U.S. Agency for
International Development

Fiscal Year 2005

Budget Justification to the Congress

Annex II: Asia and the Near East

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 2005 BUDGET JUSTIFICATION

ASIA AND THE NEAR EAST
ANNEX II

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School children in Afghanistan. In 2000, only about 32% of school-age children were enrolled. An overwhelming 97% of the country's girls did not attend school. At the end of the Taliban rule, 80% of existing schools were either severely damaged or destroyed. USAID is working to bring Afghan children and teachers back to school with textbooks, school supplies, and training materials in hand. Photo: Alejandro Chicheri, World Food Program.

ASIA AND THE NEAR EAST

The Development Challenge

The Asia and Near East (ANE) region is at the core of U.S. national interests and foreign policy priorities. It is also a region that faces major development challenges including instability, widespread corruption, oppressive governments, HIV/AIDS, and persistent environmental degradation. Strongholds of extremism and fundamentalism prey on poverty stricken people who see little hope in the future. Regional pockets harbor terrorists and radicals who are of significant risk to those countries' governments as well as to the United States.

The lack of transparency in economic and legal institutions and severe restrictions on human freedoms impose a sense of fear and hopelessness, robbing the people of their dignity and freedoms. Oppressive regimes impose their will while sanctioning illicit activities that destroy opportunities for equitable economic growth and human well being. These challenges hinder prospects for the millions of people in the ANE region living in abject poverty and, in many cases, terror.

The USAID missions in the ANE region carry out foreign assistance programs that meet these challenges while supporting key U.S. foreign policy interests. These interests include the fight against terrorism, regional stability, combating the spread of HIV/AIDS, sustaining economic and social progress, halting environmental degradation, increasing trade opportunities, and promoting freedom and democracy.

The war in Iraq, the ongoing Israeli–Palestinian issue, and the spread of fundamentalism make the Middle East one of the highest U.S. national priorities. USAID participated in Operation Iraqi Freedom by moving into Iraq literally on the heels of coalition forces. In nine months, ANE has achieved remarkable successes in Iraq, in spite of gunfire and direct rocket attacks. Through close coordination with the Coalition Provisional Authority and other USG agencies, USAID is rebuilding Iraq's infrastructure, aiding in the establishment of local and national governance systems, rebuilding the education and health systems and revitalizing the national economy.

Many Muslim countries in the region are threatened by growing fundamentalism. Morocco, Lebanon, Egypt and others are threatened by radicals who would use terror to establish oppressive governments. ANE is addressing these issues with programs that support our national interests of stability, democracy and economic prosperity. In addition, debt relief via cash transfers has been provided to the governments in specific countries, such as Pakistan, to increase investments in social services and generate employment.

In the ANE region, millions of girls and women are not allowed to pursue an education. ANE believes that education for all, regardless of gender or religion, is a key element in achieving the democracy and economic prosperity goals that contribute to stability. To accomplish this, however, programs must overcome strong cultural and religious biases and traditions.

HIV/AIDS is a plague that destroys communities and bankrupts social systems. In Asia and the Near East, 7.1 million people are HIV positive, and each year 457,000 people die from HIV/AIDS-related illnesses, accounting for about one-sixth of deaths worldwide. This rate is expected to increase substantially as the epidemic spreads from high risk groups to the general population in countries like India, Indonesia, and Vietnam.

Rapid industrialization, unsustainable energy policies and growing populations are straining the region's natural resources and environmental systems. Urban air pollution levels are among the highest in the world. It is estimated that the nations of South East Asia lose five to six percent of their national incomes to pollution. The consumption and destruction of natural resources is occurring at an unsustainable rate that does not allow for replenishment.

Rapid social and economic changes occurring in the region fuel mobile migrant populations and the growth of the sex and drug trades. Trafficking is one of today's greatest human tragedies. The U.S.

Government estimates that up to a million women and children are trafficked annually. Some victims are tricked into leaving their homes with the promise of a better life and a well-paid job. Others are kidnapped or sold by desperate family members faced with inescapable poverty. These conditions, coupled with soaring unemployment among youth entering the work force and continued migrations to urban centers, create fertile recruitment grounds for extremists and terrorists.

The programs ANE has implemented to meet these challenges support the joint State-USAID strategic plan to align US diplomacy efforts with development assistance. Throughout the region, USAID strives to "create a more secure, democratic, and prosperous world for the benefit of the American people and the international community."

Major Accomplishments and Results

ANE continually reviews programs and initiatives to ensure alignment with U.S. national interests. Events of the past year required an immediate shift of financial and personnel resources to initiate the reconstruction and humanitarian assistance needed for Iraq. To enable ANE to provide an immediate response, resources were diverted from other missions in the region, so people, finances and contractors were ready to move as soon as they were allowed into Iraq. To date, 2,241 schools have been rehabilitated, three million children under the age of five have been vaccinated, a peak generation of 4,518 MW of power was achieved on October 6, 2003, and over 19 million people in Iraq's 18 districts have engaged in local policy discourse.

At the same time, ANE recognizes the need to address issues in other Muslim countries to head off growing radicalism and anti-Americanism. Assistance programs in Morocco and Jordan have been restructured to better respond to USG priorities and joint State-USAID strategies, with emphasis on education, employment opportunities and economic growth. In addition, a new USAID mission was opened in Yemen to address U.S. foreign policy objectives in that country.

The reconstruction and development of Afghanistan continues at an accelerated pace. The most striking success to date has been the completion of the first layer of pavement on 390 kilometers of the Kabul-Kandahar highway, which links Afghanistan's two largest cities. This achievement will reduce transportation costs, improve economic growth prospects, and expand access to services for one-third of the country's population. In addition, USAID has constructed or rehabilitated 142 schools, daycare centers, and vocational schools; 72 health facilities; and over 6,100 water projects. USAID contributions in seeds and fertilizer also contributed to an 82% increase in crop production, which is expected to reduce by 4 million the number of Afghans dependent on food aid.

In Pakistan, a key ally in the Global War on Terror, U.S. foreign policy objectives place improvement of primary education first and foremost among ANE's development goals in Pakistan. Improved and more accessible education will be a tool to build the economy, counter teachings of despair and extremism, and promote moderation among the population. USAID assistance has increased public debate about national priorities and issues, including the need for women to participate more in the political process.

USAID's assistance program in Sri Lanka supports economic growth focused on enhancing that country's competitiveness through economic reform, strengthening key private sector industries, and skills development for the workforce. To capitalize on the peace efforts, USAID has strengthened the government's Peace Secretariat's abilities in management, outreach, and negotiation. Energized by a year of peace, Sri Lanka's trade-based economy grew by 4.4% in 2002 after the 1.4% contraction in 2001. The gross domestic product in 2003 is expected to increase by 5.5%.

Indonesia has successfully transitioned from a country in crisis to one that now has the foundation for economic, social and political reform. It has converted from one of the world's most centralized countries to one of the most decentralized, devolving authority and transferring administrative responsibilities to over two million civil servants, almost two-thirds of the government workforce, at the local level. Indonesia has placed its economy back on a growth path. Beginning with its FY 2004 funding, USAID will be the lead donor supporting transparent, inclusive and peaceful legislative, and first-ever direct

presidential, elections in Indonesia. With these in place, USAID efforts now focus on helping establish a moderate, stable and productive Indonesia.

USAID has developed an exceptionally close working relationship with local and national figures in the long-running Muslim separatist conflict in Mindanao and the Sulu Archipelago of the Philippines. ANE's efforts to reintegrate former combatants of the Moro National Liberation Front (MNLF) into a peacetime economy have been so successful that the State Department has distributed a video presentation of the program to be used as a model for U.S. relations with the Islamic community worldwide. To date, USAID has assisted over 21,000 former combatants by providing materials and training, including 150 post-harvest facilities to MNLF communities. One hundred fifteen rural bank units now can provide loans to 107,000 microenterprises. An expanded education program in the Philippines is providing books, teacher training and computer literacy training to schools in conflict-affected communities to provide an alternative to the extremist teaching taking place in hundreds of private "madaris."

During the past year, ANE opened a new Regional Development Mission for Asia in Bangkok, Thailand to strengthen the management of programs in mainland Southeast Asia and to respond better to U.S. interests in the region. The new mission manages programs in Burma, China, Laos, Thailand, and Vietnam, as well as regional programs focused on HIV/AIDS, anti-trafficking, and environmental degradation that extend east into the Pacific and west into South Asia.

Program and Management Challenges

In the aftermath of September 11, 2001, security is the single gravest and most costly concern to the Asia and Near East Bureau. In responding to U.S. interests in the region, the professionals charged with carrying out assistance programs must be protected.

Iraq and Afghanistan top the list of countries with serious security concerns, but they are not alone. Jordan, Indonesia, Pakistan, Lebanon, Israel, and the Philippines, to name a few, also have security problems. Virtually every country in the ANE region bears the burden of increased risk and the attendant security procedures and costs that accompany those risks, all of which impacts the effectiveness of development programs. Meeting these costs and protecting our most important asset, the direct hire and contract staff that design and manage these important programs, requires a greater operating budget or expanded authority to use program funds to cover these costs.

In terms of program challenges, Iraq and Afghanistan will remain USAID's highest priorities in the ANE region. Rebuilding these countries will improve world stability. In Iraq, USAID efforts will allow a freed Iraqi people to govern their own country in an atmosphere of democratic freedom. In Afghanistan, ANE has made great strides with completion of the Kabul–Kandahar road and a new constitution. The Afghan people are now looking forward to a free and open election in the near future. ANE will continue to rebuild infrastructure while improving educational and economic opportunities that will allow democracy to flourish in both of these countries that have not enjoyed basic human rights for decades.

Education is the Bureau's next priority, as it recognizes that education is a key factor to stability, democracy and economic prosperity throughout the region. New or expanded initiatives will be implemented in Indonesia, Philippines, Morocco, Egypt, Pakistan, Afghanistan, Bangladesh, and Cambodia. USAID is working closely with the Department of State to administer education activities under the Middle East Partnership Initiative (MEPI), which focuses on improving education, especially for girls. In addition, ANE has allocated $5 million within the FY 2004 DA budget to support a new public-private partnership effort in education, specifically to expand investment in school-to-work training programs in Pakistan, Indonesia, Philippines, and Morocco.

Several countries in the ANE region are battling economically devastating epidemics of HIV/AIDS. Countries with lower prevalence are beginning to slow, or even turn around the rate of infection, because of the interventions being taken. Unfortunately, the epidemic continues to grow in some of the more densely populated countries. For example, India, with a prevalence of just less than one percent, has the second largest number of HIV positive people in the world. In Indonesia and Nepal, the epidemic is also

showing signs of moving into the general population and will require intensive efforts to slow or stem its spread.

Finally, endemic corruption and weak governance throughout the region limit economic and social development, impede badly needed investment and rob societies of the resources necessary to provide for their people. Along with security, this is a common denominator spread across the region and must be an Agency priority.

Other Donors

The international donor community is very active throughout the Asia and Near East region. The World Bank, International Monetary Fund and various agencies of the United Nations are some of the predominant multi-lateral donors. The European Union, Japan, Germany, Britain, France, Sweden, Canada, Australia, Norway and Sweden are among the list of countries that donate development resources in the region. In addition, The Arab Fund, Islamic Development Bank and Saudi Arabia are major donors in the Middle East, while the Asian Development Bank operates throughout Asia. Coordination with these other development players is carried out by USAID representatives at the mission and regional levels to ensure complementarity and avoid duplication of programs.

FY 2005 Program

A summary of resources within the ANE region is shown below by sub-region and funding source (in $000).

Sub-region	DA	CSH	ESF	P.L. 480	Total
East Asia	78,018	106,800	156,000	23,000	363,818
South Asia	241,211	146,400	562,000	90,849	1,040,460
Middle East & N. Africa	6,000	0	1,292,000	0	1,298,000
Regional	18,571	2,900	177,250	0	198,721
Total*	$ 343,800	$ 256,100	$ 2,187,250	$113, 849	$ 2,900,999

The allocation of these resources by Agency pillar is shown below (in $000).

Economic Growth, Agriculture and Trade	$ 2,140,820
Global Health	$ 352,350
Democracy, Conflict and Humanitarian Assistance	$ 293,980
Total*	$ 2,787,150
P.L. 480	$ 113,849
Grand Total	$ 2,900,999

*Note: The total amount does not include funding for Iraq.

Asia and Near East
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	214,028	254,729	274,750	256,100
CSH - Wartime Supplemental	0	40,000	0	0
Development Assistance	209,316	279,059	351,740	343,800
Development Credit Authority	0	779	0	0
Economic Support Fund	1,891,500	2,160,380	1,788,884	2,187,250
ESF - FY 02 Supplemental	238,000	0	0	0
ESF - Emergency Response Fund	600,000	167,000	153,000	0
ESF - Wartime Supplemental	0	1,180,000	0	0
ESF - FY 04 Supplemental	0	0	972,000	0
International Disaster Assistance	0	102,235	0	0
Iraq relief and Reconstruction Fund	0	0	0	0
IRRF - Emergency Response Fund	0	1,438,229	2,436,501	0
PL 480 Title II	304,177	335,461	53,487	113,849
Total Program Funds	**3,457,021**	**5,957,872**	**6,030,362**	**2,900,999**

Assistant Administrator/ANE
Gordon West, Director

East Asia
PROGRAM SUMMARY

(In thousands of dollars)

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Burma				
Child Survival and Health Programs Fund	0	2,000	0	0
Economic Support Fund	6,500	6,954	12,923	7,000
Total Burma	6,500	8,954	12,923	7,000
Cambodia				
Child Survival and Health Programs Fund	15,000	22,100	29,860	25,300
Development Assistance	0	3,687	2,000	2,200
Economic Support Fund	20,000	15,000	16,900	17,000
PL 480 Title II	1,085	0	0	0
Total Cambodia	36,085	40,787	48,760	44,500
China				
Economic Support Fund	5,000	5,961	3,976	0
Total China	5,000	5,961	3,976	0
East Timor				
Economic Support Fund	25,000	24,838	22,367	13,500
Total East Timor	25,000	24,838	22,367	13,500
Indonesia				
Child Survival and Health Programs Fund	35,568	31,955	34,000	32,300
Development Assistance	38,704	39,016	31,291	32,742
Economic Support Fund	50,000	59,610	49,705	70,000
PL 480 Title II	10,400	29,540	6,604	23,000
Total Indonesia	134,672	160,121	121,600	158,042
Laos				
Child Survival and Health Programs Fund	1,000	1,000	0	0
Development Assistance	1,000	1,000	0	0
PL 480 Title II	513	405	0	0
Total Laos	2,513	2,405	0	0
Mongolia				
Economic Support Fund	12,000	10,000	9,941	10,000
Total Mongolia	12,000	10,000	9,941	10,000
North Korea				
PL 480 Title II	0	15,698	0	0
Total North Korea	0	15,698	0	0
Philippines				
Child Survival and Health Programs Fund	25,599	22,920	29,350	28,000
Development Assistance	24,459	28,209	22,068	26,076
Economic Support Fund	21,000	15,000	17,645	35,000
ESF - FY 02 Supplemental	12,000	0	0	0
ESF - Wartime Supplemental	0	30,000	0	0
Total Philippines	83,058	96,129	69,063	89,076
Thailand				
Child Survival and Health Programs Fund	1,000	1,500	0	0
Development Assistance	750	1,250	0	0
Total Thailand	1,750	2,750	0	0

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Vietnam				
Child Survival and Health Programs Fund	4,106	5,300	6,600	5,700
Development Assistance	6,950	7,671	3,000	4,500
Total Vietnam	11,056	12,971	9,600	10,200
Regional Development Mission-Asia (RDM-Asia)				
Child Survival and Health Programs Fund	7,777	9,602	16,620	15,500
Development Assistance	10,100	1,969	9,800	12,500
Economic Support Fund	9,000	3,720	2,982	3,500
Total Regional Development Mission-Asia (RDM-A)	26,877	15,291	29,402	30,000
Total Program Funds	**344,511**	**395,905**	**327,632**	**363,818**

South Asia
PROGRAM SUMMARY

(In thousands of dollars)

