92	0	0	0	0	0	0	0	0	22	0	0
Project Total for FY 92		7,500		2,834	426	426	0	426	0	0	1,285	2,102	0	0
PROJECT TOTAL:		23,300		3,626	2,143	2,367	16	3,068	16	16	5,997	6,050	0	0

1860001.

Humanitarian Assistance for Romanian Children

PACT GRANT - ROMANIAN CHILDREN	GRANT/CO-OP NC	2,000	09/24/90	0	0	0	0	0	0	0	0	2,000	0	0
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 2. Project totals reflect obligations by fiscal year of appropriation, not necessarily fiscal year of obligation.

	AGREEMENT	ORIGINATION AMOUNT	DATE	ALB	BUL	CZE	EST	FIN	LAT	LIT	POL	ROM	YUK	REG
UNICER GRANT - ROMANIAN CHILDREN														
	GRANT/CO-OP NC	2,000	09/26/90	0	0	0	0	0	0	0	0	2,000	0	0
	Project Total for FY 90	4,000		0	0	0	0	0	0	0	0	4,000	0	0
	PROJECT TOTAL:	4,000		0	0	0	0	0	0	0	0	4,000	0	0
2. Employment and the Social Safety Net														
18000033. Labor Market Transition														
632B - DEPT. OF LABOR: IMPLEMENTATION OF														
	MISC OBLIG DOC	5,615	03/29/91	75	0	400	0	850	0	0	3,700	0	0	590
	Project Total for FY 91	5,615		75	0	400	0	850	0	0	3,700	0	0	590
632(B) LABOR														
	632(B) IAA	3,000	04/10/92	0	250	250	0	500	0	0	1,400	0	0	600
	632(B) IAA	3,000	09/10/92	0	50	50	0	0	0	0	300	0	0	2,600
	Project Total for FY 92	6,000		0	300	300	0	500	0	0	1,700	0	0	3,200
	PROJECT TOTAL:	11,615		75	300	700	0	1,350	0	0	5,400	0	0	3,790
18600062. Romanian Family Planning (D.A. Funding)														
CEDPA GRANT - ROMANIAN FAMILY PLANNING														
	GRANT/CO-OP NC	1,500	03/14/91	0	0	0	0	0	0	0	0	1,500	0	0
	Project Total for FY 91	1,500		0	0	0	0	0	0	0	0	1,500	0	0
CEDPA GRANT AMENDMENT														
	GRANT AMEND	1,500	08/26/92	0	0	0	0	0	0	0	0	1,500	0	0
	Project Total for FY 92	1,500		0	0	0	0	0	0	0	0	1,500	0	0
	PROJECT TOTAL:	3,000		0	0	0	0	0	0	0	0	3,000	0	0

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		AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
3. Housing															
1800034. Housing Sector Assistance															
ABT ASSOCIATES - POLAND HOUSING FINANCE		IQC	66	06/10/91	0	0	0	0	0	0	0	66	0	0	0
IMCA - HUNGARY		GRANT/CO-OP NC	186	07/01/91	0	0	0	0	186	0	0	0	0	0	0
ICMA - POLAND		GRANT/CO-OP NC	510	07/01/91	0	0	0	0	0	0	0	510	0	0	0
IBRD - BUDAPEST ACTION PLAN		GRANT/CO-OP NC	247	08/01/91	0	0	0	0	247	0	0	0	0	0	0
UNCHS - HABITAT		GRANT/CO-OP NC	63	08/01/91	0	0	0	0	0	0	0	63	0	0	0
UNCHS - HABITAT		PURCHASE ORDER	1	08/01/91	0	0	0	0	0	0	0	0	0	0	1
PSC - HOUSING PROGRAM ADVISOR: VERET		CONTRACT (8A)	120	08/16/91	0	0	0	0	0	0	0	0	0	0	120
PADCO		CONTRACT AMEND	4,000	09/01/91	0	1,000	1,000	0	1,000	0	0	1,000	0	0	0
MIT - LUBLIN		GRANT/CO-OP NC	35	09/30/91	0	0	0	0	0	0	0	35	0	0	0
IBRD - HOUSING INDICATORS		GRANT/CO-OP NC	150	09/30/91	0	0	0	0	150	0	0	0	0	0	0
C/O 91: COOPERATIVE HOUSING FOUNDATION (		GRANT/CO-OP NC	830	01/10/92	0	0	0	0	0	0	0	830	0	0	0
C/O 91: PADCO - PRIVATE HOUSING DEVELOPM		RPF (CONTRACT)	1,400	03/23/92	0	350	350	0	350	0	0	350	0	0	0
C/O 91: PADCO - PRIVATE DEV OF HOUSING		RPF (CONTRACT)	4,200	03/23/92	0	1,050	1,050	0	1,050	0	0	1,050	0	0	0
C/O 91: URBAN INST. - HOUSING FINANCE SE		RPF (CONTRACT)	3,192	03/31/92	0	798	798	0	798	0	0	798	0	0	0
Project Total for FY 91			15,000		0	3,198	3,198	0	3,781	0	0	4,702	0	0	121
PADCO CONTRACT INCREMENTAL FUNDING (DHR-		CONTRACT AMEND	433	01/21/92	0	108	108	0	108	0	0	108	0	0	0
PADCO - PRIVATE DEV OF HOUSING		RPF (CONTRACT)	20	03/21/92	0	5	5	0	5	0	0	5	0	0	0
URBAN INST - HOUSING FINANCE ACTIVITY		RPF (CONTRACT)	2,543	03/31/92	0	636	636	0	636	0	0	636	0	0	0
ICMA: LOC. GOVT & HOUSING PRIVATIZATION		RPF (CONTRACT)	505	04/30/92	0	0	0	0	0	0	0	505	0	0	0
ICMA: LOC. GOVT & HOUSING PRIVATIZATION		CONTRACT AMEND	5,495	07/14/92	0	0	0	0	0	0	0	0	0	0	5,495
PADCO/URBAN INST. INCREMENTAL FUNDING		CONTRACT AMEND	567	07/30/92	0	142	142	0	142	0	0	142	0	0	0
NATIONAL ASSOCIATION OF HOME BUILDERS -		GRANT/CO-OP NC	500	07/31/92	0	0	0	0	0	0	0	500	0	0	0
DAVID OLINGER: PSC HOUSING ADVISOR		CONTRACT/NON-8A	260	08/07/92	0	0	0	0	0	0	0	0	0	0	260
PSC HOUSING PROG. ADVISOR - BARTON VERET		CONTRACT/NON-8A	120	08/14/92	0	0	0	0	0	0	0	0	0	0	120
NAHB - COOP AGREEMENT CHANGED TO CONTRAC		CONTRACT AMEND	1,000	09/08/92	0	0	0	0	0	0	0	1,000	0	0	0
EASTERN EUR. REAL PROPERTY FOUND./ N.A.R		GRANT/CO-OP NC	1,500	09/30/92	0	0	0	0	0	0	0	0	0	0	1,500
Project Total for FY 92			12,943		0	891	891	0	891	0	0	2,895	0	0	7,375
PROJECT TOTAL:			27,943		0	4,089	4,089	0	4,671	0	0	7,597	0	0	7,497

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
4. Health														
1800006.	<u>Medical Supplies, Equipment & Supplies (Poland)</u>													
PROJECT HOPE.	GRANT/CO-OP NC	498	06/12/90	0	0	0	0	0	0	0	498	0	0	0
NATIONAL ENDOWMENT FOR DEMOCRACY	GRANT/CO-OP NC	996	06/18/90	0	0	0	0	0	0	0	996	0	0	0
POLISH-AMERICAN CONGRESS CHARITABLE FUND	GRANT/CO-OP NC	498	06/26/90	0	0	0	0	0	0	0	498	0	0	0
	Project Total for FY 90	1,991		0	0	0	0	0	0	0	1,991	0	0	0
	PROJECT TOTAL:	1,991		0	0	0	0	0	0	0	1,991	0	0	0
1800037.	<u>Partnership in Health Care</u>													
MSCI - MEDICAL SERVICES CORP. INTERNATIO	GRANT/CO-OP NC	801	09/19/91	0	801	0	0	0	0	0	0	0	0	0
MSCI - MEDICAL SERVICES INTERNATIONAL CO	GRANT/CO-OP NC	791	09/19/91	0	791	0	0	0	0	0	0	0	0	0
UNIV. KANSAS MED CENTER	GRANT/CO-OP NC	933	09/27/91	0	0	0	0	933	0	0	0	0	0	0
C/O 91: INOVA HEALTH SYSTEMS - 1183739	GRANT AMEND	870	12/31/91	0	0	0	0	870	0	0	0	0	0	0
C/O 91: ALBANY MEDICAL CENTER	GRANT AMEND	600	12/31/91	0	0	0	0	0	0	0	600	0	0	0
C/O 91: MILWAUKEE INTL HLTH TRNG CTR - I	GRANT AMEND	780	02/01/92	0	0	0	0	0	0	0	780	0	0	0
C/O 91: PARTNERS EVAL - JCAHO	CONTRACT AMEND	201	09/29/92	0	0	0	0	0	0	0	0	0	0	201
	Project Total for FY 91	4,976		0	1,592	0	0	1,803	0	0	1,380	0	0	201
	PROJECT TOTAL:	4,976		0	1,592	0	0	1,803	0	0	1,380	0	0	201
	MEDICAL SERV. CORP. INTL - BULGARIA.	600	03/05/92	0	600	0	0	0	0	0	0	0	0	0
	MEDICAL SERV. CORP. INTL - BULGARIA.	600	03/05/92	0	600	0	0	0	0	0	0	0	0	0
	KANSAS MEDICAL CENTER - HUNGARY.	340	03/05/92	0	0	0	0	340	0	0	0	0	0	0
	INOVA HEALTH SYSTEMS - HUNGARY.	800	03/05/92	0	0	0	0	800	0	0	0	0	0	0
	MILWAUKEE INTL HEALTH TRNG CTR - POLAND.	800	03/10/92	0	0	0	0	0	0	0	800	0	0	0
	ALBANY MEDICAL CENTER - POLAND.	500	03/12/92	0	0	0	0	0	0	0	500	0	0	0
	UNIVERSITY OF CALIFORNIA - CZECHOSLOVAKI	1,000	03/13/92	0	0	1,000	0	0	0	0	0	0	0	0
	PROJECT HOPE	1,200	03/31/92	0	0	1,200	0	0	0	0	0	0	0	0
	HEART INSTITUTE INTERNATIONAL.	1,080	03/31/92	0	0	0	0	0	0	0	0	1,080	0	0
	JCAHO (JOINT COMMISSION ASSOC. HOSPITAL	300	09/29/92	0	0	0	0	0	0	0	0	0	0	300
	Project Total for FY 92	7,220		0	1,200	2,200	0	1,140	0	0	1,300	1,080	0	300
	PROJECT TOTAL:	12,196		0	2,792	2,200	0	2,943	0	0	2,680	1,080	0	501

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	FST	HUN	LAT	LIT	POL	ROM	YUG	REG
1800038. Promotion/Private Health Markets														
HEALTHICARE ENTERPRISES	CONTRACT AMEND	4,699	04/30/92	400	425	1,000	20	1,000	20	10	1,000	425	0	399
PASA W/OFFICE OF INT'L HEALTH	PASA	200	06/30/92	33	33	33	0	33	0	0	33	33	0	0
AAAS (AMER ASSOC/ADVANCEMENT OF SCIENCE)	GRANT AMEND	73	08/13/92	0	0	0	0	0	0	0	0	0	0	73
HEALTHICARE ENTERPRISE INT'L	CONTRACT AMEND	27	09/30/92	0	0	0	0	0	0	0	0	0	0	27
	Project Total for FY 92	5,000		433	458	1,033	20	1,033	20	10	1,033	458	0	500
	PROJECT TOTAL:	5,000		433	458	1,033	20	1,033	20	10	1,033	458	0	500
5. Environment														
1800004. Environmental Initiatives														
632A - EPA: I. KRAKOW ENV. ACTIVITIES (S	MISC OBLIG DOC	3,146	05/04/90	0	258	258	0	258	0	0	1,858	258	258	0
632B - DOE: KRAKOW CLEAN COAL TECHNOLOGY	MISC OBLIG DOC	9,776	06/08/90	0	0	0	0	0	0	0	9,776	0	0	0
WORLD WILDLIFE FUND	GRANT/CO-OP NC	100	09/01/90	0	0	50	0	50	0	0	0	0	0	0
WORLD ENVIRONMENTAL CENTER	GRANT/CO-OP NC	450	09/01/90	0	0	0	0	225	0	0	225	0	0	0
HEALTH FINANCE STUDY	GRANT/CO-OP NC	130	09/01/90	0	43	43	0	44	0	0	0	0	0	0
WORLD ENVIRONMENTAL CENTER	GRANT/CO-OP NC	250	09/01/90	0	0	0	0	125	0	0	125	0	0	0
	Project Total for FY 90	13,852		0	301	351	0	702	0	0	11,984	258	258	0
632A - EPA: REG ENVIR CENT, KRAKOW AIR/W	632(A) IAA	2,989	03/29/91	0	0	0	0	1,494	0	0	1,494	0	0	0
WORLD ENVIRONMENT CENTER - COOP AGR. AME	GRANT AMEND	4,000	03/29/91	0	754	1,064	0	714	0	0	714	754	0	0
	Project Total for FY 91	6,989		0	754	1,064	0	2,208	0	0	2,208	754	0	0
WORLD ENVIRONMENT CENTER	GRANT AMEND	3,500	05/01/92	0	300	750	333	650	333	333	525	275	0	0
PSC: ENVIRONMENTAL SPECIALIST FOR RME/DR	CONTRACT/NON-BA	102	05/11/92	0	0	0	0	0	0	0	0	0	0	102
WORLD ENVIRONMENT CENTER INCREMENTAL FUN	GRANT AMEND	192	09/17/92	0	192	0	0	0	0	0	0	0	0	0

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		AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
632(B) - EPA		632(B) IAA	1,892	09/30/92	0	0	0	0	0	0	0	1,892	0	0	0
	Project Total for FY 92		5,686		0	492	750	333	650	333	333	2,417	275	0	102
	PROJECT TOTAL:		26,526		0	1,546	2,165	333	3,560	333	333	16,609	1,287	258	102

1800039. Improved Public Sector Environmental Services

632(B) - EPA: IMPLEMENTING ACTIVITIES T	MISC OBLIG DOC	8,100	05/30/91	0	1,045	4,160	0	1,695	0	0	0	1,200	0	0	0
USDA - 632B	MISC OBLIG DOC	400	06/14/91	0	80	80	0	80	0	0	0	80	80	0	0
CENTER FOR CLEAN AIR POLICY	GRANT/CO-OP NC	500	09/01/91	0	0	500	0	0	0	0	0	0	0	0	0
WORLD WILDLIFE FUND - E. EUROPE CONSERVA	GRANT/CO-OP NC	800	09/01/91	0	225	200	0	175	0	0	0	200	0	0	0
CAMP, DRESSER AND MC KEE INC.: REGIONAL	GRANT/CO-OP NC	1,000	09/01/91	0	300	250	0	300	0	0	0	0	150	0	0
C/O 91: RESEARCH TRIANGLE INST.	RPF (CONTRACT)	1,200	07/07/92	0	0	0	0	600	0	0	0	600	0	0	0
	Project Total for FY 91		12,000		0	1,650	5,190	0	2,850	0	0	2,080	230	0	0

