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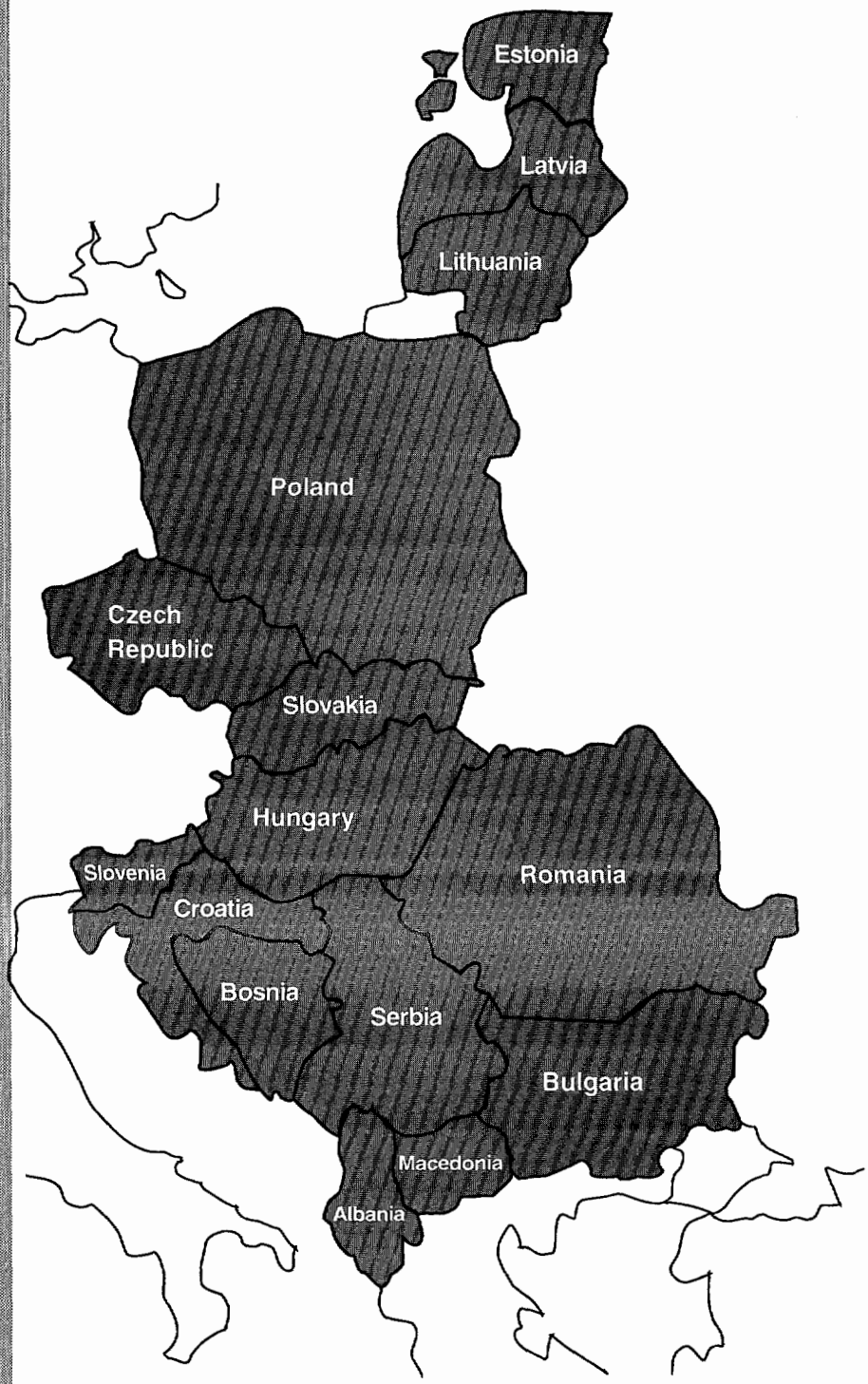
SEED Act Implementation Report

Fiscal Year 1996

SEED

Support for East European Democracy



February 1997

SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED) REPORT FY 1996

February 1997

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TABLE OF CONTENTS

I. INTRODUCTION 1

II. SEED ASSISTANCE SUMMARIES
Albania 5
Bosnia-Herzegovina 15
Bulgaria 17
Croatia 25
Czech Republic 31
Estonia 39
Hungary 47
Latvia 55
Lithuania 61
Former Yugoslav Republic of Macedonia 69
Poland 77
Romania 87
Serbia (Kosovo) 95
Slovakia 97
Slovenia 109
Regional Programs
-- Department of the Treasury 117
-- Law and Democracy 122
-- U.S. Information Agency 126
-- Department of Labor 131

III. RECONSTRUCTION IN BOSNIA 139

IV. OTHER U.S. ASSISTANCE INITIATIVES AND PROGRAMS
Food Assistance and Credit Guarantees 149
Peace Corps 154
USIA Non-SEED Funded Activities 162
U.S. Department of Agriculture 168
Department of Defense Excess Property 174
USAID Disaster Relief (OFDA) 175

V. U.S. TRADE AND INVESTMENT INITIATIVES
Most Favored Nation (MFN) Trade Status 177
Agreements on Trade and Intellectual Property Rights 177
Generalized System of Preferences (GSP) 177
Normalizaton of Trading Relations Under WTO 178
Bilateral Investment Treaties 178
Textile Agreements 179
Overseas Private Investment Corporation (OPIC) 180

Export-Import Bank 180
U.S. Trade and Development Agency (TDA) 182

VI. INTERNATIONAL INSTITUTIONS AND INITIATIVES
OECD 185
European Bank for Reconstruction and Development (EBRD) 186
International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) 188
International Finance Corporation (IFC) 190
International Monetary Fund (IMF) 191
Debt Reduction and Rescheduling 195
G-24 Process and Cooperation 196

VII. MONITORING COUNTRY PROGRESS IN CENTRAL AND EASTERN EUROPE 199

VIII. OVERVIEW OF THE SEED PROGRAM 207

IX. SEED ASSISTANCE BUDGET (Obligations) 210

I. INTRODUCTION

1996 was a year of considerable accomplishment for the Support for East European Democracy (SEED) Program. Seven years after inception of the SEED Program, the first country – Estonia – demonstrated that its transition from its command economy, authoritarian past to a free market democratic future had progressed sufficiently that direct assistance was no longer necessary to sustain it. Thus, Estonia "graduated" from the SEED Program in September. Two more countries – Slovenia and the Czech Republic – will join Estonia in FY 1997 in moving their relationship with the United States beyond that of assistance recipient to full partnership in the world community.

These graduations, coming after only a short period of the SEED Program, validate the underlying premise of the Program that the countries of Central and Eastern Europe, in the main, are fully capable of making the transition to free market democracy with limited, focused assistance from the American people and others.

Country Progress Indicators

Decisions about graduation -- or continuing assistance -- are not taken in a vacuum. Another of the principal achievements of this year was the development by the Agency for International Development (USAID) of Country Progress Indicators by which we can reach quantitative judgements on the design, effectiveness, and continuation of U.S. assistance. Using economic and political data from widely available public sources, this methodology evaluates the performance and sustainability of a country's transition. While not the only factor upon which funding decisions are made, and in many cases reinforcing more subjective analysis by policymakers, this new approach has already proved valuable. The Chart following page 3 displays the relative positions of the fourteen SEED countries in their transition. Chapter VII describes the methodology and its application in greater detail.

Setting Graduation Dates

Partially as a result of applying this new methodology, provisional decisions have been made regarding the next series of graduations from the SEED Program. We now expect that FY 1998 will be the last year of funding for Hungary.

The Country Progress Indicator methodology also suggested that Latvia's transition would be more complete and better sustained were the program to continue there for two more years, i.e. through the end of FY 1998. This is a revision from last year, when Latvia was forecast to graduate with the completion of FY 1996 funding. As a result, projects scheduled for completion in FY 1997 will hew to that schedule, while a revised program focused on critical needs (capital market formation, inter-ethnic relations, and energy sector reform) will be

implemented in the FY 1997-98 period. The SEED Program in Lithuania is also now planned to complete its funding in FY 1998. FY 1999 is forecast to be the last year of funding for the SEED Program in Poland and Slovakia, where the political transition has not kept pace and remains under close scrutiny.

FY 1996 Performance

During 1996, the SEED Act countries generally enjoyed continued economic growth, declining inflation, and expanding private sectors. *(See the graphs and tables at the end of this chapter and of each country section.)* Real GDP has continued to rise in most countries, the one exception being Bulgaria, which saw its economy shrink 4%. In ten of the fourteen SEED countries, annual GDP growth was over three percent in 1996. By contrast, in 1991 the best performing economy in the region suffered a decline of 7.6 percent in GDP. The growth in 1996, therefore, continues a major turnaround for the economies of these countries, showing that recovery is firmly established and that growth is liable to accelerate and spur the process of reform.

Inflation generally continued its downward trend, although it increased in four countries – Albania, Bulgaria, Croatia, and Romania. However, the hyperinflation of the early nineties has effectively been vanquished; only Bulgaria had a 1996 inflation rate above 40%.

Through our assistance programs and policy dialogue, the U.S. has actively encouraged the process of privatization throughout the region. In all SEED countries, efforts to privatize state enterprises have continued. The pace of privatization varied from country to country and by sector, but the overall trend was toward a larger role for the private sector in all countries. In all but Slovenia and Bulgaria, the private sector share of GDP exceeds 50%.

Unemployment continued to decline generally, with no country (apart from Bosnia) reporting an unemployment rate over 15% in 1995 (the last year for which figures are available). Nine countries achieved an unemployment rate below that of the European Union average (11.2).

The SEED countries generally maintain open political systems. Free and fair presidential elections are now the norm throughout the region, and were held in several SEED countries during 1996. However, in Albania, international observers considered the May 1996 parliamentary elections to suffer from widespread irregularities; the October 1996 municipal elections were judged an improvement. Problems continued to be noted in some countries regarding the treatment of minorities and the extent to which the media are free from government interference.

Bosnia

In addition to the traditional activities carried out by the SEED Program, the SEED appropriation also provides funding for economic reconstruction and other activities in Bosnia. Nearly one-half of the FY 1996 appropriation went to activities in Bosnia; a similar proportion is

budgetted for FY 1997. The signing of the Dayton Peace Agreement and the successful deployment of the U.S.-led Implementation Force (IFOR) and Stabilization Force (SFOR) provided the opportunity to begin recovery from the damages of war. Four years of war had ravaged Bosnia's infrastructure. A large part of the most productive segment of society was dislocated or eliminated. A large international reconstruction effort is underway, coordinated on the ground by the World Bank and the European Union. President Clinton has pledged a U.S. contribution of $600 million over three years; FY 1996 was the first year of that commitment. In addition, SEED funding has been used to prepare for national and municipal elections, support free media, and develop and equip a modern, ethnically-integrated police force. Given the large size of the Bosnia program, its differing goals from the remainder of the SEED Program, and the keen political interest it has prompted, a separate chapter (Chapter III) discusses Economic Reconstruction in Bosnia.

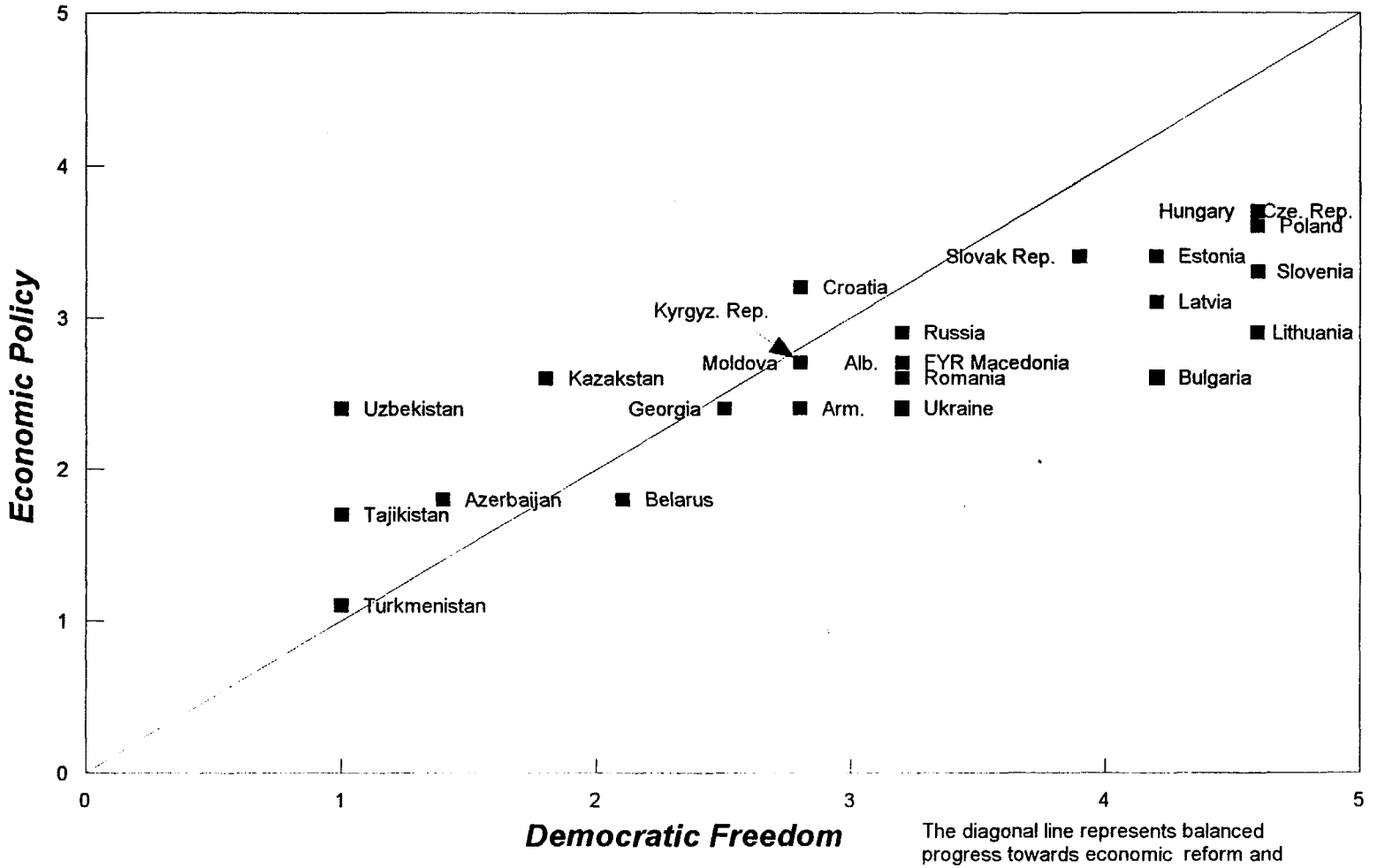
Content of Report

This year's Report contains several other innovations. So that the Report can serve as a more useful reference, each country section contains – in addition to a breakdown of FY 1996 obligations in that country – charts showing economic performance since 1989. Some of that data is benchmarked against the performance of the European Union member states on the grounds that SEED recipients aspire to EU membership and the EU is, in most cases, their largest trading partner.

Also, in recognition of the crucial role played by other U.S. Government agencies in achieving the goals of the SEED Program, greater detail regarding their activities has been provided in the Regional Programs section of Chapter II, in addition to appropriate mention in individual country sections.

Coming on top of the additional material presented regarding the Country Progress Indicators project and SEED activities in Bosnia, we believe this year's Report is even more useful than in previous years. We welcome the comments and suggestions of readers; letters may be sent to the Office of the Coordinator for East European Assistance, EUR/EEA, Room 1420, U.S. Department of State, Washington, DC 20520, or we can be reached at (202) 647-0853.

Economic Policy Reforms and Democratic Freedoms in CEE and NIS

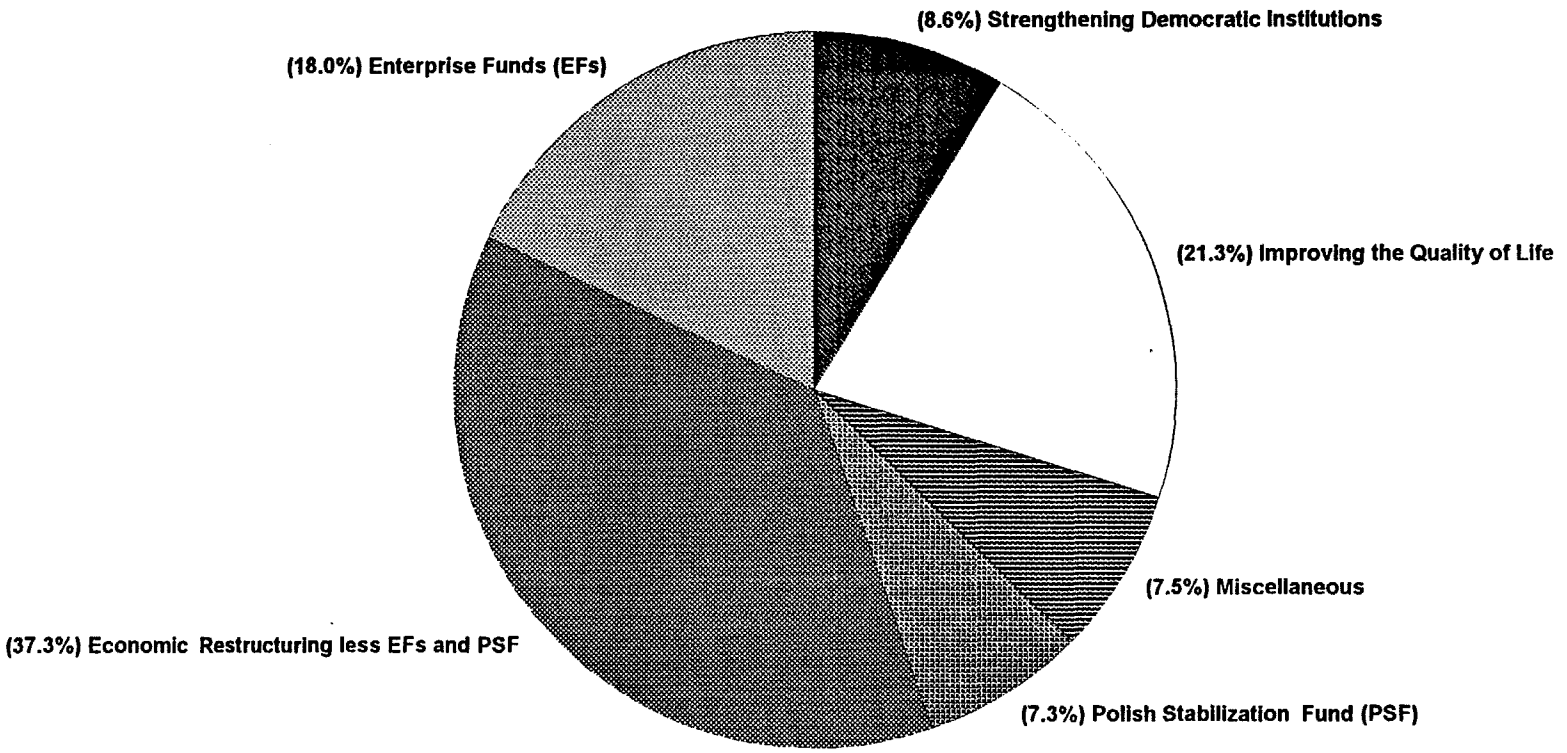


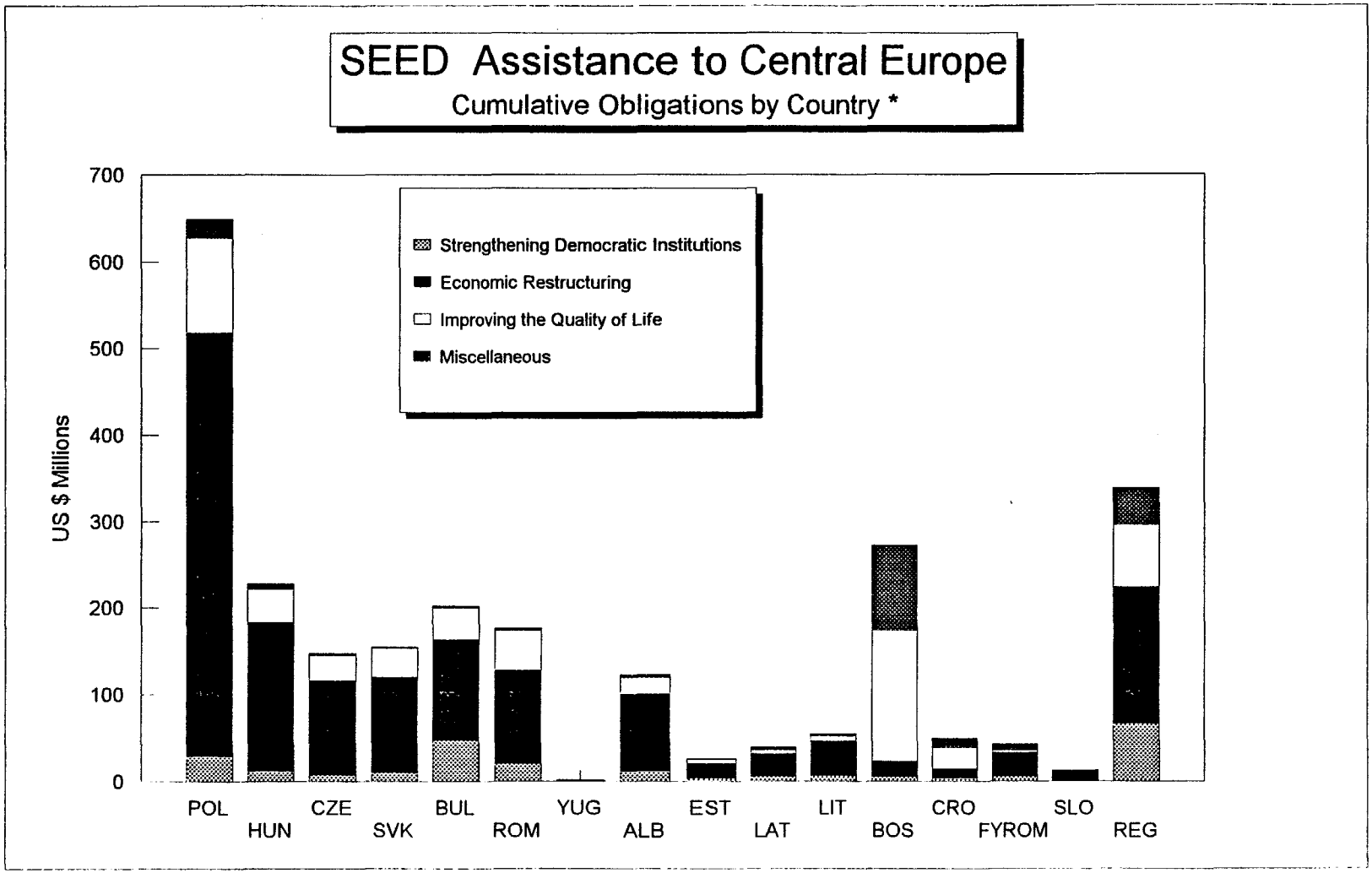
The diagonal line represents balanced progress towards economic reform and democratic freedom.

Ratings based on 1-5 scale with 5 being the most advanced.

Economic Policy ratings are from the EBRD (1996).
Democratic freedom ratings are drawn from Freedom House (1996).

SEED ASSISTANCE TO CENTRAL EUROPE
Cumulative Obligations, FY 90 - FY 96
$2,712 Million





* Notes:

1. Countries are presented in order of program initiation.
2. Obligations for Poland do not include $199.2 million Polish Stabilization Fund.
3. Reflects cumulative obligations as of 09/30/96.

Foreign Direct Investment

(millions of US dollars)

	1990	1991	1992	1993	1994	1995	FDI Per Capita (US $) 1990-95
Albania	--	--	20	58	53	70	63
Bulgaria	4	56	42	55	105	90	42
Croatia	--	--	--	74	98	81	53
Czech Rep.	--	--	983	654	878	2,568	493
Estonia	--	--	82	162	214	201	440
Hungary	311	1,462	1,479	2,350	1,144	4,519	1,094
Latvia	--	--	29	45	214	180	187
Lithuania	--	--	--	30	31	73	36
Poland 1/	89	291	678	1,715	1,875	3,659	215
Romania	--	40	77	94	341	419	43
Slovakia	--	--	71	199	203	183	124
Slovenia	-2	41	111	113	128	176	284

1/ National Bank of Poland Balance of Payments statistics using a narrower definition of foreign direct investment (FDI) than the IMF report only a cumulative total of $2.4 billion in FDI for the period 1990-1995.

Sources: EBRD, IMF

Private sector share in GDP 1/

(in percent)

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

* Mid-1996 EBRD estimate.

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

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

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

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

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

6/ Excludes socially managed enterprises.

Sources: EBRD, Freedom House

Real GDP

(Annual percent change)

	1989	1990	1991	1992	1993	1994	1995	1996*
Albania	9.8	-10.0	-27.7	-9.7	11.0	9.4	8.6	5.0
Bulgaria	0.5	-9.1	-11.7	-7.3	-2.4	1.8	2.6	-4.0
Croatia**	-1.6	-8.6	-20.0	-10.0	-3.7	0.8	2.0	5.0
Czech Republic	1.4	-0.4	-14.2	-6.4	-0.9	2.6	4.8	5.1
Estonia	-1.1	-8.1	-11.0	-14.2	-8.5	-2.7	3.2	3.0
FYR Macedonia	na	-9.9	-12.1	-21.1	-8.4	-4.0	-1.5	3.0
Hungary	0.7	-3.5	-11.9	-3.1	-0.6	2.9	1.5	1.5
Latvia	6.8	2.9	-8.3	-35.0	-16.0	0.6	-1.6	1.0
Lithuania***	1.5	-5.0	-13.4	-37.7	-24.2	1.0	3.1	1.5
Poland	0.2	-11.6	-7.0	2.6	3.8	5.2	7.0	5.0
Romania	-5.8	-5.6	-12.9	-8.8	1.3	3.9	6.9	4.5
Slovakia	1.4	-2.5	-14.6	-6.5	-4.1	4.8	7.4	5.5
Slovenia	-1.8	-4.7	-8.1	-5.4	1.3	5.3	3.5	3.0
Industrial Countries 1/	3.6	2.5	0.8	1.7	0.9	2.8	2.1	2.3
G-7 Countries 2/	3.6	2.5	0.8	1.8	1.0	2.8	2.0	2.2
European Union 3/	3.5	3.0	1.6	1.0	-0.5	2.8	2.5	1.6

* Projection.

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

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

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

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

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

Sources: EBRD, IMF

Inflation

(Annual average percent change)

	1989	1990	1991	1992	1993	1994	1995	1996 *
Albania	0.0	0.0	36.0	226.0	85.0	22.6	8.0	13.0
Bulgaria	6.4	26.3	333.5	82.0	73.0	96.3	62.0	95.0
Croatia	na	na	123.0	664.0	1,517.0	97.0	1.6	3.5
Czech Republic	2.3	10.8	56.7	11.1	20.8	10.0	9.1	9.0
Estonia	6.1	23.1	210.5	1,076.0	89.8	48.0	29.0	26.0
FYR Macedonia	na	na	na	1,691.0	350.0	122.0	16.0	4.0
Hungary	16.9	28.9	35.0	23.0	22.5	18.8	28.2	24.0
Latvia	4.7	10.5	124.4	951.2	109.1	35.7	25.0	19.0
Lithuania	2.1	8.4	224.7	1,020.5	410.4	72.1	39.5	28.0
Poland	251.1	585.8	70.3	43.0	35.3	33.2	27.8	21.0
Romania	1.1	5.1	174.5	210.9	256.1	131.0	32.2	40.0
Slovakia	2.3	10.8	61.2	10.1	23.2	13.4	9.9	7.0
Slovenia	1,306.0	549.7	117.7	201.3	32.3	19.8	12.6	10.0
European Union 1/	4.7	5.3	5.1	4.5	3.7	2.9	2.9	2.6

* Projection.

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

Sources: EBRD, IMF

II. SEED ASSISTANCE SUMMARIES

ALBANIA

Economic Developments

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

The democratically-elected government which assumed office in March 1992 launched an ambitious economic reform program to halt economic deterioration and put the country on the path toward a market economy. Key elements included price and exchange-system liberalization, fiscal consolidation, monetary restraint, and -- until this year -- a firm policy holding down wage increases in the public sector. These elements were complemented by a comprehensive package of structural reforms, including privatization, enterprise and financial sector reform, and the creation of the legal framework for a market economy and private sector activity. Nearly all prices have been liberalized and are now at international levels. The agriculture, state housing, and small industries sectors have undergone dramatic changes as a result of extensive privatization. Progress has continued in the privatization of transport, services, and small and medium enterprises. Since 1995, the government has undertaken the challenge of privatizing large state enterprises.

Results of Albania's efforts have been encouraging. Led by the agricultural sector, real GDP grew by an estimated 8% in 1994 and 6% in 1995. The projected growth rate for 1996 is approximately 6%. Most of this growth occurred in the private sector which now accounts for an estimated 75% of GDP, the highest proportion in the SEED region. This growth has enabled Albania's GDP to reach 81% of the 1989 level. Annual inflation dropped from 250% in 1991 to single digits in 1995. But a substantial budget deficit, compounded by the government's failure to raise additional revenues through the new VAT, generated concerns about higher inflation (estimated at around 20 percent for 1996) and an eventual depreciation of the Albanian currency. Despite the inflationary pressure on the currency, the lek remained relatively stable, probably due to an offsetting inflow of capital from abroad. These underlying economic problems contributed to Albania's failure to reach a new agreement with the IMF in 1996.

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

For all intents and purposes, Albania is building a new economy. It abandoned central planning without the institutions, expertise or infrastructure required for a well-functioning market economy. The needs for reform are enormous and encompass all sectors of the economy. At the same time, reforms are constrained by limited administrative capacity and low income levels, which make the population particularly vulnerable to loss of employment, price increases and other actions which negatively affect income. Indeed, unemployment remains high, particularly in the cities and the northern districts, where there has been little economic activity except smuggling.

Albania is still dependent on foreign aid. Large scale investment from outside is hampered by poor infrastructure, lack of a functional banking system, untested or incompletely developed investment and tax laws, and a mentality that discourages bureaucratic initiative. A number of pyramid schemes proliferated during the past few years, spurred on in part by the inadequacies of the formal banking sector. It is feared that many Albanians have staked their livelihoods on the success of these schemes; a collapse could prove devastating for large numbers of investors.

Albania is no longer dependent on massive amounts of food aid. The speed and vigor of private entrepreneurial response to Albania's opening and liberalization was better than expected. Small farm plots are being intensively cultivated, there are large numbers of new shops in the cities, and rural-to-urban migration is underway.

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

Political Developments

Once the most repressive and isolated of Eastern Europe's Marxist-Leninist states, Albania is transforming itself into a pluralist democracy. The initial progress witnessed from 1991 - 1994, however, has not been matched subsequently as President Sali Berisha and his Democratic Party stalled on political and judicial reforms. The May 1996 parliamentary elections were fraught with irregularities. A withdrawal of the major opposition parties from the balloting further damaged the credibility of the results and contributed to suspicions of the government's conduct in administering the elections. Following the elections, the U.S. and others suggested a four-step program encouraging the Government and opposition parties to pursue greater interparty dialogue, conduct free and fair municipal elections, adopt a new constitution, and eventually hold new parliamentary elections. The municipal election, held in October 1996, were judged by international elections observers as a significant improvement over the May elections.

The 1991 Law on Major Constitutional Provisions remains the basic law of the government. President Berisha's attempts to develop a new constitution were thwarted in 1994 when his draft was defeated in a popular referendum. New civil and penal codes, statutes on property questions, commercial rules and regulations, and hundreds of other laws have been enacted. In general, these are consistent with western concepts of human rights and commercial practice. However, judicial and law enforcement systems have lagged behind other institutions in the reform effort. Serious gaps in both understanding and implementing judicial procedures remain throughout the legal system. Corruption has also emerged as a significant problem.

Observance of human rights improved markedly after the collapse of the communist regime. Political prisoners were freed by the summer of 1991. Workers won the right to freely associate and form trade unions of their own choosing. The Government dropped all restrictions on the freedom of movement within the country, and regulations on foreign travel and emigration were brought into line with international norms. Freedom of religion has been established in law and practice. Athens and Tirana reached an accord in March 1996 settling some outstanding educational and emigration issues, partially alleviating the contention between the Government and ethnic-Greek minority.

Serious problems remain. The judiciary is subject to executive pressure. The September 1995 removal of the Chief Justice of the Cassation Court was widely perceived as unconstitutional and politically motivated. Police beatings of citizens, poor prison conditions, prolonged pre-trial detention, occasional restrictions on freedom of speech and the press continue.

Many of the basic tenets of democracy -- the rule of law, an independent judiciary, the free press, and a workable body of commercial and property law -- are still found wanting in Albania. The Government will have to rededicate itself to embracing these principles more fully to complete a successful transition to democracy.

In line with its pro-Western policies, Albania seeks greater military cooperation with the West, particularly the United States. In 1991 Albania was admitted to the OSCE and agreed to implement its principles and standards. Albania institutionalized civilian control of the military: the Minister of Defense, Deputy Minister of Defense, and their two deputies are civilians. Forces were cut as part of a wholesale military reorganization. The number of troops was reduced from over 60,000 to about 40,000.

An American Military Liaison Team has operated in Albania since 1992, overseeing visits and exchanges between U.S. and Albanian militaries. In 1993, the U.S. and Albania signed a Memorandum of Understanding on Defense Cooperation laying out numerous areas of current and projected cooperation in security matters. Albania has become an active participant in U.S. bilateral and multilateral assistance programs, though at reduced levels since the May 1996 elections. The U.S. has provided humanitarian assistance, security assistance, military-to-military contacts, and an annual Bilateral Working Group meeting on defense matters. The Albanian military received over 150 courses of instruction in fundamental concepts, and obtained excess

non-lethal defense articles from the U.S. Five joint U.S.-Albanian training exercises were held in 1996.

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

SEED ASSISTANCE SUMMARY

Program Overview

Initiated in 1991, the U.S. assistance program originally consisted mainly of humanitarian assistance (food aid and medicine) and emergency responses (fertilizer and school textbooks). Over the past four years, has shifted its focus to developmental and transitional assistance as a more market-oriented economy and elements of a democratic society emerged.

From an economic standpoint, there has been progress in implementing the Albanian SEED program since it continues to reflect the overall economy, which for the past three years maintained a high rate of growth. However, recent slippage in the Government of Albania's fiscal and economic management may generate new economic reform challenges in the short to medium term. A growing budget deficit, creeping inflation, and sharply increased levels of investment in an informal and unregulated financial sector (the previously mentioned pyramid schemes) all raise risks for continued positive macroeconomic performance. More immediately, widespread and blatant electoral irregularities during the May 1996 parliamentary elections and questionable actions taken by the Government of Albania, in the realm of respect for democratic process and human rights, have negatively impacted the advancement of the civil, political culture in Albania.

Like other Central European countries receiving SEED assistance, the USG used a three pronged approach by fostering economic growth, building democracy, and improving the quality of life. To achieve these goals, the USAID program emphasized the following key strategic objectives, which reflected core USG interests as well as USAID's analysis of opportunities to support Albania's economic and democratic transition.

- **Fostering the emergence of a competitive market-oriented economy** by promoting policy reform, agricultural development, private sector growth as well as by providing job skills training opportunities for individuals disadvantaged under the fifty-year communist regime which ended in 1992.

- **Supporting Albania's transition to transparent and accountable governance** by stimulating citizen participation, strengthening the nascent NGO sector, and improving the judicial system, as well as fostering a more efficient and responsive public administration, particularly at the local government level.

- **Fostering social sector restructuring** by enhancing basic health care management and family planning coverage.

The U.S. contributed a little over $120 million in SEED assistance to Albania as of September 30, 1996. The FY 1996 level was $21 million.

Program Impact

Economic Growth

Although economic growth in Albania has been impressive over the past several years, Albania is still the poorest country in Europe and its transition to a modern economy will be a long-term effort. More recently, slippage in Albania's fiscal and economic management has raised concerns about the prospects for continued strong performance in the short to medium term.

Agricultural Development: Agriculture continues to dominate the economy by providing over 50% of the GDP and employment. USAID's FY 96 budget for Albania targeted this sector. Agribusiness support is provided directly to entrepreneurs by U.S. firms and NGOs. In addition, U.S. firms and universities have provided assistance to the GOA in agricultural policy, research, statistics, forestry, and in changing university economics curricula to teach free market principles. Prior to 1992, there were no private agricultural input supply dealers in Albania. There is now a nationwide, USAID-supported, network of over 300 dealers who import 100% of the nitrogen fertilizer used in Albania. They also supply farmers with improved seeds, pesticides and other agricultural inputs.

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

Private Enterprise Development: The small and medium enterprise sector is rapidly expanding. Of the 48,000 registered non-agricultural enterprises, over 90% employ one or two persons. With SEED assistance, over 14,000 potential entrepreneurs have been trained in English, computers, secretarial skills, cosmetology, auto mechanics, business and other skills. Many graduates have started their own businesses, while others have found higher paying jobs. Technical assistance to small and medium enterprises and to a regional bank continues in the city

17

of Korca. This support assists entrepreneurs in obtaining credit, thereby enabling business growth. Similar assistance is being provided country-wide in agribusiness.

The Fultz Technical School, supported through FY 96 by USAID, offers specialized training in business development and has trained nearly 800 Albanians. Numerous training and resource centers have been established with USAID funds, including a Land O'Lakes project which has helped 5,000 rural Albanian women improve their dairy practices. The Albanian-American Enterprise Fund, incorporated in March 1995, has opened for business in Tirana and New York and has begun making investments. The first nine projects have been approved for total financing of $3.1 million.

The mass privatization program was initiated in 1996 and began holding auctions in September. Coordinating with the World Bank and other donors, USAID provided advisors to the charter and auction working groups for this process. Advisory services are now focussing on establishing a share registry.

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

Legal and Regulatory Framework: In 1992, Albania gained observer status to the World Trade Organization (WTO). Through an agreement with the Department of Commerce, USAID support continues to the Ministry of Industry, Transport and Trade to improve trade policies and to achieve full WTO membership. Albania has responded to WTO-related trade questions submitted by the U.S. In FY 96 a special effort has been made to form trade associations involved in import and export.

Urban Infrastructure: In the area of urban services, USAID has assisted the Ministry of Construction and three cities to privatize solid waste collection, and to develop a plan for water privatization in Tirana and other cities. During the last half of 1995, USAID and the World Bank worked with the Government to resolve contradictions over its housing sales policy. More recently, the GOA has created a regulatory body for public utilities (power, water, telecommunications) within the Ministry of Mineral Resources and Energy.

Next Steps: With virtually all the agricultural land, housing, and most small and medium enterprises (SMEs) privatized, the program will target improved productivity and quality in agriculture, increased access to credit and skills training for the private sector, and privatization of larger firms. Economic sustainability will depend on completion of the mass privatization of SMEs and larger enterprises, capital markets development, housing, land use development, and the quality of urban and infrastructure services. USAID will be conducting an assessment of its assistance to small and medium size enterprises as part of the overall program strategy review, with a view to determining if additional work is needed in this area, and to targeting that

assistance most effectively. GOA macroeconomic policies will have direct effect on the opportunities for additional assistance in banking reform strategy. Issues related to the status of the state commercial banks must also be resolved. One or more new private banks should be opened.

The Administration continues to pursue the South Balkan Development Initiative (SBDI). This project will promote construction of East-West transportation upgrades in Albania, Bulgaria, and the Former Yugoslav Republic of Macedonia (FYROM). During 1996, regional SBDI programs valued at $7 million were begun in these three states.

Building Democracy

The flawed 1996 parliamentary election process underlines the need for continued attention to democratic development in Albania. The basic concepts underpinning democracy -- popular representation and participation in government, diversity in ideas and sources of information, rule of law and respect for human rights -- have been introduced in Albania, but support for a deepened understanding and institutionalization of these concepts is very much needed.

NGO Development: The Democracy Network project is encouraging the development and institutional strengthening of public policy-oriented NGOs involved in four priority sectors: democracy, the environment, economic growth, and social safety nets. To assure a sound legal foundation for the NGO community, USAID advisors will assist in the research, publishing and distribution of a handbook on Albanian NGO law. As a catalyst for permanent collaborative linkages between Albanian NGOs and their counterpart organizations in other countries, a series of NGO internships, exchanges and information-sharing opportunities are being offered.

Media: A new Professional Media program was initiated in 1996 to provide technical assistance and training to press and broadcast media. In addition, USAID has supported the development of an independent media through small grants provided by the German Marshall Fund and through direct grant activities of USIS.

Elections and Political Party Development: The National Democratic Institute for International Affairs (NDI) has worked closely with the Society for Democratic Culture (SDC) to oversee election activities, recruit and train election monitors, and encourage citizen participation. NDI and SDC conducted public opinion polling, monitoring, and a parallel vote tabulation for the May 1996 parliamentary elections. In the aftermath of the flawed parliamentary elections, the International Republican Institute for International Affairs (IRI) sponsored multi-party roundtable discussions which resulted in significant improvements in electoral preparations and electoral management for the October 1996 local government elections, which were noticeably improved over the May parliamentary elections. IRI has also provided training in legislative process, party organization and civic participation for potential women political leaders. Finally, the International Foundation for Electoral Systems provided an advisor to the Albania Central Election Commission prior to and during the local elections.

Legal Framework: USAID is concentrating in four areas: (1) Judicial -- a program to create the Albanian Association of Judges as a respected representative of the country's judges; the development of a judicial training program. (2) Legal -- a governing statute for the bar associations; establishment of the Women's Legal Group as a women's rights advocacy group and a women's bar association; and the development of a code of legal ethics. (3) Legal Education -- the development, publication and distribution of professional journals; establishment of a publicly-accessible law library; the founding of a law journal at the University of Tirana law faculty. (4) Commercial Law -- creation of continuing education courses; preparation of a handbook on women's legal and commercial rights; and assistance in drafting and reviewing the body of new commercial laws.

Local Government Development: Working in four Albania cities, a new Public Administration activity is focussing on local municipalities fostering economic development, improved public management capacity, and training of local government officials. USAID will continue supporting activities to improve municipal services in three cities and implement a land management and housing development plan for Tirana.

Next Steps: The USAID program will continue to support the development of democratic practices and institutions in Albania, and will provide some of the key tools to be used by the United States Government as we work with the GOA, the Albanian Parliament, political parties and non-governmental organizations to reverse the recent deterioration in democratic process and the rule of law. The next key step in improving the bilateral relationship is the expected preparation of a new Constitution for Albania. We believe that that process can only be truly successful if the draft constitution is produced in an open and inclusive manner, involving political parties and other interests which go beyond the current Parliamentary parties, and which is approved through an open, national referendum. We expect that USAID-financed assistance will be directly involved in that effort.

Improving the Quality of Life/Social Sector Restructuring

Health Reform: After nearly a half-century of economic and political isolation, Albania's legacy is the least developed public system of social infrastructure among the East European nations. Many of its health care facilities are seriously dilapidated and outdated. USAID is focussing its efforts in the areas of health management and administration.

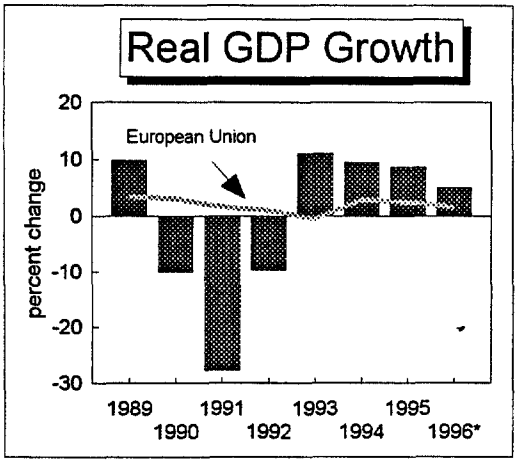
Hospital Partnership and Health Management: The American International Health Alliance (AIHA) has initiated a new partnership between New York University's Robert F. Wagner Graduate School of Public Service and the University of Tirana's Medical School to introduce a health management program into the curriculum and to sustain the gains made at two pilot hospitals in the areas of strategic planning, financial management and cost accounting, medical records and pharmaceutical group purchasing. A new two-year program is improving the knowledge of physicians, nurses, midwives, and pharmacists in providing quality family planning

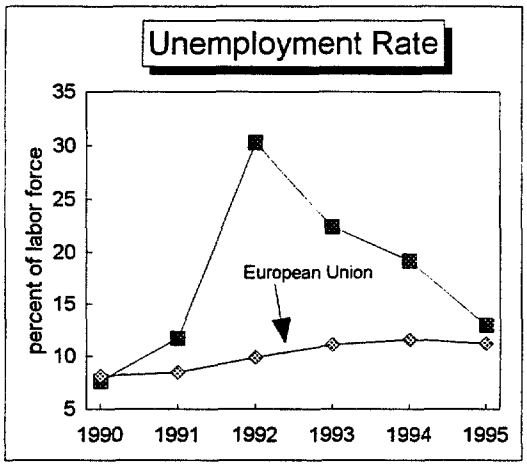
services and counseling, increasing the number of service delivery points in both the public and private sectors, and enhancing the ability of Albanian families to make informed decisions regarding fertility and family planning through information, education and communication activities.

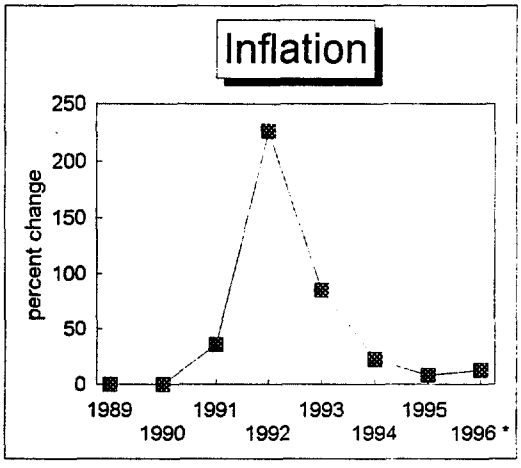
Natural Resources Management: In collaboration with the Peace Corps and the World Bank, USAID is assisting the Albanian Forestry Directorate in developing policies which will encourage private forestry and village management of forest and pasture lands. The project is working with farmers and communes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

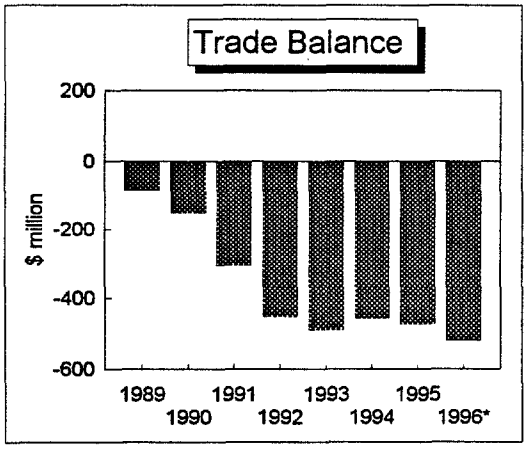
Next Steps: The focus of USAID activities in the coming year will be continued implementation of the new initiatives described above.

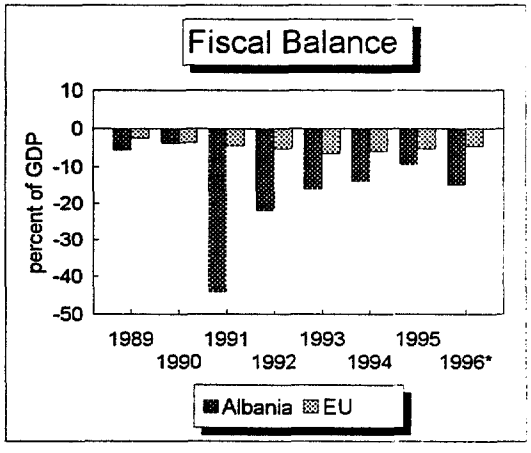
ALBANIA











* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO ALBANIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$21,680
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*568*
1800022 - Independent Media	*155*
1800032 - Non Governmental Organizations Development	*300*
Political Process and Governance	
1800019 - Democratic Governance & Public Administration	*33*
1800020 - Rule Of Law	*391*
SUB-TOTAL	*1,449*
AS % OF TOTAL OBLIGATION	*6.7%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*764*
1800023 - Technical Assistance To Enterprises	*598*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*460*
1800027 - Business Services	*569*
Investment and Trade	
1800010 - Enterprise Funds	*4,000*
Human Resources	
1800002 - Human Resource Program	*684*
1800029 - Management Training & Market Economics Education	*999*
1800045 - Participant Training	*615*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*500*
Agriculture Sector Programs	
1800046 - Agriculture Development Program - Albania	*2,500*
1800049 - Agricultural Restructuring	*3,115*
SUB-TOTAL	*14,807*
AS % OF TOTAL OBLIGATION	*68.3%*
IMPROVING THE QUALITY OF LIFE	
Housing	
1800034 - Housing Sector Assistance	*1,014*
Health	
1800038 - Promotion of Private Health Markets	*850*
Environment	
1800039 - Improved Public Sector Environmental Services	*2,000*
SUB-TOTAL	*3,864*
AS % OF TOTAL OBLIGATION	*17.8%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*159*
180632A - Transfers To Other US Agencies	*1,400*
SUB-TOTAL	*1,559*
AS % OF TOTAL OBLIGATION	*7.2%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

BOSNIA-HERZEGOVINA

Economic Developments

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

Throughout 1996 Bosnia-Herzegovina's economy remained in precarious condition, dependent on international largess for reconstruction and on relations with its neighbors for the supply of basic commodities. Bosnia receives its natural gas by pipeline from Russia via Hungary and Serbia. Electric energy supplies for greater Sarajevo fell from a pre-war level of 250 MW to about 50 MW in 1995.

The World Bank estimated that Bosnia would require a multi-year commitment of over 5 billion dollars to rebuild its infrastructure. In the two pledging sessions held to date, a large international reconstruction effort led by the World Bank and the European Union has pledged nearly 2 billion dollars.

President Clinton has committed the United States to a three-year, $600 million contribution to the economic reconstruction of Bosnia. In addition, the U.S. works extensively through the national government and the entities to build institutions which will provide a basis for future economic growth, contributing many additional millions of dollars annually to such diverse activities as the conduct and supervision of elections, training and equipping police forces, and demining. Although these activities are funded primarily from the SEED appropriation, they are so distinct from the goals and objectives of the SEED Act that they are described separately and in greater detail in Chapter III of this Report.

Political Developments

Only in the past year has Bosnia-Herzegovina begun to emerge from a devastating conflict which, in turn, threatened to destabilize much of the rest of Central and Eastern Europe. Bosnia's infrastructure has been ravaged by three and a half years of war, a quarter million of its people have been killed and over half its population has been displaced, much of this the result of massive human rights violations. The ethnic tension which sparked the conflict remains and must be overcome for long-term development to take place. The U.S.-brokered agreement which ended the war commits all parties to the preservation of Bosnia as a single state within its international boundaries. The President has identified the implementation of the Dayton Agreement as a top foreign policy priority for this Administration.

In a secure environment provided by NATO-led peacekeeping forces, and with the Office of the High Representative supervising coordination of the civilian implementation of the Dayton Agreement, the Bosnian people have begun the long process of reconstruction and reconciliation. All parties participated in nationwide elections in September 1996. Municipal elections were postponed until 1997 to address difficulties experienced with the voting and registration process.

The September elections laid the groundwork for the establishment of the joint institutions mandated by the Dayton Agreement, including a three-member joint Presidency, a Parliamentary Assembly, and a Council of Ministers. The Presidency convened for the first time in late September and has met regularly, sometimes twice weekly, since mid-October. The Presidency nominated Bosnian Serb and Muslim Co-Chairs of the Council of Ministers in mid-December, which the Parliamentary Assembly must approve.

The Bosnian Muslim-Croat Federation continued to develop in 1996, and held elections for cantonal and entity-level assemblies. The leadership of the United States and the Office of the High Representative, working through the mechanism of the Federation Forum, sustained substantial progress on the strengthening and integration of Federation institutions, most significantly in the critical areas of defense, customs, and financial affairs. The Bosnian Federation, despite the challenges inherent in a transition period, is now operating on a solid footing as one of Bosnia and Herzegovina's two constituent Entities.

Due to the U.N.-imposed arms embargo, there was no political-military cooperation between the U.S. and Bosnia before the Dayton Accords. Now, however, the United States is taking the leading role in coordinating an international effort to ensure that the Bosnian Federation receives the materiel and training assistance necessary to achieve an adequate military balance between the entities when the international peacekeeping forces depart. Although there is no direct U.S. military involvement in this effort, some individual military officers in OSD, DSAA or other agencies may have a role in planning and coordination. Bosnian military personnel may also be invited to participate in U.S. programs such as IMET.

BULGARIA

Economic Developments

The rapid pace of the early stages of Bulgarian economic reform (1991 to mid-1992) was widely praised by the international community, but the difficult structural transformation was not completed. Economic restructuring and the collapse of trade led to a plunge of 12% in GDP in 1991, 6% in 1992, and 9% in 1993, with a commensurate decline in living standards and increase in unemployment and labor unrest. GDP has still only recovered to 73% of its 1989 level. While GDP grew slowly in 1994-1995, this masked underlying problems, and an economic crisis developed in 1996.

The post-communist economy remains heavily dependent on state enterprises. Most people are employed in the industrial and service sectors; key industries include food processing, chemical and oil processing, metallurgy, and energy. Principal exports are agricultural products, cigarettes and tobacco, chemicals, and metal products. The transformation of the economy into a market-oriented system has been retarded by continued political and social resistance. Private sector output only contributes 45% of GDP, the lowest percentage in the SEED region.

The government gave unsecured loans to mismanaged banks, which funneled the money to loss-making enterprises. As large foreign debt payments loomed on the horizon, and limited deposit insurance frightened depositors, runs began on the banks and the *leva*, the Bulgarian currency plunged from 70 *leva* to nearly 500 leva to the dollar during 1996. Admitting the need for reforms, the government began overdue reforms -- closing some banks, cutting off lending to others, and moving to liquidate insolvent enterprises.

Bulgaria failed in 1996 to meet the conditions for disbursal of the second tranche of an IMF loan stipulated under a standby agreement. In November, an IMF mission to Bulgaria recommended the government adopt a currency board to stabilize the economy. The government agreed to this in principle, but it was not implemented by the end of the year.

The private sector continued to expand slowly, contributing roughly 40% of GDP. This consists largely of reclaimed urban shops, small-scale traders, and a growing amount of privately-held farmland. The service and consumer goods sectors in private hands continued to be the most vibrant. Although privatization of the large communist-era state enterprises was very slow, the government developed a mass privatization program which, if successfully implemented, would partially address the problem of economic stagnation.

Bulgaria was admitted to the World Trade Organization during 1996. It has proposed that a regional infrastructure coordinating body be headquartered in Sofia. Projects began in 1996 under the SEED funded South Balkan Development Initiative (SBDI), and the Southeastern Europe Cooperative Initiative (SECI) was inaugurated, both of which would include Bulgaria and

several of its neighbors. Under discussion with Greece is a proposed pipeline from Burgas, on the Black Sea, to Alexandroupolis in Greece.

The United States has encouraged development of a market economy. A Bilateral Investment Treaty went into effect early in 1994, the U.S. terminated application of Title IV of the 1974 Trade Act to Bulgaria in July 1996, and the President granted Bulgaria permanent MFN status in September. Bulgarian infringements of U.S. intellectual property rights caused Bulgaria to be placed on the U.S. "301" watch list in 1996, however.

Political Developments

Prime Minister ZhanVidenov over a Bulgarian Socialist Party (BSP) government after the BSP won a majority in the December 1994 Parliamentary elections. He offered the resignation of his cabinet in December 1996. The opposition is currently calling for immediate pre-term elections. The BSP has agreed in principle to early elections, but the two sides disagree over timing and the form government will take preceding the elections.

In the run-up to presidential elections in October, the Central Election Committee refused to accept the electoral petitions of BSP candidate (then Foreign Minister) Georgi Pirinski and UDF candidate Petar Stoyanov. The Constitutional Court ultimately ruled that Pirinski was ineligible to run because he was born in New York; the president must be "Bulgarian by birth." The Court overturned the CEC decision on opposition candidate Stoyanov, and he prevailed in the November elections. President-elect Stoyanov will take office in January 1997.

The judiciary is independent but continues to struggle with structural and staffing problems. Most citizens have little confidence in their legal system. Former Prime Minister Andrei Lukanov was shot and killed outside his home in Sofia on October 2. The investigation into his murder made little progress, and a wide variety of theories about who was behind it persists.

The Government generally respects basic human freedoms, but serious human rights problems remain. Police are not sufficiently accountable for abuses, including the beating and death of detainees, and the resultant climate of impunity is a major obstacle to ending these practices. Registration requirements for religious organizations have been tightened and many religious groups have been denied registration. The Constitution forbids the formation of political parties along religious, ethnic, or racial lines, rendering ethnic Turkish and Pomak parties vulnerable to legal challenges. Frequent and credible reports of discrimination and physical attacks against members of Bulgaria's Roma community continue.

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

and the WEU in order to be eligible for membership when those organizations decide to enlarge. The government stopped short of pledging that it will apply for NATO membership at that time, however.

Both President Zhelev and President-elect Stoyanov are vocal proponents of NATO membership. Public opinion is equally divided for and against membership in the alliance. Bulgaria acceded to the Wassenaar Group controlling exports of sensitive technology in 1996 and it is a member of the Zangger Committee and the Nuclear Suppliers Group. It hosted a Southeastern European Foreign Ministers meeting in July 1996 and plans to host regional Defense Ministers in spring 1997.

SEED ASSISTANCE SUMMARY

Program Overview

During the early years of post-Communist Bulgaria, and particularly from late-1990 until mid-1992, a number of political and democratic reforms were undertaken. The Government of Bulgaria (GOB) established the underpinnings of a free market economy through liberalized pricing structures, expanded trade measures, right to private property, land restitution and liberal laws on privatization, and a legal framework for competition and foreign investment. Over 200 basic reform laws and resolutions were enacted between 1991-1992.

Nevertheless, unevenness in reform implementation has characterized Bulgaria's post-Communist transition. Since 1992, change has been all too slow in critical economic areas, e.g., public services pricing (especially in education and health), industrial and agricultural privatization, and banking sector supervision and restructuring GOB. Hesitancy led to a re-evaluation of the USG program thrust and, in early 1996, to a full-blown and protracted financial and political crisis. Only recently, as the results of years of delayed reforms became all too evident, has the central government begun to accelerate the pace of reforms, though still at too slow a pace (in part due to inadequate legislation which permits enterprises and banks to challenge state-decreed bankruptcies). Nevertheless, the Government of the Bulgarian Socialist Party has demonstrated some resolve as demonstrated by implementation of fairly ambitious cash and mass privatization programs. To help optimize the impact of our assistance, the USG has targeted assistance to local level partners such as reform-minded municipalities and non-governmental groups, and to support reforms at the central level which assist private sector initiatives where impact is probable. On an interim basis, USAID has increased temporarily allocations to social sector programs, both to assist Bulgaria cope with the pervasive effects of many mass layoffs from the workforce and (possibly) to help key organizations cope with severe, localized shortages of essential medicines and medical equipment.

The USG has contributed approximately $215.6 million in SEED assistance to Bulgaria through FY 96. Of that, $31.7 million was provided in FY 96.

The SEED assistance program in Bulgaria:

- **Encourages the appropriate legal and regulatory framework** by assisting in the implementation of the bankruptcy law, improving tax administration practices, developing an electricity tariff structure, and helping with the framework and implementation of municipal and mass privatization;

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

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

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

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

Program Impact

Economic Growth

The Bulgarian economy is falling farther and farther behind its Eastern European competitors in the competition for foreign private investment and international markets. Although the private sector now contributes more than 40% to the GDP, this is largely due to the collapse of the public sector. While per capita incomes increased slightly in 1995, a sharp decline occurred in 1996, led by a collapse in public sector financial institutions. The failure of the GOB to meet reform targets set by the IMF and the World Bank , especially closing or restructuring loss-making banks and state enterprises, has led to a suspension of funding. An IMF proposal for a currency board and associated pegged or fixed exchange rate has been accepted in principle by the governing Bulgarian Socialist Party, but extensive debate lies ahead before adoption. The proposal may be implemented as early as February 1997, provided political consensus can be rallied behind the draconian budget which would be required and appropriate implementation modalities can be supported by broad political agreement Key laws related to finance and banking, the environment, non-governmental organizations and social programs have not been passed by the GOB. Private foreign investment is severely hampered by bureaucratic lethargy or opposition and endemic corruption. Massive bad debt, incompetence and venality in the banking sector and slow progress in privatizing costly and inefficient state-owned enterprises certainly constrain new investment; Bulgaria's industrial capital stock is all but worn out. However, with strong USAID and other donor support, leaders are emerging on the national level, and some

local government leaders have emerged as catalysts both for local privatization and more general private sector reform.

Private Sector Gains: SEED-funded assistance to help Bulgaria develop a market-oriented economy and a legal and regulatory framework conducive to broad based competition and private sector growth has focused on six areas: (1) developing the framework for mass privatization of government owned enterprises; (2) developing market-based energy pricing; (3) promoting bank restructuring and privatization; (4) supporting the application of modern tax laws; (5) encouraging the reorganization or bankruptcy of non-viable enterprises; and (6) assisting in the identification and development of financing procedures for environmental initiatives.

Privatization: USG assistance has been critical to the preparation of the Mass Privatization Program, helping the Center for Mass Privatization (CMP) formulate its procedures and generate a list of over a thousand approved candidate companies. Also critical was USAID's assistance to the CMP in establishing the legal and technological framework for the mass privatization process. USAID supported the development and implementation of municipal privatization procedures for 22 major cities throughout Bulgaria resulting in 581 properties now in private hands, raising US $26 million for the municipalities. These procedures have also been adopted by other municipalities.

Market Reforms: The USG has encouraged the GOB to decrease government subsidies, especially in the energy sector. Cooperating with the World Bank and EBRD, USAID has succeeded in getting the GOB to raise energy prices closer to world market levels as recommended by the IBRD. The drafting and implementation of key laws which foster competition and private sector growth are also critical to the reform process, and U.S. consultants recently helped draft Collateral and Bankruptcy Laws. USAID and the U.S. Department of the Treasury have helped the government address basic issues in bank restructuring, training, privatization and supervision. The Treasury Tax Program has been very effective in the equitable and transparent implementation and administration of taxes and thus is contributing significantly to the establishment of a "level playing field."

Private Enterprise Development: The SEED program seeks to help private firms develop the potential to grow and compete. With legal support from ABA/CEELI, the Central Depository for Securities (CDS) was established in September 1996 as the centerpiece of the fledgling capital market which will see the shares of 1,050 privatized enterprises begin trading in 1997. Varying proportions of the share capital of the enterprises were privatized under the GOB's Mass Privatization Program. These initiatives have been seminal in sustaining national-level progress towards creating free markets. Funding to the Bulgarian American Enterprise Fund and CARESBAC helps meet some needs of the private sector for investment funds until important structural issues of the financial sector can be addressed. These programs have already approved about 548 investments totaling nearly $19 million to date. SEED assistance supports efforts to train entrepreneurs on how to operate in a competitive environment, and has helped form industry associations in the agricultural sector to help members improve product lines, expand exports and generally become more competitive. Noteworthy efforts include Land O'Lakes support of a

5,000-member Milk Producer's Association and the VOCA/ACDI help in founding associations both for meat processors and flour millers. The program has also supported development of professional associations for business evaluators, real estate brokers, and private builders.

Next Steps: The Bulgarian economy is still far from reaching its potential. Last year, poor credit management and pricing policies resulted in Bulgaria falling out of compliance with World Bank and IMF macroeconomic agreements. Though both Municipal and Mass Privatization Programs have been enacted, market privatization and investment continue to be hampered by bureaucratic lethargy or opposition. However, incremental progress is being made. The USG will continue to work with individuals and organizations in Bulgaria committed to reform to accelerate the transformation process.

Democratic Development

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

Local Government: Many mayors have devised innovative approaches to address local constraints. To build upon this progress, USAID launched the Local Government Initiative (LGI) in 1995 to focus upon ten change-oriented municipalities, in order to concentrate assistance for strengthening both the capacity and accountability of local governments. The LGI has stimulated the formation of a coalition of innovative mayors taking the first steps at creating a unified voice for local government. Parliament incorporated the coalition's inputs related to revenue sharing into amendments to the local government law. The coalition, with donor support, is building local capacity through training and technical assistance. Mayors who received USG assistance over the past several years have learned to use the courts, media, and associations to take their issues to the public and central government. After almost two years of efforts on the part of Bulgarian mayors, a national non-partisan association of municipalities was formally announced. Out of the 255 municipalities in Bulgaria, 163 municipalities thus far comprise the membership of the new Association. This is six municipalities short of the two-thirds required by the 1995 local government to permit lobbying of the central government, but more municipalities are expected to join as soon as approval is given by their respective municipal councils. Through another component, municipalities developed public/private partnerships promoting private housing, resulting in over 300 new housing units valued at over $9 million.

Civic Participation: USAID programs to date have promoted free and fair elections, citizens involvement, and political accountability and transparency. The Bulgarian Association for Fair Elections and Civil Rights (BAFECR), has become a model election-monitoring organization and is assisting similar organizations in Central Europe and the world; its non-election period activities focus on increasing citizens' awareness of and interest in the democratic process and on empowering local leaders and transferring organizational skills. The Democracy Network program, created in 1995, is beginning to build capacity of NGOs to strengthen participatory democracy. The CEELI program has helped develop the first independent NGO for training and

support of the legal profession in Bulgaria. The International Republican Institute (IRI) program has supported development of a multiparty political system.

Political and Legislative Processes: IRI teaches effective campaign strategies to local pro-democratic political organizations and promotes decentralization of some national-level party decision making. A key result was the first-ever presidential primary in Eastern Europe, in mid-1996.

Investing in Tomorrow's Leaders: The American University in Bulgaria (AUBG) graduated its second undergraduate class of baccaulaureats in May 1996. Offering the only American-styled liberal arts program in Central Europe, AUBG is developing young leaders from throughout the region with 16 countries represented among 630 students. AUBG students established the first private radio station, the first (and only) student newspaper, the first student internship program and the first university career center in Bulgaria. A demonstration of the quality of education delivered by AUBG is the large percentage of graduate placement with leading multi-nationals. The U.S., in collaboration with the Soros Foundation, has developed a new funding mechanism for AUBG which is a basis for the university's long-term financial sustainability.

Next Steps: The successful conduct of several elections and the growth of the private sector are good first steps for acceptance of democratic principles. Local government will continue to push the process of decentralization by increasing the membership and organizational capacity of municipal associations, especially strengthening their abilities to lobby the central government. Programs will upgrade local government through increasing its responsiveness to citizenry, and equally, build successful models for civic participation in promoting reform and improving the quality of municipal services. USG programs will continue to strengthen non-governmental groups, the media, as well as help Parliament and the Courts to sustain democratic progress.

Social Sector Restructuring/Quality of Life

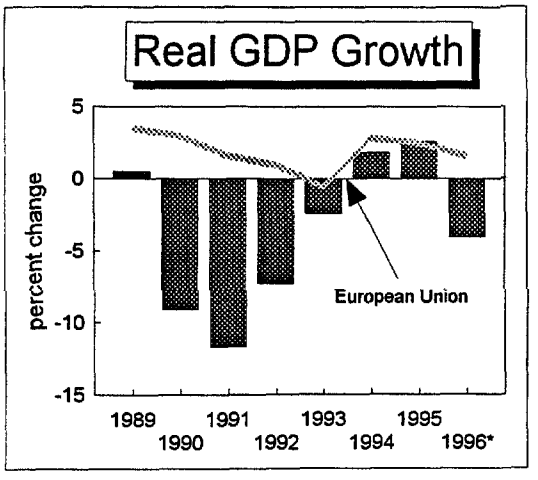
Since the dismantling of the centrally planned economy in 1989, the high rate of inflation and the absence of a modern legal framework undermined severely the living standards of the population. The existing social benefit system is critically in need of reform, as the system is inefficient, regressive and too costly under current budget realities. The GOB is struggling to achieve greater sustainability, change the existing administrative practices and improve services to target those most in need.

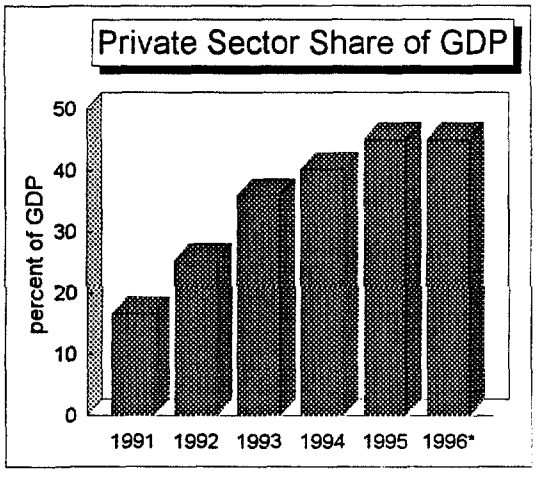
Environment and Health: The USG program has targeted high impact activities which build upon Bulgaria's technically strong labor force to demonstrate new ways of delivering services or performing important governmental functions. USAID has coordinated closely with the other donors which are developing larger interventions in these sectors. Health partnerships in cardiovascular treatment and in pediatric trauma, and assistance in building a new means of hospital finance, are excellent examples of the success of this approach. In the environment, the

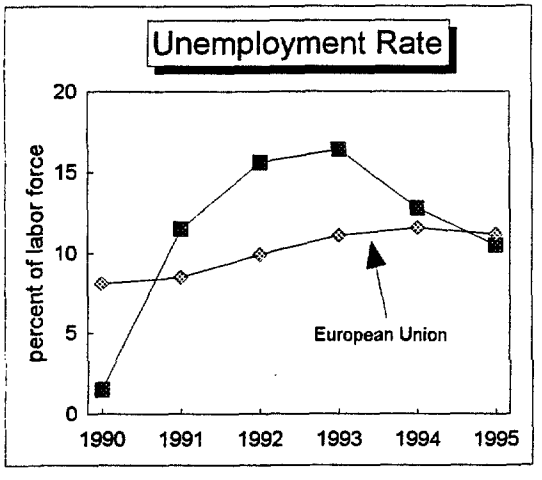
GOB and USAID have undertaken programs to protect Bulgaria's great biodiversity, to determine appropriate environmental safety standards, and to improve operational safety at Bulgaria's nuclear power plant. The World Environment Center program, sponsored by USAID, introduces efficient low-cost steps to improve waste management and generate beneficial effects to both human health and the environment.