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Afghanistan				
Child Survival and Health Programs Fund	4,000	48,475	21,000	22,000
Development Assistance	10,701	43,817	150,000	150,000
Economic Support Fund	17,250	49,675	74,558	225,000
ESF - FY 02 Supplemental	88,000	0	0	0
ESF - Emergency Response Fund	0	167,000	153,000	0
ESF - FY 04 Supplemental	0	0	672,000	0
International Disaster Assistance	0	60,235	0	0
PL 480 Title II	159,472	47,356	0	0
Total Afghanistan	279,423	416,558	1,070,558	397,000
Bangladesh				
Child Survival and Health Programs Fund	39,950	33,100	36,000	36,300
Development Assistance	21,670	21,391	18,850	19,187
Economic Support Fund	3,000	4,000	4,971	5,000
PL 480 Title II	23,974	38,577	18,238	46,000
Total Bangladesh	88,594	97,068	78,059	106,487
India				
Child Survival and Health Programs Fund	41,678	39,438	48,300	43,400
Development Assistance	29,200	34,495	25,739	25,400
Development Credit Authority	0	779	0	0
Economic Support Fund	7,000	10,500	14,912	15,000
PL 480 Title II	93,679	44,849	20,218	44,849
Total India	171,557	130,061	109,169	128,649
Nepal				
Child Survival and Health Programs Fund	20,000	19,899	24,840	23,350
Development Assistance	7,597	10,247	11,274	11,000
Economic Support Fund	3,000	4,000	4,971	5,000
PL 480 Title II	2,352	0	0	0
Total Nepal	32,949	34,146	41,085	39,350
Pakistan				
Child Survival and Health Programs Fund	5,000	15,645	25,600	21,050
Development Assistance	10,000	34,500	42,350	29,000
Economic Support Fund	9,500	188,000	0	300,000
ESF - FY 04 Supplemental	0	0	200,000	0
ESF - Emergency Response Fund	600,000	0	0	0
ESF - FY 02 Supplemental	15,000	0	0	0
PL 480 Title II	5,134	6,792	5,849	0
Total Pakistan	644,634	244,937	273,799	350,050
Sri Lanka				
Child Survival and Health Programs Fund	300	300	300	300
Development Assistance	5,150	6,150	4,750	6,624
Economic Support Fund	3,000	3,950	11,929	12,000
PL 480 Title II	1,325	596	2,578	0
Total Sri Lanka	9,775	10,996	19,557	18,924
Total Program Funds	**1,226,932**	**933,766**	**1,592,227**	**1,040,460**

Middle East and North Africa
PROGRAM SUMMARY

(In thousands of dollars)

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Algeria				
PL 480 Title II	2,009	0	0	0
Total Algeria	2,009	0	0	0
Egypt				
Economic Support Fund	655,000	611,002	571,608	535,000
ESF - Wartime Supplemental	0	300,000	0	0
PL 480 Title II	3,839	2,347	0	0
Total Egypt	658,839	913,349	571,608	535,000
Iraq				
Child Survival and Health Programs Fund	0	0	0	0
CSH - Wartime Supplemental	0	40,000	0	0
Economic Support Fund	0	140,000	0	0
International Disaster Assistance	0	42,000	0	0
Iraq relief and Reconstruction Fund	0	0	0	0
IRRF - Emergency Response Fund	0	1,438,229	2,436,501	0
PL 480 Title II	0	137,424	0	0
Total Iraq	0	1,797,653	2,436,501	0
Israel				
Economic Support Fund	720,000	596,100	477,168	360,000
Total Israel	720,000	596,100	477,168	360,000
Jordan				
Economic Support Fund	150,000	248,000	248,525	250,000
ESF - FY 04 Supplemental	0	0	100,000	0
ESF - Wartime Supplemental	0	700,000	0	0
ESF - FY 02 Supplemental	100,000	0	0	0
Total Jordan	250,000	948,000	348,525	250,000
Lebanon				
Development Assistance	600	0	400	0
Economic Support Fund	35,000	34,772	34,794	32,000
Total Lebanon	35,600	34,772	35,194	32,000
Morocco				
Child Survival and Health Programs Fund	4,600	0	0	0
Development Assistance	5,766	6,644	5,400	6,000
Economic Support Fund	0	0	0	20,000
Total Morocco	10,366	6,644	5,400	26,000
West Bank and Gaza				
Economic Support Fund	72,000	74,500	74,558	75,000
ESF - Wartime Supplemental	0	50,000	0	0
PL 480 Title II	0	9,984	0	0
Total West Bank and Gaza	72,000	134,484	74,558	75,000
Yemen				
Development Assistance	0	2,000	0	0
Economic Support Fund	5,000	9,898	11,432	20,000
ESF - FY 02 Supplemental	3,000	0	0	0
PL 480 Title II	395	1,893	0	0
Total Yemen	8,395	13,791	11,432	20,000
Total Program Funds	**1,757,209**	**4,444,793**	**3,960,386**	**1,298,000**

Asia and Near East Regional
PROGRAM SUMMARY

(In thousands of dollars)

Country / Fund Account	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
ANE Regional				
Child Survival and Health Programs Fund	8,450	1,495	2,280	2,900
Development Assistance	36,669	37,013	24,818	18,571
Economic Support Fund	63,250	44,900	123,019	177,250
ESF - FY 02 Supplemental	20,000	0	0	0
ESF - Wartime Supplemental	0	100,000	0	0
Total ANE Regional	128,369	183,408	150,117	198,721
Total Program Funds	**128,369**	**183,408**	**150,117**	**198,721**

Asia and Near East Bureau
Budget Justification to the Congress
Notified Levels for FY 2004

Country/Program SO Number	Strategic Objective Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ
EAST ASIA REGION				
Burma				
482-002	Promote Democracy and Aid Burmese Refugees	CSH	$0	$0 **
		ESF	$12,923	$0 **
		ESF c/o	$4,454	$0 **
Cambodia				
442-009	Increased Use of HIV/AIDS and Family Health Services and Appropriate Health-Seeking Behavior	CSH	$29,860	$0 **
442-010	Increased Competition in Cambodian Political Life	ESF	$16,900	$0 **
		ESF c/o	$190	$0 **
442-011	Increases Relevance and Quality of Basic Education	DA	$2,000	$0 **
		DA c/o	$1,187	$0 **
China				
435-003	Selected Foreign Policy Objectives Addressed	ESF	$3,976	$0 **
		ESF c/o	$2,981	$0 **
East Timor				
472-001	Revitalization of Local Economy	ESF	$11,367	$5,367
		ESF c/o	$2,203	$0 *
472-003	Democratic Development Strengthened	ESF	$11,000	$3,500
		ESF c/o	$3,100	$0 *
Indonesia				
497-007	Democratic Reforms Sustained and Deepened	DA	$1,860	$0 *
		ESF	$20,305	$0 *
497-008	Health of Women and Children Improved	CSH	$25,450	$0 *
497-009	Impact of Conflicts and Crises Reduced	CSH	$2,200	$0 *
		DA	$1,800	$0 *
		ESF	$3,000	$0 *
497-010	Decentralized and Participatory Local Government	DA	$5,050	$0 *
		ESF	$8,600	$0 *
497-011	Fnds Set for Rapid, Sustain,& Equitable Econ Grth	DA	$5,100	$250
		ESF	$6,800	$0 *
497-012	Strengthen and Decentralize Natural Res Mgt	CSH	$6,350	$6,350
		DA	$7,481	$1,340
497-013	Energy Sector Governance Strengthened	ESF	$1,000	$1,000
497-ZZZ	Improved Quality of Decentralized Basic Education	DA	$10,000	$10,000
		ESF	$10,000	$10,000
Laos				
439-004	Economic Development	DA c/o	$994	$0 *
Mongolia				
438-001	Accelerate and Broaden Sustainable, Private Sector Led Economic Growth	ESF	$7,241	$0 *
438-002	Consolidate Mongolia's Democratic Transition	ESF	$2,700	$0 *
Philippines				
492-002	Governance of Economic and Legal Systems Improved	DA	$8,708	$0 *
		ESF	$2,725	$0 *
492-003	Desired Family Size and Improved Health Sustainably Achieved	CSH	$29,350	$7,350
492-004	Productive Life-Sustaining Natural Resources Protected	DA	$7,860	$0 *
		ESF	$1,140	$1,140
492-010	Prospect for Peace in Mindanao Strengthened	DA	$2,500	$0 *
		ESF	$12,780	$0 *
492-011	Increased Access to Quality Education and Livelihood Skills in Selected Areas	DA	$3,000	$3,000
		ESF	$1,000	$1,000
Vietnam				
440-006	Accelerated Transition to a More Open, Market-Based Economy	DA	$3,000	$0 *
		DA c/o	$249	$0 *
440-007	Improved Access to Services for Selected Vulnerable Groups	CSH	$6,600	$5,400
		CSH c/o	$1,003	$1,003
		DA c/o	$229	$0 *

* Previously notified.
** Separate notification required.

Asia and Near East Bureau
Budget Justification to the Congress
Notified Levels for FY 2004

Country/Program SO Number	Strategic Objective Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ	
Regional Development Mission-Asia (RDM-Asia)					
486-YYY	Special Foreign Policy Interests Addressed in SE Asia	ESF	$2,982	$2,982	
498-009	Cleaner Cities and Industries in Asia	DA	$9,800	$0	*
		DA c/o	$403	$403	
498-022	Effective Responses to HIV/AIDS and Other Infectious Diseases	CSH	$16,620	16,620	
		CSH c/o	$34	34	
SOUTH ASIA REGION					
Afghanistan					
306-001	Reestablish Food Security	DA	$48,000	$5,641	
306-002	Create Conditions for Stability	CSH	$21,000	$0	*
		DA	$2,599	$0	*
		ESF	$144,000	$144,000	
306-003	Rehabilitate Afghanistan as a Nation	DA	$94,401	$6,053	
		ESF	$740,051	$590,051	
		IDA c/o	$975	$0	*
306-004	Program Support	DA	$5,000	$5,000	
		ESF	$15,507	$15,507	
		ESF c/o	$2,500	$2,500	
		IDA c/o	$654	$654	
Bangladesh					
388-001	Fertility Reduced and Improved Family Health	CSH	$35,000	$3,000	
388-005	Growth of Agribusiness and Small Business	DA	$4,500	$0	*
		ESF	$1,000	$0	*
388-006	Improved Management of Open Water and Tropical Forest Resources	DA	$2,500	$0	*
388-007	Improved Performance of the Energy Sector	DA	$3,500	$0	*
		ESF	$1,000	$0	*
388-008	Improved Food Security for Vulnerable Groups	DA	$2,100	$0	*
		ESF	$971	$0	*
388-009	Strengthened Institutions of Democracy	CSH	$250	$250	
		DA	$3,750	$500	
		ESF	$500	$0	*
388-010	Improved Performance at the Early and Primary Education Levels through Innovative Learning Models	CSH	$750	$750	
		DA	$2,500		*
		ESF	$1,500	$0	*
India					
386-013	Increased Transparency and Efficiency in the Allocation and Mobilization of Resources in Selected States	DA	$9,039	$0	*
		DA c/o	$1,985	$0	*
		ESF	$2,700	$0	*
386-014	Improved Health and Reduced Fertility in Targeted Areas of India	CSH	$48,300	$7,500	
		CSH c/o	$1,276	$0	*
386-015	Reduced Vulnerability to Disasters in High-Risk Areas	DA	$2,000	$0	*
		ESF	$2,300	$0	*
386-016	Improved Access to Clean Energy and Water in Selected States	DA	$10,000	$0	*
		DA c/o	$1,280	$0	*
		ESF	$2,500	$0	*
386-017	Enhanced Opportunities for Vulnerable People	DA	$4,700	$0	*
		ESF	$7,412	$0	*
Nepal					
367-001	Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products	DA	$1,900	$0	*
367-002	Reduced Fertility and Protected Health of Nepalese Families	CSH	$23,840	$5,340	
367-006	Incr Private-Sector Participation and Inv in Env and Socially Sustainable Hydropower Dev	DA	$2,100	$0	*
367-007	Strengthened Governance of Natural Resources and Selected Institutions	CSH	$200	$200	
		DA	$5,811	$224	
		ESF	$700	$0	*
367-008	Promoting Peace Through Improved Governance and Incomes in Targeted Areas	CSH	$800	$800	
		DA	$1,463	$0	*
		ESF	$4,271	$0	*

* Previously notified.
** Separate notification required.

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Country/Program SO Number	Strategic Objective Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ
Pakistan				
391-003	Pakistan Primary Education and Literacy Program	DA	$24,000	$0 **
391-004	Pakistan Democracy and Governance Program	DA	$11,350	$0 **
391-005	Emergency Economic Assistance to Pakistan	ESF	$200,000	$0 **
391-006	Agriculture Growth and Employment	DA	$7,000	$0 **
391-007	Improve Basic Health Services	CSH	$25,600	$0 **
Sri Lanka				
383-006	SPO-Peace Process Supported	ESF	$5,429	$5,429
383-007	Improved Social and Economic Integration of Targeted Disadvantaged Groups	CSH	$300	$300
		DA	$500	$500
		ESF	$1,000	$1,000
383-008	Foundation Set for Rapid and Sustainable Economic Growth	DA	$4,250	$4,250
		ESF	$1,500	$1,500
383-009	Inclusive and Peaceful Approaches to Politics and Governance Strengthened	ESF	$4,000	$4,000
MIDDLE EAST and NORTH AFRICA REGION				
Egypt				
263-016	Environment for Trade and Investment Strengthened	ESF	$47,100	$0 *
		ESF c/o	$48,489	$0 *
	Middle East Financing Facility	ESF	$40,000	$0 **
		ESF c/o	$30,000	$0 **
	Cash Transfer	ESF	$197,788	$0 **
		ESF c/o	$500,000	$0 **
	Commodity Import Program (CIP)	ESF	$198,820	$0 **
263-018	Access to Sustainable Utility Service in Selected Areas Increased	ESF	$7,400	$0 *
		ESF c/o	$8	$0 *
263-019	Improved Management of the Environment and Natural Resources In Targeted Sectors	ESF	$9,940	$0 *
263-020	Healthier, Planned Families	ESF	$29,750	$0 *
263-021	Egyptian Initiatives in Governance and Participation Strengthened	ESF	$37,050	$16,890
263-022	Basic Education Improved to Meet Market Demands	ESF	$3,760	$0 *
Iraq				
267-001	Restore Economically Critical Infrastructure	IDA c/o	$956	$0 *
		IRRF	$1,800,000	$0 **
		IRRF c/o	$347	$0 *
267-002	Support Essential Education, Health and Other Services	IRRF	$165,000	$0 **
		IRRF c/o	$4,320	$0 *
267-003	Expand Economic Opportunity	IRRF	$46,000	$0 **
		IRRF c/o	$7,000	$0 *
267-004	Improve Efficiency and Accountability of Government	IRRF	$388,000	$0 **
267-006	Program Support and Dev. Of the Gulf Region	ESF c/o	$276	$0 *
		IRRF	$37,501	$0 **
Israel				
271-001	Support Policy Reform for Financial Stability	ESF	$477,168	$0 **
Jordan				
278-008	Enhanced Integrated Water Resources Management	ESF	$39,600	$0 *
278-009	Improved Social Sector Development and Governance	ESF	$32,850	$0 *
278-010	Improved Economic Opportunities for Jordanians	ESF	$37,550	$0 *
278-011	Cash Transfer to Assist Jordan	ESF	$238,525	$0 **
Lebanon				
268-001	Expanded Economic Opportunity	DA	$400	$0 *
		ESF	$18,794	$0 *
		ESF c/o	$1,372	$0 *
268-002	Strengthened Foundations for Governance	ESF	$4,000	$0 *
268-005	Improved Environmental Policies and Practices	ESF	$12,000	$7,000
		ESF c/o	$9,050	$9,050