CENTER FOR CLEAN AIR POLICY	GRANT AMEND	499	03/25/92	0	0	499	0	0	0	0	0	0	0	0	0
632(B) USDA	632(B) IAA	750	04/09/92	0	338	25	0	24	0	0	0	25	338	0	0
RTI: DECENTRALIZATION & LOCAL GOVT ENVIR	GRANT AMEND	750	07/07/92	0	0	0	0	375	0	0	0	375	0	0	0
CAMP, DRESSER & MCKEE: DANUBE RIVER BASI	CONTRACT AMEND	1,250	08/11/92	0	313	313	0	313	0	0	0	0	313	0	0
NATIONAL PARK SERVICE	PASA	825	09/16/92	0	450	0	0	100	0	0	0	0	275	0	0
632(B) EPA	632(B) IAA	4,961	09/30/92	0	455	1,253	275	485	275	350	1,417	0	0	0	451

Project Total for FY 92 9,035 0 1,556 2,090 275 1,297 275 350 1,817 926 0 451

PROJECT TOTAL: 21,035 0 3,206 7,280 275 4,147 275 350 3,897 1,156 0 451

201

1800041. Environmental Training

DUKE UNIVERSITY - ENVIRONMENTAL ECONOMIC	GRANT/CO-OP NC	700	08/01/91	0	135	175	0	135	0	0	200	55	0	0	
PASA - NATIONAL PARK SERVICE: CONSERVATI	PASA	300	09/26/91	0	65	50	0	65	0	0	75	45	0	0	
C/O 91: U. MINN CONSORTIUM - ENVIRON. TR	RFA (GRANT)	2,000	02/11/92	0	292	308	0	491	0	0	415	338	156	0	
	Project Total for FY 91		3,000		0	492	533	0	691	0	0	690	458	156	0

UNIV OF MINNESOTA CONSORTIUM GRANT AMEND 1,148 03/25/92 0 171 169 0 284 0 0 238 194 92 0

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AGREEMENT	OBLIGATION AMOUNT	DATE	A.E.B	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
Project Total for FY 92	1,148		0	171	169	0	284	0	0	238	194	92	0
PROJECT TOTAL:	4,148		0	663	702	0	975	0	0	928	632	248	0

D. MISCELLANEOUS

Cum. Subtotal: **\$8,632** **\$105** **\$485** **\$421** **\$86** **\$268** **\$86** **\$86** **\$664** **\$361** **\$11** **\$6,059**

1800001. A.I.D. Administrative Expenses

TRANSFER TO OE BUDGET - FROM FM OYB REP.	MISC OBLIG DOC	463	09/30/90	0	0	0	0	0	0	0	0	0	463
Project Total for FY 90		463		0	0	0	0	0	0	0	0	0	463
TRANSFER TO OE BUDGET - FY 1991	OYB TRANSFER	1,528	10/01/90	0	0	0	0	0	0	0	0	0	1,528
Project Total for FY 91		1,528		0	0	0	0	0	0	0	0	0	1,528
TRANSFER TO OE BUDGET - IG	OYB TRANSFER	491	10/01/91	0	0	0	0	0	0	0	0	0	491
Project Total for FY 92		491		0	0	0	0	0	0	0	0	0	491
PROJECT TOTAL:		2,482		0	0	0	0	0	0	0	0	0	2,482

1800249. Audit, Evaluation and Program Support

632A - DOE BUDGET TRANSFER: FOSSIL FUELS	MISC OBLIG DOC	60	01/17/90	0	0	0	0	0	0	60	0	0	0
BUDGET TRANS.: EPA - DESIGNING ENVIRON.	MISC OBLIG DOC	100	02/28/90	0	0	0	40	0	0	60	0	0	0
WHITE HOUSE OFFICE OF ADMIN.	MISC OBLIG DOC	2	03/01/90	0	0	0	0	0	0	0	0	0	2
IQC DELIVERY ORDER WITH DEVELOPMENT ALTE	IQC	202	03/27/90	0	0	0	0	0	0	202	0	0	0
URBAN INSTITUTE.	IQC	49	09/18/90	0	0	0	20	0	0	29	0	0	0

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AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
INTERNATIONAL CITY MANAGEMENT ASSOCIATIO	96	09/24/90	0	0	0	0	40	0	0	56	0	0	0
	509		0	0	0	0	100	0	0	407	0	0	2
Project Total for FY 90													
DEVELOPMENT ASSOCIATES INC - EVAL.	100	01/08/91	0	0	0	0	0	0	0	0	0	0	100
632(A) - USA - IMPLEMENTING WHITE HOUSE	100	01/28/91	0	0	0	0	0	0	0	0	0	0	100
BULGARIA-LEZIN	25	02/07/91	0	25	0	0	0	0	0	0	0	0	0
FNMA	9	02/28/91	0	0	0	0	0	0	0	0	0	0	9
NCF-MULLER	25	03/01/91	0	0	0	0	0	0	0	0	0	0	25
GRACIELA TESTA	11	03/01/91	0	0	0	0	0	0	0	0	0	0	11
TRUST THRU HEALTH	84	03/09/91	0	0	0	0	0	0	0	0	0	0	84
FTC-LANGENFELD	6	03/31/91	0	6	0	0	0	0	0	0	0	0	0
FTC/JUSTICE-VAN SICIEN	4	03/31/91	0	4	0	0	0	0	0	0	0	0	0
FTC-WINSLOW	35	03/31/91	0	35	0	0	0	0	0	0	0	0	0
SEC-KUCERA	4	03/31/91	0	4	0	0	0	0	0	0	0	0	0
SEC-PAVLAT	13	04/01/91	0	0	13	0	0	0	0	0	0	0	0
SEC-SPICKA	13	04/01/91	0	0	13	0	0	0	0	0	0	0	0
SEC-SZAZ	12	04/01/91	0	0	12	0	0	0	0	0	0	0	0
SEC-ROTYIS	5	04/01/91	0	0	0	0	5	0	0	0	0	0	0
SEC-PASCI	5	04/01/91	0	0	0	0	5	0	0	0	0	0	0
SEC-DABIC	6	04/01/91	0	0	0	0	0	0	0	0	0	0	0
SEC-MOSKAL (POLAND)	7	04/01/91	0	0	0	0	0	0	0	0	0	0	0
SEC-SOCHIA (POLAND)	7	04/01/91	0	0	0	0	0	0	0	7	0	0	0
SEC-ADANKIEWICZ (POLAND)	7	04/01/91	0	0	0	0	0	0	0	7	0	0	0
SEC-SOCHACKA (POLAND)	7	04/01/91	0	0	0	0	0	0	0	7	0	0	0
SEC - TRPEVSKI	6	04/01/91	0	0	0	0	0	0	0	0	0	0	0
ABT PRE/H	67	04/04/91	0	0	0	0	0	0	0	0	0	0	67
TA #118238A - ANTONIA SZARD - TRAVEL TO	5	04/18/91	0	0	0	0	5	0	0	0	0	0	0
PADCO	100	04/26/91	0	0	0	0	0	0	0	0	0	0	100
ART DO, POLAND	72	05/03/91	0	0	0	0	0	0	0	0	0	0	0
ERSCO SUB SERV-UNKNOWN	0	05/01/91	0	0	0	0	0	0	0	0	0	0	0
DAUHP	67	05/24/91	0	0	0	0	0	0	0	0	0	0	67
COOP HOUSING FED'N	32	06/01/91	0	0	0	0	0	0	0	0	0	0	32
DTI - GREENBERG	300	06/01/91	0	0	0	0	0	0	0	0	0	0	300
AED	55	06/19/91	0	0	0	0	0	0	0	0	0	0	55
OYB TRANSFER - PEACE CORPS	97	06/30/91	0	0	0	0	0	0	0	0	0	0	97
OYB TRANSFER - APRE - WARSAW (FROM PD)	40	06/30/91	0	0	0	0	0	0	0	0	0	0	40
HUNGARY-LYON	24	07/01/91	0	0	0	0	24	0	0	0	0	0	0
INT'L RES GP-ICHORD	45	07/15/91	0	0	0	0	0	0	0	0	0	0	45

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
AAAS	GRANT/CO-OP NC	75	08/01/91	0	0	0	0	0	0	0	0	0	0	75
MSI - MAHONEY	IQC	164	08/01/91	0	0	0	0	0	0	0	0	0	0	164
R.NATHAN - ALBANIA	IQC	34	08/13/91	34	0	0	0	0	0	0	0	0	0	0
FUTURES GROUP-BRYAN	GRANT AMEND	100	09/01/91	0	0	0	0	0	0	0	0	0	0	100
GOVT. OF BULGARIA -SECTION 416 -- RICHAR	CABLE	6	09/01/91	0	6	0	0	0	0	0	0	0	0	0
ALAN P KENDALL	TRAVEL AUTH	1	09/01/91	0	0	1	0	0	0	0	0	0	0	0
AQUIRRE INTL. : PIERRE BALLIETT - ALBANI	PURCHASE ORDER	9	09/03/91	9	0	0	0	0	0	0	0	0	0	0
AGRIBUSINESS COUNCIL	PURCHASE ORDER	15	09/29/91	0	0	0	0	0	0	0	0	0	0	15
AGRIBUSINESS COUNCIL	PURCHASE ORDER	25	09/29/91	0	0	0	0	0	0	0	0	0	0	25
IDFC - ALBANIA FERTILIZER	GRANT/CO-OP NC	25	09/30/91	0	0	0	0	0	0	0	0	0	0	25
632B - COMMERCE/BLS LUXEMBOURG STUDY	632(B) IAA	199	11/05/91	0	0	0	0	0	0	0	0	0	0	199
C/O 91: ROMANIA - RESOURCE MANAGEMENT AS	IQC	47	11/26/91	0	0	0	0	0	0	0	0	47	0	0
632B - USIA	632(B) IAA	150	12/20/91	0	0	0	0	0	0	0	0	0	0	150
C/O 91: BUSINESS-HIGHER EDUCATION FORUM.	GRANT/CO-OP NC	99	01/01/92	0	0	99	0	0	0	0	0	0	0	0
C/O 91: ADVISOR - DIVISION OF HUMAN RESO	CONTRACT (8A)	125	01/07/92	0	0	0	0	0	0	0	0	0	0	125
C/O 91: THE HAY GROUP - REPORT ANALYZING	PURCHASE ORDER	5	03/24/92	0	0	0	0	0	0	0	0	0	0	0
C/O 91: PETER GAJEWSKI	PURCHASE ORDER	25	03/30/92	0	0	0	0	0	0	0	5	0	0	0
C/O 91: FRANK VITA - ADVISOR FOR NORTHER	CONTRACT/NON-8A	151	04/01/92	0	0	0	0	0	0	0	0	0	0	151
C/O 91: EMMANUEL DUBOIS - PSC	CONTRACT/NON-8A	150	06/01/92	0	0	0	0	0	0	0	0	0	0	150
C/O 91: TRAVEL AUTH - FRANK VITA	TRAVEL AUTH	2	06/10/92	0	0	0	0	0	0	0	0	0	0	2
C/O 91: TRAVEL AUTH - FRANK VITA	TRAVEL AUTH	5	06/10/92	0	0	0	0	0	0	0	0	0	0	5
C/O 91: RSSA W/COMMERCE	RSSA	1	06/22/92	0	0	0	0	0	0	0	0	0	0	1
C/O 91: CHESAPEAKE ASSOCIATES, INC.	GRANT/CO-OP NC	373	08/21/92	0	373	0	0	0	0	0	0	0	0	0
IFDC ROMANIA COMMODITY IMPORT DESIGN	GRANT/CO-OP NC	113	09/30/92	0	0	0	0	0	0	0	0	113	0	0
	Project Total for FY 91	3,496		43	453	139	0	43	0	0	144	185	11	2,477
204	U.S. TELECOMMUNICATIONS TRNG INST	GRANT AMEND	200	03/27/92	0	0	0	0	0	0	0	0	0	200
	NANCY COCHRAN - TRAVEL TO ROMANIA	TRAVEL AUTH	3	03/31/92	0	0	0	0	0	0	0	3	0	0
	TYMNET SERVICES	PURCHASE ORDER	15	05/01/92	0	0	0	0	0	0	0	0	0	15
	TA: PAMELA MCCLOUD	TRAVEL AUTH	6	05/11/92	0	0	0	1	0	0	1	0	0	4
	TA: COLLEEN ALLEN	TRAVEL AUTH	10	05/12/92	0	1	1	0	1	0	1	0	0	6
	ICEG	GRANT/CO-OP NC	114	06/20/92	10	25	35	0	0	0	40	5	0	9
	RSSA W/COMMERCE	RSSA	92	06/22/92	0	0	0	0	0	0	0	0	0	92
	SRI INTERNATIONAL	GRANT/CO-OP NC	197	06/30/92	0	0	197	0	0	0	0	0	0	0
	R&D'S PEACE CORPS 936-1421 SMALL PROF AS	GRANT AMEND	92	07/07/92	0	0	7	0	24	0	48	13	0	0
	HAROLD BEARD TRAVEL AUTHORIZATION	TRAVEL AUTH	7	07/17/92	0	0	0	0	0	0	0	0	0	7
	JOHN LOVE TRAVEL AUTHORIZATION	TRAVEL AUTH	7	07/17/92	0	0	0	0	0	0	0	0	0	7
	IDMC/U. OF MD.: ENR WORKSHOP	GRANT AMEND	60	07/30/92	0	0	0	0	0	0	0	0	0	60
	LTS CORP. - DEVELOPMENT INFO SUPPORT, BU	CONTRACT AMEND	100	07/31/92	0	0	0	0	0	0	0	0	0	100