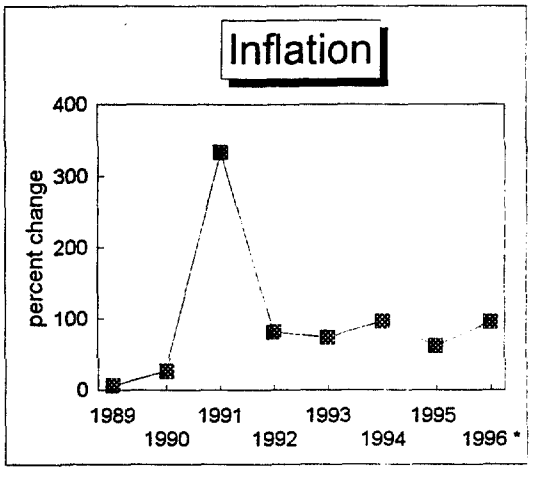
Labor Transition: The Bulgarian Ministry of Labor and Social Welfare (MLSW) has collaborated for over five years in a program to become a proactive force in assisting Bulgaria's painful labor market transition. Working with the US Department of Labor (DOL), the MLSW has instituted nationwide comprehensive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

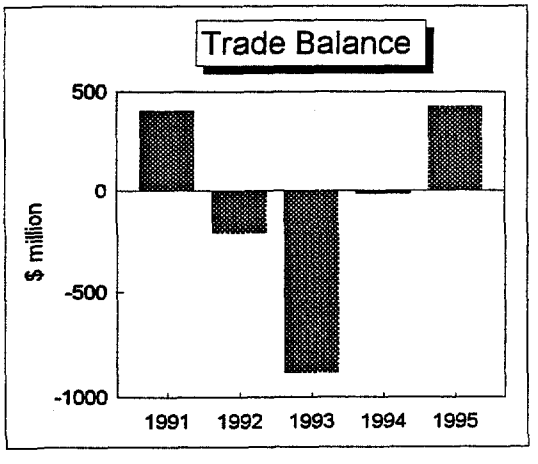
BULGARIA

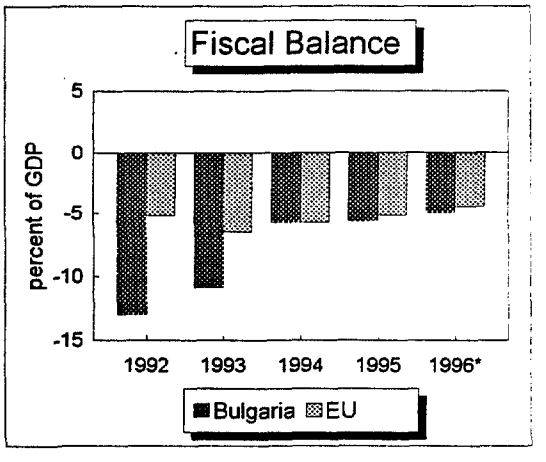












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO BULGARIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$32,084
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*16,045*
1800022 - Independent Media	*100*
1800032 - Non Governmental Organizations Development	*750*
Political Process and Governance	
1800019 - Democratic Governance & Public Administration	*45*
1800020 - Rule Of Law	*424*
SUB-TOTAL	*17,365*
AS % OF TOTAL OBLIGATION	*54.1%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*2,325*
1800023 - Technical Assistance To Enterprises	*1,344*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*200*
Investment and Trade	
1800010 - Enterprise Funds	*6,000*
Human Resources	
1800045 - Participant Training	*601*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*500*
Energy Efficiency	
1800030 - Regional Energy Efficiency	*750*
SUB-TOTAL	*11,720*
AS % OF TOTAL OBLIGATION	*36.5%*
IMPROVING THE QUALITY OF LIFE	
Employment & the Social Safety Net	
1800033 - Labor Market Transition	*400*
Housing	
1800034 - Housing Sector Assistance	*322*
Health	
1800038 - Promotion of Private Health Markets	*200*
Environment	
1800004 - Environmental Initiatives	*570*
1800039 - Improved Public Sector Environmental Services	*950*
SUB-TOTAL	*2,442*
AS % OF TOTAL OBLIGATION	*7.6%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*305*
180632A - Transfers To Other US Agencies	*250*
SUB-TOTAL	*555*
AS % OF TOTAL OBLIGATION	*1.7%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

CROATIA

Economic Developments

Croatia's economy grew at an estimated 4 percent in 1996, and the prospects for growth in 1997 are good. The results of Croatia's stabilization program, introduced in 1993, remain good, with a stable exchange rate and single digit inflation. War expenditures and 1995 defense expenditures did not have a significant negative effect on the economic situation in 1996. Tourism, a major source of revenue for Croatia in the past, was hard hit by the war, suffering a decline of over two-thirds its pre-war level. Prospects appear good for tourism in 1997. Overall, GDP has only recovered to 68% of its 1989 level.

Croatia made progress in normalizing its relationship with external creditors in 1996. In the spring of 1996, Zagreb reached agreement with its London Club (commercial) creditors, following successful rescheduling of Paris Club debt in 1995. The World Bank's country assistance strategy anticipates commitments totaling $690 million over the period 95-98. The EBRD has approved projects totaling $230 million with another $30 million of projects in the pipeline. In October 1994 the IMF approved a $190 million Special Transformation Facility and a $95 million Stand-by Arrangement for Croatia, totaling 75 percent of its quota with the fund. With peace established Croatia may now be able to count on substantial inflows of private capital.

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

Political Developments

In its August 1995 military offensive, Croatia recaptured all of its Serb-occupied territories except for Eastern Slavonia. The subsequent Dayton peace accords set the stage for a permanent end to the fighting in Bosnia, and Croatia simultaneously negotiated a settlement with Serbia over Eastern Slavonia. With the offensive, the Dayton Accords, and continued progress in 1996 on Eastern Slavonia, Croatia's vulnerability to further outbreaks of fighting are very much reduced.

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

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

Croatia's constitution is committed to human rights for all citizens. Concerns remain, however, about housing discrimination and government control of the press, and about reported human rights violations in recently "liberated" areas. Also of concern is the lack of investigation and prosecution of crimes against members of ethnic minorities. In addition, there has been little follow-up to cases of human rights violations that occurred during hostilities in Croatia in 1991 and 1995, although the Government has begun to take action in some of these cases. Croatia's record with the war crimes tribunal is spotty. The GOC passed legislation necessary to implement cooperation with the ICTY (International Criminal Tribunal for Yugoslavia), and facilitated delivery of two indictees to The Hague. However, Croatian authorities have in other cases not fully complied with the tribunal.

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

SEED ASSISTANCE SUMMARY

Program Overview

The U.S. assistance program to Croatia began in 1991. Between FY 1991-1995, the USAID country program provided nearly $30 million in SEED funds and $45.7 million in food aid via U.S. NGOs and the United Nations programs. The program initially provided significant humanitarian assistance due to the impact of the conflict in Croatia and the need to assist refugees and displaced persons from Bosnia - Herzegovina, totalling over $200 million in FY 1993-1994. In FY 1995, the country program included $13 million in SEED funds. SEED funding in FY96 was $14.975 million.

A principal program goal in FY96 was to assist in the reintegration of war-affected populations, especially in Eastern Slavonia and other war-affected areas. The U.S. is assisting Croatia to restructure its financial sector along a market-oriented model, and provides assistance in democratic initiatives and the strengthening of local governments, which are already endowed with a legal framework granting them considerable autonomy. USAID's technical assistance programs are reinforced and complemented by diplomatic efforts to secure a lasting peace in the region.

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

- **Promotes reintegration of war-affected populations**, through infrastructure rehabilitation, the provision of loan-financing and technical assistance for small and medium enterprises to jump-start economic revitalization; other programs address the legal status and property ownership of ethnic minorities who resided in Croatia prior to the war and provide social recovery and reconciliation through community-based activities;

- **Encourages private enterprise and financial sector development** by strengthening bank management and supervision; establishing a capital market, assisting in drafting securities, investment and bankruptcy laws;

- **Promotes democratic city governance** through responsive and transparent financial management, efficient and effective delivery of services, and involvement of the constituents in developing solutions to their concerns;

- **Strengthens democratic institutions by supporting increased citizens' participation** by promoting an accessible and transparent electoral system, strengthening political parties and trade unions which effectively represent constituents, supporting indigenous efforts to develop a free and independent media, and providing support to strengthen indigenous NGOs;

- **Cross-cutting/other objectives:** participant training across all sectors.

Program Impact

Economic Growth

Economic growth and prosperity are critical components of the drive for regional security. Croatia has recognized this and has aligned itself with Europe, aspiring to greater commercial integration with the European community. As a result, Croatia was admitted to the Council of Europe on November 6, 1996. USAID's economic growth and restructuring program builds upon this initiative and broadens its impact by focusing on employment generation through small and medium scale business development - particularly in the formerly occupied territories. Then, in order to leverage its impact, USAID also coordinates closely with other donors, including the EC, the World Bank and the IMF.

Private Sector Growth: The Croatian private sector has emerged slowly but is the engine for broad based economic growth and employment opportunities. USAID's focus on entrepreneurial development and small and medium scale business development will accelerate this growth and will provide broad based opportunities for a multi-ethnic private sector capable of significant employment generation. This work includes support for the banking sector and PVOs

to establish mechanisms to provide capital and technical assistance to small and medium enterprises;

Financial Sector: USAID assistance has been instrumental in establishing a Ministry of Finance public debt control system, the creation of a government securities market, the strengthening of the central bank's banking supervision and examination functions, and the establishment of a securities and exchange commission. As a result, two banks have been put in to a bank rehabilitation program and rules for the Zagreb Stock Exchange have been established, and a bankruptcy law has been enacted.

Legal Framework: Croatia was admitted to the Council of Europe on November 6, 1996. By admission to the Council of Europe, Croatia is committed to fulfill a number of conditions, including rule of law. USAID technical advisors have helped to improve the legal and regulatory framework affecting financial transactions, and helped draft and enact an incorporation law and labor code revisions.

Next Steps: USAID will continue to assist in bank rehabilitation with the aim of creating transparency in financial transactions and preparing portfolios for privatization. Working with the World Bank, USAID will support the design of a central securities registry, providing a long-term advisor to its steering committee.

Building Democracy

The U.S. supports activities to reduce political polarization and smooth the transition to democracy. Membership in the Council of Europe commits Croatia to respect human rights, protect minorities, cooperate with the International Criminal Tribunal for the former Yugoslavia, permit a free media and ensure transparency in election procedures.

Political Parties: The National Democratic Institute (NDI) trained political parties to enhance multi-party democracy and, in FY97, will also support voter education.

Independent Media: USAID's independent media program supported newspaper and radio management workshops and journalist association training. Along with other bilateral donors, USAID will remain engaged in the promotion of independent media.

Judicial Reform: The Croatian judiciary is not yet independent, but recent court decisions concerning allegations of libel in the press suggest that FY95 visits by judges to the U.S. reinforced the concept that one judicial responsibility is to function as a check and balance on the other two branches of government.

Continuing Legal Education: Sweeping changes in criminal and civil law as a result of Croatian independence and economic reform have rendered the original university training of

lawyers and judges obsolete. USAID supported continuing legal education at universities in Rijeka, Osijek and Split.

Local Government: In 1996, Zagreb hosted a regional conference on local government, to assist major city government officials to examine the issues of housing finance and construction, land development, and management of privatized apartments.

Citizen Participation: Training for NGOs in FY96 (to continue in FY97) emphasized the need for financial and administrative viability, and NGO roles in advocacy and the establishment of standards for professionals, such as lawyers and journalists.

Next Steps: In FY1997, USAID's support to strengthen Croatia's political parties is intended to assure broad participation and wide dissemination of information in preparation for the August 1997 presidential elections. In FY97, USAID and the Soros Foundation will jointly sponsor the launch of an independent weekly news magazine, the first such venture since 1990. With city governments, USAID technical assistance will be provided in revenue generation and budgeting, urban service delivery, and solutions to housing problems.

Quality of Life

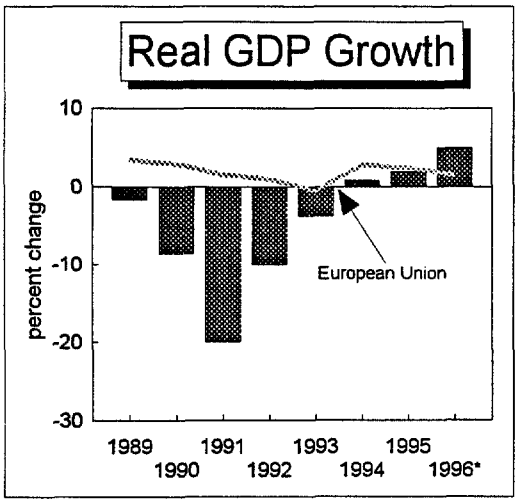
To support the peaceful reintegration of war-affected populations, USAID identified small-scale municipal rehabilitation projects for support by USAID and other donors. A broad legal assistance program is being jointly funded by USAID and the Norwegian government.

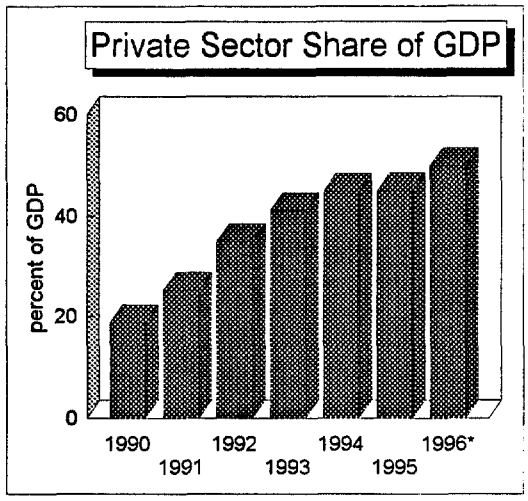
War-related Recovery: USAID and its grantees are working closely with UNTAES, UNHCR and the Norwegian Refugee Committee to implement a civil rights project to assist residents and displaced persons to complete the citizen application process in anticipation of full reintegration of Eastern Slavonia with Croatia in 1997. NGOs receiving SEED funds have facilitated the opening of one-stop documentation centers that have assisted 16,0000 Serb residents of Eastern Slavonia who have applied for Croatian citizenship. Thirty citizen documentation centers have opened, to be supplemented by an additional fifteen.

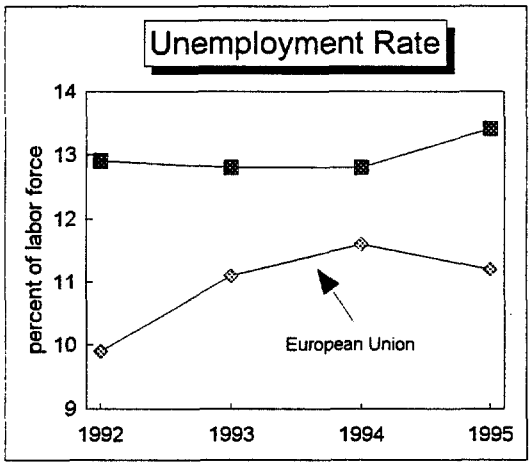
Health Management: Partnerships between 2 U.S. medical centers and counterpart Croatian institutions facilitated the diagnosis, prevention and treatment of major health problems, improved health care and nursing management, and upgraded information systems.

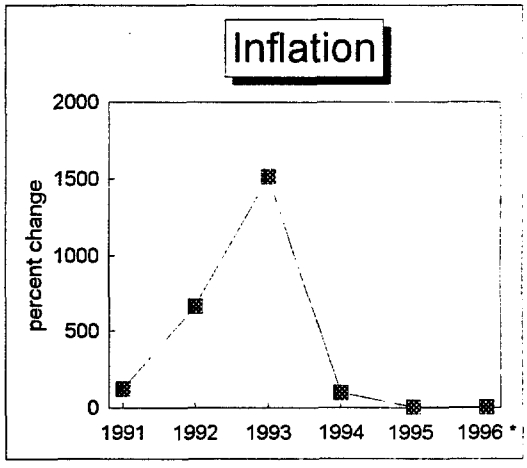
Next Steps: In FY97, support for the long-term reintegration of displaced persons and refugees will continue to be a priority. USAID will work with communities to bolster their capacity to manage social services, enterprise development to generate employment, and facilitate private investment through increased confidence in the banking sector.

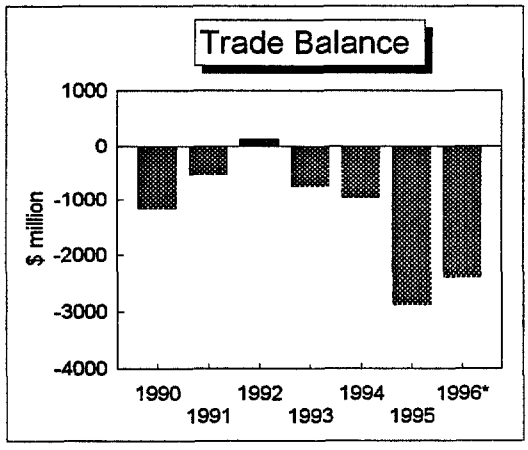
CROATIA

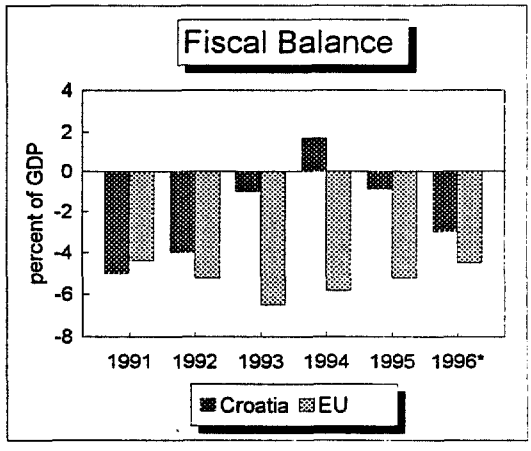












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO CROATIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$16,709
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*880*
1800022 - Independent Media	*530*
Political Process and Governance	
1800020 - Rule Of Law	*464*
SUB-TOTAL	*1,875*
AS % OF TOTAL OBLIGATION	*11.2%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*1,106*
1800023 - Technical Assistance To Enterprises	*2,700*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*100*
1800027 - Business Services	*248*
Human Resources	
1800045 - Participant Training	*850*
SUB-TOTAL	*5,005*
AS % OF TOTAL OBLIGATION	*30.0%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800016 - Trauma, Social Welfare & Humanitarian. Assistance	*870*
Housing	
1800034 - Housing Sector Assistance	*2,000*
Health	
1800037 - Partnerships in Health Care	*600*
SUB-TOTAL	*3,470*
AS % OF TOTAL OBLIGATION	*20.8%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*613*
180632A - Transfers To Other US Agencies	*500*
9683045 - Dart Administration Support, RRF	*3,310*
9686209 - Stockpile Vehicles	*100*
9686600 - OTI Bosnian Task Force	*1,633*
9686608 - OTI Bosnian Exec. Management Costs	*202*
SUB-TOTAL	*6,358*
AS % OF TOTAL OBLIGATION	*38.1%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

CZECH REPUBLIC

Economic Developments

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

As a result, the decline in real domestic production leveled off in 1993 and the Czech economy returned to growth in 1994 when GDP grew by 2.6 percent. GDP growth was 4.8 percent in 1995 and growth in 1996 is expected to reach that level again. GDP has reached 90% of its 1989 level. Inflation declined to 7.9 percent in 1995 and is forecast to be under 9 percent for 1996. Unemployment remains low, at about 3 percent.

The Czech Republic's balance of payments position slipped into deficit as of late 1996. However, the country maintains ample reserves of $16 billion. During the first nine months of 1996, the Czech Republic's widening trade deficit reached $4 billion, following a trade deficit of $3.8 billion for all of 1995. The trade deficit is partially offset by surpluses in services, mainly tourism ($2.9 billion in 1995) and transportation. Foreign capital inflows (reaching over $8 billion in 1995 but slowing to $800 million in the first half of 1996) may fail to offset the deficit on the current account for the whole of 1996.

The Czech Republic's integration into the world economy has moved forward rapidly. The Czech Republic entered the OECD in December 1995 and concluded an Association Agreement with the EU, free trade agreements with the members of the European Free Trade Area (EFTA) and its partners in the Central European Free Trade Area (CEFTA). It is a member of WTO, the IMF, the World Bank, the EBRD and other international institutions. The Czech Republic continues to take steps to harmonize its legal system and standards and regulations with EU countries and formally applied for EU membership in 1996.

Looking ahead, prospects for the Czech Republic are excellent. A strong industrial tradition, progress in privatization and prudent fiscal and monetary policies lay the foundation for strong, non-inflationary growth. Real GDP growth in 1997 is expected to be around 5 percent; inflation to fall to around 8 percent and unemployment to rise somewhat to approach 4 percent.

However, there are potential problems. Corporate and individual income tax rates remain high and the government will have to exercise tight spending discipline to ensure a balanced budget for 1997. Vital microeconomic tasks remain important, such as completing the privatization of the steel, utilities, telecommunications and financial sectors, restructuring firms to maintain competitiveness, and strengthening the regulatory framework, especially for the capital

markets. The low rate of unemployment, low number of bankruptcies, and the poor financial situation of many Czech enterprises testify that privatized firms have not been forced to undertake fundamental restructuring. Bank failures, culminating in the takeover of the fifth largest bank by the central bank, have highlighted the importance of improving the regulatory framework for debt and equity markets, corporate governance, and bankruptcy.

Political Developments

In the seven years since the Velvet Revolution that ended communist rule, the Czech Republic has undergone a radical political and economic transformation and returned to the ranks of free-market democracies. Political institutions have matured rapidly; the Czech Republic is once again a fully functioning parliamentary democracy whose citizens enjoy the benefits of free speech, free assembly, and a vigorous, free press.

1996 saw two national elections on Czech soil, one in late spring for the lower house of parliament, and a second one in the fall for the Senate. Both elections were fully free and fair, and returned Prime Minister Klaus to office, albeit at the head of a three-party minority government. Human rights are well-respected, although popular discrimination against the Romani community remains common.

The Constitution provides for an independent judiciary, and it is impartial and independent in practice. Judges are neither fired nor transferred for political reasons. A separate Constitutional Court rules on the constitutionality of legislation. Nonetheless, there are still problem areas with the judiciary: qualified judges are in short supply and lengthy pre-trial delays are not uncommon. Indeed, public opinion polls indicate that over half the population remains somewhat skeptical of the courts' effectiveness as an instrument of justice.

On the foreign policy front, the Czech Government has supported U.S. positions in international fora. Czech troops took part in Desert Storm and 650 Czech soldiers now serve with distinction in SFOR. The Czech Republic has enthusiastically participated in PFP and pushed aggressively for NATO enlargement.

Defense cooperation between the Czech Republic and the United States will continue, and even expand. The goals of our defense-sector engagement are to advance the broad objectives of NATO's Partnership for Peace, help the Czech Republic complete the restructuring of its armed forces, promote professionalization of the military, and reinforce civilian control. IMET and FMF programs will help produce a highly trained, mobile Western-style force structure capable of working side-by-side with the United States and NATO in such mutually-beneficial endeavors as IFOR peacekeeping We will also continue to train defense officials in defense planning, military doctrine, peacekeeping operations, and English as the language of peacekeeping.

SEED ASSISTANCE SUMMARY

No country embodies the success of U.S. policy towards Central and Eastern Europe more than the Czech Republic. U.S. assistance has played a key role in catalyzing economic and political change. Indeed, the Czech Republic has evolved into an important political, trade, and security partner of the United States. The U.S. has provided approximately $170 million in economic assistance under the SEED program since 1990, focused principally on improving housing and municipal infrastructure, developing NGOs and democratic institutions, and supporting privatization and enterprise restructuring. New assistance funding in FY 1996 totalled $3.7 million.

Program Overview

Since 1990, the United States has provided technical and economic assistance to the Czech Republic in support of the historical economic and institutional transition to a free-market democracy. Through the SEED program, the U.S. has helped the Government of the Czech Republic (GOCR) transfer state-owned assets to the private sector; establish a policy, legal and regulatory framework for private sector development; create a competitive, efficient, private financial sector; promote clean air and mediate water pollution; and establish legislative reforms that support democratic processes. The U.S. also encourages active participation of citizens and NGOs in political and economic decision-making. Concurrently, the U.S. helps strengthen local governments and municipalities to make them effective, responsive, and accountable. The U.S. has supported reducing environmental risks to public health and improving the sustainability of social benefits and services.

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

Over the last few years, the SEED program has placed increased attention on two areas, the sustainability of AID-supported institutions and encouragement of a broader vision for the Czechs' regional role and opportunities. The phase-out strategy reflects priorities of the Czech Government, with emphasis on municipal development, growth of non-government organizations (NGOs), building democratic institutions, and continuing support for privatization and enterprise restructuring. Significant assistance will continue to support capital market development. The Municipal Finance Program and related technical assistance, health care financing and

management, public administration, activities in the energy and environmental sectors, economics education and management training will continue through September 1997.

Program Impact

Economic Growth

In 1996, the Czech Republic continues to experience challenges as a result of its early successes in stabilization and structural reform. Real GDP is expected to grow in 1996 at approximately the same rate as last year's 4.8%, the third consecutive year of positive growth after the downturn of 1990-1993. Rapid increases in domestic demand and wages in relation to economic potential lie behind the sharp deterioration in the external current account and the persistence of moderate inflation (8-10 percent in recent years) despite a stable exchange rate since 1991. Unemployment remains very low, between 3 and 4 percent; in Prague the rate may approach zero.

Privatization: Large scale privatization in the CR started in the autumn of 1991 (as did USAID assistance to the Ministry of Privatization) and was practically completed by early 1996. During this period more than 4,500 SOEs were fully or partially privatized. The process was divided into two waves corresponding to Coupon (Voucher) schemes, which were a very important part of the overall privatization process that included six other methods -- direct sale, auction, tender, management and employee buyout, free of charge tender and liquidation. In total more than 25,000 competing proposals were submitted for the 4,500 enterprises. The total amount of state-owned property in asset-value transferred was more than 900 billion Kc (32 billion USD).

Growth of Private Enterprises: Since 1990, the Czech economy has shifted from approximately 97% public to 75% private ownership, the most radical peaceful shift of ownership in history. The percentage of the workforce employed by the private sector grew from approximately 5% to over 50% between 1990 and 1993. Employment in small and medium enterprises accounted for 10% of total private sector employment in 1991 and tripled in size by 1994 to an astonishing 30%. The Czech Republic has experienced rapid growth of a private sector which is competitive within the domestic market and has also realized real growth in exports over the past two years. Unfortunately, this growth has recently been far outstripped by import growth, but 38% of these imports remain capital investment goods which bode well for the competitiveness and future growth of the economy. One indirect indicator of competition is advertising expenditures which have grown by several hundred percent in the last three years. Tax revenues have also grown, even though the government has been able to lower tax rates in each of the past two years. The private sector in the Czech Republic is strong. This fact played a major role in the USAID decision to de-emphasize work under this objective and to close-out the entire assistance program in 1997.

Private Financial Sector: The Czech Republic has made significant progress in the financial sector, but many structural and circumstantial problems remain. The banking sector remains largely owned by the public sector, as the government has not reduced its positions in the 4 largest banks (some 90% of the sector by assets) and has not, until recently, allowed foreign strategic partnerships. Operational performance has improved, but balance sheets tainted by bad debt could yet result in serious problems as 12 small banks have failed in the last year, and the fifth-largest has been taken under administration by the Czech National Bank (CNB). These recent developments have spurred movement by the GOCR and the CNB on bank privatization with open discussion of accepting foreign bids for stakes in the banks.

The flow of short-term foreign capital has slowed, but there may still be speculative money targeting European interest rate differentials which has not created a better environment for long-term lending for domestic investment. One bright spot has been a new municipal debt market created by the Czech government, banks and USAID's Housing Guarantee Program. For the first time, Czech cities have strategic investment plans and over 30 have fully funded infrastructure projects underway, a watershed in long-term lending and urban development for the Czech Republic.

The equity market and investment funds remain under criticism in spite of a three-fold increase in trading volume since last year. The Prague Stock Exchange (PSE) remains relatively thinly traded in regard to its capitalization ($20 billion), and even though there were many recent technical improvements, large trades are off-market and sometimes even mysterious. Regulation for the transparent, orderly markets is now a rallying point for investors and banks, and the Czech Republic is now undertaking steps to improve the regulatory process. The Chairman of the Exchange, former Minister of Privatization Jezek, has turned again to USAID for assistance on drafting the legislation to create an SEC-type regulatory body for the Czech capital markets.

After a series of corporate governance problems, the entire board of directors of the Czech-Slovak American Enterprise Fund (CSAEF) resigned in February, 1996. An interim board of directors was appointed in May, 1996 and began to restructure the CSAEF. The interim board reduced the valuation of the fund's assets from $25.9 million to $6.7 million and negotiated a sale of the CSAEF's entire Czech portfolio ($10.9 million invested) for $1.2 million. It also reduced staff substantially and contracted out the CSAEF's back-office operations. The interim board attributed the decline in asset value to the difficult investment environment in the Czech Republic and Slovakia, the CSAEF's lack of an effective investment strategy or financial reporting system, and continuous turnover in management. More than 90 percent of the lost valuation on the Czech portfolio is attributable to investments made in the 1991-93 time period. The activities of the CSAEF were of no discernible consequence to the Czech economy.

Sustainable Energy Sector: The energy sector successfully focused improvements on developing a stable and reliable supply of energy, environmental benefits, and profit generation for financing environmental improvements. Economic development, a decline of production, and a better environmental technology have significantly decreased total emissions of major pollutants. Between 1989-1994 emissions of sulphur dioxide fell by 36%, emissions of nitrogen oxide fell by

60% and particulate by 49%. These favorable results might be also attributed to a new complex of environmental legislation adopted in 1991 which required gradual compliance of companies, with full compliance with the Clean Air Act by 1998. A Waste Management Law amendment was adopted. Regarding nuclear power, DOE and NRC contribute to safety procedures and technical reviews of operations at Dukovany Plant and the Temelin Plant which is under construction. In Temelin, with U.S. Export-Import Bank support, Westinghouse control technology is being wedded to Soviet reactor design. The success of these efforts to implement hybrid safety and management protocols could be a critical model for the region and the NIS, as well as have applications for the U.S. nuclear industry.

Next Steps: During the final year of the SEED program, USAID will concentrate on completing restructuring and privatization support and establish models for similar key efforts after U.S. assistance ends. Funding to the CSOB and the PSE will target critical areas to ensure stability and viability of the financial sector and could help create a key regulatory institution and further privatize the banking sector. The Municipal Finance program will focus on further environmentally-linked infrastructure projects and reducing lending rates through competition among commercial banks. Participating banks are now using their own resources for municipal lending by matching HG funds with a minimum ratio of 20%. This work stimulated both growing competition for this market segment and encouraged larger municipalities to organize and plan to increase borrowing and eventually earn international ratings to issue bonds. DOE and NRC will continue their SEED-funded work to ensure nuclear safety in the Czech Republic. The Ministry of Industry and Trade is establishing an energy regulatory commission as a precept for energy sector privatization. Health care financing and health care management are a focus for the last year of USAID assistance. The U.S.-designed Diagnostic Related Grouping form of financing and cost control is being implemented. Future health care managers are being trained by partnerships between U.S. universities and Czech universities.

Building Democracy

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

Citizens' Participation: Fundamentally, all basic citizens' rights and freedoms critical to the establishment of democracy are guaranteed and implemented in the Czech Republic and major new laws were endorsed during the past few years. Free local, parliamentary and presidential elections take place and the electoral system is multiparty (there are about 50 political parties registered, six of which are currently in the Parliament). Voter turnout is usually high, although only 30% voted in the most recent senate elections. In late 1995, there were 28,000 civic associations and about 4,000 foundations in the Czech Republic. Almost 5,000 new PVOs emerge every year although this growth is slowing. With assistance of USAID, legislation is now in place that defines PVO's tax status, benefits for donors, etc. Another USAID initiative resulted in the creation of a Donors' Forum which brings together Czech and foreign donors. The Forum

48

encourages corporate and philanthropic donors to boost support for NGOs in the post-USAID future.

Municipalities: Although macroeconomic and political changes have occurred at the national level in the Czech Republic, the longer term process of institutional change must take place at the local level -- economically, politically and culturally. The GOCR passed important municipal legislation in 1991 (establishing municipalities as legitimate entities with responsibilities for town governance) and in 1993 (providing municipalities with direct responsibility for a large share of their own annual tax revenues). Numerous other laws and policies have been created as the State divests itself of central control of local governance. But problems in management and resources remain. The Czech Republic made significant progress in this area as budgets devolved to the local level and public officials are competitively elected based on their skill, experience and results in managing public resources as well as responsiveness to citizens. Citizens' priorities have been reflected in broader, more sophisticated planning by political groups that campaign to succeed in elections by knowing tomorrow's opportunities. The professional capabilities of public administrators have rapidly improved, especially with regard to strategic planning and budget management. USAID activities supported each of these processes. This has been driven by the realization that municipalities are now responsible for their own development and must manage their resources accordingly -- citizens, business and government must all work together to solve any problem they face in their community.

Next Steps: By mid-1996, the Democracy Network was providing support to over 100 NGOs, who will now work toward full sustainability by improving public communication, fundraising and management. The Donors' Forum will play a critical role in bringing the Czech and international business community into the sponsorship role. Public Administration pilot projects established citizen's advisory councils in six Czech municipalities to participate in decisions regarding economic development, and in 1997 the citizens must take control of these institutions to plan and build the economic future of their communities. Under the Municipal Infrastructure (Housing Guaranty) Program, special pilot training will continue to help financial directors in 12 cities develop performance indicators, which as a model for over 300 other towns will lead to credit ratings for the growth of a public municipal credit market. On the capital side, another tranche ($14 million) of HG funds will facilitate environmentally sound infrastructure improvement in communities throughout the country. Through USAID's integrated program for achieving Strategic Objectives, environmental assistance will continue to municipalities in project preparation for State Environmental Fund funding to improve environmental conditions. By the end of September 1997, an estimated 3% of the Czech Republic will be directly affected by a partially U.S.- funded infrastructure improvement. USAID funding to the International Center for Not-for-Profit Law will facilitate both full implementation of the non-profit law and the enactment of a new charitable foundation law.

Social Sector Restructuring/Quality of Life

U.S. assistance reflects overall priorities of the GOCR leadership, with individual activities helping to increase the quality of and accessibility to health care sector.

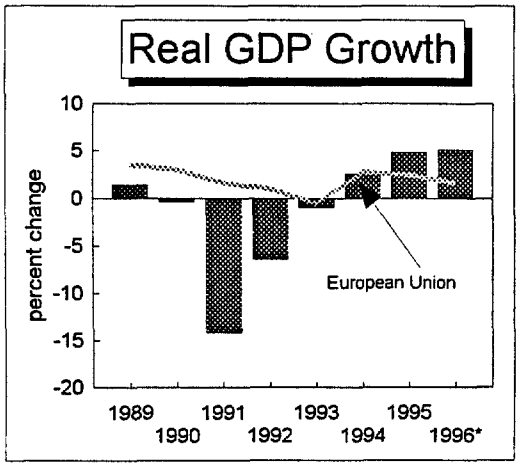
Health: The Czech Republic met with unexpected difficulties in the transition of the health care sector to a free-market economy. Although progress was made in the last five years, the system still faces severe crises mostly related to finance. One significant achievement for USAID assistance is related to the legal environment that could facilitate financial restructuring of health care services. The Ministry of Finance helped to push the development of the Non-profit Law that makes privatization easier for health care facilities. Additionally there has been progress in bringing market-driven logic to the insurance system.

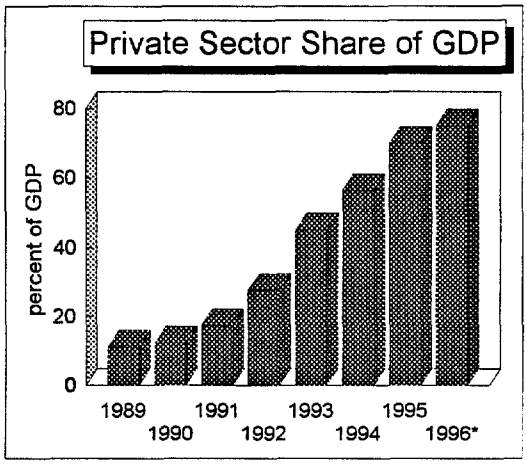
Regarding quality, the pressures of a market economy have lead to increased competition and quality in health care and medical products, including some services. New technologies and new ideas have played an important role in these changes, for some of which, like Quality Assurance (QA) and the ongoing Diagnosis Related Grouping work , USAID can take some credit. This assistance actually relieves some of the financial pressures on the system through quick efficiency gains.

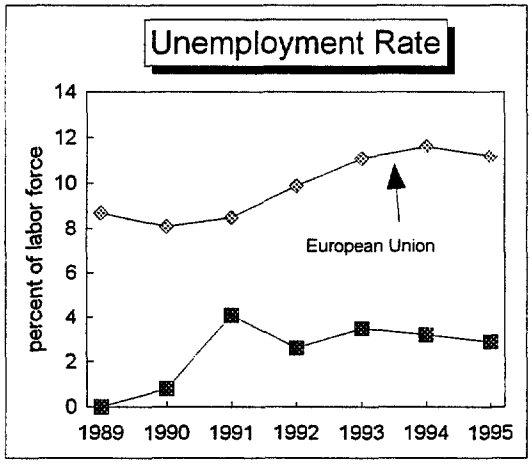
One of the greatest achievements of USAID's work in the Czech Republic was improvement in lifestyles of the Czech population. These are reflected in the decrease in hard alcohol consumption and the increasing consumption of vegetables. This type of conscious improvement in nutrition (among other choices) was strongly supported by the first USAID Partnership program aimed at the reduction of cardiovascular and cerebrovascular diseases, the main causes of death in the country. The project made both a considerable academic contribution to the study of lifestyles and a real improvement in the health of a large part of the population.

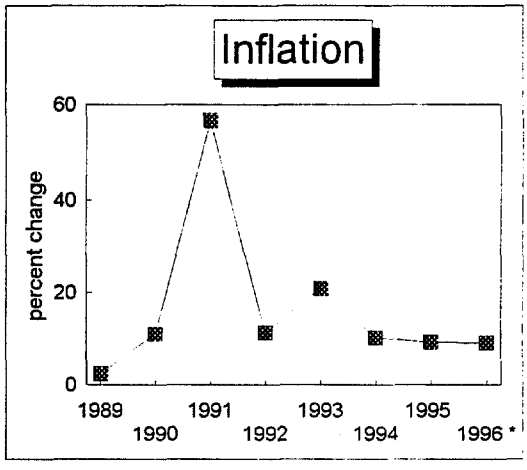
Next Steps: Resources are in place for successful completion of health sector activities in the next year. The model hospital management improvements package developed in 1996 is expected to be replicated across the Czech Republic in over 50 hospitals. The educational exchanges of AIHA continue apace with the entrance of the first full class for medical management in Fall 1996, and continued professional exchanges between Czech professionals and the University of Nevada.

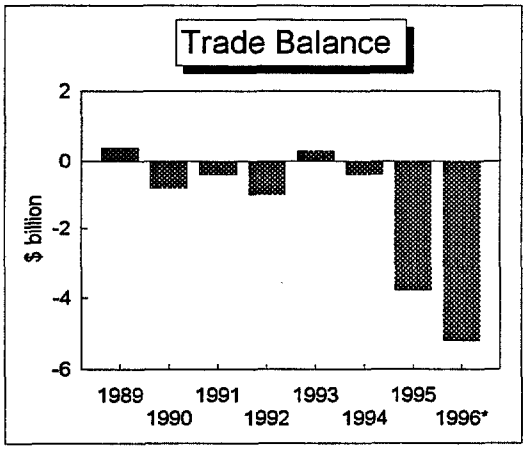
CZECH REPUBLIC

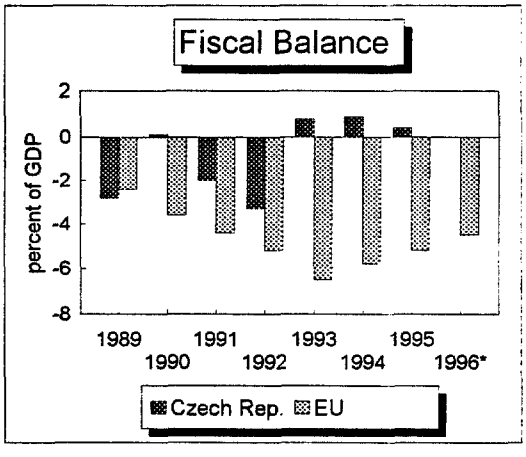












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO CZECH REPUBIC
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$6,027
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Political Process and Governance	
1800019 - Democratic Governance & Public Administration	*54*
SUB-TOTAL	*54*
AS % OF TOTAL OBLIGATION	*0.9%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*1,706*
1800023 - Technical Assistance To Enterprises	*30*
Improving the Business Climate	
1800027 - Business Services	*272*
Human Resources	
1800045 - Participant Training	*775*
Energy Efficiency	
1800030 - Regional Energy Efficiency	*400*
SUB-TOTAL	*3,183*
AS % OF TOTAL OBLIGATION	*52.8%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800032 - Non Governmental Organizations Development	*90*
Housing	
1800034 - Housing Sector Assistance	*1,804*
Health	
1800038 - Promotion of Private Health Markets	*125*
Environment	
1800039 - Improved Public Sector Environmental Services	*600*
SUB-TOTAL	*2,620*
AS % OF TOTAL OBLIGATION	*43.5%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*168*
SUB-TOTAL	*168*
AS % OF TOTAL OBLIGATION	*2.8%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

ESTONIA

Economic Developments

Estonia's graduation from the SEED program in 1996 recognizes Estonia's position as a leading economic reformer in Central and Eastern Europe. Estonia is the first of the 14 SEED recipient countries to achieve this. A constitutionally-mandated balanced budget, 26% flat-rate income tax, tariff-free trade regime, fully convertible and strong currency, competitive commercial banking sector, and hospitable environment for foreign investment permitted Estonia to sign an EU Europe Agreement in June 1995 without a transition period. These policies have also helped reduce inflation from 90% a month in early 1992 to less than 2% percent a month in 1996. Estonia has also made excellent progress in regard to structural adjustment, with small- and medium-scale privatization virtually completed, and a majority of larger state enterprises also privatized. As a result, private sector output contributes 70% of GDP. Trade continued to expand in 1996; the large current account deficit reflects continuing brisk imports of capital goods.

Estonia is reaping the macroeconomic dividends from its "shock therapy", and is the first country from the former Soviet area to have experienced such a convincing turnaround. After having declined for four consecutive years by a cumulative total of more than 50%, Estonia's GDP increased by nearly 6% in 1994, 5% in 1995, and over 3% in 1996. Unemployment appears to have stabilized at 8%, but is significantly higher in rural areas and in the Northeast. Although prices continue to rise, incomes are rising faster than the rate of inflation. Per capita GDP is about $2,400 per year.

Estonia has made a determined effort to reorient its trade toward the West. Trade with Russia now totals less than a fifth of Estonia's total trade volume, while more than two-thirds of Estonian exports (textiles, food products, wood, timber products) are directed to Western markets. In 1995-6 the United States ratified agreements on trade and intellectual property protection and investment with Estonia. Negotiations on a bilateral treaty on the avoidance of double taxation have been completed. Given this base and Estonia's associate status with the EU, Estonia is well-regarded by U.S. firms for significant investment and re-export opportunities.

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

Political Developments

Estonia was an independent nation from 1918 to 1940, when it was occupied and forcibly annexed by the Soviet Union. The United States never recognized this annexation, and continued to recognize Estonia's continuity of statehood. Estonia regained *de facto* independence in the wake of the unsuccessful August 1991 coup in the Soviet Union. On September 2, 1991, the U.S. formally reestablished diplomatic relations with Estonia. After more than three years of negotiations, the armed forces of the Russian Federation completed their withdrawal on August 31, 1994. Estonia is a member of the United Nations, the Council of Europe, the Organization for Security and Cooperation in Europe, the Partnership for Peace, and numerous other international organizations. In 1996 Estonia ratified a border agreement with Latvia and has completed work with Russia on a technical border agreement that Estonia is ready to sign.

Estonia is a society firmly based on the rule of law. Its 1992 constitution protects fundamental human rights and civil liberties. There is freedom of association, freedom to form parties and organizations, and a flourishing free press. A citizenship law meeting international standards was passed in 1992 and revised in 1995. More than an estimated 100,000 ethnic Russians are Estonian citizens. In December, Estonia agreed to renew the mandate of the resident OSCE mission for another six months, which has helped Estonia deal judiciously and effectively with non-human rights concerns of its estimated 300,000 Russian non-citizen populace. Estonia held free and fair parliamentary elections in 1992 and again in 1995. In November, 1996, the governing coalition lost its right-wing partner but now functions as a minority government which continues to pursue the reform policies of the 1992-95 government, including devolution of significant power to local administrations, such as substantial fiscal authority and the power to issue bonds for capital expenditures at the municipal level.

Regional SEED programs continue to address a number of remaining challenges. Estonia has an independent judiciary, but there is a continuing need for training to enable judges to work effectively in the context of Western-based criminal and commercial codes. The police are poorly trained and poorly paid, with continuing problems of corruption. The Estonian police authorities recognize the problems and continue to seek Western, including U.S., counternarcotics, anti-organized crime, and financial crime training. In October 1996 the FBI established a regional attache office in Tallinn. Domestic political party structures are rudimentary, party membership is small, and political alliances and contests tend to be rooted in personal ties rather than political philosophies or principles. Most citizens follow politics rather than participate directly. Through the continued support of Democracy Commission grants, the number and quality of serious non-government organizations linking Estonian citizens and their political leaders also continues to grow.

SEED ASSISTANCE SUMMARY

Program Overview

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

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

SEED assistance has supported economic restructuring, democratic growth, and improved quality of life by:

- **encouraging the development of an appropriate legal and regulatory framework for market-based development:** drafted or improved basic commercial legislation and competition policies and laws; improved tax policy and administration, bank management, energy pricing, and judicial training;

- **supporting the growth of a free market economy:** assisted in the privatization of state enterprises, provided loans, specialized business management assistance and training to new and newly-privatized firms, and helped the Estonian Small Business Association expand and Estonian businesses find U.S. corporate linkages for trade and investment;

- **promoting democracy building at the national and local levels**: encouraged the development of non-government organizations, increased public participation in government, improved local government budgeting and expenditure techniques, strengthened the legislative process, and improved inter-ethnic relations; and

- **strengthening the sustainability of social benefits and services**: improved environmental health conditions, medical care, public environmental policies and regulations, and promoted regional energy cooperation and power sector restructuring.

The U.S. Government contributed nearly $32 million in SEED funding to Estonia ($3.4 million in FY 1991; $4.6 million in FY 1992, $4.5 million in FY 1993; $11.8 million in FY 1994; $4.3 million in FY 1995; and $3.0 million in FY 1996), plus about $18 million in agricultural

55

commodities. Some $2.8 million of FY 1995 funds constituted the last increment of country-specific funding.

Program Impact

Economic Growth

After steep declines in output in the early 1990s, Estonia's economy appears to be rebounding for the third straight year, with 3.1% growth forecast for 1996. Inflation has also been reduced from 42% in 1994 to 30% in 1995. This reflects both the price adjustments inherent in economic restructuring and Estonia's rapid wage increases. One measure of the economy's continuing shift to market prices is that administered prices rose 47% in 1995, while free prices rose just 22%. The GOE has also continued to recognize the importance of maintaining an internationally open economy. The full convertibility of Estonia's currency has encouraged a steady growth of foreign trade and provided a healthy climate for continued capital inflows. Reforms included privatization of public sector enterprises, financial sector strengthening, improved fiscal management, the creation of intellectual property rights legislation, stronger customs administration, and foreign investment laws to sustain Estonia's external orientation.

Privatization: USAID-funded technical assistance helped Estonia define how it could implement its privatization plans, worked with Estonians on the necessary legal framework, provided the highly skilled analysts and negotiators needed to carry out the privatization of large state-owned enterprises, and undertook hands-on training for the Estonian Privatization Agency's staff. The Privatization Agency has now entered into more than 250 sales contracts, over half with the direct participation of USAID-funded experts. Currently the privatization Agency is implementing a multi-year plan to privatize some 20 large utility and industrial concerns, while perhaps 40 additional enterprises will simply be liquidated.

By the end of 1995, virtually the entire small business sector, comprised primarily of about 1,500 service and retail/wholesale enterprises, had been privatized and was functioning quite well, thanks in considerable part to SEED Act assistance in GOE privatization operations. Some 450 out of roughly 500 large SOEs in the industrial sector had also been privatized, with the delay in full privatization caused partly by the desire to harmonize more closely with EU laws and regulations, and partly because of the many difficulties associated with land restitution.

By 1996, the private sector has come to contribute approximately 65% of GDP, a number which will rise as the largest remaining public sector enterprises are sold. A considerable degree of credit is due to SEED-funded technical assistance and training in legal and financial reform, coupled with direct assistance to enterprises through training opportunities, volunteer assistance and support of business associations. The bulk of Estonia's foreign trade is now with the West, and many businesses have become fully competitive due to the modernization processes assisted by SEED Act assistance.

Private Sector Growth: In 1995, the Center for International Private Enterprise continued to promote small and medium enterprise (SME) development. It enabled the Estonian Small Business Association to create a "Voice of Business" in Estonia and advocate for legislation in the interests of SMEs. In addition, assistance by the U.S. Departments of Justice and Commerce and the Federal Trade Commission resulted in the development and enforcement of legislation and policies on the trade and investment issues involved in creating a market-oriented business climate. Related investment assistance included bankruptcy legislation.

The Baltic American Enterprise Fund (BALAEF) provides direct loans to small and medium enterprises in all three Baltic Republics. Since its creation in 1994, the BALAEF has approved 50 loans for $9.6 million and recently reached its target of approving $1 million in loans per month. The Fund also has begun to act as guarantor for import letters of credit issued by Baltic commercial banks, giving Baltic importers access to reasonably priced post-import financing.

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

Fiscal and Financial Reform: With the financial system's recovery from the 1992-93 banking crisis, assisted by SEED Act-funded Treasury Department advisors, new higher capital requirements and self-help on the part of the banks themselves, Estonia's financial system has become one of the strongest n the FSU/Eastern Europe. A key aspect of this strength lies in the decision made in June 1992 to tie the country's currency to the German Mark, a decision taken in consultation with SEED Act advisors along with the IMF, and to institute a Currency Board to help the GOE avoid the temptation to meet 'temporary' financial shortfalls by printing money.

The central government's budget has been largely in balance or surplus, though some local governments have been running worrisome deficits. There was an overall public sector deficit in early 1966, but the GOE has indicated it will take corrective action.

Estonia has a functioning flat income tax system, due in part to SEED Act assistance, with the same rates applicable to personal and corporate incomes. SEED- funded TA and training in tax enforcement has enabled the GOE to attain a moderately good collection record despite traditions of tax evasion inherited from the former Soviet Union. A reasonably effective Customs Service has been established with SEED Act assistance to insure the orderly functioning of foreign trade.

Encouragement of job creation and skills upgrading have been addressed by the SEED Act program along with some participant training programs. In addition, it has been calculated that privatization and the resulting requirement to become internationally competitive will also cause such programs to be undertaken under the free market system. Eligibility for funding under the

Baltic American Enterprise Fund (BalAEF), for example is posited on a recipient company possessing or in the process of developing a workforce meeting the norms of its industry.

Democracy Building

Political Process Building: Estonia's evolution from a socialist/authoritarian state to a democratic one has been a major accomplishment for both the country and the SEED Act Program that assisted it. Free elections have been held; political power has passed peacefully, transparent political organizations have been established; the media have become far freer and more professional; minority rights are receiving more active consideration; and non-governmental organizations (NGOs) are beginning to flourish. Strengthening Estonia's parliament has been an assistance goal of the United States Library of Congress under SEED Act auspices and has helped the parliament function more effectively.

Public Administration: SEED Act funded experts worked with local government leaders in four key cities in 1995 to strengthen managerial capacity in budgeting and financial administration. As a result, budgets based on explicit objectives and performance criteria have been developed, improving the allocation of scarce resources. Economic development plans were modified to be more responsive to market forces, enabling competition for privatization of municipal assets. A number of reforms are also beginning to impact at local and municipal levels, as part of the GOE effort to downsize and decentralize public administration.

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

Legal Systems: The country's legal and administrative systems have been reformed to help institutionalize the shift from a system where rule is by the caprice of those in power to one ruled by law. Major inputs of SEED Act assistance have played an important role in this progress, and the Estonian Law Center has been established and supported to carry on the process. The Law Center has since attracted World Bank funding as well. The American Bar Association's CEELI program has promoted legislation on constitutional reforms, civil and criminal codes and related areas, and the Estonia Law Center to support the training of judges, lawyers, court administrators and law students in the development and consistent and equitable application of national laws. U.S. Department of Justice attorneys have trained Estonians in combatting economic crimes, such as money laundering and criminal associations.

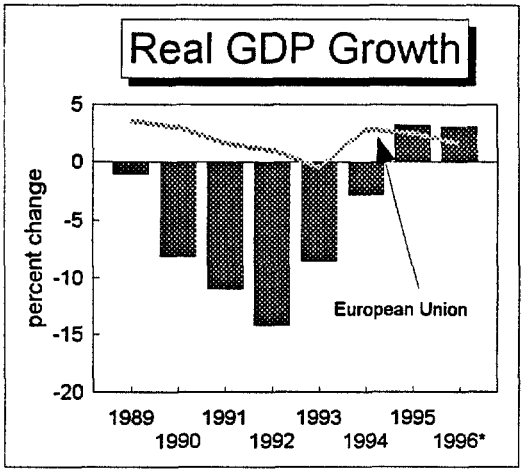
Quality of Life

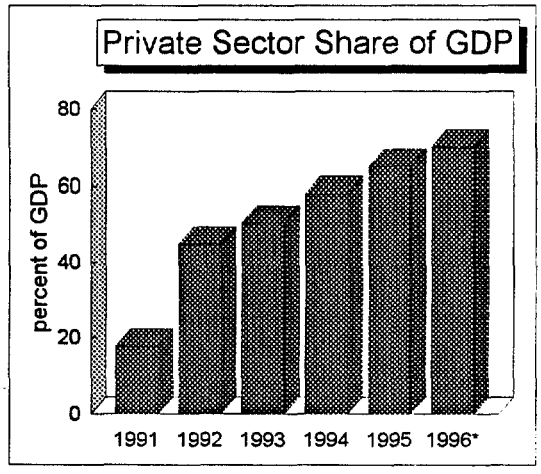
Environmental Health: With the environmental sector having been one of the most retarded and intractable under the former Soviet Union, it is understandable that, while a good deal of progress has been made, it remains one of Estonia's most backward. A combination of energy efficiency and pollution abatement reforms carried out with SEED assistance at a number of firms - including the country's worst polluter - have begun to establish a pathway for progress; assistance to the GOE Ministry of Environment (MOE) is improving its ability to play a meaningful role; and a number of SEED Act-supported activities combining environmental clean-ups with efficient energy production at the enterprise level have made major contributions to profitability, helping to improve the privatization prospects of the SOEs involved.

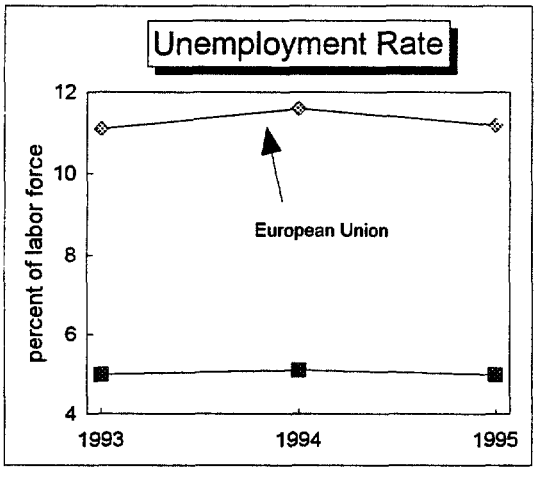
Energy Sector: The Regional Energy Efficiency program has focused on energy efficiency, power sector restructuring and management improvement. Although this is a long-term program - and slated to continue as a regional activity after the phaseout of the bilateral Estonian program - it has already provided beneficial results in pilot energy efficiency projects; major improvements in the operations of the Estonian power company, enabling a plan of privatization to be established; and a range of regional electric power pacts guaranteeing greater cooperation and improved efficiency in the sector.

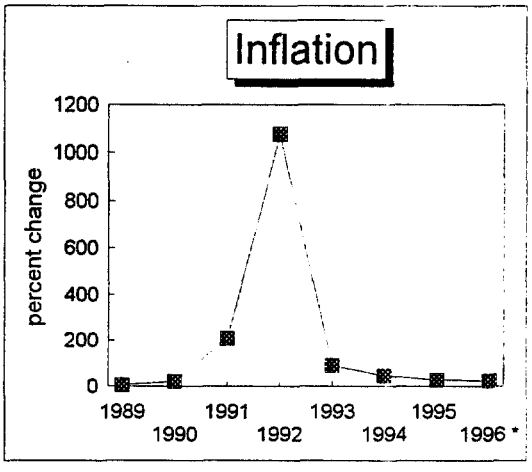
Health Systems: In addition to the obvious health benefits flowing from environmental improvements, the SEED Act program contains a health-specific component in the American International Health Alliance (AIHA)/George Washington University Hospital program, providing assistance in hospital administration to two major tertiary care institutions, plus a broad program of primary/secondary care capacity building with an emphasis on areas related to women's health issues and emergency services.

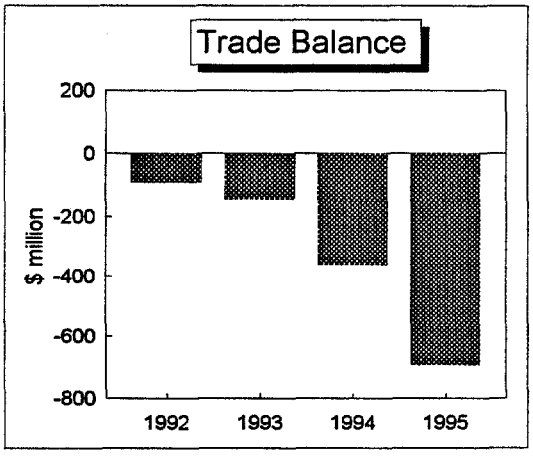
ESTONIA

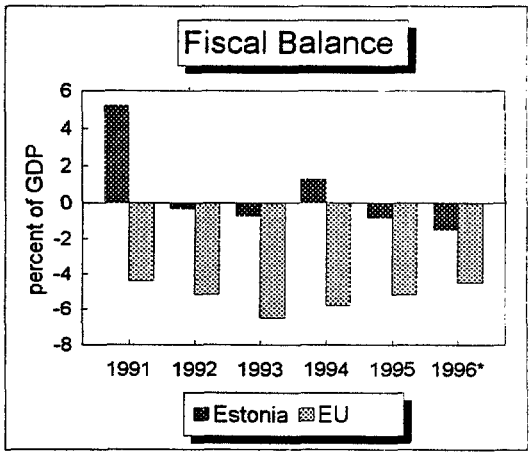












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO ESTONIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$80
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800032 - Non Governmental Organizations Development	*50*
SUB-TOTAL	*50*
AS % OF TOTAL OBLIGATION	*62.1%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*30*
SUB-TOTAL	*30*
AS % OF TOTAL OBLIGATION	*37.9%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

HUNGARY

Economic Developments

For Hungary, 1996 has been a year of Western integration, consolidation, and acceleration of structural reforms. Although the March 1995 stabilization program cut the current account and budget deficits, it resulted in slower-than-anticipated economic growth in 1996 and inflation decelerated at a slower pace than hoped. The government introduced several structural reform measures in 1996, paving the way for faster growth in the future. The GOH signed an IMF standby agreement in March and became a member of the Organization for Economic Cooperation and Development (OECD) in May. The World Bank Board could approve an enterprise and financial sector adjustment loan in early 1997 and negotiations are proceeding on a public sector adjustment loan.

After declining by about 18 percent from 1990-1993, the Hungarian economy grew by 2.9 percent in 1994 and 1.5 percent in 1995. Hungary's GDP is expected to grow by 1 percent to about $44 billion in 1996, but absolute GDP for 1996 will still be 13% below the 1989 level. What growth the economy has experienced since March 1995 has been export-led.

Despite these disappointing low growth figures, Hungary has attracted more than $15 billion in foreign direct investment (FDI) since 1989. This is more than half of all the FDI that has flowed to Central and Eastern Europe and the former Soviet Union during the same period. The largest U.S. investors in Hungary are GE, General Motors, Pepsico, U.S. West, Ameritech, Ford, and IBM.

The March 1995 stabilization program succeeded in bringing Hungary's budget and current account deficits under control. In 1996, the consolidated budget deficit in Hungary was approximately 4 percent of GDP -- down from an original trend line of about 10 percent before the March 1995 program. The current account deficit in 1996 is expected to be about $1.7 billion, or about 4 percent of GDP; this is down from almost $4 billion in 1994. The stabilization program, however, has resulted in slower-than-anticipated growth in 1996, and inflation is proving harder to bring down than originally hoped. In 1996, the average annual inflation was expected to be about 23 percent, down from 28.3 percent in 1995.

Hungary continues to have one of the highest per capita foreign debts in Europe. Nevertheless, Hungary's excellent progress on the macro-economic front has been recognized by the international financial markets via a significant narrowing of interest rate spreads on new debt. In addition, three major U.S. credit-rating firms upgraded Hungary to an investment grade rating in October, 1996. Hungary's gross and net debt both decreased in 1996 -- to current levels of $27 billion and $14 billion, respectively. Gross public sector debt as a percentage of GDP is approximately 75 percent. Net external public debt as a percentage of GDP is about 21.7 percent.

The GOH is confident that investment inflows will continue to cover the current account deficit, thus avoiding any increase in net external debt in 1997.

The privatization program picked up considerably in late 1995 and throughout 1996. Hungary is the only country in the region -- indeed in all of continental Europe -- to have privatized most of its telecommunications and energy sectors. Recent restrictive energy price decisions, however, blemish this otherwise positive picture. Overall, the private sector in Hungary produces about 70 percent of GDP.

After implementing the stabilization program in March 1995, the GOH turned more of its energies to making structural reforms. Some important steps taken in 1996 included establishing a National Treasury, increasing the retirement age to 62 for both men and women, lengthening the minimum work period for retirement, elimination of 10,000 hospital beds (to be done by the end of 1996), greater restrictions on local government borrowing, and passage of laws reforming public and higher education. Some progress was even made in cutting down public sector employment: by the end of March 1996, employment in the general government had declined by some 7 percent relative to 1994.

Structural reforms have been deeper in Hungary than in some of its neighboring Central European countries. For this reason, the unemployment rate is somewhat higher than in some other transition countries. Throughout 1996, official estimates of unemployment were between 10-11 percent nationwide. The rate, however, varies geographically and among minority groups: while unemployment in Budapest is 5-6 percent, it is about 20 percent in the northeast and over 75 percent among Gypsies. Net real wages declined by about 11 percent in 1995 and will decline by another 7 percent or so in 1996, contributing to reduced domestic demand.

Over 70 percent of Hungary's trade is with OECD countries, including 60 percent with the EU. By contrast, prior to 1990, 65 percent of Hungary's trade was with COMECON countries. Hungary, as a signatory to the GATT agreement, is a founding member of the World Trade Organization. The U.S. and five other complaining parties have initiated Article XXII consultations in the WTO regarding Hungary's agricultural export subsidies.

The Budapest stock exchange, although small in relative terms, was one of the most dynamic exchanges in the world in 1996, increasing tremendously in average price and capitalization. Pension reform could boost private savings as well as the equity markets.

The government estimates that the grey economy equals 30 percent of GDP. While half or more of the grey economy is captured in the official statistics, both the real unemployment and GDP growth figures could be higher than officially estimated.

Political Developments

During the post-communist transition since 1989 the Hungarian government has made significant accomplishments in building democracy, as part of its overall commitment to

integrating with Western institutions. Free elections in 1990 and again in 1994 have each brought complete and orderly changes of government. The current reformist government enjoys a two-thirds majority in parliament, and may be described as a coalition of national unity composed of the Socialist party (which itself has an outright majority) and the liberal-oriented Free Democrats. There are five opposition parties, ranging from moderate to conservative.

There are no restrictions on the freedom of thought, conscience or belief. Freedom of religion is protected by the constitution and members of all faiths are permitted to practice their religion freely. There are essentially no restrictions on peaceful public gatherings. There are no restrictions on the movement of citizens within or outside Hungary.

In March, 1996 the parliament amended the penal code to further crack down on hate crimes. The national police have stiffened internal controls over the past several years, and there is a continuing effort to discipline police accused of misconduct. In November, 1996 the parliament filled one vacancy on the Constitutional Court, heading off the immediate threat that vacancies on the bench could delay the court's work of reviewing the constitutionality of laws and statutes brought before it and hearing appeals from citizens who believe their constitutional rights have been violated.

The parliament passed a media law in December, 1995 to foster a free and independent electronic media. Freedom of expression will be enhanced under the law by the creation of two new commercial television channels in 1997, and the privatization of two national radio stations. The last state-owned Budapest daily newspaper was sold to a private owner during 1996.

At present, approximately 5000 refugees from the former Yugoslavia are registered in Hungary. Hungary is a signatory to the 1951 Convention relating to the Status of Refugees and to the 1967 Protocol, although it will grant refugee status only to European nationals.

In 1995, Hungary began hosting logistics bases for almost 4,000 U.S. military in support of the NATO Implementation and Stabilization Forces (IFOR/SFOR) for the Dayton Peace Accords. Political-military cooperation between the USG and Hungary in this vital mission, and in all other respects, has been excellent. Because Hungary is an economy in transition and coping with problems of adjustment -- relatively high unemployment and inflation, eroding real wages and savings, and declining living standards for many Hungarians -- the USG has provided critical material and technical assistance to help Hungary restructure its armed forces, promote professionalization of the military, reinforce civilian control, and re-orient the Hungarian armed forces toward a more defensively-oriented, Western-style force structure capable of working side-by-side with the United States and NATO , as it has in such mutually-beneficial endeavors as IFOR/SFOR peacekeeping missions.

SEED ASSISTANCE SUMMARY

Program Overview

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

Since SEED assistance was initiated in 1991, over $224 million have been obligated, principally in technical assistance and training. Major program outlays have been in privatization and enterprise restructuring, technical assistance to enterprises, management and market economics training, agribusiness and agriculture restructuring, housing, energy efficiency, strengthening of democratic institutions, and a one-time energy sector support grant. About 30% of total SEED appropriations to date are in the form of early grants totaling $70 million to the Hungarian-American Enterprise Fund, enabling it to engage in equity participation, limited lending, and technical assistance to the private sector. The SEED program emphasizes assistance to:

- **speed economic reform** through privatization, enterprise restructuring, transfer of business know-how and by facilitating domestic investment opportunities and their financing through banking system reforms;

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

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

Program Impact

Economic Growth

1996 was a year of consolidation and continuation of structural reforms. Fundamental steps have been taken to establish a free market economy. There has been considerable progress in privatizing State-owned enterprises and a liberal foreign investment policy has attracted unparalleled levels of private foreign investment. The private sector now accounts for approximately 75% of GDP, and the Hungarian *forint* is fully convertible in international foreign exchange markets. The Government signed an IMF Standby Agreement in March 1996 and

became a full member of the OECD in May. It is close to reaching agreement with the World Bank on two sectoral adjustment loans.

As a result of technical and other assistance provided by USAID and other donors and the Government's own unstinting commitment to reform, the following achievements offer encouragement:

- Over 70% of Hungary's international trade is now with OECD countries (prior to 1989, 65% was with COMECON countries).

- With some $15 billion in foreign direct investment (FDI) since 1989, Hungary has attracted more than half of all FDI in Central and Eastern Europe. (The largest investors are GE, GM, Pepsico, U.S. West, Ameritech, Ford, and IBM.)

- Due to an unblemished record of honoring its debt commitments, three major U.S. credit-rating firms awarded investment grade ratings for Hungary in 1996.

- Hungary is the region's leader in privatization, with less than 30% of 1,857 State-owned enterprises in 1990 remaining in public ownership.

- After reaching almost $4 billion in 1994 (9.5% of GDP), the current account deficit of the balance of payments shrank to $2.5 billion in 1995 and is expected to drop to $1.7 billion (less than 4% of GDP) by the close of 1996.

- After years of decline, Hungary's economic growth has been positive (albeit almost flat) since 1994; GDP is expected to grow again by less than 1% in 1996.

- The Budapest Stock Exchange, although small in relative terms, proved to be one of the most dynamic exchanges in the world in 1996, increasing appreciably in average price and capitalization. Pending pension reform could boost private savings and equity markets.

Major problems persist, however. While Hungary's macro-economic situation is gradually improving, the overall situation is in flux as authorities address problems of adjustment and attendant social hardship. These include relatively high unemployment (particularly in outlying regions and single-factory townships), persisting high inflation rates and eroding domestic earnings and savings (real wages declined by 11% in 1995, and may have fallen an additional 7% in 1996). Hungary continues to experience serious trade imbalances, and it remains one of the highest per-capita indebted countries in Europe (gross public sector debt as a percentage of GDP is about 75%; net external public debt as a percentage of GDP is about 22%). For most Hungarians, living standards have declined steadily since 1989. Health, education and other social infrastructure -- heavily dependent on dwindling central budget allocations -- have deteriorated. A growing gap between rich and poor has become more evident and vulnerable to political exploitation in Hungary's democratic society.

Privatization: Hungary's third year of positive GDP growth reflects the growing contribution by the private sector to production and export enhancement. With less than 30% of Hungary's State-owned enterprises still to be privatized -- a process in which SEED-funded advisors play a major role -- it is estimated that the private sector now accounts for some 75% of GDP. After facilitating privatization in 1995 of several major gas and oil conglomerates, USAID technical advisors assisted in the 1996 privatizations of VIDEOVOX , the National Textbook Publishing Company, six electricity distribution companies, seven power plants, and part of the central electric works. As the result of these successes, USAID considers that privatization, as a strategic objective, has been fully achieved. To consolidate this reform, the last of ongoing privatization activities, in banking and energy, continue to be priorities.

Private Sector Growth: USAID Hungary assists Hungarian SMEs by addressing constraints in four principal areas: access to commercial banking services, access to market and technology information, more efficient business systems and practices, and more rational tax structures. Two new SEED projects aimed at conveying business management and marketing know-how to privatized firms have been launched. One helps firms privatized under Anglo-American-style ESOPS (employee stock ownership participation) to acquire essential business management expertise. Activities under a second effort, aimed at specialized, on-demand assistance to more established private firms on a part-reimbursable basis, are expected to begin in early 1997.

Fiscal and Financial Reforms: Hungary's financial sector remains underdeveloped and unresponsive to the needs of the growing private sector. The overall financial system is still weak, although now improving as its banking sector becomes progressively privatized and more competitive. Financial system supervisory institutions are new and understandably inexperienced. Through USAID Hungary assistance, a draft Financial Institution Law has been refined for submission to Parliament, and is expected to go into effect in 1997. The centralized Treasury Department of the Ministry of Finance, established with SEED-funded assistance, is now fully operational, allowing more effective review of budget allocations and expenditures. On-site bank audits by the USAID-assisted Hungarian State Banking Supervision Agency are now being undertaken. USAID is helping the Hungarian Bank Association sponsor a new credit rating agency which is expected to be operational in 1997. U.S. Treasury-supplied advisors provided substantial support to GOH agencies in bank restructuring and privatization. By October, 1996, eight State-owned banks had been wholly or partially privatized, with four additional banks expected to be privatized by the close of 1998.

USAID assists Hungarian financial markets reform by addressing constraints in regulation, supervision, and operational efficiency. It provides technical assistance to review draft legislation (such as the proposed new banking law). In bank supervision rule-making capability, U.S. assistance plays a key role. U.S. Treasury experts advise on bank restructuring preparations for bank privatizations and debt management. USAID housing-related assistance, including a loan guarantee program, encourages mortgage lending and reform policies affecting the crucial housing finance market.

Energy Sector: USAID assistance has contributed significantly to the privatization of a large part of the Hungarian energy sector, as well as to the development of an independent regulatory framework. With U.S. assistance, the Hungarian Energy Office (HEO) completed a complicated and innovative license agreement with international investors at the Dunaferr power plant. In addition to policy advice, SEED-funded computer hardware has recently been given to the HEO, enabling it to perform more effective data collection and maintenance. USAID guidelines for load forecasting were accepted by the HEO, and training of supply companies has begun implementation of the guidelines. Advisory recommendations for a competitive tender process have been accepted, which signals that an effective energy regulatory body is in operation. The independence of the HEO in making pricing and regulatory decisions without political interference is being addressed through expert recommendations to Parliamentary committees and will figure as an important component of the competition strategy to be launched in 1997.

Building Democracy

The consolidation of democracy depends in large measure on the ability to honor public expectations as, for example, the government's ability to address unemployment, economic insecurity, and other social issues while completing difficult market-oriented reforms essential for longer-term economic recovery and prosperity. Successful consolidation entails demonstrating that democratic processes and values are indeed workable.

Public Administration: Means-testing methodologies developed for publicly-owned housing in Szolnok are now applied throughout Hungary. USAID advisors assist local governments in managing resources more effectively by improving local capacities to finance both investment and the operation of municipal services. Assistance in municipal budgeting is provided to several cities, enabling municipal governments to be more responsive and accountable to citizens. These and other facets of the housing assistance program enable local governments to work with the private sector more efficiently, without having to resort to new public ownership or even the use of additional public funds. The existing stock of private housing is being improved through the creation of new mechanisms to support homeowners as, for example, in managing condominiums and in helping homeowners organize and finance their own renovations. At an October 1996 conference of the Central European Real Estate Agents Network, representatives of the U.S. National Association of Realtors cited USAID program assistance as an ideal partnership between the public and private sectors, in "opening the way" for Hungarian developers and public interest NGOs to move ahead.