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Country/Program SO Number	Strategic Objective Title	Account	FY 2004 Total Planned Budget	FY 2004 Notification by FY 2005 CBJ
Morocco				
608-005	Increased Opportunities for Domestic and Foreign Investment	DCA c/o	$200	$0 *
608-011	Increased Opportunities for Trade and Investment	DA	$3,400	$0 *
608-012	Improved Education and Training for Employment	DA	$2,000	$2,000
West Bank and Gaza				
294-001	Expanded Private Sector Economic Opportunities	ESF	$13,950	$3,950
		ESF c/o	$3,557	$0 *
294-002	Greater Access to and More Effective Use of Scarce Water Resources	ESF	$22,808	$0 *
		ESF c/o	$28,505	$0 *
294-003	Inclusive Palestinian Democracy	ESF	$13,350	$3,354
		ESF c/o	$3,183	$0 *
294-005	Increased Access to Higher Education and Training	ESF	$2,250	$0 *
		ESF c/o	$716	$0 *
294-007	Improved and Sustained Performance in the Health Sector	ESF	$6,200	$4,950
		ESF c/o	$5,689	$0 *
294-008	*Improved Community Services*	ESF	$16,000	$15,250
		ESF c/o	$1,233	$0 *
Yemen				
279-004	Broad-Based Economic Growth	ESF	$700	$0 *
279-005	Reproductive, Maternal and Child Health Services	ESF	$5,140	$5,140
		ESF c/o	$4,000	$0 *
279-006	Basic Education	DA c/o	$2,000	$0 *
		ESF	$3,270	$3,270
		ESF c/o	$3,000	$0 *
279-007	Food Security	ESF	$1,642	$1,642
		ESF c/o	$2,500	$0 *
279-ZZZ	*Democracy and Governance*	ESF	$680	$680
		ESF c/o	$398	$0 *
ASIA and NEAR EAST REGIONAL PROGRAMS				
498-007	Program Development and Learning	CSH	$2,280	$395
		DA	$13,748	$4,400
498-023	Encourage Economic Growth	DA	$7,500	$0 *
		DA c/o	$1,350	$0 *
498-024	Manage the Environment for Sustainability and Prosperity	ESF	$1,740	$1,740
498-037	Improve South Asia Regional Stability Through Democracy and Human Rights	DA	$3,570	$0 *
		ESF	$1,988	$0 *

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Country/Program SO Number	Strategic Objective Title	Account	*Amount Being* Notified in CBJ
EAST ASIA REGION			
Burma			
482-002	Promote Democracy and Aid Burmese Refugees	ESF	7,000 **
Cambodia			
442-009	Increased Use of HIV/AIDS and Family Health Services and Appropriate Health-Seeking Behavior	CSH	25,300 **
442-010	Increased Competition in Cambodian Political Life	ESF	17,000 **
442-011	Increased Relevance and Quality of Basic Education	DA	2,200 **
East Timor			
472-001	Revitalization of the Local Economy	ESF	7,000
472-003	Democratic Development Strengthened	ESF	6,500
Indonesia			
497-007	Democratic Reforms Sustained and Deepened	ESF	25,700
497-008	Health of Women and Children Improved	CSH	28,300
497-009	Impact of Conflicts and Crises Reduced	CSH	2,000
		DA	2,060
		ESF	4,500
497-010	Decentralized and Participatory Local Government	ESF	15,000
497-011	Foundation Set for Rapid, Sustainable, and Equitable Economic Growth	ESF	13,800
497-012	Strengthened and Decentralized Natural Resources Management	CSH	2,000
		DA	13,682
497-013	Energy Sector Governance Strengthened	ESF	1,000
497-ZZZ	Improved Quality of Decentralized Basic Education	DA	17,000
		ESF	10,000
Mongolia			
438-001	Accelerate and Broaden Sustainable, Private Sector Led Economic Growth	ESF	7,500
438-002	More Effective and Accountable Governance	ESF	2,500
Philippines			
492-002	Governance of Economic and Legal Systems Improved	DA	8,500
		ESF	5,000
492-003	Desired Family Size and Improved Health Sustainably Achieved	CSH	28,000
492-004	Productive Life-Sustaining Natural Resources Protected	DA	8,076
		ESF	5,320
492-010	Prospect for Peace in Mindanao Strengthened	DA	6,500
		ESF	20,000
492-011	Increased Access to Quality Education and Livelihood Skills in Selected Areas	DA	3,000
		ESF	4,680
Vietnam			
440-006	Accelerated Transition To A More Open, Market-Based Economy	DA	4,500
440-007	Improved Access to Services for Selected Vulnerable Groups	CSH	5,700
Regional Development Mission-Asia			
486-XXX	Improved Governance in South East Asia	DA	2,000
486-YYY	Special Foreign Policy Interests Addressed in South East Asia	ESF	3,500
498-009	Cleaner Cities and Industries in Asia	DA	10,500
498-022	Effective Responses to HIV/AIDS and Other Infectious Diseases	CSH	15,500

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Country/Program SO Number	Strategic Objective Title	Account	Amount Being Notified in CBJ
SOUTH ASIA REGION			
Afghanistan			
306-001	Reestablish Food Security	DA	45,190
		ESF	11,000
306-002	Create Conditions for Stability	CSH	22,000
		DA	23,926
306-003	Rehabilitate Afghanistan as a Nation-State	DA	75,884
		ESF	207,000
306-004	Program Support	DA	5,000
		ESF	7,000
Bangladesh			
388-001	Fertility Reduced and Family Health Improved	CSH	35,700
388-005	Growth of Agribusiness and Small Business	DA	4,687
		ESF	1,000
388-006	Improved Management of Open Water and Tropical Forest Resources	DA	2,500
388-007	Improved Performance of the Energy Sector	DA	3,000
		ESF	1,000
388-008	Improved Food Security for Vulnerable Groups	DA	2,500
		ESF	1,000
388-009	Strengthened Institutions of Democracy	CSH	300
		DA	4,300
		ESF	500
388-010	Improved Performance at the Early and Primary Education Levels through Innovative Learning Models	CSH	300
		DA	2,200
		ESF	1,500
India			
386-013	Increased Transparency and Efficiency in the Allocation and Mobilization of Resources in Selected States	DA	9,900
		ESF	2,500
386-014	Improved Health and Reduced Fertility in Targeted Areas of India	CSH	43,400
386-015	Reduced Vulnerability to Disasters in High-Risk Areas	DA	2,500
		ESF	2,000
386-016	Improved Access to Clean Energy and Water in Selected States	DA	8,800
		ESF	5,000
386-017	Enhanced Opportunities for Vulnerable People	DA	4,200
		ESF	5,500
Nepal			
367-001	Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products	DA	2,637
367-002	Reduced Fertility and Protected Health of Nepalese Families	CSH	23,350
367-006	Increased Private Sector Participation in Environmentally and Socially Sustainable Hydropower Development	DA	2,000
367-007	Strengthened Governance of Natural Resources and Selected Institutions	DA	4,324
		ESF	1,200
367-008	Promoting Peace Through Improved Governance and Incomes in Targeted Areas	DA	2,039
		ESF	3,800
Pakistan			
391-003	Pakistan Primary Education and Literacy Program	DA	19,403 **
		ESF	47,300 **
391-004	Pakistan Democracy and Governance Program	DA	3,597 **
		ESF	12,000 **
391-005	Emergency Economic Assistance to Pakistan	ESF	200,000 **
391-006	Agriculture Growth and Employment	DA	6,000 **
		ESF	11,000 **
391-007	Improve Basic Health Services	CSH	21,050 **
		ESF	29,700 **

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Country/Program SO Number	Strategic Objective Title	Account	Amount Being Notified in CBJ
Sri Lanka			
383-006	SPO - Peace Process Supported	ESF	2,750
383-007	Improved Social and Economic Integration of Targeted Disadvantaged Groups	CSH	300
		DA	350
		ESF	750
383-008	Foundation Set for Rapid and Sustainable Economic Growth	DA	5,500
		ESF	4,250
383-009	Inclusive and Peaceful Approaches to Politics and Governance Strengthened	DA	774
		ESF	4,250
MIDDLE EAST and NORTH AFRICA REGION			
Egypt			
263-016	Environment for Trade and Investment Strengthened	ESF	26,800
	Middle East Financing Facility	ESF	20,000 **
	Cash Transfer	ESF	200,000 **
	Commodity Import Prgram (CIP)	ESF	200,000 **
263-020	Healthier, Planned Families	ESF	26,900
263-021	Egyptian Initiatives in Governance and Participation Strengthened	ESF	30,100
263-022	Basic Education Improved to Meet Market Demands	ESF	31,200
Israel			
271-001	Support Policy Reform for Financial Stability	ESF	360,000 **
Jordan			
278-008	Enhanced Integrated Water Resources Management	ESF	70,000
278-009	Improved Social Sector Development and Governance	ESF	40,000
278-010	Improved Economic Opportunities for Jordanians	ESF	40,000
278-011	Cash Transfer Assistance to Jordan	ESF	100,000 **
Lebanon			
268-001	Expanded Economic Opportunity	ESF	20,000
268-002	Strengthened Foundations for Governance	ESF	7,000
268-005	Improved Environmental Policies and Practices	ESF	5,000
Morocco			
608-011	Increased Opportunities for Trade and Investment	DA	4,000
		ESF	4,000
608-012	Improved Education and Training for Employment	DA	2,000
		ESF	12,000
608-013	Improved Government Responsiveness to Citizens	ESF	4,000
West Bank and Gaza			
294-001	Expanded Private Sector Economic Opportunities	ESF	12,500
294-002	Greater Access To and More Effective Use of Scarce Water Resources	ESF	39,500
294-003	Maintaining and Strengthening Key Institutions of a Modern, Inclusive Palestinian Democracy	ESF	7,500
294-005	Increased Access To Higher Education and Training	ESF	2,500
294-007	Improved and Sustained Performance in the Health Sector	ESF	7,000
294-008	Improved Community Services	ESF	6,000
Yemen			
279-004	Broad-Based Economic Growth	ESF	700
279-005	Reproductive, Maternal and Child Health Services	ESF	7,380
279-006	Basic Education	ESF	6,330
279-007	Food Security	ESF	3,410
279-ZZZ	Democracy and Governance	ESF	2,180

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Country/Program SO Number	Strategic Objective Title	Account	Amount Being Notified in CBJ
ASIA and NEAR EAST REGIONAL PROGRAMS			
498-007	Program Development and Learning	CSH	2,900
498-023	Encourage Economic Growth	DA	11,071
		DA	5,000
498-037	Improve South Asia Regional Stability Through Democracy and Human Rights	DA	2,500
		ESF	2,000

*Previously notified
** Separate notification required

Burma

The Development Challenge: Conditions in Burma continue to reflect the State Peace and Development Council's (SPDC, formerly called SLORC) thus far successful effort to maintain political and military control of the country. Despite multiparty elections in 1990 that resulted in the main opposition party, the National League for Democracy (NLD), winning a decisive victory, SPDC refused to hand over power.

The military believes that it is the only institution capable of keeping Burma united as a single country, and that pluralism is destructive to national unity. It views economic progress, reform and liberalization as secondary to the maintenance of political control. The military is now more powerful than it has ever been, due to an aggressive recruitment program, improved weaponry, and cease-fire agreements with several ethnic armies that have allowed troops to be concentrated in fewer areas. The SPDC has signed cease-fire agreements with all but three armed insurgent groups representing the Shan, Karenni, and Karen ethnic groups. Extra-judiciary killings, torture, forced labor, portering, forced relocation, rape, and other abuses still commonly occur in most of the ethnic states of Burma.

U.S. Government policies are increasing pressure on the SPDC to engage in meaningful dialogue with the democratic opposition leading toward a peaceful transition to civilian rule. In 2002, the regime released NLD leader Aung San Suu Kyi from house arrest and freed of political prisoners. However, on May 30, 2003, Suu Kyi's convoy upcountry was attacked; several NLD supporters were killed or injured. This prompted the arrest of Suu Kyi and many party leaders as well as closure of all NLD offices and activities. As of this writing, Suu Kyi has been moved from jail to house arrest. This has been an enormous setback for the opposition and the potential for any type of reconciliation or talks about power sharing. The SPDC has since presented its own 'roadmap' to democracy, which has been met with much skepticism by the international community.

Economic policies and management by the Burmese Government have resulted in a deteriorating social and economic situation. U.S. sanctions following the May 30 attack of Suu Kyi's convoy and her subsequent arrest have intensified the regime's economic problems by causing closure of several factories and making it much more difficult for Burma to operate in the international arena due to restrictions on use of dollars. While statistics are hard to verify, most agree that at least 13 million of Burma's 48 million people (more than 25 percent of the population) live below the subsistence level of $1 per day. Health care facilities are eroding and HIV/AIDS and other infectious diseases are becoming endemic. Universities are sporadically open and the public education system is in very poor condition.

As a result of ethnic fighting and deteriorating economic conditions in Burma, more than 1.6 million people have fled the country, and an estimated 1.5 million more remain inside Burma as internally displaced people. Of the population that fled Burma, approximately 180,000 reside in refugee camps in Thailand and Bangladesh, while the majority live as illegal migrants in Thailand, Bangladesh, India, China, and Malaysia. Thailand alone hosts more than one million Burmese outside the camps.

U.S interests in Burma include promoting democracy, supporting human rights and religious freedom, fighting HIV/AIDS, furthering effective counter-narcotics efforts, recovering World War II remains, and promoting regional stability. The United States also pursues a global strategic goal of preventing or minimizing the human costs of conflict and natural disasters.

The USAID Program: USAID suspended assistance to Burma following the 1988 suppression of the pro-democracy movement. A FY 1993 earmark of $1 million reinstated USG assistance, initially through the Department of State's Bureau for Democracy, Human Rights and Labor (State/DRL). Since 1998, USAID has co-managed the Burma assistance program with the Department of State. Funding has been used to support democracy in Burma and pro-democracy groups outside Burma, and to meet the humanitarian needs of Burmese who reside in Thailand.

Currently, USAID administers the following activities:

-- Humanitarian assistance activities that provide primary health care and basic education support to refugees living in refugee camps on the Thai-Burma border;
-- Humanitarian assistance to provide access to health care for out of camp Burmese in Thailand; and
-- Democracy activities that finance training for Burmese journalists and public information workers to improve the quality and dissemination of news and information on the situation inside Burma and fund scholarships for Burmese refugees to study at colleges and universities in Asia, Europe, Canada, Australia, and the U.S.

Other Program Elements: USAID carries out programs to address HIV/AIDs in Burma, and to reduce the spread of infectious diseases such as tuberculosis and malaria along the Thai-Burma border through the regional "Stabilize Population Growth and Protect Human Health" program (498-022). These activities are funded and managed by the Regional Development Mission/Asia. In addition, the Department of State's Population, Refugees and Migration Bureau funds refugee assistance programs that complement USAID activities on the Thai-Burma border. State/DRL also supports a grant to the National Endowment for Democracy and Prospect Burma.

Other Donors: The activities being funded under the earmark operate independently of the Burmese regime and are coordinated with more than 30 other donor agencies through either the Burma Donors Forum or the Coordinating Council for Support to Displaced Persons in Thailand. There are regular coordinating meetings, led by UNAIDS, among HIV/AIDS donors to try and maximize use of funds. Bilateral donors that focus on humanitarian assistance to Burma and to Burmese refugees include the Netherlands, Denmark, Sweden, Australia, and the United Kingdom. Multilateral donors with activities in Burma include the United Nations Children's Fund, the United Nations Development Program, the World Food Program, and the United Nations High Commissioner for Refugees.

Burma
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	0	2,000	0	0
Economic Support Fund	6,500	6,954	12,923	7,000
Total Program Funds	**6,500**	**8,954**	**12,923**	**7,000**

STRATEGIC OBJECTIVE SUMMARY				
482-002 Promote Democracy and Aid Burmese Refugees,				
ESF	6,500	6,954	12,923	7,000
482-XXX ANE Regional HIV/AIDS Program				
CSH	0	2,000	0	0

Acting Mission Director,
Leon Waskin

Data Sheet

USAID Mission:	Burma
Program Title:	Promote Democracy and Aid Burmese Refugees
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	482-002
Proposed FY 2004 Obligation:	$12,923,000 ESF
Prior Year Unobligated:	$2,000,000 CSH; $4,454,000 ESF
Proposed FY 2005 Obligation:	$7,000,000 ESF
Year of Initial Obligation:	FY 1996
Year of Final Obligation:	FY 2006

Summary: USAID and the Department of State jointly implement democracy and humanitarian assistance programs for Burma. In addition, USAID's regional HIV/AIDS program (498-022), managed by the Regional Development Mission/Asia in Bangkok, allocated additional funding to address malaria and other infectious diseases along the Thai-Burma border.

Inputs, Outputs, Activities:

FY 2004 Program:
Democracy and Humanitarian Assistance ($12,923,000 ESF; $4,454,000 ESF Prior Year Unobligated). The program will continue and expand activities that assist Burmese refugees, internally displaced people, and pro-democracy groups. These activities will support training and advocacy for a transition to a democratic government in Burma as well as humanitarian assistance to refugees living along the Thai-Burma border. Humanitarian activities will continue to improve access to primary health care, help maintain the nutrition and food security of the refugee population, improve the quality of education provided to refugee children, and provide access to health care for the large out of camp Burmese population in Thailand.