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	AGREEMENT	OBLIGATION AMOUNT	DATE	ALB	BUL	CZE	EST	HUN	LAT	LIT	POL	ROM	YUG	REG
PATRICK DISKIN - ALBANIAN AGR. PROJECT D	PURCHASE ORDER	5	08/04/92	5	0	0	0	0	0	0	0	0	0	0
KIM FENDER - AGRIBUSINESS PROJECT SPREAD	PURCHASE ORDER	0	08/10/92	0	0	0	0	0	0	0	0	0	0	0
PURCHASE ORDER/KEVIN MCDONALD	PURCHASE ORDER	9	08/31/92	0	0	0	0	0	0	0	0	0	0	9
TRAVEL AUTH 2622531 JULIA TERRY	TRAVEL AUTH	4	08/31/92	0	0	0	0	0	0	0	0	0	0	4
TRAVEL AUTH: VIRGINIA LEWMAN	TRAVEL AUTH	3	09/01/92	0	0	0	0	0	0	0	0	0	0	3
IFDC ROMANIA COMMODITY IMPORT DESIGN	GRANT/CO-OP NC	86	09/01/92	0	0	0	0	0	0	0	0	86	0	0
PRICE WATERHOUSE: PRIVATIZ. SECTOR EVAL.	CONTRACT AMEND	315	09/10/92	0	0	0	0	0	0	0	0	0	0	315
ARTHUR WIELKOSZEWSKI - PSC	PURCHASE ORDER	8	09/14/92	0	0	0	0	0	0	0	0	0	0	8
TRAVEL - JAMES TAFT: HUNGARY	TRAVEL AUTH	4	09/23/92	0	0	0	0	4	0	0	0	0	0	0
PIET - ALBANIAN CARPET WEAVERS	CONTRACT AMEND	30	09/25/92	30	0	0	0	0	0	0	0	0	0	0
INT'L RESOURCES GROUP	IQC	91	09/25/92	0	0	0	0	0	0	0	0	0	0	91
HUDSON INSTITUTE - BALTICS PRIV. SECTOR	GRANT/CO-OP NC	257	09/28/92	0	0	0	86	0	86	86	0	0	0	(1)
POLAND PD&S (\$100,000) - FIELD ALLOWANCE	ALLOWANCE/FIELD	23	09/30/92	0	0	0	0	0	0	0	23	0	0	0
BULGARIA HEALTH CONF. (\$10,000) - FIELD	ALLOWANCE/FIELD	6	09/30/92	0	6	0	0	0	0	0	0	0	0	0
CSFR PD&S (\$50,000) - FIELD ALLOWANCE	ALLOWANCE/FIELD	42	09/30/92	0	0	42	0	0	0	0	0	0	0	0
HUNGARY PD&S (\$100,000) - FIELD ALLOWANC	ALLOWANCE/FIELD	95	09/30/92	0	0	0	0	95	0	0	0	0	0	0
ROMANIA PD&S (\$72,000)	ALLOWANCE/FIELD	27	09/30/92	0	0	0	0	0	0	0	0	27	0	0
PSC/HR DIVISION (EUR)	CONTRACT/NON-BA	62	09/30/92	0	0	0	0	0	0	0	0	0	0	62
BUY-IN TO GENESYS PROJECT (WID)	CONTRACT AMEND	118	09/30/92	0	0	0	0	0	0	0	0	0	0	118
TRAVEL - LLOYD NYSTROM: ALBANIA	TRAVEL AUTH	6	09/30/92	6	0	0	0	0	0	0	0	0	0	0
TRAVEL - LLOYD CLYBURN: ALBANIA	TRAVEL AUTH	7	09/30/92	7	0	0	0	0	0	0	0	0	0	0
TRAVEL - GEORGE MARX: ALBANIA	TRAVEL AUTH	5	09/30/92	5	0	0	0	0	0	0	0	0	0	0
IFDC ROMANIA COMMODITY IMPORT DESIGN	GRANT/CO-OF IC	42	09/30/92	0	0	0	0	0	0	0	0	42	0	0
	Project Total for FY 92	2,145		62	32	282	86	125	86	86	112	176	0	1,098
	PROJECT TOTAL:	6,150		105	485	421	86	268	86	86	664	361	11	3,577

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VI. OTHER U.S. ASSISTANCE INITIATIVES AND PROGRAMS

DOD EXCESS PROPERTY HUMANITARIAN ASSISTANCE PROGRAM

The Department of Defense (DoD) has an active program supporting the donation and delivery of humanitarian relief supplies in central and eastern Europe. This program is administered by the Office of the Secretary of Defense, International Security Affairs, Office of Global Affairs. Under the authority of U.S.C. Title 10, Section 2547, DoD can make available DoD excess non-lethal property to foreign recipients, when tasked through and in coordination with the Department of State. A further authority, the McCollum transportation law, authorizes and appropriates funds for the transportation of DoD excess property to recipient countries.

DoD's first mission in the region was to Hungary in March 1990. All countries have received humanitarian relief supplies through this program with the exception of the ex-Yugoslavia Republics of Slovenia and Serbia-Montenegro. The DoD excess property has been supplied from the drawdown of U.S. military facilities in Europe and the excess stocks of food and medical supplies from Operation Desert Storm. The U.S. military launched Operation Provide Promise in July 1992, flying C-130 aircraft from Rhein-Main Air Force Base in Germany to Sarajevo supporting UNHCR relief efforts. A summary of DoD's humanitarian assistance program for the reporting period of the SEED Act follows.

ALBANIA

<u>DATE</u>	<u>DESCRIPTION OF CARGO</u>
Jul 92	280,000 pounds of MREs and bulk B-rations
Aug 92	40,000 pounds of MREs/vegetable oil
Dec 92	40,000 pounds of blankets
Mar-Jun 92	7 million pounds of MREs/bulk B-rations (200 forty foot vans)
Jun 92	42 five ton trucks/trailers
Jun 92	260,000 pounds of DoD excess and privately donated clothing and privately donated food
Sep 92	60,000 pounds of DoD excess medical supplies/equipment
Sep 92	160,000 pounds of DoD excess and privately donated medical supplies/equipment

DATE DESCRIPTION OF CARGO

BULGARIA

Jul 90 40,000 pounds of DoD excess medical supplies/equipment

Jun 92 3,500,000 pounds of bulk B-rations/commodities (100 forty foot vans)

CZECHOSLOVAKIA

Oct 90 150,000 pounds of DoD excess medical supplies/equipment

Sep 92 30,000 pounds of DoD excess medical supplies/equipment

ESTONIA

Feb 92 40,000 pounds of medical supplies/equipment and blankets

HUNGARY

Mar 90 40,000 pounds of DoD excess medical supplies/equipment

Dec 90 150,000 pounds of DoD excess medical supplies/equipment and an ambulance

Sep 92 30,000 pounds of DoD excess medical supplies/equipment

Sep 92 400,000 pounds of bulk B-rations (12 forty foot vans)

LATVIA

Feb 92 45,000 pounds of DoD excess medical supplies/equipment, bulk B-rations, and blankets; 40,000 pounds of Project Hope medicines (to be divided among Baltic countries).

Sep 92 840,000 pounds of DoD excess bulk B-rations (24 forty foot vans)

LITHUANIA

Feb 92 65,000 pounds of DoD excess medical supplies/equipment, bulk B-rations, and blankets

Sep 92 770,000 pounds of DoD excess bulk B-rations (22 forty foot vans)

DATE DESCRIPTION OF CARGO

POLAND

DATE DESCRIPTION OF CARGO

Jul 90 360,000 pounds of DoD excess dietary supplement,
medical supplies/equipment, and office furniture

Aug-Nov 90 41 truckloads of DoD excess medical
supplies/equipment, office furniture, mattresses,
and blankets

Oct 91 150,000 pounds of DoD excess medical
supplies/equipment, ambulances, and dietary
supplement

Sep 92 one 20-ton crane

ROMANIA

Apr 90 40,000 pounds of DoD excess medical
supplies/equipment

Mar 91 25,000 pounds of DoD excess medical
supplies/equipment and red blood cells

Mar 91 150,000 pounds of DoD excess and privately
donated medical supplies/equipment

May 91 150,000 pounds of DoD excess and privately
donated medical supplies/equipment

Jul 91 150,000 pounds of DoD excess and privately
donated medical supplies/equipment

Sep 91 150,000 pounds of DoD excess and privately
donated medical supplies/equipment

Dec 91 150,000 pounds of DoD excess and privately
donated medical supplies/equipment

Sep 92 150,000 pounds of DoD excess and privately
donated medical supplies/equipment

Sep 92 60,000 pounds of DoD excess medical
supplies/equipment (two forty foot vans)

DATE DESCRIPTION OF CARGO

YUGOSLAVIA

Jul 91 40,000 pounds of DoD excess medical supplies/equipment (delivered to Belgrade)

BOSNIA AND HERZEGOVINA

Apr 92 200,000 pounds of DoD excess MREs and OFDA purchased blankets and medicines

Jun-Jul 92 155 forty foot vans of DoD excess MREs (3.21 million meals)

Aug-Dec 92 160 forty foot vans of DoD excess MREs (3.49 million meals)

CROATIA

Dec 91 150,000 pounds of DoD excess medical supplies and privately donated clothing

May 92 80,000 pounds of DoD excess MREs

EX-YUGOSLAV REPUBLIC OF MACEDONIA

Sep 92 40,000 pounds of DoD excess powdered milk

Sep 92 1,400,000 pounds of DoD excess bulk B-rations and MREs (40 forty foot vans)

SFRBIA-MONTENEGRO

No DoD excess property deliveries were made during the reporting period.

SLOVENIA

No DoD excess property deliveries were made during the reporting period.

FOOD ASSISTANCE AND CREDIT GUARANTEES IN EASTERN EUROPE

U.S. food assistance and credit guarantee programs in eastern Europe increased markedly in FY 1992. U.S. food aid programs provided over \$125 million in U.S. agricultural commodities to the region, bringing the total to over \$310 million since the SEED Act took effect. The GSM-102 program provided an additional \$80m in credit guarantees, bringing the three-year total to over \$175 million. U.S. food aid programs were also broader in FY 1992, reaching four countries for the first time -- Albania, as it emerged from isolation, and the three Baltic states, as they established themselves as independent countries. Romania and Czechoslovakia began to emerge as commercial markets in FY 1992 with the provision of a combined \$70 million in credit guarantees to assist them in financing the purchase of U.S. agricultural commodities.

Albania emerged from its long isolation with a devastated economy, incapable of producing sufficient food to feed its population. The U.S. played a key role in ensuring the adequacy of the country's food supply in FY 1992 by providing over \$38 million in grant aid -- including wheat, butter, vegetable oil, non-fat dry milk, and cotton -- under the Food for Progress program.

Bulgaria was offered \$10 million in food aid under the PL-480 Title I concessional sales program, but its Parliament failed to approve the agreement before the end of the fiscal year.

Czechoslovakia is not a recipient of U.S. food aid, but USDA in FY 1992 began to develop a commercial market for U.S. agricultural products there by offering \$20 million in credit guarantees under GSM-102.

Estonia, Latvia, and Lithuania each received Title I programs of \$10m (including transport costs) and grants of \$9.8 million of corn for animal feed under Section 416(b). This assistance was important in helping these countries grapple with their economic problems after achieving independence.

Hungary continues to be a small commercial market for U.S. agricultural products. USDA offered \$10m in credit guarantees in FY 1992.

Poland continued to receive large amounts of U.S. food aid in FY 1992 -- food donations authorized under the American Aid to Poland Act were completed with a \$24 million Section 416(b) butter grant. Total U.S. food aid to Poland for the three years through FY 1992 is over \$75 million.

Romania became a commercial customer for U.S. agricultural products in FY 1992. USDA launched a successful \$50 million credit guarantee program -- commodities included oilseeds, protein meals, and cotton. Romania also received a \$10 million Title I cotton program in FY 1992. Given the new commercial program, less emphasis was placed on food aid than in the previous two years. The three year food aid total is over \$100 million.

Yugoslavia was a commercial market for U.S. food in FY 1990 and FY 1991 with GSM-102 programs of \$40 million and \$12 million, respectively. The breakup of and civil conflict in former Yugoslavia has reversed this situation. In FY 1992, the U.S. provided over \$4 million in processed foods under PL-480 Title II to UNHCR for refugee feeding programs throughout the region. Additionally, approximately \$1.5 million in wheat was provided to meet emergency conditions in Macedonia.

U.S. FOOD AID AND CREDIT GUARANTEES IN EASTERN EUROPE

	<u>GSM-102 Credit Guarantees</u> (\$ millions)	<u>PL-480 Title I Concessional Sales</u> (\$ millions)/1	<u>Section 416(b) Grant Aid</u> (\$ millions)/1	<u>FY Food Aid Subtotal Excludes GSM-102</u> (\$ millions)/1
ALBANIA				
FY 90	0	0	0	0
FY 91	0	0	0	0
FY 92	<u>0</u>	<u>22 /2</u>	<u>16.5 /3</u>	<u>38.5</u>
Subtotal	0	22	16.5	38.5
BULGARIA				
FY 90	0	0	0	0
FY 91	0	0	34	34
FY 92	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	0	0	34	34
CZECHOSLOVAKIA				
FY 90	0	0	0	0
FY 91	0	0	0	0
FY 92	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	20	0	0	0
ESTONIA				
FY 90	0	0	0	0
FY 91	0	0	0	0
FY 92	<u>0</u>	<u>8</u>	<u>9.8</u>	<u>17.8</u>
Subtotal	0	8	9.8	17.8
HUNGARY				
FY 90	25	0	0	0
FY 91	20	0	0	0
FY 92	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	56	0	0	0
LATVIA				
FY 90	0	0	0	0
FY 91	0	0	0	0
FY 92	<u>0</u>	<u>8</u>	<u>9.8</u>	<u>17.8</u>
Subtotal	0	8	9.8	17.8
LITHUANIA				
FY 90	0	0	0	0
FY 91	0	0	0	0
FY 92	<u>0</u>	<u>8.8</u>	<u>9.8</u>	<u>18.6</u>
Subtotal	0	8.8	9.8	18.6
POLAND				
FY 90	0	14.8	35.9	50.7
FY 91	0	0	0	0
FY 92	<u>0</u>	<u>0</u>	<u>24</u>	<u>24</u>
Subtotal	0	14.8	59.9	74.7
ROMANIA				
FY 90	0	20	40.8	60.8
FY 91	0	0	33.5	33.5
FY 92	<u>50</u>	<u>10</u>	<u>0</u>	<u>10</u>
Subtotal	50	30	74.3	104.3
YUGOSLAVIA				
FY 90	40	0	0	0
FY 91	12	0	0	0
FY 92	<u>0</u>	<u>0</u>	<u>5.8 /4</u>	<u>5.8</u>
Subtotal	52	0	5.8	5.8
PROGRAM TOTALS	178	91.6	219.9	311.5 /5

/1 All figures are commodity values, exclusive of ocean freight costs.

/2 Provided as grant aid under the Food for Progress program, resources from Title I.

/3 Provided as grant aid under the Food for Progress program, resources from Section 416(b) except for \$750,000 in Title II grant assistance.

/4 Provided under PL-480 Title II mainly to UNHCR for refugee feeding programs in former Yugoslavia.

/5 Including the GSM-102 programs, the commercial and food aid total is \$489.5 million.

PEACE CORPS

The Peace Corps placed 21 Volunteers in **Albania** in June 1992 as teachers of English as a foreign language. A second group of Volunteers, due to arrive in April 1993, will assist in developing the institutional capacity of seven Regional Business Agencies providing assistance to small business, to assist with staff development of these institutions, and to provide basic business skills and training for entrepreneurs.

Peace Corps **Bulgaria** Volunteers in the small business development project entitled "Project Enterprise completed training and arrived at their sites in June 1992. They work in banks and municipal governments and have helped in the development of six Multi-Link Centers located throughout the country. These centers, which serve as clearinghouses for information on English teaching, small business development, and environmental protection, are equipped with computers, training materials, and equipment, as well as a borrower library for easy access to citizens at the local level.

In the **Czech Republic** and the **Slovak Republic**, 47 and 25 Volunteers respectively continue to work under the auspices of the republic-level Ministries of Education in teaching of English as a foreign language in university, teacher training colleges, and secondary school facilities. Another ten Volunteers in the Czech Republic and four in the Slovak Republic under the Environmental project provide technical assistance to local government authorities and environmental NGOs. Plans are being made for the initiation of a small business development project for each republic in FY 1993.

In **Estonia, Latvia, and Lithuania**, the Peace Corps is providing English language training and assistance in the development of small and medium-sized enterprises. There are a total of 61 Volunteers in the Baltic states. Over a three-year period, A.I.D. is also supporting Peace Corps' efforts to provide technical assistance to small and medium-sized enterprises through a transfer of \$235,000.