Political Process Building: USAID contractors monitored elections, strengthened political parties, and helped to equip the library and executive offices of the Hungarian Parliament in the early years of democratic transition. Visits by U.S. Congressional leaders provided opportunities for valuable dialogue on such critical issues as press and media freedoms and protection of minority rights. SEED-funded consultants advised Hungarian Government administrators and Parliamentarians on local government issues, a broadcast media bill, and a National Ethnic Rights Bill. Over 30 local television station professionals from thirteen Hungarian cities have been trained in local news production, business management, marketing and

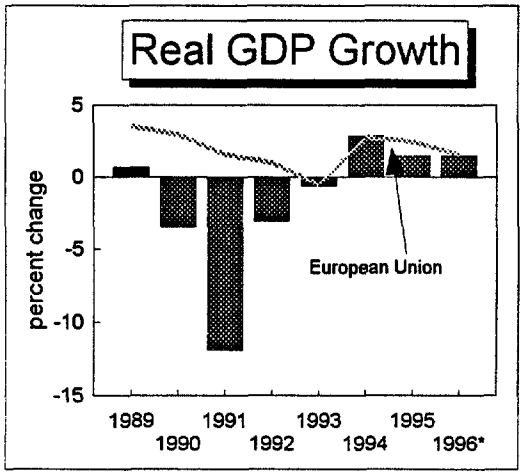
advertising. Over 90 grants have been provided to support the activities of local NGOs, and USAID Hungary was directly involved in the framework analyses for an NGO law submitted to Parliament.

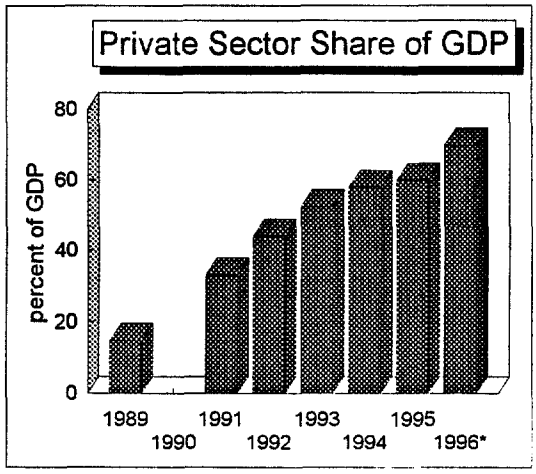
Civil Society: USAID Hungary efforts place emphasis on the delivery of key services and improved general management capacity at the local level. These include improved financial administrative capacity building within municipal governments and increased citizen participation in establishing budgetary priorities. These efforts extend to creating mechanisms for disputes resolution and improving the ability of country labor centers to anticipate and respond to unemployment crises. USAID environmental protection consultants advised municipalities on how to prioritize and manage solid waste and wastewater issues. Local governments have received training and technical advice on effective budget planning. In 1995, twelve Hungarian mayors completed USAID training programs to learn how American practices can be applied to representation and employment-generation in their own cities. This was followed, in November, 1996, by a two-week visit by fifteen senior Hungarian public administration officials to several U.S. cities to see municipal government and NGO operations in action.

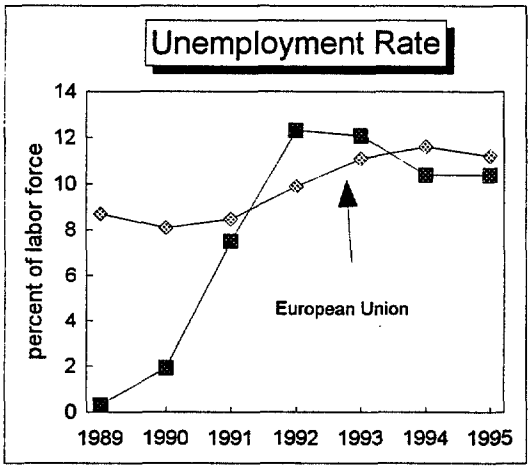
Labor Transitions: The Ministry of Labor, the National Labour Center, and the Government of Hungary have all collaborated with the USDOL in an active program of labor market reform which has included the establishment of Rapid Response Reemployment Assistance Committees throughout Hungary aimed at helping dislocated workers impacted by actual or threatened mass layoffs find new jobs; Quick Start training aimed at generating employment for unemployed workers in previously identified demand occupations; and training of mediators and arbitrators in traditional and innovative dispute resolution techniques.

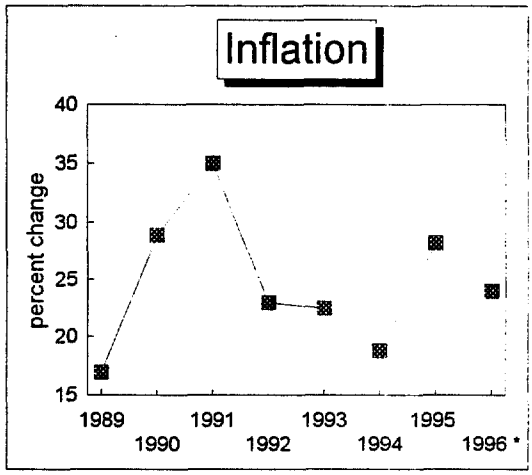
Next Steps: The FY 1997-98 program will have two general thrusts: supporting remaining activities aimed at macro-level issues such as fiscal, financial, and democratic reform, and helping the GOH to bring both the responsibilities and benefits of transformation closer to the average Hungarian family and community -- in business, governmental, and non-governmental associations. The SEED-funded USAID program will assist Hungarians in achieving these goals through increasing the soundness of fiscal and fiscal management policies, creating a more competitive and market responsive private financial sector, improving the performance of private small and medium enterprises, creating an economically sustainable energy sector, and creating an environment where better informed citizens increase their participation in decision-making at the local level.

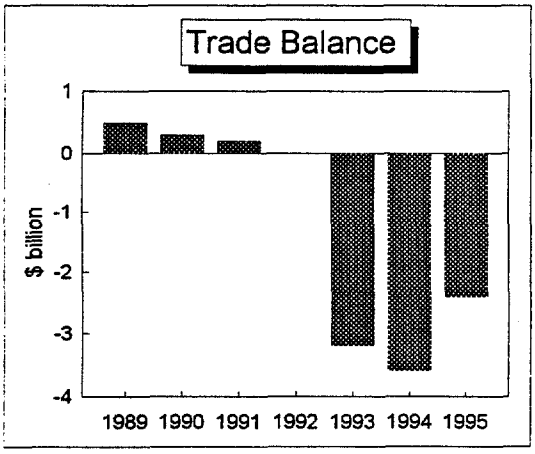
HUNGARY

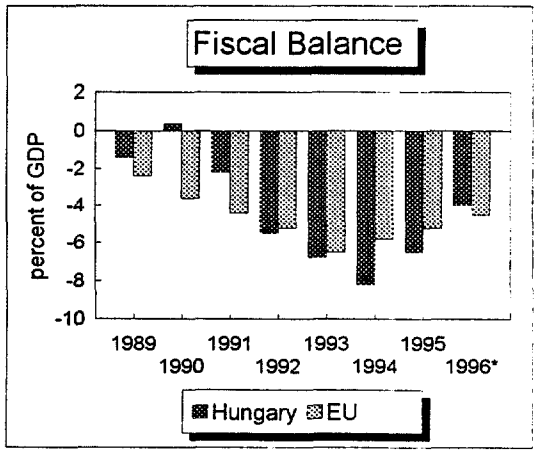












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO HUNGARY
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$20,785
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*600*
1800022 - Independent Media	*236*
Political Process and Governance	
1800019 - Democratic Governance & Public Administration	*724*
1800020 - Rule Of Law	*97*
SUB-TOTAL	*1,658*
AS % OF TOTAL OBLIGATION	*8.0%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*3,753*
1800023 - Technical Assistance To Enterprises	*1,955*
Improving the Business Climate	
1800027 - Business Services	*804*
Human Resources	
1800029 - Management Training & Market Economics Education	*1,550*
1800045 - Participant Training	*500*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*1,113*
Energy Efficiency	
1800030 - Regional Energy Efficiency	*1,263*
SUB-TOTAL	*10,940*
AS % OF TOTAL OBLIGATION	*52.6%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800032 - Non Governmental Organizations Development	*700*
Employment & the Social Safety Net	
1800033 - Labor Market Transition	*650*
Housing	
1800034 - Housing Sector Assistance	*2,229*
Health	
1800037 - Partnerships in Health Care	*400*
1800038 - Promotion of Private Health Markets	*500*
Environment	
1800004 - Environmental Initiatives	*400*
1800039 - Improved Public Sector Environmental Services	*300*
SUB-TOTAL	*5,179*
AS % OF TOTAL OBLIGATION	*24.9%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*763*
180632A - Transfers To Other US Agencies	*2,223*
9401008 - Housing And Urban Programs	*20*
SUB-TOTAL	*3,006*
AS % OF TOTAL OBLIGATION	*14.5%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

LATVIA

Economic Developments

Latvia continued to implement market-oriented reforms, although at a slow pace. Its freely-traded currency, the *lat,* was introduced in 1993 and has held steady, or appreciated, against major world currencies. Annual inflation is 18%, down from 25% in 1995, and government price controls are almost completely eliminated. Traditionally dominated by agriculture and forestry products, with military-industrial production introduced by the Soviets, the mixed economy is increasingly oriented towards the finance and commerce sectors. Booms in these sectors appeared to lead to a steadied economy until scandal rocked the financial sector and several large commercial banks collapsed in late 1994. The resulting instability was then compounded by a severe government budget crisis. GDP rose slightly in 1996 as the economy recovered from the 1994-1995 scandals, but remains at only 52% of its 1989 level. The Government recently agreed on a balanced budget for 1997. Official statistics tend to understate the growing private sector (now 60% of GDP), suggesting that the Latvian people and their economy are doing much better than is reflected statistically. Trade and services account for more than half of economic activity. Official unemployment has held steady at 8% for two years now. Per capita GDP is slightly over $1,000.

Latvia reported a trade deficit in 1995, with exports worth about $1.2 billion and imports $1.5 billion. The EU is Latvia's largest trade partner, accounting for 45% of exports and 50% of imports. Latvia remains heavily dependent upon Russia and the NIS for most of its energy needs and transit trade. Direct foreign investment appears to have grown only modestly since January 1994, when the total figure stood at an estimated $140 million. The United States remains close to the top in direct foreign investment; Kellogg's is the largest single investor. Latvia signed a Europe Agreement with the EU in June 1995, with a four-year transition period. In 1996, the U.S. ratified its bilateral investment treaty with Latvia. This year, the U.S. and Latvia also have concluded negotiations on a double-taxation treaty.

Structural reform has proceeded most rapidly in agriculture and in the privatization of small enterprises. More than 58,000 private farms have been established and most remaining collective farms have been transformed into private joint stock companies. Some 80% of agricultural land is farmed privately, and 60% of all land now is in private hands. However, many of Latvia's new farmers are operating at subsistence levels stemming from a lack of financial resources and credit. Urban and rural property is being returned to former owners, but the legal mechanisms for title registration, sale and mortgaging of real property are not yet fully developed. Privatization of the food processing and dairy industries also has occurred. Recovery in light industry and Riga's emergence as a regional financial and commercial center are offsetting shrinkage of the state-owned industrial sector and agriculture. Foreign investment in Latvia, however, is still modest compared with regional levels.

While Latvia can point to progress on macroeconomic indicators, the vital task of economic restructuring hardly has begun. The Government is saddled with unproductive Soviet-era factories that cannot be made profitable. Privatization of monopolies in transportation, energy, and communications has just begun. Organized crime and corruption are major impediments to economic growth and reform. Small and medium-sized enterprises find it extremely difficult to obtain credit and develop viable business plans. Soviet-era commercial and criminal codes have yet to be replaced by modern legislation necessary to underpin a market economy. Non-government organizations remain weak, poorly organized, and underfunded.

Political Developments

Latvia restored its *de facto* independence in 1991 after 50 years of Soviet rule. A 1991 constitutional law, which supplements the 1922 constitution, provides for basic rights and freedoms. There is freedom of association and a lively free press. A parliamentary democracy, Latvia held free and fair parliamentary elections in 1993 and 1995 and local-council elections in 1994. The 1993 elections led to a right-of-center, Western-oriented coalition. The fall 1995 elections resulted in a deeply fragmented parliament with nine parties represented and the largest party commanding only 18 of 100 seats. Attempts to form right-of-center and leftist governments failed; seven weeks after the election, a broad but fragile coalition government of six of the nine parties was voted into office under prime minister Andris Skele, a businessman not in parliament. President Guntis Ulmanis, whose constitutional powers are limited, played a key role in leading the various political forces to agree finally to this broad coalition. The parliament re-elected Ulmanis in 1996. Nationwide municipal elections are scheduled for March, 1997.

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

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

Fair implementation of the 1994 law on naturalization and citizenship remains a key question. The law will allow most of Latvia's approximately 700,000 noncitizens to seek naturalization over the next eight years. Russia and some noncitizens criticize the law, but Western observers, including the OSCE mission established in 1993, have determined it meets international norms. Latvia's law on aliens, passed in mid-1995, also meets international standards. In December, Latvia agreed to renew the mandate of the OSCE mission for another

six months, which has helped Latvia deal judiciously and effectively with these issues and with the terms of the troop withdrawal agreement.

Ethnic Latvians comprise 54% of the 2.6 million population; citizens of other ethnic origins number between 250,000 and 300,000; there are approximately 700,000 non-citizens in Latvia. Ethnic Latvians are a minority in seven of the eight largest cities; non-Latvians are primarily urbanized and control an estimated 80% of the economy, making economic, not political, reform the primary issue to Latvia's future ethnic harmony.

Key developments in 1996 were the adoption of legislation to establish a constitutional court, establishment of a presidential consultative council on nationality issues, naturalization of citizens under the 1994 law, and strengthening of an independent national human rights office. The Government also is preparing to begin issuing new travel documents verifying the rights of the 700,000 resident noncitizens to reside in, leave, and return to Latvia.

SEED ASSISTANCE SUMMARY

Program Overview

SEED Act assistance to Latvia began shortly after the country regained is independence from the former Soviet Union in 1991. Initial U.S. support consisted of emergency assistance and energy programs in response to immediate needs. However, since the restoration of its independence, the country has undertaken a major program of political and economic reforms which have led to expanded focus of SEED activities in support of these efforts. The prime U.S. objectives in Latvia have been to foster: 1) the development of a competitive, market oriented economy; 2) a transition to transparent and accountable governance; 3) improved living conditions through environmental and health care management; and 4) enhanced regional security by improving relations with its neighbors through active participation in the Partnership or Peace, the OSCE and other international organizations.

Although, it has been expected that Latvia would have reached a point of irreversibility in the transition to a democratic, market-oriented economy during FY 1997, and that SEED-funded activities would end in FY 1997 or soon after. A recent 1996 re-assessment indicates that while considerable progress has been made, a successful transition would be considerably more certain with a further two years of SEED-type assistance. Efforts, therefore, are currently underway to identify remaining gaps in Latvia's transition process and specific activities that address those gaps in order to achieve the country's economic and political SEED objectives.

Currently, the FY 1996 program budget for Latvia is $3.7 million and consists of approximately 30 activities, most of which will phase down by September 30, 1997. Over $36.7 million has been provided in SEED Act assistance since 1991.

In order to assist the Government of Latvia (GOL) with an overall reform package and achieve sustainable, broad-based economic growth within an open market economy and democratic system, USAID SEED Act programs are designed to:

- Promote the growth of the private sector and economic linkages with the West through assistance in the privatization process.
- Strengthen the financial system through alternative credit mechanisms, and training and assistance in banking and financial markets.
- Strengthen the country's democratic polity by helping to develop modern political parties and assisting in the development of nascent legal and administrative systems.
- Encourage critical energy and environmental reforms to promote both the economy and quality of life.
- Provide assistance in health system reforms.
- Strengthen municipal governments, and
- Assistance in the worldwide fight against organized crime.

Program Impact

While many of the activities carried out under the SEED Act program in Latvia have been invaluable, some have enjoyed greater success than others. An additional number have the potential for meaningful success if adequately nurtured.

Economic Growth

Latvia is among the fastest reforming countries of the former Soviet Union. The Central Statistical Bureau of Latvia has reported Latvia's GDP in the second quarter of 1996 as 706 million Lats. The GDP volume went up in the areas of industry, construction and transport. Compared to the first six months of 1995, the GDP has increased by 1.5% in the corresponding time frame for 1996.

Price liberalization and small-scale privatization is virtually complete; the currency is fully convertible and the country generally pursues a liberal trade regime. The progress in market-oriented reform continues, but the pace of the reform in 1994 and 1995 was somewhat slower than could have been expected from an initial swift and successful start. In the area of macroeconomic stabilization, inflation has continued to decelerate but at a slower pace than earlier. Further progress in structural reforms has been rather limited as large-scale privatization

failed to accelerate. Moreover, the effectiveness of recently adopted measures to speed up the process has yet to be seen. Inward investment in the economy has been inhibited by various legislative and administrative difficulties and a general perception of increased riskiness of investing in Latvia. Nevertheless, key financial indicators continue to point to a reasonably healthy picture in the economy and there is a potential for renewed growth.

Privatization: The SEED Act privatization project played an important role in advancing the process of converting Latvia's economy into a free market economy by promoting the development of the Latvian capital market through assistance to the Riga Stock Exchange (RSA) and by establishing the Latvian Privatization Agency (LPA) which accelerated the business and commercial property privatization process. When the activity began, the bulk of Latvian businesses, including all major enterprises, were under governmental control. The government had general plans for an extensive privatization program, but lacked the expertise to design specific methods to fulfill them. The SEED Act project consultant succeeded in designing and structuring the tender process thereby enabling an efficient privatization process, opened lines of communication among potential investors and the LPA, insuring that the administrative aspects of the process were running smoothly, and provided business management training to LPA staff.

Banking Reforms: The country suffered a major banking crisis in 1995, due in part to defaults on a number of bad loans to State owned enterprises under the prior system, and partly as a result of unsound and/or fraudulent banking practices. However, firm action on the part of the Central Bank, plus SEED Act help from KPMG, brought the crisis under control by tightening supervision, allowing several of the weaker banks to go bankrupt and merged others with stronger ones, and raising capital requirements which helped to re-establish sound financial and management conditions. As such, the financial system appears to have weathered the 1995 banking crisis and is beginning to resume its vital role in the country's economic system.

Electrical Energy: In light of the fact that most of the Baltic states' electricity is generated by either a Chernobyl-type nuclear plant in Lithuania, or gas and heavy oil imported from Russia, the need for all of them to work together to improve the efficiency of energy use is obvious. The SEED Act response, in the form of the Regional Energy Efficiency Project, has been successful in developing regional cooperation, improving utility regulation in Latvia, and strengthening the Power Company (Latvenergo) to the point where its privatization plans are rapidly proceeding.

Business Education: Given the obvious need for well-educated business managers if Latvia is to compete successfully in the financial market, USAID engaged the State University of New York to aid the Riga Business School in developing and implementing an MBA program. Graduates of the first two classes have already attained important positions in a number of Latvian business and governmental organizations.

Commercial Law: The SEED Act project under the U.S. Department of Commerce Commercial Law Development Program (CLDP) assisted the GOL in forming the legal base for

accession to GATT/WTO and in facilitating GOL's foreign trade objectives. Additionally, the Department of Justice/Federal Trade Commission's Anti-Monopoly Program has assisted the GOL in establishing efficient international business practices.

Building Democracy

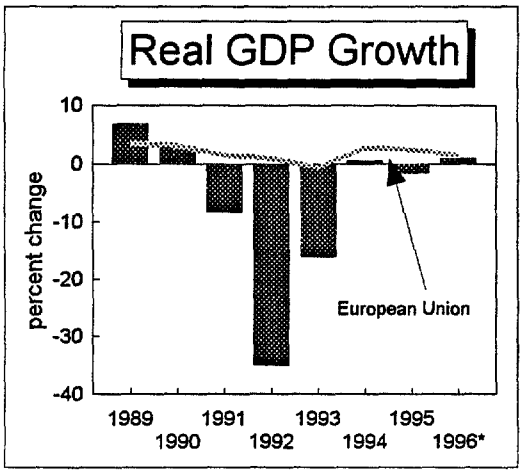
The post-independence years have been characterized by peaceful internal political change. Continued mistrust of the public sector in general remains a continuing political challenge. The U.S. encourages civic participation through advocacy groups and legislative outreach, and strengthening local government to become more independent and responsive to citizen needs. SEED Act assistance has helped strengthen the country's democratic polity by helping to develop modern political parties and assisting the Saeimā in fulfilling its key role in government.

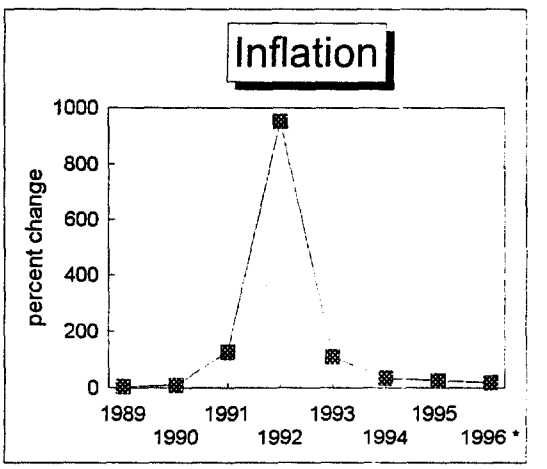
Grants to the International Republican Institution (IRI) and the National Democratic Institute (NDI) have helped to support the strengthening of democracy by providing training seminars on political party development and civic education. While the IRI program has focussed on leadership skills training for local party activities and leaders, NDI has helped to support the strengthening of the Saeima by improving their capability as legislators and representatives of their political parties. The program also benefitted the Latvian public by helping the Saeima to operate in a manner consistent with responsive and accountable governance thereby helping increase public confidence in democratic governmental institutions.

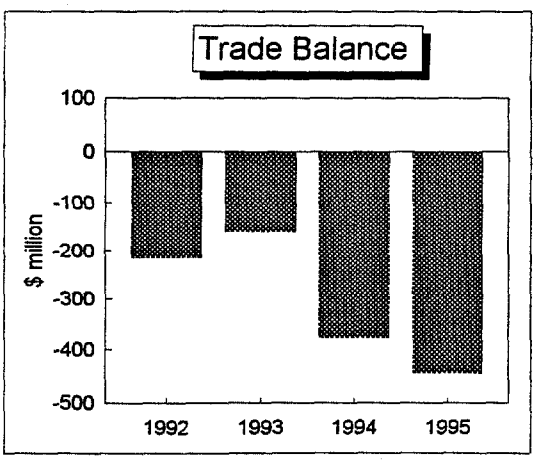
Quality of Life

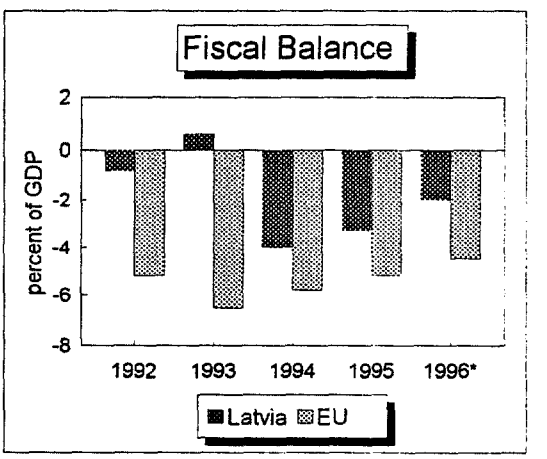
The standard of living at $1000 per capita GDP, is fairly high in comparison with the other former Soviet republics. In 1993, there were one doctor per 280 inhabitants, and 247 telephones per 1,000 persons. The American International Health Alliance (AHA) has paired a number of U.S. and Latvian hospitals in a program providing assistance in hospital administration plus a broad program of capacity building with an emphasis on women's and children's health. A community outreach program is well under way.

LATVIA









* Projection.

Date 01/30/97

U.S. ASSISTANCE TO LATVIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$4,285
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*100*
1800032 - Non Governmental Organizations Development	*200*
Political Process and Governance	
1800020 - Rule Of Law	*396*
SUB-TOTAL	*696*
AS % OF TOTAL OBLIGATION	*16.2%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*140*
1800023 - Technical Assistance To Enterprises	*50*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*200*
1800027 - Business Services	*145*
Human Resources	
1800029 - Management Training & Market Economics Education	*797*
1800045 - Participant Training	*300*
Energy Efficiency	
1800030 - Regional Energy Efficiency	*400*
SUB-TOTAL	*2,033*
AS % OF TOTAL OBLIGATION	*47.4%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800032 - Non Governmental Organizations Development	*400*
Health	
1800037 - Partnerships in Health Care	*349*
Environment	
1800004 - Environmental Initiatives	*200*
SUB-TOTAL	*949*
AS % OF TOTAL OBLIGATION	*22.1%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*287*
180632A - Transfers To Other US Agencies	*320*
SUB-TOTAL	*607*
AS % OF TOTAL OBLIGATION	*14.2%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

LITHUANIA

Economic Developments

Since restoring independence in 1990, Lithuania has implemented reforms aimed at eliminating the vestiges of the former socialist system. In 1992, with help from the IMF, the U.S., and others, Lithuania adopted a program to restrain inflation, reduce price control, lower the budget deficit and privatize the economy. Inflation is expected to be about 22.6% for 1996, down from 1200% in 1992; most price controls have been abolished. Lithuania's freely convertible national currency, the *litas*, has appreciated against world currencies and for stability purposes is tied to the U.S. dollar at the rate of 4:1. Led by a recovery in light industry and rapid growth in trade and finance, GDP increased 1% in 1994 and by 2% in 1995 but has only recovered to 41% of its 1989 level. However, in early 1996 the Lithuanian government experienced serious budgetary problems as tax collections failed to keep pace with growing financial needs. Furthermore, as a result of a banking crisis in late 1995, the Government imposed a moratorium on two major commercial banks in order to prevent bankruptcy and avoid financial crisis. Since then, with assistance from the U.S., IMF, and World Bank, the Government has taken steps to enhance banking supervision and recapitalize the troubled banks.

Structural reform has proceeded most rapidly in privatization of small enterprises and agriculture. Over 70,000 private farms have been established. However, the lack of capital and inefficiency in the crediting system has caused many new farmers to operate at subsistence levels. Urban and rural property is being returned to its original owners, but legal mechanisms for title registration, sale and mortgaging of real property are not yet fully developed. About 86% of all enterprises and about 83% of state property included in the program of initial privatization have been privatized. Foreigners are entitled to own non-agricultural land only for investment purposes. At 65%, the rate of privatization today reached in Lithuania is larger than the rate in most other Baltic and Eastern European countries, which can be explained by the variety of privatization methods used. In 1994 62% of all employed people were in the private sector. Industrial privatization has lagged, often because large industrial enterprises are outdated, oversized, and inefficient. Many continue to operate basically as state firms or as firms privatized by former enterprise directors.

Official statistics indicate a 6.4% unemployment rate, but hidden unemployment remains a massive phenomenon in the state sector, which is running at less than half capacity. Almost a quarter of the labor force is employed in the agricultural sector, which reflects inefficient consolidation of small private farms and a vocal protectionist current in economic policy debate. Per capita GDP for 1996 is about $2,000. The IMF has extended stand-by credits to Lithuania and strongly opposes de-linking the currency as well as indexing wages and investments once proposed by current government leaders.

About 60% of Lithuania's trade now lies with the West. Total exports in 1995 reached $2.7 billion, while imports stood at $3 billion. The foreign trade deficit has remained stable over the

past few years. Major exports include textile and knitwear products, timber and furniture, electronic goods, food, and chemical and petroleum products. Historically, Lithuania has been a major exporter of agricultural products, primarily processed meat, dairy products and fish. With the loss of eastern markets and imbalanced restructuring, the current agricultural trade balance is negative. In June 1995 Lithuania signed a Europe Agreement with the EU with a six-year transition period, reflecting a slower pace of structural adjustment compared to Lithuania's Baltic neighbors. Foreign investment in Lithuania--$359 million in 1995--is not as large as elsewhere in Central Europe. Most foreign investment originates from the EU, USA and CIS. Philip Morris is the largest single investor ($25 million).

Lithuania continues to negotiate a bilateral investment treaty and bilateral tax treaty with the United States; these treaties will complement the agreements on trade and intellectual property protection and science and technology cooperation signed in 1994. Germany is slowly supplanting Russia as Lithuania's leading trading partner. Russia formally implemented MFN with Lithuania in late 1994, but reports suggest that Lithuanian exports are still assessed fees by Russian customs at the Belarusian border.

Infrastructure is nearing adequacy. Lithuania's road network is the best among the countries of the former Soviet Union. The rail links to Russia are strong, but the tracks and road crossings need improvement to handle higher speeds. The Klaipeda seaport is well equipped and ice-free but could benefit from modern management techniques. Vilnius International Airport has been brought up to near Western standards and is capable of expanded services. Lithuania has three other civil (Kaunas, Palanga) and commercial (Siauliai) airports. Major infrastructure projects underway include construction of the Butinge oil terminal; upgrades of the Mazeikiai oil refinery, Ignalina nuclear power plant, and "Via Baltica" highway connecting the Baltic states to the rest of Europe; and expansion of the Klaipeda seaport facilities. With heavy investment, including from USWest, telecommunications have improved greatly.

Political Developments

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

In free and fair elections in late 1992, the Lithuanian Democratic Labor Party (LDDP)--the successor to the Communist Party of Lithuania--won a majority of parliamentary seats and formed the Government, replacing the nationalist Sajudis coalition which had been in power since Lithuania regained independence. In early 1993 voters elected Algirdas Brazauskas, the then-Chairman of the LDDP, as President, but in March of 1995 right-wing candidates captured a majority of local government councils in nationwide elections. Local administration is hamstrung by lack of expertise and over-centralization of fiscal authority; continuing U.S. technical assistance is key to strengthening municipal government. The Conservatives prevailed in free and fair parliamentary elections in October and November 1996, followed by the Christian Democrats. The two parties have formed a coalition (the first in Lithuania's history) and took over the government in December.

SEED ASSISTANCE SUMMARY

Program Overview

When Lithuania regained independence from the former Soviet Union in September 1991, the U.S. promptly initiated a bilateral assistance program under the mandate of the 1989 SEED Act. Lithuania has made important progress in its transition from a centrally-planned to a market economy. Price and trade liberalization, macroeconomic stabilization, privatization, deregulation and development of a supportive legal framework have begun to create an environment conducive to the introduction of market forces. More than 150,000 new private firms have been created and, as of 1995, over half of total output was produced by the private sector. Lithuania has also made the transition from a totalitarian regime to a functioning democracy, as has been evidenced by the fact that it has held open, honest elections in which multiple parties have participated.

Commitment on behalf of the Government of Lithuania (GOL) to economic reforms has been steady. However, inconsistent government policies, private sector instabilities, legislation and corruption have prevented significant growth and foreign investment. In 1995, Lithuania applied for membership into the European Union and, with U.S. assistance, submitted its trade proposal to the World Trade Organization. By the end of 1995, nearly 6,500 state-owned enterprises of all sizes had been transferred into private ownership. In FY 1996, USAID strategy was designed to assist Lithuania to cope with major macroeconomic and democracy challenges. It built on recent economic developments, future economic reform priorities, Government of Lithuania (GOL) commitment to reform, and the past three years of USAID programs. The strategy incorporates important U.S. foreign policy objectives for Lithuania, including integration into the European Union, nuclear safety and cooperation among the U.S., the European Union and its member countries.

The SEED program's objectives in Lithuania are aimed to:

- **Forge a more stable financial environment.** This will be done by 1) focusing on restoring confidence in the banking system by strengthening Central Bank policy and bank supervision; developing a viable market-oriented private banking sector; and improving banking legislation; 2) strengthening fiscal management by improving budget management; improving tax policy, and tax administration, 3) developing the capital market by improving regulatory oversight and market development.

- **Creating an enabling environment for private sector growth.** Attention will focus on 1) elimination of major price distortions, 2) improved access to markets and trade policies and 3) improved legal framework for commercial activity.

- **Increase citizen participation by fostering cooperation between government authorities and NGOs and local citizens.** This objective will be achieved by 1) strengthening NGO advocacy, service delivery, and financial sustainability, increasing the responsiveness to public participation among municipal government officials, disseminating best practices in civic involvement to achieve a greater spread affect of the USAID program.

The U.S. has contributed approximately $45 million in cumulative SEED assistance to Lithuania. Of this amount, $8,068 million was obligated in FY 1996.

Program Impact

Economic Growth

After three years of drastic declines in output from the former Soviet industrial system, coupled with high inflation, increasing unemployment, and other economic shocks, Lithuania underwent a mild recovery. Following an estimated GDP growth of 1% in 1995, the economy is estimated to grow 3-5% in 1996. Inflation has fallen to an estimated 15% in 1996. Industrial output, income, and retail sales expanded in 1996. Industrial output, income, and retail sales expanded in 1996 and exports continue to increase. The GOL has established a strong track record in economic policy implementation under IBRD and IMF sponsored loan programs; the latest IMF credit tranche is about $200 million through September 1997. The U.S. concentrates more than 80% of its assistance efforts to further restructure Lithuania's economy.

Private Sector Development: The private sector now contributes more than 65% to GDP. Most small and medium-sized enterprises (SMEs) have adopted western-style marketing and production methods, and showing marked success in their individual business ventures. In FY 1996 alone, the U.S. channelled technical advice to 80 SMEs, farmers, and agro-processors. Dozens of SMEs restructured their management, improved product quality, created their own marketing programs and significantly increased production. Over 1000 new jobs have been

created. In 1996 U.S. assistance focused its private sector promotion strategy around an integrated approach of technical assistance and lending. During its first year of operation, the Baltic-American Enterprise Fund provided about $4,000,000 in loans to Lithuanian SMEs. USAID has concentrated Land O'Lakes business experts in the northern dairy region, where the quality of milk, and therefore financial benefits, improved substantially.

Financial Sector Reform: In 1994, the economy entered a decisive stage where development could proceed no further without an effective, independent Central bank and private commercial banks. New and newly-privatized enterprises needed access to credit, capital markets, effective laws, and foreign investment. The SEED program strove to strengthen the Central bank, revise legislation to benefit SMEs, and assist the Ministry of Finance in tax administration. As a result, the Central Bank's supervision department, expanded and trained by U.S. advisors, closed seven problem banks in 1995 and three more in 1996. This action has helped to prevent further erosion in the banking system. Under the SEED program, experts targeted the collateral law for improvements since the existing legislation lacks reference to moveable property, which remains a financing hindrance for SMEs. To provide a balance to the banking system, a concerted effort started in FY 1996 on improving capital markets regulation and market development. It has resulted in increased turnover at the Stock Exchange and has succeeded in avoiding the problems that have hurt the banking industry.

Next Steps: The situation in Lithuania has improved from the crisis situation of late 1995. The new governor of the Central Bank has exhibited strong leadership, the country has met the IMF and World Bank SAL requirements, and International Accounting Standards (IAS) will be required as of January 1, 1997. Even with this progress, banking reform continues to be the most pressing obstacle to economic recovery and foreign investment in Lithuania. The GOL has requested continued assistance in bank examination new assistance, in Central Bank strategy and policy areas, and continued guidance on corporate governance and bad-loan recovery issues. Private sector alternatives such as credit unions and capital markets will continue to be developed. A strong legal framework is urgently needed in order to promote a sound banking system. SEED assistance will therefore help to improve six key pieces of legislation: commercial and central banks, taxation, bankruptcy, collateral, competition and leasing.

Building Democracy

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

Political Process Building: Lithuania's March 1995 municipal government elections, the first since independence, reflected a more organized campaign by all major political parties. An election advisor from the International Republican Institute was instrumental in bringing about a strategic campaign planning program, largely attended by municipal council members, mayors

and other candidates. The result was a campaign focused more on local and regional issues than on personalities. During 1996, a second IRI advisor continued political party training through an ambitious program of 22 seminars in which more than 1,100 persons representing 22 of Lithuania's 33 political parties participated. The rich variety of campaigning skills in evidence during the November 1996 parliamentary elections indicate that western style voter interactive campaign techniques are becoming institutionalized in many Lithuanian political parties.

Civil Society: In FY 1995, USAID launched a program to increase the impact that private, voluntary and other NGOs have on influencing public policy and promoting grass roots agendas. As the International Center for Not-for-Profit Law, a U.S. NGO, assists in installing the basic legal foundation required to define, register, and govern Lithuanian NGOs, the U.S. Baltic Foundation (USBF) and the National Democratic Institute strive to educate indigenous groups on management structure, fund raising skills, relations with Parliament, and promoting agendas on the local and regional level. In 1996, USBF awarded through a competitive process 19 grants to 22 NGOS, in total an amount of $175,000. The result has been an increase in public awareness of NGO activity, the participation of NGOs in public policy formation through preparation of proposals of amendments to tax/business laws, and an increase in the number of public advocacy and outreach projects.

Next Steps: USAID will continue to strengthen Lithuanian NGOs through training that enhances their professionalization and builds up institutional capacity. Support will be provided for NGO projects that significantly impact public policy in the areas of democracy, social safety net, environmental and business reform. To accommodate the new democracy strategic objective, selected grants also will be awarded to joint projects between NGOs and local government that address community level social service needs. The feasibility and design of a possible mechanism that would support such innovative public-private partnerships will continue to be explored. Through various mechanisms we will continue to demonstrate, both through training seminars and economic development programs, how local government works in a democracy.

Quality of Life

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

Energy Solutions: Although distortions persist, the energy sector has made progress in the transition from a state-owned public service model to a corporate model which responds to market forces. In 1995, U.S. assistance enabled the national utility company to undergo its first financial audit by international standards. Arthur Anderson has been retained for another year.

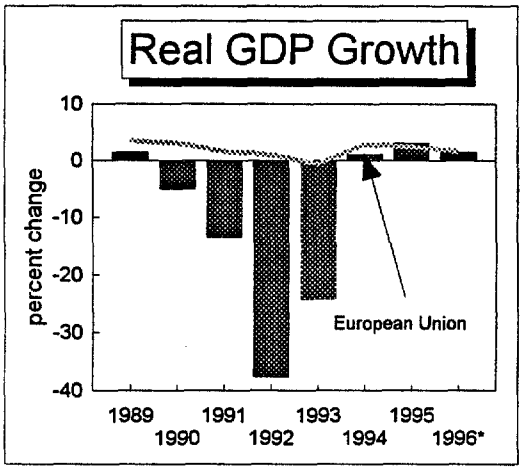
Also in 1995, district heating prices were doubled, and electricity prices significantly increased. The utility partnership, formed with Alabama Power, has convinced the Lithuanians to establish a strong customer service outlook, and to set up an energy efficiency service for its clients. An Energy Pricing Commission has been created and charged with developing a cost-based energy pricing methodology for use by the commission in setting retail energy prices.

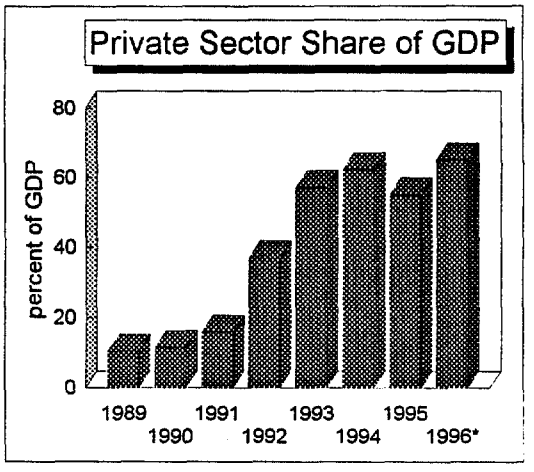
In the nuclear safety arena, the U.S. Department of Energy continues to provide assistance focused on reactor safety for Lithuania's nuclear power plant at Ignalina. Both standard and emergency operating procedures are being developed and finalized; the plant had somehow previously managed to operate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

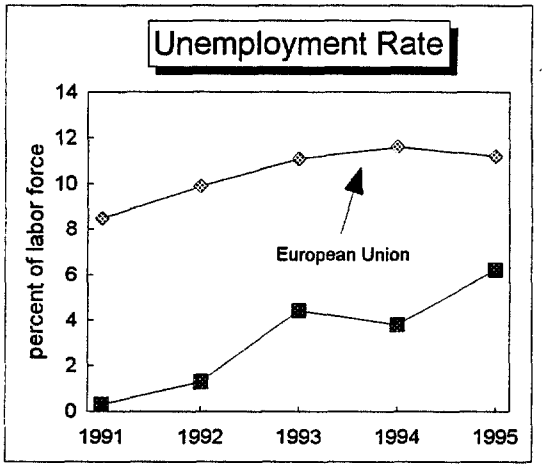
Environmental Investments: The GOL initiated plans for a national environmental strategy in 1995 and created a number of new pollution "charges," or cost factors, to encourage the prudent use of natural resources. These actions should have a positive impact on energy planning, private industrial and public investments, and environmental health. The SEED program has targeted selected industrial enterprises which, through modest capital improvements, will attract significant investments from international donors. Other industrial facilities have been targeted for investment projects which will reduce pollution levels and improve operational efficiencies, thereby improving the economic viability of these privatized enterprises. In 1995, the U.S. Environmental Protection Agency (USEPA) established an environmental education center to teach a wide variety of people the value of sustainable development practices. USEPA also provided assistance in developing a national and Baltic regional environmental monitoring system. This system catalyzed a substantial financial commitment from the Swiss Government.

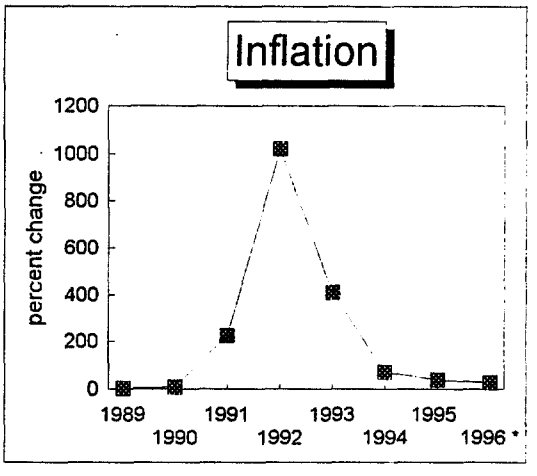
Next Steps: In the next two years, with USAID and EU PHARE assistance, an Energy Pricing Council will be able to function independently as a regulatory pricing entity. The national energy company should see measurable billing collection improvements in 1996/1997. A second partnership between the Lithuanian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

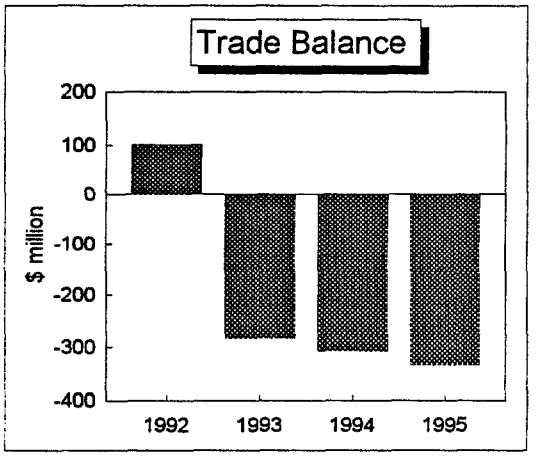
LITHUANIA

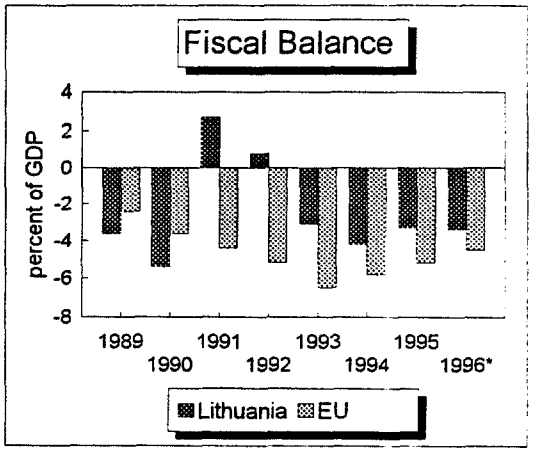












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO LITHUANIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$9,228
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*175*
1800022 - Independent Media	*100*
1800032 - Non Governmental Organizations Development	*250*
Political Process and Governance	
1800020 - Rule Of Law	*525*
SUB-TOTAL	*1,050*
AS % OF TOTAL OBLIGATION	*11.4%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*2,409*
1800023 - Technical Assistance To Enterprises	*1,128*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*160*
1800027 - Business Services	*243*
Human Resources	
1800045 - Participant Training	*576*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*300*
Energy Efficiency	
1800030 - Regional Energy Efficiency	*500*
SUB-TOTAL	*5,317*
AS % OF TOTAL OBLIGATION	*57.6%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800032 - Non Governmental Organizations Development	*200*
Environment	
1800004 - Environmental Initiatives	*650*
1800039 - Improved Public Sector Environmental Services	*415*
SUB-TOTAL	*1,265*
AS % OF TOTAL OBLIGATION	*13.7%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*536*
180632A - Transfers To Other US Agencies	*1,060*
SUB-TOTAL	*1,596*
AS % OF TOTAL OBLIGATION	*17.3%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Economic Developments

At the breakup of Yugoslavia in 1992, the Former Yugoslav Republic of Macedonia (FYROM) was the poorest of the five Republics. Today it remains one of the poorest countries in Europe. Despite continued commitment to an effective program of economic stabilization and restructuring, external shocks to the economy have produced negative growth rates over the past several years. GDP has declined to 41% of its 1989 level. Unemployment is approximately 32 percent by FYROM estimates (20 percent using western methodology). Adherence to painful structural reforms in the financial and producing sectors and a warming of relations with the EU following improvements of relations with Greece have laid the groundwork for modest growth in 1997.

The FYROM was able to reschedule its Paris Club debt in 1995, and completed a rescheduling of its commercial debt in 1996. The fledgling nation, however, faces challenges both in improving its inadequate infrastructure and in diversifying its trade dependence on north-south transportation links.

The government remains committed to creating a market economy. In response to the government's policies encouraging the growth of the private sector through changes to the legal code, new enterprise creation has increased dramatically. The Parliament has approved legislation on securities, foreign investment, foreign exchange activities, external credit relations, customs, banking and savings institutions, accounting and financial services. Still under consideration by Parliament at the time of this writing are a new commercial code, changes to the bankruptcy code, amendments to the laws regulating the purchase of real estate and modernization of the laws governing intellectual property rights.

The FYROM's economic stabilization program and bank reform programs, begun in 1994, have yielded positive results and won praise from the IMF and the World Bank. A severe financial austerity program stabilized the Macedonian denar and reduced the fiscal deficit. From quadruple figures in 1992, inflation substantially declined by 1995 and is estimated at 6 percent in 1996. Additionally the FYROM's stable and restrictive monetary policy eliminated the parallel market for foreign currency.

Political Developments

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

The FYROM, a parliamentary democracy, declared its independence from Yugoslavia in September 1991 after a public referendum. The first parliamentary and presidential elections since independence were held in November 1994. International monitors declared these elections to be generally free and fair although some procedural problems occurred. Sixty parties participated in the first round. Two major opposition parties (with nationalist leanings) boycotted the second round of elections to protest technical irregularities in the first round. OSCE and COE observers ruled that the irregularities were not widespread enough to have prejudiced the result. A three-party coalition supported by President Gligorov won more than a two-thirds majority in Parliament, while ethnic Albanian parties, independents, and small parties occupy the remaining seats. A change in the government in 1996 resulted in the ousting of Liberal Party officials and a reallocation of senior government positions among the remaining members of the coalition, along with the Albanian party, PDP. The Liberal Party then constituted itself as a parliamentary opposition party.

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

The FYROM formed a new government February 1996. The Liberal Party was removed from the ruling coalition, which now consists of three parties -- the Social Democrats (the party of President Gligorov), the Party for Democratic Prosperity (one of the ethnic Albanian parties), and the Socialists. Local elections in November 1996 favored the ruling SDSM.

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

The Constitution forbids censorship and provides for freedom of speech, public access, public information, and freedom to establish media outlets. There are several daily newspapers in Skopje, and numerous weekly political publications, some of which are published by opposition groups.

The FYROM welcomes close cooperation with the U.S. military and wishes to deepen this relationship as it tries to build a modern, professional defense force. The government established the armed forces in 1992 following the withdrawal of the Yugoslav National Army (JNA). By

constitutional mandate, the Ministry of Defense is headed by a civilian. The Macedonian armed forces, numbering approximately 10,000 - 15,000, were left virtually without equipment when the JNA withdrew. The arms embargo on the Former Yugoslavia and a lack of resources has prevented the FYROM from developing even a minimal defensive capability.

The FYROM has been seeking to align itself with the U.S. and Western Europe. The government long sought membership in the Partnership for Peace (PFP), and the October 1995 signing of an interim accord with Greece paved the way for the FYROM's acceptance into PFP the following month. The FYROM held a successful PFP Command Post exercise, involving several neighboring countries including Greece, in October 1996. A full-scale exercise is scheduled for 1997.

Approximately 550 U.S. troops are stationed in the FYROM as part of the U.N. Preventative Deployment Force (UNPREDEP). The UNPREDEP mandate has been extended until May 31, 1997, but the numbers will be somewhat reduced. U.S. troops, deployed since July 1993, are stationed in Skopje and eastward along the poorly-demarcated border with Serbia. UNPREDEP, particularly the U.S. contingent, is overwhelmingly welcomed by the Macedonian people and government and is a stabilizing factor in the region.

SEED ASSISTANCE SUMMARY

Program Overview

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

USAID activities have played a central role in the reforms undertaken by FYROM. USAID experts provided critical assistance in developing key tax legislation enacted in January 1994, government procedures for privatizing some 1200 socially owned enterprises, and bank supervision functions within the central bank, a key initial step to reforming the banking sector. The farmer-to-farmer program provided grassroots assistance to the private farmers who form the economic backbone in this basically agrarian society. In addition, SEED-funded organizations provided advice to political parties organizing themselves for the 1994 national elections. The USG program was the major external source of assistance for the country.

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

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

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

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

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

The U.S. has provided about $57.5 million in assistance to FYROM so far, including $17 million in FY 1996.

Program Impact

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

Economic Growth

The FYROM economy has been battered by the effects of the UN-imposed sanctions against Serbia, as well as the Greek-imposed embargo which ended in October, 1995. Since FYROM trade has always been aligned on a north/south axis, these two border closings effectively closed off access to its major markets. East/west trade, historically very limited, has been further hampered by poor infrastructure. The result has been a constantly eroding economy, which in 1995 fell to 50% of its 1991 levels. Despite these stresses, the Government has

maintained its commitment to economic reform and has complied with (or even bettered) the stabilization program developed in conjunction with the IMF and World Bank. Inflation in 1994, 1995 and 1996 fell below the targets; government foreign currency reserves were increased; and wages were effectively controlled. Structural reforms, although moving slower than monetary reforms, also saw significant progress: most subsidies were eliminated; the major bank (accounting for approximately 70% of assets and liabilities) was restructured and privatized; and the majority of socially-owned enterprises have been privatized.

Legal Framework: USAID's contractor Carana has initiated support in reforming pension and welfare systems, now a serious drain on the national budget. ABA/CEELI has been working with the judiciary, the courts, the bar association and the law faculty to ensure that the basic legal prerequisites have been put in place. The Center for Financial Engineering Development (CFED) has been involved in preparation for a new commercial code. The Land Tenure Center (University of Wisconsin) has taken on land tenure issues, and Abt Associates has helped reform the system of agricultural subsidies, tariffs, and price controls. In addition, the SEED-funded IRIS project has provided advice on revisions needed to collateral law, while DTT has provided advice on revisions to bankruptcy laws.

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

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

In addition, work is needed to improve marketing skills, especially in the agricultural sector, and to assist in the transition to the use of international accounting standards and model accounting practices in the new private sector.

Building Democracy

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

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

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

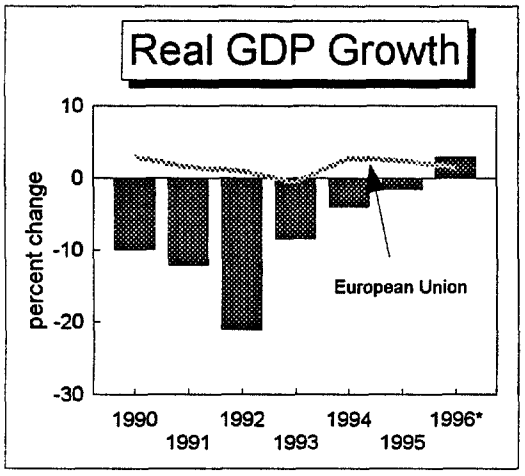
Media: The U.S. Information Service (USIS) has provided a range of activities aimed at expanding media involvement in the transition to democracy. Activities have included U.S.-based training for journalists, in-country training in television and radio news production, and training for the new independent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

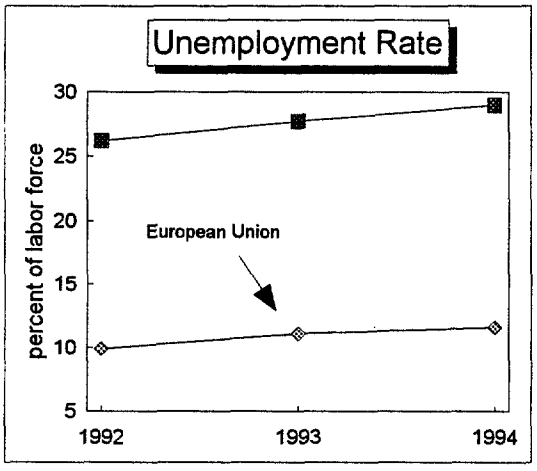
Public Administration: In a new project, Development Associates Inc. (DAI) is working with local governments to develop their institutional capacities, with a special focus on ensuring their receptivity to citizen involvement in decisionmaking processes. Given a series of new laws

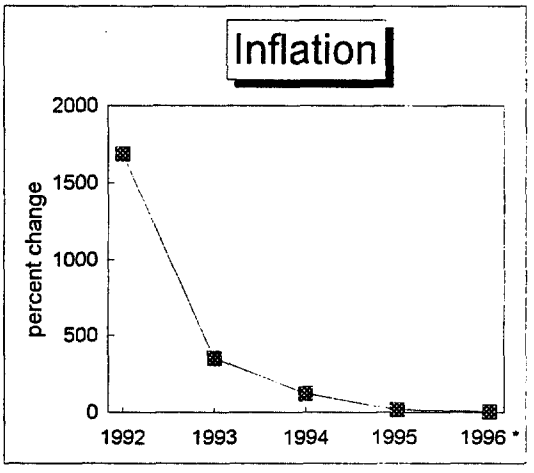
affecting local government, DAI will establish pilot programs in five cities, and will work with the Association of Mayors to ensure that local leaders can meet the challenges. A new program aims to provide the same kind of assistance to the national government through the introduction of an administrative procedures process which ensure citizen participation in decisionmaking.

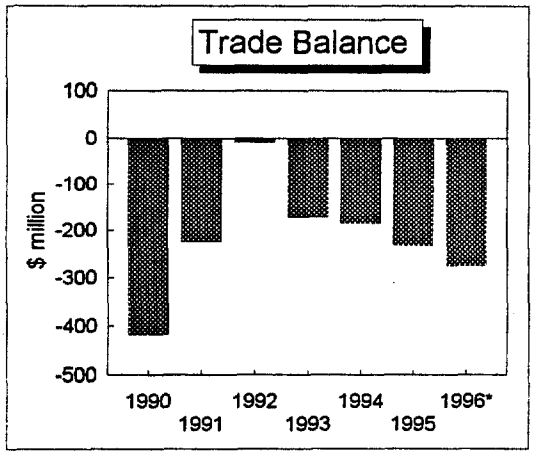
Next Steps: Most of the programs described above just started in 1995, so their efforts at democracy building are still in the early stages. Changing people's perceptions is not something accomplished lightly or quickly. Parliamentarians need to be more aware of their responsibilities to the constituents who elected them. Citizens need to be more aware of their ongoing responsibilities to participate actively in their government. Additionally, governments need to be more aware of their responsibility to include citizens in the decision-making process. Support for these activities will therefore continue over the next few years.

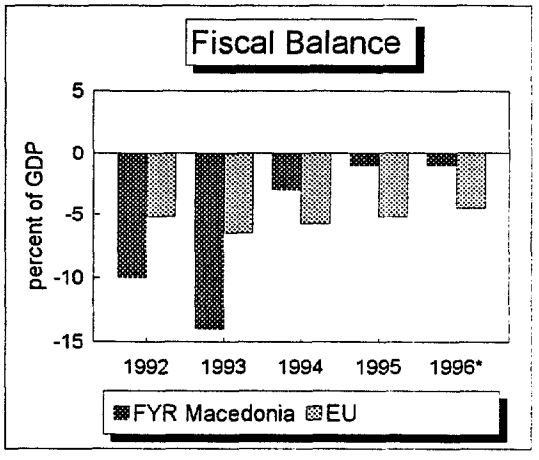
FYR MACEDONIA











* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO FYRO MACEDONIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$10,709
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*299*
1800022 - Independent Media	*100*
1800032 - Non Governmental Organizations Development	*333*
Political Process and Governance	
1800019 - Democratic Governance & Public Administration	*783*
1800020 - Rule Of Law	*249*
SUB-TOTAL	*1,766*
AS % OF TOTAL OBLIGATION	*16.5%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*1,450*
1800023 - Technical Assistance To Enterprises	*950*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*650*
1800027 - Business Services	*96*
Human Resources	
1800002 - Human Resource Program	*720*
1800045 - Participant Training	*450*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*3,276*
SUB-TOTAL	*7,592*
AS % OF TOTAL OBLIGATION	*70.9%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800016 - Trauma, Social Welfare & Humanitarian. Assistance	*150*
SUB-TOTAL	*150*
AS % OF TOTAL OBLIGATION	*1.4%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*250*
180632A - Transfers To Other US Agencies	*950*
SUB-TOTAL	*1,200*
AS % OF TOTAL OBLIGATION	*11.2%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

97

POLAND

Economic Developments

Poland underwent a profound transformation as the government introduced a free market system to replace over 40 years of centrally planned economy. The "shock therapy" economic reform program introduced in 1990 liberalized prices, stabilized the currency, and privatized most small enterprises. It succeeded in putting the economy on a path to sustained growth.

Poland was the first country in Central Europe to return to growth after a depression in the early 1990's. The GDP dropped by about 18 percent in 1990 and 1991, but has since enjoyed a strong recovery. Poland is the only SEED recipient whose GDP in 1996 exceeds the level of 1989. Poland's economy grew by 7 percent in 1995, and is estimated to grow by over 5 percent in 1996, making Poland one of the fastest growing economies in Europe. Growth is being fueled by increasing exports and investment. The private sector now accounts for about 60% of GDP and employs some 60 percent of the work force.

The sweeping economic reforms introduced in 1989 removed price controls, eliminated most subsidies to industry, opened Poland's markets to international competition, and imposed strict budgetary and monetary discipline. These reforms achieved positive results in reducing inflation from nearly 600 percent in 1990 to an estimated 19 percent in 1996. While steadily declining, inflation remains relatively high.

Seven years of successful macroeconomic stabilization policies have greatly improved Poland's standing in the international financial community. Poland's external debt stood at about $44 billion at the end of 1996, and its debt service/GDP ratio had dropped to 2 percent. In 1991, the Paris Club forgave about 50 percent of Poland's official debt. In 1994, London Club commercial bank creditors did the same. In mid-1995, Moody's gave Poland an investment grade credit rating; immediately afterwards, Poland returned to international financial markets with a highly successful $250 million Eurobond issue. After a series of successful IMF stand-by arrangements, in 1995 Poland paid back all drawings from the IMF. In November 1996, Poland joined the Organization for Economic Cooperation and Development (OECD).

The transition is not yet over. Unemployment, at 13 percent as of October 1996, remains relatively high. Government budget deficits have been brought under control, but spending cuts in areas such as education, health care, infrastructure, and public safety were necessary to accomplish this. Meanwhile, the burden on the budget for subsidies to the Social Insurance Fund has mushroomed, especially due to the massive numbers of workers who have been retiring early since 1989.

The restructuring of industry to adapt to the new conditions of a market economy, a necessary accompaniment to macroeconomic stabilization, has often proceeded more slowly than

expected. From the outset, Poland's approach to privatization emphasized individual transactions and gave employees and plant managers considerable influence over the privatization of their own companies. The result has been a relatively slow pace of privatization surrounded by controversy over how to divide the resulting wealth. In certain sectors, particularly coal and steel, state-owned enterprises continue to operate at a loss. Efforts to privatize them have encountered many snags, including worker apprehensions about job losses and management fears of bankruptcy. Some of the major industries that remain to be privatized include coal, steel, defense, and telecommunications.

The leftist coalition which came to power in 1993 has continued with the economic reforms started in 1989. Finance Minister Kolodko has consistently maintained tight fiscal discipline and produced a "strategy for Poland" -- a comprehensive program for infrastructure reforms that is slowly being implemented.

Poland's capital markets have evolved slowly but systematically. The stock exchange boomed in 1993, with prices increasing tenfold, slumped in 1994, stabilized in 1995, and rebounded in 1996. Many of the over 500 companies from the successful Mass Privatization Program are expected to be listed on the stock exchange in 1997. Other than the stock exchange, capital markets have been dominated by short-term Treasury bills used to finance the budget deficit. However, trading is growing in longer-term Treasury bonds, commercial paper, currency futures and stock market options; commodity exchanges and an over-the-counter market are on the horizon.

Bank privatization has been slow. The government has plans to push forward privatization of most of Poland's major banks. Meanwhile, almost twenty foreign banks have entered the Polish market. A majority of the banking sector equity is expected to be in private hands within a few years.

Primary agriculture remained largely in private hands during decades of communist rule. However, these farms are often small, fragmented, and unprofitable. Efforts to modernize and transform the agricultural and food sectors are being implemented and have already helped somewhat to put the costs of inputs and production into balance.

Poland's main foreign economic policy goal is European Union membership. Energetic efforts toward integration could drive forward the infrastructure reforms needed to complete the transition to a market economy. Conversely, slow progress on reforms could complicate entry into the EU. In the short term, prospects look good for continued economic growth fueled by strong exports and rising foreign investment.

Political Developments

During the past seven years, Poland has firmly established parliamentary democracy based on a multiparty political system and free and fair elections. President Aleksander Kwasniewski,

who defeated Lech Walesa in Poland's second postwar free Presidential election in November 1995, shares power with the Prime Minister, the Council of Ministers, and the bicameral Parliament. The Government itself is a coalition between the Democratic Left Alliance (SLD), a successor to the Polish United Workers Party (PZPR, former Communist party), and the Polish Peasant Party, a successor to the United Peasants Movement (ZSL). The coalition government is headed by Prime Minister Wlodzimierz Cimoszewicz (SLD).

Although the SLD and the Polish Peasant Party ran on pledges to mitigate the hardships accompanying Poland's economic transformation, since forming a government in 1993, they have largely followed the reformist policies of their Solidarity-based predecessors. Strains in the coalition surface periodically, especially over economic policy. Nonetheless, it continues to enjoy a nearly two-thirds majority in both houses of Parliament and is fully expected to hold together until the end of its term in late 1997. Both President Kwasniewski and the coalition government have maintained the direction of post-1989 Polish foreign policy. There is a broad consensus in favor of NATO membership as soon as possible, and strong support for Polish integration with the European Union. In order to compete more effectively in the next parliamentary elections due in the fall of 1997, various parties of the fragmented post-Solidarity movement have been discussing consolidation into electoral blocs.

The Polish armed forces and the internal security apparatus are subject to governmental authority and are under civilian control. The precise division of authority over the military between the President and Prime Minister has been a subject of debate. The Minister of Defense recently took decisive steps to strengthen civilian control and to establish lines of control between the ministry and the individual service and regional commanders. Under the provisional "Little Constitution" the government must consult with the President on filling three ministries deemed crucial to Poland's security: Foreign Affairs, Defense, and Internal Affairs.

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

Human rights are generally well respected in Poland, although some infringements on the rights of free speech and assembly continued in 1996. The lack of opportunity for women in the labor market remains a fact of life, despite some signs of improvement in recent years.

SEED ASSISTANCE SUMMARY

Program Overview

Poland was the first country in Central and Eastern Europe to receive U.S. assistance in 1989 with the inception of SEED Act support. A substantial amount of debt restructuring and relief from the United States and other creditors has helped Poland through this period. Poland

has served as a leader in the transition experience in the region. It was willing to use shock therapy at the earliest critical point in its transition, which succeeded in breaking its initial hyper-inflation crisis. Country progress indicators show that fundamental economic strength has been established. Inflation and debt are now contained at manageable levels, thanks to Poland's tight discipline on money supply, government budgets, and enterprise credit. Poland enacted the most profound reforms in the region, notably more enterprise restructuring and shedding of excess labor, resulting in major productivity increases at the enterprise level. Poland has one of the highest rates of economic growth in the region.

With U.S. assistance, Poland has seen an impressive increase in privately owned businesses (now producing approximately 60% of Poland's GDP) bolstered by an improved policy climate, greater competition within the banking sector, expansion of mortgages and development of new financial products and capital markets, and the introduction of models for environmental improvement, housing privatization, and delivery of key services. U.S. assistance has also further strengthened democracy in Poland through its focus on the role of local governments, and the broadening of participation, notably through non-governmental organizations.

In FY 1995-1996, the U.S. assessed Poland's current political and economic environment, and considered SEED funding realities for the period FY 1996-2000, as well as other donors' thematic focus, the USG comparative advantage as a donor, and the Government of Poland's (GOP) priorities and needs in the coming years, as a basis for shifting the SEED program's strategic emphasis. As a result of this review, it became clear that a major shift in focus was possible, and even necessary, because of U.S. fiscal adjustments as well as Poland's progress and the emphasis of other donor's programs.

The refocused SEED program in Poland intensifies efforts on aspects critical to Poland's progress in moving towards EU membership, and its graduation from U.S. assistance. To this end, the mission remains to strengthen sustainable institutions and systems that will remain in place to complete Poland's transition to markets, foster participatory democracy and public-private initiatives at the local level, and promote long-term U.S.-Polish institutional relationships. The program still contributes to the SEED Act's three strategic assistance areas: economic restructuring, the transition to democracy, and to a more limited extent, improving the quality of life. Major objectives in these areas through FY 1996 were:

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

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

- **Assisting Local Governments in effectiveness, responsibility and accountability** by increasing their capacity to manage and deliver services, especially infrastructure, housing and health; promoting modern ("task-based") budgeting; and supporting municipal associations and training institutions.

- **Completion of Special Initiatives** within the SEED Program such as monitoring the environment, promoting greater cooperation between labor and government, and aiding the GOP in enforcement of law and order.

As of September 30, 1996, the United States has contributed over $850 million in assistance to Poland under the SEED Act, including about $46 million in FY 1996.

Program Impact

Economic Growth

Poland is rated by the EBRD as having the third most advanced macroeconomic policy in Central and Eastern Europe behind the Czech Republic and Hungary. Private business now accounts for about 60% of GDP. Growth in real GDP is estimated at five percent in 1996 and has averaged almost six percent for the past three years. As the largest domestic market in the region, Poland has great potential for attracting foreign investment with continuing economic stabilization and restructuring. Growth in exports, for example, has reached almost 18% and foreign direct investment is now 17% of GDP. Annual inflation, however, still hovers around 19 percent.

Privatization: In FY 1995, Poland's long-awaited mass privatization program was launched and 15 National Investment Funds were created, which now own the major stake in and manage over 500 state-owned enterprises (SOEs). Distribution of Fund share certificates to all eligible Poles began in November 1995. One year later, over 25.7 million Poles, 95% of those eligible, have participated in the program. SEED-funded advisors assisted in the design of the program and helped negotiate the compensation agreements for Fund managers and plans for share distribution. The market value of shares has already increased by 500-700% and USAID interest in the privatization of locally-managed SOEs has been stimulated by conducting business skills and privatization training for 1,100 persons representing the work force, owners, and managers of 300 SOEs. Over two-thirds of participating SOEs privatized.

Private Sector Growth: USAID's advisors have contributed to a revision of Poland's commercial code, especially provisions on tax administration, public procurement, and bankruptcy. They have helped the newly-created Polish Foundation for the support of SMEs develop a formal strategy for small businesses and helped draft a modern collateral law that was passed in 1996. USAID has contributed to the rapid expansion of the private sector by helping over 700 Polish small businesses to develop business plans and improve marketing and overall enterprise management. Polish capacity to train entrepreneurs in business skills has been

strengthened by establishing seven Polish management training institutions throughout the country. Annual profits have increased by $7.2 million at 18 Polish firms as pollution levels have decreased through the application of 52 model waste minimization projects. A new and progressive energy law has been submitted to the GOP for review. The Polish-American Enterprise Fund has created a portfolio of 5,472 loans and equity investments totalling $224 million. Consulting groups at the Olsztyn and Krakow agricultural universities have been trained and are now able to secure fee-for-service business.

A Competitive, Private Financial Sector: An on-site bank examination manual has been developed for Poland's central bank and, in FY 1996, trained examiners completed their first-ever examination of a major Polish bank. This experience will serve as the central bank undertakes several more complex examinations in the coming months. The USAID-created Warsaw Bank Training Institute, with over 2,000 bankers trained, is now delivering professional banking courses using Polish rather than expatriate staff and is striving for self-sustainability through fee-for-services and other revenue sources. Polish brokers from 43 houses formed an Over-the-Counter market in FY 1996 which will provide an alternative to the Warsaw Stock Exchange for raising equity capital, especially attractive to less well-known companies. On the municipal level, some 300 USAID-supported, independent local cooperative banks continue to show strong operating improvements. Last year, total assets of these banks rose by 20-30% over inflation, showing that they have begun to meet the credit needs of their smaller, largely rural, clients. Poland's legislature recently completed review of a modern collateral law which will complement this progress by providing greater surety to banks in lending against assets.

Financing for housing construction, municipal development, and home purchase has made rapid progress in the past year with the elimination of housing subsidies. Presently, 20 banks now carry long-term loans at market prices and 75 commercial bank branches now offer mortgage loans from the Mortgage Fund, a fund initiated by USAID assistance. Mortgage loans now finance for 18% of all private sector housing completion. This transformation could not have occurred without the $10 million USG-funded Housing Guaranty loan which leveraged World Bank and EBRD co-financing, or without complementary USAID technical assistance in bank strengthening and regulatory reform. In addition to improved functions of the national securities depository, the creation of the first Credit Rating Agency in Central and Eastern Europe will contribute substantially to increasing confidence in the financial sector.

Next Steps: As privatization assistance comes to completion, SEED activities will focus on stimulating private sector development at the firm-level and creating a market-oriented private financial sector. Future economic restructuring activities in Poland will focus on privatizing more state-owned banks, improving bank supervision, and increasing the volume of housing constructed by the private sector. Longer term capital will be provided for municipal projects through commercial bank lending and increased reliance on municipal bonds. A credit rating agency will better inform investors of the risk in buying debt investments and will improve pricing of debt issues. The Over-the-Counter market will serve as an effective alternative for financing. Further work will proceed in deepening capital markets by developing institutional investors such as private pension funds since Poles will need to be educated as to the range of private pensions

choices soon to be available. Energy activities will be refocused to rationalize electric prices fundamental to enterprise competitiveness. In education, the establishment of post-graduate training programs in business management in Warsaw, Gdansk and Lodz will be completed; and the first postdoctoral environmental studies degree program in Poland is being replicated throughout the academic community in Central and Eastern Europe.

Building Democracy

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

Democratic Processes: Recognizing the importance of strong local government in a democracy, USAID has concentrated on helping local governments increase their capacity to efficiently deliver services and manage scarce economic development resources. In FY 1996, USAID established a successful municipal credit program - through loans and bonds -- which has now spread to at least six cities, beginning with a $12 million municipal bond to the city of Gdynia. Model demonstration projects for design and finance of wastewater treatment plants have been finalized in two cities and plants will soon become operational in three others; 50 other cities have received training in relevant skills.

Local Governments: USAID has also sought to increase influence of local governments on national and regional policy. As a result, municipal associations and support institutions have been strengthened, including creation of a Municipal Development Agency; task-based budgeting is being disseminated throughout the country; and a $50 million loan from the World Bank and a $4.0 million ECU grant have been leveraged for infrastructure. In addition, public participation on the local level has improved, which has led to changes in the housing allowance law to more fairly reflect the differences among cities' housing stock and burden. Partnerships are beginning to flourish. USAID experts encouraged an empowered public-private partnership which designed and co-financed urban renovation in the neglected city of Lublin. This "Neighborhood Partnership Program" created a major private investment program, and a leveraging model with a 10:1 private/public ratio; 137 renovated buildings; 15 new businesses; and 225 new places of employment.