USAID and the Department of State are looking for creative and innovative opportunities to expand support for pro-democracy activities inside Burma. USAID will continue to refocus its humanitarian activities to benefit more disadvantaged Burmese living outside of official refugee camps. This will include access to health care as well as educational opportunities for Burmese children outside the camps. USAID will also look for opportunities to provide assistance to the large internally displaced population inside Burma.

Principal grantees include the National Endowment for Democracy; the International Rescue Committee; World Education/World Learning Consortium; International Organization for Migration; Open Society Institute; Internews; and Prospect Burma.

HIV/AIDs Prevention ($2,000,000 CSH Prior Year Unobligated). USAID will continue HIV/AIDs prevention efforts inside Burma. Funding and management will be carried out by Regional Development Mission/Asia through program 498-022.

FY 2005 Program:
Promote Democracy and Humanitarian Assistance ($7,000,000 ESF). The program will maintain activities to support refugees in the camps along the Thai-Burma border and continue to expand activities to support the population outside the camps along the borders. USAID and the State Department will continue to coordinate closely and integrate program activities. There will be a continued and upgraded focus on preparing the Burmese population in and out of Burma to participate in a free and democratic society in the future. USAID expects that democracy initiatives inside Burma will continue to expand.

Performance and Results: This program supports democracy, while helping to provide critical assistance to the growing number of refugees and displaced people living inside Burma and along Burma's borders. In 2003, performance highlights of USAID funded health, community development, and education programs working under these objective goals were as follows:

The on-going skills upgrade training for more than 80 medics in the camps has been implemented throughout 2003 to sustain levels of maternal and child survival (an infant mortality rate of 29 deaths/1,000 live births) on par with those of surrounding Thai communities and to further increase the survival rate. Health care services have also been extended to out-of-camp migrants and internally displaced persons (IDPs). At present, more than 9,000 migrants and IDPs living along the Thai-Burmese border in Thailand and around 30,000 IDPs inside Burma can access these services.

USAID-funded education activities are contributing significantly to the goal of increasing educational capacity in the refugee camps. By the end of 2003, more than 100 participants had received school management training, increasing the ability of school directors and head teachers to evaluate their own school programs and to come up with suggestions for improvement. Nearly 300 refugees participated in teacher preparation and training activities. In addition, adult literacy classes trained close to 200 students in seven languages. These classes are helping to change attitudes among parents about the value of education. Education activities are also being extended to Burmese populations outside the refugee camps. Other educational assistance has been provided through scholarships and training courses. To date, more than 500 students including women from inside Burma and exiles have attended universities and participated in the training courses in Thailand, India, and the United States. Additionally, more than 250 Burmese students and media professionals have participated in journalism training in Thailand in order to improve the quality and dissemination of news and information to Burmese citizens inside Burma, refugees, and exiles as part of the democracy program.

US Financing in Thousands of Dollars

Burma

482-002 Promote Democracy and Aid Burmese Refugees	CSH	DA	ESF
Through September 30, 2002			
Obligations	6,460	4,033	15,023
Expenditures	4,366	3,876	12,468
Unliquidated	2,094	157	2,555
Fiscal Year 2003			
Obligations	0	0	7,969
Expenditures	2,094	157	7,230
Through September 30, 2003			
Obligations	6,460	4,033	22,992
Expenditures	6,460	4,033	19,698
Unliquidated	0	0	3,294
Prior Year Unobligated Funds			
Obligations	2,000	0	4,454
Planned Fiscal Year 2004 NOA			
Obligations	0	0	12,923
Total Planned Fiscal Year 2004			
Obligations	2,000	0	17,377
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	7,000
Future Obligations	0	0	0
Est. Total Cost	8,460	4,033	47,369

Cambodia

The Development Challenge: The Kingdom of Cambodia continues to struggle in its transition to democratic governance after decades of war and authoritarian governance. The challenges to political and economic progress are many: a narrow and vulnerable economic base of garments and tourism, limited foreign and domestic investment, poor infrastructure, low levels of education and literacy, and wide-spread corruption. The judicial system is weak and generally unable to protect human rights or fairly resolve commercial disputes. Cambodia's social indicators, among the worst in the region, reflect poverty and lack of access to basic health services. Life expectancy is in the mid 50's; population growth rate is 2%, and infant mortality 95 per 1000 births. The estimated HIV prevalence among adults aged 15-49 in Cambodia declined from 3.3% in 1997 to 2.6% in 2002; however, Cambodia still faces the most serious HIV/AIDS epidemic in Asia and the Near East.

The World Bank estimates that Cambodia's per capita GDP is $273, making it one of the poorest countries in Asia. External debt in 2002 is estimated at 65.6% of GDP, with debt servicing 3% of exports and imports. Although 36% of the population remains below the poverty line, economic growth was a strong, 6.3% in 2002. Cambodia has a large trade surplus with the United States because of the garment sector, and tourism remains an important area of growth for the economy. US imports from Cambodia in 2002 were more than $1 billion, and US exports to Cambodia were $29 million.

Cambodia has made progress: In the July 2003 national assembly elections, activities funded by USAID helped create the most open political environment in the past decade, with the first public candidate debates ever held in the country and on local TV and radio programs. Also in 2003, Cambodia's bid to be the first developing country to be offered WTO membership was successful.

U.S. national interests in Cambodia lie in reducing Cambodia's vulnerability to international terrorism and international crime (such as trafficking in persons and narcotics) through building the country's potential to become a democratic state with an effective legal and judicial system and market-led growth that protects civil liberties and human rights.)

The USAID Program: USAID's objectives include increasing competition in Cambodian political life; increasing use of high impact HIV/AIDS and family health services and appropriate health seeking behavior; and, increasing the relevance and quality of basic education.

USAID's democracy and governance program actively seeks out and funds NGOs that challenge the political and judicial system to treat Cambodian citizens equitably. USAID support sustains the development of professional party organizations, expands participation of youth in politics, and provides all democratic parties a presence on Cambodian airwaves. USAID's human rights activities strengthen the skills of organizations in monitoring, investigation and follow-up of human rights cases. These efforts also support NGOs taking on precedent-setting human rights cases with the potential to influence government policy and public opinion.

USAID's health program will continue to increase the number of health centers that can deliver an integrated health package that ensures links between HIV/AIDS and all other health programs. These health centers will include a fully functional minimum package of services, including maternal and child health, reproductive health, family planning, tuberculosis, HIV prevention and care and support, and community outreach. The program will expand work in prevention interventions and care targeted for populations engaging in high risk behaviors; home-based care and support for people living with HIV/AIDS; support for orphans and vulnerable children; and voluntary counseling, testing and support for prevention of mother-to-child transmission of HIV.

The USAID basic education program in Cambodia is focused on improving the quality and proficiency of the education system by increasing the relevance of the basic education curriculum to everyday life, building the capacity of the school system to deliver competency-based education, and training teachers to utilize student-centered teaching methodologies. Impact is nationwide, with activities planned for all 22 provinces, 18 provincial teacher training colleges, and six regional training colleges. The program

addresses key issues including increased attendance for females, minorities, students with disabilities, and the poor. The project is strong on reform and positive change within the Ministry of Education and supports the recruitment and training of teachers from minority groups including Cambodia's Islamic Cham population.

Other Program Elements: USAID/Washington funded programs complement and reinforce the USAID bilateral program strategy. The Leahy War Victims Fund helps to coordinate government, private and donor activities for disabled persons, and funds rehabilitation centers to provide prosthetic and orthotic devices, vocational training, and job placement for war and mine victims and those with other physical disabilities. USAID's Office of Foreign Disaster Assistance is strengthening the flood warning system in the Mekong River Basin to meet the needs of at-risk populations. In the Mekong Delta, USAID's Bureau for Economic Growth, Agriculture, and Trade is helping to design and implement national and local policies regarding land tenure, sustainable forest management, and wildlife trade. USAID's Center for Human Capacity Development is supporting grants to Fisk University and Florida A&M. Fisk University has partnered with the National Institute of Management in Phnom Penh to develop a Center for Entrepreneurship and Development at the National Institute of Management. Florida A&M has partnered with the Royal University of Phnom Penh on environmental studies. USAID also supports a partnership between California State University, Fullerton, and Pannasastra University of Cambodia to establish a Center for Community Service Learning at Pannasastra University. The Center will provide training in areas that meet community needs such as HIV/AIDS, literacy, and education. Additional health-related partnerships are funded through the Global Fund to Fight HIV/AIDS, TB, and Malaria. The Cambodian Government also asked USAID and the Centers for Disease Control and Prevention to assess the Ministry of Health's Strategic Plan for HIV/AIDS and STI Prevention and Care in Cambodia.

Other Donors: Donor coordination is excellent. USAID was successful in having other donors build on its HIV/AIDS activities. Overall development assistance to Cambodia totals about $700 million per year. Japan and the United States are the first and second largest bilateral partners respectively. However, USAID is the largest donor in the area of HIV/AIDS. Other major bilateral donors and their areas of focus include Germany (education), France (higher education, training of judges), Australia (rule of law), the United Kingdom (HIV/AIDS and health sector support), Sweden (decentralization) and Denmark (forestry). Multilateral donors include the United Nations Agencies, the Asian Development Bank, the European Commission, the World Bank (legal, judicial reform), and the International Monetary Fund (finance reform). The United Nations Development Program provides support for public administration reform, and the U.N. Theme Group focuses on HIV/AIDS. With funding from the United States and other donors, the World Food Program supports school feeding. De-mining efforts receive support from the European Commission. The Asian Development Bank is planning a new program to support rural development, agriculture and fisheries around the Tonle Sap Basin.

Cambodia
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	15,000	22,100	29,860	25,300
Development Assistance	0	3,687	2,000	2,200
Economic Support Fund	20,000	15,000	16,900	17,000
PL 480 Title II	1,085	0	0	0
Total Program Funds	**36,085**	**40,787**	**48,760**	**44,500**

STRATEGIC OBJECTIVE SUMMARY				
442-001 Human Rights				
ESF	55	0	0	0
442-002 Family Health				
ESF	3,853	0	0	0
442-009 HIV/AIDS & Family Health				
CSH	15,000	22,100	29,860	25,300
ESF	5,519	0	0	0
442-010 Democracy and Human Rights				
ESF	10,573	13,000	16,900	17,000
442-011 Improving Basic Education				
DA	0	3,687	2,000	2,200
ESF	0	2,000	0	0

Mission Director,
Lisa Chiles

Data Sheet

USAID Mission:	Cambodia
Program Title:	HIV/AIDS & Family Health
Pillar:	Global Health
Strategic Objective:	442-009
Proposed FY 2004 Obligation:	$29,860,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$25,300,000 CSH
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2005

Summary: USAID's integrated Health-HIV/AIDS program in Cambodia supports critical elements of the primary health care information and service delivery system; expanded community outreach/coverage; and strengthened health system performance. USAID assistance will ensure that access to information and essential services continue to reach the most vulnerable populations. Essential services include comprehensive HIV/AIDS prevention and care, reproductive health, maternal and child health, prevention and treatment of sexually-transmitted infections, and selected infectious diseases.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase use of high impact HIV/AIDS prevention and care services ($15,470,000 CSH). USAID will continue its comprehensive HIV/AIDS prevention and care program with emphasis on services for people with AIDS. To ensure sustainability, faith-based and village leaders will be engaged to help build local capacity. Nationwide interventions will target those that engage in high-risk behavior. Training in preventive measures will be conducted with the Ministry of National Defense to reach 100% of military personnel. In geographic areas with high rates of HIV/AIDS, USAID will increase the number of clinics that treat sexually transmitted infections and where HIV testing and counseling for occur. At least 6,000 Cambodians will be counseled and tested. These clinics will complement ongoing prevention and care efforts. While direct antiretroviral treatment is not yet provided by the program, USAID will expand support in other ways. Home care, hospice care, and institutional training will be strengthened to implement the newly approved Ministry of Health (MOH) "Continuum of Care" guidelines for people living with HIV/AIDS. Interventions designed to improve the quality of life of 15,000 orphans and vulnerable children serve as a pillar for social support. Technical assistance for the prevention of mother-to-child-transmission (PMTCT) program and its expansion to five new sites will be a model for collaboration and sustainability with the government.

USAID will continue its strategy of using targeted media campaigns for prevention of HIV/AIDS and advocacy; provide training to improve clinical care; offer peer education to vulnerable populations; and introduce other elements that incorporate the ABC (Abstinence, Be faithful and Condoms) approach. Condom social marketing will introduce a new brand of condom in FY 2004, building on the success of the existing Number One condom. To monitor program results, USAID will continue to improve the quality of Cambodia's premier "second generation" behavior surveillance system. USAID will continue to improve systems and build the capacity of both the public and private sectors to plan, manage and implement quality HIV/AIDS and family health programs in the seven targeted provinces. The principal grantees are Family Health International, Khmer HIV/AIDS and NGO Alliance, CARE, Population Services International, the POLICY project, and University Research Corporation.

Access to quality maternal, child, and reproductive health services ($7,390,000 CSH). Technical assistance to providers and increasing client use of services will be the focus. Training in voluntary surgical contraceptive methods and the improvement of clinical quality and management will target 14 districts. Life Saving Skills training for midwives will continue. In addition, key national and provincial

health staff will be trained in contraceptive logistics using improved software. USAID will continue to upgrade emergency obstetrical services in at least four provincial maternity wards, with an emphasis on strengthening referrals at lower level health posts. USAID will also expand social marketing of birth spacing and reproductive health products to rural areas using both private and public providers.

Expand infectious disease activities ($7,000,000 CSH). Trained health professionals are often not available to rural Cambodians. An expansion of the community outreach program beyond its current responsibilities in pregnancy and child nutrition programs will include training villagers to identify the danger signs of Acute Respiratory Infection, dengue fever, malaria, and tuberculosis outbreaks. The malaria prevention program will build on activities in the sparsely populated northeastern provinces to increase distribution of impregnated bed nets and promotion of health messages, expanding to all operational districts. The principal grantees are RACHA, Reproductive Health Association of Cambodia (RHAC), Helen Keller International, and Partners for Development.

FY 2005 Program:
Increase use of high impact HIV/AIDS prevention and care services ($14,000,000 CSH). As the AIDS epidemic matures and additional donor funds are made available, USAID anticipates expanding care and support services such as VCT, PMTCT, home-based care, and opportunistic infections treatment to those infected and affected by HIV/AIDS. Current efforts in these areas are primarily pilot projects. By FY 2005, needs are projected to be so urgent that USAID plans to scale them up nationwide. Anti-retroviral treatment, with the support of the Global Fund and other donors, will be available to urban Cambodians. USAID will utilize strengths in rural community outreach to build linkages between urban providers and rural patients. On the policy level, USAID will provide technical assistance to develop legislation and implementation guidelines concerning care and support. Principal grantees are the same as in FY 2004.

Improve quality and access of child and reproductive health services ($7,900,000 CSH). In addition to expanding service to new provinces, USAID plans to use additional resources to increase the breadth of services available at the health post level. Some services, such as simple lab work for infectious diseases and long term contraceptive methods are available only at the provincial level, by design or default - lack of human and financial resources - but those services would yield great health dividends if they are more widely accessible. Principal grantees are the same as in FY 2004.

Expand infectious disease activities ($3,400,000 CSH). Expansion of effective infectious disease interventions will continue to be a priority. Existing TB programs will expand to include case detection through community Directly Observed Treatment Short Course (DOTS) activities and strengthening DOTS services at health centers; capacity building and human resources development at different levels of the TB program in both technical and managerial areas; and improvement of treatment and care for TB/HIV co-infected patients. This also includes improving use of Health Information Systems related to TB for management and planning decisions. Support to existing Malaria programs with WHO and NGO partners will continue, as well as supporting Dengue programs, including research incorporating the biological control of dengue. Follow-up on recommendations from the drug use management study for childhood infectious diseases will be implemented.

Performance and Results: USAID's investment under the health portfolio continues to yield important results. HIV prevalence among sentinel populations has continued to decline and the overall adult prevalence has stabilized at 2.6%, a notable decrease from 3.2% in 2001. As a result of USAID-funded activities, increases in HIV infections, especially among females and perinatals, have been averted. Due to a more strategic intervention approach for reaching youth, healthier lifestyles and behaviors continued to increase. By the end of FY 2006, key impacts will include an increased contraceptive prevalence rate, a decrease in high-risk sexual behavior, an increase in the percent of children under one year of age fully immunized, and an increase in the percentage of births assisted by a trained provider. Behavioral changes among high-risk and vulnerable populations will contribute to a decrease in the HIV prevalence rate among those populations.