In villages and towns throughout **Hungary**, 116 professionally trained Volunteers work to improve English language training and environmental awareness. English is taught to primary and secondary students as well as to teachers in institutions of higher learning, with environmental issues integrated into the English curriculum. Environmental Volunteers work with Hungarian organizations and municipal governments on strategic planning, fundraising, proposal writing, and the design and implementation of projects to protect the environment. A first group of 12 small business development trainees, who will arrive in country in September 1993, will work primarily with local Enterprise Agencies, coordinated by the Hungarian Foundation for Enterprise Promotion.

A first group of TEFL (teaching English as a foreign language) Volunteers arrived in Poland in June 1990, followed in December 1990 by a first group of small business development Volunteers. The first group of Environment sector Volunteers arrived in November 1991. Peace Corps Poland has continued to expand, reaching a total of over 260 Volunteers in November 1992. Peace Corps Poland also serves as chief executor of the Free Enterprise Transition Consortium, which opened in Krakow in November 1992. This center provides targeted training opportunities for local counterparts and established the first library of privatization and small business development case studies in Poland.

Peace Corps Romania has shown great adaptability and ingenuity during its two years in country. The TEFL project which commenced in the summer of 1992 is responding to the needs expressed by the Education ministry officials. Plans have been made for the initiation in FY 1993 of two other projects. A programming trip made in June 1992 to assess the potential for Volunteers in the agribusiness sector has resulted in a recommendation that Volunteers be assigned in agribusiness and other business activities. A Youth Development Specialist visited Romania in August and developed several assignments for Volunteers to work with youth at risk.

Peace Corps Poland: Free Enterprise Transition Consortium

The United States Peace Corps serves as the chief executor of a five-year project which will be implemented collaborating with the Progress and Business Foundation, Jagiellonian University, the Academy of Economics, the Academy of Mining and Metallurgy, and the Krakow International School of Management. USAID-sponsored institutions and other U.S. agencies interested in collaborating with the Free Enterprise Transition Consortium have been invited to participate in training and research activities. SEED funds transferred by A.I.D. support this consortium.

Phase I of the project focuses primarily on establishing the FETC center in Krakow, which provides workshops on a wide range of business-related topics, targeted training opportunities for local counterparts, and a library of privatization and small business development case studies in Poland. During Phase II of the project (beginning in 1993), other Peace Corps and USAID posts in the region will be eligible to present candidates for visiting professorships and training scholarships, and will have access to the Case Study Library. Since the Krakow center is expected to achieve self-sufficiency by 1998, activities for paying clients will also begin in Phase II.

Expected project outcomes include improved technical assistance, economic development liaison and training

capabilities of Volunteer counterpart institutions which are involved in privatization, business development, training and marketing projects; improved business skills and information linkages among entrepreneurs and municipalities and rural districts trying to divest themselves of state-owned businesses; and establishment of a self-sufficient Regional Privatization/SBD Training and Resource Center.

Peace Corps Bulgaria: Multi-Link Resource Centers

A major accomplishment of the Peace Corps Bulgaria program is the development of Multi-Link Resource Centers (MLRCs) in six cities throughout Bulgaria: Gabrovo, Plevan, Plovdiv, Smolyan, Stara Zagora and Varna. These centers, which are equipped with computers, training equipment and a borrower library for easy access to citizens at the local level, serve as clearinghouses for information on English teaching, small business development and environmental protection. Supported by SEED funds transferred by A.I.D., the project represents an excellent example of successful cooperation between government agencies and private profit and non-profit institutions.

Volunteers in the Small Business Development "Project Enterprise" completed training and arrived at their sites in June 1992. They are working in banks and with municipal governments and are providing their expertise in the development of the Multi-Link Centers.

BILATERAL SCIENCE AND TECHNOLOGY COOPERATION

The Department of State, with its counterparts in the Ministries of Foreign Affairs, administers Joint Funds for Science and Technology (S&T) Cooperation with Czechoslovakia, Poland, and Hungary under bilateral S&T agreements with those countries. Congress appropriated a modest amount of funding (\$4.5 million in FY 1992) through the Department of State budget to support the incremental costs of a wide range of cooperative S&T activities conducted on the U.S. side by technical agencies and university researchers.

Bilateral S&T cooperation is designed to advance U.S. science and technology by promoting cooperative research in areas of joint interest and expertise on the basis of equality, reciprocity and mutual benefit. These bilateral S&T agreements are intended to advance U.S. foreign policy goals and to foster mutually beneficial research in a variety of scientific and technical areas rather than supply technical assistance, as in development programs. Based on mutual cooperation, the S&T agreements are also important vehicles for helping central and east European scientists and researchers to maintain and improve their access to the world scientific community, and to exploit to our mutual benefit their unique talents and strengths in a wide variety of fields.

JOINT FUNDS:

The S&T Joint Funds established under these S&T agreements are based upon matching contributions from the U.S. and the cooperating central/east European country. They provide grants for original research in such fields as environmental protection, agriculture, food technology, energy, nuclear safety, health, basic sciences, medicine, transportation, mining and geology. The Joint Funds support workshops, exchanges of scientists and information, as well as cooperative projects competitively reviewed and selected by experts. Individual grants customarily average \$ 8,000-10,000 annually, and usually represent only a fraction of the cost of the project. The prestige of receiving one of these grants draws the highest qualified candidates and proposals, and often returns much larger dividends in terms of scientific innovations. The process often stimulates significant additional funding from participating technical agencies and institutions on both sides.

In FY 1992, U.S. funding was provided at the following levels (matched by equivalent amounts in national currencies):

U.S.-Poland S&T Agreement	\$1,750,000	
U.S.-Yugoslavia S&T Agreement	\$1,250,000	*
U.S.-Hungary S&T Agreement	\$1,000,000	
U.S.-Czechoslovakia S&T Agreement	\$ 500,000	
TOTAL	\$4,500,000	

- * All science and technology cooperation with Serbia and Montenegro was suspended on June 1, 1992, in compliance with United Nations sanctions.

SCIENTIFIC RIGOR:

The Joint Funds have also provided experience in the preparation of research proposals for foreign scientists since each proposal is presented as a collaborative effort with the cooperating scientist from the United States. Competitive review of the proposals by both sides has served to introduce the peer-review system to these countries, and help them to refine their own internal evaluation systems. Successful proposals are funded according to budgets included as part of the proposal, which specify both the U.S. dollar and local currency requirements for foreign travel and essential equipment needed to develop collaboration in fields of priority interest for each government.

The relationships established between scientists and researchers under these programs have provided a stable foundation for the United States to build upon in stimulating the application of the region's S&T talents to the goals of sustainable economic growth. At the same time, significant benefits also flow to the United States from exposure to the research conducted by collaborating central and east European scientists, as well as commercial benefits growing out of collaborative research projects.

Baltic Republics - Latvia, Lithuania, Estonia:

Heretofore, U.S. technical agencies have had only limited contacts with Baltic counterparts in the agricultural, health and medical sciences and marine sciences fields, under collaborative agreements with the former Soviet Union. In September 1992, the State Department lead an interagency team of experts to the region to explore prospects for S&T cooperation with science officials of each country. The team found that energy efficiency, nuclear safety, public health, agriculture, and environmental protection are compelling areas for cooperation. Based on the contacts established across scientific communities in all three republics, the State Department is now consulting with U.S. technical agencies and other Departments, in planning for deeper and more formal cooperative S&T relationships, possibly to include umbrella agreements and joint funds.

Bulgaria:

S&T cooperation with Bulgaria is currently conducted under agency-to-agency level agreements. On the U.S. side, the National Science Foundation, U.S. Geological Survey, National Institutes of Health, and Department of Agriculture have such agreements for cooperation with counterparts in Bulgaria. In FY 1993, the State Department plans to organize an interagency team to explore and define further cooperation with Bulgarian scientists and institutions, with the goal of concluding a formal S&T Agreement. Basic sciences, environmental protection, atmospheric deposition and forestry research, agricultural research, nuclear safety and energy efficiency, pharmacology and biomedical sciences, and electronics research have already been identified as potential areas of collaboration.

Czechoslovakia:

The First Joint Board meeting under the U.S.-Czechoslovak S&T Agreement was held in Prague in March 1992, following signature of the Agreement in October 1991. The first cooperative research projects were approved in November 1992. The sizable pool of 93 research proposals considered in the first round of grants approval included projects in health and medical sciences, energy efficiency and nuclear safety, geology and mineral resources, environmental protection, agriculture, basic sciences and engineering. The potential political separation of the two republics was considered throughout the initiation of the U.S.-CSFR S&T Joint Fund program, and has been part of discussions with science officials in both the Czech and Slovak Republics. Those discussions lend confidence that a viable program of S&T cooperation can be sustained after the January 1, 1993 dissolution of Czechoslovakia into two independent republics. Scientists in both the Czech and Slovak Republics place a high priority on cooperation with U.S. scientists.

Hungary:

U.S.-Hungary S&T cooperation takes place under an umbrella agreement announced by President Bush in July 1989 as a centerpiece of his East European Environmental Initiative. In March 1992, the third Joint Board meeting under the Agreement approved funding for 33 joint research projects in such areas as basic science, environmental protection, health and medical sciences, agriculture, energy and engineering research. In September 1992, a Hungarian-hosted workshop on the peer-review process brought together scientists and science policy officials from the United States, Hungary, Czechoslovakia and Poland, and likely will lead to concrete collaboration between all countries in the peer-review of research proposals. Eleven additional projects were approved for funding by the Joint Board in October 1992.

The National Science Foundation commemorated 20 years of scientific collaboration with the Hungarian Academy of Sciences (MTA) in September 1992, during a visit to Budapest by NSF Director Walter Massey. Of the 125 projects accomplished over 20 years under the NSF/MTA agreement, several exemplify the benefits of collaborative research:

- A project which examined the biological processes for absorbing metals and nitrates out of soils, utilizing a number of Hungarian innovations, produced a patented procedure which will enable the Department of Energy to better address problems of plutonium contamination at its facilities.
- Two research projects on polymerization, one of which produced 123 scientific papers, led to the first joint U.S.-Hungarian patent in 1982, and 8 U.S. patents with Hungarian co-inventors. A small venture company was established in Ohio, and a substantial transplantation of research to Hungary to follow on the successes of these projects has raised the standards of the beneficiary Hungarian institution significantly. These successes have also allowed all the young investigators involved to maintain their scientific careers in the field, either in academia or as researchers for major chemical firms such as Dow and 3M.

Poland:

U.S.-Polish S&T cooperation takes place under an umbrella S&T agreement signed by then Vice President Bush in September 1987. The Agreement was renewed in September 1992, for an additional term of five years. Forty-three new research projects were approved in FY 1992, bringing to 125 the number of projects initiated under this agreement since 1987, and continuing a strong collaborative tradition in the fields of basic sciences, energy, environment, public health and agriculture. Projects include medical research in muscular dystrophy, genetic and other research on rye germplasm, and information exchange and other collaboration on the applicability of U.S. clean coal technology to Polish industrial plants. Recognizing the need to move the results of basic and applied research to the marketplace, the U.S.-Polish Joint Fund began an effort in May 1992 to identify projects that could be commercialized to meet social and developmental needs in Poland, and thereby provide an economic basis for further support of Poland's significant science infrastructure.

Slovenia, Croatia, and Macedonia:

The existing U.S.-Yugoslav S&T Agreement expires in 1993, with no prospect of its renewal in light of the political disintegration of Yugoslavia. Further, after the imposition of UN sanctions against Serbia and Montenegro, all S&T cooperation

with those republics was suspended on June 1, 1992. Cooperative projects approved prior to June 1991 in the republics of Slovenia, Croatia and Macedonia continued in FY 1992 under the existing agreement.

The long experience of this successful cooperative program has seen hundreds of joint projects administered by eleven U.S. technical agencies in such fields as underground coal gasification, farm animal production, germplasm research, epidemiology and public health, earthquake engineering, and metallurgy. Many of the projects have produced significant economic returns as a direct result of the research supported by the Joint Fund. Building on the contacts developed in each republic over the course of twenty years of science cooperation, obligations under the existing U.S.-Yugoslav S&T Agreement for ongoing projects (110 remaining in FY 1993) in Slovenia, Croatia, and Macedonia are being met through direct collaboration with science officials and institutions in those republics.

There is significant interest from Slovenia and Croatia to conclude quickly S&T Agreements to replace the previous Agreement. When political conditions warrant, we may also explore such agreements with Bosnia-Herzegovina and Macedonia. In each case, science officials in the newly independent republics are either previous grantees from the Joint Fund, or former Joint Board members and delegates under the U.S.-Yugoslav S&T Agreement. The continuity of S&T cooperation in each republic will be an important sign of U.S. interest in each republic's science potential, as well as a more fundamental political gesture to continue successful and mutually beneficial science relationships.

USIA ACTIVITIES AND PROGRAMS

Besides the SEED-funded activities covered in the country-by-country assistance summaries (part III of this report), USIA has a long history of cultural, educational, and information programming in central and eastern Europe. Before 1989, USIA promoted understanding of the United States through the Voice of America, the Fulbright program, U.S. speakers, tours of American performing groups, and traveling exhibits. It is only with the fall of authoritarian regimes across the region, however, that USIS posts have been able to operate fully.

USIA programs in these countries demonstrate the creativity, diversity, and durability of U.S. democratic institutions as exemplary of a free society. In this context, USIA carries out a broad range of activities, many of which support technical assistance goals. The primary objective of USIA programs in the area is to help east Europeans understand democratic processes and free-market economics. Programs which reinforce technical assistance efforts are focused on promoting economic liberalization, democratization, respect for human rights, and the rule of law.

USIA currently has 18 posts in the region. In FY 1992, USIA opened posts in Albania, Estonia, Latvia, Lithuania, Croatia, Slovenia, and a branch post in Bratislava. USIA has also opened cultural centers in Budapest and Warsaw, is developing a center in Tirana, and plans to open future centers in Sofia and Prague. The post in Sarajevo will be reopened when the security situation permits. USIA also has an officer in Skopje.

THE VOICE OF AMERICA

The Voice of American broadcasts 138 hours weekly to the area in 14 languages: Albanian, Bulgarian, Croatian, Czech, Estonian, German, Hungarian, Latvian, Lithuanian, Polish, Romanian, Serbia, Slovak, and Slovene. In addition to direct broadcasts, VOA programs, including those of VOA Europe, are carried on national radio networks and a growing number of affiliated private stations.

USIA TELEVISION

Since 1990, USIA's Worldnet has transmitted a two-hour daily feed to central and eastern Europe for rebroadcast by local television stations. Programs focus on the free market, American life and institutions, and democratic society. Worldnet also sponsors co-productions with broadcasters from the region who come to the United States to report on business, democracy, management, and public administration. Resulting programs are often broadcast prime time by the co-producing stations.

INTERNATIONAL VISITORS PROGRAM

Under USIA's International Visitor (IV) Program, outstanding individuals in many fields and likely future leaders of foreign societies are invited to the United States for professional exchanges and exposure to American life and institutions. In FY 1992, USIA brought 320 visitors from central and eastern Europe to the U.S. for IV programs. East Europeans also participated in group projects on the military in a democracy, the rule of law, free-market economies, university and secondary education, entrepreneurship, a free press, banking and capital markets, the environment, and American politics and government.