Citizen and NGO Participation: Since independence, some 47,000 NGOs have registered in Poland; about 12,000 were still active in 1994. This network still needs technical assistance and training to strengthen itself and successfully raise funds. In response, USAID has facilitated several NGOs and community groups that provide business advisory services. A group of 100 ecological NGOs have improved skills in financial management, fund-raising, conflict resolution and joint planning. USAID is also supporting the Free Trade Union Institute which has helped to establish 13 Bureaus of Consultation and Negotiation, providing factory commissions

with the economic and legal expertise necessary in labor-management negotiations. Through a grant to USIA, civic education and economics courses are being taught in over 60 primary/secondary schools.

Independent Media: Access to information is not limited in Poland and several international news agencies offer their services to Polish newspapers. Public TV/Radio are successful in the difficult task of maintaining full programmatic independence from the government that subsidizes them. The Warsaw Journalism Center, sponsored by SEED funds, is the only practically oriented, media training program in Poland striving to integrate the notions of fair and accurate reporting into Polish journalism. An impressive 68 of its first 81 graduates have obtained jobs in print, radio, and television media and in public relations firms throughout the country.

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

Social Sector Restructuring/Quality of Life

In 1996, the GOP proceeded with plans for a public pension reform legislation package and a new health insurance system. The long-expected reform in the Polish Social Security Administration leading to the development of a "single identifier system" for tracking individual contributions was initiated under an EU program. The Social (Welfare) assistance system is working relatively well, since decentralization in 1990.

Social Benefits and Services: Beginning in 1995, SEED provided support to the Harvard School of Public Health's program on health service delivery at the local government level, especially in strengthening local government capacity to contract for goods and services, and to provide individual health facilities for delivering services more autonomously.

Natural Resources: Since 1990, Poland has channeled significant resources into water pollution abatement, resulting in a 22% decrease in municipal wastewater discharge into surface water between 1990 and 1993. Two municipal wastewater treatment plants became operational in 1995 and two USAID-assisted municipalities received Presidential awards as having the best ecological records in Poland. In 1996, waste minimization practices in over 50 companies resulted in a decrease in disposal of 70,000 tons of pollutants. The participating companies realized savings of about $7.2 million and generated $1.5 million in investments. Three pollution prevention centers have been established throughout Poland and training in measurement

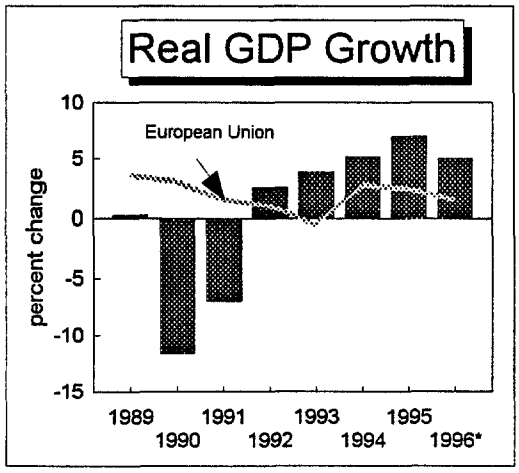
techniques, marketing, and public relations continues at these centers so that eventually they may become self-sustaining and a cost-savings option for new and restructured Polish industries.

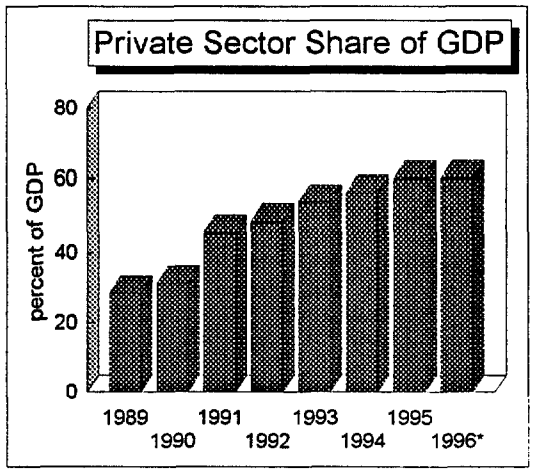
Environmental Health Risks: The Environmental Action Program has greatly contributed to air pollution reduction in and around Krakow, Poland's most polluted region. Specialized assistance was targeted to one manufacturer of transportation equipment for coal to oil and gas conversion. A small investment of new boilers will eventually pay for itself and significantly reduce particulates and other harmful air emissions. The U.S. Environmental Protection Agency also conducts pilot projects in farm waste water management and minimizing industrial waste. SEED funds have financed technical assistance on environmental policy which have contributed to legislation in clean air and water policy.

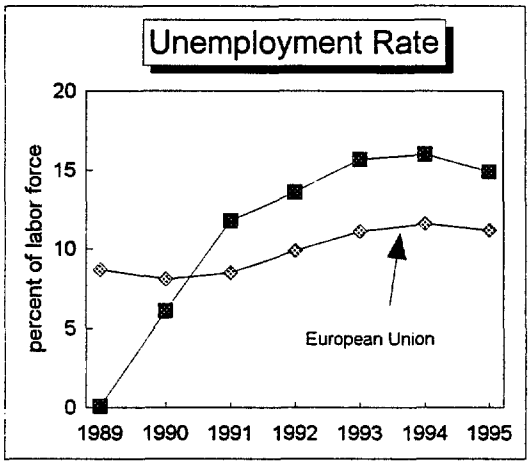
Labor Transition: The Polish Ministry of Labor and Social Protection (MOLSP), the Central Labor office, and Solidarity have collaborated with the USDOL in a very active program of labor market reform. The program has included, among other things, entrepreneurial skills training, construction crafts and white collar skills training, leader-management relations, labor statistics, the establishment of a Women's Reemployment Advisory Center, and technical assistance on the establishment of a Reemployment Fund for miners in the Silesia coal region.

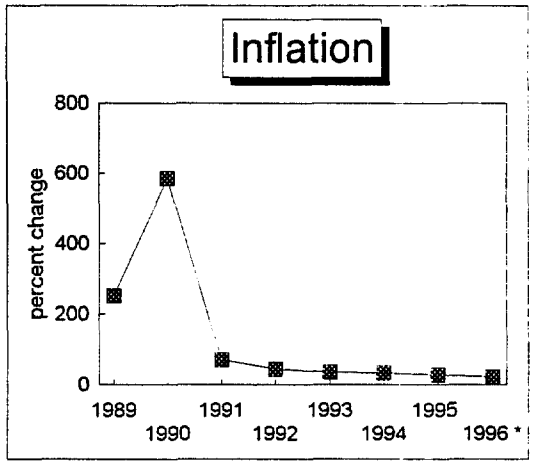
Next Steps: The reform of the social benefit system is a huge undertaking that requires close collaboration between Poland and the EU as part of its move towards EU membership. U.S. assistance will be limited to strengthening the capacity of local governments to test and disseminate new models for more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

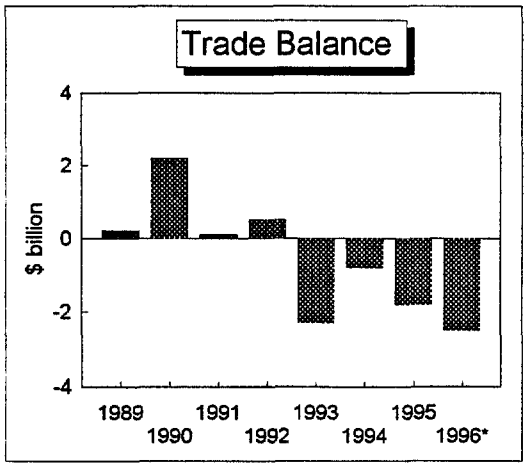
POLAND

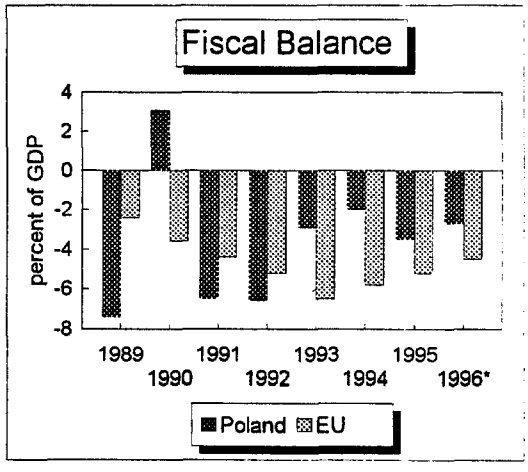












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO POLAND
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$48,943
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*1,139*
1800022 - Independent Media	*100*
Political Process and Governance	
1800019 - Democratic Governance & Public Administration	*1,745*
1800020 - Rule Of Law	*426*
SUB-TOTAL	*3,411*
AS % OF TOTAL OBLIGATION	*7.0%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*12,025*
1800023 - Technical Assistance To Enterprises	*7,036*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*1,098*
1800027 - Business Services	*1,021*
Investment and Trade	
1800010 - Enterprise Funds	*2,000*
Human Resources	
1800002 - Human Resource Program	*880*
1800029 - Management Training & Market Economics Education	*1,796*
1800045 - Participant Training	*944*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*1,107*
Energy Efficiency	
1800030 - Regional Energy Efficiency	*1,986*
SUB-TOTAL	*29,897*
AS % OF TOTAL OBLIGATION	*61.1%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800032 - Non Governmental Organizations Development	*700*
Employment & the Social Safety Net	
1800033 - Labor Market Transition	*1,699*
Housing	
1800034 - Housing Sector Assistance	*7,720*
Health	
1800038 - Promotion of Private Health Markets	*180*
Environment	
1800004 - Environmental Initiatives	*950*
1800039 - Improved Public Sector Environmental Services	*1,200*
1800041 - Environmental Training	*800*
SUB-TOTAL	*13,250*
AS % OF TOTAL OBLIGATION	*27.1%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

Date 01/30/97

U.S. ASSISTANCE TO POLAND
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$48,943
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*832*
180632A - Transfers To Other US Agencies	*1,550*
SUB-TOTAL	*2,382*
AS % OF TOTAL OBLIGATION	*4.9%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

ROMANIA

Economic Developments

1996 marks the fourth consecutive year of positive economic growth for Romania. Real GDP, which fell by one-third after the 1989 revolution, stabilized in 1993, and posted growth rates of 3.9 percent and 6.9 percent in 1994 and 1995 respectively. In 1996, real GDP growth is projected to be 4.8 percent and Romania's GDP has recovered to 88% of its 1989 level. Retail inflation, which declined steadily from a 1993 high of 300 percent to 62 percent in 1994 and 25 percent in 1995, is forecasted to reach 45 percent in 1996.

Romania's 1996 foreign trade declined slightly from 1995 totals. As it has every year since the 1989 revolution, the country will run a deficit on its current account in 1996. The 1996 budget deficit will be above 4 percent of GDP, exceeding initial estimates and reflecting election-year spending pressure. Broad money (M2) growth is estimated at 48 percent for 1996, significantly less than the 71 percent level recorded in 1995. Real interest rates remained positive throughout 1996 in spite of rising inflation.

Over the past year, Romania has made progress in privatizing the economy and establishing the legal framework for a market economy. The parliament approved copyright and antitrust legislation and partially completed work on a bank privatization bill. The government-sponsored Mass Privatization Program transferred partial equity in 3,900 state-owned enterprises to Romanian citizens. The rest is now being sold to private investors. In October 1996, Romania inaugurated an over-the-counter stock market (RASDAQ) patterned in part after the U.S. NASDAQ. In addition, in 1996 the country successfully returned to the international capital markets, borrowing $1.5 billion. The private sector contributes approximately 60 percent of GDP and dominates the retail sector (79 percent private) and the consumer services sector (73 percent private). Spurred in part by the growth in the private sector, the unemployment rate declined to 6.0 percent in late 1996.

A majority of Romania's foreign trade is still conducted by the state sector, but it is increasingly directed to the West. Whereas prior to the revolution Romania's foreign trade was overwhelmingly dominated by the East Bloc, European Union countries now account for 54 percent of Romania's exports and 52 percent of its imports.

Romania ends 1996 on an optimistic note following national elections and the prospect of a more pro-reform government. The problems facing Romania are considerable. Inter-enterprise arrears account for 16 percent of GDP. The energy sector is propped up by hundreds of millions of dollars of indirect subsidies. Heavy industry is still largely in state hands and run with little concern for the balance sheet. Restructuring will require substantial labor shedding and capacity reductions. The agricultural sector has tremendous potential, but lacks the management, infrastructure, and capital necessary to produce and market efficiently.

In 1996, the IMF ceased disbursements to Romania due to the government's refusal to curtail spending and to liberalize the foreign exchange market. The new government intends to negotiate a new stand-by agreement with the IMF, which will require the implementation of tough fiscal and monetary policies. A new IMF agreement will help to reassure foreign investors who have invested only $2.05 billion in the Romanian economy since 1990. To accelerate growth and modernization, Romania will need a much larger infusion of Western investment, technology and management expertise.

Political Developments

In 1996, Romania continued its significant, if uneven, progress toward consolidating democracy, economic reform and integration into Western economic and security structures. In 1996, Romania firmly established its democratic credentials by holding free and fair local and national elections, followed by the first ever peaceful transfer of power through the democratic process. Political parties campaigned openly and without restraint, and the press, largely pro-opposition, was very active. The few minor irregularities that occurred in the run-up to the elections were easily exposed by the press or political parties.

Romanian voters, first in local elections and in the November national elections, clearly voted for change: the opposition gained a majority of local offices; a majority in the Parliament; and in the November 17 run-off for the Presidency, the left of center Union of Social Democrats (USD) and the Coalition of Hungarian Parties (UDMR) backed Democratic Convention (CDR) Emil Constantinescu, who won handily. Support for extremist parties on the right and the left declined precipitously. Although the UDMR was not needed to form a parliamentary majority, the USD and CDR brought the UDMR into the governing coalition to raise the coalition's parliamentary strength from 53 to 61 percent. Former President Iliescu and his party (PDSR) appear ready to play a constructive role in the opposition.

The new government faces challenge in reforming the economy that is still dominated by state-owned enterprises and public utility networks. The principal focus will be on restructuring the bloated and inefficient energy and agricultural sectors, freeing up the foreign exchange market, and accelerating privatization. Romania lags far behind its principal Central European neighbors in attracting foreign investment.

Relations with the U.S. have steadily improved. In August 1996, President Clinton signed H.R. 3161, which removed Jackson-Vanik restrictions on granting Romania permanent MFN status. Romania is an active member of the Partnership for Peace and has supported U.S. initiatives in the region and in the UN. Popular support for NATO membership is very strong -- in excess of 80 percent -- and both Iliescu and Constantinescu have made NATO membership the number one foreign policy goal of their administrations.

In September, Hungary and Romania signed a historic treaty which sets the stage for deeper cooperation between the two countries, and which commits both to protection of ethnic

minorities and to support for the entry of each other into NATO, EU, and other Western security and economic structures. The new Romanian government is committed to completing a similar treaty with Ukraine.

SEED ASSISTANCE SUMMARY

Program Overview

The U.S. assistance program to Romania began in 1990 by addressing direct provision of social services and humanitarian aid. It also sought to strengthen the very tenuous democracy which emerged from Romania's revolution through election assistance and aid to Parliament. U.S. assistance continues to pursue a "three pronged" approach -- economic restructuring, democratic development, and social sector restructuring/quality of life. The USG program has made a major commitment to economic restructuring assistance, yet it also emphasizes other economic and political transition efforts, such as supporting direct business development programs; fostering additional development of the country's developing democratic system; increasing decentralization of government towards the municipal/county levels; facilitating development of Romanian non-governmental organizations (NGOs); and promoting sustainable use of natural resources and reduction of environmental risks to health. The program addresses key social service restructuring opportunities, moving beyond earlier service delivery programs in family planning and help for institutionalized children.

The use of SEED resources to leverage financial contributions from other donors has also been an explicit element of the assistance program in Romania. These efforts have principally involved collaboration with the international financial institutions (IFIs). SEED-funded technical assistance has paved the way for projects such as the $600 million World Bank project in energy, the $250 million World Bank privatization and financial reform project, the $100 million World Bank private agriculture effort, the $55 million World Bank employment services program, the World Bank's $100 million program to address industrial pollution and environmental legislation, the $150 million health rehabilitation activity and the $65 million European Bank for Reconstruction and Development (EBRD) municipal utilities project.

As of September 30, 1996, the U.S. has contributed more than $178 million in SEED resources to Romania. The FY 1996 portion was $29 million.

Program Impact

Economic Growth

Private Enterprise Development: The emerging private sector in Romania, which generates 60% of GDP, has been the single most dynamic element of Romania's economic restructuring. It employed an estimated 52% of Romania's occupied labor force, including 3

million farmers, 1.9 million owners and employees of private firms, and 0.3 million self-employed individuals. With SEED support, business development contractors, such as Washington State University-supported Centers for Business Excellence, Citizens' Democracy Corps, VOCA/ACDI, Land O'Lakes, and the Carana Corporation, have provided technical assistance to companies with excellent growth potential. Important business-related laws covering intellectual property protection, bankruptcy, and consumer protection were assisted by ABA/CEELI's Rule of Law program and a joint Department of Justice/Federal Trade Commission effort.

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

The Romanian American Enterprise Fund, which was established in June 1994, has so far approved direct investments of $6 million and expects to increase that amount to $17 million through 1997.

Privatization: As part of Romania's efforts to promote the development of a competitive, market-oriented private financial sector, USAID supported a series of broad market reform initiatives. Our efforts provided market infrastructure for the new shares created in 5,200 companies participating in the Romanian Mass Privatization Program (MPP) and an estimated 16 million new Romanian shareholders. Specifically, USAID undertook the development of: an OTC market for the trading of newly issued MPP securities; a depository/clearance corporation; a central shareholder registry; telecommunications linkages; broker-dealer training; self regulatory organizations for both broker-dealers and investment companies; creation of new investment companies; a securities analysts training program; and assistance to the Romanian securities commission.

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

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

Energy Sector Reform: The energy sector is vital to the economy of Romania. Improvements in Romania's energy situation will have significant and positive macroeconomic consequences for the country in key areas such as fiscal reform, balance of payments, currency devaluation, and private investment. Based on this premise, USAID has been actively engaged in the sector by providing a well integrated program of technical assistance, coordinating with the World Bank and the EBRD to leverage our assistance for maximum benefit, and working to foster integration with the European Union by addressing such issues as competition and third party access. USAID continues to play an active role in four key areas of Romania's energy sector: (1) Upstream Petroleum (Oil and Gas Production and Exploration), (2) Downstream Petroleum (Refineries and Petrochemicals), (3) the Power Sector (Electric and Heat), and (4) Romanian industry.

USAID worked with the Global Environment Facility and host country counterparts on the development of a three year project to detect and reduce the transboundary pollution sources in Danube River tributaries in Romania, Slovakia, and Hungary, and to minimize the effects of this pollution on downstream water users.

Next Steps: A new government, apparently more committed to economic reform, emerged from the 1996 national elections. USAID anticipates providing expanded technical assistance to help the new Romanian Government implement its reform agenda. The MPP program will greatly expand the private sector by shifting perhaps 10% more of GDP from the state to private hands. The OTC is expected to become a major element of the Romanian capital market and give Romanian citizens the opportunity to fully participate in the MPP and attach a market value to the issued coupons. More progress in the issuance of titles for land is also expected.

Building Democracy

Democratic attitudes, practices and institutions, critical to future stability, are slowly but firmly taking root. The September 1992 elections in Romania were declared "free and fair" due in part to the efforts of USAID and other donors who provided assistance in poll monitoring, voter education, and electoral management. During the 1996 national elections, a U.S.-based awareness and monitoring NGO, the International Foundation for Electoral Systems (IFES), continued their cooperation with Romanian NGOs to provide election monitors. A key role in this process was played by the Pro-Democracy Association, a Romanian NGO which has received significant SEED assistance through USAID-funded programs with the National Democratic Institute for International Affairs (NDI). In fact, an IFES technical advisor and USAID/Bucharest staff played a crucial role in the resolution of a disagreement between the Central Elections Board and Pro-Democracy. The dispute, which concerned the selection and placement of domestic election monitors, was resolved in time for the elections. Other programs addressed the issue of public participation in local government and accountability of elected officials. Specific voter election awareness drives in preparation for the 1996 elections were also implemented.

114

Parliamentary Strengthening: To improve the legislature's ability to make decisions based on independent and sound policy research, USAID has worked with the Congressional Research Service (CRS) and the Library of Congress to assist parliamentarians through training programs and greater access to information. In addition, the American Bar Association's Central and East European Law Initiative (ABA/CEELI) provided continued assistance to the School of Magistrates, and sponsored seminars for young magistrates and lawyers, who interpret the laws enacted by the Parliament.

Local Governments: Ongoing SEED-funded municipal infrastructure projects in three cities dealt with backlogs for customer services, management improvements and increased reliability of services. These activities helped reduce backlogs in requests for water, sewage, and heating services. The Romania Public Administration Program began operation in October 1995. Its first public participation specialists began work in Romania at that time. As a result of their efforts, a citizen information center was constructed, staffed and began operations in Slobozia, sponsored by the Ialomita County Council. In late 1996, a second information center was opened in Bucharest to service residents of the capital. The assistance was provided in cooperation with then Mayor of Bucharest Victor Ciorbea, who is now Prime Minister.

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

NGO Strengthening: USAID's Democracy Network (DemNet) program supports the emerging NGO sector in Romania, through: establishing linkages within the NGO community and program sectors; enhancing institutional effectiveness; fostering state, market and civil society collaboration; and increasing the access of Central and East European regional resources to Romanian NGOs. During the period July 1995 to February 1996, assessments were conducted throughout the country to identify NGOs with the potential to influence public policy in Romania and to make a preliminary assessment of their training and technical assistance needs. Of the 345 NGOs and 34 governmental organizations interviewed, 111 qualified for participation in the "Democracy Network" program and 60 further qualified to attend the NGO Management Workshop series. Seven Romanian NGOs received subgrants through the DemNet program.

Next Steps: USAID anticipates providing technical assistance to the new Romanian government to help develop and implement a reform agenda. Decentralization will also remain a focus area of USAID assistance and will, with the expected support of the new central government, be an even more key element of our assistance strategy.

Social Sector Restructuring/Quality of Life

The USAID program targets the special circumstances facing children in Romania. In addition, it attempts to reduce dependency on social welfare, produce changes in the health

system, and address ongoing harm from environmentally degrading practices which characterized the former Communist regime.

Child Care Improvements: Neonatal care protocols have been developed in seven cities and the General Practitioner Associations are beginning to introduce quality assurance concepts, including establishment of protocols and standards, plans to continue medical education for doctors and nurses, appropriate referral systems, and analysis of infant mortality and morbidity data. Other SEED-supported programs have a direct aim of reducing human suffering and improving the long-term prospects for the disabled.

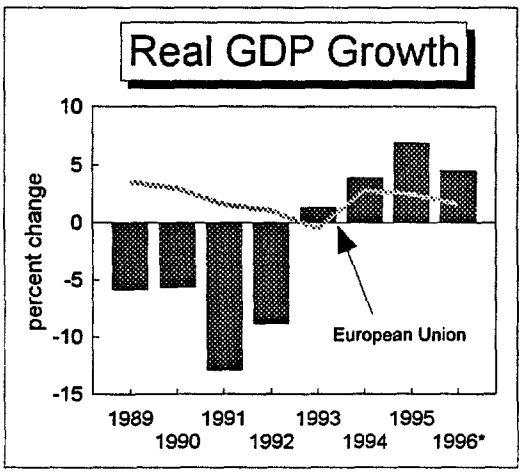
Environmental Health: The USAID program has also helped reduce health risks. For example, regulatory authorities and community representatives have worked together to improve worker health and safety in Zlatna, site of an outdated copper smelter responsible for heavy metal contamination and sulfur dioxide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

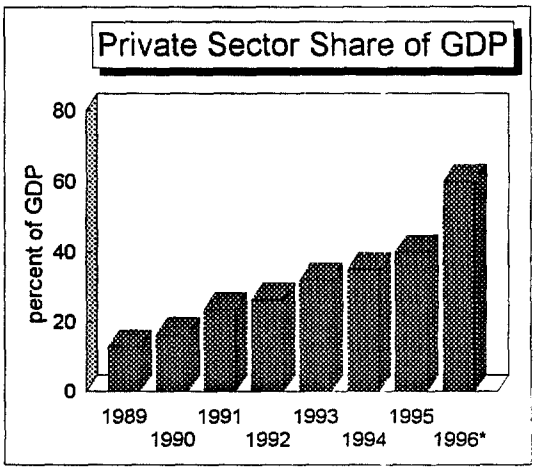
Health Reform: Since 1994, SEED technical assistance has supported key elements of IBRD's Health Rehabilitation Project implementation (total cost $207.5 million). First, a SEED grant to UNICEF for Hepatitis B vaccinations directly leveraged the inclusion of a $15 million vaccination component in the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

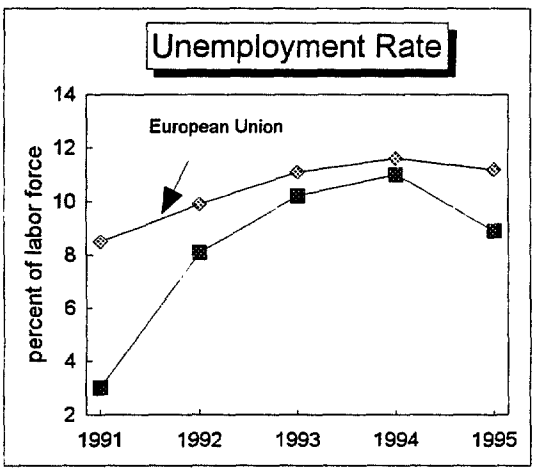
Family planning services have been developed and seven clinics have provided high quality services and education, which have served over 27,000 women to date. The Ministry of Health is now utilizing staff trained by USAID through programs to assist government family planning providers. Family planning managers are being trained in contraceptive logistics management. While Romania apparently still has the highest rate of both abortions and pregnancy-related mortality in Europe, USAID can and has affected this situation by making modern, voluntary contraception available. We have also provided health training to physicians in Romania in the concept of the importance of women's health and the need for a proactive approach to protecting women and children.

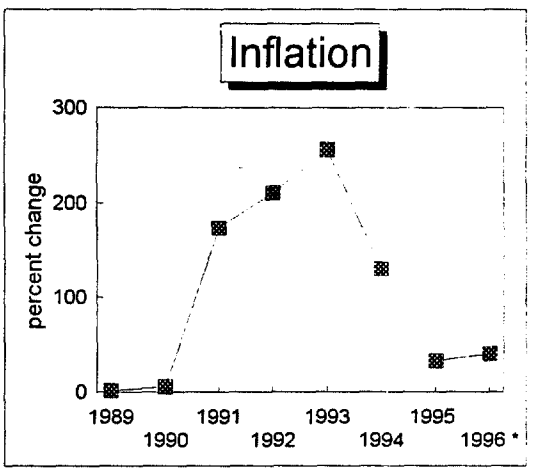
Next Steps: Child care improvements will continue by helping reunite 2,000 more children with their families and by assisting 700 adoptions. Family planning programs will support an overall strategy of preventing abandonment and institutionalization of children by helping to avoid unwanted births.

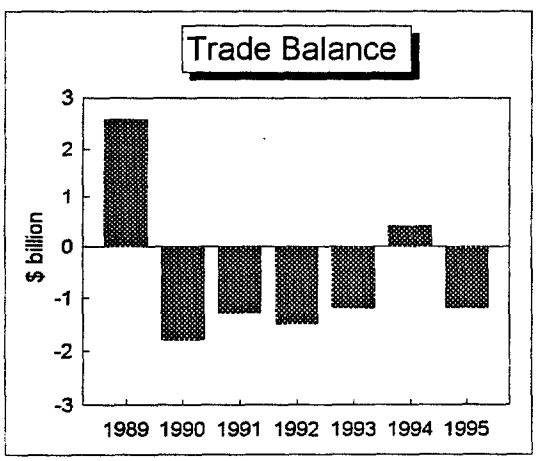
ROMANIA

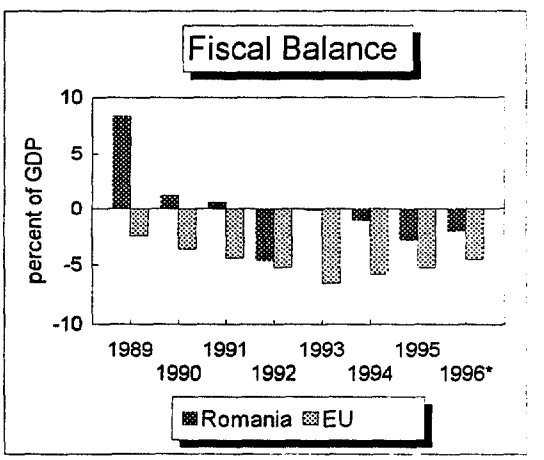












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO ROMANIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$27,860
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*209*
Political Process and Governance	
1800019 - Democratic Governance & Public Administration	*59*
1800020 - Rule Of Law	*384*
SUB-TOTAL	*653*
AS % OF TOTAL OBLIGATION	*2.3%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*11,121*
1800023 - Technical Assistance To Enterprises	*2,274*
Improving the Business Climate	
1800026 - Competition Policy, Laws & Regulations	*350*
Investment and Trade	
1800010 - Enterprise Funds	*6,000*
Human Resources	
1800029 - Management Training & Market Economics Education	*500*
1800045 - Participant Training	*600*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*985*
Energy Efficiency	
1800030 - Regional Energy Efficiency	*1,000*
SUB-TOTAL	*22,832*
AS % OF TOTAL OBLIGATION	*82.0%*
IMPROVING THE QUALITY OF LIFE	
Housing	
1800034 - Housing Sector Assistance	*1,000*
Health	
1800037 - Partnerships in Health Care	*600*
1800038 - Promotion of Private Health Markets	*803*
Environment	
1800004 - Environmental Initiatives	*225*
1800039 - Improved Public Sector Environmental Services	*1,500*
SUB-TOTAL	*4,128*
AS % OF TOTAL OBLIGATION	*14.8%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*145*
180632A - Transfers To Other US Agencies	*100*
SUB-TOTAL	*245*
AS % OF TOTAL OBLIGATION	*0.9%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

SERBIA

Political Developments

The United States does not recognize the "Federal Republic of Yugoslavia" (FRY - Serbia/Montenegro). The FRY is dominated by the larger Republic, Serbia, and its political power is centralized in the hands of the Serbian President, Slobodan Milosevic. All governmental institutions are controlled by the ruling parties, which in turn are controlled by Milosevic and his wife.

The state-owned and politically controlled broadcast media form a mainstay of Milosevic's power. Independent newspapers and journals exist and several independent radio stations have begun to operate. As the opposition coalition takes over local governments in the major cities, including Belgrade, the opportunity for independent broadcast media will expand.

After years of international isolation and autocratic rule, the rise of a democratic opposition and the strength of the non-violent protest movement has opened the possibility for democratic change in Serbia. According to the Serbian Constitution, elections for the Republic President and Republic Parliament must be held this year, making 1997 a crucial year for Serbia.

Economic Developments

The combination of economic mismanagement, official corruption, the war in Bosnia, and international isolation has transformed Serbia from being one of the wealthiest regions of Central Europe to one of the poorest. Despite high expectations that the economy would recover after the lifting of international sanctions last year, growth remains low and macroeconomic imbalances are worsening. There are no signs of commitment to serious market economic reform, although the government is considering privatization of state assets as a means of raising much-needed cash. Until significant political progress is made on resolution of the situation in Kosovo, cooperation with the International Criminal Tribunal on Yugoslavia (ICTY), and SFRY successor issues, normalized relations with international financial institutions will not be possible and the economy will not recover.

Political and economic conditions continue to deteriorate in the Serbian province of Kosovo. Its autonomy was removed unilaterally in 1989 by Serbian authorities, who have subsequently forced most ethnic Albanians out of their jobs and severed them from government services and the formal economy. Serbs are responsible for severe repression in Kosovo, including extra-judicial killing and torture. The province is firmly under the thumb of the heavily armed Serbian police. The United States opened a USIS office in the Kosovan provincial capital, Pristina, in June 1996 in order to provide information and better support our policy in Kosovo.

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

The USIS Office in Pristina is staffed by a Branch Public Affairs Officer (BPAO) and is moving into refurbished offices that will feature a small Information Resource Center accessible to the public. The BPAO in Pristina has extensive contacts within the Serbian and Albanian communities in Kosovo. The office has sponsored several speakers programs and provided Democracy Commission grants to independent media, including the leading independent Albanian-language weeklies *Koha* and Zeri. The post also has developed a civic education project that will train Albanian and Serbian teachers, using the exceptional grass-roots demand for English language training to promote our goal of ethnic tolerance and peaceful resolution of differences.

SLOVAKIA

Economic Developments

The Slovak economy maintained its strong recovery in 1996, which was driven by increased domestic consumption and a significant increase in domestic investment. The recovery follows several years of deep recession, climaxing in a 15 percent decline in real GDP in 1996 when Slovakia was still part of a united Czechoslovakia. Slovakia's dramatic turnaround began in 1994, when it posted a 4.8 percent rise in real GDP. Since then, the Slovak economy has been growing rapidly - by 7.2 percent in 1995 and 6.9 percent in 1996. It has now recovered 89% of its 1989 level. In the first half of 1996, industrial production went up by 7.1 percent compared to the first half of 1995. Tight monetary policy was the key factor bringing about a sharp reduction in the annual rate of inflation, which fell from 7.1 percent to 5.4 percent in 1996. The fiscal deficit rose from 1.4 percent of GDP in 1995 to 1.7 percent in 1996. Unemployment, while still high, continues to fall gradually, declining from 13.8 percent in 1995 to 12.4 percent in 1996.

During this period, the Meciar government, together with the Slovak National Bank, has maintained conservative fiscal and monetary policies. In mid-1995, Slovakia ceased to draw on its IMF stand-by agreement (with the concurrence of the IMF), while maintaining a regular policy dialogue with the IMF. In June 1995, the government canceled earlier plans for a mass privatization voucher-based program and instituted a less transparent approach offering state enterprises for direct sale to current managers, employees, and other bidders. Although a 1994 amendment to the Privatization Act transferred the authority to make privatization decisions from the government to the National Property Fund (a state body managing assets subject to privatization), the government has retained a decisive voice in privatization, favoring domestic over foreign investors during the second wave of privatization. In November 1996, the Constitutional Court of the Slovak Republic declared the 1994 amendment to the Privatization Act unconstitutional. The Parliament is expected to transfer privatization decision-making powers back to the government during the first half of 1997. Government officials expect the second wave of privatization to be complete by mid-1997, with the exception of certain strategic enterprises and the three largest banks.

As a result, Slovakia's record on privatization is mixed. Almost all small state-owned enterprises in Slovakia have been privatized. At the same time, some of the most lucrative state enterprises in the energy, telecommunications, and transportation sectors have been placed off limits to privatization for the foreseeable future on the grounds that they are strategic. One thousand four hundred enterprises, valued at $21 billion, have been privatized, while about 450 enterprises, valued at about $2.5 billion, remain for privatization or liquidation. The current government has accelerated the pace of the privatization process. Since February 1995, the National Property Fund has approved the sale of all or part of more than 590 state enterprises valued at approximately $4.26 billion. 70% of GDP comes from the private sector.

Foreign investors have not flocked to Slovakia, although the amount of foreign investment has been slowly increasing. Through 1995, Slovakia had received just over $729 million in total foreign direct investment. By the end of the third quarter of 1996, this number rose to $845 million. Austria continues to be the largest foreign investor, followed by Germany and the Czech Republic. Following K-Mart's sale of its chain of department stores in Slovakia to Britain's Tesco, the U.S. fell from fourth to eighth place.

Despite the low level of foreign investment and unpredictable nature of privatization, the grass roots private sector in Slovakia has grown rapidly. By the end of 1996, the private sector generated over 82 percent of Slovakia's GDP and employed over 64 percent of the industrial workforce compared with 2 percent in 1989.

Slovakia's export sector has been a driving force behind the country's economic recovery and has supported the growth in capital and consumer goods imports. In 1996, however, Slovakia's trade balance deteriorated. At the end of 1995, Slovakia reported a $59 million trade surplus. At the end of 1996, the country's trade deficit exceeded $1.7 billion. Through the first nine months of 1996, Slovak exports increased 4.9 percent and imports increased 24.9 percent compared to the same period one year ago. In an attempt to address the widening trade deficit, the National Bank of Slovakia in mid-1996 took measures aimed at slowing the rate of growth of the money supply (M2), which had been increasing at a rapid rate. The intent was to rein in domestic credit, thereby squeezing domestic demand particularly for imports.

In March 1994, the Moravcik government imposed a ten percent import surcharge to help correct Slovakia's balance of payments situation. The Meciar government continued the surcharge in 1995 and 1996, decreased it to 7.5 percent in mid-1996, and eliminated it completely at the beginning of 1997. The Czech Republic continues to be Slovakia's largest trade partner, purchasing approximately 34 percent of Slovakia's exports and supplying over 31 percent of its imports.

The United States accounts for about 4 percent of total trade with Slovakia. The Slovak Republic has Most Favored Nation status and receives duty-free (GSP) benefits for many of its products.

Slovakia enjoys a healthy foreign exchange position. It has little foreign debt, $5.9 billion through September 1996, and has built up its foreign exchange reserves to $3.6 billion (total for the National Bank and the banking sector) through September 1996 compared with $400 million in 1993. Foreign exchange reserves at the end of 1996 were equivalent to more than three months of imports.

The government has applied for membership in the OECD and the EU. Slovakia signed an Association Agreement with the EU in October 1993, which went into effect in February 1995. The agreement provides for the phased-in creation of a free trade agreement covering most industrial goods. In 1994, Slovakia agreed with Hungary, the Czech Republic and Poland to speed up implementation of their 1992 Central European Free Trade Agreement (CEFTA, now

including Slovenia). During the first nine months of 1996, Slovakia sent over 44 percent of its exports to its CEFTA partners and nearly 42 percent of its exports to the EU.

Political Developments

Slovakia is a functioning parliamentary democracy whose constitution guarantees fundamental rights recognized under OSCE principles. Its parliament and government were elected in free and fair multi-party elections. Prime Minister Vladimir Meciar's party, Movement for a Democratic Slovakia (HZDS), has governed since December 1994, in coalition with two smaller parties: the nationalist Slovak National Party (SNS) and the leftist Association of Slovak Workers (ZRS). This is the third government of the Slovak Republic since its independence on January 1, 1993, following the peaceful dissolution of the Czech and Slovak Federal Republic (CSFR).

Despite constitutional guarantees protecting fundamental human rights and civil liberties, certain acts calling into question Slovakia's commitment to democratic principles continued in 1996. There were credible allegations of politically motivated dismissals of public officials, intimidation of opponents of government policy, police misuse of authority, and official surveillance of senior political figures and their spouses. Laws which seem to infringe on the autonomy of institutions and which could chill free speech have been passed or proposed.

The right to associate freely and form political parties and movements is protected by law and was respected in practice in 1995. Freedom of religious belief and faith are guaranteed by the Constitution and by law. Citizens who associate on the basis of a particular religious persuasion may freely proclaim and practice their beliefs. The Constitution mandates independent courts. The 10-judge Constitutional Court in Kosice reviews the constitutionality of laws and the decisions of national and local government bodies. The Supreme Court reviews the decisions of lower courts.

The Constitution prohibits censorship and guarantees freedom of information and expression. Though mostly dependent on state-owned printing and distribution companies, the print media are free and uncensored, and newspapers and magazines regularly publish a wide range of opinions and news articles. However, state-owned television is highly politicized and provides limited space for opposition views or reporting of the activities of the President. Private television, in the form of Markiza TV, which broadcasts nationally, and dozens of local stations, are gaining viewers at the expense of state TV. The radio and television council, which licenses broadcast media, is dominated by coalition supporters and is struggling to develop good communications with the media it regulates. Moreover, the parliament has twice passed amendments to the penal code, which would fine or imprison those who intentionally spread false information damaging to the interests of the republic. The "interests of the republic" are not defined. Although the President has vetoed the bill both times, the potential law has an intimidating effect on journalists and citizens who would speak out publicly.

Though most Slovaks and ethnic Hungarians coexist peacefully, a political debate continues over the legal status of the country's large (estimated 560,000) ethnic Hungarian minority. The Constitution provides minorities with the right to develop their own culture, receive information and education in their mother tongue, and participate in decision making in matters affecting them. In March, the Parliament ratified a bilateral treaty with Hungary, which deals extensively with treatment of ethnic minorities. There are occasional outbreaks of anti-Hungarian feeling in Slovakia, mostly in areas where the two ethnic groups do not coexist. The government continued to provide funding for cultural, educational, broadcasting, and publishing activities for the major ethnic minorities, but at greatly reduced levels. Ethnic Hungarians worry about the proposed education law that would expand the use of Slovak in schools of the Hungarian minority, in particular requiring that history and literature be taught in Slovak. Ethnic Hungarians have also expressed concern over the 1995 passage of the state language law.

The U.S. enjoys strong military-to-military relations with Slovakia. Slovakia's stated goal is integration with Euro-Atlantic security, political and economic organizations. Slovakia is an active member of NATO's Partnership-for-Peace program; its troops participate in PFP exercises, and an engineering battalion serves with UN peacekeeping forces in Eastern Slavonia. However, concerns about the pace of democratic reform in Slovakia threaten to delay its accession. In addition, it has faced heavy pressures from Russia (who supplies all of Slovakia's oil and gas) not to join NATO.

U.S. military assistance programs play a key role in shaping the newly-created and evolving Slovak armed forces, assisting in the development of Western models of defense organization, planning, and operations. The U.S. FMF program totaled $3.5 million in FY96.

SEED ASSISTANCE SUMMARY

Program Overview

With the peaceful dissolution of the Czech and Slovak Federal Republic, Slovakia became an independent nation on January 1, 1993. The SEED program, which was launched in January 1992 with the establishment of an office in Bratislava, was positioned to respond to the rapid pace of economic and democratic reforms. The U.S. was the first donor to establish a presence in Slovakia. As a result, the U.S. remains a major player in helping Slovakia establish a policy, legal and regulatory framework conducive to free market principles. USG programs stimulate private sector development, strengthen the effectiveness, responsiveness, and accountability of local governments, and promote fiscal reform and discipline. The U.S. also works to develop citizen and non-governmental organizations' (NGOs) participation in political and economic decision-making, promotes the free flow of information by strengthening the independent media, and facilitates the development of a competitive and fair political process.

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

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

- Foster the emergence of a competitive, market-oriented economy in which the majority of economic resources are privately owned and managed;

- Support the transition to transparent and accountable governance and the empowerment of citizens through democratic political processes; and

- Strengthen the capacity to manage the human dimension of the transition to democracy and a market economy, and help sustain the neediest sectors of the population during the transition period.

The U.S. had contributed more than $156 million in SEED assistance to Slovakia as of September 30, 1996. The FY 1996 portion of the aggregate was $16 million.

Program Impact

Economic Growth

The Slovak economy enjoyed an impressive turnaround of approximately 5% GDP growth in 1994 after a cumulative GDP decline of 24% between 1990 and 1993. GDP growth continued in 1995 at over 7% with an increase of 7.4%. The annual growth rate for 1996 was 6.9 %. The country experienced strong export growth, resulting in a trade surplus for 1995. However, there was a trade deficit in 1996. Industrial production, which fell by more than 10% in 1993, rose by an estimated 7% in 1994, 8.4% in 1995 and about 3% in 1996. Prudent monetary and fiscal policies have resulted in a 1996 inflation rate of 5.4% and a Government of Slovakia (GoS) budget deficit of more than 2% of GDP. Unemployment declined to 12.4% in 1996 and average real wages are increasing. In 1996 the National Bank of Slovakia took steps to further slow monetary growth in an effort to avoid renewed inflation and to correct a deteriorating external current account balance. In April 1996, Standard and Poor's gave Slovakia BBB- credit rating.

Private Sector Gains: The private sector contribution to overall GDP is more than 82%. Most prices are free, with foreign trade relatively liberal and thriving. SEED assistance

helped Slovakia establish a market-oriented system and legal and regulatory frameworks conducive to competition and private sector growth by promoting bank restructuring and workout of enterprise debts; encouraging application of modern tax laws; establishing sound on-site bank supervision practices; improving skills of entrepreneurs and private sector managers through business and economics training and advice; and assisting the development of a capital market. The U.S. also supported training for the banking and financial sectors. Working through the Institute for Banking Education, U.S. assistance programs sponsored nearly 2,000 participants in banking courses from 1992 to 1995. Under USAID's participant training program, about 180 Slovaks from the banking and financial sector received hands-on experience in the United States.

Privatization: The first wave of privatization began in 1991. By 1993, small scale privatization was essentially complete and some 600 medium-sized enterprises were privatized. In 1994, a second wave of privatization began which involved in excess of 500 medium to large enterprises. After stagnating for some time, the privatization process accelerated after April 1995, mostly in the form of management buyouts. However, a number of enterprises were declared "strategic" and were taken off the privatization list. Some of the remaining enterprises may eventually be privatized or invite foreign participation. Others, notably those in armaments production, may not be privatized for a long time, if ever. At the end of 1996 the GoS reported that 736 privatization projects had been submitted during the second wave and that the privatization process has been completed in the industrial, construction, cultural and interior sectors. Public transportation, water works and health care institutions have not yet been privatized. According to the State Secretary of the Ministry of Economy, by March 1997 all former state-run companies will be transformed with the exception of the energy sector and some other companies. Privatization of state-owned housing units by sale to their occupants is accelerating.

Private Enterprise Development: Enterprise assistance is focused on privatized small and medium-sized firms (SME) with growth potential. Through the USAID-created Slovak Banking and Business Advisory Center, several contractors work in close collaboration to provide expert advice to bankers, entrepreneurs and managers of private companies to enable them to improve the performance of their respective entities. Previously unknown concepts such as Activity Based Cost Accounting are being presented to the enterprise sector and local advisory firms are being trained to provide these services to business after U.S. support ends. With USAID funded expert advice Slovak business advisory firms are developing the capacity to serve the marketing needs of Slovakia's business sector. Slovak staff have been trained in specialties such as company turnaround and strategic planning. It is anticipated that by mid-1997 these staff will be able to establish their own advisory firm to carry on this work without further USAID support. A Slovak Management Training Center (SMTC) is being developed that will establish an indigenous capacity to deliver in the future a sustained program of in-service training to high level Slovak managers. Through a grant to the University of Pittsburgh, a Weekend Executive MBA Program (WEMBA) has completed its first year of instruction to Slovak executives. The WEMBA has already attracted executives from some of the most significant companies in the country. The first graduates of this 3-year program will receive their certificates at the end of 1998.

Funding to the Slovak American Enterprise Fund (SAEF) fosters the development of SMEs through equity investment and loans. The CSAEF is being restructured by a new Board of Directors and funds from the sale of the Czech portfolio will shift to the SAEF. As of the end of FY 96, the SAEF has approved over $19 million in direct investments to some 30 companies. In addition, another $1.5 million was provided to 27 small businesses under the SAEF's small loan program. U.S. volunteer organizations, including Peace Corps, the MBA Enterprise Corps, International Executive Service Corps, Financial Services Volunteer Corps and Volunteers in Oversees Cooperative Assistance have also contributed significantly to enterprise development by providing business advisory services. To date, the U.S. has helped more than 180 entrepreneurs and senior level managers enhance their skills through management training in the United States. USAID has also helped the government develop probusiness regulations to implement the public procurement law and train local officials in the administration of competitive contracting. The SEED program targeted private sector firms to help them improve management to improve efficiency and performance and in some cases implement restructuring plans to make them profitable and viable in the medium term.

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

In cooperation with the USDA, USAID is funding an agricultural policy advisor at the Slovak Ministry of Agriculture to address critical policy issues affecting agriculture in Slovakia and with its primary trading partners.

Next Steps: USAID Slovakia plans to complete the SEED-funded activities under the Economic Restructuring program in FY 1997. After this date, it is expected that Slovak organizations will continue to provide technical assistance and that the market should take over the remainder of the economic transition. EU PHARE and other donors have ample resources to carry forth any residual technical assistance in this area as part of pre-EU accession activities in Slovakia. In preparation for that transition, a change in emphasis of SEED-funded economic restructuring assistance began in mid-1996. Instead of targeting direct assistance to companies, the assistance focus is now on building the capacity of Slovak organizations such as the Slovak Management Training Center, the Slovak Banking and Business Advisory Center (SBBAC), and Slovak business advisory firms to deliver practical management training, advice and skills enrichment to working executives. Some business advisory specialties of the SBBAC will be transferred to Slovak ownership in mid 1997.

Work continues on improving the safety and soundness of Slovakia's banking system both through assistance to the banks and to the bank supervision department of the National Bank of Slovakia. Work also continues on further developing a securities market, with special emphasis

on establishing the rules of fair play, developing an SEC-like institution and making the appropriate information available relating to the market. Work on the income tax law shows promise as many of the Treasury advisor's recommendations to the law, such as the loss carry-over rule, have been included in the Ministry's proposal to Parliament. There has been progress in the Ministry of Agriculture regarding fiscal restraint on the agricultural sector and a revised subsidy policy is being developed to provide needed incentives to small firms. Assistance in development of an improved public procurement law, implementing procedures and training of responsible officials is being completed. This, coupled with completion of SEED assisted development of a market based construction cost base, will enable public bodies to engage in more transparent and competitive procurement of goods, works and services.

Building Democracy

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

Local Government: After the Velvet Revolution of 1989, local government was reconstituted and vested with substantial responsibility. There are over 2,800 towns and villages in Slovakia, each with a directly-elected mayor, a municipal council and with a total of more than 40,000 elected officials. Elections took place in 1990 and again in 1994. The USAID Local Self-Government Program fosters the decentralization of governmental authority and promotes democratic pluralism. The program aims to help municipalities manage their affairs in a transparent way, while providing necessary municipal services and facilities.

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

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

The Professional Media Program aims to strengthen independent media so that citizens will have access to more balanced information sources, thus improving their ability to make informed decisions and to participate in political and economic decision-making.

Political Process: The Congressional Research Service (CRS) finished its program of assistance in December 1996. That program provided assistance to the Slovak Parliament which sought to improve the research and analytical skills of its staff and upgrade the Parliament's library and information management systems. ABA-CEELI assistance fosters judicial independence and legal education reform, including training for judges and lawyers and clinical legal programs in two law schools.

Next Steps: USAID will continue to provide support to municipal governments to equip them with the financial and human resources and capacity to govern effectively, responsively and accountably; to empower citizens in order to allow them to play an active and effective role in the political and economic decision-making of their community; and to strengthen the independent media's diversity and financial viability so it can continue to serve as a source of independent information and check on the actions of the government. In preparation for elections in 1998, IRI will shift the focus of their program to assist national and local parties, youth organizations and candidates to prepare for elections. In addition, rural communities and groups of communities will be supported with technical assistance as they develop their capacities to be financially viable and participatory.

Social Sector Restructuring/Quality of Life

Following the events of 1989, the health status of the population decreased and life expectancy briefly dropped for males. By 1992, the respective life expectancies for both males and females had returned to, or slightly exceeded, those in 1988. Slovakia's health providers, while technically skilled, are inefficient and inadequately managed. The government wants to guarantee quality and accessible health services, with an emphasis on women, children and elderly citizens. It has been working to restructure the social assistance program to reduce dependence on subsidies and focus limited resources on low income earners.

Health: Previous priority programs aimed to reduce the number of premature deaths and increase average life expectancy. Under the partnership grant to Project Hope, the Boston Children's Hospital helped the Bratislava Children's Hospital reduce child mortality from 40% in 1989 to 7.4% in 1994. The Bratislava Children's Hospital performed 284 pediatric cardiac surgeries in 1994, compared with only 144 in 1989. In order to assure that U.S. assistance addresses the broad range of environmental risks to the Slovak public, beginning in 1996 the emphasis of the health portfolio shifted to environmental health. A new subactivity under the HIID activity will focus on training in the areas of public health and on forging professional linkages between Slovak environmental health specialists and the Harvard School of Public Health.

Health Care Management: USAID helped improve the efficiency and quality of care in two pilot hospitals by introducing quality management practices. A team of nurses continues to install the quality methodology developed with U.S. consultants. Current activities seek to

institutionalize and replicate these practices by training lecturers in fields of health care management and developing better curricula for public and private institutions in this area.

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

In addition, an HIID advisor helped draft legislation creating an Environmental Information Act for Slovakia. The law responds to the right for information regarding the environment as guaranteed by the Slovak Constitution. Further, the Act represents the first "Freedom of Information Act" in Slovakia and as such is being considered as a model for use by other ministries. The advisor also helped the GoS prepare its presentation to the OECD accession meetings in 1996. Slovakia proved it is well ahead of other participating countries in preparing an effective environmental action plan. The advisor has also assisted the GoS in implementing aspects of this plan in two environmental "hot spots."

Over the past five years, the Environmental Training Project (ETP) has trained individuals representing more than 100 Slovak non-government organizations (NGO's) in environmental issues as well as management of the NGO's. ETP has created an ETP Foundation and will continue to provide the technical and management training to NGO's throughout Slovakia after donor assistance ends.

Housing: USAID has been assisting municipalities and private citizens with technical assistance to enable them to manage, rehabilitate and privatize, through sale to the occupants, the stock of publicly-owned rental units which were transferred to the municipalities after 1989. Municipal officials, building occupants, new owners and owners' associations are provided technical assistance through four community based information and education centers on a range of issues relating to the privatization and maintenance of the rental units formerly owned by the central government.

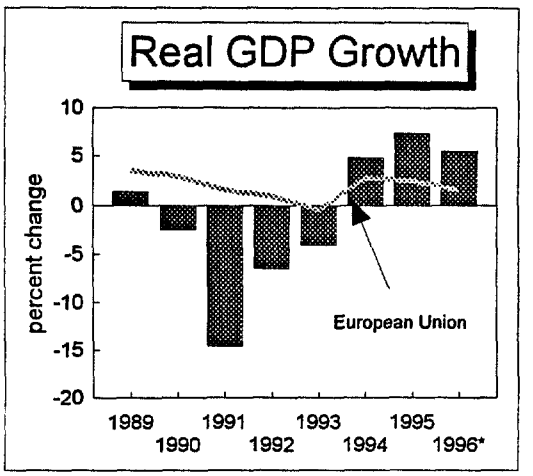
SEED advisors are providing advice on how a newly created revolving housing loan fund can be most effectively used to leverage the private market.

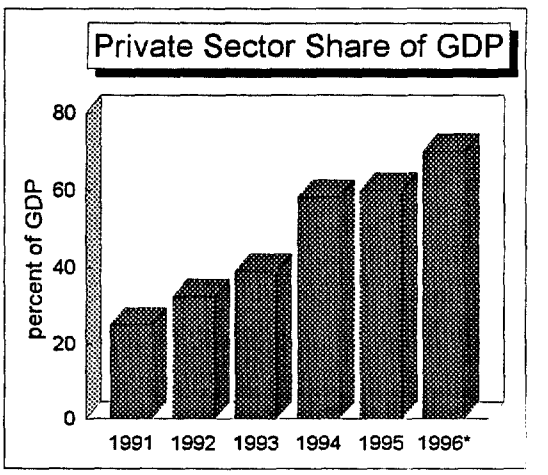
Through curriculum development, the USAID brought market-oriented engineering concepts, such as cost containment and cost/benefit analysis, into design and construction. SEED advisors developed a mortgage law to provide the legal framework for making loans secured by real property for home purchase/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

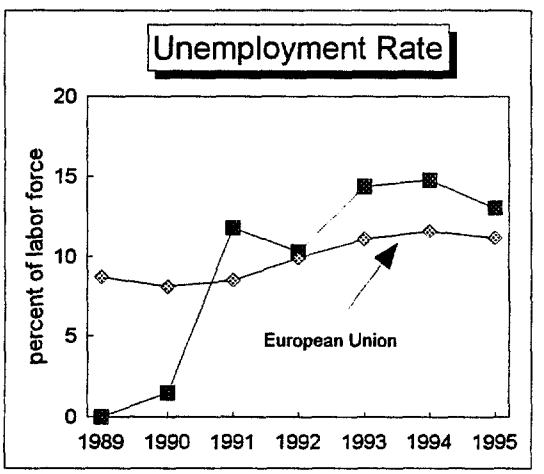
Next Steps: The U.S. will continue to provide assistance with health administration and environmental health at the local level. Resources will be devoted to reducing adverse health impacts of industrial manufacturing and processing facilities. Training will provide Slovak

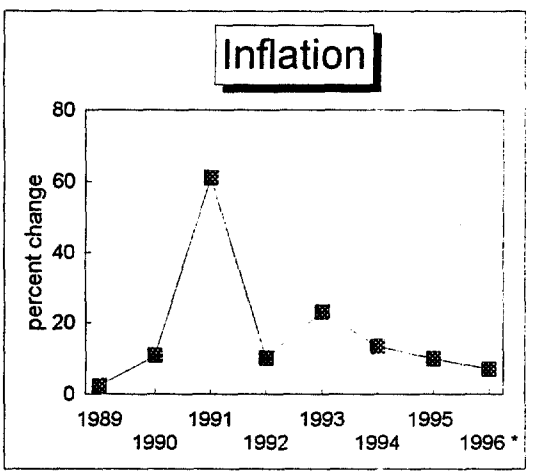
professionals with better ways to deal with various health risks, including environmental pollution. Under a new hospital partnership project, USAID is continuing its efforts to develop quality health care by providing technical assistance and training for physicians. This assistance will help improve health care in areas such as neonatal intensive care, pediatrics and gynecology. The U.S. will work to improve the management and organizational skills of hospital administrators as well. A key aim of USAID assistance in the health area is to develop, through the partnership model, a legacy of enduring professional connections between U.S. and Slovak universities and health institutions that will last far into the future.

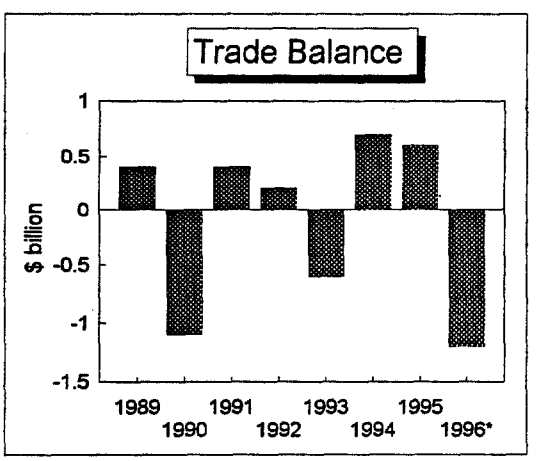
SLOVAKIA

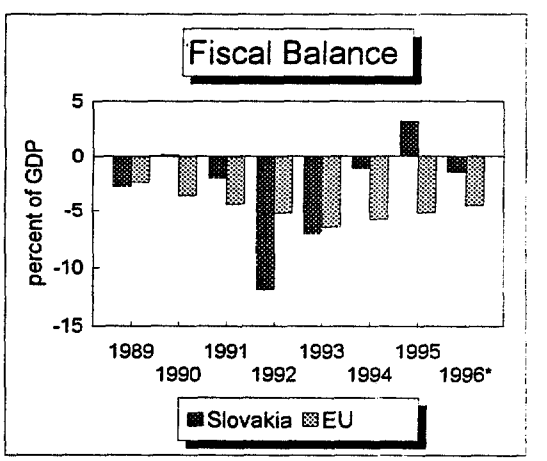












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO SLOVAK REPUBLIC
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$17,346
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*1,700*
1800022 - Independent Media	*500*
Political Process and Governance	
1800020 - Rule Of Law	*336*
SUB-TOTAL	*2,536*
AS % OF TOTAL OBLIGATION	*14.6%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*2,592*
1800023 - Technical Assistance To Enterprises	*1,650*
Improving the Business Climate	
1800027 - Business Services	*599*
Human Resources	
1800029 - Management Training & Market Economics Education	*1,000*
1800045 - Participant Training	*800*
Agriculture and Agribusiness	
1800024 - Restructuring Agriculture & Agribusiness	*800*
SUB-TOTAL	*7,442*
AS % OF TOTAL OBLIGATION	*42.9%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800032 - Non Governmental Organizations Development	*1,000*
Housing	
1800034 - Housing Sector Assistance	*2,496*
Health	
1800037 - Partnerships in Health Care	*750*
1800038 - Promotion of Private Health Markets	*948*
Environment	
1800004 - Environmental Initiatives	*1,200*
1800041 - Environmental Training	*300*
SUB-TOTAL	*6,694*
AS % OF TOTAL OBLIGATION	*38.6%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*172*
180632A - Transfers To Other US Agencies	*500*
SUB-TOTAL	*672*
AS % OF TOTAL OBLIGATION	*3.9%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

SLOVENIA

Economic Developments

Slovenia began its independence in the best starting point of all the republics of the former Yugoslavia. With a well-educated and productive work force and a relatively modern capital stock, its period of transition was comparatively mild. Its most severe adjustment was compensating for the loss of Yugoslav markets, which it accomplished rapidly: whereas before independence over two-thirds of its sales were to the rest of Yugoslavia, today fully three-fourths of its exports find markets in Western or Central Europe. It suffered a cumulative drop in output of some 16 percent in 1991 and 1992, following which growth resumed at a modest pace, peaking at a growth rate of 5.6 percent in the first quarter of 1995. Slovenia passed the trough of its current slowdown a year later, and growth for the 1996 looks on track to reach the official GDP growth target of 3 percent. As a result, Slovenia's GDP has recovered to 94% of its 1989 level.

As a small open economy, Slovenia is sensitive to the pace of economic activity in its export markets. As such, the slowdown in Western Europe, particularly Germany, has affected Slovenia's outlook. Foreign demand has been a drag on activity since 1995, with investment providing growth's primary strength. Private consumption has been largely neutral despite increasing unemployment, as relatively rapid wage advances and social transfers have enabled households to maintain overall spending.

Inflation has been moderate, declining from 12.6 percent in 1995 to single digits in 1996 (retail price index basis), thanks to the government's judicious use of the tools at its command. Emphasis has been on the monetary side, where the authorities' prime tool has been the exchange rate, which the Bank of Slovenia targets to shadow the German mark.

With Slovenia's sustained inflation differential with Germany, the exchange rate has appreciated in real terms since mid-1992. Lack of competition in the banking sector and continued balance sheet problems in some of the larger institutions have in turn led to high spreads on interest rates. Deposit rates still, however, continue to attract capital, and the Bank of Slovenia has moved on a number of fronts to restrict capital inflows from abroad to avoid pressure on the exchange rate. There are concerns that the Bank's wide mandate (including pursuing disinflation, management of the exchange rate, and oversight of bank rehabilitation) may have worked to the detriment of effective monetary management.

The government's fiscal policy has also served to restrain overheating, and the budget has been in near balance since independence. The deficit in 1996 is expected on the order of 0.8 percent of GDP. However, the authorities recognize that over the longer term, an in-depth overhaul of the fiscal system is in order. On the revenue side, the aim is to stress reliance on indirect taxes, both to reduce the social contributions, which hamper competitiveness by raising the cost of labor, and to harmonize the tax system with the EU's VAT regime. On the

expenditure side, measures will be taken to rein in pension and health care expenditures which, given Slovenia's demographic structure and generous coverage, risk causing an explosion in the pubic accounts if not addressed promptly.

Slovenia's foreign performance has also been impressive. However, as a result of flagging foreign demand, exchange rate pressures, and rapidly-advancing wages, Slovenia is likely to post a 1996 current account deficit of $200 million -- about one percent of GDP. This compares to a string of surpluses or virtual balance since 1993.

These developments provide little cause for concern, however. Slovenia has a very low foreign debt (less than one-fourth of GDP) and has pioneered settlements of former Yugoslav obligations with both the London and Paris Clubs. It recently staged an impressive return to the international capital markets with a $325 million five-year Eurobond issue. The credit rating Slovenia received in advance of this offer was the highest-ranked of any Central European sovereign: Standard and Poor's A, Moody's A3, and IBCA A-. The Slovene debt issuance model has since been used successfully in other former Yugoslav republics to regularize their international credit relationships.

The outlook is mixed. The parliament that was elected on November 10 is likely to address the generosity of social transfers (particularly in the area of pensions and health care spending), while employers have made clear that wage moderation will be a key consideration in the current bargaining round. These factors are likely to keep rapid personal consumption increases at bay. At the same time, an improved fiscal position and lower unit labor costs are both likely to contribute to Slovenia's export competitiveness, which had been undermined by growing production costs and an appreciating real exchange rate.

Meanwhile, as a series of one-off public investment projects is now coming to conclusion, it is now for the private sector to take over the momentum of the investment boom. However, the private sector only contributes 45% of GDP. The slow pace and method of privatization (where internal buy-outs have predominated) have left many enterprises without an incentive to maintain or upgrade their capital stock. In addition, a number of obstacles remain in the way of foreign direct investment. This may mean that Slovenia's investment will fall short of what is needed both to maintain GDP growth in the short term and to lay the foundation for the pace of growth needed for income convergence with the EU. Over the longer term, Slovenia will have to focus increasingly hard on reducing the size of its still-large public sector and extend its efforts to expand private ownership to remaining state held banking institutions and telecommunications.

Political Developments

In the brief period following its independence in 1991, Slovenia has been exemplary in its commitment to democracy, human rights and peaceful relations with its neighbors. Prior to independence Slovenia was the most progressive and democratic of the former Yugoslav republics. Following the break-up of Yugoslavia, Slovenia established a multiparty political

135

system and mixed presidential-parliamentary form of government. The President and parliament were subsequently elected by secret ballot in free and fair elections. Parliamentary elections were held most recently in November 1996. As of the end of the year, negotiations continued over the formulation of a new coalition government.

Slovenia has distanced itself from the conflicts in neighboring republics of the former Yugoslavia, and has actively pursued a policy of European integration. The high priority placed on membership in NATO and the EU have further cemented Slovenia's commitment to political and economic reform. Today Slovenia is a fully functioning, stable democracy, where citizens and political parties freely and openly debate issues of public policy. There are ten active political parties, which offer a wide variety of political and economic programs.

In its foreign policy, Slovenia has sought to maintain friendly relations with its closest neighbors, while vigorously pursuing strong ties with Western Europe and the CEFTA countries. Relations with Croatia remain friendly, but some bilateral issues, including unresolved border issues, complicate the relationship. Slovenia's longstanding dispute with Italy over property seized by the Yugoslav government after WWII was resolved in 1996 when the two sides agreed to a compromise put forth by the Spanish EU presidency. Italy is now one of the strongest advocates of Slovenia's entry into NATO.

Following its brief war of independence in 1991 and the withdrawal of the Yugoslav National Army, Slovenia was left with not much more than a small reserve militia. Recognizing its inadequate defense capability, Slovenia embarked on a program to upgrade and modernize its small defense forces, convert its military to Western standards, and integrate itself into European security arrangements. Slovenia has made membership in NATO its top foreign policy goal.

A leading area of U.S.-Slovenian cooperation is in the security field. Slovenia has been eager to expand its excellent security relationship with the U.S. and NATO. It was the first non-NACC country to join the Partnership for Peace, and it played a key role in the transit of NATO forces bound for Bosnia as part of the Dayton Peace Agreement. U.S. support through the FMF program has helped Slovenia become an active participant in the Partnership for Peace.

By focusing on English language skills, NCO training, NATO-compatible radios, and small-unit infantry training equipment, the FMF program has helped Slovenia create a rapid-reaction peacekeeping battalion that can be deployed alongside NATO in future operations. U.S. training under IMET has been essential in deepening the U.S. security relationship. By enhancing the professionalism of Slovenian military officials, training officials in U.S. practices, and promoting civilian oversight of the armed forces, the IMET program continues to play a key role in shaping evolving attitudes in Slovenia's military about the proper role of the armed forces in a democratic society.

SEED ASSISTANCE SUMMARY

Program Overview

This program has emphasized private sector development, financial sector reform, promotion of capital market growth, and, to a lesser extent, democratic institution-building. FY 1996 was the last year of appropriations for the U.S. assistance program to the Republic of Slovenia. The phasing-out of U.S. assistance is consistent with the intention of the SEED Act, which is to provide temporary support in the transition to fully democratic and free market societies. The USAID office in Ljubljana will close in September 1997, and all project activity is expected to conclude by December, with the exception of two EBRD-managed equity funds whose performance will be monitored by USAID project staff based in Washington and some USIA-managed long-term training which will conclude in June 1998.

The SEED assistance strategy for Slovenia, approved in June 1995, focussed on three major functional needs: direct firm-level support for small and medium enterprises, strengthening financial institutions, and limited support for political and economic institution building (including NGO development). This strategy was based on the assumption that two critical needs existed which U.S. advisors could address cost-effectively: direct assistance in modern business know-how for newly-privatized small and medium enterprises, and assistance to the government in creating an improved operating environment for those enterprises. The enabling environment, availability of financial services, and the capacity of firms to manage business operations effectively in a market economy continue to be regarded as essential for the growth of the private sector.

USAID's strength in this program has been its emphasis on building local professional capacities in all sectors in which it engaged. USAID got off to a quick start in Slovenia, while other donors were still drafting feasibility studies to determine how best to provide their assistance. By the program's completion, USAID will have provided over $10 million in SEED-funded technical assistance and training.

Program Impact

Participating USG agencies, grantees, and contractors can be proud of the program's accomplishments to date. Examples include the following:

- Collaboration between SEED-funded U.S. Treasury advisors and GOS counterparts resulted in the successful launching of Slovenia's first Eurobond venture into capital markets; this collaboration is continuing, in preparation for a second capital market offering in the Spring of 1997.

- Bank rehabilitation and bank supervision work done in Slovenia by SEED-funded contractors achieved many of the requested outcomes, and has been used as a model in Croatia, FYR Macedonia, and other Central European countries.
- Professional advisory services were given to the Ljubljana Stock Exchange, Ministry of Finance, Securities Market Agency, Nova Ljubljanska Banka, Bank Rehabilitation Agency, and the Insurance Supervisory Authority.

- Slovenian securities regulators received training from the U.S. Securities and Exchange Commission.

- Department of Justice and Federal Trade Commission advisors provided technical assistance and training on trade and regulatory affairs and competition laws to colleagues in the Slovenian Competition Bureau and the Slovenian Trade Inspectorate.

- Key GOS officials likely to influence economic restructuring through privatization, banking and finance, investment promotion, legal and regulatory reform received training under USAID projects organized by PIET.

- USIA scholarships, training, and small grants programs financed by SEED/USAID have helped to strengthen democratic institutions.

The impact of these and other SEED-funded assistance efforts is likely to continue. U.S.-Slovenian relations have been strengthened through successful exchange programs and continuing dialogue. U.S. commercial interests have also benefitted, as evidenced by the technical assistance and training provided to Slovenians in key government and private occupations during this crucial period. Capacity building and the transfer of know-how to Slovenian businesses were achieved through an USAID contract, which provided corporate restructuring advice to more than forty companies.

Economic Growth

More positive effects of macroeconomic reform and growth of exports to the West are becoming apparent: economic performance has gradually improved, with GDP showing its first positive growth in 1993 and averaging about 3.5% since then. Inflation has averaged about 11% over the period, 1994-96 (down from 293% in 1992). The strength of the government's monetary policy has forced price and wage discipline, with only modest trade repercussions: the trade deficit is around 2% of GDP. Slovenia has a steady accumulation of foreign exchange reserves ($US 3.4 billion), and revenue growth and controlled government spending has enabled the government to balance its budget from 1995 onwards. The national currency (Slovenian Tolar) became fully convertible in September, 1995. Slovenia currently has only a small balance of payments deficit, and public debt is still relatively small. Its per capita GDP is estimated at $6,640 (in terms of purchasing parity).

The Government of Slovenia (GOS) has chosen a gradual approach to privatization and economic restructuring, to avoid the social dislocations which accompanied restructuring in other CEE countries. However, registered unemployment has averaged about 14% over 1993-95, and may worsen when major structural reforms get under way. Many challenges and risks lie ahead in reforming certain elements of the economic structure. For example, Slovenia's banking system remains inadequately regulated and its commercial law framework also needs comprehensive reform; companies already privatized need more market-oriented know-how; labor and social overhead costs are comparatively high; and there has been a relatively low level of both domestic and foreign direct investment.