US Financing in Thousands of Dollars

Cambodia

442-009 HIV/AIDS & Family Health	CSH	ESF
Through September 30, 2002		
Obligations	13,443	6,468
Expenditures	24	0
Unliquidated	13,419	6,468
Fiscal Year 2003		
Obligations	22,857	121
Expenditures	12,352	3,272
Through September 30, 2003		
Obligations	36,300	6,589
Expenditures	12,376	3,272
Unliquidated	23,924	3,317
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	29,860	0
Total Planned Fiscal Year 2004		
Obligations	29,860	0
Proposed Fiscal Year 2005 NOA		
Obligations	25,300	0
Future Obligations	0	0
Est. Total Cost	91,460	6,589

Data Sheet

USAID Mission:	Cambodia
Program Title:	Democracy and Human Rights
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	442-010
Proposed FY 2004 Obligation:	$16,900,000 ESF
Prior Year Unobligated:	$190,000 ESF
Proposed FY 2005 Obligation:	$17,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2005

Summary: USAID's Democracy and Governance program in Cambodia promotes equitable treatment for Cambodian citizens to compete for their demands through: creating political processes and strengthening political parties to meet international standards; increasing transparency and accountability on key economic and political issues; enforcing human rights norms through monitoring and investigation; engaging local officials on key development issues; and increasing the capacity of future leaders to develop policies and effect change.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase participation of political parties, NGOs and private sector in demand for reforms ($12,900,000 ESF). USAID will continue strengthening democratic pluralism to ensure that there are competing centers of power and expanding opportunities for involvement of local elected officials and citizens. Developing professional party organizations, expanding youth participation in politics and enhancing the capacity of the elected commune councils, including a female caucus, will be supported through collaboration with 19 local NGOs. Cambodia's invitation to join the WTO has provided an opportunity to support local NGOs working on governmental transparency and accountability, as well as alternative dispute resolution mechanisms in the matters of commerce and trade. Local NGOs working to protect national forests and preserve wildlife and protected areas will also receive assistance. Principal grantees include the Asia Foundation, the National Republican Institute, the National Democratic Institute, Community Forestry International, Global Witness, and WildAid.

Increase enforcement of human rights norms, with a particular focus on investigation and defense of human rights violations ($3,725,000 ESF; $190,000 prior year unobligated ESF). Local NGOs taking on precedent setting human rights cases that have the potential to influence government policy and public opinion will be the primary recipients of USAID resources. Five technical advisors will strengthen the skills of organizations in monitoring, investigation and follow-up of human rights cases. USAID-sponsored assistance will include legal capacity training in human rights cases, such as land encroachment, trafficking in persons, and corruption cases. Legal aid organizations focusing on producing tangible results for underserved and disadvantaged groups will receive assistance as well. Technical assistance will continue for the development and strengthening of unions - a key factor in retaining garment manufacturing in Cambodia once the Bilateral Textile Agreement expires in January 2005. Principal grantees include East West Management Institute, the Asia Foundation, and the American Center for International Labor Solidarity.

Strengthen the effort to document evidence for the Khmer Rouge Tribunal ($275,000 ESF). The program to document the atrocities committed by the Khmer Rouge will collect, analyze and document evidence for the Khmer Rouge Tribunal. Principal grantee is the Documentation Center of Cambodia.

FY 2005 Program:
Increase participation of political parties, NGOs and private sector in demand for reforms ($15,000,000 ESF). Dependent on the success of the anti-corruption programs and consultations with Congress, USAID may expand this program by focusing on legal reform and transparency in government. USAID will continue to help political parties to develop more effective and democratic procedures as well as to improve their organizational capabilities, leadership and message development, including party platforms, down to the village level. This area of intervention is particularly important between elections for continuing development of democratic parties toward transparent and accountable processes that meet international standards. Principal grantees are the same as above.

Increase enforcement of human rights norms, with a particular focus on investigation and defense of human rights violations ($1,700,000 ESF). USAID will focus particularly on supporting unions and the arbitration council, as this will be the first year that garment unions do not have the protection of the Bilateral Textile Agreement. USAID will also continue to promote improvement of human rights by helping people, organizations, lawyers and communities through a legal clinic, high-impact legal cases, advocacy assistance, grant making, technical assistance and legal training. Principal grantees are the same as above.

Strengthen the effort to document evidence for the Khmer Rouge Tribunal ($300,000 ESF). Depending on whether and when the Khmer Rouge Tribunal occurs, this program may be expanded. Principal grantee is the same as above.

Performance and Results: During the national elections in 2003, USAID showed that it was possible for political parties in Cambodia to exchange ideas and debate the future of the country without violence and intimidation. Through the work of a partner organization, USAID was able to level the playing field by organizing 20 multi-party all-candidates debates across Cambodia, of which 12 were broadcast on television and radio - a first for a country with no tradition of peaceful and constructive political debate. Improvements of regulatory frameworks, though still restrictive, enabled USAID-funded NGOs to air their election programs on local television and radio stations, notably the airing of candidate debates, public policy dialogue, and the Voice of Democracy radio program (focusing on youth and women). With USAID support to civil society, each phase of the election was carried out on schedule and was relatively smooth with high voter turnout, decreased violence and intimidation over previous years,, and an enhanced integrity of the election process. However, the overall process remained flawed and further reforms are needed.

Human rights NGOs have become more courageous in bringing high level land dispute, anti-trafficking, and labor rights cases to court with USAID support. By increasing the capacity of legal and human rights professionals and providing legal services or grants to pursue important cases, USAID is increasing its pressure on the Cambodian judiciary to conform to international norms. In order to build on these early victories it is crucial for USAID to continue its support to these brave lawyers and the organizations that support them as they continue to fight the culture of impunity.

In conjunction with State/DRL, USAID funded initial fieldwork for an eventual multi-disciplinary forensic analysis of mass grave sites. The goal was to analyze and document the cause of death of those who died under the Khmer Rouge regime as part of the chain of evidence. This activity resulted in the collection, analysis, and preservation of a representative sample of traumatized human skeletal remains, and the identification of future sites for full-scale exhumation. Collection of other evidence for the trial continued.

By program completion, Cambodians will be more knowledgeable about all political parties and their platforms; democratic political parties and civic groups will use public opinion research to strengthen their communications strategies and to develop initiatives that effectively address public concerns; elected commune council members will have gained the skills necessary to carry out their responsibilities in a professional, transparent, and democratic manner; serious human rights cases will decline due to a fear of prosecution; and evidence against the Khmer Rouge will be preserved for the Khmer Rouge Tribunal.

US Financing in Thousands of Dollars

Cambodia

442-010 Democracy and Human Rights	**ESF**
Through September 30, 2002	
Obligations	10,573
Expenditures	0
Unliquidated	10,573
Fiscal Year 2003	
Obligations	11,218
Expenditures	9,312
Through September 30, 2003	
Obligations	21,791
Expenditures	9,312
Unliquidated	12,479
Prior Year Unobligated Funds	
Obligations	190
Planned Fiscal Year 2004 NOA	
Obligations	16,900
Total Planned Fiscal Year 2004	
Obligations	17,090
Proposed Fiscal Year 2005 NOA	
Obligations	17,000
Future Obligations	0
Est. Total Cost	55,881

Data Sheet

USAID Mission:	Cambodia
Program Title:	Improving Basic Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	442-011
Proposed FY 2004 Obligation:	$2,000,000 DA
Prior Year Unobligated:	$1,187,000 DA
Proposed FY 2005 Obligation:	$2,200,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2005

Summary: The USAID basic education program in Cambodia promotes improvements in the relevance and quality of basic education through curriculum reform and teacher training.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve quality of education ($2,000,000 DA; $1,187,000 DA Prior Year Unobligated). USAID will fund the development of a new curriculum for grades one through nine that will include a life-skills component focused on civic education, health and nutrition, and practical knowledge of the agro-ecosystem. This curriculum will reinforce language, math, science and critical thinking skills covered in the core basic education curriculum. Students will apply these skills to address everyday problems faced at school, home and in the community. USAID's implementing partner will work with the Ministry of Education (MOE) to select and design curriculum materials to achieve defined age-specific competencies. Program priorities include gender balance in enrollment, inclusive education for students with disabilities, and assuring continued attendance for poor females, minority groups (including Cambodia's Islamic Cham population) and students in remote areas. Activities will also support the recruitment and training of teachers from Cambodia's minority groups, highland tribes, and the large disabled population. The program will strengthen understanding and support of the life-skills curriculum and student-centered learning methodologies at all levels of the basic education system, including teachers, teacher trainers, school administrators and education sector officials. It will provide information to parents and local government officials, including elected commune council members. The life-skills curriculum and syllabi will be phased into the regular pre- and in-service training program in selected cluster schools and provincial teacher training colleges (PTTCs) for testing and evaluation. Activities will be implemented in all 22 provinces of Cambodia, in all 18 provincial teacher training colleges and in six regional training colleges, promising a broad impact over the entire national primary education system. The implementing agency will be announced in the second quarter of FY 2004.

FY 2005 Program:
Improve quality of education ($2,200,000 DA). USAID's implementing partner will finalize evaluation of and changes to the curriculum. The curriculum will be linked to textbooks and circulated through the education system. The program will continue on-the-job training for ministry staff in the design and testing of student-centered, competency-based curricula and learning materials. Partnerships will be strengthened between the MOE and stakeholders in the curriculum development and testing process. Coordination will continue with education sector working groups to achieve education for all and reform in the education sector. At the cluster school level, and at the PTTCs, teacher trainers will be trained in the delivery of the life-skills curriculum and the use of student-centered learning methodologies. The program will monitor and support trainers at PTTCs and teachers in schools for delivery of the life-skills curriculum. Parent groups will be involved in the schools to gain support and to discuss how parents can help their children master the required skills. The new curriculum will be publicized to build demand for education services in communities. Additional workshops and seminars will be conducted for school principals,

education sector officials and other stakeholders at the national, provincial and cluster school levels to strengthen understanding and support for the revised curriculum and improved methodologies.

Performance and Results: USAID and the Royal Government of Cambodia reached agreement on the project, results and indicators in FY 2003. Program implementation will begin the second quarter of FY 2004.

US Financing in Thousands of Dollars

Cambodia

442-011 Improving Basic Education	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	2,600	2,000
Expenditures	0	0
Through September 30, 2003		
Obligations	2,600	2,000
Expenditures	0	0
Unliquidated	2,600	2,000
Prior Year Unobligated Funds		
Obligations	1,187	0
Planned Fiscal Year 2004 NOA		
Obligations	2,000	0
Total Planned Fiscal Year 2004		
Obligations	3,187	0
Proposed Fiscal Year 2005 NOA		
Obligations	2,200	0
Future Obligations	0	0
Est. Total Cost	7,987	2,000

China

The Development Challenge: The People's Republic of China (PRC) sprawls across East Asia. Its sheer size and economic power dominate the region. For the United States, seeing China fully integrated into the global economic and trading system is critical for regional security, prosperity, environmental protection, and peace. Not only does China play a key role in international security affairs through its permanent membership in the United Nations Security Council, but it also is a major U.S. trading partner. Trade between the two countries totaled almost $150 billion in 2002. For these economic and security reasons, the United States actively seeks a good relationship with China.

Currently, there is no USAID presence in the PRC. The United States, however, maintains principled and purposeful engagement with the Government and people of China. Although significant differences remain, this engagement has led to important gains in a number of critical areas, such as human rights and tariff reductions. The Chinese Government does not share core American values on human rights, religious freedom, or democracy, and the United States and China also disagree on the best policies for Taiwan. To narrow these differences and take advantage of the many areas where U.S. and Chinese interests coincide, the United States undertakes regular contacts and dialogue.

Since 1979, China has been engaged in an effort to reform its economy. China has tried to combine central planning with market-oriented reforms to increase productivity, living standards, and technological quality without exacerbating inflation, unemployment, and budget deficits. The United States firmly supports this effort. In addition to reducing the role of ideology in economic policy, the Chinese leadership has emphasized political and social stability and economic productivity. This has included increased support for market-based personal income growth and consumption. In the last 20 years, China has taken more people out of poverty than any country. Yet challenges remain. More than 200 million Chinese live on less than $1 a day, many of them in poor and remote regions of the country. The number of urban poor is also on the rise.

The Chinese Government's efforts to promote rule of law are significant and ongoing, but rule of law is still weak. After the Cultural Revolution, China's leaders worked to develop a legal system to restrain abuses of official authority and revolutionary excesses. In 1982, the National People's Congress adopted a new state constitution that emphasized the rule of law under which even party leaders are theoretically held accountable. Since 1979, when the drive to establish a functioning legal system began, more than 300 laws and regulations, most of them in the economic area, have been enacted.

With its entry into the World Trade Organization (WTO) in 2001, China agreed to lower tariffs and ease import and export restrictions for Chinese and foreign business people. This opens up new opportunities for U.S. industries and service providers, particularly in the banking, insurance, and telecommunications fields. However, hundreds of laws and regulations still need to be put into place, and enforcement of existing laws and regulations needs to be strengthened before China can comply fully with WTO requirements. Over the years, China has come to rely more upon foreign financing and imports, but modernizing the banking and legal systems to accommodate increased foreign ties remains a major hurdle.

The USAID Program: USAID's program in China is focused around two objectives:

-- Improve China's legal infrastructure so that it is more compatible with a market economy and better protects its citizens' rights; and
-- Assist Tibetan communities to preserve their cultural traditions, promote sustainable development, and conserve the environment.

The first objective is being met through a cooperative agreement to Temple University that is introducing key members of the Chinese legal and judicial system to the constitutional principles that support the rule of law -- due process, transparency, and equal access to justice. The program also teaches critical thinking and advocacy skills to support the application of those principles in the Chinese judicial system.

The second objective is being met through activities that directly assist Tibetan communities in China. This program is implemented through NGOs headquartered outside China that provide Tibetan communities with access to the financial, technical, marketing, environmental, and educational resources they need to sustain their traditional livelihoods, unique culture and environment and to avoid economic marginalization as China develops its western regions.

Other Program Elements: Department of State's Bureau for Democracy, Human Rights and Labor (State/DRL) manages a number of activities that support rule of law in China. USAID efforts complement these activities. As part of its Greater Mekong HIV/AIDS strategy, USAID will work on a limited scale with NGOs in two southern provinces in China, Guangxi and Yunnan. Over the past eight years, USAID's American Schools and Hospitals Abroad (ASHA) program has supported the construction and equipment of the Center for American Studies. ASHA has also supported the Johns Hopkins Center for Chinese-American Studies in Nanjing and provided a grant to Project Hope to support training for the Shanghai Children's Medical Center.

Other Donors: China does not have a formal aid group. Important donors include Japan, Germany, and the United Kingdom. Sweden, the United Nations, Australia, Italy, New Zealand, and Canada also provide support. Multilateral donors include the World Bank, the European Union, the Asian Development Bank, and the United Nations Development Program.

China
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	5,000	5,961	3,976	0
Total Program Funds	**5,000**	**5,961**	**3,976**	**0**

STRATEGIC OBJECTIVE SUMMARY				
435-003 Selected Foreign Policy Objectives Achieved				
ESF	5,000	5,961	3,976	0

Data Sheet

USAID Mission:	China
Program Title:	Selected Foreign Policy Objectives Achieved
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	435-003
Proposed FY 2004 Obligation:	$3,976,000 ESF
Prior Year Unobligated:	$2,981,000 ESF
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2006

Summary: This program has two elements, a rule of law program and assistance to Tibetan communities. Temple University established a Master of Laws (L.L.M.) program in Beijing, China in 1999 to educate well-placed Chinese judges, government officials, prosecutors and lawyers in U.S. and international legal principles. This program operates in partnership with the law faculty of Tsinghua University and is the only foreign law degree-granting program approved by the Chinese Ministry of Education.

In FY 2003, the Department of State asked USAID to assume the management of existing programs directed at the Tibetan community in China. USAID signed a grant with The Bridge Fund in late FY 2003 for this work. It will continue this grant in FY 2004 and start new cooperative agreements to expand assistance to Tibetan areas. The objective of this assistance will be to provide disadvantaged Tibetan communities with the resources they need to promote economic development, and sustain their unique cultural and environment, while increasing the capacity of local people to promote their own development through self-help strategies.