THE VOLUNTARY VISITOR PROGRAM

Under this program, programs of professional appointments are arranged for noteworthy individuals traveling to the U.S. at their own expense. In FY 1992, Voluntary Visitor programs were carried out for (among others) the former Prime Minister of Romania, the Romanian Minister of Interior, the Bulgarian Minister of Education, the Chairman of the Constitutional Court of Slovenia, ten Lithuanian parliamentarians, the Lithuanian Minister of Education, and a group of graduate business students from Poland, Hungary, and Czechoslovakia. In all, USIA arranged programs for 80 Voluntary Visitors from central and eastern Europe during FY 1992.

U.S. SPEAKERS

Under its U.S. Speakers program, USIA sends American experts abroad for meetings and consultations with foreign leaders on issues of concern. In FY 1992, USIA sponsored expert speakers for programs in Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Poland, and Romania.

PRESS AND PUBLICATIONS

USIA provides central and east European opinion leaders with the Wireless File, a compendium of official texts, transcripts, and interpretive articles about U.S. policy. USIA's "Washington Economic Reports," a biweekly newsletter on economic and trade developments, is also widely circulated in eastern Europe. The first issues of a new USIA pamphlet series, the Freedom and Prosperity Papers, look at "Fostering Entrepreneurship" and "Building Free and Independent Media." As this series is of particular interest in eastern Europe, USIA is considering translating the pamphlets into east European languages.

Dialogue, USIA's quarterly magazine on American social and cultural themes, is distributed in Bulgarian, Hungarian, Czech, Romanian, and languages of the former Yugoslavia. Under an agreement with the Center for International Private Enterprise

(CIPE), USIA co-produces and distributes CIPE's quarterly magazine, Economic Reform Today. The magazine, which analyzes issues of economic reform around the world, is sent to USIS audiences throughout central and eastern Europe.

ACADEMIC PROGRAMS

Under the FY 1992 **Fulbright program**, some 340 lecturers, researchers, and graduate students were exchanged between the U.S. and the countries of central and eastern Europe. American Fulbright grantees, through their programs, helped advance educational, economic, and democratic reform in the region. Bilateral Fulbright Commissions were established in Hungary, Poland, and Czechoslovakia, and agreements to establish commissions were signed with Bulgaria and Romania.

The **Hubert H. Humphrey Fellowship Program** brought promising mid-career professionals from central and eastern Europe and other regions of the world to the U.S. for a year of academic study and practical professional experience. Programs for east European participants focused on public administration, economic development, environmental management, and public health.

Fulbright Teacher Exchange Program: The countries of central and eastern Europe were among the 35 nations which exchanged secondary and post-secondary educators with the U.S. last year. A typical program involved a one-year, classroom-to-classroom exchange of teachers of language, history, the sciences, business, and art.

Samantha Smith Program: Under this program, grants were given to U.S. nonprofit organizations to carry out undergraduate and youth exchanges between the United States, the Baltic republics, and the countries of the former Soviet Union. Approximately 100 American and 100 Baltic undergraduate students will take part in Samantha Smith exchanges this academic year. In addition, some 100 American and 200 Baltic high school students will participate in the program.

The President's University Student Exchange: The Baltic states also participated in this exchange program, which placed Americans at Baltic and former Soviet universities and brought students from these countries to the United States for study. The program's goal is gradually to raise the level of exchanges to reach 1000 American and Baltic and former Soviet students by the 1995-1996 academic year. In FY 1992, 250 U.S. and 350 students from the former Soviet Union were exchanged under this program.

Edmund S. Muskie Fellowship Program: In the first year of this program, FY 1992, two graduate students from the Baltic states received scholarships for graduate study at American universities and internships in business and public administration.

University Affiliations Program: USIA's University Affiliations Program fostered long-term cooperation between institutions of higher education in the U.S. and around the world, including many in central and eastern Europe. Programs involving exchanges of faculty in the humanities, the social sciences, education, and communications. Affiliations grants have been awarded to 32 U.S. universities and partner institutions in central and eastern Europe.

Educational Advising: USIA supported advising centers in most central and east European countries and a regional educational advising consultant based in Budapest. The centers provided students and scholars with information about educational opportunities in the United States.

Academic Specialist Program: Under this short-term program, grants were given to American experts to conduct educational and professional programs, serve as consultants, and carry out workshops on subjects including English teaching and curriculum reform.

American Studies: USIA's Division for the Study of the United States seeks to promote better understanding of the people, society, culture, government, and institutions of the United States among foreign university and secondary school educators. This office has sponsored a variety of specialized institutes and other programs to introduce accurate content about American life and institutions in foreign curricula. East European educators have participated in the full range of these programs. In addition, since 1976 approximately ten central and east European educators have been sponsored by the American Council of Learned Societies to undertake advanced research in the United States in various fields of U.S. studies. In FY 1992, the office funded participation of central and east European scholars in the annual meeting of the Organization of American Historians.

CITIZEN EXCHANGES

USIA's Office of Citizen Exchanges awards grants to U.S. nonprofit organizations to conduct exchange programs and develop linkages with foreign institutions. Projects may include workshops and seminars, internships, long-term consultancies, the development of specialized instructional materials, and the enhancement of foreign counterpart nongovernmental institutions. In FY 1992, over \$3.2 million in grants were awarded to U.S. nonprofit institutions for programs in central and eastern Europe. Programs dealt with public administration and local government development, business administration and management training, media development, economic and educational reform, rule of law, development of civic and communication organizations, library development, performing and visual arts, historical and cultural conservation and preservation. A major award supported the

work of Sister Cities International in developing partnerships between U.S. towns, cities, and states and 35 cities in Bulgaria, Czechoslovakia, Hungary, Latvia, Lithuania, Poland, Romania, and the former Yugoslavia.

BOOK PROGRAMS

USIA has signed contracts with central and east European publishers to co-produce local language editions of over 100 books. Many of these deal with aspects of democracy and free-market economies. Titles include American Political Tradition by Hofstadter (Romanian), The Americans by Boorstin (Hungarian, Polish), Democracy in America by de Tocqueville (Hungarian), and The Federalist Papers (several languages).

LIBRARIES

USIS libraries have expanded services to meet the burgeoning demand for specialized information from citizens, businesses, and government officials throughout central and eastern Europe. Libraries in Warsaw, Sofia, and Prague, locating in more modern facilities and accessible quarters, will offer the latest in library services including access to U.S. data bases. A new USIS library was opened in Bratislava, Slovakia in November 1992. USIS will open a library in Albania in March 1993.

USIA EXPENDITURES CENTRAL AND EASTERN EUROPE AND THE BALTICS (funds in million U.S. dollars)

Fiscal year	1989	1990	1991	1992
Exchanges	\$ 9.1	\$12.3	\$16.4	\$29.3
Voice of America	10.0	10.3	11.9	12.3
Other salary, operating and program expenses	13.9	13.4	18.2	18.6
TOTAL	\$33.0	\$36.0	\$46.5	\$60.2

(Does not include SEED-funded programs covered in Part III of this report.)

VII. U.S. TRADE AND INVESTMENT INITIATIVES

During fiscal year 1992, the United States took steps to increase trade and investment with central and eastern Europe. These steps, which are outlined below, ranged from granting MFN status to restructuring COCOM (the multilateral export control effort on high technology).

MOST FAVORED NATION TRADE STATUS

All references to Title IV below are to Title IV of the Trade Act of 1974, 19 U.S.C. 2431, et seq., sometimes known as the Jackson-Vanik Amendment.

Poland had Most Favored Nation trade status (MFN) at the time of enactment of the Trade Act of 1974 and is not subject to the Title IV provisions. MFN status was suspended by Presidential proclamation in 1982 during the period of martial law but was reinstated by President Reagan in 1987. A Title IV trade agreement was signed with Czechoslovakia in April 1990, and its products were accorded MFN treatment in November 1990. Czechoslovakia was graduated from Title IV in April 1992 and now enjoys unconditional MFN status. The U.S. will continue to extend MFN status to the new Czech and Slovak Republics. Hungary had MFN status under the terms of a Title IV trade agreement which first entered into force in 1978. Hungary was graduated from Title IV in April 1992 and now, too, has unconditional MFN treatment.

A Title IV trade agreement with Bulgaria was signed in February 1991. MFN tariff treatment became effective on November 22, 1991, shortly after the trade agreement was approved by Congress. MFN status was extended to Romania in 1975 but was renounced by Romania in 1988. A Title IV trade agreement which would restore MFN treatment to Romania was concluded in 1992, but the House of Representatives in October 1992 rejected a procedural motion which would have allowed a vote to approve or reject the trade agreement. The Senate took no action. The agreement must be resubmitted to Congress in order for it to be considered again. A Title IV trade agreement with Albania was signed in May 1992 and approved by Congress in August 1992. Exchange of diplomatic notes to allow MFN status to take effect was completed in November 1992.

Public Law 102-182, which was enacted in December 1991, rescinded application of Title IV of the Trade Act of 1974 to Estonia, Latvia and Lithuania and extended unconditional MFN status to these three nations, effective December 1991.

Former Yugoslavia was not subject to Title IV provisions. Products from the former Yugoslav republics of Bosnia and Hercegovina, Croatia, Slovenia, and Macedonia receive MFN treatment by virtue of the former Yugoslavia's having had MFN.

Serbia and Montenegro had MFN status by virtue of the former Yugoslavia's having enjoyed MFN status, but in October 1992 Congress passed and President Bush signed legislation revoking MFN status for Serbia and Montenegro, which are in any event now subject to U.S. and UN sanctions.

GENERALIZED SYSTEM OF PREFERENCES

Extension of central and east European country eligibility for U.S. Generalized System of Preference (GSP) benefits continues to play a major role in U.S. trade enhancement assistance. A Special GSP Review conducted for the central and east European countries pursuant to the Trade Enhancement Initiative and concluded in 1992 added a number of products of significant export interest to the east European countries to the list of GSP-eligible products. At this writing, GSP eligibility is as follows:

Hungary was designated a beneficiary country on November 3, 1989. **Poland** received its GSP designation January 9, 1990, and **Czechoslovakia** was so designated April 29, 1991. The separate entities of the **Czech Republic** and **Slovakia** continue to receive GSP benefits after the dissolution of the CSFR on January 1, 1993. **Bulgaria** was designated a beneficiary country December 4, 1991. **Estonia, Latvia and Lithuania** were all designated beneficiaries, effective February 22, 1992.

Albania has applied for GSP, but the review is pending receipt of information on eligibility criteria from the Government of Albania.

Romania was a GSP beneficiary but was removed on March 4, 1987 from GSP eligibility because it did not meet worker rights criteria. Romania has recently requested reinstatement of GSP benefits, but this would first require MFN status in order to be eligible for GSP.

Yugoslavia was removed from GSP due to dissolution of the republic. On August 25, 1992, the President announced his determination it was appropriate "to designate each of the former republics of the Socialist Federal Republic of Yugoslavia other than Serbia and Montenegro . . ." as GSP beneficiaries. Products from the former Yugoslav republics of **Bosnia and Hercegovina, Croatia, Macedonia, and Slovenia** were all designated as separate GSP beneficiaries in accordance with that announcement.

TEXTILE AGREEMENTS

The United States has formal textile bilateral agreements with **Poland, Czechoslovakia, and Hungary**, and these agreements were all negotiated under the auspices of the Trade Enhancement Initiative for the newly-democratic countries of eastern Europe. They are generous agreements, which more than doubled these countries' access to the U.S. market and represent one of the major achievements of the initiative. (Completion of the GATT Uruguay Round and the attendant textile arrangement would obviate the need to re-negotiate the Polish and Hungarian agreements which expire at the end of 1993. Completion of the Uruguay Round, however, seemed increasingly unlikely.) The U.S. also has textile visa arrangements with Hungary (much like export licensing agreements for textiles, requiring a stamp on commercial invoices of textile and apparel shipments to the United States -- the objective is to suppress transshipment fraud, a growing problem in textile trade).

In the case of Czechoslovakia, our textile agreement is set to expire on May 31, 1993. For the first five months of 1993, the United States intends to debit the separate Czech and Slovakian shipments against the joint quota in the agreement -- i.e., we will act initially as if the unified state still existed. We have suggested several options for negotiating new agreements, which range from negotiation with the joint Czech-Slovak Customs Union which is supposed to be formed, to separate negotiations, or to a formula split of the quota based on previously-provided data on the productive capacity in each half of the country.

Our bilateral agreement with **Yugoslavia** expired at the end of 1992. At present, all shipments of textiles and apparel from those parts of the former Yugoslavia still able to export to the United States (all but Serbia and Montenegro, which are under UN embargo), are being counted against the existing Yugoslav limits which were established when Yugoslavia was still a unified state. A visa arrangement which we used to have with Yugoslavia was unilaterally terminated by the United States as a sign of our displeasure with the fighting about a year ago.

Czechoslovakia, Hungary, Poland, and Yugoslavia are all listed as members of the Multi-Fiber Arrangement. It is likely that the separate Czech and Slovak republics can continue to be members of the MFA by submitting a request to continue being members. Yugoslavia's status is uncertain and its status in the GATT will determine where it stands in the MFA -- i.e., separate membership applications are necessary for all the successor states. Slovenia is the only former Yugoslav republic which has applied for GATT membership to date. Agreements with countries in the MFA fall under the MFAs provisions. These largely guarantee minimum standards of call behavior, and provide a review body in Geneva to take appeals on especially difficult complaints or quotas.

The United States has no bilateral textile agreements yet with other SEED-recipient states, but there is an outstanding call for consultations on **Bulgaria**.

BILATERAL INVESTMENT TREATIES

During the past few years, countries of central and eastern Europe have been actively pursuing bilateral investment treaties with a wide range of partners, reflecting a greater role for the private sector in those countries. According to a recent study of the International Center for the Settlement of Investment Disputes (ICSID), during the three-and-a-half year period ending June 30, 1992, countries in the region accounted for a combined total of 76 bilateral investment treaties.

Central and east European nations are not only recognizing the importance of foreign capital in order to transform their economies, but also see the need to establish stable legal frameworks for the protection of investment.

The United States signed a Business and Economic Relations Treaty with **Poland** in December 1990, containing BIT elements. Upon Polish implementation of intellectual property rights-related commitments, the United States will be prepared to bring the Treaty into force. The U.S. signed a BIT with **Romania** on May 28, 1992, which is currently awaiting Senate action. Negotiations on a BIT with **Bulgaria** began in October 1990, and a text was signed in September 1992 upon satisfactory resolution of the Treaty's relationship to debt issues.

The United States and the **Czech and Slovak Federal Republic (CSFR)** signed a BIT on October 22, 1991. The Treaty received the advice and consent of the Senate on August 11, 1992. When this treaty entered into force on December 19, 1992, it became the first BIT in force between the United States and an economy in transition in the region. Leaders of both the Czech and the Slovak governments have reiterated their commitment to assume existing treaty obligations of the federal state upon its dissolution into two separate republics on January 1, 1993. The U.S. Embassy estimates that total U.S. investment in the CSFR amounts to \$1.5 billion.