Slovenia's restructuring efforts are under way, and some progress has already been made. Major obstacles remain, however, which will need to be addressed over a much longer period of time, and involve external donor resources far more extensive than USAID's comparatively modest SEED-funded program. While Slovenia is undertaking the rehabilitation and reform of the financial sector and the privatization of socially-owned capital, its banking system remains weak and dependent on government support. Privatization has moved comparatively slowly, with scarcely 45% of GDP generated by the private sector.[1] The large State and socially-owned companies constitute a burden to Slovenia's growth prospects, threatening by their high cost to discourage investment and undermine management.

Financial Sector: Examples of SEED-funded assistance in financial and banking sector reform include USG advisory services at the Bank Rehabilitation Agency, where procedures based on the Federal Deposit Insurance Corporation's Deposit and Asset Services model were adopted. The two most important socially-owned banks were put under the SEED-assisted rehabilitation program. At the Nova Ljubljanska Banka, USAID advisors trained bank staff in securing bank loans (to improve liquidity in preparation for privatization), project finance, and development of mortgage finance options. The Bank has made good progress in its technical preparations for successful post-privatization operations. At the Bank of Slovenia (BOS), USAID advisors assisted in the effort to strengthen the banking law, regulations, and bank supervision. Regulations and accounting standards are being developed, along with BOS regulatory procedures. At the same time, other requisite implementing legislation for financial sector reform is being prepared, covering both ownership transformation and bankruptcy, as well as laws governing companies, banks, securities markets, and mutual funds. Complementary short-term assistance from the Financial Services Volunteer Corps (FSVC) has prepared the ground for bank reform and privatization. FSVC also assisted in preparing the initial public offerings on the Ljubljana Stock Exchange, and worked with the Ministry of Finance to develop a central clearance depository and insurance industry regulation.

Fiscal Improvements: Short-term U.S. Treasury advisors collaborated with the Ministry of Finance in developing a government securities market, highlighting the need for Slovenia to

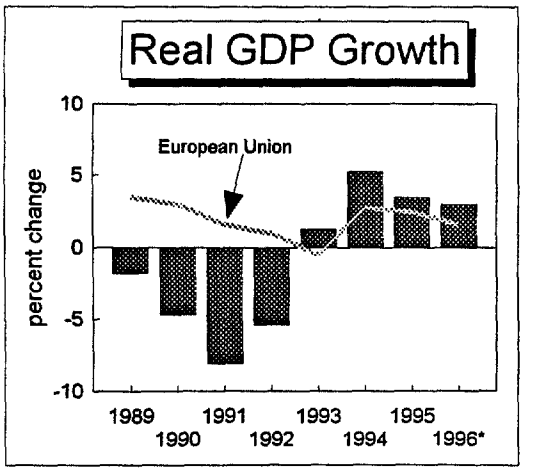
[1] On a par with Bulgaria, but far below the higher levels attained by all other CEE countries (70% or higher private sector output as a percentage of GDP in Albania, Czech Republic, Estonia, Hungary, and Slovakia).

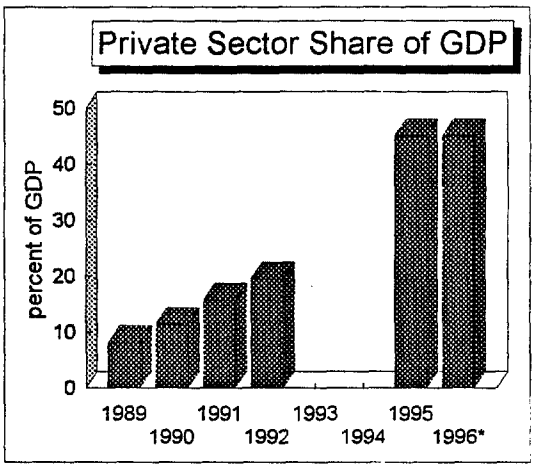
produce a strategic debt management plan for both domestic and foreign debt. Assistance in developing the telecommunications sector also received SEED support, with USAID advisors reviewing and recommending changes in the 1994 legislation subsequently enacted by parliament. Technical assistance to the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

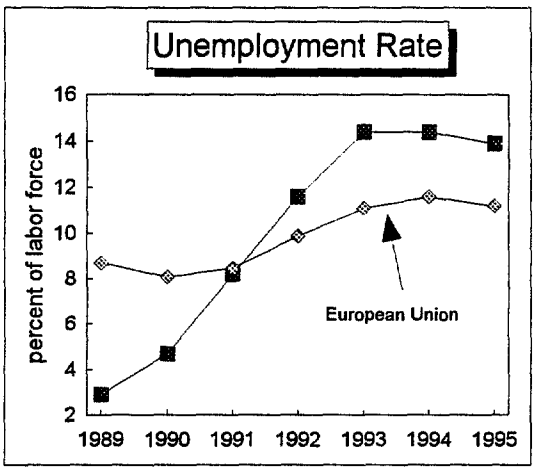
Privatization: Privatization in Slovenia did accelerate in 1995-96 with support from USAID technical advisors. By October 1995, over 950 (of some 1,400) transactions were approved by the Slovene Privatization Agency. The companies involved account for about 40% of all Slovenes currently employed (with private sector output estimated at about 45% of GDP in 1996).

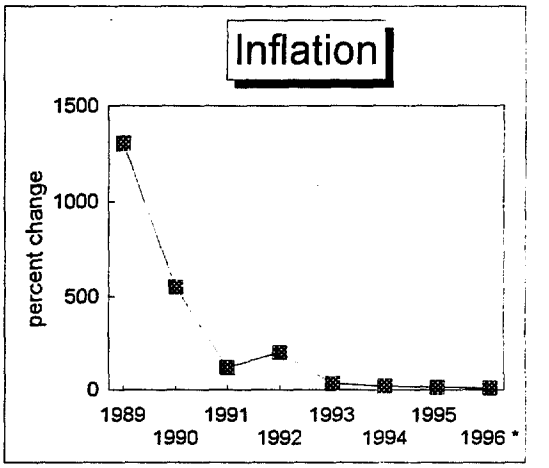
Next Steps: In the remaining period before phase-out, the program will provide financial sector reform advisory services, encouragement of equity and debt funding for small and medium enterprises, and a limited number of short-term training opportunities. Concluding program activities will rely on the services of the U.S. Treasury Advisory Program, Financial Services Volunteer Corps (FSVC), Department of Justice/Federal Trade Commission, and U.S. Information Agency (USIA).

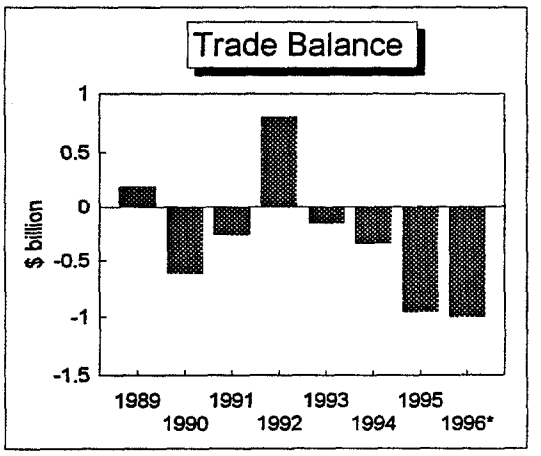
SLOVENIA

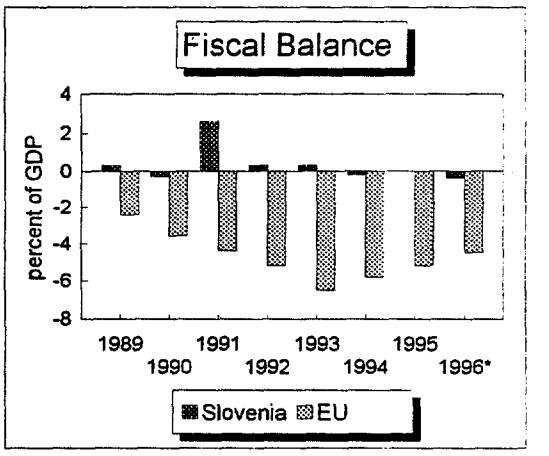












* Projection.

Sources: EBRD, IMF, World Bank

Date 01/30/97

U.S. ASSISTANCE TO SLOVENIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$3,376
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*363*
Improving the Business Climate	
1800027 - Business Services	*344*
Investment and Trade	
1800010 - Enterprise Funds	*2,000*
Human Resources	
1800045 - Participant Training	*135*
SUB-TOTAL	*2,842*
AS % OF TOTAL OBLIGATION	*84.2%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*83*
180632A - Transfers To Other US Agencies	*450*
SUB-TOTAL	*533*
AS % OF TOTAL OBLIGATION	*15.8%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

REGIONAL PROGRAMS

DEPARTMENT OF THE TREASURY

The U.S. Department of the Treasury (Treasury) has been operating a technical assistance program in Central and Eastern Europe (CEE) since 1990, and in selected states of the former Soviet Union (FSU) since 1992. Because Treasury's expertise is in areas that are typically finance ministry domain, Treasury views its program as a ministry-to-ministry effort that assists countries to achieve specific short-term and medium-term goals that are key to achieving macroeconomic stabilization and structural reform. The program's orientation toward policy reform, rather than institution-building alone, is consistent with Treasury's role in the U.S. government (USG).

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

ALBANIA

Treasury currently has three advisors in Albania. A bank licensing advisor has been successful in the start-up of the first ever private di novo banks. A bank supervision advisor has been active in on- and off-site training of bank examiners while completing a bank examination manual. A bank privatization advisor has been working on the privatization schedule for the three state-owned banks at the Ministry of Finance. A fourth advisor for government debt has been requested by the Ministry of Finance.

BOSNIA

The Resident Tax Advisor is providing multipurpose tax advice to the Federation Ministry of Finance with legal drafting of a new corporate profits tax law and a personal income tax law. These laws will become effective in mid-1997 or by January 1998. The Tax Advisor is working with the head of tax policy in the Federation Ministry of Finance to develop revenue data for the cantons. This will be the first time that canton revenue data will be available at one source. This project is the first step in building a tax analysis unit within the Ministry of Finance to analyze revenue effects of tax policy.

The Resident Debt Advisor is working on development of a framework for financing of infrastructure, especially transportation and energy issues, in cooperation with the Commission of Public Corporations and the EBRD and is working on a draft Law on Public Corporations with the Ministry of Finance. An additional Senior Debt Advisor, together with two intermittent

advisors, have been staffing the working group on external debt negotiations. The laws on external debt are in draft final form and the group is preparing for Paris Club and London Club negotiations.

A Resident Budget Advisor is developing a classification system to further advance the establishment of a treasury system. In coordination with the ICMA team, the Budget Advisor drafted a consistent budget classification structure for the Federation and the cantons and trained Finance Ministry personnel at both levels. She also continued to work with all parties to work on a unified Federation payment system.

The Bank Rehabilitation Advisor is focusing on bank restructuring at the Federation level, cooperating closely with KPMG, the World Bank, and USAID advisors also in place. Restructuring will be undertaken through a bank-by-bank approach, cleaning up, privatizing or merging individual institutions.

BULGARIA

Treasury has no resident advisors in country, but does provide tax administration and policy assistance. A resident advisor for bank restructuring has been requested to advise the Central Bank on creating conservatorships, but we are waiting for the government to undertake a credible plan for reforming the banking system. A needs assessment for government debt is tentatively planned for February. Treasury is reluctant to place resident advisors until the Government of Bulgaria reaches agreement with the IMF on policies that will stabilize the economy.

CROATIA

A resident Government Debt Issuance and Management Advisor arrived in Zagreb, August 1996, to work with the Ministry of Finance on the further development of the government securities market as a means of providing non-inflationary finance and instruments for monetary policy implementation, and on supporting development of the capital and money markets. He has been working with the MOF to establish a medium-term government bond market. He is also working with the MOF to develop a short-term cash flow management system and, with Treasury's intermittent legal advisor, to address bankruptcy and custodianship issues.

CZECH REPUBLIC

The resident advisor for FIT, advises the chairman and the senior staff of Ceskoslovenska obchodni Banka on management strategies, potential for strategic investors, and privatization strategy. Discussions are currently underway with the Czech National Bank to have this advisor assigned as a resident advisor to the CNB. In this role, he would advise the CNB on system-wide banking issues, including privatization issues.

The Tax team recently conducted a series of meetings with the Tax Administration of the Czech Republic (TACR). From these meetings, it has been proposed that tax advisors assist the

work groups established by the TACR for the reorganization of the tax administration and taxpayer assistance programs. The advisors will assist in drafting the agendas for these groups and provide a western prospective on the issues of organization and taxpayer assistance.

HUNGARY

At the request of USAID, the Budget team, led by the Budget Advisor, is performing an assessment for reform of the State Pension Program.

The Resident Advisor for FIT, advises the MOF on the preparation of privatization plans, the review of tenders, and the negotiation of offers for the banks scheduled for privatization by the MOF and APV Rt. The Advisor also assisted the MOF in the negotiation of the banking sector provisions of their EFSAL with the World Bank this Fall. These advisory services are augmented by an intermittent advisor for financial institutions in Hungary.

The Resident Advisor for Tax, advises the MOF on tax administration organization and management. His activities include developing a strategy for the Hungarians to reduce the black/gray economy in Hungary, identifying training needs and solutions for members of the Hungarian Tax Department, and assisting with ongoing office automation projects.

LATVIA

A debt management program was instituted mid-year 1996, with a project review in November. There has been a Resident Advisor for Government Debt issues since July of 1996, working on development of domestic government securities market. Various advisors have provided assistance with credit rating review and financing farm credits and student loan program. A Resident Advisor for Tax Administration has been assigned in Latvia since July 1995. His main mission deals with development of a collection function within the state tax administration. He has also provided assistance, individually and through various intermittent advisors, in the areas of dispute resolution, taxpayer service and education, and dealing with the underground economy.

LITHUANIA

The Budget team is currently providing the intermittent advisory services to the Lithuanian MOF in the development and enhancement of treasury functions including cash forecasting abilities.

The Banking Advisor is working with the MOF on prioritizing the banks for privatization, developing both general and specific plans for the involved banks. The Advisor assists in the establishment and operation of the Deposit Insurance Agency under the Minister of Finance, and he will aid in the continued evolution of the Turto Bankas as it becomes an operational non-performing loan bank. He also advises on legislation necessary for implementation of a more structured banking environment.

The Resident Central Bank Advisor will be posted to the Bank of Lithuania (BOL) in January 1997. She will provide advice to the Governor of the BOL and his senior officials on the management of central bank operations, the conduct of monetary policy, the establishment and management of economic research functions, the reform of bank regulatory and supervisory procedures, the establishment and/or improvement of financial markets, and the management of financial portfolios. Her advisory services will be augmented by an intermittent advisor to the BOL. A SAL Banking Sector Advisor to the MOF and BOL will participate with the World Bank in delivering supervision and guidance to the Government of Lithuania in order to meet the banking sector conditionalities of the SAL. Treasury is taking part in the four SAL supervision missions which will occur between November 1996 and June 1997.

A State Property Bank Advisor is currently in Vilnius on a two month project to advise the management and staff of the State Property Bank (Turto Bankas) on the steps required to transfer non-performing assets from non-performing portfolios of state banks to Turto Bankas for resolution. The aim of this short-term assignment is to transfer to the staff of Turto Bankas the skills and techniques required for valuation and transfer of bad assets.

The tax team plans to continue its assistance in audit and collection matters, in coordination with the new tax policy advisor from HIID. Subsequently, Treasury will be sending an expert in large case audits to Vilnius for 3 months, and will offer a course on tax collection presented by a second short-term tax advisor.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The Macedonia program was suspended on October 9, 1996. This decision was a result of lack of cooperation by senior tax officials of the FYROM and access difficulties experienced by the tax administration rotating advisor team.

Most recently, Macedonia has requested short-term tax assistance primarily in the area of audit training. A Tax Advisor will be traveling to Macedonia in February to teach a management training course. Several other short-term training courses are likely to follow.

POLAND

A resident advisor in bank privatization has been working closely with the Minister of Finance, and the upper management of banks targeted for privatization, to craft acceptable privatization plans leading to the disbursement of Polish Bank Privatization Funds. A resident advisor in tax administration has been focusing on the areas of management information systems, tax collection and computerization, and tax management training. A resident advisor in government debt and management is assisting the Ministry of Finance in primary and secondary markets, and intermittent budget advisors have been active in projects for higher education finance and energy subsidies programs.

ROMANIA

The Resident Advisor for Government Debt has been working with the staff of the National Bank on developing auction procedures for government securities, criteria for primary dealers, and working on dealer training.

The Resident Budget Advisor has been working on the development of budget process and formats, creation of revenue and expenditure forecasting models for the Ministry, development of improved cash forecasting and management, and drafting a proposal for improved allocation formulas for funding local governments.

Intermittent tax advisors have been involved with a working group within the Ministry on an action plan to accomplish the needed tax restructuring. Components of the comprehensive plan, and objectives by which Treasury would offer further technical assistance in this area are:

- establishment of a single, centralized tax administration organization at the Ministry to curb the independence of the judet offices;
- reorganization of the centralized tax administration organization along functional lines, such as audit, collection, and appeals; and
- elimination of duplicate functions so that taxpayers are not subject to multiple audits by different organizations.

SLOVAKIA

A Resident Tax Advisor is providing advice on a number of individual and corporate income tax issues, and the development of data-gathering and tax analysis functions. He has developed a tax receipts monitoring and forecasting model for the 1996 Slovak budget.

SLOVENIA

The Regional Government Debt Advisor, stationed in Budapest, is providing intermittent support to the Ministry of Finance on analysis and restructuring of the external debt portfolio.

LAW AND DEMOCRACY

An essential element of modern democracy is a functioning judicial system which inspires public confidence in democratic institutions. Sustainable economic growth also cannot be expected where the legal system lacks the fundamental qualities of efficiency, consistency, modernity, and honesty. Accordingly, since its inception the SEED Program has included activities in every recipient country to assist on the modernization of the legal system. There are three principal mechanisms for this assistance efforts which received a total of $10.47 million in FY 96:

- The Anti-Crime Training and Technical Assistance Program ($5.2 million);
- A major grant to the American Bar Association's Central and East European Law Institute (CEELI) focussed on civil law reform ($4.27 million);
- A joint Department of Justice/CEELI program on criminal law reform ($1.0 million).

Anti-Crime Training and Technical Assistance Program

Program Goals and Objectives

Department of State International Narcotics and Law Enforcement/International Criminal Justice (INL/ICJ) coordinates the work of thirteen Federal agencies now participate in the ACTTA program: Department of Justice; Federal Bureau of Investigation (FBI),); Drug Enforcement Administration (DEA); International Criminal Investigative Training Assistance Program ICITAP); Secret Service (USSS); Customs (USCS); Internal Revenue Service (IRS); Alcohol, Tobacco and Firearms (ATF); Financial Crimes Enforcement Network (FinCEN); U.S. Coast Guard (USCG); Department of Commerce; Department of State/Diplomatic Security; and the Federal Law Enforcement Training Center (FLETC).

Develop partnerships with Central European law enforcement agencies to control organized crime and specific major crime problems negatively affecting the growth of free market economies and democracy.

Assure that through international law enforcement cooperation U.S. agencies succeed in rolling back organized crime's move into the United States.

Focus interagency training and technical assistance on three areas of mutual concern to the U.S. and the governments of Central Europe; International organized crime, financial crimes, drug trafficking, and institutional development to expand capabilities to address these problems.

FY 1996 Highlights

In 1996, we trained approximately 2800 law enforcement personnel from Poland, Hungary, Czech Republic, Slovakia, Bulgaria, the Baltics, Romania, Slovenia, FYROM, Albania and Croatia. ACTTA participating agencies offered new specialized training programs on auto-theft, insurance fraud, footwear impression, witness/judicial personnel protection, and forensic sciences for criminal justice and law enforcement agencies in Poland, the Baltic countries, Hungary and the Czech Republic.

One hundred and eighteen officers from Hungary, Poland, Bulgaria, Albania, Slovenia, Croatia and FYROM participated in the second year of the eight-week mid-level manager's training program offered at the International Law Enforcement Academy in Budapest. ILEA entered "Phase 2" in its development process whereby specialized short-term training programs can be conducted simultaneously with the core 8-week program. Extensive renovations of the facilities were completed earlier this year allowing the Academy to accommodate up to 100 students at one time. U.S. agencies such as USSS, FBI, INS, Customs and DS have begun using the facilities to conduct short-term regional training programs for Central European and NIS law enforcement personnel. Specialized training programs have included forensic applications, undercover investigations, executive development, footwear and the tire impressions, GATT valuation, alien smuggling prevention, and witness and judicial personnel protection. The Academy was selected as the training location for 250 new police officers from Eastern Slavonia under the United Nations Transitional Administration of Eastern Slavonia.

Central and East European Law Initiative ("CEELI")

The Central and East European Law Initiative (CEELI) is a public service project of the American Bar Association (ABA). The project is designed to advance the rule of law by supporting the law reform process underway in Central and Eastern Europe and the New Independent Status of the former Soviet Union (NIS). Through various programs, CEELI makes available the legal expertise of American Volunteers to assist emerging democracies in modifying or restructuring laws and legal systems.

CEELI's legal assistance programs were conceived through consultations with leaders in the region to respond quickly and broadly to the enormous tasks associated with reforming their economies and legal infrastructures. CEELI began working in Central and Eastern Europe in 1990 and in the NIS in 1992. With little other technical legal assistance flowing into the regions from Western Europe or the United States, CEELI initially focused on such issues as constitutional law, judicial restructuring, and criminal laws. Assistance quickly expanded to an array of additional legal issues such as media law, nonprofit law, civil codes, property, and land use law. In 1992, CEELI started its Commercial Law Program, which focuses on the fundamental legal principles necessary for a functioning market economy. In an effort to support the development and reform of indigenous legal institutions, CEELI assists in judicial restructuring, strengthening lawyers associations, reforming legal education, and combatting organized crime and corruption.

CEELI recognizes that U.S. legal experience and traditions offer but one approach that participating countries may wish to consider. A variety of models, including those of many civil law countries, offer alternative legal traditions that are also valuable sources of law. Consequently, CEELI includes other perspectives, particularly West European, in its programs. In the emerging democracies of Central Europe and the NIS, however, there is great interest in the U.S. legal tradition, particularly with regard to individual and human rights, allocations of governmental power, and the free market system.

Since its inception in 1990, CEELI has developed into the most extensive technical legal assistance project ever undertaken by the ABA. CEELI has sent over 220 long-term legal experts abroad, conducted over 250 workshops and training seminars, conducted over 20 U.S. based training programs, created a sister law school program involving over 180 U.S. and East European law schools, and assessed over 255 draft laws and constitutions. To support this massive effort, CEELI draws heavily from a cross-section of American lawyers, judges, and law professors who have dedicated countless hours in implementing many of these projects. Combines, this translates into pro bono service equaling over $50 million from over 4,000 active lawyers.

CEELI has provided technical legal assistance to twenty-five countries in Central and Eastern Europe and the New Independent States (NIS) of the former Soviet Union. The assistance is primarily provided by long-term liaisons and legal specialists who form the core of the program. These highly-qualified men and women from all over the United States have volunteered their time to live and work in the region for at least one year. Not only have these efforts resulted in real and lasting changes in the democratic institutions of these countries, they have also cemented permanent bonds forged between peoples of the region and American lawyers and legal professionals--bonds that will last a lifetime.

DOJ/CEELI Criminal Law Reform Project

The DOJ/CEELI project is a partnership between the American Bar Association Central and East European Law Initiative (CEELI) and the Criminal Division of the United States Department of Justice (DOJ) created to provide technical legal assistance to countries of Central Europe and the NIS as these countries seek to stem the growing tide of organized crime and corruption within their borders.

The DOJ/CEELI project seeks to aid a legal reform process that will enable authorities from target countries to rely on modern and balanced legal institutions to combat the rising tide of organized criminal activity that threatens to subvert ongoing democratic and free market actions. As part of the U.S. government's Law and Democracy program, DOJ/CEELI has been appointed to advise and assist in the ongoing processes of drafting and implementing modern criminal justice legislation, and to conduct comprehensive training programs for prosecutors, judges, and defense attorneys.

Although much work has been done since late 1994 to prepare for the implementation and quick success of the DOJ/CEELI project, the project officially began in April 1995 when the first in-country representatives were placed in Poland and Russia. In November 1995, the program was expanded to Lithuania. DOJ, CEELI, USAID, and the Department of State are considering expanding funding for the next fiscal year to allow in-country representatives to be placed in additional countries. During FY 1996, in-country training workshops were held for prosecutors and judges in all three countries.

UNITED STATES INFORMATION AGENCY

Democracy Commission

USIA established Democracy Commissions in U.S. Embassies throughout Eastern Europe in order to give small grants of up to $24,000 to indigenous NGOs engaged in building the social and intellectual foundations of democracy, democratic resolution of common problems, and the institutionalization of open, pluralistic political processes. The Commission in each country is comprised of our Ambassador, the Public Affairs Officer, usually a USAID representative, and others as deemed appropriate by the Ambassador. During 1996, all of our Embassies in the SEED-supported countries participated in this program, distributing grants to almost a hundred NGOs. In most of those cases the money was released to the petitioning NGO within a matter of days after its proposal was approved by the Commission. The ease of application and the fast turn-around time built into this program have allowed our Embassies to react very quickly to support grass-roots democratic groups at very critical moments. In December 1996, Embassy Belgrade gave Democracy Commission grants to independent media organizations in Serbia at a time when the Milosevic government was trying to silence media criticism of the local elections. Our timely financial backing demonstrated in very concrete terms USG support of the democratic opposition, which emboldened opposition leaders and discouraged Milosevic from his efforts to silence the press.

The Ron Brown Fellowship Program

This USIA program provides scholarships for one to two years of graduate study at American universities, plus professional internships of up to six months, to qualified young and mid-career individuals from Eastern Europe. The fields of study include business administration, economics, law, public administration and public policy. USIS posts and Fulbright Commissions in Eastern Europe recruit and select the grantees through open merit-based competitions. The International Research and Exchanges Board (IREX), under a USIA grant, places the grantees in US universities and in practical internships.

In 1996, the first group of Ron Brown Fellows (formerly Central and East European Graduate Fellows) successfully graduated with Master's degrees from their host universities. Many Fellows have already assumed impressive leadership positions in the public, private, and non-profit sectors. Of the thirty-five FY 1995 Fellows eligible for internships between their two years of study, thirty-two of them successfully completed internships in the United States. The demonstrated quality and success of the Ron Brown Fellows has enticed several new universities to indicate their interest in hosting 1997 Ron Brown Fellows.

Media Training

USIA manages a SEED-funded Media Training Program throughout Eastern Europe that allows our posts to select from a menu of three different types of training opportunities for journalists from their host countries: 1) US-based 2-3 week Workshops combined with field trips to US media outlets conducted by the VOA International Media Training Center; 2) a "Professional Development Year" in the US that combines academic training with a practical internship experience; and 3) American "Professionals-in-Residence" are sent to Eastern Europe to work directly with media organizations to act as consultants and conduct workshops on journalistic skills, ethics, and business management.

1) **U.S.-Based Workshops**: During 1996, the VOA International Media Training Center conducted a total of 12 SEED-funded workshops. The Department of State and USIA gave the highest priority to preparing journalists from Bosnia-Herzegovina, Serbia, and Albania for their scheduled national elections in 1996. As a result, VOA coordinated four highly rated workshops bringing to the U.S. 29 journalists from Bosnia-Herzegovina and Serbia to observe the primary electoral process and to see first-hand how the US media covers elections and politicians. In addition, 9 Albanian journalists participated in an election workshop. USIA also provided media management and hands-on radio and TV skills training for some 48 other journalists from Croatia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Slovakia, and Slovenia.

2) **Professional Development Year (PDY)**: Interestingly, many alumni of this program, on their return to their home countries, both have been hired by university journalism faculties to teach and have joined or started commercial media ventures, multiplying the net effect of this program beyond its original design. Upon returning home several of the PDY'ers have been assigned to be overseas correspondents for their TV and Radio's. Twelve more journalists from Eastern Europe are currently in the US on the PDY program, and are expected to make real contributions to independent media when they return to their home countries next year.

3) **Professionals in Residence**: During 1996, 15 U.S. media professionals were sent to nine countries in Eastern Europe and the Baltics for a total of 85 weeks. From Latvia to Macedonia, these Professionals-in-Residence (PIRs) shared their knowledge with colleagues in newsrooms, TV and radio stations, in print shops and board rooms, sometimes staying for just a few days at one organization, at other times advising new and old TV stations for several months. Our most intensive effort to boost independent media went into Bosnia. While Bosnia received experts to help develop journalistic skills and news gathering methods, the majority of the programs in Eastern Europe and the Baltics focused on newspaper/newsroom management and economic survival of news organizations. In several instances, the U.S. professionals returned to the host country after initial programs to observe lessons learned and consult on new hurdles and developments.

Educational Reform

This program assists the Social and Political Science Departments of universities in the Czech Republic, Poland, Latvia, Hungary, Romania, and Albania.

Czech Republic -- With support from a grant to the University of Iowa, five Czech educators drafted 61 lessons on 20 topics of civic education during a three-month curriculum development seminar at the University of Iowa from August to October, 1996. The materials have been reviewed by U.S. and Czech scholars and are being tested in Czech classrooms early in 1997 in anticipation of publication by the fall. Through a grant to the Tereza Foundation in Prague, a team of Czech materials developers has published a secondary school teacher's handbook for teaching conflict resolution. The handbook was developed and test-taught in Prague under a grant to the Czech Partners for Democratic Change. Funds were provided to support in-service training for teachers in seven Czech regions outside Prague.

Latvia -- The Latvian non-governmental Democracy Advancement Center (DAC) continued to work on ninth-grade civic education materials development and in-service teacher training in consultation with a U.S. specialist in economics education, Dr. Phillip VanFossen (SUNY Geneseo), who assisted with the development of a unit on economics. In addition, the DAC began work on three new initiatives: a high school course on politics and law, a national assessment program for the ninth-grade civics course, and a university-level course to train pre-service teachers at three pedagogical colleges in Latvia (Riga, Liepaja, Daugavpils).

Poland -- In cooperation with the Mershon Center at The Ohio State University (OSU), from February to April six Polish teachers participated in a curriculum development seminar at OSU where they drafted course materials for a ninth-grade course on constitutional democracy. The draft materials were reviewed by U.S. and Polish scholars and in September 1996 the Mershon Center and the Polish Center for Citizenship Education initiated teacher-training efforts for Polish teachers with a workshop in Warsaw for 40 participants. Specialists at OSU started work on an initiative to develop a national training program on educational governance for gmina (local government) officials in Poland. Polish project directors participated in a two-week workshop in Columbus to consider the U.S. system and its relevance for Polish reform. At the Institute of Sociology at Warsaw University, the industrial relations module has become the second most popular major among sociology students. Faculty members who teach in this module have established an industrial relations working group to bring together practitioners in government and industry for practical discussions with academic experts. Developments in the public policy module of the Institute of Sociology at Warsaw include a program of internships for students in the module and the preparation of a textbook on public policy analysis with specific reference to current Polish issues and examples. In these ways, both modules are focusing on strategies for outreach to other Polish academic and non-academic institutions.

Hungary -- The Center for Public Affairs Studies at the Budapest University of Economic Sciences has been encouraging cooperative faculty-student research in public policy analysis. One such project is focusing on the development of a consensus among government, NGO, and

private companies for social assistance programs in the city of Eger, and another project is analyzing factors in the development of social policy priorities at the national level. The Center has also established a series of executive training programs in cooperation with the Office of the Prime Minister. The participation of students in the Center's programs increased markedly in 1996.

Romania -- The program to support the development of teaching in the field of political science at Babes-Bolyai University in Cluj-Napoca included the opening of a center for political research. The computer laboratory at the center will enable more effective teaching in research methodology in the Faculty of Political Science, in addition to providing the basis for income from contract research for outside organizations. A local faculty member has assumed responsibility for teaching courses in empirical methods after training in the U.S. with support from the program. The Ministry of Education has approved a new curriculum in political science, and library resources have been provided to support teaching of the new courses.

Albania -- A team of Albanian materials developers continued to work in cooperation with project director Theodore Kaltsounis of the University of Washington to write and edit a manual and teacher's guides for Albanian civic educators at the elementary level. Publication of these materials is expected in 1997.

Management Training & Market Economics Education

This year, activities under rubric this fell into two categories: A small grants competition that funds projects proposed by American NGOs to assist Eastern European countries in their transition to free market economies; and a university linkage program that enhances the economics and business curricula of participating faculties.

In 1996, California State University, Sacramento, in cooperation with the University of Latvia and the Ministry of Economics, received a small grant from USIA to establish the National Development Institute (NDI) in Riga. The NDI is offering training programs in such areas as tax policy, regulation and administration; government budgeting and accounting; management and small business; and international trade and investment. The program has so far brought ten Latvian officials in business, government, and higher education to California for a four-week training program that included seminars, presentations by local businesses and government officials, and internships. In addition, over 250 Latvian officials and managers received training from Latvian and U.S. trainers in the above-mentioned fields in eight workshops in Riga.

New 1996 SEED funding will allow us to conduct two new small grant competitions, which will take place later in 1997: media business training in Albania and telecommunications training in Slovenia.

USIA's SEED-funded university linkage program -- the College and University Development Program in Business Management -- is building institutional capacity at the foreign partner institutions, through faculty training, curriculum development, and administrative reforms.

Through this program, partner institutions have also developed outreach efforts linking the business schools with local businesses.

English Teaching

USIA's English Teaching Program improves and develops the English language skills of East Europeans, thereby enhancing their capacity to interact with Westerners, and increasing trade and economic development opportunities in the region. Furthermore, the American cultural content conveyed in the curricula, and through the "English for Special Purposes" programs, communicates the democratic values underlying all of our social structures. We focus on training teachers of English at pedagogical institutes, and on specially designed courses for targeted high level groups - e.g. parliaments and their staffs, judiciaries, and leading finance and business officials.

During the past year, USIA sent 26 American English Teaching Fellows to live and work for a year in participating SEED countries. In Romania, one of our Fellows made American Legal English the centerpiece of his program. He worked with members of the Romanian judicial system and the Parliament, helping them through language study to better understand our legal system as well as our concept of the 'rule of law'. The Fellows have had major impact on English language education in all of the countries where they have worked (Albania, Croatia, the Czech Republic, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Slovakia, and Slovenia). This impact can be seen in the national curricula, teacher training programs, and materials development and selection (getting correction and more positive information about the U.S. into school texts) in these countries.

Participant Training

USIA, under the Participant Training Program, awards "Top-Up" grants to undergraduate and graduate students from the region for up to two years of study at American universities. It's commonly called the Top-Up Program because USIA pays for the living expenses and airfare of students who have already received tuition scholarships from American universities, but lack the resources to pay for the rest of their educational expenses. Grants are limited to SEED-supported fields -- i.e. disciplines that contribute to economic restructuring and building democratic institutions.

DEPARTMENT OF LABOR

Since 1990, the U.S. Department of Labor has been operating a program of technical assistance to support labor transition needs are in Central and Eastern Europe. Labor market transition issues are considered to be of critical importance for countries making the difficult transition from command to market economies.

Interagency Agreements executed by the U.S. Agency for International Development and the U.S. Department of Labor provide the funding and the authority for implementing the labor market transition technical assistance program. Program managers in Washington and a Field Director in Poland coordinate the Department's technical assistance efforts in the region relying on Federal and state government experts as well as consultants with labor market transition expertise. A personal services consultant provides on the ground coordination of the Department's Rapid Response program in Hungary.

POLAND

Employment Services

In 1991 USDOL began implementation of its Employment Services program in its efforts to develop professional employment services and facilitate employment adjustment. During the course of its implementation the Project resulted in numerous measurable and lasting results in the following key areas:

a) Vocational Counseling and Testing
b) Assessment of the effectiveness of local labor offices
c) Workforce Training

Under the Employment Services project DOL model offices were created in Szezecin and Gdansk. In addition, Polish authorities have established a nationwide employment services system based on the DOL model along with approaches adapted from Western European countries. A standardized vocational counseling system has been established throughout the system with 420 counselors trained by USDOL. DOL is now completing implementation of a management assessment system for the entire local and regional office system. Indicative of the success of this project is the fact that employment service officials from the Baltic States and Turkey have been trained by the Poles in the DOL model.

As part of a phase out strategy, USDOL/ILAB is providing technical assistance support for final implementation of vocational tests that were developed in support of the Employment Services project by the Jagiellonian University and technical assistance in the final staff training to prepare staff at the National Labor Office and local labor offices in the use of the Workforce

Preparation Handbook. Finally, the Polish Government has committed resources toward the establishment of a National Center for Vocational Information and Counseling Methodology.

Construction Crafts Skills Training Centers

This project is a joint partnership between the Building Trades Craft Union Training Consortium, the U.S. Building and Construction Trades Department, AFL-CIO, the Polish Government and Solidarnosc to train unemployed Polish workers in modern U.S. construction technology. The project provides training in modern U.S. building technology to Polish construction workers in five trades: ironworkers, plumbers, electricians, carpenters and bricklayers. The training program is modeled on the apprenticeship program in the United States which is run by organized labor and management for a variety of trades.

This activity resulted from an initiative conceived by then Secretary of Labor Elizabeth Dole, former AFL-CIO director Lane Kirkland and Building Trades President Robert Georgine, who noted a serious housing shortage and unsafe conditions related to construction in the job sites they visited in 1989. In June 1991, the U.S. Department of Labor in conjunction with the AFL-CIO Building and Construction Trades Unions and NSZZ Solidarnosc opened a model construction skills training center in Warsaw, Poland. A second training center was opened in Gdynia, Poland in September 1993.

Over 2,500 graduates to date have been placed in new jobs or have returned to existing jobs with up-graded skills. The Centers supply non-profit groups active in Poland with construction services at little or no cost. U.S. firms, joint ventures and Polish construction companies are offered construction assistance through on-the-job training agreements and/or are provided an opportunity to have customized training of their workers. Selected trainees are being provided management skills to enable them to start their own businesses.
U.S. construction firms and suppliers are notified of opportunities in Poland through the AFL-CIO Building Trades. A recent worldwide study commissioned by USAID and produced by the Center for Workforce Development Education Center Inc. cited the Crafts Centers program as one of 20 best practice cases in workforce development.

The overriding emphasis for the current budget year is to continue the strategy to make the schools self sufficient. To help achieve this goal a volunteer from the Citizens Democracy Corps will spend time assisting the administrative and management staff. The Consortium is in the process of setting up a Board of Directors to manage the transition from U.S. to Polish control.

Employment and Skills Center-Lodz

In July 1994, a USDOL vocational training team, including representatives of the American Federation of State, County, Municipal Employees (AFL-CIO), organized a training center steering committee in Lodz and began identifying an appropriate training facility for the training center, determining equipment and renovation needs, and developing a training program outline in cooperation with Solidarity.

A training center director and other staff were selected and received train-the-trainer training during a visit to New York and Chicago in August 1995. A facility purchased by Lodz Region Solidarity was partially renovated. Training classes in secretarial skills and computer skills began in February 1996. In September 1996, the training facility renovation was completed, and the center was fully equipped and opened.

Labor Management Relations

This project assists the Polish government, trade unions, and enterprises in developing industrial relations processes that highlight non-adversarial processes such as collective bargaining, dispute resolution, and cooperative joint approaches to productivity, quality improvements, and cost savings. DOL support has included training in techniques for interest based negotiation, communication by objectives, competitiveness, and procedures for writing collective bargaining agreements, development and operation of employee-owned enterprises, and financial affairs. Training has taken place at PKP, the state owned railroad, the FSO Car Manufacturer, Transec, and the Sendzimir Steel Mill.

Reemployment Advisory Center for Women

This project will result in developing a model non-governmental, locally developed and managed, employment service center focused on developing effective measures to combat disproportionately high and prolonged unemployment among women. This will be accomplished through:

1) establishing a non-governmental model of employment services for unemployed women in the Gdansk region;

2) developing a model public-private partnership and effective linkages at the local and regional level to guarantee the "Polish ownership of the project" and ensure the self-sustainability of the project;

3) establishing a model of effective resource management and leveraging with other international donor programs; and

4) assisting in the adaptation and replication of the RACW model.

Reemployment Fund in Silesia

The restructuring of the hard coal sector plays a significant role in the economic transformation of Poland. An important facet of the restructuring strategy requires a substantial reduction in the coal mining sector. It is estimated that 80,000 coal mining jobs will have to be eliminated in order to achieve economic sufficiency in the coal sector.

This project assists the Polish Government in its efforts to secure gainful employment for mine workers affected by the restructuring of the hard coal sector through the creation of the Pilot Alternative Fund in Upper Silesia. FY 96 assistance was targeted to design work, establishing the administrative framework for the project, forging pubic-private linkages, developing cooperative agreements and memoranda of understanding. Once the Pilot Fund is operational, activities will consist of review, approval, and funding of appropriate projects that would serve the reemployment needs of the affected miners; assessment of the effectiveness of the Fund activities; and a public awareness campaign.

HUNGARY

Employment Services/ Dislocated Workers

The idea behind the Rapid Response Project is that early intervention in layoff situations is critical to avoiding long term unemployment. In June of 1994 a pilot project using the rapid response approach and labor-management outplacement process was initiated to help workers displaced by mass layoffs and plant shutdowns. The Hungary Rapid Response Project is a joint initiative of the U.S. Agency for International Development and the U.S. Department of Labor. It is being implemented in cooperation with the Hungarian Ministry of Labor and the National Labor Center.

Today, there are some twenty five sites throughout the country where RACs and the Rapid Response model have been adopted.

Quick Start Training

The purpose of the Quick Start Training program has been to generate employment for unemployed workers by developing job training oriented to jobs in demand and/or specially requested by new or expanding businesses. Mid level administrators of Regional Training Centers are provided training in the methodology of conducting job specific training for a business or industry and to develop the knowledge and technical skills necessary to perform a job and task analysis in a particular industrial or business setting. The USDOL has worked closely with the Hungarian Ministry of Labor, the Regional Labor Offices and the Regional Training Centers in the implementation of programs oriented towards upgrading the skills of trainers, mid-level managers and industrial workers.

The Quick Start training program is based on a successful training program pioneered in the State of Georgia. Approximately 2,000 unemployed people have been placed into jobs as a result of the Quick Start program. More than 95% of the trainees who have participated in the Quick Start program have successfully been placed into jobs.

Labor-Management Relations

The USDOL has been assisting the Hungarian government, trade unions and associations, and enterprises to collaboratively develop a national industrial relations system based on non-adversarial processes of collective bargaining, dispute resolution, and cooperative approaches to joint accountability since 1992. Prior to FY 1996 the main focus of the USDOL effort was to provide training to the leadership of government, labor, and business on non-adversarial techniques of dispute resolution. The current focus of the USDOL efforts has shifted to the conduct of mediation and arbitration training for the mediators and arbitrators of the newly established National Mediation and Arbitration Service. Training for some 80 mediators and arbitrators was initiated in January 1997 in Turin, Italy at the ILO training center. In addition, the Ministry of Labor has requested advanced training, training on administrative and management structure and organization, and public information training aimed at creating greater public awareness of the availability of the Mediation and Arbitration Service.

ROMANIA

Employment Service Reform

ILAB's project to assist the reform and modernization of the Romanian employment service is helping the Ministry of Labor and Social Protection (MOLSP) develop an industrial adjustment service and labor market policy regarding active employment measures. This assistance is leveraging the broader, IBRD-funded Employment and Social Protection Project (ESPP). ILAB's technical assistance is helping the MOLSP design, develop and implement policies and services that will address the labor dislocations caused by industrial restructuring. Additionally, at ILAB's urging, the German government is providing complementary technical assistance to help the MOLSP improve labor exchange services. Work on this project has been slow due to the Government of Romania's slow implementation of the ESPP. The new government--elected last Fall-- has committed itself to rapid industrial reform that will be balanced with strengthening of the social safety net. The new government states that implementation of the ESPP and the development of programs targeting displaced workers and active employment measures are top priorities.

BULGARIA

Employment Services and Dislocated Workers

Since 1989, Bulgaria has faced the task of building up its National Employment Service to cope with mass unemployment. DOL helped establish model labor offices, an information system, a regional management structure based on modern evaluation and management techniques, early stage employer outreach, vocational counseling, and on-site job seeking skills training. The national system of modern local labor offices has been institutionalized. All local offices have received training in mass layoff response. Most key elements of the employment services program

have been replicated. DOL has begun developing a close out plan for its employment services program.

Success of the program has been demonstrated recently by its performance during the sharp downturn in the Bulgarian economy. The reformed Bulgarian employment service was able to function efficiently under a greatly increased burden and thereby provide essential services to the Bulgarian work force.

Employment Training Initiatives for Ethnic Minorities

Bulgarian ethnic minority populations have a high rate of unemployment. According to some reports over 50 percent of the Turkish minority is unemployed and over 80 percent of working age Gypsies are jobless. To alleviate this growing problem, the Bulgarian government, with technical assistance from the USDOL initiated two programs for ethnic minorities: Social Welfare-To-Employment (SWEP) and Work Literacy Training.

SWEP combines the services of labor and social welfare agencies in addressing the problems of long term welfare dependency and preventing the cycle of poverty by providing training in job-related skills and finding employment. Work literacy training was created as a three phase program. The first phase focuses on literacy skills in language and mathematics; the second phase focuses on vocational training; and, the third on job placement.

Social Insurance

Reform of social insurance in Bulgaria has gained urgency as economic reform progresses. The Government of Bulgaria has undertaken a broad reform program to stabilize financing, increase transparency and restructure program administration. Full scale reform can be funded only by the World Bank, but to get to the point of arranging such financing, the Bulgarians must develop a level of expertise and sophistication. The Government of Bulgaria has negotiated a loan with the World Bank to finance the overall social insurance reform project. Both DOL and USAID worked with the National Institute of Social Insurance (NSSI) and the World Bank to define the main elements, approximate costs and implementation requirements of the project.

REGIONAL PROGRAMS

Bureau of Labor Statistics

The statistical and economic surveys of the former communist regimes of Eastern Europe were inadequate for monitoring and policy making for the transition to and development of market economies. In the long run, the statistical agencies of Central and Eastern European countries need to prepare for the future by continuing to refine and develop survey methodologies, concepts, and standards. In order to develop public confidence, they must develop not only standard methodologies, but also a record of adherence to standards such as

reliability, confidentiality, timeliness, and objectivity in the production and publication of survey data.

The Bureau of Labor Statistics (BLS) uses SEED funds for fellowships to seminars in labor statistics which are held in Washington, D.C. The fellowships are offered to statistical agencies and other government agencies in Central and East European countries.

Each year, the BLS conducts ten to twelve seminars. In some cases, the BLS designs special programs in labor statistics to meet specific needs of SEED fellows.

World Bank Leveraging

The reform of social services in Central Europe requires major capital expenditures as well as technical assistance. The World Bank, therefore, is the primary source of funding for such reforms. Would-be borrowing governments often cannot take advantage of World Bank funding, however, for want of expertise and knowledge that are required to meet the loan conditions required by the Bank. This program is designed to help overcome such obstacles. It responds to specific problems identified by the Bank and thus has involved a wide range of activities.

The program has:

- provided actuarial assistance both to specific governments and through regional training seminars.
- provided employment counseling assistance to complement World Bank employment service loans.
- funded studies to determine the best use of Bank funds in labor market areas.

III. RECONSTRUCTION IN BOSNIA

Overview

The U.S. reconstruction program in Bosnia is part of a broad-based effort involving some 47 countries and 11 organizations which have pledged support for Bosnia and Herzegovina's Priority Reconstruction Program. Coordinated by the World Bank and the European Union, this program seeks to raise $5.1 billion over four years to fund programs and repairs in key sectors of the economy, and to promote democratic and economic reforms. (See chart at end of this chapter.) President Clinton has pledged, subject to Congressional approval, $600 million in SEED funds over three years towards the Priority Reconstruction Program.

Continued U.S. commitment is critical to support the fragile peace in Bosnia as embodied in the Dayton Accords. While there are difficulties in getting the Bosnian parties to work together, there has been some progress toward establishing the civilian institutions needed to cement the peace over the longer term, as evidenced by the September 1996 election of a common presidency and parliament and the recent establishment of the Council of Ministers. In November 1996, the United States pledged its participation in a multinational Stabilization Force (SFOR) as an 18 month follow-on to the larger Implementation Force (IFOR), which has guaranteed the peace over the past year. Equally important, and closely related, is U.S. support for international efforts to promote economic revitalization in Bosnia and create economic and democratic incentives for Bosnians to maintain the peace over the long term. While other donors, particularly the European Union and the Organization of Islamic Countries (OIC), are expected to assume the greatest financial burden for rebuilding Bosnia, the United States plays an important, supportive and often-times catalytic role in setting the course for sound reconstruction policies and for a market-driven economy. USAID's lengthy and extensive in-country humanitarian presence enabled us to respond much more rapidly than other donors during the first year of reconstruction assistance. USAID designed new programs, made them operational in a matter of months, and has produced results. As other donors and the international financial institutions continue to gear up for the long-term reconstruction effort, U.S. leadership remains essential.

It is imperative that people see the benefits of peace in the form of economic reconstruction and active participation in democracy building. This will create the necessary atmosphere and framework for sustainable peace and the withdrawal of U.S. IFOR and SFOR troops. The U.S. assistance program seeks a stable post-war Bosnia with a functioning free-market economy and democratic government. Revitalizing the Bosnian economy to increase employment and support private sector development will continue to be a primary goal of the USAID program. To accomplish these objectives, USAID envisions a non-permanent mission in Bosnia with three years of recovery and reconstruction funding, followed by SEED-type development assistance and closeout early in the next decade.

1996 has been the first peaceful year in Bosnia following three and half years of war. A significant number of political challenges had to be met, many of which were related to the painful

process of reconciliation and reintegration. The first results of peace and reconstruction and a return to normal life are beginning to emerge, especially in the Federation. Industrial production and employment have increased, as have wages. Basic services, like water, electricity and heating either have been or are being restored in most communities. Repairs of housing are underway, Sarajevo airport has been opened to limited commercial traffic, and major road and railway links are under reconstruction. Schools reopened in September and health clinics are being rehabilitated.

Despite the initial achievements, reconstruction needs remain vast and economic activity remains at low levels. Industrial production is still only at 10-15 percent of its prewar level, half of the labor force is unemployed, incomes are low, and the social safety net that exists is almost entirely dependent on donor support. Refugee return has been significantly below expectations, due to a lack of housing, utilities, and, above all, job opportunities. The devastated infrastructure still constitutes a major bottleneck to increased economic activity.

The damaged infrastructure and lack of a central government delayed the delivery of significant amounts of aid from the international donor community in 1996, although the pace of aid quickened significantly in the final months of that year.

In this context, the U.S. assistance program managed by USAID is a critical element for creating both the economic incentives and the democratic institutions necessary to maintain peace in Bosnia over the long term. While other donors are expected to assume the greatest financial burden for rebuilding Bosnia, the U.S. program serves as a model and catalyst for other donors. The U.S. assistance program emphasizes economic stabilization in a democratic context, and expedition of Bosnia's recovery from the devastation of war. Revitalizing the Bosnian economy to increase employment and support private sector development will continue to be a primary goal of the USAID program through 1998.

The USG played an important role in FY96 in jump-starting Bosnia's recovery by quickly putting in place reconstruction programs to repair housing and community infrastructure and to help re-restart businesses with quick disbursing loans. Reconstruction programs generate employment and provide balance-of-payments support to the Government of Bosnia and Herzegovina. The USG also provided support for the September, 1996 election, an important first step toward the creation of national level elected institutions. The SEED program has also focused on those institutions critical to a pluralistic civil society, such as an independent media, impartial judiciary, and the management capacity of local government.

The 1996 SEED Program emphasized assistance in:

- Economic Reconstruction and Stabilization;
- Democratic Reforms; and
- Shelter Repair.

In order to expedite delivery of aid, donors have pledged to better coordinate their efforts through the Economic Task Force in Sarajevo, under the chair of the High Representative or his Deputy for Economic Reconstruction. Donors have also agreed to shift emphasis in 1997 away from basic emergency infrastructure repairs to developing a sustainable economy for Bosnia. The U.S. plans to put the bulk of its reconstruction resources into reconstruction finance to create jobs and restart viable businesses in Bosnia.

Major donors have made it clear that this economic assistance is conditioned on adherence to the political and economic promises made by the recipients as signatories of the Dayton Peace Plan. It is for this reason that the Republic of Srspka (RS) received little aid from the U.S. or international community in 1996. The U.S. is prepared to spend a significant portion of its SEED funds in the RS, provided there is cooperation in the implementation of key aspects of Dayton, including freedom of movement, the return of refugees, and cooperation with the International War Crimes Tribunal.

Economic Reconstruction and Stabilization

Bosnia and Herzegovina suffered extensive physical and economic damage as a result of the four year conflict. At the of end-1995, when the Dayton Agreement was signed, industrial production had dropped to 5 percent of the pre-war level, unemployment had reached about 70 percent, the government faced claims (frozen foreign exchange deposits, wage and pension arrears) totaling over DM10 billion and the banking system had collapsed. Plant and equipment, if not damaged or destroyed, suffered from lack of spare parts and maintenance.

One year after Dayton, signs of recovery are now evident. During the first half of 1996, industrial production in the Federation rose 70% relative to the same period in 1995, though this still brought the area to just 8% of its 1991 level of production. This was accompanied by a rise in employment of 50% in 1995 and an additional 10% in the first half of 1996 although 65% of the civilian labor force remained unemployed by mid-1996.

Major contributions have been made towards the creation of the environment necessary for a stable post-war Bosnia and Herzegovina with a democratic government and a functioning free-market economy. The majority (87.5%) of U.S. assistance in 1996 was directed at the U.S. IFOR Sector which included territory in both the Federation and the Republic of Srpska. USAID's economic stabilization and reconstruction program provided quick-start response to help revitalize the economy of Bosnia and Herzegovina, provided sound policy advice and created new institutions while the NATO-led IFOR kept the warring factions apart and active diplomacy made every effort to bring about a modicum of reconciliation.

Through the **Bosnia Reconstruction Finance Facility (BRFF)**, quick disbursing loans are being provided to restart and expand commercially viable businesses and generate jobs, particularly for demobilized soldiers and women. As of December 1996, 43 loans had been made totaling over $24 million and contributing to the creation of over 6,000 sustainable jobs. Recipients have included producers of critical construction materials, an independent publishing

house, a clothing firm, a fruit producer and a furniture plant. The BRFF program works through 23 Bosnian "agent" banks, and is working with staff from these banks to improve their skills so that, over time, they will be able to take on increasing responsibility within the program. The BRFF also serves as balance of payments assistance to the Government of Bosnia and Herzegovina (GOBH).

USAID's **economic technical assistance** activities play a critical role in reinforcing Bosnia's economic recovery and ensuring its sustainability in a private sector context. Having helped establish a Macro Economic Policy group which includes representatives from all entities, a USAID-funded macroeconomic advisor is working closely with the GOBH on issues related to intergovernmental finance, tax administration, the establishment of a Currency Board, and balance of payments management. The U.S. Treasury, has placed several long-term advisors in Bosnia to improve the budgetary expenditure process, rationalize the tax administration system including drafting the Tax Administration Law enacted in October 1996, assist the GOBH in normalizing international financial relations and assemble data for negotiations with official bilateral and commercial creditors, develop a legal and regulatory framework for bank restructuring and privatization, and assist in establishing a domestic debt market. USAID assisted in drafting a Privatization Agency Law, which passed the Parliament in October 1996, and assisted the GOBH s multi-ethnic privatization expert team. USAID also advised the GOBH on drafting additional privatization legislation and conducted training on privatization for Federation and canton governments, state-owned enterprises, business associations, media and universities.

In 1996, nearly 500 bankers (over 60% women) have been trained through USAID seminars and on-the-job training. USAID bank supervision advisors helped establish the Federation Banking Agency (FBA) with attendant governance, policy and operations procedures. USAID advisors have also completed an Enhanced Supervisory Review of two state-owned banks, and are providing advice to Federation and RS officials on strengthening and harmonizing banking laws. Through the Bosnian Business Assistance Center (BBAC), USAID advisors have helped nearly 100 businesses prepare loan applications to access donor credit lines and have identified over 20 businesses to receive consulting services to restructure their operations, including detailed company profiles providing critical information for potential foreign investors. In conjunction with the European Union, USAID is providing customs training and technical assistance through the establishment of a training center, the development of training modules and selection of Customs officer-candidates from all parts of the Federation, to spur the modernization and development of the Federation Customs Administration.

USAID's **Municipal Infrastructure and Services (MIS)** program finances the repair and reconstruction of basic economic infrastructure damaged during the war, primarily in the US IFOR sector and Sarajevo, to facilitate the return of refugees and displaced persons to their homes. The program focuses on whole communities by repairing municipal electricity distribution systems crucial to economic recovery, resurfacing roads, repairing bridges including a key railway bridge, reconstructing flood dikes, repairing municipal water systems, and rebuilding local schools and health facilities. Local builders carry out construction and local labor, materials and equipment are used whenever possible to maximize impact on the local economy. Projects worth

about $54 million are currently underway, including repair of the Kakanj Thermal Power Plant outside of Sarajevo, critical to ensuring electricity for Sarajevo and its environs this winter. Only 43 days after the start of this project, a ceremony marked the firing up of one of the boilers at Kakanj. In addition, nearly $10 million worth of U.S. mining equipment was procured to increase production at the Vrtliste coal mine, which provides fuel for the Kakanj power plant.

Power sector projects (15 projects in 14 municipalities) are repairing power stations, substations, and transmission lines that serve residents and industry in war-damaged areas. Projects in the water sector focus on the repair of drinking-water supply networks, treatment systems, and flood control projects in agricultural areas. In the transport sector, USAID financed the repair of rail and road networks in order to improve links between village and city economies, facilitate the transport of goods, and ease the return of displaced persons.

Efforts in the education sector include seven projects repairing war-damaged schools allowing over 6,000 primary and secondary school students to return to a normal school environment. Three health sector projects to rehabilitate local clinics and hospitals will contribute to the stabilization of war-torn communities and help draw people back home. Priority was given in 1996 to communities in which USAID has also repaired shelter.

Under MIS, USAID is also implementing a Community-level Infrastructure Rehabilitation Program (CIRP), in close partnership with US-IFOR and local municipalities. CIRP projects are designed to have maximum employment impact for demobilized soldiers. Over 100 projects are currently underway in both the Federation and Republika Srpska. Where possible, focus is placed on cross-entity projects which foster cooperation between the Federation and Srpska.

Democratic Reforms

The development of a strong, pluralistic democracy and enduring democratic institutions are key elements to building a peaceful, just and multi-ethnic society in post-war Bosnia. The peaceful conduct of elections in September, 1996 was an important step toward the creation of national-level elected institutions in Bosnia and Herzegovina. Also needed is a commercially viable, professional and independent media to guarantee citizen access to information, and serve as a forum for alternative views and opinions. A professional and ethnically neutral judicial system is one of the essential building blocks as well. Every citizen must know that ethnic background will not affect their treatment before the law. A fourth key ingredient is capable local government. Local BiH governments are assuming greater responsibilities as life begins to return to normal. In order to serve their citizens, they must be able to budget and manage in an efficient, transparent, and open manner.

Thus, in FY 1996, SEED programs focused on four areas for democracy assistance:

- support for national elections which were held on September 14, 1996;

- support for independent media throughout Bosnia;
- strengthening the judicial system; and
- strengthening local and cantonal governments in the Federation of Bosnia-Herzegovina.

Election Support: The National Democratic Institute (NDI) initiated a political party building program which included party building seminars, consultations, and poll watcher training. NDI also conducted a civic education program which complemented the OSCE voter education efforts in the Tuzla canton. The International Foundation for Election Systems (IFES) conducted voter education activities in the cantons of Zenica-Doboj and Middle Bosnia. In this program, IFES reached out to both Bosnian and international non-governmental organizations in geographic areas not covered by NDI. The International Republican Institute (IRI) produced voter education materials for Bosnian refugees in Croatia. Following the elections, USIA organized three visits to the U.S. for newly elected Parliamentarians to help shape their initial ideas on democracy.

The Organization for Security and Cooperation in Europe (OSCE) organized the September 14th Bosnia elections. USAID provided direct support to the OSCE for election administration through IFES. This included personnel for the position of OSCE/Sarajevo Director of General Elections, as well as management information specialists, a logistical expert to procure and distribute ballots, boxes, etc., an election observation specialist, election specialists to work with the Provisional Election Commission and OSCE on administrative rules and procedures, and an elections expert to help establish the appeals process.

Support for Independent Media: U.S. policy supports the emergence of a commercially viable, professional and independent media in Bosnia, including independent television. Independent radio and television were regarded as important for the delivery of politically competing views in the campaign period prior to the September 1996 elections. Toward these dual near-term and long-term ends, the U.S. participated in the birth of the Open Broadcast Network for television, providing approximately $2 million worth of television equipment for five independent television stations associated with the original OBN. USAID also funded Internews to provide on-site technical assistance to independent television and radio stations. Internews produced several video-conferencing programs and provided the stations with quality programming. SEED also provided funding to USIA for U.S.-based training for 18 print, radio and television journalists, and two Bosnia-based media experts to provide technical assistance to print and television entities.

Judicial Strengthening Program: The American Bar Association's Central and Eastern European Law Initiative (CEELI) focused on inaugurating the Federation Constitutional Court and Supreme Court and on developing their administrative rules and procedures. CEELI helped to establish various working groups to address judicial reform issues and provides technical assistance in the ongoing work of the groups. These groups worked to ensure the independence

of the judiciary in the Federation. In July 1996, with CEELI's assistance, a Federation-wide judges' association was formed to promote the independence of the judiciary. CEELI continued to provide assistance to the Sarajevo Law School, including setting up sister law school relationships with U.S. law schools, and provided books and other materials. Along with the National Conference of State Legislatures, CEELI organized a two-day seminar on legislative drafting techniques for the Federation and Canton Ministries of Justice.

Fiscal Federalism: The International City/County Management Association (ICMA) implemented a program to strengthen intergovernmental relationships between Bosnia's Federation institutions, and cantonal and municipal budgeting and financial management systems. Four long-term ICMA expatriate advisors worked with 10-15 local hire financial management staff in Tuzla and Zenica cantons and several municipalities in each of those cantons. ICMA assisted with the Federation Ministry of Finance in developing a formula for revenue sharing and allocation of revenue sources amongst the Federation, cantons, and municipalities. Advisors in Tuzla and Zenica worked with those cantons to develop similar revenue sharing arrangements between the cantons and their constituent municipalities. The advisors in each canton helped to develop sound and transparent budgeting practices, including citizen participation in budgeting, program-based budgeting and developing separate operational and capital budgets.

Democracy Commission: Based on the model established in other SEED countries, the democracy commission is designed to give small grants (less than $24,000) to organizations that promote democratic reform. The democracy commission grants in Bosnia have supported independent media, the NGO movement, an independent judiciary, women's' issues, political party development and a host of other democracy reform issues.

Next Steps: Democracy assistance in FY 1996 was heavily focused on activities supporting the September 1996 elections. Emphasis in FY 1997 will be on developing an independent media and nongovernmental aspects of a civil society. The role of the independent media in ensuring free and open flow of information for Bosnia's citizens will continue to be critical. Together with other international and institutional contributors, SEED funds will support a more professional and sustainable, independent television and radio serving both the Federation and the R.S. They will also support the emergence of moderate political parties within a functioning democratic political system. Support for municipal elections will also be important. Finally, continued support will be needed to build the capacity of local government and strengthen judicial institutions ranging from Constitutional to municipal courts to Bar and other legal associations.

Shelter Repair

On March 25, 1996 USAID launched a $29 million ($14.2 million of which was SEED funds) Emergency Shelter Repair program. The program was quick in its implementation and designed to support the overall objective of the Dayton agreement of peace and national reconciliation by: accelerating the return of displaced families to their own homes; demonstrating the start of a return to normalcy with a high-impact, visible US operational field effort; providing

170

promise of the continuing dividends of peace and reconciliation; and providing short-term employment for refugees and demobilized soldiers, thereby enhancing security for the U.S. IFOR personnel.

The program targeted 44 heavily damaged villages in Federation territory, 60% of which were located in the US IFOR sector and contiguous areas. Eight international NGOs were identified as the program implementors. These NGOs implemented the program through local contractors. Homes had to be badly damaged but structurally sound, pre-1991 occupancy and privately owned to qualify for the program. Families also agreed to occupy a repaired home within 60 days of completion of the repairs. The emergency repairs included weather sealing, two plastered interior rooms with wooden floor insulation, replacement of tile roof, toilet and sink in one bathroom and minimum interior wiring, outlets and lights.

The Emergency Shelter Repair program completed repairs on 2,548 family homes, returning over 10,000 people to their homes, repaired small electric and water infrastructure damage in several communities, and generated 2,00 short term construction jobs for demobilized soldiers. The program also boosted the confidence and viability of several small independent contractors.

Next Steps: USAID is legislatively prohibited from continuing with any shelter or housing repair programs. USAID will continue its community infrastructure repair projects under the auspices of the Municipal Infrastructure and Services project.

Cross-Cutting Activities

A participant training program which provides U.S.-based training in a wide variety of democracy and economic restructuring areas is a key activity reinforcing the entire program.

Nearly 100 Bosnia and Herzegovina professionals have benefitted from U.S.-based training through USAID's participant training program, including a recent group of 50 Bosnian bankers, political party representatives, lawyers and tax officials. Trainees from the FY 1996 group have been putting their skills to work: nine were promoted shortly after their return from training, several have established or maintained business contacts in the United States, one used his experience to help draft major privatization legislation, one reconstructed his local government based on exposure to U.S. models, and one was a candidate for the Federation presidency in the September 1996 elections. Returned participants have trained an additional 300 Bosnian professionals.

Next Steps: Participant training programs will continue to complement the economic reconstruction and stabilization efforts, as well as those in democracy.

Other Activities

Trade and Development Agency: In the interest of promoting U.S. business in Bosnia, SEED funds were transferred to concentrate on feasibility studies, procurement and industry advisors, technical assistance, and training and orientation visits to the U.S. During Commerce Secretary Kantor's visit to Bosnia, TDA Director Grandmaison signed an agreement with Bosnia to provide air traffic control and related training. TDA placed a U.S. telecommunications engineering/design procurement and industry expert in Sarajevo. TDA provided a grant to help design a political risk guarantee facility to promote commercial bank financing for Bosnian imports.

TDA is providing a feasibility study grant to Bosnia to advance the development of the Port of Ploce and the transport of goods and services. Additional projects under way: a feasibility study grant for restructuring the aluminum industry; provision of procurement and industry advisers for the transport and energy sectors.

Gorazde Road: Article IV of Annex 1A of the Dayton Agreement called for a two lane all-weather road to be constructed in the Gorazhde corridor. Through an interagency agreement with the Department of Defense, the existing road and facilities were surveyed and recommendations made on building a new road. Department of Defense and IFOR resources were used to complete a center-line survey and to build a construction road with two lanes, utilizing portions of the existing road. SEED funds were transferred to the Dept. of Defense were used primarily for the purchase of construction materials, including gravel, asphalt, culverts and bridges. An all-weather road will require more resources than were available for this purpose from the U.S. We have encouraged the Government of Bosnia and Herzegovina to make this project a priority for funding in the Transportation Sector. In the meantime, the Gorazhde Road today is a lifeline for the city of Gorazhde, providing a vital connection to Sarajevo and the Federation.

Treasury Advisers: Among the first of the advisers provided by SEED funds was Treasury adviser Dr. Robert Kravchuk. Kravchuk helped to set up some of the first Federation financial institutions, such as the Ministry of Finance. A second generation of Treasury advisers was hired in 1996 to flesh out Kravchuk's pioneering efforts. Priority topics for Treasury were: tax policy, budget, payments system, external debt and support for establishing inter-entity public corporations. In 1996 the Treasury advisers concentrated on Federation institutions. In 1997 the focus will begin to shift to inter-entity institutions.

Demining: There are between 3 and 6 million mines throughout Bosnia. The location, marking and lifting of these mines is an essential prerequisite for many of the reconstruction projects planned in Bosnia. SEED funds in 1996 went in part to the Mine Action Center (MAC), set up in May in Sarajevo. The MAC handles operational aspects of mine clearing, coordinates numerous NGOs, and runs the mine clearance program and the mine awareness program. Trained deminers to conduct actual mine clearing operations is the primary of this product of this project.

172

Police Training: Under a UN command structure, the International Police Task Force (IPTF) assists local government to assume full responsibility for public security. The IPTF trains, equips and vets local police and judicial institutions. IPTF also helps to provide limited emergency public safety functions. The IPTF mission consists of 1,721 international police from 34 countries deployed throughout Bosnia. The U.S. contingent is made up of approximately 170 experienced law enforcement personnel; almost half are active duty police on leave from their departments.

During 1996, IPTF monitored local police activities as a mechanism for intervening with local authorities to redress human rights violations and to prevent inter-ethnic violence. IPTF also provided advice and counsel to local police in an effort to redirect their operations and to reorient their posture from public control to public service. The main focus of this effort to date has been establishing a set of guidelines for police operations based on democratic principles.

The Parties have committed to cooperating with the IPTF in restructuring their police forces in accordance with internationally recognized principles of policing. Specifically, they have agreed to review police functions, reduce the size of their forces to bring them in line with European standards, vet all police for human rights abuses, test all police to ensure they have the requisite skills, overhaul police policies and procedures to promote service to the community rather than service to the state, and cooperate fully with OPTF guidelines on restructuring. The U.S. is providing technical experts, training, and equipment to assist IPTF and local authorities in this effort.

Date 01/30/97

U.S. ASSISTANCE TO BOSNIA
FY 96 OBLIGATIONS

AS OF 09/30/96
(in US$ 000's)

	TOTAL OBLIGATION
	$232,116
STRENGTHENING DEMOCRATIC INSTITUTIONS	
Democratic Pluralism	
1800021 - Political And Social Process	*3,017*
1800022 - Independent Media	*1,679*
Political Process and Governance	
1800020 - Rule Of Law	*489*
SUB-TOTAL	*5,186*
AS % OF TOTAL OBLIGATION	*2.2%*
ECONOMIC RESTRUCTURING	
Privatization and Assistance to Enterprises	
1800014 - Privatization & Enterprise Restructuring	*14,315*
Improving the Business Climate	
1800027 - Business Services	*1,500*
Human Resources	
1800045 - Participant Training	*500*
SUB-TOTAL	*16,315*
AS % OF TOTAL OBLIGATION	*7.0%*
IMPROVING THE QUALITY OF LIFE	
Short-term Emergency & Humanitarian Aid	
1800054 - Bosnian Emergency Rehabilitation	*9,988*
1800056 - Bosnia Reconstructuring Finance	*46,278*
1800058 - Bosnia Municipal Infrastr. & Services	*68,039*
SUB-TOTAL	*124,306*
AS % OF TOTAL OBLIGATION	*53.6%*
MISCELLANEOUS	
1800249 - Audit, Evaluation & Project Support	*1,535*
180632A - Transfers To Other US Agencies	*59,150*
9686029 - Emergency Shelter Program	*25,422*
9686600 - OTI Bosnian Task Force	*200*
SUB-TOTAL	*86,307*
AS % OF TOTAL OBLIGATION	*37.2%*

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

1996 DONOR COMMITMENTS FOR BOSNIA

(U.S. millions)

DONOR COUNTRY	*TOTAL*
European Commission	369.41
Austria	11.50
Belgium	7.57
Denmark	4.38
Finland	4.67
France	9.39
Germany	40.26
Greece	7.00
Ireland	6.00
Italy	63.13
Luxembourg	3.35
Netherlands	102.79
Portugal	1.00
Spain	17.50
Sweden	31.12
UK	39.76
Member States	349.42
Total EU (Comm+Member St)	**718.83**
United States	281.70
Japan	130.00
Canada	24.20
Total Major Non-European St.	**435.90**
Brunei	2.00
Egypt	3.60
Indonesia	2.10
Iran	50.00
Kuwait/Kuwait Fund	25.00
Malaysia	12.00
Morocco	
Qatar	5.00
Saudi Arabia	50.00
Turkey	26.50
Total Islamic States	**176.20**
Albania	
Australia	1.13
Bulgaria	.01
Croatia	0.50
Czech Republic	6.00
Estonia	0.07
Hungary	1.00
Iceland	1.66
Latvia	
FRY	10.00

Lithuania	0.07
Macedonia	0.10
Norway	41.03
Romania	0.21
Russia	14.00
Slovakia	1.50
Slovenia	2.89
South Korea	1.00
Switzerland	33.96
Subtotal-Other Bilat. Donors	**115.13**
EBRD	100.00
Islamic Development Bank	15.00
World Bank	330.00
Subtotal - IFIs	**445.00**
COE Social Development Fund	0.08
OIC	3.00
Red Cross	1.50
Soros Foundation	5.00
World Health Organization	1.18
Subtotal-Foundations/Other	**10.76**
TOTAL	***1901.82***

Source: World Bank

IV. OTHER U.S. ASSISTANCE INITIATIVES AND PROGRAMS

FOOD ASSISTANCE AND CREDIT GUARANTEES

The United States increased its levels of both direct food assistance and indirect credit guarantees for Eastern Europe in FY 1996. The total was up approximately 60 percent from FY 1995. The big increase in direct food assistance was due to the continuing problems in Bosnia-Herzegovina. Support for Bosnia-Herzegovina increased from $60 million to $98 million under the emergency Title II program. The Title II assistance was provided through the World Food Program and the Red Cross. All the rest of the direct food assistance programs were funded at the $5-10 million level under the more commercially oriented Title I program and were government-to-government programs, except for Poland where the commodity was donated to the Agriculture Foundation. The indirect GSM-102 credit guarantee assistance increased from $126 million to $221 million and reflects growing U.S. confidence in the stability of the governments and economies of the Eastern European countries.