Inputs, Outputs, Activities:

FY 2004 Program:
Rule of law program (No FY 2004 funding requested). Under this program, Temple University and Tsinghua University will use funds previously appropriated to continue to train Chinese judges, law professors, lawyers, and other legal professionals in the content and principles of international and U.S. law, with an emphasis on treaty obligations, especially World Trade Organization (WTO) compliance, individual rights, and legal ethics. USAID and its partners will continue to promote the advancement of minorities in the Chinese legal profession by seeking out qualified minority students with leadership potential for these programs. Thirty-seven students will complete their studies and receive their L.L.M degrees by November 2004. Roundtables will be held on environmental law and health care law curriculum planning. USAID's grantee will create a training session for senior legislative staff from the National People's Congress. Principal Implementer: Temple University.

Assistance to Tibetan Communities ($3,976,000 ESF; $2,981,000 ESF Prior Year Unobligated). In FY 2004, USAID will expand the reach of existing efforts which focus on rural economic growth, cultural preservation education, health care, and environmental protection. Activities in rural economic growth will include increasing the incomes of nomadic and agricultural families through better natural resource management in rangeland and agricultural areas and improved herding and farming practices; expanding economic opportunities through vocational training, microcredit, and business development services for small and medium size Tibetan-owned businesses; and encouraging integrated community development by fostering local NGO development and community professional associations such as farmer and herder associations. Also, resources will be used to support the preservation of important cultural sites, manuscripts, and works of art.

USAID funds will be used to build community schools, train teachers and school administrators, produce teaching materials in the Tibetan language, provide scholarships and other training to enable qualified students to receive higher education, and teach English to Tibetans.

Due to Kemp-Kasten restrictions on working with the Government of China, health activities will consist of support for U.S.-based NGO programs that deliver health education and other services directly to Tibetan communities. Such assistance may include construction of rural health clinics and other rural health infrastructure; production of health awareness training materials targeted towards rural communities which focus on nutrition, disease prevention, and maternal child health, and the direct provision of basic services such as eye care and specialized surgery.

Environmental protection activities will focus on sustainable natural resource management in areas on the Tibetan Plateau. Cultural preservation activities will focus on business and marketing support for artisans and their products and on the preservation of traditional fine arts. Grant-funded efforts will also support the preservation and maintenance of skills in the production of traditional fine arts, i.e. literature, architecture, music, painting, sculpture, and woodcarving. USAID and its partners will encourage activities that restore and protect buildings, works of art, and traditional texts of global or regional importance, and that provide training for Tibetans in state-of-the-art restoration and preservation techniques. Principal Implementers: The Bridge Fund and other implementers that will be selected on a competitive basis.

FY 2005 Program:
Plans for FY 2005 are still to be determined.

Performance and Results: As of November 2003, USAID's Rule of Law program has achieved significant results. One hundred and four students have graduated from the L.L.M. program so far. Thirty-seven students entered the Beijing program in the current year, and an additional 10 are studying at Temple University in Philadelphia. Qualified minority students are participating in the program. With USAID's support, Temple provided comments on the new Property Law (June 2002) and on the new Tort Code (October 2003). Temple also hosted two month-long roundtables, which brought key Chinese scholars to Philadelphia to conduct research and discussions with their U.S. counterparts. Roundtable discussions have created a community of WTO scholars who are developing WTO law in China. Two of these scholars have developed a law school course on the WTO that is being taught to Chinese law students at Tsinghua. Temple is taking a collaborative approach to programming; every component of this project involves U.S. and Chinese experts working together. Nowhere is this more apparent than in the results of the WTO and the Internet Roundtables, and the Roundtables now being planned on Environmental Law and Health Law and Policy. These types of initiatives provide an opportunity for Chinese scholars to interact with their Chinese and international peers.

USAID's grant to support Tibetan communities began in late FY 2003. To date, there are no results to report.

By the completion of this program, key Chinese lawyers and judges will be better trained in international law and practices. In addition, Tibetans living in the Tibetan plateau will have received the care and support they need to help them improve their overall well-being.

US Financing in Thousands of Dollars

China

435-003 Selected Foreign Policy Objectives Achieved	ESF
Through September 30, 2002	
Obligations	2,300
Expenditures	1,365
Unliquidated	935
Fiscal Year 2003	
Obligations	5,680
Expenditures	4,724
Through September 30, 2003	
Obligations	7,980
Expenditures	6,089
Unliquidated	1,891
Prior Year Unobligated Funds	
Obligations	2,981
Planned Fiscal Year 2004 NOA	
Obligations	3,976
Total Planned Fiscal Year 2004	
Obligations	6,957
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	14,937

East Timor

The Development Challenge: East Timor has gone through three major transitions since its vote for independence. These include a political transition to a democratic government, an economic transition to a free and open market, and a social transition dealing with major social conflicts and reconciliation from 25 years of Indonesian occupation and reconciliation. Fundamental democratic and economic reforms have accompanied this transition period. As of May 20, 2004, the people of East Timor (Republica Democratica de Timor-Leste) will be completing their second year as an independent democratic country in Southeast Asia. The challenges of building a strong democracy and vibrant economy with fragile democratic institutions and limited human capital remain daunting over the next several years.

East Timor's budget revenues for the next three years are projected to be lower than previously estimated, creating an unexpected short-term financing gap from FY 2004 through FY 2006 of an estimated $120 million. This financing gap is due to lower than expected oil and gas revenues to significantly cover core government expenditures through FY 2007. During this three-year period continued donor budgetary support financing is critical to narrowing the central government's revenue gap, maintaining stability and supporting the implementation of the National Development Plan.

East Timor's economy has declined significantly. United Nations staff is departing and foreign investments are not materializing due to the uncertainty in the investment climate, concern about regional security, and a weak judicial system. More than two-fifths of the population live on less than $1 per day and only one in five families has access to electricity and only two in five families have access to clean water. Unemployment is rising and it is a major national concern. Urban youth unemployment is estimated around 40%. The declining local economy and expected lower economic growth levels over the next year will be unable to provide the number of new employment opportunities for workers entering the labor force. The country had a per capita income of $430 in 2002, which is expected to decline in 2003, life expectancy of 57 years, high infant mortality, and a literacy rate of 43%. Food security remains a major problem for the majority of rural families facing inadequate access to basic food sources.

U.S. foreign policy interests in East Timor remain focused on assisting the country to establish a stable and secure democratic government and a growing market economy. As one of the first and largest foreign aid providers during East Timor's transition period, the United States is recognized by the Timorese as a reliable, credible and efficient source of outside advice and assistance. Continued funding levels through FY 2005 will enable the United States to continue its critical development support and central leadership role in East Timor.

The USAID Program: USAID's East Timor program focus on two objectives: 1) institutional and policy changes that support private sector development including the revitalization of the local economy; and 2)strengthening democracy and good governance. In FY 2004 funds will be used to implement the ongoing economic growth programs that support the expansion of coffee and vanilla exports, increased household incomes, technology transfers, diversification and sustainability of agricultural systems, expansion of technical/vocational training, and improved enabling environment for private sector growth and job creation. Also, ESF funds will sustain a network of critical health clinics providing basic health services to coffee workers and their families to maintain worker productivity and address basic family health care. ESF funds will be used to support a new micro enterprise activity that will expand rural families' access to critical rural markets (input, financial, and labor) to further stimulate the local economy and expand employment opportunities.

USAID plans to use FY 2004 funds to continue support of East Timor's democratic development by increasing public participation in good governance including strengthening of the judicial system, supporting the development of political parties, strengthening civil society, and fostering civilian oversight of uniformed forces.

The democracy program will improve citizens' access to justice through institution building in the judiciary system, training of judicial personnel, and expanding the reach of legal aid groups. Furthermore, USAID will support increasing citizens' knowledge of rights, responsibilities and legal processes; and the

strengthening of government and independent institutions, including new legislative and executive bodies, to implement democratic processes, adopt effective legislation and deliver services to communities. In FY 2004, USAID will continue to contribute to the World Bank-administered Transitional Support Program (TSP), which supports East Timor's nascent governing structures and provides critical support for the implementation of the National Development Plan supporting priorities in basic education, health, and poverty reduction. In response to the current financing gap facing the East Timor Government, due to unexpected shortfall in gas and oil revenues and a weaker than expected economy, the US government anticipates increasing its contributions to the TSP program in response to the East Timor government's request for assistance in narrowing the budgetary shortfalls in FY 2004 and FY 2005.

USAID plans to use FY 2005 funds to support the new strategy, which is focused on strengthening of the private sector and creating jobs with a significant emphasis on rural areas to further reduce poverty and improve rural livelihoods. In addition, USAID will maintain support for the strengthening of democratic values and good governance with a focus on rule of law and justice. In response to the increasing government financing gap due to delayed oil and gas revenues coming on line, USAID, in line with other donors, is planning to continue support to the central government, but likely at a reduced rate.

Other Program Elements: An NGO strengthening program, funded and managed by USAID's Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA), provides support for a set of NGOs in and around Dili to support their ability to provide continued and sustainable services to rural areas. A Victims of Torture program, funded through DCHA, trains rural community groups to address the needs of survivors of torture from Indonesian presence in East Timor. Through the Global Health Fund, East Timor receives funding for tuberculosis and malaria programs.

Other Donors: Coordination among donors is excellent with bi-annual development partners meetings, which have been held since January 2000. A donor coordination meeting is held monthly in Dili chaired by the Vice-Minister of Finance and Planning. The UN Mission of Support for East Timor is currently scheduled to close in May 2004 but may be extended in considerably smaller numbers to provide support to the security sector. Donors, including USAID, support the World Bank-managed Transitional Support Program, which provides direct support to the East Timor national budget with benchmarks linked to the five-year National Development Plan. TSP donors participate in a bi-annual review of the Government of East Timor's progress in meeting National Development goals and objectives. The United Nation agencies represent the largest multilateral donors, followed by the World Bank and the Asian Development Bank.

With respect to the bilateral donors, the top five bilateral donors are Australia, Japan, European Union, United States, and Portugal. Bilateral programs cover a wide array of development activities, including capacity building, budget support, health, education, and humanitarian assistance. These four areas account for 70% of the assistance provided to date to East Timor. Allocations for agriculture and rural development, basic infrastructure, water supply and sanitation, environmental protection and management, and private sector development have received much less support. The top five donors and the multilateral donors account for over 75% of the total external assistance. Since East Timor's vote for self-autonomy, over 35 official donors have provided assistance to East Timor and approximately 20 of these donors continue to be active.

East Timor
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	25,000	24,838	22,367	13,500
Total Program Funds	**25,000**	**24,838**	**22,367**	**13,500**

STRATEGIC OBJECTIVE SUMMARY				
472-001 Economic Revitalization				
ESF	11,500	12,538	11,367	7,000
472-003 Support for Democratic Transition				
ESF	12,500	12,300	11,000	6,500
472-xxx ANE Regional HIV/AIDS Program				
ESF	1,000	0	0	0

Acting Mission Director,
James Lehman

Data Sheet

USAID Mission:	East Timor
Program Title:	Economic Revitalization
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	472-001
Proposed FY 2004 Obligation:	$11,367,000 ESF
Prior Year Unobligated:	$2,203,000 ESF
Proposed FY 2005 Obligation:	$7,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2005

Summary: USAID's Economic Revitalization program is focused on promoting an enabling business environment that is open to free trade and foreign investment, increasing the production and quality of Timorese agricultural products, and improving market linkages and institutional capacity. Activities include the following:
-- Strengthening the National Cooperative Federation in East Timor through the "Cooperativa Cafe Timor" (CCT) project and coffee cooperative activities to include expanding the export market of high-quality organic specialty coffee and vanilla and introducing other high-valued agricultural commodities such as livestock and forestry products;
-- Improving Timorese management and business skills, particularly CCT staff;
-- Providing technical and capacity building assistance to advance key economic issues such as foreign investment, administration of Timor Sea oil and gas resources, land reform, agricultural diversification, and microenterprise development; and
-- Increasing the sustainability of cooperative health clinics that provide critical health services to cooperative members and families to maintain worker's productivity.

Funds from this Strategic Objective are also used to fund a Regional HIV/AIDS program managed from USAID/Washington. USAID's program is responsive to the Council of Ministers' priorities, which include supporting the development of the agricultural sector to ensure food security, developing trade through cooperatives, promoting health, and creating employment opportunities.

Inputs, Outputs, Activities:

FY 2004 Program:
Cooperative strengthening and exports ($3,200,000 ESF). The USAID supported CCT project is providing three resident advisors, short-term technical assistance, farmer training, and cooperative management training in support of its seven activities. The CCT federation of coffee cooperatives is the largest private-sector employer in East Timor with over 3,500 employees of whom 800 are women, and provides support to approximately 20,000 organic coffee growers and 1,000 vanilla producers. CCT provides an opportunity for coffee and vanilla producers to export their products to expanded foreign markets through quality and Fairtrade/organic certification. In 2004, an additional 1,500 farm families will be trained and receive organic certification along with the recertification of the initial 19,600 farm families. CCT is expanding processing facilities and replacing several outdated coffee sorting and grading machines to process approximately 22,000 metric tons of red cherry beans in 2004. CCT staff and National Cooperative Business Association (NCBA) expatriate technical and training assistance will be used to support farmer demonstration activities that train farmers to improve pruning and plant density of coffee groves, replace old shade trees with new disease resistant Albizzia trees, improve vanilla cultivation and production using improved seedlings, improve the harvesting of vanilla and wet processing of coffee, and expand trade opportunities in 2004. The livestock fattening and export program will be expanded from 75 farm families to 125 farm families fattening approximately 250 Bali cattle using sustainable forage tree crop "Leucaena" as a green feed. Business education and cooperative management training of approximately 800 persons in the Klibur facility is anticipated in 2004. This will

lay the groundwork for increased Timorese management of CCT and its sustainability. Ten cooperative-health clinics and 25 mobile clinics will continue to provide quality health services for approximately 175,000 patient visits in the rural coffee-growing areas which result in improved worker productivity and family health. The primary grantee is the NCBA.

Policy, employment, and market linkage improvement ($6,167,000 ESF, $2,203,000 ESF Prior Year Unobligated). To help shape macro-economic policy decisions, USAID has provided a Senior Economic Advisor to the Office of the Prime Minister and a Senior Advisor on Investment to the Ministry of Development and Environment. USAID's Land Law activity is assisting both resident advisors to develop key land policies and legislation that will help direct East Timor's investment and business environment as well as train local staff and a cadre of graduate university professors and students to conduct land research. A new program focusing on small and micro-enterprise development will begin in 2004 expanding rural financial markets to low-income rural families to initiate new business activities. The USAID microenterprise program builds on the technical and financial support provided to approximately five key microfinance institutions to address the financial needs in rural areas. Additionally, a new value-added agricultural and market linkage support program will be developed to expand commercial agricultural activities and markets. These two programs will help address food insecurity and rising rural unemployment and will build on the current agricultural diversification and technology transfer programs with the Ministry of Agriculture. Strengthening farm-to-market linkages, expanding farm and non-farm enterprises, and strengthening micro-lending to help promote and broaden rapid economic revitalization, particularly in the depressed rural areas are foci. Primary grantees are ARD Inc., Nathan Associates, Louis Berger, and the University of Hawaii.

The Program support initiative for economic growth (PSI) ($2,000,000 ESF). The PSI grant program will strengthen critical rural infrastructure and community supported activities; strengthen microfinance businesses; improve rural and agricultural market linkages; encourage private sector development, improve government revenue generation and management; and support local research and analysis. USAID will provide administrative and technical support to award approximately 100 small grants which provide increased employment and income generating opportunities to Timorese living in urban communities and depressed rural communities. The principal contractor is Development Alternatives Inc.

FY 2005 Program:
Employment and income generating activities, health services, and small grants ($7,000,000 ESF). Resources will be used to continue selected FY 2004 activities including support for employment and income generating activities, health services, and the small grants effort. FY 2005 funds will also be used to support long-term technical assistance, training, and institutional capacity building programs.

Performance and Results: In 2003 CCT purchased approximately 12,000 metric tons of coffee from approximately 20,000 farmers, for which CCT employed approximately 3,500 people to transport and process the coffee. This project directly increased participating families' household income by 25 to 30 percent for participating farmers. Incremental income generated from value-added processing and specialty, organic and fair trade premiums amounted to nearly half of the $6 million. Nearly 12,000 people per month received critical, basic health services from the cooperative's clinics and 24 mobile clinics. In addition to the nearly 20,000 farmers annually receiving extension services in organic farming, 2,300 other Timorese received business education and training through the cooperative's training center. The activity continues to provide technology transfers to growers to ensure increased productivity and quality coffee. The USAID-supported senior-level advisors influenced several key investments, economic, and land policies and draft legislation developed in East Timor in 2003.