Negotiations on a Business and Economic Relations Treaty with **Hungary** commenced in October 1990. To date, five rounds of negotiations have been held. A number of issues remain outstanding, including issues pertaining to IPR protection. During the past few months, **Albania**, **Slovenia**, and **Croatia** have expressed high-level interest in pursuing bilateral investment treaties with the United States. The U.S. BIT prototype is currently under review in these countries.

Trade and Investment Framework Agreements were signed with each of the **Baltic states** during the last half of 1992. In November 1992, a U.S. delegation commenced discussions for follow-on agreements with officials from the Governments of Estonia, Latvia and Lithuania. These three countries have indicated their desire to negotiate bilateral investment treaties with the United States and, separately, agreements on trade and intellectual property rights.

COCOM SPECIAL PROCEDURE

In June 1990, the Coordinating Committee for Multilateral Export Controls (COCOM) agreed to establish a procedure relaxing restrictions on exports of sensitive goods and technologies to countries representing a lesser strategic threat. In return for liberalized treatment, such countries are to establish export control safeguards to protect against the illegal export of sensitive goods and technology. The Special Procedure provides an opportunity for the newly emerging democracies in eastern Europe to obtain the high technology items required for modernization and ultimately be removed from the COCOM list of proscribed destinations.

During 1992, COCOM determined that **Hungary** had taken all necessary steps to qualify for removal from the proscribed list. Hungary was removed from the proscribed list effective May 1, 1992. **Poland** and **Czechoslovakia** remained subject to COCOM controls, but both qualified for further liberalization under the COCOM Special Procedure and could be removed from the proscribed list in 1993. In effect, COCOM countries could export most dual-use items controlled by COCOM to Poland and Czechoslovakia at the discretion of national licensing authorities. Both Slovakia and the Czech Republic remain on the proscribed list, but eligible for the Special Procedure, following the separation of Czechoslovakia.

In December 1992, COCOM members agreed to grant the first stage of Special Procedure liberalization to **Romania** effective January 1, 1993. Exports from COCOM member countries to Romania of most dual-use items will be reviewed in COCOM under a presumption of approval. The **Bulgarian** Government has taken significant steps toward the establishment of effective export controls, and Bulgaria is also under consideration for treatment under the Special Procedure.

Based on a high-level U.S. initiative, COCOM established the COCOM Cooperation Forum during 1992 to begin a dialogue on export controls with reforming proscribed countries. The first meeting of the Forum was held in November. The immediate goals of the Forum are to assist newly emerging democracies to establish effective export controls and to expand their access to controlled goods and technology. The United States and other COCOM members will coordinate their export control assistance efforts in COCOM and through the Forum.

OVERSEAS PRIVATE INVESTMENT CORPORATION

OPIC, with its focus on promoting private enterprise, has been used extensively to support the transformation taking place in central and eastern Europe toward democracy, free enterprise and market economics. During FY 1992, OPIC expanded its programs to support investment in Albania and the Baltics. Since the beginning of FY90, OPIC has supported projects representing private U.S. investment in central and eastern Europe and the Baltics of more than \$1.0 billion.

In FY 1991, OPIC provided political risk insurance to 26 additional projects representing U.S. investment of in the region of a total of \$582 million, including investments in electrical products, sign making, glass manufacturing, security systems, communications, advertising, agriculture, food storage, hotels, jewelry manufacturing, methane gas development, and banking.

OPIC also committed \$24.1 million of project financing for the region in FY 1991. In FY 1992, 19 additional projects brought the value of insured U.S. investments in the region to \$900 million. OPIC also committed financing in FY 1992 for two projects in the region. One project involves a \$3 million OPIC direct loan to a U.S.-Polish joint venture. The Polish-American Enterprise Fund is directly participating in this venture. The other project is a \$24.5 million OPIC loan guarantee to a U.S.-Hungarian joint venture.

OPIC has led several investment missions to the region, introducing over 140 U.S. investors, representing large and small business to business opportunities there. The OPIC missions were carried out with the strong support of other U.S. Government agencies. In addition to investigating business ventures, OPIC missions provided important contact between the U.S. private sector and the governments in the region that are working on privatization laws and other market reforms.

To facilitate greater U.S. private sector involvement in the reform process, OPIC is developing new initiatives to encourage private investment as a means of promoting market-based economic reforms. The Central and East European Growth Fund will invest in the equity security of new companies, expanding companies and state-owned companies being privatized. Likewise, the Environmental Investment Fund will invest in private sector projects which demonstrate a positive relationship between profitable economic development and protection of the economy. Finally, OPIC is offering assistance in exploring investment opportunities through the Project Development Program for Central and Eastern Europe and the New independent States of the Former Soviet Union.

Albania signed an OPIC agreement in the fall of 1991.

Bulgaria signed an OPIC agreement in the fall of 1991. OPIC is considering an investment mission to Bulgaria in the fall of 1993.

Czechoslovakia signed an OPIC agreement in the fall of 1990. OPIC led an investment mission to Czechoslovakia in October 1991 and hosted an investment conference in Washington in March 1992 attended by 200 U.S. business executives. The agreement applies to both the Czech and Slovak republics following dissolution of the federal state on January 1, 1993.

Estonia, Latvia, and Lithuania each signed OPIC agreements in the fall of 1991. OPIC led an investment mission to the Baltic states in the Summer of 1992.

Hungary signed an OPIC agreement in the fall of 1989. OPIC led an investment mission in April 1990.

Poland signed an OPIC agreement in the fall of 1989. OPIC led investment missions to Poland in November 1989 and May 1990.

Romania signed an OPIC agreement in the summer of 1992 which entered into force in December 1992.

Yugoslavia has been removed from OPIC's country list of eligible countries.

Slovenia, Croatia and Bosnia-Herzegovina have announced their acceptance of applicable Yugoslav obligations under international agreements and have been added to the list of active countries. OPIC programs will operate in each of these countries under the bilateral agreement with Yugoslavia pending any further arrangements that may be necessary.

OPIC ACTIVITIES IN SEED-RECIPIENT COUNTRIES*

	Insurance	Finance
<u>1990</u>		
Hungary	\$201.0 million (10 projects)	\$50 million (1 loan guarantee)
Poland	20.8 million (5 projects)	15 million (1 loan guarantee) 1.5 million (direct loan)
Yugo.	16.4 million (3 projects)	--
<u>1991</u>		
CSFR	\$ 47.1 million (3 projects)	\$.7 million (direct loan)
Hungary	241.9 million (8 projects)	--
Poland	90.6 million (12 projects)	17.1 million (1 loan guarantee) 2.3 million (direct loan)
Yugo.	.5 million (1 project)	--
<u>1992</u>		
CSFR	\$205.1 million (13 projects)	--
Hungary	1.6 million (2 projects)	\$24.5 million (1 loan guarantee)
Latvia	35.1 million (3 projects)	15 million (1 loan guarantee)
Poland	215.5 million (12 projects)	2.7 million (direct loan)

*Figures were provided by OPIC from OPIC draft Annual Report

**EXPORT-IMPORT BANK OF THE UNITED STATES
(EXIMBANK)**

The Eximbank is an independent agency whose mission is to facilitate the export of U.S. goods and services by providing a variety of short and medium term insurance programs and medium and long term loan/guarantee programs to supplement those available from commercial sources. Eximbank is directed by law to find a reasonable assurance of repayment in all of its undertakings.

Albania: Eximbank had not opened in this market as of fiscal year end 1992.

Baltics: Eximbank opened for short term cover in Estonia, Latvia, and Lithuania in April 1992. Until the respective Baltic governments designate a bank or banks as full faith and credit agents, Eximbank requires the Minister of Finance to be the obligor/guarantor is identified.

Bulgaria: Eximbank opened for short term cover in Bulgaria in September 1991. The Bulgarian government has yet to designate a sovereign agent to work with Eximbank; no transactions will go forward until Eximbank identifies an acceptable sovereign obligor/guarantor.

Czechoslovakia: Eximbank opened for general cover in March 1990. Eximbank plans to open in both the Czech and Slovak markets following partition. It anticipates that all of its FY 1992 \$196-million exposure will devolve to the Czech Republic following partition.

Hungary: Eximbank opened for general cover in April 1979. To date, Hungary has not been a significant user of official export credit support.

Poland: Eximbank re-opened its short term trade credit insurance programs for Poland in March 1990. Its medium term insurance program and medium term loan and guarantee programs were re-opened in May 1990. A framework agreement between Eximbank and the Government of Poland provides a Polish Government full faith and credit guarantee on medium and short term business conducted through specific Polish banks.

Former Yugoslav Republics: Bosnia - Herzegovina, Croatia, Macedonia, Serbia - Montenegro, Slovenia: All Eximbank programs, available in Yugoslavia since the early 1960s, were closed in June 1991. Negotiations are currently underway to apportion Eximbank's \$640 million in Yugoslav exposure to its successor states.

Romania: Eximbank opened for short term cover in March 1992. The Government of Romania has designated four banks to act as sovereign agents.

EXIMBANK CUMULATIVE OUTSTANDING EXPOSURE
 IN SEED-RECIPIENT COUNTRIES
 Insurance/Loans/Guarantees Booked through September 30, 1992

	Exposure (US\$ Millions)			Cover Policy Through FY 92
	FY 90	FY 91	FY 92	
Albania	--	--	--	Closed
Estonia	--	--	--	Open ST only
Bulgaria	--	--	--	Open ST only
Czechoslovakia	--	11	196	Open
Hungary	3	2	--	Open
Latvia	--	--	--	Open ST only
Lithuania	--	--	--	Open ST only
Poland	420	365	647	Open ST & MT
Romania	--	--	--	Open ST only
Former Yugoslav Rep blics:	1,091	724	640	Closed
Bosnia - Herzegovina			(39)*	
Croatia			(102)*	
FYR Macedonia			-- **	
Serbia - Montenegro			(352)*	
Slovenia			(147)*	

Note: Short term (ST) cover represents insurance programs under one year. Medium term (MT) cover represents both insurance and loan/guarantee programs with maximum maturities of five to seven years.

* Approximate shares advised by Eximbank.

** Eximbank includes Macedonian exposure with that of Serbia - Montenegro due to the guaranty of a Serbian bank.

U.S. TRADE AND DEVELOPMENT AGENCY (TDA)

The Trade and Development Agency (formerly TDP) program in central and eastern Europe remained active in FY 1992. TDA's strategy in the region is to encourage the U.S. private sector to participate in rebuilding the infrastructure of these budding democracies, while at the same time selecting those host country priority projects that create trade opportunities for U.S. firms. To this end, the agency has utilized a mix of conferences, orientation visits to the United States, and feasibility studies. For example, TDA funded a regional civil aviation financing conference to help east European officials modernize this sector and to better understand the financial instruments that U.S. firms have to offer. TDA is funding orientation visits to the United States of key decision makers and procurement officials from many of the countries to expose them to U.S. capabilities and technology in the energy, environmental, and telecommunications sectors.

Most of TDA's grant funding in the region is for feasibility studies. TDA feasibility studies in FY 1992 have, for example, included thermal power plant rehabilitation in Lithuania, a cash management system for the Czech and Slovak ministries of finance, a wastewater treatment plan for the City of Budapest, and a large irrigation project for Romania. Some of TDA's funds have also encouraged defense conversion, privatization, and technology training.

In FY 1992, TDA obligations for central and eastern Europe topped \$11 million (including approximately \$3.5 million of SEED funds). This is slightly down from \$12.2 million spent in FY 1991, reflecting increasing demand for TDA's resources in other regions. However, TDA was able to increase the number of projects supported in this region from 66 in FY 1991 to 72 in FY 1992.

During 1992, TDA extended its program to include the three Baltic states, Albania, and Romania. This is in addition to Poland, the Czech and Slovak Republics (CSFR), Bulgaria, and Hungary, where TDA already has established programs.

Since FY 1989, TDA has provided over \$37 million total in grants for feasibility studies, related project planning services, and training for central and east Europeans. This offers a potential of over \$3 billion in U.S. exports.

TDA COMMITMENTS

<u>Country</u>	<u>TDA Resources</u>	<u>OF WHICH SEED TRANSFERS</u>
FY 1989:		
Hungary	\$ 500,000	--
FY 1990:		
Czechoslovakia	\$ 214,887	--
Hungary	893,797	\$ 369,500
Multi-country	379,700	--
Poland	3,299,359	1,610,000
Yugoslavia	48,199	--
TOTAL FOR FY 1990	4,835,942	1,979,600
FY 1991:		
Bulgaria	\$1,261,516	--
Czechoslovakia	3,652,872	\$ 995,000
Hungary	4,248,858	575,000
Multi-country	971,446	--
Poland	2,125,500	150,000
Yugoslavia	2,768	--
TOTAL FOR FY 1991	12,262,960	1,720,000
FY 1992:		
Bulgaria	\$ 741,836	\$ 650,000
Czechoslovakia	2,539,050	807,600
Estonia	15,957	--
Hungary	1,656,321	1,247,000
Multi-country	1,074,200	--
Latvia	1,054,976	990,000
Lithuania	1,074,945	720,000
Poland	803,524	650,000
Romania	2,123,357	560,000
TOTAL FOR FY 1992	11,084,168	5,625,000

VIII. INTERNATIONAL INSTITUTIONS AND INITIATIVES

G-24 PROCESS AND COOPERATION

International assistance to central and eastern Europe is coordinated through the Group of 24 (G-24), which is comprised of all members of the Organization for Economic Cooperation and Development. The EC Commission serves as the secretariat for the G-24 process.

The G-24 process was launched at the July 1989 G-7 Summit in Paris to support reform in Poland and Hungary. The G-7 extended the mandate of the G-24 to other countries in the region at its July 1990 Summit in Houston. Czechoslovakia, Bulgaria, Romania and Yugoslavia were included in 1990, followed by Albania and the Baltic states in 1991. To be eligible for G-24 assistance, a country must demonstrate progress in the following five areas:

- adherence to the rule of law;
- respect for human rights;
- adoption of a multi-party political system;
- holding of free and fair elections;
- adoption of a market-oriented economy.

Currently, the G-24 coordinates assistance to the following countries: Albania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Romania. Recently, G-24 countries agreed to extend assistance to Slovenia. In addition, the G-24 is supporting information sharing on emergency assistance to the former Yugoslav republics of Bosnia and Herzegovina, Croatia, and Macedonia.

In its role as secretariat for the G-24, the EC Commission facilitates sharing of information on priority needs for assistance. It organizes sectoral and country-specific meetings and well as maintains a scoreboard of commitments by donors. The G-24 has eight working groups, including food aid, energy, environment, investment, labor, nuclear safety, training, and transport. At the July 1992 Munich Summit, the G-7 asked the G-24 also to coordinate nuclear safety assistance to the new independent states of the former Soviet Union. This is the only area in which the G-24 also coordinates assistance to the new independent states. (The international community has agreed that an IBRD-chaired consultative group process will be the primary vehicle for coordinating technical assistance to the new independent states in the future.)

The Brussels Network of local G-24 country representatives meets regularly to discuss meeting preparations and other issues. The working groups meet periodically, usually in Brussels. On occasion, Brussels-based finance ministry representatives gather to discuss balance of payments assistance. Meetings at the ministerial level were held in July 1990 and November 1991. Meetings of senior officials (at the assistant secretary or deputy assistant secretary level) are held three to four times a year.