Albania received $5 million in non-emergency Title I funds, the same level as in FY 1997.

Bulgaria did not receive any food assistance in FY 1996, a repeat of FY 1995 versus $5.3 million under the now moribund Section 416(b) program in FY 1994. However, Bulgaria did receive a new GSM-102 program for $25 million in FY 1996.

Croatia did not receive any assistance under the Title I program in FY 1996. In FY 1995 Croatia received $4.6 million in non-emergency Title I food assistance down from $15.1 million in Title I and Title II in FY 1994.

The **Czech Republic** did not receive any food assistance under the Title I program in FY 1996 or FY 1995. The FY 94 $25 million GSM-102 program was renewed for $10 million in FY 1996 down from $20 million in FY 1995.

Estonia did not receive any food assistance in FY 1996 or FY 1995. But a new GSM-102 program was started in FY 1996 for $6 million.

Ex-Yugoslavia (Bosnia-Herzegovina, Serbia-Montenegro) received a total of $98.34 million in direct food assistance under the Title II emergency program, up from $60,167 million in FY 1995 under Title II. The $10 million GSM program provided in FY 1995 was not continued in FY 1996.

The **Former Yugoslav Republic of Macedonia** did not receive any assistance in FY 1996, a repeat of FY 1995.

Hungary did not receive any food assistance in FY 1996. The $16 million GSM program offered in FY 1995 was not renewed in FY 1996.

Latvia did not receive any food assistance in FY 1996, a repeat of FY 1995.

Lithuania received $10 million in non-emergency food assistance under the Title I program. This was an increase from $8.9 million allocated in FY 1995. Lithuania also received $11 million in GSM-102 credit guarantees for the first time.

Poland received a $25 million FY 1996 GSM-102 credit loan guarantee program, up from $20 million in FY 1995. The Title I Food for Progress program offered in FY 1995 was renewed for the same amount in FY 1996.

Romania received a $100 million GSM-102 program in FY 1996 up from $70 million in FY 1995.

Slovakia's $10 million GSM-102 program for FY 1995 was renewed for the same amount in FY 1996.

Slovenia's GSM-102 program was increased to $30 million in FY 1996 from $10 million FY 1995.

U.S. Food Aid and Credit Guarantees in Eastern Europe
All figures given in $ millions

	GSM-102 Credit Guarantees /1	*PL-480 Title I Concessional Sales /2*	*Sec. 416(b) Grant Aid /2*	*PL-480 Title II Emergency Programs /2*	*Food for Progress CCC Purchases /2*	*FY90-FY95 Aid Totals Excluding GSM-102 /2*
Albania						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	0	22.0 /3	15.74	.26	0	38.0
FY93	0	14.7 /3	7.00	1.58	0	23.28
FY94	0	12.6 /3	0	0	0	12.6
FY95	0	5.0 /3	0	0	0	5.0 /3
FY96	0	5.0 /3	0	0	0	5.0 /3
Subtotal	0	59.3	22.74	1.84	0	83.88
Bulgaria						
FY90	0	0	0	0	0	0
FY91	0	0	34.0	0	0	34.0
FY92	0	0	0	0	0	0
FY93	0	15.0	0	0	0	15.0
FY94	0	0	5.3	0	0	5.3
FY95	0	0	0	0	0	0
FY96	25	0	0	0	0	0
Subtotal	25	15.0	39.3	0	0	54.3
Croatia						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	0	0	0	0	0	0
FY93	0	0	0	0	0	0
FY94	0	9.2	0	5.9	0	15.1
FY95	0	4.6	0	0	0	4.6
FY96	24	0	0	0	0	0
Subtotal	24	13.8	0	5.9	0	19.7
Czech Republic and Slovakia						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	20.0	0	0	0	0	0
FY93	5.0 (Cz)	0	0	0	0	0
FY94	25.0 (Cz)	0	0	0	0	0
FY95	20.0 (Cz)	0	0	0	0	0
	10.0 (Sl)	0	0	0	0	0
FY96	0	0	0	0	0	0
	10.0 (Sl)	0	0	0	0	0
Subtotal	120.0	0	0	0	0	0

Estonia						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	0	8.0	9.8	0	0	17.8
FY93	5.0	0	0	0	0	0
FY94	0	0	0	0	0	0
FY95	0	0	0	0	0	0
FY96	6.0	0	0	0	0	0
Subtotal	11.0	8.0	9.8	0	0	17.8
Ex-Yugoslavia (Bosnia-Herz)						
FY90	40.0	0	0	0	0	
FY91	12.0	0	0	0	0	0
FY92	0	0	0	4.4	0	0
FY93	0	0	9.6	53.6	0	4.4
FY94	0	0	0	49.9	0	63.2
FY95	10.0	0	0	60.17	0	49.9
FY96	0	0	0	98.34	0	60.17
Subtotal	62.0	0	9.6	266.41	0	98.34
						276.01
FYROM						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	0	0	0	1.4	0	1.4
FY93	0	0	0	2.0	0	2.0
FY94	0	4.5	0	0	0	4.5
FY95	0	0	0	0	0	0
FY96	0	0	0	0	0	0
Subtotal	0	4.5	0	3.4	0	7.9
Hungary						
FY90	26.0	0	0	0	0	0
FY91	20.0	0	0	0	0	0
FY92	10.0	0	0	0	0	0
FY93	10.0	0	0	0	0	0
FY94	20.0	0	0	0	0	0
FY95	16.0	0	0	0	0	0
FY96	0	0	0	0	0	0
Subtotal	102.0	0	0	0	0	0
Latvia						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	0	8.0	9.8	0	0	17.8
FY93	0	0	0	0	0	0
FY94	0	0	0	0	0	0
FY95	0	0	0	0	0	0
FY96	0	0	0	0	0	0
Subtotal	0	8.0	9.8	0	0	17.8

Lithuania						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	0	8.8	9.8	0	0	18.6
FY93	0	19.6	0	0	0	19.6
FY94	0	13.3	0	0	0	13.3
FY95	0	8.9	0	0	0	8.9
FY96	11.0	10.0	0	0	0	10.0
Subtotal	11.0	60.6	9.8	0	0	70.4
Poland						
FY90	0	14.8	35.9	0	0	50.7
FY91	0	0	0	0	0	0
FY92	0	0	24.0	0	0	24.0
FY93	0	0	0	0	19.0	19.0
FY94	0	0	0	0	0	0
FY95	20.0	5.0	0	0	0	5.0
FY96	25.0	5.0 /3	0	0	0	0
Subtotal	45.0	24.8	59.9	0	19.0	103.7
Romania						
FY90	0	20.0	40.8	0	0	60.8
FY91	0	0	33.5	0	0	33.5
FY92	50.0	10.0	0	0	0	10.0
FY93	51.0	10.0	0.58	0	0	10.58
FY94	52.0	0	4.6	0	0	4.6
FY95	70.0	0	0	0	0	0
FY96	100.0	0	0	0	0	0
Subtotal	223.0	40.0	79.48	0	0	119.48
Slovenia						
FY90	0	0	0	0	0	0
FY91	0	0	0	0	0	0
FY92	0	0	0	0	0	0
FY93	13.0	0	0	0	0	0
FY94	40.0	0	0	0.7	0	0.7
FY95	10.0	0	0	0	0	0
FY96	30.0	0	0	0	0	0
Subtotal	93.0	0	0	0.7	0	0.7
Program Totals	816	234	240.42	278.25	19.0	771.67

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

PEACE CORPS

Since FY 91 Peace Corps has received $4.6 million in SEED funding to support business development activities in 10 countries in Central Europe. These funds, used for supplemental training and technical assistance support, have been in addition to Peace Corps' own appropriations to maintain operations. This funding is currently utilized under four Inter-Agency Agreements which are effective through FY 97.

Funds Received

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

In FY 92, Peace Corps received $1.4 million to: 1) establish a Free Enterprise Transition Center for Poland in the amount of $986,300; 2) establish 12 Multi-Link Resource Centers (business information centers) in Bulgaria in the amount of $171,686; and 3) support business training and technical assistance activities in Central and Eastern Europe and the Baltic's, including Albania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia in the amount of $290,000. This program is known as the European Business Development Program (EBDP).

In FY 93, Peace Corps received $2.6 million including: 1) an additional $500,000 in SEED funding to supplement the Bulgaria funds; and 2) an additional $2.1 million to supplement the European Business Development Program.

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

FY 96 Fund Utilization

In FY 96 Peace Corps utilized $959,830 of SEED funds to support its business development programs in Eastern and Central Europe and the Baltic's, including Albania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia. SEED funds in these countries are disbursed through one regional Inter-Agency Agreement, known as the European Business Development Program (EBDP) to provide training and technical assistance. In addition, there are three other Inter-Agency Agreements: one for Poland (the Free Enterprise Transition Center, or FETC), one for Bulgaria (the Multi-Link Resource Center Project or MLRC), and one for the Czech Republic (Action Know-how for the Czech Economy or AKCE). The programs in Poland and Bulgaria provide operational and training expenses to run business information centers. The program in the Czech Republic provides funds for entrepreneur and counterpart training and technical assistance.

SEED funds are managed from Peace Corps Washington office in the "Office of Training and Program Support" (OTAPS) by staff in the Business Development Sector. Peace Corps Business Development staff in the countries covered by SEED funds submit annual plans for use of funds which are reviewed, approved and monitored by OTAPS. These annual plans are completed in collaboration with the local USAID staff in country.

Country Activities

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

Albania

The majority of the 20 SBD Volunteers work in Regional Business Agencies (RBAs) or Private Business Associations. The RBAs are centers organized by the European Community to assist in the development of small- and medium-sized enterprises. Volunteers help to establish and manage these centers and provide training for entrepreneurs in cash management, accounting, marketing, transportation, advertising, and tourism. During FY 96, $27,375 SEED funding supported the following activities:

- Translation and publishing of four business management text books in the Albanian language for use at the network of RBAs.

- Funds were used to purchase American business reference books to establish small business libraries at all seven RBAs.

- Funds were also used to support the development of the Albania Junior Achievement (JA) program by translating the JA student company educational materials into Albanian for a pilot program involving five high schools in Albania. Peace Corps Volunteers are involved in both teaching the JA curriculum as well as training Albanians in JA teaching techniques.

Bulgaria

Twenty-three PCVs work with small business owners and entrepreneurs in Project Enterprise to provide business skills training and resource information. Most PCVs are assigned to one of the 11 Multi-Link Resource Centers that are organized by municipal governments in cities throughout Bulgaria. These provide training and resource support to entrepreneurs. During FY 96, $276,950 in SEED funding supported the provision of technical assistance, market research, and training by these centers. Each center has roughly 35 client businesses.

The following major business activities were supported in FY 96 with SEED funds:

- Funds were utilized to develop the "Standard Accounting and Reporting System for the Bulgarian Agricultural Cooperatives (STARS) project by Peace Corps Volunteers and their counterparts. This work has assisted the transition of the Bulgarian agricultural economy by creating a western standard type of voluntary financial and management accounting to serve the agricultural cooperative sector of the economy.

- Collectively, the research centers provided business training for 195 seminar beneficiaries and provided business planning and assistance to 872 new clients during FY 96.

The Czech Republic

The 18 Volunteers in the Czech Republic work with various government and non-government organizations to develop business assistance programs, systems, and services and to provide training and one-on-one counseling for entrepreneurs and students. In FY 96, $230,247 in SEED funding supported a variety of Peace Corps Business activities including the following principal projects:

- Established a business multi media center at the University of Western Bohemia for use of both business students and the regional business community.

- Supported a Junior Achievement (JA) trade fair in which 109 Czech student companies participated. This event involved over 220 Czech high school business students.

- Supported intensive five-day training of 17 Peace Corps Business Volunteers and 12 Czech counterparts in effective "Project, Design and Management" of community development and organizational development projects.

- Supported a seminar for training 16 Czech Business Women in "Advanced Business Skills."

- Supported the development of materials and networking conferences for the Czech Association of Professional Women which involved 515 Czech women in the year.

- Provided matching funds to translate the JA "Applied Economics" textbook into the Czech language for use by 6,000 Czech high school business students in the year.

- Supported the development of a business incubator at the Plzen Business Innovation Center with matching funds to purchase needed business equipment for the center; the business incubator project directly served 30 Czech entrepreneurs in the year.

1997 will be the last year for Peace Corps in the Czech Republic.

Estonia

In Estonia, 13 PCVs worked in mostly rural areas with the Department of Local Government and Regional Development, providing newly privatized businesses and potential entrepreneurs with access to basic business skills and planning assistance to economic development units of municipal governments. Among the activities supported by the $29,800 of SEED funding during FY 96, were the following:

- Supported the first Estonia Tourism Conference attended by 40 Estonians involved in the tourism industry and seven Peace Corps Volunteers. The emphasis of this conference was on assisting in the development of tourism in cities and rural areas outside of Tallinn.

- Supported a series of business seminars and workshops conducted by Peace Corps Volunteers across Estonia on marketing, accounting, business plan development, and business capitalization. Some of these were conducted in coordination with the new "Baltic American Enterprise Fund." A total of 231 Estonian entrepreneurs attended these training events.

- Supported the installation of e-mail technology at 15 Estonian business host agencies and the training of Estonian counterparts in e-mail and internet technology for business applications. An Estonian language guide to the use of e-mail and the Internet was developed.

Hungary

The Small Business Development Project in Hungary now has seven PCVs who are assigned primarily to small business centers (many funded by EC/PHARE) and private foundations. The project promotes development of small and medium enterprises. Volunteers are developing and organizing information resource services at their host institutions as well as providing on-going individualized assistance. They also conduct short evening and weekend courses for entrepreneurs. During FY 96, $78,000 of SEED funding supported these activities:

- Supported a series of business seminars and workshops on marketing, accounting, management, and capitalization to Hungarian entrepreneurs.

- Supported the development of the Hungarian Junior Achievement program and the translation of JA materials into Hungarian.

- "Business English" training of Hungarian business educators.

1997 will be the last year for Peace Corps in Hungary.

Latvia

Fourteen PCVs work with a variety of local governmental entities, NGOs and business education entities. The purpose of the Latvia project is to build small enterprise capacity in Latvia's rural areas by providing new entrepreneurs with access to those business skills necessary to function profitably in a free market economy. During FY 96, $46,232 SEED funding provided for the following activities:

- Supported the installation of e-mail technology at 14 Latvian business host agencies and the training of Latvian counterparts in e-mail and internet technology for business applications. A Latvian language guide on the use of e-mail and the Internet was developed.

- Supported the research and publication of a industrial development / foreign investment guide to the Cecis region which was printed in English, Latvian and German.

- Supported the publication of the Latvian language "Farm Business Management Education Project (2,000 copies) co-written by five Peace Corps Ag Business Volunteers. The guide reviews crop selection and management, record keeping, financial analysis, agricultural loan applications, and marketing. Distribution of the guide is through the Latvian Agricultural Advisory Service and the Latvia Agricultural Credit Bank.

- Supported the publication of the Latvian language "Commercial Credit from the Banker's Perspective" written by two Peace Corps Volunteers (1,000 copies).

- Supported the feasibility analysis by an American business incubator expert of a community based business incubator in Leipaja, Latvia in conjunction with the local business center and the municipal government of Leipaja.

- A Latvia Tourism conference emphasizing tourism in the smaller cities and rural areas of Latvia outside Riga. A total of 36 Latvians involved in various aspects of the tourism industry attended this conference.

Lithuania

The Lithuania project builds small enterprise capacity by providing entrepreneurs access to those business skills necessary to compete profitably in a free market economy. Seventeen PCVs are assigned to the Ministry of Economics, to various local and municipal governments, and a small number to business education institutions. The Ministry of Economics has established an Entrepreneurship Division. Three Business Advisory Service Centers, sponsored by the European Community, have also been set up. PCVs assigned to the economic development units of local governments are providing business management skills and training entrepreneurs, assisting with economic development plans for the local governments and training host country agency staff in

systems management and controls. During FY 96, $34,955 SEED money funded the following major projects:

- Supported the installation of e-mail technology at 17 Lithuanian business host agencies and the training of Lithuanian counterparts in e-mail and internet technology for business applications. A Lithuanian language guide to the use of e-mail and the Internet was developed.

- The development of the "Lithuanian Agricultural Export Guide" published in Lithuanian, English, and Russian with 5,000 copies distributed of the 176 page guide. The guide was developed by a Peace Corps Ag Business Volunteer in conjunction with the Lithuania University of Agriculture. Development of the guide also involved graduate students of the University of Agriculture in research and field work with Lithuanian farmers.

- Supported the publication of the Prienai Tourism brochure in English and Lithuanian for the Prienai region.

- Supported the Radviliskis Region Information Guide for foreign investment in English and Lithuanian.

- Developed a video presentation on tourism in the Klaipeda region as well as a series of tourism information signs.

- Provided matching funds for the translation of a computer software package of a business simulation program for the Lithuanian Junior Achievement program.

Poland

Poland has 35 Volunteers in its two Small Business Development Projects. The purpose is to improve the operations, functioning, and management of Polish local and provincial government institutions to design and implement programs for local economic restructuring. The two projects are as follows: 1) as municipal and privatization advisors, PCVs provide technical assistance and training at the municipal, county, and regional level on economic development, municipal finance, small business assistance, regional promotion, and tourism development under the general supervision of the Council of Ministers; 2) as business training advisors, Volunteers help establish business schools by providing assistance and training on curriculum development, school management, and long term planning with general coordination from the Ministry of Education. Volunteers also teach courses either as their primary or secondary assignment. Under the Ministry of Labor, a business incubator project links small business advisory services with development funds to provide entrepreneurial opportunities for the unemployed.

Among the activities supported by $245,114 of FY 96 SEED funding were the following:

- Supported 10 institutions of higher education in Poland providing business education to Polish business students including the development of business libraries at each school.

- Developed and published Polish business case studies for use in the network of "Free Enterprise Transition Consortium (FETC)" centers. These were printed in the Polish language and have Polish economy specific business examples.

- Developed a computer facility training center for blind people in the Kielce region of Poland providing computer / job skills for the blind. This project accessed technology developed in the US from the IBM corporation and was the first such project in Poland and possibly central eastern Europe.

- Created a database of job opportunities for the physically and visually disadvantaged population in the Kielce region and a corresponding data base of the physically disadvantaged in the region.

- Provided training to 12 local governments in management of the privatization process primarily in accounting, valuation, marketing, and business plan development.

Romania

Twenty-two PCVs focus on improving the management skills of small- and medium-sized businesses with special attention to agriculture-related activities. Volunteers are working with the Romanian Development Agency (RDA), county governments, Chambers of Commerce, UNIDO, Washington State University (WSU) and the Romanian Center for Small Business (CRIMM). PCVs are involved in advising individual business owners, farmers, and agribusiness owners on the business and financial aspects of their enterprises through workshops and seminars on business start-up, planning, marketing, costing, and pricing. Volunteers are also developing and improving systems, organizations, and programs of the Small Business Centers in Romania. The purpose of the project is to promote an increase in the number of profitable small- and medium-sized businesses by improving access to Business Development Centers that will develop effective business management, strategies, and practices. Among the activities supported with $89,517 of SEED funding in FY 96 were the following:

- Provided training to 10 Romanian Business center staff in small business management and business counseling skills; 2,604 clients were provided with business assistance at these centers during the year.

- Organized and delivered a total of 105 seminars on 26 business topics including finance / banking, exporting / importing techniques, marketing, tourism development, business start - up, and Business English. Over 2,000 Romanian entrepreneurs attended these training events.

- Provided support to 13 Business Incubators in management, client service, and computer technology training.

- Provided training at 25 secondary schools utilizing the Junior Achievement program in Romania with purchase of Romanian language business simulation software.

Slovak Republic

The 25 PCVs in the Slovak Republic are involved in a range of training and business assistance activities by providing training, direct consultancy, and technical services. Among the activities supported by $54,653 of SEED funding in FY 96 were the following:

- Developed the Slovak Small Business Information Exchange and Networking project for 10 Regional Development Agencies in Slovakia.

- Provided training for 45 Slovak entrepreneurs in business feasibility analysis and business plan preparation in the Orava region and in Nitra.

- Supported the implementation of four business seminars in Pezinok with attendance by 60 Slovak entrepreneurs.

- Prepared and delivered a Business Management Course for 20 business people in Spisska Nova Ves and the surrounding towns.

- Organized and delivered Customer Service Training for 60 Slovak tourism industry employees in Spis region.

- Conducted a "Business Competition" seminar in Nitra.

- Trained 25 members of the Slovak Agricultural Cooperative Accountants Association in business plan preparation, business management, financial and marketing planning.

- Published a Slovak language edition of "Business Plan Preparation Workbook" with 1,000 copies printed.

- Developed a marketing brochure for the Povazska Bystrica Business Center in Slovak and English with a planned German version.

USIA NON-SEED-FUNDED ACTIVITIES

Academic Programs

Academic Specialists in English Language Programs: This program awards grants to American academic experts and distinguished professionals to consult with colleagues at foreign universities and institutions. Academic specialists engage in a variety of activities that include conducting seminars and workshops on selected topics. Specialists are selected in response to requests from USIS posts abroad. Programs range from two to six weeks in duration.

Approximately 40 English Language Academic Specialists conducted seminars for English-language teachers on Teaching English as a Foreign Language (TEFL) methodology and the incorporation of American Studies topics in the English-language classroom. Other specialists conducted seminars and workshops on a variety of themes including business management and computer instruction.

College and University Affiliations Program: The College and University Affiliations Program is the USIA's institutional grant program which fosters sustainable linkages in the humanities and social sciences between U.S. and foreign academic institutions to advance specific U.S. foreign policies which contribute to a more secure and prosperous world. The CUAP is administered by the Specialized Programs Unit in USIA's Office of Academic Programs.

The program awards grants of up to $120,000 for a three-year period. The USIA grant supports curriculum, faculty and staff development as well as collaborative research and outreach activities that have a multiplier effect and have a positive long-term impact among the communities involved. Award funding may be used to defray costs for travel and per diem. There is also a modest allowance for educational materials, communications and administrative expenses. Participating institutions are required to maintain faculty and staff on full salary and benefits during the exchange.

Currently, there are eight active College and University Affiliation projects in seven of the countries of Central Europe. Fields for exchanges include public administration, law, Journalism, History, Political Science, and American Studies. Successful program linkages, like the linkage between the University of Missouri-Columbia and University of Sibiu in Romania, work to cement the basis for a long-term relationship that continues after completion of USIA grant activities.

Fulbright: USIA's Fulbright Scholar Program exchanges faculty lecturers, researchers, professionals and graduate students between the United States and Central Europe for periods ranging from one semester to one academic year to lecture and conduct research. Foreign applications are submitted to the Fulbright Commission or USIS Post in the applicant's home country. Bilateral Fulbright Commissions operate in Hungary, Poland, Czech Republic, Romania, Bulgaria and Slovakia.

In fiscal year 1995, 362 Fulbright grantees were exchanged between the United States and the countries of Central Europe. A total of 116 American lecturers, researchers and graduate students traveled to thirteen countries in Central Europe and approximately 246 Central European individuals lectured or studied in the U.S. Grants were awarded for a variety of fields including business administration, law, economics, American Studies and literature, arts and humanities, social sciences, hard sciences, communication, education, and engineering.

Fulbright Teacher Exchange Program: This program provides academic year exchange opportunities for secondary school educators. A limited number of post-secondary educators also participate on the program. Exchanges are generally reciprocal and focus on social science fields, curriculum reform, English teaching, and foreign languages. During the 1995-1996 academic year, a total of 58 secondary school teachers will be exchanged between American and Central European schools.

Hubert H. Humphrey Fellowship Program: As part of a world-wide program, the Humphrey Program brings mid-career professionals from Central and Eastern Europe to the United States for ten months on combined academic and professional training. Fellows are placed in non-degree programs at universities around the U.S. Fellows are recruited through the USIS post in their home country.

Individual grants were awarded to 38 Humphrey fellows from Central and Eastern Europe for the 1993-1996 program. This year, 11 grants were awarded for the 1996-1997 program. Participants came from a variety of fields including public administration, economic development, journalism, and environmental management.

Edmund S. Muskie Fellowship Program: The Muskie Fellowship program provides scholarships for graduate study and hands-on training in the United States in the fields of business administration, economics, law, and public administration for students from the NIS and the Baltics. Individual programs range from one to two years in length, with some programs concluding with the award of a graduate degree or certificate. Candidates are recruited through a merit-based competition administered by an inter-organizational operating committee consisting of the American Council for Teachers of Russian (ACTR), the International Research and Exchanges Board (IREX), the Institute for International Education (IIE), and the Soros Foundation. U.S. host campuses are selected through a competitive process. In the 1995-1996 academic year, 24 students from the Baltic states are participants in the program.

Educational Advising: USIA operates education information centers in Central and Eastern Europe that provide information and advising services for individuals interested in studying in the United States. The centers are located at USIS missions, Fulbright Commission sites, universities, public libraries, and other public foundations which provide personnel and working space. USIA provides reference materials, including publications and cd roms, equipment, and funding for training programs.

USIA currently supports 56 education information centers in fourteen Central European states. Additionally, USIA provides funding for a Regional Educational Advising Coordinator who provides needs assessment, training and other support for centers throughout the region. During 1996 two educational advisers from Central Europe participated in the U.S.-based Mid-Level Advisers Training Program.

Speakers and Professionals-Residence Programs: USIA recruits American distinguished scholars and professionals to consult with Central European counterparts and provide advice in their particular areas of expertise. Generally, Speaker's programs last 1-2 weeks and Professionals-in-Residence operate for three weeks or longer. In fiscal year 1995, USIA sent 151 U.S. Speakers and Professionals-in-Residence to Central Europe in a variety of fields including rule of law, market economics and the U.S. political system.

Citizen Exchanges

Central and Eastern European Assistance Awards: In fiscal year 1996 five assistance awards totalling $618,849 were given to U.S. non-profit institutions to conduct training programs in Albania, Bosnia, Romania, Czech Republic, Slovakia, and the Baltics. Grant awards focused on business management, journalism, local government, and parliamentary administration.

Discretionary Grants: This global program provides grants to U.S. non-profit organizations in support of projects that link their international exchange interests with counterpart institutions/groups in other countries. Projects are targeted to USG policy goals in each country. In 1996, Eastern and Central Europe was not included in the Discretionary competition.

International Visitor Programs

International Visitor Program: The International Visitor (IV) Program affords opportunities for established or potential foreign leaders in government, politics, media, education, labor relations, the arts and other key fields to confer with their American professional counterparts and to experience U.S. culture firsthand. Visitors participate in individualized programs or in group projects for a period of 3-4 weeks.

Visitors are nominated by American Embassies in East and Central Europe. In fiscal year 1996, over 300 visitors from 15 countries participated in IV individual, single-country, European regional, and multi-regional programs. Over thirty single-country projects were completed on a wide range of regionally important issues, including market economics, the federalist system of government, rule of law, free press, human rights and ethnic diversity, the American political system, state and local government, and civics education.

198

Voluntary Visitors: The Voluntary Visitor Program arranges professional appointments and operates shorter-term programs for individuals and groups traveling to the U.S. at their own expense. Voluntary visitors are nominated by American missions abroad. Over 111 visitors from Central Europe participated in Voluntary Visitor Programs in fiscal year 1996.

Arts Programs

Performing Arts: Until FY 1996, in consultation with U.S. Embassies, the Office of Arts America organized a small number of fully-funded performing arts presentations in music, dance and theater. In addition to performances, overseas tours usually involve workshops or master classes, interviews with foreign media, and representational events such as dinners or receptions. This program will not continue in FY97. USIA's partnership in the Fund for U.S. Artists at International Festivals and Exhibitions, which supports U.S. musicians, dancers, and theater artists invited to perform at international festivals abroad, will continue.

Artistic Ambassador Program: The Artistic Ambassador Program sends often undiscovered classical musicians to various countries to enhance USIA's mission of promoting cross-cultural understanding. In addition to performing, Artistic Ambassadors also may conduct workshops and master classes. Artistic Ambassadors are sought from music schools, conservatories, colleges and universities throughout the U.S. Artistic Ambassadors are selected through live auditions.

Corridors of Culture: The Corridors of Culture program was created in 1994 to demonstrate support for writers and other members of the intellectual community in emerging democracies of Central Europe and the NIS. The program introduces foreign writers to the American publishing business, the role of literary agents, and the practical realities of publishing in the global marketplace. In 1996, USIA funded programs involving Bulgaria and Romania.

Creative Arts Discretionary Competition: This biannual, world-wide competition invites proposals from U.S. non-profit organizations for exchanges of professionals in the arts and museum fields. Due to lack of funding, this competition was not offered in 1996.

Museum Linkages: Since 1981, USIA has supported the International Partnerships Among Museums (IPAM) program to encourage linkages between U.S. and foreign museums. This program, which runs on a two-year funding cycle, is administered by the American Association of Museums. USIA currently sponsors three linkages between U.S. museums and museums in the Czech Republic and Hungary. Another cycle of this program will begin Spring of 1997.

Cultural Specialists Program: This program is designed to encourage the exchange of ideas in the areas of creative and performing arts. USIA recruits experts in response to requests made to U.S. Embassies by foreign cultural institutions, schools or associations. USIA sent four American Cultural Specialists to Central Europe on a variety of topics in fiscal year 1996.

Visual Arts: USIA works with museums across the U.S. to send a wide variety of fine arts exhibitions around the world. Exhibitions normally tour for one to two years. Exhibits must be recommended by an expert panel, meet the stated needs of U.S. embassies, and be suited for touring overseas. Three exhibitions, one video, one print and one photo exhibit, were presented in Central Europe in 1996.

Book & Publications Programs

Book Translations: USIA assists independent publishers who have a commercial interest in producing either translated versions of U.S. works or low-priced English-language reprints of the original works by bringing together foreign and U.S. publishers so that agreements can be reached. In Central Europe the Book Translations Program has produced books on American history and fundamentals of government (e.g. "Democracy in America", The Federalist Papers") as well as books on American law, municipal government, market economics, business management and marketing and books on the environment, such as Vice President Gore's "Earth in the Balance," which has been published in Hungarian, Bulgarian, Polish, Serbo-Croatian, Slovenian and Czech. President Clinton's book "Putting People First" has also been published in Russian.

Publications: USIA produces pamphlets and short publications about U.S. life, democratic government and the market economy. Many of these publications are made available in the languages of Central Europe, including Albanian, Bulgarian, Croatian, Czech, Estonian, Hungarian, Latvian, Lithuanian, Macedonian, Polish, Romanian, Serbian, Slovak, and Slovene. Publications range from basic documents (U.S. Constitution and Declaration of Independence) to educational pamphlets ("Introduction to Human Rights," "What is a Market Economy") and special event publications such as the "U.S. Elections '96" booklet.

Washington File: USIA produces the Washington File, a news-service communication network compendium of official United States Government texts, reports, speeches and media items intended to explain U.S. government policy. The Washington File is published in English, French, Spanish, Arabic and Russian. The Washington File is transmitted to U.S. missions abroad for usage by the Foreign Service community and dissemination to foreign opinion leaders. The Washington File is transmitted five times a week to all Central European missions.

Broadcasting

Media Training: USIA's Office of International Media Training implements several programs that are designed to promote the development of a free and independent media in Central Europe. All participants are nominated by American missions abroad.

WORLDNET: WORLDNET, USIA's television and film service's global satellite television network, presents a wide variety of programming about life in the United States.

WORLDNET broadcasts to U.S. embassies and USIS posts around the world which receive its satellite transmissions and then make them available to select and mass audiences. In addition to U.S. embassies and cultural centers, various broadcast companies and cable systems can receive WORLDNET directly for retransmission of its programs for free if they sign usage contracts with WORLDNET. Following is a brief description of specific WORLDNET programs.

--Acquisitions: WORLDNET's Acquisitions Department purchases broadcast and educational rights to new series and renews rights to old series. Priority areas for Central European programming include economics, business and political process.

--TV-Coops: Under this program, USIA sponsors television crews from the region to travel to the U.S. for a two to three week period to film short documentaries on a variety of themes, for example: trade and investment, banking, business management, U.S. politics and society.

--Language Versions: WORLDNET programs are translated into many of the region's languages including Albanian, Bulgarian, Croatian, Czech, Estonian, Latvian, Polish, Romanian, Serbian, Slovak and Slovenian.

--Interactives: Interactive dialogues are live satellite television dialogues which provide a forum for Central European political leaders, journalists and professionals to speak directly with American experts in government, business, science, education and the arts.

VOA: The Voice of America (VOA) is the international broadcast service of the United States Information Agency. VOA programs cover global, U.S., regional, and to the extent possible, local news and related political and economic events. Other programming is designed to teach foreign audiences about the United States. Along with music of all varieties, there are features on democratic institutions, market economics, science, medicine, and sports.

VOA has over forty Central European affiliates which rebroadcast VOA programs and receive equipment from VOA. Language services include many of the regions' languages.

U.S. DEPARTMENT OF AGRICULTURE (USDA)

COCHRAN FELLOWSHIP PROGRAM

USDA's Cochran Fellowship Program provides short-term agricultural training in the United States for agriculturalists from selected middle-income countries and emerging democracies. Training programs are developed for public and private sector specialists and administrators concerned with agricultural trade, management, marketing, policy, and technology transfer. The objectives of the program are to assist countries to develop agricultural systems necessary to meet the food needs of their domestic populations, and to strengthen and enhance trade linkages between the countries and U.S. agricultural interests. The program works closely with USDA agencies, U.S. agricultural trade and market development associations, agricultural colleges and universities, and agribusinesses, and is part of USDA's Foreign Agricultural Service (FAS), International Cooperation and Development (ICD) program, Food Industries Division (FID).

The Cochran Program has been providing U.S.-based agricultural training for participants from Central and Eastern Europe (CEE) since 1985 when the program was initiated in Yugoslavia. The program expanded into Poland in FY 1989; Czech Republic, Slovakia, Hungary and Bulgaria in FY 1991; Albania in FY 1993; Croatia and Slovenia in FY 1994; and Romania, Latvia, Lithuania, and Estonia in FY 1995. Funding for CEE countries has come from three sources: direct Congressional appropriation ($2.2 million during 1989-1996); SEED Act funding ($1.16 million during 1991-1992), and USDA's Emerging Markets Program ($3.2 million during 1992-1996). Funds were used in the U.S. to pay participants' costs such as food and lodging, domestic airfares, emergency medical insurance, training fees, and to provide USDA staff support. The Cochran fellow or their employer/sponsor contributed the international airfare. During the FY 1989 - 1996 period, 1,143 Cochran fellows from the following countries received training: Poland (428 participants), Hungary (126), Czech Republic (191), Slovakia (81), Bulgaria (161), Albania (38), Croatia (20), Slovenia (38), Romania (10), Latvia (17), Estonia (18), and Lithuania (15).

Albania: The FY 1996 program highlighted training in meat processing, seed quality, and food safety. Until the recent election, a 1994 Cochran fellow, Bamir Topi, was the Albanian Minister of Agriculture. As a result of the seed quality program, the American Seed Trade Association (ASTA) has been invited to assist with revising Albanian seed regulatory process.

Baltics: About $60,000 total was allocated to Estonia, Latvia, and Lithuania in FY 1996, which funded 8 participants. Training topics included supermarket management/food retailing, agricultural policy, dairy marketing, dairy genetics, meat inspection, and agricultural policy.

Bulgaria: About $300,000 has been used for training Bulgarians between 1992 and 1996, or about $60,000 per year. Although Bulgaria has been relatively slow to shift to free market agriculture, Cochran Programs can be directly linked to improvements in the management of food

processing facilities and, together with USDA's Extension Service, establishing a counterpart Bulgarian extension system. The FY 1996 program was highlighted by new training programs in food retail, wood home construction, and technical assistance topics such as farm management, agricultural policy, and meat processing. Bulgarian Television staff participated in one program in Missouri and Nebraska and produced video presentations on U.S. agriculture on Bulgarian TV.

Croatia: The program expanded slightly in Croatia in FY 1996. Four Croatians were funded by appropriations and participated in training programs in topics such as plant inspection systems, agricultural finance and credit, vegetable oil processing, and agricultural policy.

Czech Republic and Slovakia: The Cochran Program started in Czechoslovakia in 1991. In 1993, separate programs were established in the Czech Republic and Slovakia. Appropriations allocated for both countries from 1991 to 1996 totaled about $500,000 or about $40,000 per country per year. This provided training for 32 participants from the Czech Republic and 25 from Slovakia. Cochran Programs have been cited by the USDA/FAS Agricultural Affairs Officer as having facilitated the use of USDA export assistance programs for sale of U.S. grain, building contacts with U.S. agribusinesses, and assisting both countries in areas of agricultural policy and technology transfer.

Hungary: Appropriations allocated for Hungary from 1991 to 1996 averaged about $62,000 per year or $370,000 for the 6 year period, and provided training for 55 participants. There has been a dramatic shift from public to private sector participants over the past years, which have provided increased U.S. agricultural trade opportunities in livestock genetics, seeds, consumer ready products, and food and feed grains.

Poland: Appropriations allocated for Poland averaged about $110,000 per year for the 1989 to 1996 period, for a total of about $880,000. This provided training for 123 Polish participants. The majority of Cochran participants have come from the Polish private agribusiness sector, in areas such as consumer-ready agricultural products, livestock genetics, grain trading, wood home construction, and other topics that relate to the potential for increased trade. Recent reports from the participants in the consumer-ready programs indicate that the Polish fellows are importing over $40,000 of popcorn and $16,000 of spices and condiments per month from the United States. Total reported results of Cochran training activities indicate that over $10 million of U.S. commodities have been sold to former Cochran participants since 1992.

Romania: The Cochran Program funded 2 Romanian participants in FY 1996 at a cost of about $15,000. Training activities included wood frame construction and dairy processing and marketing. Additional Romanian participants will receive training in FY 1998.

Slovenia: Appropriated funding provided training for 4 Slovenians in FY 1996 bring the total number of Cochran fellows to 16 since 1994. Total appropriated funding over the three years is about $130,000 or about $45,000 per year. According to our USDA Agricultural Office, a recent Feed Processor training program has already resulted in purchase of 25,000 metric tons (MT) of U.S. corn and 5,000 MT of U.S. soybean meal valued at about $7 million.

EMERGING MARKETS PROGRAM

The Emerging Markets Program (formerly the Emerging Democracies Program) was originally authorized in the Food, Agriculture, Conservation and Trade Act of 1990 (the Farm Bill) and amended by the Federal Agriculture Improvement and Reform Act of 1996. The Bill authorizes a program for promoting agricultural exports to emerging markets through the sharing of U.S. agricultural expertise by the provision of technical assistance. Funds and facilities of the Commodity Credit Corporation (CCC) are authorized to support the program. The overall goal is to develop, maintain, or expand markets for U.S. agricultural exports in the short- to intermediate-term.

The Act authorizes $10 million per year over seven years to share U.S. agricultural expertise through technical assistance to "develop, maintain, or expand markets for United States agricultural exports" in emerging markets, to improve the effectiveness of food and rural business systems in emerging markets, including potential reductions in trade barriers, and to increase prospects for U.S. trade and investment in these countries. The Program encompasses all geographic regions and has specific guidelines for country eligibility.

Regional. From the program's inception in FY 1992, a number of activities have been undertaken in Central and Eastern Europe. By yearly total, regional assistance to Central and Eastern Europe was provided at the following levels: FY 1991: $62,000; FY 1992: $3,869,000; FY 1993: $2,387,000; FY 1994, $4,305,347; FY 1995: $2,017,780, and FY 1996: $1,710,000. Funds were allocated to the regional Cochran Fellowship program to augment existing appropriated funding. This regional funding for the Cochran Fellowship program was: FY 1992, $500,000; FY 1993, $600,000; FY 1994, $700,000; FY 1995, $800,000; and FY 1996, $600,000 for a total of $3,200,000. Three additional regional programs are described as follows. A trade mission was organized to assess bonded warehouse space in the Ports of Koper, Slovenia and/or Rijeka, Croatia. ($40,000); wood frame housing technology and market development was continued in Central Europe (Poland, Romania, Bulgaria, Czech Republic, Hungary) through hands-on assistance ($500,000); and in the Baltic Republics and Poland, the resident advisor was extended for one year to continue market development activities in dairy farm management, animal (bovine, swine, poultry) genetics, animal feeds and nutrients (forages, grains, bean meal, and pharmaceuticals), and farm equipment ($570,000).

Baltics. Totals of funding allocated to the three Baltic Republics are as follows: FY 1992, $604,000; FY 1993, $639,000; FY 1994, $434,200; and FY 1995, $504,360 for a total of $2,181,560. Past activities included poultry, dairy, livestock, and feed sector assessments; poultry sector development; dairy sector development; a regional dairy genetics resident advisor; a food warehouse feasibility study. There were no new FY 1996 activities; however, the resident advisor was extended for one year with additional responsibilities in Poland as described in the regional section above.

Bulgaria. Yearly totals of funding allocated to Bulgaria are as follows: FY 1992, $1,312,000; FY 1993, $445,000; and FY 1994, $408,000 for a total of $2,165,000. There were

no new FY 1996 activities in Bulgaria, though the regional wood frame housing effort described above included Bulgaria. Past activities included grades, standards, and market news assistance for the fruits and vegetables sector; a fruits and vegetables sector assessment; a resident economic advisor; and training for fruits and vegetables processors in marketing and processing Czech and Slovak Republics. Yearly totals of funding allocated to Czechoslovakia (FY 91-93) and the Czech and Slovak Republics (FY 94) are as follows: FY 1991, $85,000; FY 1992, $628,000; FY 1993, $17,000; and FY 1994, $73,000 for Czech Republic and $200,000 for the Slovak Republic for a total of $1,003,000. There were no FY 1996 activities in either country, though the regional wood frame housing effort described above included the Czech Republic. Past activities included a agriculture banking and finance sector assessment, farm managers training, bank managers and loan officers training, and wholesale market development.

Hungary. Yearly totals of funding allocated to Hungary are as follows: FY 1992, $325,000 and FY 1993, $58,000 for a total of $383,000. There were no activities funded Hungary in FY 1996, though the regional wood frame housing effort described above included Hungary. Past activities included funding for a trade and investment assessment of the country.

Poland. Yearly totals of funding allocated to Poland are as follows: FY 1992, $415,000; FY 1993, $628,000; FY 1994, $289,000; FY 1995, $148,500; and FY 1996, $200,000 for a total of $1,680,500. Past activities included marketing and testing of perishable products, business plan training, and a regional economics conference. FY 1996 regional activities (described above) including Poland were participation in the regional wood frame housing effort and market development responsibilities for the resident advisor. A new effort ($200,000) was initiated to provide assistance in the establishment of a licensed grain elevator system for Poland, including training in standardization of grades and establishment of a bonding and indemnity fund.

Romania. Yearly totals of funding allocated to Romania are as follows: FY 1994, $2,151,000 for a total of $2,151,000. There were no new FY 1996 activities in Romania; however, ongoing activities included an agribusiness opportunity mission, economic situation and outlook, economic policy assistance, and agricultural statistics assistance. Moreover, Romania participated in the regional wood frame housing effort described above.

Slovenia/Croatia. Yearly totals of funding allocated to Slovenia and Croatia equally are as follows: FY 1994, $50,000 for a total of $50,000. There only FY 1996 activity in Slovenia and Croatia was the regional trade mission described above. Past activities included joint plant and animal health training.

SCIENTIFIC COOPERATION PROGRAM

The Research and Scientific Exchanges Division (RSED) of the Foreign Agriculture Service administers the Scientific Cooperation Program to gain new knowledge and technology beneficial to the United States and cooperating countries through collaborative research and scientific exchanges on a broad range of subjects in agriculture and forestry such as germplasm

acquisition and storage, animal sciences, aquaculture, biological control, food technology, agro-environmental problems, and forest monitoring. Support of short term visits allows scientists to acquire data, special research techniques, unique resources such as germplasm or biological control organisms not available in the United States, and to consult or conduct field work on significant problems facing U.S. agriculture. Support of long term projects allows U.S. researchers and their international counterparts to collaborate on high priority problems and to study plant and animal disease or pest problems that have their origins in foreign countries. U.S. scientists gain access to resources and/or expertise not available in the U.S. Both short term and long term scientific cooperation efforts involve scientists from USDA agencies, other federal departments, as well as the U.S. university community. Because these programs are international in scope, collaboration has been undertaken with Central and Eastern European scientists over the last four years.

A total of $32,000 was provided in FY 1996 to continue ongoing and initiate new collaborative research projects with scientists in Central and Eastern Europe, bringing the cumulative funding (1989-1996) for Central and Eastern Europe to $612,800.

Bulgaria. Total funding for Bulgaria FY 1990 - 1996 for scientific exchanges and research collaboration is $72,300. In 1996, a three year collaborative research study continued to control asochyta blight and anthracnose in lentil.

Czech and Slovak Republics. Total funding for Czech and Slovak Republics FY 1990 - 1996 for scientific exchanges and research collaboration is $32,900. In the Slovak Republic in FY 1996, a three collaborative research project continued to develop a method for conversion of soybean hull and sugar beet pulp to anion-exchange resins for use in water and wastewater treatment.

Estonia. Total funding for Estonia FY 1990 - 1996 for scientific exchanges and research collaboration is $7,800.

Hungary. Total funding for Hungary FY 1990 - 1996 for scientific exchanges and research collaboration is $289,500. Topics of exchanges and research collaboration for FY 1996 included continuation of a three year collaborative research project for developing production of a biodegradable plastic from corn via genetic engineering and a and new research project to evaluate the responses of commercial stone fruit and almond cultivars for tolerance to plum pox virus.

Latvia. Total funding for Latvia FY 1990 - 1996 for scientific exchanges and research collaboration is $11,900.

Lithuania. Total funding for Lithuania FY 1990 - 1996 for scientific exchanges and research collaboration is $161,000.

Poland. Total funding for Poland FY 1990 - 1996 for scientific exchanges and research collaboration is $9,900.

Romania. Total funding for Romania FY 1990 - 1996 for scientific exchanges and research collaboration is $28,000.

DEPARTMENT OF DEFENSE EXCESS PROPERTY

The Department of Defense (DoD) has continued its robust program in support of the Support for East European Democracy (SEED) Act. DoD Humanitarian Assistance to countries covered by the Act began in 1990 with a mission to Hungary, and has continued throughout FY 96, primarily through direct support by the US European Command, as directed by the Office of the Assistant Secretary of Defense for Strategy and Requirements, Office of Humanitarian Assistance. Under the authority of Title 10 of the United States Code, sections 2547 and 2551, DoD has made available and transported excess DoD non-lethal property to SEED country recipients, as requested by or in coordination with the Department of State, Bureau of Political-Military Affairs, Office of International Security and Peacekeeping Operations.

Since program inception, all SEED countries have benefited from DoD's participation in this program. Principally, non-lethal property has been made available from the drawdown of U.S. military forces and their associated facilities in Europe. Although the quantity of excess property available for donation is being reduced with completion of the drawdown in Europe, FY 96 has proven to be another successful year. The majority of donations in FY 96 consisted of medical/school supplies and vehicles/transportation related materials. The following table summarizes DoD non-lethal excess property donated in FY 96 to countries covered by the SEED Act.

RECIPIENT	DESCRIPTION	VALUE($K)
Albania	Medical Supplies	262.1
Bosnia-Herzegovina	Medical Supplies, Clothing, Tents, Electrical Generators and Vehicles	505.4
Bulgaria	Medical/School Supplies	411.0
Estonia	Medical/School Supplies and Vehicles	158.4
Hungary	Office Supplies and Vehicles	130.1
Latvia	Medical Supplies	198.4
Lithuania	Medical Supplies and Vehicles	749.8
Romania	Medical/Office Supplies, Clothing and Vehicles	3,106.3
	Total:	5,521.5

USAID DISASTER RELIEF (OFDA/OTI/FFP)

Albania - Epidemic

BHR/OFDA Funding:

Medical Equipment and Transport: $100,000

Bosnia-Herzegovina - Complex Emergency

BHR/OFDA Funding:

Grants: $22,763,875

Emergency Shelter Repair Program: $25,422,293**

DART*** Rapid Response Fund: $1,399,036

Logistics and Transport: $74,210

BHR/FFP Funding:

Title II Food Assistance: $98,343,900

BHR/OTI Funding:

Grants: $3,709,896

Services/Personnel: $2,866,105

TOTAL: $154,579,315

Croatia - Complex Emergency

BHR/OFDA Funding for the Disaster

DART Administration: $2,170,912

Croatia - Earthquake

BHR/OFDA Funding:

Ambassador's Authority: $25,000

Additional Emergency Funding: $25,000

Federal Republic of Yugoslavia (Serbia, Montenegro, and Kosovo) - Complex Emergency

BHR/OFDA Funding:

Grants: $6,000,000

Hungary - Tornado

BHR/OFDA Funding:

Ambassador's Authority: $25,000

Slovakia - Accident

BHR/OFDA Funding:

Ambassador's Authority: $25,000

* BHR/OFDA and BHR/OTI use International Disaster Account (IDA) appropriations while BHR/FFP uses P.L. 480 Title II Farm Bill appropriations.

** Of the total provided for the Emergency Shelter Repair Program in FY 1996, $8.7 million was funded from BHR/OFDA, $2.5 million from BHR/OTI, and $14.2 million from USAID's Bureau for Europe and New Independent States

*** Disaster Assistance Response Team

V. U.S. TRADE AND INVESTMENT INITIATIVES

During FY 1996, the United States continued to promote liberalized trade and investment as a means of encouraging the development of market economies and restoring economic stability and growth in Central Europe and the Baltic countries. The role of unconditional most-favored-nation (MFN) treatment has been expanded in the region. The United States actively supported the participation of Central European and Baltic countries in the World Trade Organization (WTO) and promoted investment in the region through bilateral investment treaties.

The status of U.S. trade and investment relations with countries covered by the SEED Act, including developments through the end of FY 1996, is as follows:

MOST FAVORED NATION STATUS

The United States has MFN trade relations with Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, the Former Yugoslav Republic of Macedonia (FYROM), Hungary, Latvia, Lithuania, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia. In addition, the United States provides conditional MFN treatment to Albania under Title IV of the Trade Act of 1974, as amended.

In 1996, legislation was passed by the U.S. Congress, and signed by the President, removing Bulgaria and Romania from requirements of Title IV of the Trade Act of 1974 (also known as the Jackson-Vanik amendment). This allowed unconditional MFN for both countries.

AGREEMENTS ON TRADE AND INTELLECTUAL PROPERTY

The United States has bilateral agreements on trade and the protection of intellectual property rights (IPR) with Estonia and Latvia. There are also bilateral trade agreements in force with Albania, Bulgaria, the Czech Republic, Romania, and Slovakia. In addition, there is an agreement on the protection of intellectual property rights with Hungary. The Business and Economic Relations treaty with Poland contains provisions on trade and IPR protection similar to those in these other bilateral agreements. A trade and IPR agreement signed with Lithuania is awaiting ratification by the Lithuanian parliament.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

The U.S. GSP program, which includes several beneficiary countries in Central and Eastern Europe, was renewed retroactively to July 31, 1995, and will extend through May 31, 1997. The future of the program beyond May 1997 is unclear. Under the current GSP legislation, the

threshold per capita income for automatic graduation from the program was lowered to $8,600 from $11,800 based on World Bank per capita data for high-income countries.

NORMALIZATION OF TRADING RELATIONS UNDER WTO

Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia have acceded to the WTO, while WTO working parties are negotiating accession terms with Albania, Croatia, Estonia, the FYROM, Latvia, and Lithuania.

Participation of Central European countries in the WTO helps to reduce barriers to U.S. trade. As members of the WTO, countries must bring their trade regimes into conformity with rules governing international trade, a step that augments economic reforms undertaken by Central European governments. As WTO members, these countries can take advantage of reduced trade barriers resulting from Uruguay-Round negotiations.

BILATERAL INVESTMENT TREATIES

Countries in Central Europe have continued to pursue bilateral investment treaties with a wide range of partners. This reflects a growing recognition of the private sector role in these countries, the importance of foreign capital in transforming their economies, and the need to establish stable legal frameworks for the protection of investments.

The basic aims of the U.S. bilateral investment treaty (BIT) program are:

-- To protect U.S. investments abroad, and in particular, to guarantee: national treatment for U.S. investments; free transfer of all funds related to investment; access to international arbitration to settle investor disputes with host country governments; freedom from performance requirements, such as local content or export quotas; the right to engage top managerial personnel of the investor's choice; and expropriation only under internationally recognized standards and with prompt, adequate and effective compensation.

-- To encourage the adoption of market-oriented domestic policies that treat private investment fairly.

-- To support the development of international legal standards consistent with these two objectives.

The United States has concluded BITs with nine of the fifteen countries covered by this Act. Six of these are in force. These BITs are with:

Country	Signed	In-Force
Poland[1]	3/21/90	8/6/94
Czech Republic[2]	10/22/91	12/19/92
Slovakia[2]	10/22/91	12/19/92
Romania	5/28/92	1/15/94
Bulgaria	9/23/92	6/2/94
Estonia	4/19/94	---
Albania	1/11/95	---
Latvia	1/13/95	12/26/96
Croatia	7/13/96	---

[1] BIT provisions included in the Business and Economic Relations Treaty.
[2] Entered into force for the Czech Republic and Slovakia as separate states on January 1, 1993.

The U.S. ratified BITs with Albania, Estonia and Latvia in September 1996. The Latvia BIT enters into force in December 1996, while it is expected that the others will enter into force early in 1997. BIT negotiations with Lithuania continue, and we are close to agreement on a final text. BIT negotiations with Hungary were suspended in 1993 because Hungary insisted that it be permitted to take unilateral, discriminatory measures for up to ten years to protect infant industries or industries undergoing restructuring. The U.S. Government informed the Government of Hungary that negotiations could resume if Hungary changes its position on this issue.

TEXTILE AGREEMENTS

Previous bilateral textile agreements with Poland, Hungary and the Czech and Slovak Republics have been superseded by the WTO Agreement on Textiles and Clothing (ATC). The ATC establishes an automatic, progressively more liberal regime, which increases quota growth rates and phases out textile quotas entirely over the course of the ten-year agreement. The United States also has a bilateral agreement governing trade in textiles with the FYROM, Bulgaria and Romania.

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

The Overseas Private Investment Corporation (OPIC) is committed to providing loan guaranties and insurance services to the nations of Eastern Europe as part of the Clinton Administration's support of privatization, market reform, and democratization in those countries. OPIC programs are available in 13 SEED Act countries, including Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

OPIC has a major role in assisting U.S. companies investing in the region, having provided approximately $2.8 billion worth of investment assistance to date. OPIC has already provided finance, insurance, and/or investor services in 10 SEED Act countries, including Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

OPIC provides the following services in SEED Act countries:

Finance: OPIC's Finance department operates like an investment bank, customizing and structuring a complete financial package for each project. OPIC currently has 29 projects in SEED Act countries totaling more than $681 million of support.

Insurance: OPIC's Insurance department provides political risk insurance against loss by expropriation, currency non-convertibility, and political violence. OPIC currently has 111 projects in SEED Act countries totaling more than $2.1 billion in support.

Investor Services: OPIC's Investment Development department has sponsored conferences and other events for U.S. businesses exploring investment opportunities. Over 250 American executives have participated in OPIC investment development programs focusing on Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. In addition, OPIC obligated over $2 million to support feasibility studies for 23 projects in the region. This feasibility program was discontinued in 1995.

EXPORT-IMPORT BANK

The Export-Import Bank (Eximbank, or Exim) is an independent U.S. Government agency whose mission is to facilitate the export of U.S. goods and services by providing a variety of short- , medium-, and long-term loan, loan guarantee and insurance programs. Exim's mandate is to supplement, not replace, loans and insurance available from commercial sources. In many Central European countries, Eximbank financing is crucial for U.S. exporters because of the limited availability of financing from commercial sources. As dictated by law, Eximbank will only provide financing where it can find a reasonable assurance of repayment.

Eximbank changed its cover policy -- the types of transactions Eximbank is willing to do in a certain country -- for the following Central and East European countries in 1996:

Albania. Eximbank is now open for short-term public sector transactions (government guarantees given). Previously, all Eximbank programs were closed in this market.

Croatia. Eximbank is now open for short- and medium-term public sector transactions. Previously, all Eximbank programs were closed.

Romania. Eximbank is now open for all public sector transactions and for short- and medium-term private sector transactions. Exim had been closed for all private sector transactions.

Slovenia. Eximbank is now open for all public and private sector transactions. Previously Exim had been open for short term public sector transactions and all private sector transactions.

Exim's cover policy for countries covered by the SEED Act is:

Country	Public Sector	Private Sector
Albania	S	---
Bosnia-Herz.	---	---
Bulgaria	S, M	---
Croatia	S, M	---
Czech Rep.	S, M, L	S, M, L
Estonia	S, M, L	S, M, L
Hungary	S, M, L	S, M, L
Latvia	S, M, L	S, M, L
Lithuania	S, M, L	S, M, L
FYROM	---	---
Poland	S, M, L	S, M, L
Romania	S, M, L	S, M
Serbia/Mont.	---	---
Slovakia	S, M, L	S, M, L
Slovenia	S, M. L	S, M, L

S: Short-term financing available (less than three year repayment term)
M: Medium-term financing available (3-5 years)
L: Long-term financing available (more than 5 years)

TRADE AND DEVELOPMENT AGENCY ACTIVITIES

In 1989, the U.S. Trade and Development Agency (TDA) began its program in Central Europe. Since then, TDA has provided nearly $74 million in grants for feasibility studies, technical assistance, development of bankable business plans, reverse trade missions (orientation visits), and conferences. Already, TDA projects have produced approximately $750 million in U.S. exports. Because TDA's Europe program is only seven years old, actual U.S. exports are only a fraction of what are expected for the future as a result of TDA funded projects.

In total, TDA obligated approximately $15 million in Central Europe during FY 1996. Of this amount, the majority came from appropriated program funds. However, TDA did receive a $7 million transfer under the SEED Act for the South Balkan Development Initiative (SBDI).

In Central Europe, TDA has focused primarily on the energy, transportation, and telecommunications sectors. However, the Agency has also funded projects associated with the manufacturing, environment and information technology sectors. TDA has helped to package projects in these sectors with U.S. Ex-Im Bank and multilateral developmental bank financing.

During FY 96, TDA funded over 90 separate activities in the region. For example, TDA provided funding for technical assistance for the privatization of the Polish state telephone company and for the rehabilitation of several large power plants. In Romania, TDA provided a grant for the development of an intermodal transportation facility for the port of Constanta. In the Czech Republic, TDA funded four grants aimed at assisting the restructuring and privatization of the chemical sector. TDA also assisted the Hungarian Ministry of Transportation with the development of technical specifications for a nationwide traffic monitoring system.

In addition to feasibility studies and "business plans," TDA funded several industry reverse trade missions (orientation visits) and business briefings for Central European officials. These events unite financing and industry experts from the U.S. and Central Europe to promote trade and joint venture cooperation.

Orientation visits provide a unique opportunity to bring Central European decision makers face-to-face with U.S. business leaders. TDA sponsored a delegation of 20 computer specialists from Hungarian financial institutions to learn about advanced computer technologies used in the financial services sector. Additionally, in September Polish coal mining officials visited several cities in the US to meet with US manufacturers of mining equipment.

In 1996, TDA also sponsored a number of business briefings. In May, more than 150 U.S. business officials met in St. Louis for a conference focusing on more than 50 key power generation and surface transportation projects in both Europe and the NIS. The export opportunities presented are valued at nearly $21 billion. TDA also sponsored a one day briefing in New York for the Latvian Prime Minister of Latvia that highlighted investment opportunities in a number of sectors that are priorities for Latvia.

Due to increasing demand from Central and Eastern European project sponsors and U.S. industry, TDA has been increasing support to private sector investor projects. For example, TDA is supporting a study for the development of a diesel truck engine assembly joint venture in Romania. A U.S. firm intends to invest $40 million in this project, with expected U.S. exports of $490 million over the long term. For this project, the US firm is paying 50% of the study's costs. Additionally, when the project becomes an economic success, the US firm has agreed to a reimburse the U.S. Government for the grant.

With strong foreign competition on many projects, TDA is expanding its technical assistance efforts by providing funding for pilot projects. For example, in FY 1996 TDA funded the National Information Infrastructure Project in Poland, which will demonstrate US multimedia technologies as well as a Wireless Local Loop project in Romania, which will demonstrate technologies for bringing phone service to rural areas.

In addition to its regular program activities TDA was deeply involved in the South Balkan Development Initiative (SBDI). SBDI is a $30 million, multi-year, Presidential initiative aimed at developing and coordinating the transportation systems of Albania, Former Yugoslav Republic of Macedonia (FYROM) and Bulgaria while promoting regional cooperation among the three countries. TDA successfully launched this initiative in July, after receiving the first $7 million SEED transfer. Nine grants were signed with Albania, FYROM and Bulgaria, and one contract for procurement services was signed directly with TDA. An additional $1 million was added to the initiative through use of TDA's annual funds, as well as financial participation leveraged from U.S. companies Sea-Land and Bechtel. These projects include: **Albania**, Maintenance Equipment Requirements for Transportation Sector, study ($300,000); Elbasan - Kefasan Road Reconstruction Project ($2 million); **FYROM,** Upgrade of Kriva Palanka - Psacha Road ($1.7 million); Economic Viability Study of Macedonia's Rail System ($300,000); Skopje Container Terminal, study ($150,000 TDA annual funds, $150,000 Sea-Land Inc.); **Bulgaria,** Rail link to the Macedonian border ($2 million); Sofia Container Terminal study ($250,000 TDA annual funds, $250,000 Sea-Land Inc.); **Regional,** East-West Corridor Economic Feasibility Study ($200,000 SEED funds, $100,000 from Bechtel); Procurement Advisory Services ($300,000); Transportation Sector Advisory Assistance ($200,000 SEED, $100,000 TDA). All projects are currently underway. TDA oversaw the first meeting of the Deputy Minister - level SBDI working group which was held in Sofia. Two additional meetings have already been held, demonstrating that the first steps towards regional cooperation have been taken and a key SBDI objective is already being met.

In FY97 TDA will continue the initiative by providing grants for a second round of projects which further the goals and objectives of this initiative. The three SBDI countries are in the process of providing TDA with a preliminary list of suggested investments for FY97 funding. The projects proposed for FY97 will be evaluated by TDA and the SBDI Transportation Advisors (Bechtel has been competitively selected by the three countries to perform this work). TDA will once again seek to encourage private sector participation in this initiative. One means of accomplishing this task will be the SBDI Business Conference scheduled to take place in the

211

spring. The two-day conference will provide a unique forum for both public and private sector parties to become better informed about completed and ongoing SBDI projects and to provide input for future projects. TDA will continue to work with the World Bank and EBRD on this initiative, and provide them with periodic project updates as appropriate.

TDA's program helps to position U.S. companies to counter foreign competition and win projects in the increasingly competitive Central European market. For example, the EU PHARE Program funds feasibility studies in Central Europe with a program budget ten times that of TDA's. Still, our Agency has carved out a niche by being responsive, flexible and innovative. TDA will continue to be an aggressive advocate for U.S. companies in 1997.

VI. INTERNATIONAL INSTITUTIONS AND INITIATIVES

OECD

The Organization for Economic Cooperation and Development (OECD) established the Center for Cooperation with Economies in Transition (CCET) in March 1990 to assist the reforming countries of Central Europe in establishing pluralist democracies and making the transition to market economies. Since its inception, the CCET has expanded beyond Central Europe to include Russia and the other NIS.

In June 1991, the OECD founded the "Partners in Transition" (PIT) program, a CCET effort to channel OECD policy advice and opportunities for participation in OECD meetings to countries that had achieved significant reforms: Poland, Hungary, the Czech Republic, and Slovakia. The PIT program was designed to concentrate assistance in areas where the OECD had a "comparative advantage", e.g., country economic reviews, economic policy dialogue on both macro and structural issues, and competition policy.

At its 1994 and 1995 Ministerial meetings, the OECD endorsed membership negotiations with the four PIT countries. To become an OECD member, a country must meet objective criteria laid out in formal Codes of Liberalization and adhere to OECD Decisions governing the free movement of capital, treatment of foreign investors, and the environment. The Czech Republic passed its accession examinations and became OECD's 26th member in December 1995. Hungary acceded in April 1996 and Poland in December 1996. Slovakia is in the examination process.

Many CCET programs have been praised by participating countries for stimulating the transition to a market economy, including tax assistance training provided by four regional tax centers, public administration courses provided in conjunction with the European Union, and numerous seminars on issues related to privatization and sectoral development.

Since 1993, the CCET budget has remained fairly constant. Given the pressure on U.S. spending for international organizations, however, expenditures for the CCET are likely to decrease over the next few years. OECD members are currently considering whether to phase out the CCET for budgetary reasons, though the most important of its activities would likely continue, probably under a consolidated outreach coordination unit.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

The EBRD formally came into existence on March 28, 1991. It was created to support market-oriented economic reform and democratic pluralism in Central and Eastern Europe (including the former USSR). All Central European countries except Serbia-Montenegro are members of the EBRD.

The EBRD is unique among multilateral development banks in its private sector focus and inclusion of political conditionality which requires beneficiaries to be committed to democracy and the rule of law.

After considerable internal turmoil in 1993, the Bank was reorganized in 1994 and has now reclaimed well-deserved support of the international community. Throughout 1996, the EBRD continued to implement the operational priorities that accompanied its 1994 administrative reorganization. These priorities include: increasing geographic diversity of lending; increasing support of local private sectors; building on the Bank's comparative advantages such as expertise in financial sector development; and strengthening the Bank's local presence (the EBRD has local offices in a number of SEED countries: Warsaw; Prague; Bratislava; Bucharest; Budapest; Ljubljana; Sofia; Tirana; Tallinn; Riga; Vilnius).

Through the end of FY 1996, the EBRD had made cumulative commitments (net of cancellations) to individual SEED countries of approximately ECU 4.9 billion* out of EBRD's total country-specific commitments of about ECU 8.8 billion. The total figure does not include approximately ECU 554 million in regional projects such as venture funds that the EBRD has financed, some of which benefit SEED recipients. Hungary and Poland rank second and third in garnering EBRD commitments; Russia is first.

By its charter, the EBRD is required to devote 60% of its total resources to private sector projects within five years of Bank start-up. As of September 30, 1996, 71% by value and almost 80% by volume of Bank commitments were to the private sector. The Bank is also supposed to meet the 60% threshold in each individual country of operation within five years of beginning operations in the country. Among the SEED countries, over 60% of commitments are to the private sector in the Czech Republic, Hungary, Poland, and the Slovak Republic; the target has not been met in the other 10 SEED countries.

EBRD BOARD APPROVALS TO SEED-RECIPIENT COUNTRIES

(through September 30, 1996)
(in millions of ECU)*

	FY 96	Cumulative Total
Albania	12.8	60.9
Bosnia-Herzegovina	26.2	26.2
Bulgaria	47.5	208.9
Croatia	90.5	275.6
Czech Republic	54.4	363.9
Estonia	25.2	152.2
Hungary	137.3	988.9
Latvia	65.7	163.4
Lithuania	58	174.4
FYROM**	28.7	113.5
Poland	167.6	879.9
Romania	268.9	766.6
Serbia-Montenegro	*(not a member)*	
Slovak Republic	115.7	425.4
Slovenia	0	291.6
TOTAL	1098.5	4891.4

* One ECU equals approximately 1.25 U.S. dollars. Totals for individual countries reflect cancellations of previously approved projects and exchange rate variations. They represent approvals by the Board, not actual signed commitments which are lower.

**Former Yugoslav Republic of Macedonia

U.S. Contributions to the EBRD

FY 1991	$70 million
FY 1992	$69 million
FY 1993	$60 million
FY 1994	$0
FY 1995	$69.2 million
FY 1996	$70 million
FY 1997	$12 million

U.S. contributions to the EBRD were to be paid in five annual installments of $70 million. Except for FY 1991, appropriations have fallen short of the $70 million leaving us with arrears of over $80 million after the five year period. The arrears will be fully cleared in FY 1997.

In early 1996, the Board of Governors approved a doubling of the EBRD's total (paid-in plus callable) capital from ECU 10 billion to ECU 20 billion. This increase should put the Bank on a self-sustaining basis, with no future capital increases envisioned. In FY98, the U.S. should begin payment for the capital increase at a rate of approximately $36 million per year over eight years.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD) AND INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

The International Bank for Reconstruction and Development (IBRD) provides technical advice, project finance, and adjustment lending at near-commercial rates to support specific policy changes and institutional reforms in developing countries. The Bank's overall first priority is poverty reduction. The International Development Association (IDA) lends to the poorest countries at highly concessional rates. Among the SEED countries, Albania, Bosnia and the Former Yugoslav Republic of Macedonia are eligible for IDA credits.

The IBRD and IDA approved $1.07 billion in loans and credits to Central Europe in FY 96 (the Bank's fiscal year, runs from July 1 to June 30). Worldwide, IBRD and IDA committed a total of about $21.4 billion. The Bank remains the single largest official source of external financing for governments in Central Europe.

IBRD LOAN AND IDA CREDIT APPROVALS
(Millions of U.S.$)

Country	1996	Cumulative approvals* as of 6/30/1996
Albania	72.5	272.5
Bosnia-Herz	10	10**
Bulgaria	121	839
Croatia	31.5	279.5
Czech Rep.	0	326
Estonia	15.3	125.7
FYROM***	36.8	239.8
Hungary	0	3,672.9
Latvia	27.3	150.3
Lithuania	42.1	160.5
Poland	181.5	4,053.5
Romania	510	4,100.3
Slovak Rep.	0	135
Slovenia	23.9	103.9
TOTAL	1,071.9	14,468.9

*For the successor states of Yugoslavia and Czechoslovakia, these totals include only loans and credits made directly to the specified country. It does not include loans or credits approved prior to break-up (e.g. a $300 million structural adjustment credit to Czechoslovakia or numerous loans to the former Yugoslavia). The very high totals for Hungary and Romania are in part due to borrowings prior to 1989; all of Poland's borrowing is post-1989.

** This does not include a $600 million debt consolidation package approved in April 1996. The World Bank program for Bosnia-Herzegovina accelerated in the second half of calendar year 1996 with $165 million in from July to September.

*** Former Yugoslav Republic of Macedonia

Source: World Bank Annual Report, 1996, World Bank Statement of Loans, and IDA Statement of Credits.

INTERNATIONAL FINANCE CORPORATION (IFC)

The International Finance Corporation (IFC) assists the economic development of its borrowing member countries by making loans to and equity investments in private sector enterprises, developing local and regional capital markets, and promoting privately owned development finance corporations. The IFC also provides financial services, advice and technical assistance.

The IFC's efforts in Central and Eastern Europe focus on promoting privatization through joint ventures with foreign partners, advising governments and state enterprises on privatization and restructuring, assisting the development of capital markets, and providing legal and technical advice on a wide range of corporate and financial issues. MOVE to note on regional ...The IFC approved an investment in 1995 in a regional telecommunications investment fund.