The Program Support Initiative (PSI) provided $3.4 million in small grants to strengthen critical rural infrastructure and community supported activities; strengthen microfinance businesses; improve rural and agricultural market linkages; encourage private sector development, improve government revenue generation and management; and support local research and analysis. These small grants have also provided increased employment opportunities to Timorese living in urban and depressed rural communities.

US Financing in Thousands of Dollars

East Timor

472-001 Economic Revitalization	DA	ESF
Through September 30, 2002		
Obligations	150	17,600
Expenditures	139	11,064
Unliquidated	11	6,536
Fiscal Year 2003		
Obligations	-11	10,197
Expenditures	0	4,062
Through September 30, 2003		
Obligations	139	27,797
Expenditures	139	15,126
Unliquidated	0	12,671
Prior Year Unobligated Funds		
Obligations	0	2,203
Planned Fiscal Year 2004 NOA		
Obligations	0	11,367
Total Planned Fiscal Year 2004		
Obligations	0	13,570
Proposed Fiscal Year 2005 NOA		
Obligations	0	7,000
Future Obligations	0	0
Est. Total Cost	139	48,367

Data Sheet

USAID Mission:	East Timor
Program Title:	Support for Democratic Transition
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	472-003
Proposed FY 2004 Obligation:	$11,000,000 ESF
Prior Year Unobligated:	$3,100,000 ESF
Proposed FY 2005 Obligation:	$6,500,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2005

Summary: USAID's democracy program responds to East Timor's post-conflict development priorities. It includes four components:

-- Increasing public participation in national and local governance by strengthening independent media, political parties and civil society organizations, and fostering civilian oversight of uniformed forces;
-- Improving citizens' access to justice through judicial institution building and personnel training, expanding the reach of legal aid groups and increasing citizens' knowledge of rights, responsibilities and legal processes;
-- Strengthening government and independent institutions, including local and national legislative and executive bodies, to implement democratic processes, adopt effective legislation and deliver services to communities; and
-- Supporting the World Bank and Government of East Timor's Transitional Support Program (TSP) which provides budget support to the East Timorese government.

Inputs, Outputs, Activities:

FY 2004 Program:
Increasing public participation in governance ($1,000,000 ESF, $1,200,000 ESF Prior Year Unobligated). USAID will help civil society organizations in Dili and the districts develop advocacy and public outreach skills and build institutional capacity. USAID will support the efforts of community groups to strengthen local government responsiveness, political parties, and the National Parliament, while helping citizens solve their own problems without relying on government resources. USAID programs will enhance media professionalism, develop investigative journalism skills and sustainable management practices, and improve the legal environment. USAID will supplement technical assistance with small grants to local radio and newspapers. A successful program fostering constructive civil-military relations will be maintained. Prime grantees are Catholic Relief Services, International Republican Institute, Internews, and National Democratic Institute.

Improving citizen access to justice ($1,300,000 ESF, $500,000 ESF Prior Year Unobligated). To help develop East Timor's nascent judicial system, judges, prosecutors and public defenders in national and district courts will receive a mix of technical assistance and training. USAID will support legal aid services, efficient court administration, alternative dispute resolution, and public information campaigns to further citizens' knowledge of justice. Small grants will provide essential materials and equipment to the formal justice sector and support monitoring and advocacy by civil society organizations. Principle grantees are The Asia Foundation, International Development Law Organization, and International Foundation for Election Systems.

Strengthening government and independent institutions ($1,200,000 ESF, $1,400,000 ESF Prior Year Unobligated). USAID's technical assistance to East Timor's new legislative and executive bodies will lead to transparent and well-informed legislative drafting procedures that reflect public input into the decision-making processes. USAID will support the development of the Public Broadcast Service (PBS) and the

establishment of a Government Information Office to improve transparency in governance. USAID will support institutions such as the Ombudsman's office, the President's Office and the State Secretariat for Social Services that address the needs of potentially vulnerable groups, including veterans. Principle grantees are The Asia Foundation, Foundation Hirondelle, and International Foundation for Election Systems.

The Program Support Initiative (PSI) ($1,500,000 ESF). PSI is a small grants mechanism that supports the three above program areas with small grants and operational costs. These grants support local organizations, Timorese government, or independent institutions as specific needs arise. The prime contractor is Development Alternatives Inc.

Transitional Support Program (TSP) ($5,000,000 ESF). The U.S. Government is a major contributor to the TSP program. USAID intends to transfer the remaining tranche to the World Bank-administered TSP to meet critical budgetary shortfalls facing the Government of East Timor following performance benchmarks jointly agreed to by donors and the Government of East Timor.

Operating Expenses ($1,000,000 ESF). Congressional authority has allowed USAID to use up to $1,000,000 to support USAID administrative and management expenses.

FY 2005 Program:
Rule of law and local governance ($2,500,000 ESF) and Small grants ($1,000,000 ESF). USAID's transitional country strategy ends in 2004, and USAID is developing the country strategy for 2005 - 2009. Based on stakeholder discussions and the preliminary findings of the recent Democracy and Governance Assessment, USAID proposes a narrowing of the existing program. USAID will focus on the critical areas of the rule of law and local governance and in providing small grants to support NGOs promoting citizen's participation and advocacy. Rule of law will emphasize the formal justice system and alternative dispute resolution while local governance will emphasize popular participation and improved service delivery.

TSP ($2,000,000 ESF) and administrative expenses ($1,000,000 ESF). In the critical years of budget shortfall prior to East Timor receiving significant gas and oil revenues, USAID will continue to contribute to the TSP. Administrative expenses to support program management and oversight will be required.

Performance and Results: Citizen Participation. A media monitoring unit was established to provide constructive and quantitative feedback to media managers, trainers and mentors. Over the first two quarters measured, media outlets improved accuracy, quality and management skills by 16.3%. A code of practice workshop resulted in all 16-community radio stations adopting a shared code of best practice. Several political parties formed a new platform alliance after participating in USAID training on platform development and coalition building. USAID assisted the majority party's youth organization in holding a national congress to elect leadership, develop a platform and strengthen youths' role within the party. As a result of participation in the civic forum, the 77 community organizing committees have successfully lobbied government officials for improved services with nearly 70% of their requests receiving a positive response. Targeted training for women led to a 12% increase in women's participation in the organizing committees. Training for civil society working groups produced seven reports analyzing social problems with recommendations for draft legislation. The reports were then discussed in parliamentary committees.

Access to justice and institutional building. The public defenders national office established regular visits to all prisons, improving information about individual cases to those detained and reducing the number of irregular detentions, particularly for juveniles. Legal education resulted in additional cases being brought to the formal justice system, especially those of domestic violence and land disputes. A legal glossary was developed to assist judicial, legal, law enforcement and others to improve the effectiveness of justice sector service in a multi-language environment. USAID's support for PBS allowed it to continue broadcasting, install a board of directors, and establish policies and procedures allowing PBS to run as an independent entity. The parliamentary commission held the first public hearing in the district of Oecusse on border security issues.

US Financing in Thousands of Dollars

East Timor

472-003 Support for Democratic Transition	DA	ESF
Through September 30, 2002		
Obligations	374	20,532
Expenditures	10	4,561
Unliquidated	364	15,971
Fiscal Year 2003		
Obligations	0	11,916
Expenditures	197	14,485
Through September 30, 2003		
Obligations	374	32,448
Expenditures	207	19,046
Unliquidated	167	13,402
Prior Year Unobligated Funds		
Obligations	0	3,100
Planned Fiscal Year 2004 NOA		
Obligations	0	11,000
Total Planned Fiscal Year 2004		
Obligations	0	14,100
Proposed Fiscal Year 2005 NOA		
Obligations	0	6,500
Future Obligations	0	0
Est. Total Cost	374	53,048

Indonesia

The Development Challenge: Six years into a comprehensive political and economic transition, Indonesia has made significant progress in consolidating democratic reforms and processes. It has successfully converted one of the world's most centralized countries to one of the most decentralized, and has placed the country's economy back on a growth path. It is beginning to tackle terrorism.

Serious challenges remain that could derail what is still a fragile situation. The education system is in crisis. Indonesia continues to struggle with deeply entrenched legacies of authoritarian rule. Indonesia is the only major ASEAN country yet to fully recover from the 1997-1998 Asian financial crisis. Decentralization shifted responsibility for the delivery of essential human services to more than 400 local governments most of which are ill-prepared to address the challenges of planning, budgeting, and managing these services in an effective, transparent and accountable manner. More than 40 million people live in poverty with limited access to adequate health services, food, clean water and effective sanitation. An estimated 77 million people (one-third of the population) lack access to clean water. Hundreds of thousands of Indonesians continue to suffer from ethnic and religious conflict and natural disasters.

As the world's largest Muslim-majority country, Indonesia is too important to fail. The outcome of Indonesia's democratic transition has profound implications for U.S. strategic interests in fighting terrorism; preserving regional stability in Asia; strengthening democratic principles, the rule of law and respect for human rights; and expanding access for U.S. exports and investment in the fourth largest country in the world. Indonesia's importance also stems from its substantial natural resources, rich biodiversity, and strategic location across key shipping lanes linking Europe, the Middle East, and Asia. A thriving Indonesian democracy could serve as an example and inspiration to other Muslim nations with a long experience of autocratic rule.

The USAID Program: USAID's 2000-2004 assistance program to Indonesia was designed to support a transition from 1998-era crisis response initiatives to strategic interventions that establish the foundation for economic, social and political reforms. This has largely been accomplished. The next step is to provide assistance to Indonesia that will make it a more moderate, stable and productive country. USAID is embarking on a new strategic direction that will address these needs.

FY 2004 and FY 2005 funds will be used to fund ongoing and new activities that will accomplish the following:

-- Strengthen decentralized local governance by consolidating the decentralization processes and Indonesia's democratic reform agenda, improving the rule of law, and elections assistance, and promote pluralism;
-- Improve the delivery of basic human services by targeting integrated watershed management, municipal water supplies, sanitation, food security, family planning, child survival, maternal health and HIV/AIDS and other infectious diseases;
--Increase economic growth and job creation through assistance that will liberalize trade and investment, improve economic policies, and reform economic governance; and
-- Improve the quality of education in public and private schools.

With FY 2004 funding, USAID will be the lead donor supporting transparent, inclusive and peaceful legislative and, first-ever, direct presidential elections in Indonesia.

The education program, which will be initiated and implemented with FY 2004 and FY 2005 funds, is a new one based on President Bush's announcement of an Indonesian education initiative. Program activities will prepare the children of Indonesia to be more productive members of the world economy. USAID's program will also prepare them to be effective participants in their own democratic society, while reducing extremism and intolerance in favor of democracy, respect for diversity, and resolution of societal and political differences through non-violent means. In addition, USAID/Indonesia will continue to expand

the development of public-private partnerships, including major new efforts in the Digital Freedom Initiative, use of Development Credit Authority approaches in the water sector, and a significant engagement with private sector partners in our new education program.

Other Program Elements: USAID's Office of Foreign Disaster Assistance's emergency and disaster relief activities complement USAID/Indonesia's P.L. 480 food assistance and programs related to internally displaced persons. As appropriate, USAID's democracy activities are closely integrated with State Department public diplomacy efforts. USAID will fund technical assistance and training to strengthen national and local economic institutions in partnership with other U.S. agencies including the Department of State, Department of Justice and U.S. Federal Trade Commission. USAID is implementing activities in Indonesia through global and regional programs in health, economic growth and environment. Programs previously implemented through the U.S.-Asia Environmental Partnership are being integrated into Mission programs. The State Department's East Asia and Pacific Women's Rights Initiative continues to fund anti-trafficking programs in Indonesia.

Other Donors: The United States is the second largest bilateral donor to Indonesia and the largest donor of grant assistance. Other major bilateral donors include Japan, the Netherlands, Australia, Germany, the United Kingdom, and Canada. Through flexible and responsive programming, USAID plays a leadership role among donors, most notably in elections assistance, civil society development, and decentralization. USAID works closely with the major multilateral donors including the World Bank, the Asian Development Bank, the International Monetary Fund, the European Union, and the United Nations agencies. The World Bank-chaired Consultative Group on Indonesia coordinates donor assistance to Indonesia. The United Nations-led Partnership for Governance Reform also coordinates donor interventions on civil society, corporate governance, anticorruption, decentralization, justice sector reform, and poverty reduction.

Indonesia
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	35,568	31,955	34,000	32,300
Development Assistance	38,704	39,016	31,291	32,742
Economic Support Fund	50,000	59,610	49,705	70,000
PL 480 Title II	10,400	29,540	6,604	23,000
Total Program Funds	**134,672**	**160,121**	**121,600**	**158,042**

STRATEGIC OBJECTIVE SUMMARY				
497-007 Democracy Reform				
DA	8,000	7,000	1,860	0
ESF	15,000	18,600	20,305	25,700
497-008 Health, Population and Nutrition				
CSH	35,568	31,955	25,450	28,300
497-009 Crisis Mitigation				
CSH	0	0	2,200	2,000
DA	4,000	4,000	1,800	2,060
ESF	12,500	12,050	3,000	4,500
497-010 Strengthening Local Government				
DA	7,451	8,050	5,050	0
ESF	7,000	5,950	8,600	15,000
497-011 Promoting Economic Growth				
DA	5,123	7,000	5,100	0
ESF	14,000	8,010	6,800	13,800
497-012 Natural Resource Management				
CSH	0	0	6,350	2,000
DA	10,500	11,966	7,481	13,682
ESF	1,500	0	0	0
497-013 Energy Sector Reform				
DA	3,630	1,000	0	0
ESF	0	0	1,000	1,000
497-XXX State Department Programs				
ESF	0	15,000	0	0
497-ZZZ Basic Education				
DA	0	0	10,000	17,000
ESF	0	0	10,000	10,000

Mission Director,
William Frej

Data Sheet

USAID Mission:	Indonesia
Program Title:	Democracy Reform
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	497-007
Proposed FY 2004 Obligation:	$1,860,000 DA; $20,305,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$25,700,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2005

Summary: As part of strengthening effective governance at the local level, this USAID program helps key institutions operate in a more transparent, democratic, and accountable way. USAID assistance supports the executive, legislative and judicial branches that must deliver the benefits of democracy and improved governance to the people of Indonesia. Particular attention is focused on critical reforms to combat corruption, improve the justice sector, protect human rights, and promote pluralist values. In addition, USAID is the lead donor supporting transparent, inclusive and peaceful legislative, and first-ever direct presidential elections in Indonesia in 2004.

Inputs, Outputs, Activities:

FY 2004 Program:
Consolidating Indonesia's democratic reform agenda ($1,100,000 ESF; $1,060,000 DA). USAID will provide technical assistance and training to the national legislature and political parties to enable them to become effective agents of democratic reform. Technical experts will work directly with legislative commissions deliberating key pieces of legislation, including bills on freedom of information and justice sector reform. Training will be provided to office-holders, youth groups, and women's groups of political parties. The training will strengthen internal democratic features of the parties, including how to make the parties more responsive, policy-driven and able to communicate directly with their constituencies. Civil society organizations will receive grants to carry out advocacy campaigns on issues critical to Indonesia's democratic reform agenda. The principal contractors are Chemonics and the American Center for International Labor Solidarity.

Strengthening the rule of law ($1,600,000 ESF; $800,000 DA). USAID will provide technical assistance to the Supreme Court and Government agencies through grants to local NGOs engaged on justice sector reform issues. Grants will support building "constituencies for change" among civil society and key reformers in Government, especially those interested in tackling court corruption. If sufficient political will exists, USAID will also provide technical experts to advise the Supreme Court on the implementation of its "blueprint" for sweeping reforms of the entire court system. The technical assistance offered will include monitoring the blueprint's implementation. If reform initiatives proceed, indirect technical support through NGOs will also be provided on a number of reform initiatives, including the Roadmap for the Attorney General's Office and the Integrated Justice Sector bill. USAID will also provide expert advice and comparative analysis to support the establishment of Indonesia's new constitutional court. The principal grantee is The Asia Foundation.