The G-24 has begun holding country-specific meetings in recipient capitals to help improve in-country coordination. These include a meeting in July 1992 in Tirana, Albania and in November 1992 in Riga, Latvia. The latter meeting covered assistance to all three Baltic states.

Total assistance pledged to all central and east European countries from the beginning of 1990 through June of 1992 amounts to over \$60 billion. About half of this assistance has been disbursed or made available. The G-24 countries and EC Commission account for \$43 billion of total aid. The international financial institutions account for the other \$17 billion.

The United States committed \$5.9 billion from January 1990 through June 1992. About \$4.1 billion of this, or nearly 70 percent, is grant assistance. The United States is the second largest bilateral donor overall, after Germany. The European Community, which channels its assistance through the EC Commission, is the third largest donor. Note that EC funds ultimately come from the EC member states, according to each country's share of the EC budget.

The attached tables provide an overview of global and G-24 commitments, as well as G-7 commitments to individual recipient countries in central and eastern Europe.

Assistance to the Central and Eastern European countries (CEEC)

Global cumulative commitments from beginning
1st quarter 1990 to end 2nd quarter 1992

	<u>Total Assistance</u>		<u>Of which Grants</u>	
	<u>bln ECU</u>	<u>bln US\$</u>	<u>bln ECU</u>	<u>bln US\$</u>
A. G-24				
1. <u>Economic Restructuring Assistance</u>	7.2	9.1	5.3	6.9
of which :				
- Social infrastructure & services	0.9	1.1	0.8	1.0
- Economic infrastructure & services	1.9	2.4	1.2	1.6
- Production sectors	1.5	1.9	1.1	1.5
- Multi-sector	2.9	3.7	2.2	2.8
2. <u>Macro-Financial Assistance</u>	11.4	14.4	6.3	8.0
of which:				
- Polish Stabilisation Fund	0.8	1.0	0.2	0.2
- Medium-term Loan to Hungary	0.8	1.0	-	-
- Complementary (to IMF) Loans to:				
Czechoslovakia	0.8	1.0	0.01	0.01
Hungary	0.3	0.4	0.01	0.01
Bulgaria	0.4	0.5	-	-
Romania	0.5	0.6	-	-
- Debt	7.3*	9.2	6.0	7.6
3. <u>Emergency Assistance</u>	1.5	1.9	1.4	1.7
of which:				
- Food Aid	1.2	1.5	1.1	1.4
- Other Emergency Aid	0.3	0.4	0.3	0.3
4. <u>Official Export Credits</u>	8.8	11.2	-	-
5. <u>Official Support for Private Investment</u>	1.4	1.8	-	-
6. <u>Non-Specified</u>	3.6	4.6	0.9	1.1
TOTAL G-24	33.9	43.0	14.0	17.7
B. International Institutions	13.0	16.5		
1. IMF	6.9	8.8	-	-
2. World Bank	5.4	6.8	-	-
3. EBRD	0.7	0.9	-	-
GRAND TOTAL	46.9	59.5	14.0	17.7

* This figure represents official donor commitments towards the target set within the framework of the Club of Paris where members pledged:

- for Poland 50% reduction of external debt
- for Bulgaria \$1.4 bln ECU rescheduling over 10 years with a 6 year grace period

1 ecu = \$1.27

G-24 Commitments to Central and Eastern Europe (January 1990 to June 1992) (US\$ millions)

	Total	Czechs	Czechs/Other
Belgium	222.2	54.0	168.2
Denmark	539.1	377.9	161.2
France	2,294.5	280.8	2,013.8
Germany	9,504.9	3,482.8	6,022.1
Greece	65.3	40.6	24.7
Ireland	2.0	1.1	1.7
Italy	1,787.8	610.4	1,177.4
Luxembourg	28.8	3.2	25.6
Netherlands	471.5	139.1	332.4
Portugal	5.0	0.0	5.0
Spain	605.7	7.4	598.2
United Kingdom	927.3	101.2	826.1
EC Commission	5,701.5	2,871.9	2,729.6
EC Other	4,527.1	0.0	4,527.1
Austria	2,114.0	809.0	1,305.0
Finland	455.7	90.7	365.0
Iceland	4.3	4.0	0.3
Norway	163.0	79.2	83.8
Sweden	1,004.3	222.7	781.6
Switzerland	972.2	636.6	335.6
EFTA Other	1.8	1.8	0.0
Australia	225.7	9.2	216.5
Canada	2,299.2	1,540.0	699.2
Japan	3,135.8	695.4	2,440.4
New Zealand	64.8	1.1	63.7
Turkey	476.0	20.0	456.0
United States	5,906.2	4,090.5	1,815.7
Total	43,447.5	16,270.5	27,176.9

Source: November 1992 G-24 Scoreboard, compiled by EC Commission

G-7 Commitments to Central and Eastern Europe
Region-Wide and By Country

(January 1990 to June 1992)
(US\$ millions)

REGION-WIDE TOTALS

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	2239.2	1540.0	68.8	7.1
France	2294.5	280.6	12.2	7.3
Germany	9504.9	3482.8	36.6	30.2
Italy	1787.8	610.4	34.1	5.7
Japan	3135.8	695.4	22.2	10.0
United Kingdom	927.3	101.2	10.9	2.9
United States	5906.2	4090.6	69.3	18.8
EC Commission	5701.5	2971.9	52.1	18.1
Total	31497.2	13772.9	43.7	100.0

Source: November 1992 G-24 Scoreboard, compiled by EC Commission

ALBANIA

or	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	0.4	0.4	100.0	0.1
France	2.9	2.9	100.0	0.4
Germany	43.4	30.5	70.3	6.0
Italy	344.1	194.9	56.6	47.3
Japan	0.8	0.8	100.0	0.1
United Kingdom	2.3	2.3	100.0	0.3
United States	71.6	71.6	100.0	9.8
EC Commission	262.2	262.2	100.0	36.0
Total	727.7	565.6	77.7	100.0

BULGARIA

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	15.5	0.3	1.9	1.4
France	92.3	0.0	0.0	8.3
Germany	106.9	8.7	8.1	9.6
Italy	26.6	26.6	100.0	2.4
Japan	94.8	2.8	3.0	8.5
United Kingdom	6.0	6.0	100.0	0.5
United States	95.6	95.6	100.0	8.6
EC Commission	678.2	309.9	45.7	60.8
Total	1115.9	449.9	40.3	100.0

CZECHOSLOVAKIA

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	396.7	6.9	1.7	9.9
France	220.3	1.8	0.8	5.5
Germany	1634.2	9.0	0.6	40.6
Italy	124.7	0.4	0.3	3.1
Japan	285.5	1.2	0.4	7.1
United Kingdom	21.3	21.3	100.0	0.5
United States	556.0	108.2	19.5	13.8
EC Commission	783.6	295.9	37.8	19.5
Total	4022.3	444.7	11.1	100.0

ESTONIA

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	9.3	0.1	1.1	13.0
France	3.7	0.0	0.0	5.2
Germany	0.0	0.0	N/A	0.0
Italy	0.0	0.0	N/A	0.0
Japan	0.0	0.0	N/A	0.0
United Kingdom	0.0	0.0	N/A	0.0
United States	27.6	22.6	81.9	38.5
EC Commission	31.1	31.1	100.0	43.4
Total	71.7	53.8	75.0	100.0

HUNGARY

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	118.0	5.4	4.6	2.1
France	373.4	5.5	1.5	6.6
Germany	1788.0	42.7	2.4	31.4
Italy	242.3	9.4	3.9	4.3
Japan	930.0	1.6	0.2	16.3
United Kingdom	11.3	11.3	100.0	0.2
United States	597.7	115.6	19.3	10.5
EC Commission	1631.1	386.5	23.7	28.7
Total	5691.8	578.0	10.2	100.0

LATVIA

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	9.3	0.0	0.0	6.4
France	1.8	0.0	0.0	1.2
Germany	0.0	0.0	N/A	0.0
Italy	14.9	0.0	0.0	10.2
Japan	0.0	0.0	N/A	0.0
United Kingdom	0.0	0.0	N/A	0.0
United States	76.5	21.4	28.0	52.5
EC Commission	43.2	43.2	100.0	29.6
Total	145.7	64.6	44.3	100.0

LITHUANIA

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	9.3	0.0	0.0	8.4
France	6.8	4.9	72.1	6.2
Germany	0.0	0.0	N/A	0.0
Italy	9.9	4.9	49.5	9.0
Japan	0.0	0.0	N/A	0.0
United Kingdom	0.0	0.0	N/A	0.0
United States	27.6	22.6	81.9	25.1
EC Commission	56.5	56.5	100.0	51.3
Total	110.1	88.9	80.7	100.0

POLAND

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	1561.7	1516.2	97.1	10.7
France	825.2	23.3	2.8	5.7
Germany	4356.6	2870.9	65.9	30.0
Italy	724.1	123.4	17.0	5.0
Japan	1539.5	602.4	39.1	10.6
United Kingdom	880.7	52.9	6.0	6.1
United States	3694.8	2971.2	80.4	25.4
EC Commission	957.2	916.6	95.8	6.6
Total	14539.8	9076.9	62.4	100.0

ROMANIA

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	110.7	1.8	1.6	5.0
France	434.7	11.3	2.6	19.5
Germany	314.5	133.8	42.5	14.1
Italy	163.3	135.1	82.7	7.3
Japan	95.3	3.3	3.5	4.3
United Kingdom	3.5	3.5	100.0	0.2
United States	135.2	105.2	77.8	6.1
EC Commission	967.1	471.1	48.7	43.5
Total	2224.3	865.1	38.9	100.0

FORMER YUGOSLAVIA*

Donor	Total	Grant	Grant as % of Total	Total as % of G-7
Canada	2.1	2.1	100.0	0.2
France	87.4	0.0	0.0	9.1
Germany	726.5	24.1	3.3	75.5
Italy	58.2	34.0	58.4	6.1
Japan	0.0	0.0	N/A	0.0
United Kingdom	0.9	0.9	100.0	0.1
United States	24.1	N/A	N/A	2.5
EC Commission	62.7	62.7	100.0	6.5
Total	961.9	123.8	12.9	100.0

* Does not include humanitarian assistance to victims of the conflict in the former Yugoslavia. At present, most assistance is on hold. Slovenia was granted eligibility for G-24 assistance in fall 1992.

**ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)
ASSISTANCE EFFORTS IN EASTERN EUROPE**

Encouraged by the U.S., the OECD established the Center for Cooperation with European Economies in Transition (CCEET) in 1989. The initial U.S. contribution was a SEED Act grant of \$1 million. For calendar year 1993, the U.S. is seeking \$3.7 million (from a variety of sources not including SEED) for OECD work in Eastern Europe.

The CCEET, with a staff of 40 professionals based in Paris, offers educational and training programs to all interested east European states. Among the countries that have recently requested assistance from the CCEET are Albania, Slovenia, Macedonia, Bosnia, and the three Baltic nations, as well as Hungary, the CSFR, Poland, Bulgaria and Romania (who have participated since 1989) and some states of the FSU. Seminar topics have included privatization, labor market reform, defense conversion, and statistics gathering. One of the most well-regarded projects under the CCEET has been the tax training program located at the IBRD/IMF/OECD training center in Vienna.

Since 1990, the CCEET has administered the Partners in Transition program, also a U.S. initiative, for Hungary, the CSFR, and Poland (the three east European states most likely to be ready for full OECD membership by the end of the decade). Designed to help the nations understand OECD membership obligations, Partners status conveys special benefits, including the right to observe the workings of many OECD committees. Partners nations receive fully country economic reviews like OECD member nations. Romania and Bulgaria have applied for Partners status, but consensus of OECD members has not yet been reached. With the break up of the CSFR, the OECD has agreed to continue to permit both the Czech and Slovak republics to participate in all Partners programs, although full Partners status for each republic will be withheld until each has an established record as an independent country. In addition, In 1991 the OECD established a databank under the CCEET to track technical assistance to eastern Europe by G-24 members.

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
(EBRD)**

The EBRD formally came into existence on March 28, 1991. It was created to support the transition to democracy and market economies in central and eastern Europe and the Soviet Union. In its first year of operation, the Bank had to respond to the break-up of its largest borrowing member -- the Soviet Union -- and the disintegration of another borrower -- Yugoslavia. During FY 1992, the Board of Directors determined that all former republics of Yugoslavia would have to apply anew for membership in EBRD, and all former Yugoslav republics have done so. Slovenia's membership was approved in August 1992, and it joined in October 1992. (In the half quarter of FY 1993, the Board of Directors recommended that Governors approve the membership applications of Croatia; applications of the other former Yugoslav republics and Macedonia may be considered later in FY 1993. The Board of Directors also recommended that Governors approve the membership for the Czech Republic and Slovakia, following the dissolution of the CSFR.)

At least 60 percent of all EBRD financing must be for SEED recipient countries. When the USSR became a member of the EBRD, the Bank's shareholders agreed to limit the USSR's borrowing for an initial three-year period to the level of its paid-in capital (roughly \$216 million). After the dissolution of the USSR, members agreed that, while this limitation was no longer appropriate, the main focus of the Bank should remain on the countries of central and eastern Europe, including the Baltics. Thus, through the end of 1994, at least 60 percent -- measured annually on a cumulative basis -- of EBRD financing will be provided to central and eastern Europe and the Baltics. After December 1994, the lending limit can be changed by a vote of two-thirds of the Directors. So far, lending to the former Soviet Republics has been far below the limit.

Through the end of FY 1992, the EBRD had made cumulative commitments to the countries of central and eastern Europe (CEE) of ECU 1,070 million*, out of total financings of ECU 1,127 million. This includes financings for regional projects totalling ECU 98 million. In FY 91, the Bank's first year of operation, EBRD committed ECU 50 million to CEE; activities increased dramatically in FY 1992, with the Bank committing ECU 1,020 million to CEE.

From the Bank's inauguration through September 30, 1992, Poland was the largest recipient of Bank financings, with a total of ECU 371 million. Romania was second largest, with financings totalling ECU 237 million (most of which, ECU 142 million, was for a large telecommunications project). Hungary was the third largest recipient, with ECU 220 million through FY 92. Projects financed covered a wide range of sectors,

* As of September 30, 1992, one ECU equaled 1.398 U.S. dollars

e.g., telecommunications, transportation, food processing, clothing manufacture, agri-business, computer systems, and hotels. The Bank also assisted privatization and small and medium enterprise development.

In September 1992, the EBRD joined the Polish-American Enterprise Fund (PAEF) and private investors in creating the Polish Private Equity Fund (PPEF), a \$150 million pool of capital for equity investments and loans in Poland. The EBRD and PAEF each have committed \$40 million to the PPEF, with the rest coming from private investors. The PPEF will enable EBRD capital to participate in private sector investments under \$5 million (the normal EBRD "floor") and also use PAEF and EBRD to leverage new private capital into Poland.

For calendar year 1993, the Bank's central objective is to increase operations to a critical mass of ECU 2-2.6 billion, with a view to mobilizing other resources of more than ECU 8 billion. No more than 40 percent of the Bank's financing can be provided to the state sector. The Bank does not apply a set formula for its financing programs in recipient countries. Rather, it provides variety of forms and amounts of assistance depending upon the level of development and progress toward reform in each country. For example, the Bank's programs in Poland and Hungary are well established and require mainly deepening and consolidating. In other cases, the Bank is only beginning to develop relationships and activities and will undertake institution-building, sector work, advisory services and technical cooperation before an investment program begins.