IFC COMMITMENTS* AS OF JUNE 30, 1996
(millions of US$)

	1996	Total
Albania	2	2
Bosnia-Herzegovina	0	0
Bulgaria	0	5
Croatia	0	0
Czech Republic	39.5	105.1
Estonia	9.7	21.5
FYROM**	0	0
Hungary	10	247.7
Latvia	3.6	22.6
Lithuania	20.4	20.4
Poland	60.1	261.7
Romania	2	8.1
Slovenia	0	117.9
Regional	15	70
Total	162.3	882

* Totals are for original commitments and do not include commitments made to the former Yugoslav republics prior to break-up. Undisbursed amounts are valued at current exchange rates, thus dollar figures may change year-to-year for a given project.

Source: 1996 IFC Annual Report (the IFC's fiscal year runs from 7/1 to 6/30).

INTERNATIONAL MONETARY FUND

The International Monetary Fund's new lending commitments in support of stabilization and market-oriented reforms in Central Europe increased in FY 1996 to $1,041 million from FY 1995's $432 million. The increased commitments were primarily the result of new Stand-By Arrangements (the IMF's main short-term stabilization window) approved for Bulgaria and Hungary. IMF credits are generally provided in several tranches during the programs and are conditional on observance of quantitative performance criteria and the implementation of structural reforms.

Most countries in the region participated in a range of IMF programs, new or on-going. In most cases the ongoing programs were financed by prior FY 1995 commitments. In addition to the new programs approved for Bulgaria and Hungary, the IMF approved in FY 1996 follow-on Stand-By Arrangements for Estonia and Latvia.

Performance under IMF programs was mixed. Albania, Bulgaria, Croatia, Lithuania, and Romania all experienced varying degrees of difficulty in complying with program performance criteria which could affect their ability to draw on their credits with the Fund. Due to relatively strong external positions, Latvia, Estonia, and Hungary do not intend to draw on their credit lines although all three countries continue an active policy dialogue with the Fund. Finally, with the possibility of peace in the Balkans, the Fund is preparing to address arrears issues with Serbia and Montenegro, conditioned on resolution of several issues related to the Balkans conflict.

Albania is negotiating with the IMF on a new ESAF to replace the 1993 ESAF arrangement. Albania did not draw the final tranche of the 1993 agreement, nor has it reached agreement yet with the IMF on a new ESAF due to inadequate revenues and non-bank lending.

Bosnia-Herzegovina became a member of the IMF on December 20, 1995. The IMF also approved a drawing of $45 million of emergency assistance for post-conflict countries on the same day. The IMF is working on a stand-by arrangement geared to the country of Bosnia as a whole, which should be approved by the IMF Executive Board in FY97.

Bulgaria has fallen off its most recent IMF program, a 20 month, $582 million Stand-by Arrangement approved on July 19, 1996. Growing insolvency in the banking sector and a loosening of monetary policy has precipitated a financial crisis, and the IMF is recommending that Bulgaria implement a currency board to restore confidence in the banking system.

Croatia experienced difficulties implementing certain measures in its reform program, which is supported by an 18-month, $98 million Stand-by Arrangement, and two drawings totalling $196 million under the Systemic Transformation Facility. The Stand-by expired in FY96, but Croatia has not yet reached agreement with the IMF on a new Extended Fund Facility.

The Czech Republic continued progress on financial stabilization and consolidating economic reform on its own. In October 1995, the Czech Republic accepted the obligations of full currency convertibility for current account transactions.

Estonia, which graduated this year from the SEED program, has made considerable progress toward becoming a modern market economy. The IMF approved another Stand-By Arrangement for $20 million on July 29, 1996 which Estonia does not plan to draw on. Continued adherence to the IMF program, however, will be essential to strengthen progress on economic growth and price stability.

Hungary adopted a $396 million Stand-by Arrangement in March 1996 to support renewed reform efforts initiated in early 1995, but authorities do not plan to use IMF resources. Hungary's strong resolve to carry through on reform yielded substantial benefits including strong foreign investment levels, a lower current account deficit and reduced debt burden, but Hungary continued to face difficulties in subduing inflation.

Latvia has made significant progress on macroeconomic stabilization following last year's banking crisis and budgetary problems. Output is growing, inflation is down and gross international reserves have risen. Given its relatively strong external position, Latvia does not intend to draw on the $43 million Stand-By Arrangement approved on May 24, 1996.

Lithuania's economic reforms continue to be supported by the three-year Extended Fund Facility ($201 million) approved on October 24, 1994. FY96 economic developments have been dominated by a banking crisis and political uncertainty that have slowed progress on fundamental restructuring of the economy.

The Former Yugoslav Republic of Macedonia (FYROM) has overcome substantial obstacles in implementing its reform program, which was supported by two $19 million loans under the Systemic Transformation Facility, approved February 11, 1994 and May 5, 1995, as well as a $34 million stand-by arrangement, also approved May 5, 1995. FYROM is negotiating with the IMF on a new program to replace the expired Stand-by.

Poland's Stand-by Arrangement expired in March 1996, eight months after it had fully repaid its obligations to the Fund. Poland maintains informal policy consultation with the IMF.

Romania experienced difficulties implementing its reform program in 1996 due to rapid monetary growth and exchange rate controls. Resources under the 19-month Stand-by Arrangement were augmented on December 21, 1995 to $282.8 million, and the program was extended until 1997. The new government will be negotiating with the IMF in FY97 on a new program aimed at correcting recent policy slippages.

Serbia and Montenegro has not been admitted to the IMF, due to unresolved issues stemming from the breakup of the former Socialist Federal Republic of Yugoslavia (SFRY).

Slovakia continued its transformation to a private sector-led economy, following the March 1996 expiration of the Stand-By Arrangement, although difficulties continue in the privatization process. In October 1995, Slovakia accepted the obligations of full currency convertibility for current account transactions.

Slovenia joined the IMF on December 14, 1992 with a quota of $211 million. Slovenia has not needed IMF financial assistance to date.

IMF PROGRAMS IN CENTRAL EUROPE
(US $1 = SDR 1.50)

Country	Program Dates	Amount Approved
Albania	SBA: 08/26/92 - 08/25/93	$ 30 million
	(Cancelled/Replaced by ESAF)	
	ESAF:07/14/93 - 07/13/96	$ 64 million
Bosnia-Herz.	PC: 12/20/95	$ 30 million
Bulgaria	SBA: 03/15/91 - 03/14/92	$ 419 million
	SBA: 04/17/92 - 04/16/93	$ 233 million
	SBA: 04/11/94 - 03/31/95	$ 209 million
	STF: 04/11/94 - 03/31/95	$ 174 million
	SBA: 07/19/96 - 03/18/98	$ 582 million
Croatia	SBA: 10/14/94 - 04/13/96	$ 98 million
	STF: 10/14/94 - 10/13/96	$ 98 million
	STF: 04/11/95 - 04/10/96	$ 98 million
Czech Rep.	SBA: 03/17/93 - 03/16/94	$ 266 million
Estonia	SBA: 09/16/92 - 09/15/93	$ 42 million
	SBA: 10/27/93 - 03/26/95	$ 17 million
	STF: 10/27/93 - 05/15/94	$ 17 million
	STF: 01/10/95 - 01/09/96	$ 17 million
	SBA: 04/11/95 - 07/10/96	$ 22 million
	SBA: 07/29/96 - 08/29/97	$ 20 million
Hungary	SBA: 05/16/88 - 06/30/89	$ 398 million
	SBA: 03/14/90 - 02/20/91	$ 239 million
	EFF: 02/20/91 - 02/14/94	$1,671 million
	(Suspended/Replaced by SBA)	
	SBA: 09/15/93 - 12/14/94	$ 510 million

221

	(Suspended)	
	SBA: 03/15/96 - 02/14/98	$ 396 million
Latvia	SBA: 09/14/92 - 09/13/93	$ 82 million
	SBA: 12/15/93 - 03/14/95	$ 34 million
	STF: 12/15/93 - 12/14/94	$ 34 million
	STF: 07/15/94 - 07/14/95	$ 34 million
	SBA: 04/21/95 - 05/20/96	$ 44 million
	SBA: 04/01/96 - 06/30/97	$ 43 million
Lithuania	SBA: 10/21/92 - 9/20/93	$ 85 million
	SBA: 10/22/93 - 03/21/95	$ 39 million
	(Cancelled/Replaced by EFF)	
	STF: 10/22/93 - 03/15/94	$ 39 million
	STF: 04/05/94 - 04/04/95	$ 39 million
	EFF: 10/24/94 - 10/23/97	$ 202 million
Macedonia	STF: 02/11/94 - 02/10/95	$ 19 million
	STF: 05/05/95 - 05/04/96	$ 19 million
	SBA: 05/05/95 - 06/04/96	$ 34 million
Poland	EFF: 04/18/91 - 03/08/93	$1,836 million
	SBA: 03/08/93 - 04/08/94	$ 714 million
	SBA: 08/05/94 - 03/04/96	$ 500 million
Romania	SBA: 06/15/81 - 01/31/84	$1,654 million
	SBA: 04/11/91 - 04/10/92	$ 571 million
	SBA: 05/29/92 - 03/28/93	$ 471 million
	SBA: 05/11/94 - 12/10/95	$ 198 million
	STF: 05/11/94 - 12/10/95	$ 283 million
Slovakia	STF: 06/27/93 - 06/26/94	$ 97 million
	STF: 06/22/94 - 06/21/95	$ 97 million
	SBA: 07/22/94 - 03/21/96	$ 174 million

Notes: SBA: Stand-by Arrangement
EFF: Extended Fund Facility
STF: Systemic Transformation Facility
ESAF: Enhanced Structural Adjustment Facility
PC: Emergency assistance for post-conflict countries

222

DEBT REDUCTION AND RESCHEDULING

Pursuant to the authority granted under Section 579 of the Foreign Operations, Export Financing and Related Programs Act of 1991, the United States, on April 21, 1991 joined with other Paris Club creditors in agreeing to a 50 percent reduction (in net present value terms) of Poland's official debt. This agreement, which reduced Poland's debt to western countries by about USD 16.5 billion in present value terms, was implemented in two stages:

- In the first stage, implemented in 1991, creditor countries chose between three options (principal reduction, interest reduction, or interest capitalization) to reduce by 30 percent the net present value of Poland's official debt.

- In the second stage, implemented in April 1994, the same three options reduced the net present value of Poland's debt by a further 20 percent, provided Poland complied with its IMF agreements and sought comparable debt reduction from its commercial bank creditors. Poland remained in compliance with its Fund program, and its commercial creditors committed to the government's financing proposal in May 1994, and signed a debt rescheduling and reduction agreement in September. The bank agreement provided for a 49 percent debt reduction on net present value basis, including interest arrears, and was judged by Paris Club creditors to be broadly comparable to the official debt reduction agreement, as well as unprecedented for a commercial creditor reduction program.

At the time of the 1991 Paris Club agreement, the USG also announced that it would increase its debt reduction for Poland above and beyond the amount agreed in the Paris Club to 70 percent on net present value basis, including an additional 10 percent of that debt to enable Poland to establish and fund a Polish environmental foundation. With Poland having met all of the conditions of the Paris Club agreement, the USG has forgiven about USD 2.4 billion of Poland's original USD 3.7 billion debt to the United States.

In April 1994, the Paris Club agreed to reschedule Bulgarian official debt for the third time. The first was in April 1991; the second, in December 1992. The United States was not a creditor to Bulgaria, however, and did not participate in the reschedulings. For the same reason, the United States also did not participate in the Paris Club's December 1993 rescheduling of Albania's debt.

In 1992, with the dissolution of the former Yugoslavia, the Paris Club decided to allocate the debt of Yugoslavia as follows:

(1) each successor state would conclude terms of reference for the treatment of the debt of the successor states of Yugoslavia with the Paris Club creditors;

(2) each successor state would accept responsibility for debts owed to or guaranteed by entities located on its territory ("allocated debt");

(3) with respect to the portion of the debt owed by the former Yugoslavia which could not be attributed to a specific successor republic ("unallocated debt"), on an interim basis pending an agreement among all successor states, each successor state would accept responsibility for a portion of the unallocated debt which would be fixed on the basis of the December 1992 International Monetary Fund Executive Board decision establishing each successor state's IMF quota;

(4) should the successor states later agree to a different allocation of the unallocated debt, the creditors would adjust their allocations of liability accordingly. Slovenia, Croatia, and Macedonia have accepted this arrangement in writing.

Slovenia has not subsequently rescheduled its debts with the Paris Club because it has been in a position to pay according to the original schedules or those set under previous Paris Club agreements with Yugoslavia. Croatia rescheduled $861 million of its debts in the Paris Club in March 1995 (of which $72 million is owed to the USG). Macedonia rescheduled $288 million of its Paris Club debt in July 1995 (of which $92 million is owed to the USG).

G-24 PROCESS AND COOPERATION

International assistance to Central Europe is coordinated through the Group of 24 (G-24), consisting of those donors who were members of the Organization for Economic Cooperation and Development when the G-24 process was launched at the July 1989 G-7 Summit in Paris. The European Commission serves as secretariat for the G-24 process.

Currently, the G-24 coordinates assistance to the following countries: Albania, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, the Former Yugoslav Republic of Macedonia, Poland, Romania, Slovakia, and Slovenia. In addition, the G-24 supports information-sharing on emergency assistance to Bosnia-Herzegovina and Croatia. 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.

At the July 1992 Munich Summit, the G-7 asked the G-24 also to coordinate nuclear safety assistance to the new independent states of the former Soviet Union. This is the only area in which the G-24 coordinates assistance to the New Independent States. (The international

community has agreed that an IBRD-chaired consultative group process will be the primary vehicle for coordinating technical assistance to the new independent states in the future.)

In its role as secretariat for the G-24, the European Commission facilitates sharing of information on priority needs for assistance. It organizes sectoral and country-specific meetings and maintains a scoreboard of commitments by donors. From its inception until May 1993, the G-24 had eight working groups, including food aid, energy, environment, investment, labor, nuclear reactor safety, training, and transport. The working groups have met periodically, usually in Brussels. On occasion, Brussels-based finance ministry representatives gather to discuss balance of payments assistance. Meetings of senior officials (at the assistant secretary or deputy assistant secretary level) were held three or four times a year through early 1993, but have been cut back in recent years. The most recent was held in Brussels in March 1995.

At their meeting in May 1993, senior officials agreed upon a restructuring of the G-24 process. They agreed to streamline operations in Brussels, shift the focus of coordination to recipient country capitals and enhance the involvement of the international financial institutions. As a result, most of the Brussels-based working groups have been abolished. Those remaining include the nuclear reactor safety group, the customs and transport groups, and the environment group. Future coordination of technical assistance is to take place through dialogue groups in recipient capitals. The Commission was charged with establishing dialogue groups and ensuring the sharing of information among all interested donors. At a December 1993 conference on Democracy Building in Eastern Europe, due largely to U.S. efforts, it was agreed that the dialogue groups would include the Council of Europe (which is involved in democracy building in the area), NGOs, and the recipient governments. These groups began meeting in 1994.

Total assistance pledged to the countries of Central Europe covered by the G-24 process from January 1990 through December 1995 amounts to over $112 billion. G-24 countries and the European Commission account for approximately $85 billion of total aid and international financial institutions about $27 billion. Over half of this assistance has been disbursed or made available.

The United States has committed approximately $13 billion between January 1990 through December 1995. About $7.6 billion of this amount, nearly 60 percent, is grant assistance. The United States is the second largest bilateral donor after Germany, which has committed $19 billion over the same period. The European Union (EU), which funnels its assistance through the European Commission, is the largest donor of grant assistance, with $8.9 billion in pledges through December 1995. Note that EU funds ultimately come from the EU member states, according to each country's share of the EU budget. Total commitments through December 1995 of the fifteen EU members and the EU Commission (including the European Investment Bank) amount to about $60 billion.[2]

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[2] This year's total is noticeably larger than last year's because it incorporates the 1990-1995 cumulative amounts from the three newest EU member: Austria, Finland, and Sweden.

G-24 COMMITMENTS TO CENTRAL EUROPE

(January 1990 to December 1995)
in millions of U.S. $

Country	Total	Grants	Credits/Other
Austria	4,448.0	1,058.3	3,389.7
Belgium*	352.7	116.1	236.6
Denmark	1,420.7	978.7	442.0
Finland	937.1	301.6	635.5
France	8010.8	2976.5	5034.3
Germany	19,039.4	4,899.7	14,139.7
Greece	113.4	86.4	26.9
Ireland	4.4	2.7	1.7
Italy	2,005.6	787.1	1,218.5
Luxembourg	39.6	13.4	26.2
Netherlands	1648.2	904.2	744.1
Portugal	5.1	0.0	5.1
Spain*	1,351.4	9.4	1,342.0
Sweden	1,933.5	527.1	1,406.5
United Kingdom	1,087.4	206.8	880.6
EU Commission	12,521.3	8,931.5	3,589.8
EU Other	5,010.2	0.0	5,010.2
Iceland	7.2	5.3	1.8
Norway	756.1	213.5	542.6
Switzerland*	1,267.9	660.6	607.3
EFTA Secretariat	2.2	2.2	0.0
Australia	83.1	9.0	74.1
Canada	2,226.6	1,538.6	688.0
Japan	6,532.4	1,384.0	5,148.4
New Zealand*	302.3	1.1	301.3
Turkey	586.0	77.6	508.3
United States	13,071.5	7,580.4	5,491.1
TOTAL	84,764.4	33,272.0	51,492.4

**The cumulative totals of these countries are less than the cumulative totals reported last year. According to the G-24 secretariat, donor countries now input their own data into the scorecard directly, resulting in more accurate figures.*

Source: November 1996 G-24 Scoreboard, compiled by European Commission.

VII. MONITORING COUNTRY PROGRESS IN CENTRAL AND EASTERN EUROPE[3]

From its inception, the SEED program was intended to provide transitional assistance to the countries of Central and Eastern Europe (CEE), helping these countries progress far enough along the road to becoming market-based democracies to complete the journey themselves. Once a country demonstrates sustainable economic and political progress, SEED assistance is phased out and the country "graduates." To provide a quantitative guide for roughly gauging when this graduation threshold will take place, which has been a subjective process, USAID has developed and continues to refine a series of country progress indicators. While this quantitative analysis is key, it is but one component of several that should be weighed in making decisions on the magnitude and duration of U.S. assistance to Central and Eastern. Other factors include: (a) the strategic importance of the country to the United States; (b) the importance of the recipient country to domestic U.S. political constituencies; and (c) the effectiveness of the assistance effort.

Gauging sustainable economic and political progress is a two-step process. First, progress on both fronts must reach a certain threshold before we can begin to consider graduation. The methodology is based on data covering several categories of economic and political development. The raw data is boiled down into country scores which can be compared with other countries in the region or other benchmarks such as certain developed and/or developing countries.

Next, we review indications of *sustainability*; that is macroeconomic performance and social conditions. Economic reforms need to translate into solid macroeconomic performance, if they are to be sustained.

Another means to measure the sustainability of both economic and political reforms is to assess trends in social conditions. This is largely the concern of "reform fatigue." The populace may not continue to support difficult reforms if the standard of living for many declines drastically and without hope of relief. It may not be good enough, in other words, to have sound economic policies in place, solid macroeconomic performance, and extensive political and civil liberties, if a significant proportion of the population is losing out on balance. Our judgement under this criterion is therefore, two-part evidence of good macroeconomic performance, perhaps sustained for three years, accompanied by good microeconomic performance at minimum, no significant worsening of social conditions.

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[3] This section summarizes a far more extensive paper developed in the Office of Program Coordination and Strategy of USAID's Bureau of Europe and the Newly Independent States, eliminating coverage of the NIS, more detailed discussion of the methodology assumptions and components, and the references. Further information on the Country Progress Indicator methodology is available from USAID/ENI/PCS, tel (202) 647-3806.

Finally, it merits explicitly recognizing that what is occurring in the region is unprecedented, and that there is little if any theoretical and/or empirical basis for devising "thresholds of irreversibility" and estimates of sustainability of reforms. This exercise is likely to be as much art as it is science. Nevertheless, the aggregate of these measurements provides a highly useful snapshot of the economic and political performance of the CEE states and the first tool by which we could arrive a more than political judgement of a state's readiness for "graduation."

Economic Policy Reforms

Progress towards economic policy reforms is assessed from indicators drawn from the EBRD (European Bank for Reconstruction and Development) annual *Transition Report*. Sufficient progress must entail an adequate threshold of reform as well as a favorable trend over time; that is, no significant policy backsliding. Nine indicators are taken directly from EBRD's *Transition Report 1996* (November 1996) and compared with comparable indicators from EBRD's previous two annual reports, measured on a one-to-five scale. A "five" represents standards and performance norms typical of advanced industrial economies. Depending on the particular indicator, a "3" or a "4" may very well be the threshold that we seek.

These indicators focus on critical economic reform aspects of liberalization and institution-building in the transition process, and are divided into "rounds" roughly corresponding to stages of development through which emerging economies pass.

First Round Reforms:

- liberalization of prices
- external trade and currency arrangements
- privatization of small-scale units

In many respects, these first round reforms, which require relatively little institution building, have been the easiest. In fact, in CEE they have generally been adopted rapidly and quite thoroughly. By mid-1995, arguably all CEE countries but Bulgaria and Romania had advanced significantly towards achieving these reforms.

Second Round Reforms:

- large-scale privatization
- enterprise restructuring

Not surprisingly, progress towards these reforms has been slower than that of the first round reforms, in no small part because they require more preparation to build political consensus as well as to create the infrastructure to implement them. In fact, it may be that only the Czech Republic, Hungary, and Estonia have progressed sufficiently in these regards, though the Slovak Republic, Slovenia, Poland, Croatia, Lithuania, and Latvia are not far behind.

Third Round Reforms:

- banking reform and private non-bank financial institutions
- competition policy
- investment-related legal reforms.

These reforms are the most challenging, and progress is least evident in this domain. It may be that no SEED recipient has yet adequately restructured in these third round set of reforms. While the Czech Republic, Hungary, and Poland have gone the farthest, it is likely that even in these three countries, more progress is needed. The Slovak Republic and Estonia are not far behind the leaders; Slovenia, Latvia, and Croatia follow in a third tier. Overall, reforms in competition policy lag the most while investment-related legal reforms show the most progress.

Democracy and Governance

Progress towards democracy building is assessed from indicators drawn from Freedom House. Both the status and the change since 1991 in political rights and civil liberties are examined. As with the economic reforms, sufficient progress must entail both an adequate threshold as well as no significant deterioration.

Political Rights: Six primary criteria go into the determination of political freedoms: (1) the extent to which elections for head of government are free and fair; (2) the extent to which elections for legislative representatives are free and fair; (3) the ability of voters to endow their freely elected representatives with real power; (4) the openness of the system to competing political parties; (5) the freedom of citizens from domination by the military, foreign powers, totalitarian parties, and other powerful groups; and (6) the extent to which minority groups have reasonable self-determination and self-government.

According to the analysis, there are five countries in CEE (the Czech Republic, Hungary, Lithuania, Slovenia, and Poland) where political freedoms are among the most advanced in the world; that is, comparable to those found in the industrial market economies. The Czech Republic, Hungary, Lithuania, and Slovenia have maintained this level of freedom since at least 1992 or 1993. Poland achieved this level in 1995. In scoring the second highest level, four other countries (Bulgaria, the Slovak Republic, Estonia, and Latvia) are not far behind. One CEE country (Macedonia) had fewer political rights in 1995 than in 1991 or 1992.

Civil Liberties: Ten primary criteria go into the determination of civil liberties: (1) freedom of media, literature, and other cultural expressions; (2) existence of open public discussion and free private discussion including religious expressions; (3) freedom of assembly and demonstration; (4) freedom of political or quasi-political organization (which includes political parties, civic associations, and ad hoc issue groups); (5) equality of citizens under law with access to independent, nondiscriminatory judiciary; (6) protection from political terror and freedom from war or insurgency situations; (7) existence of free trade unions, professional organizations, businesses or cooperatives, and religious institutions; (8) existence of personal

social freedoms, which include gender equality, property rights, freedom of movement, choice of residence, and choice of marriage and size of family; (9) equality of opportunity; and (10) freedom from extreme government indifference and corruption.

Eight countries of CEE (the Czech Republic, Poland, Slovenia, Hungary, Bulgaria, Estonia, Latvia, and Lithuania) have civil liberties comparable to several industrial market economy democracies, including France, Germany, Italy, and the UK. Five of these countries (the Czech Republic, Poland, Slovenia, Hungary, and Bulgaria) have maintained this threshold since at least 1992. Of these eight, only Latvia showed a relapse, albeit temporary, in civil liberties during this period.

Summary of Economic Reform and Democratization

The table on the following page provides a summary picture of the current status of the economic policy reforms and democratization in thirteen CEE states (Serbia is not included). The economic policy reforms ratings represent an average of all nine EBRD policy indicators (that is, all three rounds). The democratization ratings incorporate Freedom House's rating of political rights and civil liberties. (For uniformity, Freedom House's ratings were compressed to a one-to-five scale, with five representing the most free.)

Salient Observations: In general, progress in economic and democratic reforms in CEE is much greater than in the NIS. The gap is greatest in democratic reforms. Nine of the thirteen countries of CEE exhibit greater democratic freedoms than any of the NIS. Of the countries of CEE, only Croatia lags behind some NIS (in particular, Russia and Ukraine) in this domain. Economic reforms are further along in eight CEE countries relative to those in any of the NIS. Economic reforms in Bulgaria and Romania are the least advanced among CEE.

There is a close correspondence between the development of economic and democratic reforms. Progress in both areas are the most advanced in the Czech Republic, Hungary, and Poland. However, there seem to be a handful of countries, mostly in CEE, where progress is significantly further along on the democracy front than is the case in economic reforms. This includes Bulgaria, Lithuania, and Slovenia. Lithuania and Slovenia rank among the highest in democratic reforms, but rank ninth and sixth, respectively, in economic policy reforms. Croatia is distinguished by advancing relatively far in economic reforms (ranking seventh) despite relatively few democratic freedoms (ranking thirteenth). This holds true to a lesser extent for the Slovak Republic.

Relative to standards in the industrial market economies, economic policy reforms in the CEE states still have far to go. While this holds true for democratic reforms in many transition economies as well, five CEE countries have attained a level of democratic freedom comparable to that which exists in many OECD countries.

Economic Policy Reforms and Democratic Freedoms in CEE[1]

	Economic Rating	Rank		Democratic Rating	Rank
Czech Rep.	3.7	1	Czech Rep.	4.6	1
Hungary	3.7	1	Hungary	4.6	1
Poland	3.6	3	Poland	4.6	1
Estonia	3.4	4	Slovenia	4.6	1
Slovakia	3.4	4	Lithuania	4.6	1
Slovenia	3.3	6	Estonia	4.2	6
Croatia	3.2	7	Latvia	4.2	6
Latvia	3.1	8	Bulgaria	4.2	6
Lithuania	2.9	9	Slovakia	3.9	9
Albania	2.7	10	Romania	3.2	10
Macedonia	2.7	10	Albania	3.2	10
Bulgaria	2.6	12	Macedonia	3.2	10
Romania	2.6	12	Croatia	2.8	13
CEE	3.2		CEE	4.1	
EU	5.0		EU	4.8	
OECD	—		OECD	4.6	

Sustainability

Finally, we weigh the economic and political reforms with the macro-economic and micro-economic evidence. Economic policy reforms need to translate into good macro-economic performance. Yet, this is not enough. The benefits at the macro level must also be reasonably well-distributed and need to translate into social conditions that at the least are not significantly deteriorating. Otherwise, the reforms may stall for lack of support, and fiscal sustainability may be jeopardized. This section discusses some of the factors which are considered in trying to judge whether a country's progress toward becoming a free-market economy is sustainable.

Macro-Economic Performance

Fundamental to sustaining reforms is sustained economic growth at some moderate rate. Most of the CEE countries are achieving this, if not more. The CEE region as a whole in fact has been growing at a very impressive clip; more than 4% over the past three years and almost double the EU rate. Some CEE countries--Poland, Albania,

[1]Economic Policy ratings are from EBRD, *Transition Report 1996* (November 1996); democracy ratings are drawn from Freedom House, *Freedom in the World, 1995-1996* (March 1996). On a 1-5 scale with 5 being the most advanced.

Slovenia, and Romania--have been experiencing sustained positive growth for more than three consecutive years. However, three countries of CEE (Macedonia, Latvia, and Bulgaria) have failed to sustain any significant economic growth in recent years. Bulgaria's economy will likely contract by four percent in 1996.

For most countries of the region, *inflation* continues to fall. Still, inflation is too high in most countries. By comparison, EU inflation in recent years has remained below 3%. Only five countries (Croatia, Slovak Republic, Czech Republic, Slovenia, and Albania) will likely have a three-year inflation rate below 15%. However, of these five, Albania is currently witnessing a significant resurgence in inflation. This seems also to be the case for Romania and Bulgaria.

Fiscal deficits often underlie high inflation. Overall, there has been a significant improvement in fiscal balances, from a regional deficit of 5% in 1993 to an estimated deficit of 2% in 1996. The regional average for 1994-1996 is in fact slightly less than the European Union's Maastricht target of a 3% deficit. Nevertheless, some countries--Poland, Lithuania, and Romania, in particular--have experienced growing or fluctuating deficits. Fiscal deficits in other countries--Albania and Hungary and Bulgaria, in particular--remain high. 1996 data for Latvia show more modest and significantly improved fiscal deficits.

Domestic investment in the region is roughly twenty percent of GDP. This is slightly above the EU and OECD averages, though it falls far short of that generated in the high performing Asian developing economies. Paralleling GDP trends, most CEE economies have experienced a significant decline in investment since 1990. This may be changing. The 1994-1995 data seem to indicate a resumption of investment growth for many of the countries. Nevertheless, current investment rates may well prove to be inadequate in Macedonia, Latvia, and Croatia, and possibly Albania and Lithuania as well.

How and to what extent these economies integrate into the world economy play significantly into the type of transition path and its sustainability. Virtually all the countries are experiencing robust *export growth*. To contrast, exports for the region grew by 17% in 1994-1995; for the EU, 1994 export growth was 4%.

As these economies continue to climb out of the "transition trough", *current account deficits* can be expected, and, in the short run, are not necessarily detrimental. However, such deficits cannot be sustained over the longer-term without adverse consequences. The data indicates that several countries--Albania in particular; Hungary, Estonia and Macedonia -- may be incurring unsustainably high current account deficits.

Foreign investment can help finance these deficits, and presumably mitigate adverse macro-economic consequences, provided the investment flows are relatively stable. In fact, foreign direct investment (FDI) as a percent of GDP is among the highest in three of the four countries in which the current account deficit is also among the highest;

Hungary, Albania and Estonia. Hungary attracts far and away the greatest amount of FDI as percent of GDP in the region. It also has far and away the highest debt service burden.

An important means to institutionalizing *global integration* is through memberships and/or participation in international organizations. For our purposes, this includes membership in the OECD, the World Trade Organization (WTO or formerly the GATT), the EU (and as a vehicle, the "Europe Agreements" with the EU), the regional free trade agreement (CEFTA), and possibly NATO. The extent of institutional integration varies widely in the region. The Czech Republic, Hungary, and Poland are the most engaged; Albania, Croatia, and Macedonia little at all.

Social Conditions

Ultimately, the sustainability of the transition hinges on the well-being of individual. However, equally if not more compelling are the links between living standards, popular expectations, and the level of public support for economic and political reforms; reforms which have coincided with, if not contributed to, both a dramatic initial drop in overall income and significant increases in income inequalities and poverty.

Unemployment needs to be a concern. It is a new phenomenon for the region, and it is significant: while the unemployment rate may have peaked in 1993, the regional average remains, as of 1995, in double digit figures. In addition, the three Baltic states are significantly moderating this average. (The Baltics' figures are suspiciously low, perhaps reflecting in part the flawed system of data collection inherited from the Soviet Union.) With that caveat in mind, the region's 11% unemployment rate in 1995, nevertheless, is slightly less than that of the EU. Virtually all the countries have been experiencing a decline in unemployment since 1993. Latvia and Lithuania are two exceptions, though the increase in these cases may reflect more than anything an improvement in data collection.

While the number of unemployed has not changed dramatically from year to year, a critical consideration is whether these figures represent the same people. In other words, how long are people typically unemployed? With safety nets disappearing, we know that unemployment is a crucial determinant towards poverty. Monitoring *long-term unemployment* is hence important, but many data gaps exist, and we can only sketch a rough picture. Of the seven countries for which data are available, long-term unemployment would seem to be particularly troublesome for three: Macedonia, Albania, and Bulgaria.

The *average income* in CEE is significantly below the EU average; only one-third the EU level. Furthermore, average income varies widely within CEE: income in the Czech Republic and Slovakia is close to $10,000 per capita; in Albania, it is closer to $1,000. What may be more important is how the income levels have changed during the transition, and how it has been distributed. In this regard, it is interesting to note that only one country, Poland, has regained its pre-transition income level. Slovenia is close behind. For the region as whole, 1996 income is roughly 90% the level of 1989 income. Three

countries--Macedonia, Latvia, and Lithuania--have incomes significantly below pre-transition levels. This likely translates into significant hardships for some.

We can fill in the picture further with *income distribution* data. In general, while income inequality has increased dramatically over the transition, the extent of that inequality remains low relative to other regions of the world. These were highly egalitarian societies prior to the collapse of communism. In CEE overall, the twenty percent of the population with the highest income receives roughly four times more than the poorest twenty percent. This compares to a seven-to-one ratio in the OECD, and, where global inequality remains the highest, nineteen to one in Latin America.

Poverty has increased substantially in most of CEE, but the estimates vary widely. One reason for this is that the poverty is apparently shallow. That is, many of the poor are only marginally so, and a relatively small change in the poverty line, can result in a relatively large change in the poverty rate. There may be a significant turnover among those found in poverty as well. Both trends have favorable implications for policy; both need to be explored further.

Overall, the evidence in *infant mortality and life expectancy* is encouraging, particularly the trends over time. As a region, infant mortality fell by 8% from 1991 to 1994 and life expectancy increased, albeit marginally, in the same time period. Infant mortality ranges widely in CEE, from 6.5 deaths per 1,000 live births in 1994 in Slovenia, to 31 in Albania, but in most countries clusters around the average of 16. Life expectancy in CEE is 71 years, six years below the EU average.

Finally, as with physical capital, the stock of human capital or the *education level* of the population, is important for its direct effect on economic sustainability. It too, however, can provide indications of trends in living standards. Secondary school enrollment percentages remain quite high in the region, and close to that found in the EU.

Progress Monitoring and SEED "Graduation"

In 1995 we used much more subjective measurements and concluded Estonia, Latvia, Slovenia and the Czech Republic were ready to "graduate" from SEED assistance. In 1996, the first, Estonia was graduated. Latvia was carefully reviewed at the same time and, in the fare of disappointing economic progress, was extended for two additional years. Slovenia and the Czech Republic are expected to graduate in 1997. Using the country progress monitoring tool and the political judgements which must also be applied to such decisions, we now anticipate that Hungary and Slovakia will graduate in 1999, and Latvia, Lithuania, and Poland in 2000.

VIII. OVERVIEW OF THE SEED PROGRAM

Congress passed the Support for East European Democracy (SEED) Act (PL101-179), November 28, 1989. This was to be done, according to the Act, to contribute to the development of democratic institutions and political pluralism, and a free market economic system. In the political realm, SEED was to support the adoption of constitutional, legal, and administrative measures that affect the powers of the executive and legislative authorities and the independence of the judiciary, affect the formation and operation of independent political parties and groups, and affect fundamental human rights and civil liberties. In the economic realm, SEED was directed to promote free market economies characterized by privatization of economic entities, the right to acquire and hold private property, simplification of regulatory controls regarding businesses, removal of trade restrictions, liberalization of investment and capital regulations, and dismantlement of wage and price controls.

SEED Assistance Objectives

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

- Development of a market economy and strong private sector

  through support for privatization, development of small- and medium-sized businesses, policy and legal reforms, and key sector restructuring;

- Development and strengthening of institutions necessary for sustainable democracy

  through support for the transformation of the public sector to better support democratic development, including assistance and training to improve public administration, promote decentralization, and strengthen local government, parliaments, independent media and non-governmental organizations;

- Improvement of the basic quality of life in selected areas

  through assistance to build cost-efficient health care and housing systems, labor retraining and employment services and environmental policy reform and enforcement measures, as well as assistance to individual firms on environmental control and management.

Organization of the Program

The strength of the SEED program stems from its interagency character. The SEED Act of 1989 called for the President to name a "Coordinator within the Department of State" to oversee an interagency assistance program to Central Europe; the Coordinator for East European Assistance is now located within the Bureau of European and Canadian Affairs (EUR/EEA). This organization of assistance under senior political leadership reflects the importance of the region to U.S. interests, the revolutionary character of the transitions (and their role as models for the NIS), and the need for effective interagency coordination.

Following the Coordinator's overall policy guidance, the U.S. Agency for International Development (USAID) is the lead implementing agency for the SEED program. The original SEED Act, in referring to the role of other USG agencies in the process, endorsed the interagency nature of the U.S. assistance programs in the region. While all SEED funding for projects carried out by other USG agencies is channeled through USAID, the program makes use of their comparative advantage and expertise: for example, Treasury in the area of financial sector assistance; Commerce on development of trade and investment; EPA on environmental protection; Labor on labor market transition.

USAID also contracts with outside consultants and non-governmental organizations (NGO's) to implement elements of the SEED program. Non-SEED funded activities of the Peace Corps, the U.S. Trade and Development Agency, USIA, and others also support the goals of the SEED Act. Other international donors, such as the International Monetary Fund and the World Bank, provide substantial funds for reconstruction projects and for support of monetary and fiscal policies that promote economic reform and the growth of market economies. U.S. help in the form of feasibility studies and technical assistance in some cases leverages the release of funds from the World Bank to the Central European countries.

The SEED program has evolved from being a regional program, without specific country allocations, to one which also, since 1993, involves country-specific assistance projects. This has taken into account the varying circumstances of the SEED countries as each, in its own way, has moved toward greater democracy, market economies, and expanded private sectors. Employing both regional and country-specific approaches has permitted flexibility, greater rigor in the programs, enhanced host country involvement, and better communication among Washington agencies and between Washington and the field. U.S. assistance has generally been in the form of grants, as opposed to credits or loan guarantees. This assistance has, therefore, not increased the indebtedness of the recipient countries. According to the latest figures which detail G-24 assistance to Central Europe from January 1990 through December 1995, the U.S. is the second-largest bilateral donor of grant assistance, and the second-largest overall donor (taking into account grants and credits) to the region.

Key Role of the Enterprise Funds

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

There are seven Central European enterprise funds operating in ten countries with a combined capitalization of $576.5 million. Since their inception in 1990, these funds have provided $393 million in financing to approximately 8000 enterprises in Central Europe employing more than 80,000 people.. Because of their flexibility and orientation to the private sector, the funds have been able to start up quickly and proven to be the most effective donor program for financing the new entrepreneurial class in the region. Among the funds' most successful activities have been their equity investments, small and micro enterprise lending, and housing and mortgage finance programs.

IX. SEED ASSISTANCE BUDGET (Obligations)

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY

FISCAL YEAR TOTALS AS OF 09/30/96
(in US$ 000's)

FY	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
90	290,792	0	0	2,340	0	746	0	7,874	0	0	0	259,583	5,729	584	0	203	13,730
91	331,663	5,518	0	27,654	0	28,270	3,362	51,027	2,931	3,062	1,485	108,630	12,797	20,105	240	1,287	65,290
92	415,760	30,289	20	36,573	514	35,712	3,919	46,821	5,951	6,868	792	150,793	20,000	28,335	438	226	48,500
93	258,903	14,300	1,555	23,286	3,139	17,852	4,201	30,892	4,012	5,493	2,598	66,933	34,529	14,137	872	62	35,034
94	481,008	16,502	14,566	40,514	13,388	38,460	11,806	42,951	15,293	13,059	13,282	129,432	31,352	44,370	3,490	0	52,536
95	424,864	34,355	23,547	39,797	14,875	19,935	2,463	27,342	6,697	16,563	13,992	83,514	43,986	29,654	3,780	144	64,213
96	509,502	21,680	232,116	32,084	16,709	6,027	80	20,785	4,285	9,228	10,709	48,943	27,860	17,346	3,376	0	58,268
TOTALS	**2,712,496**	**122,646**	**271,806**	**202,249**	**48,628**	**147,005**	**25,834**	**227,695**	**39,172**	**54,276**	**42,861**	**847,833**	**176,256**	**154,534**	**12,198**	**1,923**	**337,574**

CEE Projects have been or continue to be regionally programmed. Country-specific attributions are based on the best information available.
All 632A Transfers to other US Agencies and some 632A Allocations are counted as obligated in the Fiscal Year transferred or allocated respectively. (See detailed report).

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY

SUMMARY REPORT AS OF 09/30/96
(in US$ 000's)

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
GRAND TOTALS	2,712,496	122,646	271,806	202,249	48,628	147,005	25,834	227,695	39,172	54,276	42,861	847,833	176,256	154,534	12,198	1,923	337,574
A. STRENGTHENING DEMOCRATIC INSTITUTIONS																	
1. Democratic Pluralism	123,261	8,669	4,797	38,932	2,976	3,237	763	6,609	1,735	2,702	2,984	8,806	11,713	7,995	493	222	20,622
2. Political Process and Governance	111,034	3,044	694	7,962	1,308	3,675	2,687	5,278	3,544	3,551	2,437	20,529	8,709	1,950	14	759	44,888
SUB-TOTALS	234,296	11,713	5,491	46,895	4,284	6,912	3,450	11,887	5,280	6,253	5,421	29,335	20,423	9,946	507	981	65,511
AS % OF GRAND TOTALS	8.6%	9.6%	2.0%	23.2%	8.8%	4.7%	13.4%	5.2%	13.5%	11.5%	12.6%	3.5%	11.6%	6.4%	4.2%	51.0%	19.4%
B. ECONOMIC RESTRUCTURING																	
1. Macroeconomic Support	234,227	0	0	10,000	0	9,999	0	10,000	0	0	0	199,227	0	5,001	0	0	0
2. Privatization and Assistance to	354,758	6,951	14,315	19,140	6,091	34,596	5,936	40,558	8,279	14,236	9,502	101,115	32,551	34,508	5,275	0	21,698
3. Improving the Business Climate	119,715	7,018	1,500	8,561	588	3,945	3,274	8,046	4,118	4,944	1,986	21,100	6,581	6,110	1,215	0	40,722
4. Investment and Trade	523,096	12,030	0	39,735	59	29,765	3,522	75,018	4,517	4,340	69	263,592	22,094	40,513	2,059	0	25,778
5. Human Resources	172,331	8,902	1,312	13,818	3,193	17,809	2,061	20,827	4,263	5,158	4,618	38,794	12,593	12,795	1,508	780	23,894
6. Agriculture and Agribusiness	114,696	10,270	182	16,258	0	5,248	1,028	9,627	2,252	6,581	10,083	32,880	13,418	5,117	180	0	1,565
7. Agriculture Sector Programs	53,771	43,771	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
8. Energy Efficiency	125,656	0	24	9,198	0	7,674	883	7,743	2,636	4,833	1,259	31,264	10,242	5,731	0	0	44,165
SUB-TOTALS	1,698,253	88,945	17,335	116,711	9,932	109,038	16,706	171,822	26,068	40,094	27,520	687,974	107,482	109,777	10,238	780	157,824
AS % OF GRAND TOTALS	62.6%	72.5%	6.4%	57.7%	20.4%	74.2%	64.7%	75.5%	66.5%	73.9%	64.2%	81.1%	61.0%	71.0%	83.9%	40.6%	46.8%
C. IMPROVING THE QUALITY OF LIFE																	
1. Short-term Emergency &	232,676	5,246	150,821	3,298	18,127	2,718	186	3,415	581	841	3,036	10,917	17,282	2,825	100	0	13,277
2. Employment & the Social Safety	35,674	116	0	2,836	0	224	0	4,696	0	0	0	18,954	577	1,042	0	0	7,226
3. Housing	95,361	3,432	0	7,071	2,820	7,885	0	10,726	0	0	0	36,620	2,631	8,626	0	0	15,547
4. Health	74,046	5,124	0	6,279	3,154	8,428	1,504	7,279	1,147	0	0	9,101	14,258	8,618	0	0	9,150
5. Environment	138,848	4,407	0	17,269	0	10,326	3,608	12,101	3,056	4,811	0	33,476	11,193	12,350	0	0	26,246
SUB-TOTALS	576,607	18,326	150,821	36,756	24,101	29,582	5,298	38,219	4,785	5,652	3,036	109,071	45,943	33,463	100	0	71,447
AS % OF GRAND TOTALS	21.3%	14.9%	55.5%	18.2%	49.6%	20.1%	20.5%	16.8%	12.2%	10.4%	7.1%	12.9%	26.1%	21.7%	0.8%	0.0%	21.2%
D. MISCELLANEOUS																	
	203,339	3,662	98,158	1,885	10,309	1,472	378	5,765	3,038	2,275	6,883	21,451	2,407	1,346	1,352	161	42,790
SUB-TOTALS	203,339	3,662	98,158	1,885	10,309	1,472	378	5,765	3,038	2,275	6,883	21,451	2,407	1,346	1,352	161	42,790
AS % OF GRAND TOTALS	7.5%	3.0%	36.1%	0.9%	21.2%	1.0%	1.5%	2.5%	7.8%	4.2%	16.1%	2.5%	1.4%	0.9%	11.1%	8.4%	12.7%

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240

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

PROGRAM TOTAL 2,712,496	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
COUNTRY TOTALS	234,296	11,713	5,491	46,895	4,284	6,912	3,450	11,887	5,280	6,253	5,421	29,335	20,423	9,946	507	981	65,511
TOTAL AS % OF 234,296	100.0%	5.0%	2.3%	20.0%	1.8%	3.0%	1.5%	5.1%	2.3%	2.7%	2.3%	12.5%	8.7%	4.2%	0.2%	0.4%	28.0%
TOTAL AS % OF 2,712,496	8.6%	0.4%	0.2%	1.7%	0.2%	0.3%	0.1%	0.4%	0.2%	0.2%	0.2%	1.1%	0.8%	0.4%	0.0%	0.0%	2.4%
1. DEMOCRATIC PLURALISM																	
1800021 - Political And Social Process																	
FY 1991																	
00. Political And Social Process	4,448	520	0	648	0	445	40	729	40	40	0	688	202	243	0	162	688
04. Books for Albania	138	138	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1991	4,587	659	0	648	0	445	40	729	40	40	0	688	202	243	0	162	688
FY 1992																	
00. Political And Social Process	1,561	156	0	78	46	78	46	31	46	46	31	46	124	140	31	0	655
01. Educational Reform-USIA	2,137	149	0	128	42	42	64	256	192	64	0	192	149	64	42	0	748
02. Civil Society & Ethic Rels	116	0	0	116	0	0	0	0	0	0	0	0	0	0	0	0	0
05. Political Orgs(Inclu Elect	97	0	0	0	0	0	33	0	0	0	0	0	14	0	0	0	50
08. AFL-CIO Support	1,456	0	0	320	0	0	0	247	0	320	0	218	349	0	0	0	0
09. German Marshall Fund	589	70	0	241	0	53	0	47	0	0	0	64	76	35	0	0	0
10. American Univ. Of Bulgaria	1,000	0	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	6,959	376	0	1,885	89	173	144	582	239	431	31	522	714	239	73	0	1,453
FY 1993																	
00. Political And Social Process	2,000	0	0	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0
01. Educational Reform-USIA	1,875	0	0	18	0	0	18	75	131	112	0	0	75	0	0	0	1,443
03. Books For Democracy-USIA	1,000	99	0	54	33	47	28	18	29	29	19	31	79	94	19	0	420
05. Political Orgs(Inclu Elect	3,147	598	0	719	0	0	0	0	0	0	197	0	1,417	0	0	45	169
08. AFL-CIO Support	839	0	0	0	0	0	0	0	0	0	0	839	0	0	0	0	0
10. American Univ. Of Bulgaria	71	0	0	71	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Yugoslav New Republics	400	0	100	0	100	0	0	0	0	0	200	0	0	0	0	0	0
Subtotal - FY 1993	9,334	697	100	2,864	133	47	46	93	160	141	416	870	1,571	94	19	45	2,033
FY 1994																	
00. Political And Social Process	4,000	0	0	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0
01. Educational Reform-USIA	2,549	231	0	0	0	0	0	483	0	0	0	483	693	659	0	0	0
02. Civil Society & Ethic Rels	370	61	0	61	0	0	0	50	0	0	0	64	61	61	0	0	10
05. Political Orgs(Inclu Elect	4,025	655	0	819	0	0	229	0	329	266	278	0	1,069	344	0	0	32

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Democratic Pluralism -- Continued...																	
08. AFL-CIO Support	3,707	0	0	807	284	0	0	0	0	208	0	993	578	0	0	0	834
10. American Univ. Of Bulgaria	1,879	0	0	1,879	0	0	0	0	0	0	0	0	0	0	0	0	0
12. PSC'S And Travel	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
Subtotal - FY 1994	16,541	947	0	7,568	284	0	229	533	329	474	278	1,541	2,402	1,064	0	0	887
FY 1995																	
00. Political And Social Process	399	0	0	0	0	0	0	0	0	0	0	250	0	149	0	0	0
01. Educational Reform-USIA	3,283	100	0	0	0	200	0	400	0	0	0	1,200	825	558	0	0	0
03. Books For Democracy-USIA	550	137	0	110	0	0	0	0	0	82	110	0	110	0	0	0	0
05. Political Orgs(Inclu Elect	3,974	600	0	355	350	0	0	0	240	449	315	0	921	703	0	0	38
08. AFL-CIO Support	1,330	0	0	250	0	0	0	0	0	50	0	580	200	0	0	0	250
10. American Univ. Of Bulgaria	5,117	0	0	5,117	0	0	0	0	0	0	0	0	0	0	0	0	0
12. PSC'S And Travel	29	0	0	2	0	0	0	0	0	0	0	0	1	0	0	0	25
Subtotal - FY 1995	14,684	837	0	5,835	350	200	0	400	240	582	425	2,030	2,058	1,411	0	0	313
FY 1996																	
00. Political And Social Process	24,182	446	3,017	15,440	880	0	0	600	50	75	299	1,139	209	1,700	0	0	322
05. Political Orgs(Inclu Elect	877	122	0	605	0	0	0	0	50	100	0	0	0	0	0	0	0
Subtotal - FY 1996	25,060	568	3,017	16,045	880	0	0	600	100	175	299	1,139	209	1,700	0	0	322
Total - Project 1800021	77,168	4,087	3,117	34,846	1,738	866	461	2,937	1,109	1,845	1,451	6,792	7,159	4,753	93	207	5,699
1800022 - Independent Media																	
FY 1991																	
02. Media Training-USIA	1,500	75	0	105	0	45	0	15	0	15	0	180	165	45	60	15	780
03. Professional Media Program	350	0	0	0	0	0	119	0	115	115	0	0	0	0	0	0	0
48. USIA*	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000
Subtotal - FY 1991	6,850	75	0	105	0	45	119	15	115	130	0	180	165	45	60	15	5,780
FY 1992																	
01. Int. Med. Fund/Warsaw	3,750	1,050	0	150	262	525	0	262	0	0	112	300	300	112	225	0	450
02. Media Training-USIA	450	6	0	39	0	3	9	0	9	0	0	0	39	3	39	0	303
04. Bosnia Media/Croat	300	150	0	0	0	0	0	0	0	0	0	0	150	0	0	0	0
05. Printing press - Albania	1,250	1,250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	5,750	2,456	0	189	262	528	9	262	9	0	112	300	489	115	264	0	753

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242

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Democratic Pluralism -- Continued..																	
FY 1993																	
01. Int. Med. Fund/Warsaw	3,750	225	0	337	225	262	0	450	0	0	262	637	337	450	37	0	525
02. Media Training-USIA	550	0	0	44	5	5	55	27	27	27	27	0	71	55	38	0	165
Subtotal - FY 1993	4,300	225	0	381	230	268	55	477	27	27	290	637	409	505	76	0	690
FY 1994																	
00. Independent Media	2,770	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,770
02. Media Training-USIA	514	0	0	55	115	0	0	55	55	55	0	55	55	55	0	0	14
Subtotal - FY 1994	3,285	0	0	55	115	0	0	55	55	55	0	55	55	55	0	0	2,785
FY 1995																	
00. Independent Media	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
01. Int. Med. Fund/Warsaw	400	0	0	0	0	0	0	400	0	0	0	0	0	0	0	0	0
03. Professional Media Program	2,651	180	0	500	100	0	0	600	0	15	0	0	725	500	0	0	31
46. USIA*	900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	900
99. PSC's and Travel	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
Subtotal - FY 1995	4,661	180	0	500	100	0	0	1,000	0	15	0	700	725	500	0	0	941
FY 1996																	
00. Independent Media	2,245	100	679	0	430	0	0	236	0	0	0	100	0	300	0	0	400
04. Bosnia Media/Croat	600	0	600	0	0	0	0	0	0	0	0	0	0	0	0	0	0
96. USIA*	1,055	55	400	100	100	0	0	0	0	100	100	0	0	200	0	0	0
99. PSC's and Travel	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Subtotal - FY 1996	3,902	155	1,679	100	530	0	0	236	0	100	100	100	0	500	0	0	402
Total - Project 1800022	28,749	3,091	1,679	1,330	1,238	841	183	2,046	207	328	502	1,972	1,843	1,720	400	15	11,352
1800032 - Non Governmental Organizations Development																	
FY 1994																	
09. Democracy Networks	526	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	526
Subtotal - FY 1994	526	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	526
FY 1995																	
09. Democracy Networks	14,933	1,190	0	2,005	0	1,530	69	1,625	219	278	696	40	2,711	1,521	0	0	3,044
Subtotal - FY 1995	14,933	1,190	0	2,005	0	1,530	69	1,625	219	278	696	40	2,711	1,521	0	0	3,044
FY 1996																	
09. Democracy Networks	1,883	300	0	750	0	0	50	0	200	250	333	0	0	0	0	0	0
Subtotal - FY 1996	1,883	300	0	750	0	0	50	0	200	250	333	0	0	0	0	0	0
Total - Project 1800032	17,343	1,490	0	2,755	0	1,530	119	1,625	419	528	1,030	40	2,711	1,521	0	0	3,571

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FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
TOTAL - 1. DEMOCRATIC PLURALISM	123,261	8,669	4,797	38,932	2,976	3,237	763	6,609	1,735	2,702	2,984	8,806	11,713	7,995	493	222	20,622
2. POLITICAL PROCESS AND GOVERNANCE																	
1800003 - Support of Democratic Institutions																	
FY 1990																	
01. SUNY/Albany	549	0	0	0	0	0	0	549	0	0	0	0	0	0	0	0	0
02. NED	10,441	0	0	2,297	0	508	0	1,017	0	0	0	2,848	1,729	406	0	203	1,430
03. USIA	1,350	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,350
Subtotal - FY 1990	12,341	0	0	2,297	0	508	0	1,566	0	0	0	2,848	1,729	406	0	203	2,780
FY 1991																	
00. Support of Democratic	293	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	293
01. SUNY/Albany	92	0	0	0	0	0	0	92	0	0	0	0	0	0	0	0	0
02. NED	1,230	0	0	270	0	61	0	123	0	0	0	344	209	49	0	24	147
Subtotal - FY 1991	1,615	0	0	270	0	61	0	215	0	0	0	344	209	49	0	24	440
Total - Project 1800003	13,957	0	0	2,567	0	570	0	1,782	0	0	0	3,192	1,938	456	0	228	3,221
1800017 - Political Process																	
FY 1991																	
01. Political orgs. (incl. elect	4,020	413	0	1,402	0	0	80	0	80	240	0	0	1,148	0	0	491	165
02. Baltics grant agreements	299	0	0	0	0	0	74	0	149	74	0	0	0	0	0	0	0
03. Citizens' Networks (USIA)	2,000	100	0	420	0	80	0	700	0	0	0	500	60	80	0	40	20
Subtotal - FY 1991	6,320	513	0	1,822	0	80	154	700	229	314	0	500	1,208	80	0	531	185
FY 1992																	
01. Political orgs. (incl. elect	2,175	239	0	154	0	12	37	206	53	66	0	211	1,126	65	0	0	0
04. AFL-CIO support	3,273	32	0	327	0	0	0	392	0	0	0	1,702	163	0	0	0	654
Subtotal - FY 1992	5,449	271	0	482	0	12	37	599	53	66	0	1,913	1,290	65	0	0	654
Total - Project 1800017	11,769	785	0	2,304	0	92	192	1,299	283	381	0	2,413	2,498	145	0	531	839
1800018 - Local Government and Public Administration																	
FY 1991																	
01. Grants competition	799	0	0	349	0	225	0	0	0	0	0	0	0	225	0	0	0
02. USIA grants to Baltics	700	0	0	0	0	0	238	0	273	189	0	0	0	0	0	0	0
03. AID grants to Baltics	99	0	0	0	0	0	69	0	14	14	0	0	0	0	0	0	0
Subtotal - FY 1991	1,599	0	0	349	0	225	307	0	287	203	0	0	0	225	0	0	0

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Political Process and Governance -- Continued...																	
FY 1992																	
01. Grants competition	2,514	0	0	0	0	100	0	715	0	0	0	1,599	0	100	0	0	0
Subtotal - FY 1992	2,514	0	0	0	0	100	0	715	0	0	0	1,599	0	100	0	0	0
Total - Project 1800018	4,114	0	0	349	0	325	307	715	287	203	0	1,599	0	325	0	0	0
1800019 - Democratic Governance & Public Administration																	
FY 1991																	
37. Library of Congress*	5,008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,008
Subtotal - FY 1991	5,008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,008
FY 1992																	
00. Democratic Governance &	744	0	0	0	0	0	0	0	0	0	0	744	0	0	0	0	0
01. Tech Asst & Equip (FROST)	3,000	0	0	0	0	0	600	0	1,320	1,080	0	0	0	0	0	0	0
03. North Atlantic Assembly	622	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	622
04. Public Management	1,500	60	0	15	0	180	120	270	0	75	0	45	555	180	0	0	0
06. USIA	60	0	0	60	0	0	0	0	0	0	0	0	0	0	0	0	0
07. Public Administration	324	0	0	0	0	0	0	0	0	0	0	324	0	0	0	0	0
35. Library of Congress*	6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,000
Subtotal - FY 1992	12,250	60	0	75	0	180	720	270	1,320	1,155	0	1,113	555	180	0	0	6,622
FY 1993																	
00. Democratic Governance &	47	0	0	21	0	0	0	21	0	0	0	4	0	0	0	0	0
03. North Atlantic Assembly	255	0	0	63	0	33	0	63	0	0	0	63	0	30	0	0	0
07. Public Administration	1,557	0	0	287	0	0	0	0	0	0	0	1,269	0	0	0	0	0
36. Library of Congress*	3,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,500
Subtotal - FY 1993	5,360	0	0	372	0	33	0	85	0	0	0	1,338	0	30	0	0	3,500
FY 1994																	
00. Democratic Governance &	630	0	2	0	0	0	0	0	0	0	0	627	0	0	0	0	0
03. North Atlantic Assembly	418	26	0	52	0	26	52	52	52	52	0	52	26	26	0	0	0
07. Public Administration	1,393	0	0	186	0	0	0	25	0	25	25	993	0	0	0	0	138
Subtotal - FY 1994	2,442	26	2	239	0	26	52	77	52	77	25	1,673	26	26	0	0	138
FY 1995																	
00. Democratic Governance &	6,752	0	0	0	0	0	0	0	0	0	0	6,346	405	0	0	0	0
01. Tech Asst & Equip (FROST)	123	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	123

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245

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Political Process and Governance -- Continued...																	
07. Public Administration	15,876	939	31	884	0	1,957	829	0	588	814	816	462	2,174	0	0	0	6,378
35. Library of Congress*	3,055	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,055
Subtotal - FY 1995	25,806	939	31	884	0	1,957	829	0	588	814	816	6,808	2,580	0	0	0	9,556
FY 1996																	
00. Democratic Governance &	3,406	33	0	0	0	54	0	724	0	0	783	1,745	59	0	0	0	5
07. Public Administration	45	0	0	45	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	3,451	33	0	45	0	54	0	724	0	0	783	1,745	59	0	0	0	5
Total - Project 1800019	54,319	1,059	34	1,616	0	2,251	1,601	1,157	1,960	2,046	1,624	12,678	3,220	236	0	0	24,830
1800020 - Rule Of Law																	
FY 1991																	
01. USIA	350	0	0	0	0	0	87	0	56	82	0	0	0	0	0	0	123
47. USIA*	850	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	850
Subtotal - FY 1991	1,200	0	0	0	0	0	87	0	56	82	0	0	0	0	0	0	973
FY 1992																	
02. ABA Grant	1,000	22	0	55	49	29	22	19	27	39	22	38	42	21	14	0	596
Subtotal - FY 1992	1,000	22	0	55	49	29	22	19	27	39	22	38	42	21	14	0	596
FY 1993																	
00. Rule Of Law	214	0	0	6	6	0	47	0	62	23	0	0	12	0	0	0	55
02. ABA Grant	1,250	100	0	85	124	98	98	97	122	111	100	85	128	45	0	0	55
03. Democracy And Law:	25	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	0
Subtotal - FY 1993	1,489	100	0	91	130	98	145	97	184	135	100	110	140	45	0	0	110
FY 1994																	
00. Rule Of Law	5	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	1
02. ABA Grant	1,342	80	0	161	174	107	80	107	107	67	201	67	93	93	0	0	0
Subtotal - FY 1994	1,348	80	0	162	174	107	80	108	107	67	201	67	95	93	0	0	1
FY 1995																	
00. Rule Of Law	250	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0
02. ABA Grant	3,776	384	171	389	489	200	0	0	239	68	239	0	389	289	0	0	913
03. Democracy And Law:	1,220	220	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
42. Department of State*	5,215	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,215
99. Other	19	0	0	0	0	0	0	0	0	1	0	1	0	1	0	0	16
Subtotal - FY 1995	10,481	604	171	389	489	200	250	0	239	69	239	1	389	290	0	0	7,144

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246

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

A. STRENGTHENING DEMOCRATIC INSTITUTIONS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Political Process and Governance -- Continued..																	
FY 1996																	
00. Rule Of Law	5,180	391	489	327	464	0	0	0	396	525	249	329	384	238	0	0	1,385
05. Library of Congress*	975	0	0	97	0	0	0	97	0	0	0	97	0	97	0	0	585
38. Department of State*	5,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,200
Subtotal - FY 1996	11,355	391	489	424	464	0	0	97	396	525	249	426	384	336	0	0	7,170
Total - Project 1800020	26,873	1,199	660	1,123	1,308	435	585	323	1,012	918	812	644	1,052	786	14	0	15,996
TOTAL - 2. POLITICAL PROCESS AND GOVERNANCE	111,034	3,044	694	7,962	1,308	3,675	2,687	5,278	3,544	3,551	2,437	20,529	8,709	1,950	14	759	44,888

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247

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

PROGRAM TOTAL 2,712,496	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
COUNTRY TOTALS	1,698,253	88,945	17,335	116,711	9,932	109,038	16,706	171,822	26,068	40,094	27,520	687,974	107,482	109,777	10,238	780	157,824
TOTAL AS % OF 1,698,253	100.0%	5.2%	1.0%	6.9%	0.6%	6.4%	1.0%	10.1%	1.5%	2.4%	1.6%	40.5%	6.3%	6.5%	0.6%	0.0%	9.3%
TOTAL AS % OF 2,712,496	62.6%	3.3%	0.6%	4.3%	0.4%	4.0%	0.6%	6.3%	1.0%	1.5%	1.0%	25.4%	4.0%	4.0%	0.4%	0.0%	5.8%
1. MACROECONOMIC SUPPORT																	
1800036 - Sector Support - Hungary																	
Subtotal - FY 1991	10,000	0	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0
1800043 - Czechoslovakia (Environment)																	
Subtotal - FY 1991	15,000	0	0	0	0	9,999	0	0	0	0	0	0	0	5,001	0	0	0
1800044 - Bulgaria (Agriculture)																	
Subtotal - FY 1991	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
1810008 - Polish Stabilization Fund (Treasury)																	
FY 1990																	
95. Department of Treasury	199,227	0	0	0	0	0	0	0	0	0	0	199,227	0	0	0	0	0
Subtotal - FY 1990	199,227	0	0	0	0	0	0	0	0	0	0	199,227	0	0	0	0	0
TOTAL - 1. MACROECONOMIC SUPPORT	234,227	0	0	10,000	0	9,999	0	10,000	0	0	0	199,227	0	5,001	0	0	0
2. PRIVATIZATION AND ASSISTANCE TO ENTERPRISES																	
1800014 - Privatization & Enterprise Restructuring																	
Subtotal - FY 1990	895	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	870
Subtotal - FY 1991	13,538	34	0	0	0	1,576	428	3,017	369	432	0	2,308	32	2,401	0	0	2,936
Subtotal - FY 1992	24,868	623	0	1,531	0	9,246	890	2,002	667	1,149	0	6,473	898	1,093	0	0	290
Subtotal - FY 1993	40,080	564	0	3,492	0	6,193	860	6,676	904	1,038	0	13,199	1,424	3,480	0	0	2,244
Subtotal - FY 1994	56,843	811	0	1,470	0	7,315	1,669	7,943	2,607	583	3,113	11,342	2,611	8,805	2,206	0	6,361
Subtotal - FY 1995	42,367	0	0	501	1,954	3,290	0	4,617	640	1,722	3,401	6,398	7,854	5,676	2,677	0	3,631
Subtotal - FY 1996	55,074	764	14,315	2,325	1,106	1,706	0	3,753	140	2,409	1,450	12,025	11,121	2,592	363	0	999
Total - Project 1800014	233,668	2,797	14,315	9,321	3,061	29,329	3,850	28,011	5,330	7,335	7,964	51,773	23,943	24,050	5,247	0	17,334
1800023 - Technical Assistance To Enterprises																	

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248

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Privatization and Assistance to Enterprises -- Continued..																	
FY 1991																	
01. IESC Private Enterprise	6,314	268	0	268	0	536	160	804	160	160	0	1,869	804	1,279	0	0	0
02. GEMINI	1,988	0	0	0	0	0	0	0	0	0	0	1,988	0	0	0	0	0
04. IFC Business Advisory	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	0	0
05. MBA Enterprise Corps	634	0	0	0	0	234	0	126	0	0	0	171	0	101	0	0	0
Subtotal - FY 1991	10,937	268	0	268	0	771	160	931	160	160	0	6,029	804	1,380	0	0	0
FY 1992																	
00. Technical Assistance To	6,555	327	0	327	0	655	196	983	196	196	0	1,704	983	983	0	0	0
02. GEMINI	124	0	0	0	0	0	0	0	0	0	0	124	0	0	0	0	0
03. CIPE-Chamber	1,500	0	0	0	0	0	270	750	240	240	0	0	0	0	0	0	0
05. MBA Enterprise Corps	645	0	0	0	0	150	0	214	0	0	0	215	0	63	0	0	0
06. WOCCU	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
07. Peace Corps	1,447	5	0	302	0	0	8	0	8	8	0	1,105	8	0	0	0	0
Subtotal - FY 1992	10,972	333	0	629	0	806	475	1,948	445	445	0	3,849	991	1,047	0	0	0
FY 1993																	
00. Technical Assistance To	13	1	0	0	0	0	2	0	1	0	0	3	0	1	1	0	0
01. IESC Private Enterprise	2,186	64	0	64	0	128	38	193	38	38	0	784	193	642	0	0	0
02. GEMINI	1,800	0	0	0	0	0	0	0	0	0	0	1,800	0	0	0	0	0
04. IFC Business Advisory	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
05. MBA Enterprise Corps	1,200	0	0	0	0	180	0	360	0	0	0	480	0	180	0	0	0
06. WOCCU	1,400	0	0	0	0	0	0	0	0	0	0	1,400	0	0	0	0	0
07. Peace Corps	2,507	215	0	494	0	86	268	135	268	268	0	499	204	66	0	0	0
11. Enterpreneurial Mgmt &	500	0	0	75	0	50	25	100	25	25	0	100	50	50	0	0	0
15. PSC'S And Travel	65	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	65
Subtotal - FY 1993	10,173	282	0	633	0	445	334	789	333	331	0	5,566	447	940	1	0	65
FY 1994																	
00. Technical Assistance To	5,597	1,202	0	730	0	912	1	2	1	0	2	1,594	912	235	0	0	0
01. IESC Private Enterprise	7,119	87	0	604	29	892	355	1,104	223	658	0	1,050	735	636	26	0	714
02. GEMINI	674	0	0	0	0	0	0	0	0	0	0	641	0	32	0	0	0
03. CIPE-Chamber	3,499	0	0	274	0	233	150	1,166	249	249	0	449	249	75	0	0	399
05. MBA Enterprise Corps	3,400	0	0	0	0	0	288	256	0	512	0	1,600	0	288	0	0	456
06. WOCCU	3,292	0	0	0	0	0	0	0	1,030	861	0	1,400	0	0	0	0	0

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Privatization and Assistance to Enterprises – Continued..																	
07. Peace Corps	909	8	0	521	0	40	20	45	40	59	0	93	40	40	0	0	0
11. Enterpreneurial Mgmt &	3,232	222	0	422	0	0	0	412	292	292	0	812	352	422	0	0	0
13. New Small Business	239	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	239
14. CDC Business Enterprise	24	0	0	4	0	6	0	0	0	0	0	7	6	0	0	0	0
15. PSC'S And Travel	653	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	153
Subtotal - FY 1994	28,642	1,520	0	2,560	29	2,084	815	2,987	1,838	2,634	2	8,149	2,297	1,730	26	0	1,963
FY 1995																	
00. Technical Assistance To	12,258	0	0	0	0	0	0	24	0	0	0	12,234	0	0	0	0	0
01. IESC Private Enterprise	10,000	0	0	1,120	0	560	0	1,900	70	1,410	0	1,660	280	2,300	0	0	700
02. GEMINI	834	0	0	0	0	0	0	69	0	0	0	765	0	0	0	0	0
03. CIPE-Chamber	1,680	50	0	0	0	100	0	1,130	0	100	0	100	0	0	0	0	200
05. MBA Enterprise Corps	2,250	0	0	0	0	0	300	250	0	400	0	1,000	0	300	0	0	0
06. WOCCU	1,900	0	0	0	0	0	0	0	0	0	0	1,400	500	0	0	0	0
07. Peace Corps	976	50	0	40	0	469	0	50	50	60	0	100	75	40	0	0	42
08. CARESBAC	2,222	0	0	2,222	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Enterpreneurial Mgmt &	3,135	100	0	350	300	0	0	505	0	230	0	750	300	600	0	0	0
12. Albanian SME Foundation	1,000	950	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50
13. New Small Business	1,867	0	0	0	0	0	0	0	0	0	585	0	136	468	0	0	677
14. CDC Business Enterprise	1,850	0	0	650	0	0	0	0	0	0	0	700	500	0	0	0	0
15. PSC'S And Travel	295	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	295
16. SME Enterprise	6	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	40,276	1,150	0	4,382	300	1,129	300	3,934	120	2,200	585	18,709	1,791	3,708	0	0	1,966
FY 1996																	
00. Technical Assistance To	17,311	598	0	1,144	2,700	30	0	1,855	50	928	0	6,736	1,274	1,650	0	0	343
05. MBA Enterprise Corps	300	0	0	0	0	0	0	100	0	200	0	0	0	0	0	0	0
13. New Small Business	950	0	0	0	0	0	0	0	0	0	950	0	0	0	0	0	0
14. CDC Business Enterprise	1,500	0	0	200	0	0	0	0	0	0	0	300	1,000	0	0	0	0
15. PSC'S And Travel	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24
Subtotal - FY 1996	20,086	598	0	1,344	2,700	30	0	1,955	50	1,128	950	7,036	2,274	1,650	0	0	368
Total - Project 1800023	121,090	4,154	0	9,818	3,029	5,267	2,086	12,546	2,948	6,901	1,537	49,342	8,608	10,457	27	0	4,363
TOTAL - 2. PRIVATIZATION AND ASSISTANCE TO ENTERPRISES	354,758	6,951	14,315	19,140	6,091	34,596	5,936	40,558	8,279	14,236	9,502	101,115	32,551	34,508	5,275	0	21,698