U.S. contributions to EBRD were \$70 million in FY 1991, and \$69 million in FY 1992. At the end of FY 92 the United States was in arrears to the Bank for its annual contributions in the amount of \$1.1 million.

EBRD EXPOSURE IN SEED-RECIPIENT COUNTRIES
Commitments through September 30, 1992

	<u>ECU/million*</u>
Albania	0
Estonia, Latvia, Lithuania	37
Bulgaria	72
Czechoslovakia	70
Hungary	220
Poland	371
Romania	237
Slovenia	0
Bosnia and Herzegovina	(not a member)
Croatia	(not a member)
Macedonia	(not a member)
Serbia-Montenegro	(not a member)
Other regional programs	63
TOTAL	1,070

* As of September 30, 1992, one ECU equaled 1.398 U.S. dollars*

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)
AND INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)**

World Bank (IBRD) loan approvals for central and eastern Europe dropped in 1992 to \$1.7 billion after peaking at \$2.9 billion in 1991, due in part to the accelerated approval of projects in 1991. Of the \$6,627.5 million in loans approved during the 1990-92 period, \$1,854.2 million had been disbursed by the end of 1992. The cumulative IBRD/IDA exposure to eastern Europe as of 9/30/92 was \$4,431.65 million.

Albania joined the World Bank in October 1991 and was judged eligible for concessional IDA credits. It received a \$41 million credit from the IDA in June 1992 to finance critical imports. Substantial preparatory work has been done for policy-based adjustment loans in agriculture and enterprise reform. In addition, the Bank is advising on economic reforms, helping to build institutional capacity, and preparing a variety of investment projects in infrastructure.

Since Bulgaria became a member in September 1990, the World Bank has provided assistance in four main areas: policy advice and institution-building, finding a solution to Bulgaria's debt problem, investment lending, and aid coordination. The Bank is preparing loans for agriculture, infrastructure, health and human resources, energy, and telecommunications. The World Bank provided analytical support for the first Consultative Group meeting for Bulgaria, held in April 1992 under EC chairmanship.

Czechoslovakia re-joined the World Bank in September 1990. After receiving a \$450 million Structural Adjustment Loan (SAL) in 1991, a \$246 million loan for electric power and environmental improvement was approved in 1992. The Bank is emphasizing privatization and market development, restoring competitiveness, and facilitating access to private capital markets. Loans are in preparation for energy, the environment, telecommunications, and agro-industry.

Hungary has been a member of the World Bank since 1982. The Bank's efforts have focused on creating a market-oriented economy conducive to private sector development. Loans were approved in 1992 to support privatization and enterprise restructuring, improve the distribution system for consumer goods, tax administration, and rehabilitation of roads and bridges. Future lending operations are being prepared for energy and the environment and health services.

Poland re-joined the Bank in 1986. The Bank's assistance strategy focuses on support for economic transition, privatization, financial sector reform, institutional development, and improvement of social services. Loans approved in 1992 were for health services, private enterprise

development, and housing. New loans in preparation are for the financial sector, coal sector restructuring, environmental protection, privatization in heat and power, agriculture, roads, telecommunications, and education.

Romania has been a member of the Bank since 1972. Loans approved in 1992 included a \$400 million SAL to support private sector development, trade reform, and improvement of the social safety net, and a \$100 million loan to assist private farming and rural enterprises. Loans in preparation will further promote market-oriented reforms through enterprise restructuring and operations in the telecommunications, oil and gas, and agro-industry sectors.

Estonia joined the Bank in June 1992. The first operation, \$30 million for critical imports, was approved in October. A \$30 million energy loan is being prepared.

Latvia joined in August 1992. A \$45 million loan for critical imports and technical assistance was approved in October 1992. Planned loans of \$50 million for energy and the environment and \$20 million for human resources will give particular emphasis to institutional development.

Lithuania joined in July 1992 and received a \$60 million loan for critical imports and technical assistance in October 1992. Loans are being prepared for human resources (\$20 million) and energy and the environment (\$70 million).

The Bank suspended new lending to Yugoslavia upon dissolution of that country. When the conflict erupted, three loans that had been signed were not yet effective. Implementation of two of these loans was postponed (\$292 million for highways in several regions and \$300 million for a power plant in Serbia), and a railway loan was canceled.

LOAN APPROVALS AND EXPOSURE
(millions of US\$)

	Appr. 1990	Appr. 1991	Appr. 1992	Cumulative Exposure as of 9/30/92
Albania	0	0	41.1	0.12
Bulgaria	0	267.0	0	150.23
Czechoslovakia	0	450.0	246.0	306.96
Hungary	516.0	400.0	390.0	1765.2
Poland	1081.0	1140.0	390.0	546.51
Romania	0	330.0	500.0	129.07
Estonia	0	0	30.0	0
Latvia	0	0	45.0	0
Lithuania	0	0	60.0	0
Bosnia-H.	NA	NA	NA	439.24*
Croatia	NA	NA	NA	155.19*
Macedonia	NA	NA	NA	153.98*
Serbia-M.	NA	NA	NA	1141.05*
Slovenia	NA	NA	NA	160.59*
Yugoslavia (former republics)	441.3	300.0	0	
TOTAL	2038.3	2887.0	1702.1	4431.65

* World Bank estimate of 10/31/92 based on interim agreements with the Bank and location of the project.

INTERNATIONAL FINANCE CORPORATION (IFC)

The IFC's efforts in central and eastern Europe focus on promoting privatization (in part through joint ventures with foreign partners), advising governments and state enterprises on privatization and restructuring, assisting the development of capital markets, and providing legal and technical advice on a wide range of corporate and financial issues.

Albania joined the IFC in October 1991. The IFC is supporting private sector development through helping arrange joint ventures with foreign partners. Currently it is working on projects in mining and in the tourism sector.

Since **Bulgaria** became a member in 1991, the IFC has helped design privatization strategies for several companies and has been working on creation of a joint-venture bank. Now that privatization and foreign investment laws are in place, the IFC plans to act as a catalyst to bring about joint-venture investments in agri-business, light industry, and mining.

Czechoslovakia became a member of the IFC in September 1990. The IFC is financing projects that promote private and foreign investment and is providing specialized technical assistance on privatization strategy. It participated in a joint venture between a U.S. company and a local carbon black manufacturer and assisted the privatization and modernization of a large cement company. It invested in Czechoslovakia's first privatized bank. In 1992, the IFC completed strategic review of Skoda Pilsen, one of Czechoslovakia's largest industrial enterprises, and helped negotiate joint ventures for Skoda's energy and transport operations with a major foreign investor. It also participated in a major loan syndication for an automobile joint venture between Skoda and Volkswagen. The IFC helped the government draft securities legislation and provided advice on mass privatization and creation of a stock exchange.

Hungary became a member of the IFC in April 1985. The IFC is promoting joint ventures with foreign partners and participated in the first foreign investment (venture capital) fund in Hungary. It helped finance a cellular telephone project with a U.S. partner and is participating in a major hotel renovation investment in Budapest.

Poland joined the IFC in 1987. The IFC's strategy is to support efficiently-run, economically viable projects and to help develop Poland's capital markets. The IFC provided a loan to improve facilities of a large privatized lighting products manufacturer. In addition to helping organize twinning arrangements between Polish and foreign banks, the IFC is helping develop non-bank financial institutions needed to mobilize financial resources for modernizing Poland's industry. It provides technical assistance to the Government.

for its privatization program. IFC also carried out a strategic review of each company in the cement sector, while assisting the public sale of several. The Polish Business Advisory Service, which was initiated by the IFC and the European Bank for Reconstruction and Development with participation by the United States, began operations in the fall of 1991.

Although a member of the World Bank since 1972, Romania did not join the IFC until 1990. Its first IFC investment was in 1992, a loan for a joint venture with a French company to produce telecommunications equipment. Besides supporting the expansion and modernization of enterprises through joint ventures with foreign companies, the IFC is providing technical assistance in the financial sector, including the development of a stock exchange and securities exchange commission.

Estonia, Latvia, and Lithuania joined the IFC in mid-1992. The Foreign Investment Advisory Service operated by the IFC is studying the foreign investment framework in all three countries and making recommendations for improvements.

The IFC has made 28 investments in the former Yugoslav states since 1970 and held a portfolio of \$234 million as of June 30, 1992. However, there have been no new investment operations since 1990, and none are expected until the political situation stabilizes and countries' membership status is resolved. In 1992 the IFC provided technical assistance to the Republic of Slovenia's Privatization Agency and Development Fund for a pilot privatization program.

IFC PORTFOLIO AS OF JUNE 30, 1992
(billions of US\$)

	Loans	Equity	Total
Albania	0	0	0
Bulgaria	0	0	0
Czechoslovakia	0	23.6	23.6
Hungary	122.5	30.7	153.2
Poland	79.4	4.3	83.7
Romania*	0	0	0
Estonia	0	0	0
Latvia	0	0	0
Lithuania	0	0	0
Yugoslavia	234.1	0	234.1
(former republics)			
Total	436.0	58.6	494.6

* Loan approved in 1992 for Romania had not disbursed by the end of IFC's fiscal year on June 30.

INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) continued to be very active in central and eastern Europe during fiscal year 1992. The three Baltic states became members and have stand-by arrangements in place, totalling \$194 million. IMF economic adjustment programs totalling some \$1.2 billion in program commitments were approved. (These funds are to be provided by the IMF over the terms of the programs, provided economic policy steps are taken and performance targets are met. Failure to meet targets suspends a country's right to use IMF resources until additional economic policy steps are taken, if needed, or until a waiver is granted.)

In 1992, the IMF sent teams providing technical assistance and training to central and eastern Europe covering a wide range of areas, such as central banking, taxation, public finance, and statistics. With respect to the states emerging from the former Yugoslavia, the IMF provided technical assistance to Slovenia and Croatia and met with representatives of the others.

Albania's first IMF program is a twelve-month stand-by arrangement approved on August 26, 1992 for \$28 million.

In March 1992, **Bulgaria** completed its first stand-by arrangement and embarked on a second program for another twelve months with access to \$215 million.

Czechoslovakia's current twelve-month stand-by arrangement for \$327 million was approved on April 3, 1992. Upon dissolution on January 1, 1993, the Czech and Slovak republics will each succeed to the IMF membership, dividing the former Czechoslovakia's quota and assets in, and liabilities to, the IMF between them. Each of the new states will then be eligible for new IMF assistance and advice in 1993.

Estonia joined the IMF on May 26, 1992 and had its first stand-by arrangement approved in September 1992. It is a one-year program for \$39 million.

Hungary was granted a three-year extended arrangement by the IMF on February 20, 1991 for a total of \$1.543 billion. Hungary is currently out of compliance with its IMF program, but is expected to resume the program in 1993.

Latvia joined the IMF on May 19, 1992 and had its first stand-by arrangement approved in September 1992. It is an eleven-month program for \$76 million.

Lithuania joined the IMF on April 29, 1992 and in October 1992 had its first stand-by arrangement approved, an eleven-month program for \$79 million.

In the summer of 1991, Poland fell out of compliance with the terms of its three-year Extended Fund Facility program. A key issue was the rising budget deficit. The IMF and the Polish authorities have recently reached agreement on a new fourteen-month stand-by arrangement which is set to go to the IMF's Executive Board for approval in January 1993. Once approved, Poland will have access to \$659 million.

Romania's \$525 million stand-by arrangement which ran from April 1991 to April 1992 was followed by another ten-month stand-by arrangement for \$435 million approved in May 1992.

Yugoslavia fell out of compliance with its most recent IMF program, an 18-month stand-by arrangement, in March 1990. No new programs were possible in fiscal year 1992 given the political uncertainties. In December 1992, the IMF's Executive Board approved a process through which each of the republics may succeed to the membership of the former Yugoslavia. The former Yugoslavia's quota and assets in, and liabilities to, the IMF will be divided among the emerging republics.

IMF PROGRAMS IN CENTRAL AND EASTERN EUROPE

Country	Program Dates	Total Amount Available Under Program (US Dollars Millions)
Albania	8/26/92 - 8/25/93	28
Bulgaria	4/17/92 - 4/16/93	215
Czechoslovakia	4/3/92 - 4/2/93	327
Estonia	9/16/92 - 9/15/93	39
Hungary*	2/20/91 - 2/19/94	1543
Latvia	9/14/92 - 9/13/93	76
Lithuania	10/21/92 - 9/20/93	79
Poland*	4/18/91 - 4/17/94	1695
Romania	5/29/92 - 3/38/93	435

*Countries unable to borrow as of December 1992 because of non-compliance with program performance requirements.

CURRENCY STABILIZATION FUND

The United States took the initiative in 1989 to mobilize \$1 billion from the international community to establish the Polish Stabilization Fund (PSF) to bolster Polish foreign exchange reserves. It also allowed the Government of Poland to introduce currency convertibility, a critical step in the process of economic reform. Under the SEED Act of 1989, the U.S. contributed \$199.1 million to the Fund, which has been an integral part of the radical economic programs Poland has negotiated with the IMF. The Fund has been renewed twice since its inception.

The Polish authorities and the 18 contributors to the Fund agree that a stabilization fund is no longer necessary and allowed it to expire on January 4, 1993. The G-7 agreed at the July Summit to attempt to convert the PSF, in its current form of loans and grants, to support other uses. The United States is taking the lead among the contributors to convert the use of the Fund's resources primarily to the support of Polish bank reform, which was identified by the Polish Government as a priority at this stage in the transition to a market economy. The IMF and IBRD both support the Polish proposal. Nearly half of the monies made available for the PSF have been committed to this new use. To this end, the U.S. and the Polish Government concluded a bilateral agreement on December 28, 1992 transferring the U.S. \$199.1 million grant from the PSF to the new "Polish Bank Privatization Fund."

DEBT REDUCTION AND RESCHEDULING

Pursuant to the authority granted under Section 579 of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1991, the U.S. reduced and reorganized Polish debt through the framework of the Paris Club, the group of official creditors. As a result of U.S. leadership, the Paris Club agreed on April 21, 1991 to reduce Poland's official debt by 50 percent in two stages, with an option to sell or exchange an additional 10 percent of debt in the framework of debt swaps. Going beyond the Paris Club agreement, the U.S. agreed to forgive an additional 10 percent above the base of 50 percent. It also exercised the 10 percent debt swap option to enable the Government of Poland to fund an environmental foundation. Thus, if all conditions are met by April 1, 1994, the U.S. will have forgiven 70 percent of Polish debt in net present value terms, or \$2.4 billion. The remaining 30 percent of Polish debt is to be repaid in twenty-four consecutive, semi-annual installments beginning on September 30, 1997.

In December 1992, the Paris Club agreed to reschedule Bulgarian official debt for the second time. The first was in April 1991. However, the U.S. is not a creditor of Bulgaria and did not actively participate.

FY 1992 SEED Act Implementation Report

1/25/92

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Clearances

D/EEA:RLHutchings
S:JWarlick (subs)
D/P&R:DSpeckhard
C:GGrappo
E:MBrownrigg (info)
P:EMalloy
H:BDCurran
L/EUR:TBuchwald
HA:DBernstein
S/P:JFox
EB:RHecklinger
EUR:RJohnson
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