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
3. IMPROVING THE BUSINESS CLIMATE																	
1800026 - Competition Policy, Laws & Regulations																	
FY 1991																	
00. Competition Policy, Laws &	244	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	244
01. Tax Policy & Admin (Treas)	250	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0
03. Transition to World Mkts	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500
11. TDP Telecom	90	0	0	0	0	45	0	0	0	0	0	0	0	45	0	0	0
12. AID Telecom	87	0	0	21	0	11	0	21	0	0	0	21	0	10	0	0	0
33. Department of Commerce*	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
45. Department of State*	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
85. FTC	1,170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,170
86. Department of Justice	1,158	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,158
92. Department of Treasury	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000
Subtotal - FY 1991	6,700	0	0	21	0	56	250	21	0	0	0	21	0	55	0	0	6,272
FY 1992																	
00. Competition Policy, Laws &	77	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	77
01. Tax Policy & Admin (Treas)	850	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	850
02. Antitrust Law	1,324	0	0	91	0	272	13	122	13	13	0	520	13	266	0	0	0
03. Transition to World Mkts	2,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,700
04. Telecommunication	300	0	0	60	0	15	15	60	15	15	0	60	60	0	0	0	0
05. Commerce (Gov't To Gov't)	896	179	0	0	0	0	44	0	44	89	0	179	44	0	0	0	313
06. Intl Dev Law Inst (Legal	580	0	0	88	0	0	0	88	0	88	0	88	0	0	0	0	226
07. Amer Bar Assoc (ABA)	1,300	325	0	325	0	0	0	0	0	325	0	325	0	0	0	0	0
11. TDP Telecom	600	0	0	0	0	162	0	270	0	0	0	0	0	168	0	0	0
80. Department of Commerce	149	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	149
Subtotal - FY 1992	8,777	504	0	564	0	449	72	540	72	530	0	1,172	117	434	0	0	4,317
FY 1993																	
02. Antitrust Law	3,200	0	0	400	0	176	80	272	144	224	0	864	288	352	0	0	400
03. Transition to World Mkts	2,480	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,480
04. Telecommunication	850	0	0	0	0	325	0	172	0	30	0	142	60	0	120	0	0
05. Commerce (Gov't To Gov't)	800	176	0	0	0	0	40	0	0	96	0	160	40	0	0	0	288
06. Intl Dev Law Inst (Legal	932	0	0	186	0	0	0	139	0	0	0	139	0	139	46	0	279
07. Amer Bar Assoc (ABA)	449	44	0	157	0	0	0	0	0	89	0	157	0	0	0	0	0

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Improving the Business Climate -- Continued...																	
11. TDP Telecom	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0
14. Other	108	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	108
Subtotal - FY 1993	8,920	220	0	743	0	601	120	584	144	439	0	1,463	388	491	166	0	3,556
FY 1994																	
00. Competition Policy, Laws &	10	0	0	2	0	0	0	0	0	0	0	0	2	0	0	0	4
04. Telecommunication	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
05. Commerce (Gov't To Gov't)	1,899	227	0	303	0	0	265	0	284	133	0	76	246	0	0	0	360
06. Intl Dev Law Inst (Legal	718	0	0	143	0	0	0	107	0	0	0	107	0	107	0	0	251
07. Amer Bar Assoc (ABA)	1,599	150	0	135	90	105	90	105	136	203	105	285	120	72	0	0	0
09. Evaluation	162	0	0	53	0	0	0	0	0	53	0	55	0	0	0	0	0
13. Collateral Law (IRIS)	2,652	0	0	0	0	212	0	0	0	0	0	511	0	212	0	0	1,716
14. Other	170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170
17. Bankrupcy	1,539	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,539
Subtotal - FY 1994	9,052	378	0	639	90	317	356	212	421	390	105	1,035	370	392	0	0	4,342
FY 1995																	
02. Antitrust Law	1,300	0	0	120	0	24	0	72	32	72	0	272	48	56	0	0	604
05. Commerce (Gov't To Gov't)	700	200	0	0	0	0	0	0	50	200	0	0	250	0	0	0	0
06. Intl Dev Law Inst (Legal	608	134	0	0	0	0	0	0	0	0	133	233	0	0	0	0	108
13. Collateral Law (IRIS)	950	50	0	200	50	0	0	0	0	200	250	200	0	0	0	0	0
14. Other	361	0	0	0	0	0	0	0	0	0	3	1	0	0	0	0	356
17. Bankrupcy	2,126	50	0	100	100	0	0	0	0	0	200	200	250	350	100	0	776
43. Department of State*	810	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	810
Subtotal - FY 1995	6,855	434	0	420	150	24	0	72	82	472	586	906	548	406	100	0	2,654
FY 1996																	
00. Competition Policy, Laws &	2,910	460	0	200	100	0	0	0	200	160	650	498	350	0	0	0	292
06. Intl Dev Law Inst (Legal	600	0	0	0	0	0	0	0	0	0	0	600	0	0	0	0	0
14. Other	118	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118
18. Library of Congress*	99	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99
Subtotal - FY 1996	3,729	460	0	200	100	0	0	0	200	160	650	1,098	350	0	0	0	510
Total - Project 1800026	44,036	1,997	0	2,589	340	1,448	799	1,432	920	1,993	1,341	5,699	1,774	1,780	266	0	21,653

1800027 - Business Services

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252

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Improving the Business Climate -- Continued...																	
FY 1991																	
01. TA/Finan Serv (Treas)	650	0	0	0	0	0	559	0	45	45	0	0	0	0	0	0	0
94. Department of Treasury	3,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,900
Subtotal - FY 1991	4,550	0	0	0	0	0	559	0	45	45	0	0	0	0	0	0	3,900
FY 1992																	
00. Business Services	484	0	0	96	0	0	0	0	0	0	0	387	0	0	0	0	0
01. TA/Finan Serv (Treas)	9,250	1,183	0	1,511	0	727	413	1,174	531	413	0	2,531	767	0	0	0	0
Subtotal - FY 1992	9,734	1,183	0	1,607	0	727	413	1,174	531	413	0	2,918	767	0	0	0	0
FY 1993																	
00. Business Services	1,700	0	0	0	0	340	0	340	0	0	0	425	0	255	85	0	255
01. TA/Finan Serv (Treas)	16,350	1,144	0	1,635	0	327	1,144	1,635	327	654	0	5,068	2,452	1,308	0	0	654
05. Other	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	29
Subtotal - FY 1993	18,079	1,144	0	1,635	0	667	1,144	1,975	327	654	0	5,493	2,452	1,563	85	0	938
FY 1994																	
00. Business Services	23	0	0	0	0	4	0	5	2	2	0	1	3	2	0	0	0
01. TA/Finan Serv (Treas)	14,880	1,190	0	1,785	0	446	0	1,190	1,190	744	148	2,232	1,488	744	148	0	3,571
02. FSVC Grant	3,711	102	0	143	0	370	192	617	102	102	0	916	96	795	270	0	0
05. Other	215	0	0	0	0	9	0	0	0	0	0	0	0	9	0	0	197
Subtotal - FY 1994	18,831	1,293	0	1,929	0	830	192	1,813	1,295	848	148	3,150	1,587	1,551	419	0	3,770
FY 1995																	
01. TA/Finan Serv (Treas)	7,899	830	0	799	0	0	0	846	688	579	400	2,537	0	617	100	0	500
05. Other	278	0	0	0	0	0	0	0	0	0	0	278	0	0	0	0	0
Subtotal - FY 1995	8,178	830	0	799	0	0	0	846	688	579	400	2,816	0	617	100	0	500
FY 1996																	
00. Business Services	1,842	99	0	0	99	0	0	405	45	49	0	522	0	249	199	0	169
01. TA/Finan Serv (Treas)	1,969	469	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
02. FSVC Grant	2,990	0	0	0	148	272	0	399	99	193	96	498	0	349	144	0	788
05. Other	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Subtotal - FY 1996	6,805	569	1,500	0	248	272	0	804	145	243	96	1,021	0	599	344	0	960
Total - Project 1800027	66,178	5,020	1,500	5,971	248	2,496	2,308	6,614	3,031	2,784	645	15,400	4,807	4,330	948	0	10,068

1800035 - Bank Training (Treasury)

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Improving the Business Climate -- Continued..																	
Subtotal - FY 1991	9,500	0	0	0	0	0	166	0	166	166	0	0	0	0	0	0	9,000
TOTAL - 3. IMPROVING THE BUSINESS CLIMATE	119,715	7,018	1,500	8,561	588	3,945	3,274	8,046	4,118	4,944	1,986	21,100	6,581	6,110	1,215	0	40,722
4. INVESTMENT AND TRADE																	
1800010 - Enterprise Funds																	
FY 1990																	
01. Enterprise Fund - Poland	34,192	0	0	0	0	0	0	0	0	0	0	34,192	0	0	0	0	0
02. Enterprise Fund - Hungary	4,962	0	0	0	0	0	0	4,962	0	0	0	0	0	0	0	0	0
Subtotal - FY 1990	39,154	0	0	0	0	0	0	4,962	0	0	0	34,192	0	0	0	0	0
FY 1991																	
01. Enterprise Fund - Poland	69,000	0	0	0	0	0	0	0	0	0	0	69,000	0	0	0	0	0
02. Enterprise Fund - Hungary	21,000	0	0	0	0	0	0	21,000	0	0	0	0	0	0	0	0	0
03. Czech & Slovak Rep.	5,000	0	0	0	0	2,000	0	0	0	0	0	0	0	3,000	0	0	0
Subtotal - FY 1991	95,000	0	0	0	0	2,000	0	21,000	0	0	0	69,000	0	3,000	0	0	0
FY 1992																	
01. Enterprise Fund - Poland	85,000	0	0	0	0	0	0	0	0	0	0	85,000	0	0	0	0	0
02. Enterprise Fund - Hungary	21,000	0	0	0	0	0	0	21,000	0	0	0	0	0	0	0	0	0
03. Czech & Slovak Rep.	22,000	0	0	0	0	8,800	0	0	0	0	0	0	0	13,200	0	0	0
04. Enterprise Fund - Bulgaria	10,000	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	138,000	0	0	10,000	0	8,800	0	21,000	0	0	0	85,000	0	13,200	0	0	0
FY 1993																	
02. Enterprise Fund - Hungary	7,500	0	0	0	0	0	0	7,500	0	0	0	0	0	0	0	0	0
03. Czech & Slovak Rep.	1,600	0	0	0	0	640	0	0	0	0	0	0	0	960	0	0	0
Subtotal - FY 1993	9,100	0	0	0	0	640	0	7,500	0	0	0	0	0	960	0	0	0
FY 1994																	
01. Enterprise Fund - Poland	61,807	0	0	0	0	0	0	0	0	0	0	61,807	0	0	0	0	0
02. Enterprise Fund - Hungary	15,537	0	0	0	0	0	0	15,537	0	0	0	0	0	0	0	0	0
03. Czech & Slovak Rep.	36,400	0	0	0	0	14,560	0	0	0	0	0	0	0	21,840	0	0	0
04. Enterprise Fund - Bulgaria	11,000	0	0	11,000	0	0	0	0	0	0	0	0	0	0	0	0	0
05. Enterprise Fund - Baltics	10,525	0	0	0	0	0	3,473	0	3,473	3,578	0	0	0	0	0	0	0

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Investment and Trade -- Continued...																	
06. Enterprise Fund - Romania	6,619	0	0	0	0	0	0	0	0	0	0	0	6,619	0	0	0	0
Subtotal - FY 1994	141,889	0	0	11,000	0	14,560	3,473	15,537	3,473	3,578	0	61,807	6,619	21,840	0	0	0
FY 1995																	
01. Enterprise Fund - Poland	4,500	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0
04. Enterprise Fund - Bulgaria	10,100	0	0	10,100	0	0	0	0	0	0	0	0	0	0	0	0	0
05. Enterprise Fund - Baltics	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000
06. Enterprise Fund - Romania	7,900	0	0	0	0	0	0	0	0	0	0	0	7,900	0	0	0	0
07. Enterprise Fund - Albania	7,800	7,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	35,300	7,800	0	10,100	0	0	0	0	0	0	0	4,500	7,900	0	0	0	5,000
FY 1996																	
00. Enterprise Funds	10,000	0	0	6,000	0	0	0	0	0	0	0	2,000	0	0	2,000	0	0
05. Enterprise Fund - Baltics	9,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,000
06. Enterprise Fund - Romania	6,000	0	0	0	0	0	0	0	0	0	0	0	6,000	0	0	0	0
07. Enterprise Fund - Albania	4,000	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	29,000	4,000	0	6,000	0	0	0	0	0	0	0	2,000	6,000	0	2,000	0	9,000
Total - Project 1800010	487,444	11,800	0	37,100	0	26,000	3,473	70,000	3,473	3,578	0	256,500	20,519	39,000	2,000	0	14,000
1800028 - American Business & Private Sector Dev. Initiatives																	
FY 1991																	
34. Department of Commerce*	5,750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,750
90. TDA	1,630	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,630
Subtotal - FY 1991	7,380	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,380
FY 1992																	
00. American Business &	2,664	0	0	0	0	0	0	2,664	0	0	0	0	0	0	0	0	0
01. Telecom Travel	7,124	0	0	116	0	2,436	0	553	0	0	69	2,426	275	760	0	0	485
04. TDP	3,530	0	0	642	0	0	0	0	995	713	0	607	571	0	0	0	0
06. OPIC Feasibility Studies	3,000	0	0	600	0	1,200	0	600	0	0	0	0	0	600	0	0	0
89. TDA	1,495	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,495
Subtotal - FY 1992	17,813	0	0	1,358	0	3,636	0	3,817	995	713	69	3,034	846	1,360	0	0	1,980
FY 1993																	
00. American Business &	12	0	0	0	0	0	0	0	0	0	0	0	0	12	0	0	0
01. Telecom Travel	631	0	0	0	0	0	0	160	0	0	0	375	95	0	0	0	0

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Investment and Trade -- Continued...																	
02. Capital Dvlpt Initiative	333	0	0	124	0	0	0	208	0	0	0	0	0	0	0	0	0
04. TDP	2,500	200	0	1,000	0	0	0	0	0	0	0	600	400	0	0	0	300
06. OPIC Feasibility Studies	600	0	0	62	59	54	49	0	49	49	0	102	62	54	59	0	0
08. RSSA with DOC	194	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	194
Subtotal - FY 1993	4,271	200	0	1,186	59	54	49	369	49	49	0	1,077	557	66	59	0	494
FY 1994																	
00. American Business &	26	0	0	3	0	5	0	2	0	0	0	1	3	9	0	0	0
01. Telecom Travel	1,769	0	0	0	0	0	0	159	0	0	0	1,610	0	0	0	0	0
02. Capital Dvlpt Initiative	1,756	0	0	0	0	68	0	568	0	0	0	1,119	0	0	0	0	0
08. RSSA with DOC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	3,553	0	0	3	0	73	0	730	0	0	0	2,731	3	9	0	0	0
FY 1995																	
01. Telecom Travel	8	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	4
02. Capital Dvlpt Initiative	175	0	0	0	0	0	0	0	0	0	0	0	167	0	0	0	8
31. Department of Commerce*	253	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	253
99. Other	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7
Subtotal - FY 1995	444	0	0	0	0	0	0	4	0	0	0	0	167	0	0	0	273
FY 1996																	
01. Telecom Travel	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9
30. Department of Commerce*	234	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	234
Subtotal - FY 1996	243	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	243
Total - Project 1800028	33,706	200	0	2,549	59	3,765	49	4,922	1,044	762	69	6,842	1,575	1,437	59	0	10,371
1800047 - Removing Impediments to Trade Enhancement (RITE)																	
Subtotal - FY 1992	417	0	0	70	0	0	0	79	0	0	0	204	0	62	0	0	0
Subtotal - FY 1993	1,528	30	0	15	0	0	0	17	0	0	0	45	0	13	0	0	1,406
Total - Project 1800047	1,946	30	0	86	0	0	0	96	0	0	0	249	0	76	0	0	1,406
TOTAL - 4. INVESTMENT AND TRADE	523,096	12,030	0	39,735	59	29,765	3,522	75,018	4,517	4,340	69	263,592	22,094	40,513	2,059	0	25,778

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252

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
5. HUMAN RESOURCES																	
1800002 - Human Resource Program																	
FY 1990																	
01. VOCA	995	0	0	0	0	0	0	0	0	0	0	995	0	0	0	0	0
02. Deloitte & Touche	500	0	0	0	0	0	0	500	0	0	0	0	0	0	0	0	0
03. USIA	2,943	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,943
04. USDA	225	0	0	0	0	0	0	0	0	0	0	225	0	0	0	0	0
05. Credit Union National	79	0	0	0	0	0	0	79	0	0	0	0	0	0	0	0	0
06. IESC	653	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	653
07. Int'l Student Exch Program	1,962	0	0	0	0	215	0	353	0	0	0	1,236	0	156	0	0	0
88. Department of Labor	1,512	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,512
Subtotal - FY 1990	8,871	0	0	0	0	215	0	933	0	0	0	2,456	0	156	0	0	5,108
FY 1991																	
00. Human Resource Program	3,000	0	0	0	0	330	0	540	0	0	0	1,890	0	240	0	0	0
09. English Teaching (USIA)	3,000	0	0	240	0	300	0	360	0	0	0	510	210	270	0	210	900
13. American University	600	0	0	600	0	0	0	0	0	0	0	0	0	0	0	0	0
14. USIA Baltic grant	300	0	0	0	0	0	102	0	99	99	0	0	0	0	0	0	0
87. Department of Labor	374	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	374
91. Department of Treasury	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
Subtotal - FY 1991	7,374	0	0	840	0	630	102	900	99	99	0	2,400	210	510	0	210	1,374
FY 1992																	
09. English Teaching (USIA)	2,000	160	0	160	0	80	60	160	100	60	0	160	160	80	0	160	660
12. Seagram's Scholarships	355	0	0	17	0	106	0	53	0	0	0	53	0	53	0	0	71
Subtotal - FY 1992	2,355	160	0	177	0	186	60	213	100	60	0	213	160	133	0	160	731
FY 1993																	
00. Human Resource Program	3,000	0	0	0	0	420	0	540	0	0	0	1,800	0	240	0	0	0
07. Int'l Student Exch Program	3,000	0	0	0	0	420	0	540	0	0	0	1,800	0	240	0	0	0
09. English Teaching (USIA)	2,500	25	0	250	25	175	150	275	200	125	25	275	275	150	50	0	500
Subtotal - FY 1993	8,500	25	0	250	25	1,015	150	1,355	200	125	25	3,875	275	630	50	0	500
FY 1994																	
00. Human Resource Program	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07. Int'l Student Exch Program	3,000	0	0	0	0	330	0	540	0	0	0	1,890	0	240	0	0	0
09. English Teaching (USIA)	2,870	143	0	258	143	258	114	344	172	200	143	344	344	258	143	0	0

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Human Resources -- Continued..																	
16. Fultz School	800	800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44. Department of State*	3,606	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,606
Subtotal - FY 1994	10,278	946	0	258	143	588	114	884	172	200	143	2,234	344	498	143	0	3,606
FY 1995																	
00. Human Resource Program	902	0	0	0	0	0	0	0	0	0	0	902	0	0	0	0	0
07. Int'l Student Exch Program	3,000	0	0	0	0	250	0	750	0	0	0	1,500	0	500	0	0	0
15. ORT	1,099	1,099	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18. Social Sector Restructuring	892	0	0	0	0	0	0	0	0	0	845	0	0	0	0	0	46
20. PSC'S & Project	498	0	0	0	0	0	0	0	0	0	114	0	0	0	0	0	383
41. Department of State*	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,500
Subtotal - FY 1995	8,892	1,099	0	0	0	250	0	750	0	0	960	2,402	0	500	0	0	2,930
FY 1996																	
00. Human Resource Program	1,647	0	0	0	0	0	0	0	0	0	720	880	0	0	0	0	46
16. Fultz School	684	684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20. PSC'S & Project	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33
39. Department of State*	1,700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,700
Subtotal - FY 1996	4,064	684	0	0	0	0	0	0	0	0	720	880	0	0	0	0	1,780
Total - Project 1800002	50,337	2,915	0	1,526	168	2,885	426	5,036	571	484	1,849	14,461	989	2,428	193	370	16,030
1800029 - Management Training & Market Economics Education																	
FY 1991																	
01. Large Grants Competition	13,593	700	0	1,497	0	2,100	0	2,123	0	0	0	3,748	1,176	2,247	0	0	0
02. Small Grants Competition	5,800	0	0	387	0	817	499	731	499	500	0	1,032	430	0	0	344	559
Subtotal - FY 1991	19,393	700	0	1,884	0	2,917	499	2,854	499	500	0	4,780	1,606	2,247	0	344	559
FY 1992																	
00. Management Training &	395	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	395
01. Large Grants Competition	9,582	0	0	1,122	0	1,177	0	1,375	0	0	0	3,517	882	1,404	0	0	102
02. Small Grants Competition	3,325	532	0	299	33	166	66	365	99	66	66	532	266	66	66	66	631
Subtotal - FY 1992	13,303	532	0	1,422	33	1,343	66	1,741	99	66	66	4,049	1,148	1,471	66	66	1,129
FY 1993																	
00. Management Training &	71	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	71
01. Large Grants Competition	11,154	0	0	747	0	2,500	0	2,843	0	0	0	2,941	1,587	514	0	0	19

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258

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Human Resources -- Continued..																	
02. Small Grants Competition	4,300	215	344	215	215	215	387	344	430	430	215	215	215	430	215	0	215
Subtotal - FY 1993	15,525	215	344	962	215	2,715	387	3,187	430	430	215	3,156	1,802	944	215	0	305
FY 1994																	
00. Management Training &	757	0	0	0	0	0	0	0	0	0	0	748	0	0	0	0	6
01. Large Grants Competition	8,733	661	0	413	0	4,050	0	1,500	0	0	233	0	1,778	0	0	0	95
02. Small Grants Competition	3,950	316	0	711	158	197	118	237	39	158	355	395	750	197	316	0	0
Subtotal - FY 1994	13,440	977	0	1,125	158	4,248	118	1,737	39	158	589	1,143	2,530	197	316	0	101
FY 1995																	
00. Management Training &	2,009	0	0	0	0	0	0	0	0	0	0	2,009	0	0	0	0	0
01. Large Grants Competition	8,233	0	0	2,397	0	0	0	1,250	664	1,330	0	0	341	1,500	0	0	750
Subtotal - FY 1995	10,242	0	0	2,397	0	0	0	1,250	664	1,330	0	2,009	341	1,500	0	0	750
FY 1996																	
00. Management Training &	2,846	900	0	0	0	0	0	0	0	0	0	1,796	0	0	0	0	150
01. Large Grants Competition	3,947	99	0	0	0	0	0	1,550	797	0	0	0	500	1,000	0	0	0
03. Library of Congress*	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400
Subtotal - FY 1996	7,193	999	0	0	0	0	0	1,550	797	0	0	1,796	500	1,000	0	0	550
Total - Project 1800029	79,099	3,424	344	7,791	406	11,224	1,071	12,319	2,531	2,484	870	16,936	7,928	7,360	597	410	3,396
1800045 - Participant Training																	
FY 1992																	
00. Participant Training	1,203	161	0	231	60	40	10	80	40	60	20	360	110	30	0	0	0
02. USIA top-up	1,775	20	20	300	20	90	50	140	50	20	20	100	60	90	20	0	775
03. Salzburg Seminar	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Subtotal - FY 1992	3,103	181	20	531	80	130	60	220	90	80	40	460	170	120	20	0	900
FY 1993																	
00. Participant Training	1,246	74	0	162	74	49	12	99	49	74	24	448	137	37	0	0	0
01. PIET	3,530	161	0	356	146	189	31	251	102	360	48	997	370	150	0	0	363
02. USIA top-up	1,850	72	100	174	100	101	87	174	72	72	303	101	87	101	100	0	203
Subtotal - FY 1993	6,627	308	100	692	321	340	131	525	224	507	376	1,547	594	289	100	0	566
FY 1994																	
00. Participant Training	1,010	40	0	141	30	100	0	161	40	60	0	252	90	20	0	0	71
01. PIET	5,858	334	0	770	326	284	50	536	234	291	100	2,016	627	167	59	0	58

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152

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Human Resources -- Continued..																	
02. USIA top-up	2,000	98	0	316	60	254	98	254	78	78	60	196	292	156	60	0	0
05. Monitoring Evaluation	117	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	117
06. USIA ECESP	3,000	210	0	360	180	360	0	360	0	0	210	450	450	210	210	0	0
07. Small Grants Program	3,192	139	0	113	24	386	222	218	34	119	12	584	402	642	48	0	242
Subtotal - FY 1994	15,178	822	0	1,701	621	1,386	370	1,530	387	549	382	3,499	1,862	1,196	378	0	490
FY 1995																	
01. PIET	7,756	634	348	923	746	1,067	0	696	159	475	249	944	398	600	84	0	430
05. Monitoring Evaluation	499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	499
07. Small Grants Program	342	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	342
08. Third Country Training	583	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	583
Subtotal - FY 1995	9,181	634	348	923	746	1,067	0	696	159	475	249	944	398	600	84	0	1,856
FY 1996																	
00. Participant Training	2,987	250	100	250	0	420	0	250	130	322	250	19	200	325	0	0	471
01. PIET	5,249	365	400	351	850	355	0	250	170	254	200	925	400	475	135	0	115
09. Program Mgmt/G Transfers	66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
Subtotal - FY 1996	8,304	615	500	601	850	775	0	500	300	576	450	944	600	800	135	0	654
Total - Project 1800045	42,394	2,562	968	4,450	2,618	3,698	562	3,471	1,161	2,188	1,498	7,396	3,625	3,005	717	0	4,467
1800052 - Customs Service Training																	
Subtotal - FY 1993	500	0	0	50	0	0	0	0	0	0	400	0	50	0	0	0	0
TOTAL - 5. HUMAN RESOURCES	172,331	8,902	1,312	13,818	3,193	17,809	2,061	20,827	4,263	5,158	4,618	38,794	12,593	12,795	1,508	780	23,894
6. AGRICULTURE AND AGRIBUSINESS																	
1800024 - Restructuring Agriculture & Agribusiness																	
FY 1991																	
01. VOCA Grant	3,250	1,300	0	975	0	0	0	0	0	0	0	0	975	0	0	0	0
02. Coop Training Grant ACDI	2,400	240	0	240	0	0	0	0	240	240	240	600	600	0	0	0	0
03. NCBA	500	0	0	0	0	200	0	150	0	0	0	75	0	75	0	0	0
05. USDA	6,000	0	0	720	0	180	0	420	0	0	0	4,500	0	0	180	0	0
06. ACDI (COOP Bank Poland)	500	0	0	0	0	0	0	500	0	0	0	0	0	0	0	0	0
07. Dairy Farming/Land O'Lakes	4,000	360	0	560	0	360	200	400	200	280	0	1,200	160	280	0	0	0
Subtotal - FY 1991	16,650	1,900	0	2,495	0	740	200	1,470	440	520	240	6,375	1,735	355	180	0	0

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260

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Agriculture and Agribusiness -- Continued..																	
FY 1992																	
00. Restructuring Agriculture &	7,024	1,200	0	1,300	0	0	0	0	0	0	0	3,120	900	0	0	0	504
01. VOCA Grant	2,500	1,000	0	750	0	0	0	0	0	0	0	0	750	0	0	0	0
02. Coop Training Grant ACDI	2,000	200	0	200	0	0	0	0	200	200	200	500	500	0	0	0	0
03. NCBA	750	0	0	0	0	300	0	225	0	0	0	112	0	112	0	0	0
04. Agribusiness TA&Training	5,600	0	0	1,600	0	664	0	800	0	0	0	1,600	0	936	0	0	0
05. USDA	600	0	0	600	0	0	0	0	0	0	0	0	0	0	0	0	0
06. ACDI (COOP Bank Poland)	700	0	0	0	0	0	0	0	0	0	0	700	0	0	0	0	0
07. Dairy Farming/Land O'Lakes	4,000	400	0	560	0	360	200	400	200	280	0	1,200	160	240	0	0	0
08. ABS Privatization	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
09. Albania Sector Support	1,900	1,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	25,574	4,700	0	5,010	0	1,324	200	1,425	400	480	200	7,732	2,310	1,288	0	0	504
FY 1993																	
00. Restructuring Agriculture &	11,324	133	0	1,361	0	1,255	390	2,121	523	523	718	2,902	333	1,060	0	0	0
03. NCBA	500	0	0	0	0	200	0	150	0	0	0	75	0	75	0	0	0
05. USDA	3,000	0	0	1,350	0	0	0	0	0	0	0	1,650	0	0	0	0	0
06. ACDI (COOP Bank Poland)	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
07. Dairy Farming/Land O'Lakes	5,000	0	0	2,500	0	0	0	0	0	0	0	0	2,500	0	0	0	0
08. ABS Privatization	264	0	0	0	0	0	0	0	0	0	0	264	0	0	0	0	0
10. Romania Sector Support	2,505	0	0	0	0	0	0	0	0	0	0	0	2,505	0	0	0	0
11. Project Management	92	0	0	0	0	0	0	0	0	0	0	32	32	0	0	0	27
Subtotal - FY 1993	23,186	133	0	5,211	0	1,455	390	2,271	523	523	718	5,423	5,371	1,135	0	0	28
FY 1994																	
00. Restructuring Agriculture &	31	0	0	0	0	0	0	0	0	0	0	0	31	0	0	0	0
01. VOCA Grant	6,000	853	182	313	0	456	238	467	445	684	1,261	391	339	182	0	0	182
02. Coop Training Grant ACDI	1,387	138	0	138	0	0	0	0	138	138	138	346	346	0	0	0	0
03. NCBA	500	0	0	0	0	275	0	150	0	0	0	0	0	75	0	0	0
04. Agribusiness TA&Training	1,486	0	0	486	0	0	0	500	0	0	0	500	0	0	0	0	0
05. USDA	2,078	0	0	1,039	0	0	0	0	0	0	0	1,039	0	0	0	0	0
06. ACDI (COOP Bank Poland)	2,007	0	0	0	0	0	0	0	0	0	0	2,007	0	0	0	0	0
08. ABS Privatization	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
11. Project Management	288	0	0	44	0	0	0	0	0	0	0	0	200	0	0	0	44

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Agriculture and Agribusiness – Continued...																	
12. Privatization of Agric &	74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	74
Subtotal - FY 1994	14,351	992	182	2,021	0	731	238	1,117	584	823	1,399	4,784	917	257	0	0	300
FY 1995																	
00. Restructuring Agriculture &	2,500	0	0	0	0	0	0	0	0	0	0	2,500	0	0	0	0	0
01. VOCA Grant	7,828	545	0	800	0	298	0	850	305	400	1,050	1,000	1,800	780	0	0	0
03. NCBA	300	0	0	0	0	200	0	50	0	0	0	0	0	0	0	0	50
04. Agribusiness TA&Training	2,930	0	0	0	0	500	0	1,130	0	0	0	1,000	0	300	0	0	0
05. USDA	2,420	0	0	0	0	0	0	0	0	0	0	1,750	0	200	0	0	470
06. ACDI (COOP Bank Poland)	500	0	0	0	0	0	0	0	0	0	0	500	0	0	0	0	0
07. Dairy Farming/Land O'Lakes	5,234	1,500	0	0	0	0	0	198	0	3,535	0	0	0	0	0	0	0
08. ABS Privatization	706	0	0	0	0	0	0	0	0	0	0	706	0	0	0	0	0
11. Project Management	27	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	24
12. Privatization of Agric &	709	0	0	0	0	0	0	0	0	0	409	0	300	0	0	0	0
14. Rural Financial Institutions	1,990	0	0	0	0	0	0	0	0	0	1,990	0	0	0	0	0	0
16. Policy/Marketing/Trade	1,109	0	0	220	0	0	0	0	0	0	800	0	0	0	0	0	89
Subtotal - FY 1995	26,255	2,045	0	1,020	0	998	0	2,231	305	3,935	4,249	7,456	2,100	1,280	0	0	634
FY 1996																	
00. Restructuring Agriculture &	2,529	100	0	0	0	0	0	775	0	0	0	1,107	485	0	0	0	61
01. VOCA Grant	3,550	400	0	500	0	0	0	0	0	300	1,050	0	500	800	0	0	0
04. Agribusiness TA&Training	337	0	0	0	0	0	0	337	0	0	0	0	0	0	0	0	0
11. Project Management	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
14. Rural Financial Institutions	1,010	0	0	0	0	0	0	0	0	0	1,010	0	0	0	0	0	0
15. Library of Congress*	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32
17. Library of Congress*	1,216	0	0	0	0	0	0	0	0	0	1,216	0	0	0	0	0	0
Subtotal - FY 1996	8,679	500	0	500	0	0	0	1,113	0	300	3,276	1,107	985	800	0	0	96
Total - Project 1800024	114,696	10,270	182	16,258	0	5,248	1,028	9,627	2,252	6,581	10,083	32,880	13,418	5,117	180	0	1,565
TOTAL - 6. AGRICULTURE AND AGRIBUSINESS	114,696	10,270	182	16,258	0	5,248	1,028	9,627	2,252	6,581	10,083	32,880	13,418	5,117	180	0	1,565

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262

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
7. AGRICULTURE SECTOR PROGRAMS																	
1800046 - Agriculture Development Program - Albania																	
Subtotal - FY 1992	10,140	10,140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1993	4,316	4,316	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	4,299	4,299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	2,500	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 1800046	21,256	21,256	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800048 - Agriculture Development Program - Romania																	
Subtotal - FY 1993	10,000	0	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
1800049 - Agricultural Restructuring																	
Subtotal - FY 1992	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1993	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	4,500	4,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	4,900	4,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	3,115	3,115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 1800049	22,515	22,515	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL - 7. AGRICULTURE SECTOR PROGRAMS	53,771	43,771	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0
8. ENERGY EFFICIENCY																	
1800015 - Emergency Energy Program																	
Subtotal - FY 1991	11,515	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,515
Subtotal - FY 1992	66	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66
Total - Project 1800015	11,582	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,582
1800030 - Regional Energy Efficiency																	
FY 1991																	
02. PASA/IAA With DOE	2,900	0	0	649	0	1,175	0	450	0	0	0	600	0	0	0	0	24
03. Energy Information Systems	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Energy Efficiency -- Continued...																	
04. Grant To USEA	2,675	0	0	342	0	318	98	259	238	184	37	326	318	240	0	0	310
05. IAA With NRC	575	0	0	0	0	143	0	281	0	0	0	0	0	149	0	0	0
06. IQC	191	0	0	0	0	0	0	0	0	0	0	191	0	0	0	0	0
07. Grant to IEA	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200
Subtotal - FY 1991	6,841	0	0	992	0	1,637	98	991	238	184	37	1,118	318	390	0	0	835
FY 1992																	
00. Regional Energy Efficiency	1,498	0	0	191	0	178	55	145	133	103	20	182	178	134	0	0	173
01. Industry Contracts/Utility	14,687	0	0	995	0	440	36	1,134	36	365	229	4,808	1,782	2,226	0	0	2,631
02. PASA/IAA With DOE	5,850	0	0	550	0	450	0	0	0	0	0	0	0	0	0	0	4,850
03. Energy Information Systems	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300
05. IAA With NRC	1,050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,050
06. IQC	419	0	0	0	0	0	0	0	0	0	0	419	0	0	0	0	0
07. Grant to IEA	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	400
08. Department of Interior	160	0	0	0	0	0	0	160	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	24,366	0	0	1,737	0	1,068	92	1,439	170	468	250	5,411	1,960	2,361	0	0	9,405
FY 1993																	
01. Industry Contracts/Utility	705	0	0	155	0	42	14	63	14	14	0	282	77	42	0	0	0
02. PASA/IAA With DOE	5,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,600
03. Energy Information Systems	308	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	308
04. Grant To USEA	3,211	0	0	411	0	382	118	311	285	221	44	391	382	289	0	0	372
05. IAA With NRC	1,623	0	0	292	0	535	0	324	0	178	0	0	0	292	0	0	0
06. IQC	36	0	0	0	0	0	0	0	0	0	0	36	0	0	0	0	0
Subtotal - FY 1993	11,485	0	0	858	0	960	132	699	299	414	44	710	459	623	0	0	6,281
FY 1994																	
00. Regional Energy Efficiency	20	0	0	3	0	1	0	0	0	1	0	0	4	1	0	0	8
01. Industry Contracts/Utility	6,617	0	0	1,314	0	371	199	374	215	288	24	943	1,774	45	0	0	1,064
02. PASA/IAA With DOE	4,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,600
04. Grant To USEA	5,000	0	0	544	0	463	358	517	465	436	349	493	443	452	0	0	474
05. IAA With NRC	1,500	0	0	120	0	855	0	135	0	255	0	0	0	135	0	0	0
06. IQC	88	0	0	0	0	0	0	0	0	0	0	88	0	0	0	0	0
09. EBRD Nuclear Safety Fund	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
10. Utility Consultancy-Poland	24	0	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	18,351	0	24	1,983	0	1,691	558	1,027	681	981	374	1,525	2,222	633	0	0	6,646

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264

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

B. ECONOMIC RESTRUCTURING

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Energy Efficiency -- Continued..																	
FY 1995																	
00. Regional Energy Efficiency	78	0	0	0	0	0	0	20	0	0	0	58	0	0	0	0	0
01. Industry Contracts/Utility	17,152	0	0	1,324	0	1,010	0	1,700	544	532	350	2,545	4,280	320	0	0	4,547
02. PASA/IAA With DOE	3,100	0	0	700	0	200	0	0	0	1,000	0	0	0	1,000	0	0	200
04. Grant To USEA	2,700	0	0	400	0	300	0	500	300	300	200	400	0	300	0	0	0
05. IAA With NRC	1,000	0	0	200	0	400	0	100	0	200	0	0	0	100	0	0	0
09. EBRD Nuclear Safety Fund	500	0	0	250	0	0	0	0	0	250	0	0	0	0	0	0	0
11. PSC'S	255	0	0	2	0	6	0	0	3	2	1	8	1	2	0	0	224
Subtotal - FY 1995	24,786	0	0	2,876	0	1,916	0	2,321	847	2,284	551	3,011	4,281	1,722	0	0	4,972
FY 1996																	
00. Regional Energy Efficiency	6,965	0	0	750	0	400	0	1,263	400	500	0	1,986	0	0	0	0	1,665
01. Industry Contracts/Utility	1,000	0	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0
11. PSC'S	277	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	277
Subtotal - FY 1996	8,243	0	0	750	0	400	0	1,263	400	500	0	1,986	1,000	0	0	0	1,943
Total - Project 1800030	94,074	0	24	9,198	0	7,674	883	7,743	2,636	4,833	1,259	13,764	10,242	5,731	0	0	30,083
1800031 - Krakow Clean Fossil Fuels and Energy Efficiency																	
Subtotal - FY 1991	3,000	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	0
Subtotal - FY 1992	5,500	0	0	0	0	0	0	0	0	0	0	3,000	0	0	0	0	2,500
Subtotal - FY 1993	7,000	0	0	0	0	0	0	0	0	0	0	7,000	0	0	0	0	0
Subtotal - FY 1994	4,500	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0	0
Total - Project 1800031	20,000	0	0	0	0	0	0	0	0	0	0	17,500	0	0	0	0	2,500
TOTAL - 8. ENERGY EFFICIENCY	125,656	0	24	9,198	0	7,674	883	7,743	2,636	4,833	1,259	31,264	10,242	5,731	0	0	44,165

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265

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

PROGRAM TOTAL 2,712,496	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
COUNTRY TOTALS	576,607	18,326	150,821	36,756	24,101	29,582	5,298	38,219	4,785	5,652	3,036	109,071	45,943	33,463	100	0	71,447
TOTAL AS % OF 576,607	100.0%	3.2%	26.2%	6.4%	4.2%	5.1%	0.9%	6.6%	0.8%	1.0%	0.5%	18.9%	8.0%	5.8%	0.0%	0.0%	12.4%
TOTAL AS % OF 2,712,496	21.3%	0.7%	5.6%	1.4%	0.9%	1.1%	0.2%	1.4%	0.2%	0.2%	0.1%	4.0%	1.7%	1.2%	0.0%	0.0%	2.6%
1. SHORT-TERM EMERGENCY & HUMANITARIAN AID																	
1800016 - TRAUMA, SOCIAL WELFARE & HUMANITARIAN ASSISTANCE																	
Subtotal - FY 1991	5,500	1,278	0	917	0	371	170	0	165	165	1,207	325	0	743	0	0	155
Subtotal - FY 1992	6,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,400
Subtotal - FY 1993	1,000	400	0	0	0	0	0	0	0	400	0	0	100	0	100	0	0
Subtotal - FY 1994	10,766	0	3,468	0	5,862	0	0	0	0	0	1,435	0	0	0	0	0	0
FY 1995																	
00. Humanitarian Emergency	360	0	0	0	360	0	0	0	0	0	0	0	0	0	0	0	0
01. War Victims - Former Yugo.	10,332	0	3,395	0	6,451	0	0	0	0	0	243	0	0	0	0	0	242
02. Romanian Child Health	774	0	0	0	0	0	0	0	0	0	0	0	774	0	0	0	0
07. NGO Humanitarian Grants	1,189	0	0	0	0	0	0	0	0	0	0	0	1,189	0	0	0	0
08. PSC'S And Evaluation	363	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	363
09. Holt Romanian Adoption	175	0	0	0	0	0	0	0	0	0	0	0	175	0	0	0	0
Subtotal - FY 1995	13,196	0	3,395	0	6,811	0	0	0	0	0	243	0	2,139	0	0	0	606
FY 1996																	
00. Humanitarian Emergency	3,116	0	0	0	870	0	0	0	0	0	150	0	0	0	0	0	2,095
08. PSC'S And Evaluation	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
Subtotal - FY 1996	3,132	0	0	0	870	0	0	0	0	0	150	0	0	0	0	0	2,111
Total - Project 1800016	39,995	1,678	6,863	917	13,545	371	170	0	165	565	3,036	325	2,239	743	100	0	9,273
1800032 - Non Governmental Organizations Development																	
FY 1991																	
00. Non Governmental	511	0	0	511	0	0	0	0	0	0	0	0	0	0	0	0	0
02. - Romanian Child Health	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0
03. - CDC Grant	1,800	0	0	291	0	145	16	291	16	16	0	291	291	145	0	0	291
07. NGO Humanitarian Grants	11,014	0	0	900	0	1,896	0	1,622	0	0	0	2,359	1,895	640	0	0	1,700
Subtotal - FY 1991	14,826	0	0	1,703	0	2,042	16	1,914	16	16	0	2,651	3,687	785	0	0	1,991

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266

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Short-term Emergency & Humanitarian Aid -- Continued...																	
FY 1992																	
02. - Romanian Child Health	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0
03. - CDC Grant	2,556	0	0	425	0	213	0	426	0	0	0	426	426	212	0	0	425
05. - ORT (Albania)	2,908	2,908	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07. NGO Humanitarian Grants	1,467	0	0	0	0	0	0	0	0	0	0	1,019	447	0	0	0	0
Subtotal - FY 1992	8,431	2,908	0	425	0	213	0	426	0	0	0	1,445	2,374	212	0	0	425
FY 1993																	
00. Non Governmental	1,404	0	326	0	1,078	0	0	0	0	0	0	0	0	0	0	0	0
02. - Romanian Child Health	2,500	0	0	0	0	0	0	0	0	0	0	0	2,500	0	0	0	0
06. - Yugoslav War Victims	1,000	0	300	0	700	0	0	0	0	0	0	0	0	0	0	0	0
07. NGO Humanitarian Grants	2,353	0	0	251	0	0	0	325	0	0	0	1,422	286	67	0	0	0
Subtotal - FY 1993	7,258	0	626	251	1,778	0	0	325	0	0	0	1,422	2,786	67	0	0	0
FY 1994																	
00. Non Governmental	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
02. - Romanian Child Health	2,543	0	0	0	350	0	0	0	0	0	0	0	2,193	0	0	0	0
03. - CDC Grant	193	0	0	0	0	0	0	50	0	0	0	0	1	15	0	0	127
05. - ORT (Albania)	660	660	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
06. - Yugoslav War Victims	3,505	0	1,051	0	2,453	0	0	0	0	0	0	0	0	0	0	0	0
07. NGO Humanitarian Grants	650	0	0	0	0	0	0	0	0	0	0	650	0	0	0	0	0
08. - PVO Workshop	35	0	0	0	0	0	0	0	0	0	0	35	0	0	0	0	0
Subtotal - FY 1994	7,591	660	1,051	0	2,803	0	0	50	0	0	0	685	2,194	15	0	0	129
FY 1995																	
00. Non Governmental	3,708	.0	0	0	0	0	0	0	0	60	0	3,648	0	0	0	0	0
07. NGO Humanitarian Grants	205	0	0	0	0	0	0	0	0	0	0	38	0	0	0	0	166
Subtotal - FY 1995	3,913	0	0	0	0	0	0	0	0	60	0	3,687	0	0	0	0	166
FY 1996																	
00. Non Governmental	4,290	0	0	0	0	90	0	700	400	200	0	700	0	1,000	0	0	1,200
Subtotal - FY 1996	4,290	0	0	0	0	90	0	700	400	200	0	700	0	1,000	0	0	1,200
Total - Project 1800032	46,312	3,568	1,677	2,381	4,582	2,346	16	3,415	416	276	0	10,592	11,043	2,082	0	0	3,914
1800054 - Bosnian Emergency Rehabilitation																	
Subtotal - FY 1994	9,500	0	9,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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267

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Short-term Emergency & Humanitarian Aid -- Continued..																	
Subtotal - FY 1995	8,472	0	8,472	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	10,077	0	9,988	0	0	0	0	0	0	0	0	0	0	0	0	0	89
Total - Project 1800054	28,050	0	27,961	0	0	0	0	0	0	0	0	0	0	0	0	0	89
1800056 - Bosnia Reconstructuring Finance																	
Subtotal - FY 1996	46,278	0	46,278	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1800058 - Bosnia Municipal Infrastr. & Services																	
Subtotal - FY 1996	68,039	0	68,039	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1860001 - Humanitarian Assistance for Romanian Children																	
Subtotal - FY 1990	4,000	0	0	0	0	0	0	0	0	0	0	0	4,000	0	0	0	0
TOTAL - 1. SHORT-TERM EMERGENCY & HUMANITARIAN AID	232,676	5,246	150,821	3,298	18,127	2,718	186	3,415	581	841	3,036	10,917	17,282	2,825	100	0	13,277
2. EMPLOYMENT & THE SOCIAL SAFETY NET																	
1800033 - Labor Market Transition																	
Subtotal - FY 1991	5,615	56	0	0	0	224	0	842	0	0	0	3,705	0	224	0	0	561
Subtotal - FY 1992	6,000	0	0	600	0	0	0	240	0	0	0	5,160	0	0	0	0	0
Subtotal - FY 1993	6,000	60	0	540	0	0	0	840	0	0	0	2,640	60	300	0	0	1,560
Subtotal - FY 1994	6,966	0	0	696	0	0	0	1,124	0	0	0	2,519	517	517	0	0	1,590
Subtotal - FY 1995	6,451	0	0	600	0	0	0	1,000	0	0	0	3,229	0	0	0	0	1,622
Subtotal - FY 1996	4,641	0	0	400	0	0	0	650	0	0	0	1,699	0	0	0	0	1,891
Total - Project 1800033	35,674	116	0	2,836	0	224	0	4,696	0	0	0	18,954	577	1,042	0	0	7,226
TOTAL - 2. EMPLOYMENT & THE SOCIAL SAFETY NET	35,674	116	0	2,836	0	224	0	4,696	0	0	0	18,954	577	1,042	0	0	7,226
3. HOUSING																	
1800034 - Housing Sector Assistance																	
Subtotal - FY 1991	5,367	0	0	771	0	448	0	1,622	0	0	0	1,957	0	448	0	0	120

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288

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Housing -- Continued..																	
Subtotal - FY 1992	22,564	721	0	3,534	0	1,381	0	3,288	0	0	0	6,166	480	1,368	0	0	5,623
Subtotal - FY 1993	7,000	0	0	320	0	980	0	350	0	0	0	3,050	90	380	0	0	1,830
Subtotal - FY 1994	19,411	207	0	840	0	891	0	1,154	0	0	0	9,600	361	965	0	0	5,389
Subtotal - FY 1995	21,784	1,489	0	1,283	820	2,378	0	2,082	0	0	0	8,124	700	2,968	0	0	1,938
Subtotal - FY 1996	19,233	1,014	0	322	2,000	1,804	0	2,229	0	0	0	7,720	1,000	2,496	0	0	645
Total - Project 1800034	95,361	3,432	0	7,071	2,820	7,885	0	10,726	0	0	0	36,620	2,631	8,626	0	0	15,547
TOTAL - 3. HOUSING	95,361	3,432	0	7,071	2,820	7,885	0	10,726	0	0	0	36,620	2,631	8,626	0	0	15,547
4. HEALTH																	
1800037 - Partnerships in Health Care																	
Subtotal - FY 1991	2,525	0	0	1,592	0	0	0	933	0	0	0	0	0	0	0	0	0
Subtotal - FY 1992	9,671	0	0	1,200	0	1,000	0	2,010	0	0	0	2,680	1,080	1,200	0	0	501
Subtotal - FY 1993	7,055	0	0	1,101	0	550	0	950	0	0	0	1,466	1,980	650	0	0	356
Subtotal - FY 1994	10,739	1,329	0	1,429	1,954	600	1,504	688	0	0	0	733	1,317	610	0	0	572
Subtotal - FY 1995	7,113	1,100	0	0	600	350	0	800	798	0	0	0	1,096	750	0	0	1,618
Subtotal - FY 1996	3,519	0	0	0	600	0	0	400	349	0	0	0	600	750	0	0	820
Total - Project 1800037	40,623	2,429	0	5,323	3,154	2,500	1,504	5,781	1,147	0	0	4,880	6,073	3,960	0	0	3,868
1800038 - Promotion of Private Health Markets																	
FY 1992																	
01. Health Markets	5,000	61	0	4	0	1,906	0	270	0	0	0	317	174	697	0	0	1,566
Subtotal - FY 1992	5,000	61	0	4	0	1,906	0	270	0	0	0	317	174	697	0	0	1,566
FY 1993																	
00. Promotion of Private Health	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30
01. Health Markets	2,095	357	0	7	0	402	0	252	0	0	0	702	102	202	0	0	67
Subtotal - FY 1993	2,125	357	0	7	0	402	0	252	0	0	0	702	102	202	0	0	97
FY 1994																	
00. Promotion of Private Health	23	0	0	4	0	6	0	1	0	0	0	5	0	1	0	0	3
01. Health Markets	4,358	460	0	604	0	1,128	0	326	0	0	0	500	637	525	0	0	176
Subtotal - FY 1994	4,381	460	0	608	0	1,134	0	327	0	0	0	505	637	527	0	0	179

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269

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Health – Continued...																	
FY 1995																	
00. Promotion of Private Health	11,392	965	0	136	0	2,358	0	147	0	0	0	2,515	1,466	2,281	0	0	1,520
Subtotal - FY 1995	11,392	965	0	136	0	2,358	0	147	0	0	0	2,515	1,466	2,281	0	0	1,520
FY 1996																	
00. Promotion of Private Health	5,525	850	0	200	0	125	0	500	0	0	0	180	803	948	0	0	1,917
Subtotal - FY 1996	5,525	850	0	200	0	125	0	500	0	0	0	180	803	948	0	0	1,917
Total - Project 1800038	28,424	2,694	0	956	0	5,927	0	1,497	0	0	0	4,221	3,185	4,657	0	0	5,282
1860002 - Romanian Family Planning																	
Subtotal - FY 1991	1,499	0	0	0	0	0	0	0	0	0	0	0	1,499	0	0	0	0
Subtotal - FY 1992	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	0	0	0	0
Subtotal - FY 1993	1,998	0	0	0	0	0	0	0	0	0	0	0	1,998	0	0	0	0
Total - Project 1860002	4,998	0	0	0	0	0	0	0	0	0	0	0	4,998	0	0	0	0
TOTAL - 4. HEALTH	74,046	5,124	0	6,279	3,154	8,428	1,504	7,279	1,147	0	0	9,101	14,258	8,618	0	0	9,150
5. ENVIRONMENT																	
1800004 - Environmental Initiatives																	
FY 1990																	
01. World Environmental Center	700	0	0	0	0	0	0	350	0	0	0	350	0	0	0	0	0
02. World Wildlife Fund	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
03. Health Financing Study	130	0	0	42	0	22	0	44	0	0	0	0	0	20	0	0	0
04. DOE 632(b)	9,776	0	0	0	0	0	0	0	0	0	0	9,776	0	0	0	0	0
84. EPA	3,220	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,220
Subtotal - FY 1990	13,926	0	0	42	0	22	0	394	0	0	0	10,126	0	20	0	0	3,320
FY 1991																	
01. World Environmental Center	4,000	0	0	720	0	520	0	720	0	0	0	720	760	560	0	0	0
83. EPA	3,199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,199
Subtotal - FY 1991	7,199	0	0	720	0	520	0	720	0	0	0	720	760	560	0	0	3,199
FY 1992																	
00. Environmental Initiatives	3,725	0	0	443	0	332	295	369	369	332	0	775	443	332	0	0	33

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270

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Environment -- Continued...																	
07. Krakow Air/Water	1,892	0	0	0	0	0	0	0	0	0	0	1,892	0	0	0	0	0
Subtotal - FY 1992	5,617	0	0	443	0	332	295	369	369	332	0	2,667	443	332	0	0	33
FY 1993																	
00. Environmental Initiatives	26	0	0	6	0	0	1	2	0	0	0	0	2	3	0	0	10
07. Krakow Air/Water	1,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,400
08. IPA Contract/WEC	140	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	140
10. RSSA With EPA	91	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	91
12. Env Investments-Pride	675	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	675
13. Evaluation And Prog. Mgmt.	93	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	93
Subtotal - FY 1993	2,426	0	0	6	0	0	1	2	0	0	0	0	2	3	0	0	2,409
FY 1994																	
00. Environmental Initiatives	9,669	0	0	1,205	0	427	464	631	614	970	0	1,677	907	1,868	0	0	900
01. World Environmental Center	3,653	0	0	392	0	320	285	249	285	249	0	499	534	249	0	0	587
10. RSSA With EPA	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	46
11. HIID	1,506	30	0	15	0	15	135	271	105	120	0	256	210	90	0	0	256
12. Env Investments-Pride	525	0	0	24	0	0	0	0	0	24	0	350	0	0	0	0	124
13. Evaluation And Prog. Mgmt.	101	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	101
14. PSCS & Travel	272	0	0	7	0	0	7	0	1	7	0	0	0	0	0	0	247
Subtotal - FY 1994	15,774	30	0	1,645	0	763	892	1,152	1,007	1,373	0	2,783	1,653	2,207	0	0	2,265
FY 1995																	
00. Environmental Initiatives	22	0	0	0	0	0	0	22	0	0	0	0	0	0	0	0	0
01. World Environmental Center	2,945	0	0	180	0	230	0	250	230	290	0	750	600	175	0	0	240
08. IPA Contract/WEC	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32
11. HIID	3,547	0	0	200	0	100	0	550	400	336	0	500	511	700	0	0	250
12. Env Investments-Pride	213	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	213
13. Evaluation And Prog. Mgmt.	277	5	0	0	0	0	4	0	0	0	0	17	2	0	0	0	246
Subtotal - FY 1995	7,037	5	0	380	0	330	4	822	630	626	0	1,267	1,113	875	0	0	982
FY 1996																	
00. Environmental Initiatives	2,066	0	0	170	0	0	0	100	0	400	0	850	0	300	0	0	246
01. World Environmental Center	170	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170
10. RSSA With EPA	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
11. HIID	2,375	0	0	400	0	0	0	300	200	250	0	100	225	900	0	0	0

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271

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Environment -- Continued...																	
13. Evaluation And Prog. Mgmt.	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53
14. PSCS & Travel	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	122
Subtotal - FY 1996	4,888	0	0	570	0	0	0	400	200	650	0	950	225	1,200	0	0	693
Total - Project 1800004	56,870	35	0	3,807	0	1,968	1,194	3,860	2,206	2,981	0	18,514	4,196	5,199	0	0	12,904
1800039 - Improved Public Sector Environmental Services																	
FY 1991																	
01. IAA WITH EPA	8,100	0	0	1,053	0	2,592	0	1,701	0	0	0	1,215	0	648	0	0	891
02. Center for Clean Air Policy	500	0	0	0	0	250	0	0	0	0	0	0	0	250	0	0	0
03. World Wildlife Fund	800	0	0	603	0	80	0	8	0	0	0	20	8	80	0	0	0
05. USDA	400	0	0	80	0	40	0	80	0	0	0	80	80	40	0	0	0
07. WASH Buy-in (Danube)	1,000	0	0	250	0	0	0	250	0	0	0	0	250	250	0	0	0
Subtotal - FY 1991	10,800	0	0	1,986	0	2,962	0	2,039	0	0	0	1,315	338	1,268	0	0	891
FY 1992																	
01. IAA WITH EPA	4,960	0	0	455	0	1,119	275	485	275	350	0	1,417	0	134	0	0	450
02. Center for Clean Air Policy	499	0	0	0	0	374	0	0	0	0	0	0	0	124	0	0	0
04. National Park Service	825	0	0	825	0	0	0	0	0	0	0	0	0	0	0	0	0
05. USDA	750	0	0	338	0	0	0	24	0	0	0	25	338	25	0	0	0
06. Local Environment	1,950	0	0	0	0	0	0	937	0	0	0	1,012	0	0	0	0	0
07. WASH Buy-in (Danube)	1,250	0	0	312	0	0	0	312	0	0	0	0	312	312	0	0	0
Subtotal - FY 1992	10,235	0	0	1,930	0	1,493	275	1,759	275	350	0	2,454	650	596	0	0	450
FY 1993																	
00. Improved Public Sector	1,381	0	0	497	0	0	0	0	0	0	0	0	884	0	0	0	0
01. IAA WITH EPA	6,325	0	0	665	0	200	175	425	200	275	0	1,235	250	400	0	0	2,500
04. National Park Service	120	0	0	120	0	0	0	0	0	0	0	0	0	0	0	0	0
06. Local Environment	1,000	0	0	0	0	0	0	500	0	0	0	500	0	0	0	0	0
07. WASH Buy-in (Danube)	90	0	0	0	0	0	0	0	0	0	0	0	0	90	0	0	0
Subtotal - FY 1993	8,916	0	0	1,282	0	200	175	925	200	275	0	1,735	1,134	490	0	0	2,500
FY 1994																	
00. Improved Public Sector	1,500	0	0	495	0	0	0	255	0	0	0	0	495	255	0	0	0
01. IAA WITH EPA	5,350	100	0	745	0	500	175	250	175	250	0	1,500	0	500	0	0	1,155
04. National Park Service	580	0	0	380	0	0	0	0	0	0	0	0	0	0	0	0	200

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272

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

C. IMPROVING THE QUALITY OF LIFE

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
Environment -- Continued..																	
06. Local Environment	1,290	0	0	0	0	0	0	665	0	0	0	625	0	0	0	0	0
10. EAP Investments	121	0	0	0	0	121	0	0	0	0	0	0	0	0	0	0	0
11. Albania Forestry	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Estonia Hot Spots	889	0	0	0	0	0	889	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1994	10,131	500	0	1,620	0	621	1,064	1,170	175	250	0	2,125	495	755	0	0	1,355
FY 1995																	
00. Improved Public Sector	1,015	0	0	0	0	0	0	250	0	0	0	765	0	0	0	0	0
01. IAA WITH EPA	3,865	0	0	0	0	250	0	250	200	140	0	875	0	400	0	0	1,750
09. DANUBE GEF	3,990	0	0	0	0	0	0	300	0	0	0	0	500	690	0	0	2,500
10. EAP Investments	6,257	0	0	1,000	0	700	0	0	0	400	0	1,300	700	1,150	0	0	1,007
11. Albania Forestry	1,871	1,871	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Biodiversity (GEF)	2,500	0	0	2,500	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Estonia Hot Spots	896	0	0	0	0	0	896	0	0	0	0	0	0	0	0	0	0
14. Environmental Health	384	0	0	0	0	0	0	0	0	0	0	0	384	0	0	0	0
99. Other	9	0	0	0	0	0	2	0	0	0	0	0	4	0	0	0	2
Subtotal - FY 1995	20,789	1,871	0	3,500	0	950	899	800	200	540	0	2,940	1,588	2,240	0	0	5,259
FY 1996																	
00. Improved Public Sector	6,100	2,000	0	750	0	0	0	300	0	0	0	400	0	0	0	0	2,650
10. EAP Investments	3,515	0	0	200	0	600	0	0	0	415	0	800	1,500	0	0	0	0
Subtotal - FY 1996	9,615	2,000	0	950	0	600	0	300	0	415	0	1,200	1,500	0	0	0	2,650
Total - Project 1800039	70,487	4,371	0	11,269	0	6,826	2,413	6,993	850	1,830	0	11,769	5,706	5,350	0	0	13,106
1800041 - Environmental Training																	
Subtotal - FY 1991	1,000	0	0	219	0	490	0	67	0	0	0	105	0	84	0	0	35
Subtotal - FY 1992	3,148	0	0	692	0	409	0	283	0	0	0	787	472	503	0	0	0
Subtotal - FY 1993	1,400	0	0	322	0	182	0	126	0	0	0	336	210	224	0	0	0
Subtotal - FY 1994	3,000	0	0	900	0	450	0	570	0	0	0	540	150	390	0	0	0
Subtotal - FY 1995	1,842	0	0	60	0	0	0	200	0	0	0	625	457	300	0	0	200
Subtotal - FY 1996	1,100	0	0	0	0	0	0	0	0	0	0	800	0	300	0	0	0
Total - Project 1800041	11,490	0	0	2,193	0	1,531	0	1,246	0	0	0	3,193	1,289	1,801	0	0	235
TOTAL - 5. ENVIRONMENT	138,848	4,407	0	17,269	0	10,326	3,608	12,101	3,056	4,811	0	33,476	11,193	12,350	0	0	26,246

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

D. MISCELLANEOUS

PROGRAM TOTAL 2,712,496	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
COUNTRY TOTALS	203,339	3,662	98,158	1,885	10,309	1,472	378	5,765	3,038	2,275	6,883	21,451	2,407	1,346	1,352	161	42,790
TOTAL AS % OF 203,339	100.0%	1.8%	48.3%	0.9%	5.1%	0.7%	0.2%	2.8%	1.5%	1.1%	3.4%	10.5%	1.2%	0.7%	0.7%	0.1%	21.0%
TOTAL AS % OF 2,712,496	7.5%	0.1%	3.6%	0.1%	0.4%	0.1%	0.0%	0.2%	0.1%	0.1%	0.3%	0.8%	0.1%	0.0%	0.0%	0.0%	1.6%
0 -																	
Subtotal - FY 1995	4,838	0	4,838	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1650053 - Macedonia Cash Transfer (ESF)																	
Subtotal - FY 1994	5,000	0	0	0	0	0	0	0	0	0	5,000	0	0	0	0	0	0
1800001 - A.I.D Administrative Expenses																	
Subtotal - FY 1990	96	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96
1800249 - Audit, Evaluation & Project Support																	
Subtotal - FY 1990	289	0	0	0	0	0	0	17	0	0	0	211	0	0	0	0	60
Subtotal - FY 1991	1,664	33	0	28	0	7	0	24	0	0	0	84	0	6	0	0	1,480
Subtotal - FY 1992	3,275	54	0	412	0	232	84	124	84	87	0	107	364	129	0	0	1,593
Subtotal - FY 1993	2,931	19	0	11	7	3	77	161	4	1	11	733	120	5	0	17	1,756
FY 1994																	
00. Audit, Evaluation & Project	3,316	16	61	14	0	36	75	416	0	13	27	652	35	27	0	0	1,941
01. Evaluation	439	0	0	44	0	0	0	0	0	0	0	44	44	0	0	0	306
02. Project Support	1,396	0	24	0	0	0	0	0	66	0	0	0	0	0	0	0	1,304
Subtotal - FY 1994	5,152	16	86	58	0	36	75	416	66	13	27	696	79	27	0	0	3,553
FY 1995																	
00. Audit, Evaluation & Project	2,484	6	266	129	82	201	3	443	16	153	90	951	79	5	54	0	0
01. Evaluation	892	44	0	44	0	0	0	0	0	0	0	0	45	0	0	0	758
02. Project Support	1,576	3	74	26	23	53	6	19	8	44	99	97	2	0	53	144	917
04. ENI/DG PSCS/Travel	103	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	103
32. Department of Commerce*	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	250
Subtotal - FY 1995	5,307	53	341	200	106	255	10	462	25	197	190	1,048	128	5	108	144	2,029
FY 1996																	
00. Audit, Evaluation & Project	6,069	0	1,189	146	563	168	30	763	287	456	250	832	145	172	83	0	978
01. Evaluation	526	158	0	158	0	0	0	0	0	79	0	0	0	0	0	0	130
02. Project Support	1,041	0	345	0	50	0	0	0	0	0	0	0	0	0	0	0	645

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

D. MISCELLANEOUS

	TOTAL	ALB	BOS	BUL	CRO	CZE	EST	HUN	LAT	LIT	FYROM	POL	ROM	SVK	SLO	YUG	REG
04. ENI/DG PSCS/Travel	163	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	163
Subtotal - FY 1996	7,801	159	1,535	305	613	168	30	763	287	536	250	832	145	172	83	0	1,917
Total - Project 1800249	26,422	337	1,962	1,016	726	702	278	1,970	468	835	480	3,714	837	346	192	161	12,390
1800250 - Science & Technology																	
FY 1996																	
40. Department of State*	2,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,900
Subtotal - FY 1996	2,900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,900
180632A - Transfers To Other US Agencies																	
FY 1993																	
05. Dept of State**	1,803	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,803
Subtotal - FY 1993	1,803	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,803
FY 1994																	
01. Dept of Defense**	2,000	0	0	0	0	0	0	0	2,000	0	0	0	0	0	0	0	0
03. Trade & Dev. Agency**	3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000
04. USIA**	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000
Subtotal - FY 1994	7,000	0	0	0	0	0	0	0	2,000	0	0	0	0	0	0	0	5,000
FY 1995																	
02. USIA**	9,058	825	450	600	430	750	100	1,275	250	380	398	1,340	950	500	710	0	100
06. Dept of State (Bos)**	500	0	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	9,558	825	950	600	430	750	100	1,275	250	380	398	1,340	950	500	710	0	100
FY 1996																	
01. Dept of Treasury**	6,023	700	1,000	0	200	0	0	1,323	0	860	540	500	0	0	150	0	750
03. Trade & Dev. Agency**	9,000	0	2,000	0	0	0	0	0	0	0	0	0	0	0	0	0	7,000
04. USIA**	7,980	700	2,550	250	300	0	0	900	320	200	410	1,050	100	500	300	0	400
06. Dept of State (Bos)**	57,955	0	53,600	0	0	0	0	0	0	0	0	0	0	0	0	0	4,355
Subtotal - FY 1996	80,958	1,400	59,150	250	500	0	0	2,223	320	1,060	950	1,550	100	500	450	0	12,505
Total - Project 1800632	99,319	2,225	60,100	850	930	750	100	3,498	2,570	1,440	1,348	2,890	1,050	1,000	1,160	0	19,408
180TRAN - Transfers To Other Bureaus																	
FY 1995																	
04. OFDA Activities	5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	5,000	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1810001 - Hospital Equipment																	

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275

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

D. MISCELLANEOUS

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Subtotal - FY 1993	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
1810004 - Solidarty Support Program																	
Subtotal - FY 1993	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	0	0
1810005 - Assistance to Private Farmers (Poland)																	
Subtotal - FY 1990	10,000	0	0	0	0	0	0	0	0	0	0	10,000	0	0	0	0	0
1810006 - Medical Supplies, Equipment & Training (Poland)																	
Subtotal - FY 1990	1,991	0	0	0	0	0	0	0	0	0	0	497	0	0	0	0	1,493
1810007 - Asst. to Democratic/Poland																	
Subtotal - FY 1993	330	0	0	0	0	0	0	0	0	0	0	330	0	0	0	0	0
1850001 - Asst. to Democratic/Hungary																	
Subtotal - FY 1993	253	0	0	0	0	0	0	253	0	0	0	0	0	0	0	0	0
9260071 - Training Eval. & Support Services																	
Subtotal - FY 1996	203	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	203
9300100 - WID Strategies Resources																	
Subtotal - FY 1995	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
Subtotal - FY 1996	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
Total - Project 9300100	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500
9361421 - AID/Peace Corps Small Project Asst																	
Subtotal - FY 1991	97	0	0	19	0	19	0	19	0	0	0	19	19	0	0	0	0
9363038 - FP LOGISTICS MANAGEMENT																	
Subtotal - FY 1995	100	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0
Subtotal - FY 1996	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Total - Project 9363038	225	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	125
9363048 - Service Expansion & Tech. Support																	
Subtotal - FY 1996	1,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,200
9363054 - Population Services Fellowship Program																	

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U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

D. MISCELLANEOUS

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Subtotal - FY 1995	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
9363056 - Promoting Financial Invest. & Transfers																	
Subtotal - FY 1995	1,100	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	110
Total - Project 9363056	1,210	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	110
9363057 - Central Contraceptive Procurement																	
Subtotal - FY 1994	250	0	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9363078 - Policy Analysis Planning & Action																	
Subtotal - FY 1995	400	0	0	0	0	0	0	0	0	0	0	0	400	0	0	0	0
Subtotal - FY 1996	390	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	390
Total - Project 9363078	790	0	0	0	0	0	0	0	0	0	0	0	400	0	0	0	390
9365451 - Implementing Policy Change																	
Subtotal - FY 1991	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
Subtotal - FY 1994	55	0	0	0	0	0	0	0	0	0	55	0	0	0	0	0	0
Total - Project 9365451	60	0	0	0	0	0	0	0	0	0	55	0	0	0	0	0	5
9365517 - Environmental Planning & Management																	
Subtotal - FY 1996	115	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	115
9365556 - Forest Resources Management																	
Subtotal - FY 1996	178	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	178
9365600 - Innovative Scientific Research																	
Subtotal - FY 1996	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	80
9365856 - Crisis Education Bosnia																	
Subtotal - FY 1996	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000
9365970 - Technical Advisors in AIDS & Child Survival																	
Subtotal - FY 1994	122	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	122
Subtotal - FY 1995	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
Total - Project 9365970	272	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	272

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277

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

D. MISCELLANEOUS

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9365974 - Health Care Financing & Sustainability																	
Subtotal - FY 1995	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
9366004 - Health Resources Support II																	
Subtotal - FY 1995	246	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	246
Subtotal - FY 1996	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
Total - Project 9366004	263	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	263
9400015 - Institutional Reform at the Formal Sector																	
Subtotal - FY 1994	456	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	456
9400017 - Financial Services Volunteer Corps																	
Subtotal - FY 1991	1,000	0	0	0	0	0	0	0	0	0	0	1,000	0	0	0	0	0
9400406 - Micro Enterprise Innovation Project																	
Subtotal - FY 1995	353	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	353
9401008 - Housing And Urban Programs																	
Subtotal - FY 1995	3	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	20	0	0	0	0	0	0	20	0	0	0	0	0	0	0	0	0
Total - Project 9401008	23	0	0	0	0	0	0	23	0	0	0	0	0	0	0	0	0
9683003 - LOC SUPP OFDA CROATIA/BOSNIA H																	
Subtotal - FY 1993	624	0	385	0	239	0	0	0	0	0	0	0	0	0	0	0	0
9683045 - Dart Administration Support, RRF																	
Subtotal - FY 1994	1,151	0	0	0	1,151	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1995	2,017	0	0	0	2,017	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal - FY 1996	3,310	0	0	0	3,310	0	0	0	0	0	0	0	0	0	0	0	0
Total - Project 9683045	6,478	0	0	0	6,478	0	0	0	0	0	0	0	0	0	0	0	0
9686029 - Emergency Shelter Program																	
Subtotal - FY 1996	25,422	0	25,422	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9686209 - Stockpile Vehicles																	

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278

U.S. ASSISTANCE TO CENTRAL AND EAST EUROPE
FY 90-96 OBLIGATIONS BY COUNTRY
DETAILED REPORT AS OF 09/30/96
(in US$ 000's)

D. MISCELLANEOUS

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Subtotal - FY 1996	100	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0
9686600 - OTI Bosnian Task Force																	
Subtotal - FY 1996	1,833	0	200	0	1,633	0	0	0	0	0	0	0	0	0	0	0	0
9686608 - OTI Bosnian Exec. Management Costs																	
Subtotal - FY 1996	202	0	0	0	202	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL - D. MISCELLANEOUS	203,339	3,662	98,158	1,885	10,309	1,472	378	5,765	3,038	2,275	6,883	21,451	2,407	1,346	1,352	161	42,790

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