Elections assistance ($6,000,000 ESF). USAID will provide non-partisan technical experts to national and local election management bodies, civil society organizations, political parties, and national and local legislatures. Training will be provided directly to 200,000 local election officials and indirectly to 3.8 million poll workers through self-study modules developed with the UNDP. Technical assistance and training will be provided to the 24 eligible political parties through 6,000 political party trainers. Training will emphasize peaceful and issue-based campaigning, and party agent monitoring. Hard copy, electronic and internet resources will be provided. Televised voter education campaigns will reach up to 80% of the

population, while print and radio campaigns will inform up to 50% of the country's 142 million electorate. USAID will fund 180,000 volunteers providing voter education and monitoring election day proceedings in 34% of the estimated 483,000 polling stations nationwide. USAID will fund an additional 20,000 monitors in a parallel vote tabulation system for early results reporting to increase confidence in the electoral process and to reduce post-election tension. Post-election training modules developed with the national legislature and local legislative associations will orient newly elected officials at the national and local level to their new duties and responsibilities. The principal contractors and grantees are The Asia Foundation, International Republican Institute, National Democratic Institute, International Foundation for Election Systems, Internews, local NGOs (Center for Elections Reforms, Yayasan SET, LP3ES, Transparency International/Indonesia).

Pluralism ($400,000 ESF). USAID will promote tolerance, pluralism and democratic institutions and values through expansion of media programs promoting Islam and democracy. Messages of tolerance and pluralism will be seen on two new television channels, four new radio stations and two new local newspapers. Civic education curriculum strengthening assistance will be provided to 40,000 students of Muhammadiyah Universities nationwide. The principal grantees are The Asia Foundation, International Catholic Migration Commission, local NGOs (Yappika).

U.S. State Department programs ($11,205,000 ESF): Funds will be transferred to State Department for police reform and training activities.

FY 2005 Program:
Consolidating Indonesia's democratic reform agenda ($8,300,000 ESF). USAID technical assistance may help journalist unions, press councils, or others that work on media legislation, media law/regulation compliance, or journalist/media legal aid. USAID may support a coalition of NGOs advocating for the adoption and enforcement of an effective anti-trafficking-in-persons law. Other assistance may include: NGO advocacy or technical assistance on the justice system; the direct election of district heads and mayors; and NGO or legislator advocacy for a Freedom of Information Act.

Strengthening the rule of law ($5,500,000 ESF). USAID assistance will be based on the emergence of sufficient political will for judicial reform. USAID will conduct an assessment on proposed reform plans and the likelihood of implementation. The assessment will facilitate discussions with courts, NGOs and other donors to determine the most effective use of resources.

Pluralism ($400,000 ESF). USAID will continue to facilitate improved, balanced public discourse on a range of topics by supporting objective and non-inflammatory media coverage.

U.S. State Department programs ($11,500,000 ESF): Funds will be transferred to State Department for police reform and training activities.

Performance and Results: USAID activities supported constitutional reform. The amended constitution enshrines individual rights, regional autonomy and establishes a system of checks and balances. In elections, USAID trained over 3,500 political party activists on campaign management and constituency relations. In the labor sector, a USAID partner organization won a landmark court decision ordering the Government to uphold the safety and health of migrant workers ejected from Malaysia in 2002. USAID was the lead donor on establishing an improved electoral framework meeting international standards. As a result, a series of significant laws were established including new election laws for the legislative and first-ever presidential elections. In civil society advocacy, over 13,000 NGO and labor activists and community leaders were trained in 2003. They provided key inputs to over 35 related bills or were instrumental in these bills becoming part of the legislative agenda. USAID efforts assisted leading figures and organizations promoting pluralist values. A network of radio programs broadcast pluralist messages to 40 radio stations with nationwide audiences of up to 10 million listeners. USAID assisted over 20 organizations working on issues of pluralism and tolerance, including Indonesia's two largest Muslim organizations, with a combined membership of 50 million followers.

US Financing in Thousands of Dollars

Indonesia

497-007 Democracy Reform	CSH	DA	ESF
Through September 30, 2002			
Obligations	2,601	93,635	46,382
Expenditures	2,601	87,235	28,295
Unliquidated	0	6,400	18,087
Fiscal Year 2003			
Obligations	0	7,000	18,600
Expenditures	0	6,264	18,745
Through September 30, 2003			
Obligations	2,601	100,635	64,982
Expenditures	2,601	93,499	47,040
Unliquidated	0	7,136	17,942
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	1,860	20,305
Total Planned Fiscal Year 2004			
Obligations	0	1,860	20,305
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	25,700
Future Obligations	0	0	0
Est. Total Cost	2,601	102,495	110,987

Data Sheet

USAID Mission:	Indonesia
Program Title:	Health, Population and Nutrition
Pillar:	Global Health
Strategic Objective:	497-008
Proposed FY 2004 Obligation:	$25,450,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$28,300,000 CSH
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2005

Summary: As part of USAID's basic human services delivery program, health activities focus on maternal and neonatal care. Using evidence-based approaches that target pregnant women, newborns and children under two years of age, the health program accelerates reductions in maternal and infant mortality. It also provides assistance on strengthening public sector commitment to maternal and child health, infectious disease control and empowering women, families and communities to take responsibility for improving health. Assistance improves access, quality and sustainability of basic health services which provide for a healthy environment, such as sanitation.

Inputs, Outputs, Activities:

FY 2004 Program:
Family planning ($6,000,000 CSH). USAID will begin to gradually phase-out its long-standing assistance in family planning as a result of the enormous success realized in Indonesia. In this initial phase, targeted technical assistance at the district and local levels will increase and sustain the demand for quality family planning services. The program will enable local networks to advocate for family planning as an essential service. Technical assistance and advocacy initiatives will increase government commitment to providing an essential health services package that includes family planning. Assistance will begin developing local and national coalitions, including existing NGOs, associations and universities and the media to advocate for family planning. By the end of 2006, it is expected that 70% of districts in Indonesia will have committed to supporting family planning as part of the basic package of services. Principal partners include Helen Keller International, JHPIEGO Corporation, Johns Hopkins University, Save the Children, and Program for Appropriate Technology in Health; Indonesian Midwives Association and the Society of Obstetricians and Gynecologists.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Child survival and maternal health ($7,250,000 CSH). Working closely with local governments and service providers, USAID will enhance the capacity of local communities to protect against possible increases in the already high maternal, child, and infant mortality resulting from malnutrition, poor sanitation and risky neonatal practices. To strengthen local community health services, training will be provided to support health cadres and staff in nutrition hygiene, basic maternal and child health and the integrated management of childhood illness. USAID will build upon its successes in training village midwives to improve neonatal health practices. Through assistance that targets a combination of behavior change, community mobilization and strengthening of provider skills, USAID will begin increasing the proportion of infants exclusively breastfed while improving infant feeding practices. Technical assistance and training will promote hygiene practices by advocating a cluster of behaviors that are known to reduce diarrheal diseases, including handwashing with soap, safe storage and treatment of drinking water, and improved sanitation. Principal partners include Johns Hopkins University, Helen Keller International, Management Sciences for Health, and Macro International Inc.

HIV/AIDS and other infectious diseases ($12,200,000 CSH). USAID will continue the expansion of HIV/AIDS prevention, tuberculosis and malaria vector control activities. HIV/AIDS activities will increase attention to prevention activities and harm reduction strategies for the mounting number of injecting drug users. USAID will expand HIV/AIDS diagnosis and treatment capacity, develop voluntary counseling and testing sites, and begin strengthening surveillance systems. USAID's HIV/AIDS efforts will begin prevention and surveillance interventions for core-transmitter and bridge populations in 10 priority geographic sites. USAID will continue to strengthen the implementation of the Directly Observed Treatment Short-Course strategy for tuberculosis in two priority provinces representing more than 70 million people, complementing the Global Fund to Fight AIDS, TB and Malaria and similar investments in other districts by other donors. Principal partners include the U.S. Naval Medical Research Unit, the Royal Netherlands Tuberculosis Association, Family Health International, and local NGOs.

As part of USAID's participation in the global effort to eradicate polio, focused assistance to the polio eradication program in Indonesia will continue. In addition, as part of the intersection between child

US Financing in Thousands of Dollars

Indonesia

497-008 Health, Population and Nutrition	CSH	DA	ESF
Through September 30, 2002			
Obligations	99,612	30,719	1,000
Expenditures	54,591	24,949	0
Unliquidated	45,021	5,770	1,000
Fiscal Year 2003			
Obligations	31,955	0	0
Expenditures	44,051	5,154	0
Through September 30, 2003			
Obligations	131,567	30,719	1,000
Expenditures	98,642	30,103	0
Unliquidated	32,925	616	1,000
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	25,450	0	0
Total Planned Fiscal Year 2004			
Obligations	25,450	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	28,300	0	0
Future Obligations	0	0	0
Est. Total Cost	185,317	30,719	1,000

Data Sheet

USAID Mission:	Indonesia
Program Title:	Crisis Mitigation
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	497-009
Proposed FY 2004 Obligation:	$2,200,000 CSH; $1,800,000 DA; $3,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,000,000 CSH; $2,060,000 DA; $4,500,000 ESF
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2005

Summary: As part of USAID's basic human services delivery program, assistance will include food-for-work and food-for-training programs through U.S. NGOs to generate short-term employment and income; training interventions to raise basic health and nutritional awareness; and quick impact support for community-driven initiatives to prevent and resolve conflicts. Assistance mechanisms provide a fast, flexible way to react to dynamic conflict and crisis environments, as well as the ability to respond to recovery efforts following terrorist attacks in the country.

Inputs, Outputs, Activities:

FY 2004 Program:
Improving food security ($1,800,000 DA; $2,200,000 CSH). USAID will facilitate the distribution of 25,000 MTs of P.L. 480 Title II commodities to approximately 450,000 beneficiaries, including urban and rural poor and victims of natural or man-made disasters. U.S. NGO partners will manage food-for-work activities to increase food security, improve nutritional and health status, and generate temporary employment and income through small-scale community rehabilitation projects such as rural water supply systems and sanitation in urban slums. U.S. NGOs will also conduct food-for-training activities in the fields of agriculture, health, and other vocational sectors to enhance skills and expand job opportunities. To mitigate community-level conflict stemming from poverty, the presence of 1.3 million internally displaced persons (IDPs) in Indonesia, and ongoing inter-religious tension, the assistance will build local capacity to prevent conflict and promote reconciliation. Food-for-work programs will serve as a mechanism for bringing together diverse religious and ethnic groups to implement joint community improvement projects. The principal grantees are Mercy Corps, World Vision, Catholic Relief Services, CARE, and Church World Service.

Conflict prevention and response ($3,000,000 ESF). USAID/Indonesia will direct quick impact support to help stabilize conflict situations in strategic areas of Indonesia; assist IDPs in continued collaboration with USAID's Office of Foreign Disaster Assistance (OFDA); and build Indonesian capacity to analyze and implement conflict resolution and reconciliation interventions. USAID will respond to urgent humanitarian and social infrastructure needs such as shelter, health, education, and water/sanitation. USAID will also foster economic revitalization, support media campaigns to promote public awareness and help civil society organizations facilitate the process of dialogue and reconciliation. The principal contractor is Development Alternatives, Inc.

The presence of 600,000 million IDPs throughout Indonesia is a destabilizing force and contributes to protracted conflicts. Utilizing a strong network of international and local NGO partners, USAID will assist approximately 400,000 IDPs and address IDP-driven conflicts as they arise. To encourage returns and resettlement, the program will complement OFDA humanitarian assistance by supporting livelihood enhancement activities such as income generation, agricultural inputs, and efforts to restore economic ties between communities. USAID will also foster dialogue in communities dealing with IDPs.

FY 2005 Program:
Improving food security ($2,060,000 DA; $2,000,000 CSH). USAID plans to use requested FY 2005 resources to fund a multi-year Development Assistance Program (DAP) which will continue the P.L. 480 food-for-work and food-for-training activities carried out by U.S. NGO partners. The DAP will allow partners to consolidate gains made to date; continue critical interventions benefiting vulnerable groups, especially children and mothers; and pursue innovative food-assisted efforts aimed at increasing access and utilization of key health and environmental services for those that remain unserved or underserved.

Conflict prevention and response ($4,500,000 ESF). Resources will allow USAID to continue providing rapid assistance to strategic areas of Indonesia experiencing conflict or terrorism and IDPs.

Performance and Results: In 2003, USAID's P.L. 480 Title II food aid Transitional Activity Program had a direct and significant impact on the health, productivity, and social stability of vulnerable populations in urban slums and rural areas by delivering over 23,400 metric tons of commodities to more than 380,000 Indonesians.

In Jakarta, USAID provided a half million dollars of assistance to the survivors of the JW Marriott terrorist attack within one week of the tragedy. Following a public announcement by U.S. Ambassador Boyce, USAID immediately assessed key needs and implemented both direct assistance to survivors and support to critical first responders. USAID provided cash assistance to needy Indonesian victims of the bombing and obtained key data to inform further assistance. As a result, USAID is also providing support for special burn garments and critical assets for a burn unit at a hospital serving the under-privileged.

US Financing in Thousands of Dollars

Indonesia

497-009 Crisis Mitigation	CSH	DA	ESF
Through September 30, 2002			
Obligations	2,500	13,708	9,483
Expenditures	2,500	10,118	2,500
Unliquidated	0	3,590	6,983
Fiscal Year 2003			
Obligations	0	4,000	12,050
Expenditures	0	5,843	6,882
Through September 30, 2003			
Obligations	2,500	17,708	21,533
Expenditures	2,500	15,961	9,382
Unliquidated	0	1,747	12,151
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	2,200	1,800	3,000
Total Planned Fiscal Year 2004			
Obligations	2,200	1,800	3,000
Proposed Fiscal Year 2005 NOA			
Obligations	2,000	2,060	4,500
Future Obligations	0	0	0
Est. Total Cost	6,700	21,568	29,033

Data Sheet

USAID Mission:	Indonesia
Program Title:	Strengthening Local Government
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	497-010
Proposed FY 2004 Obligation:	$5,050,000 DA; $8,600,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$15,000,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2005

Summary: USAID continues to be the leading donor supporting decentralization and the development of effective local governments. As part of the focus on decentralized democratic governance programs, USAID assistance will work directly with local governments, legislatures and non-governmental stakeholders to make appropriate contributions to the design and implementation of service improvements. Activities focus on critical policies and capacities in financial management and greater citizen participation in decision-making processes.

Inputs, Outputs, Activities:

FY 2004 Program:
Consolidating the decentralization process ($5,050,000 DA; $8,600,000 ESF). USAID's assistance will be directed at building the capacity of local governments and their associations to provide services effectively at the local level. At the national level, USAID will provide technical expertise to the Ministry of Home Affairs and the Ministry of Finance to develop a sound legal and regulatory framework. Areas of particular attention will include defining obligatory functions and minimum service standards, local government financing, and financial management. Continued support to the Indonesian Rapid Decentralization Appraisals in more than 40 local governments will provide valuable qualitative analysis of the impact of decentralization on the provision of services. Training and on-site consultancies will be provided to 100 local governments throughout Indonesia on core governance processes. Experts from regional universities, local governments, provincial and central government staff, the associations of local government, and local consultants will provide training and on-site consultancies for local executive and legislative officials on performance-based budgeting and participatory planning. Workshops and on-the-job training will be directed at local governments to strengthen their financial management and member services such as advocacy, best practices, and communications. Innovations in local government management and service delivery will be transferred to other local governments through the associations and direct peer-to-peer local government exchanges. Principal contractors include International City/County Management Association, Research Triangle Institute, Urban Institute, and The Asia Foundation.

FY 2005 Program:
Consolidating the decentralization process ($15,000,000 ESF). Increased emphasis will be placed on the ability of non-governmental organizations to advocate for increased transparency, accountability, and public services at the local level. USAID will provide technical expertise and training to local parliaments to enable them to play a full and responsible legislative role, which includes policy setting, planning, budget processes and developing local legal frameworks. USAID will train local leaders, planning staff and key officials from priority departments on core local governance processes and skills such as participatory planning, performance-based budgeting and municipal finance. Examples of recipient organizations include civil society organizations, universities, religious-based organizations, business associations, labor associations and the media.

Performance and Results: USAID is recognized as a lead donor supporting decentralization and the development of effective local government. In 2003, USAID technical assistance and training directly impacted nearly 100 Indonesian local governments.

As a result of USAID technical exchange partnerships, Indonesian cities adopted a range of innovative local government practices. For example, in Samarinda, the local government used performance budgeting and double-entry accounting to formulate its annual budget for 2003 and is now encouraging other local governments in the area to adopt this practice. In Bekasi, over 100 million person-hours of commuting time were saved by retiming the traffic light system. This also reduced pollution from emissions and saved businesses money through reduced fuel expenditure, transportation and delivery times.

In 2003, seven more failing water enterprises became profitable for the first time, bringing the total to 12 over three years. These enterprises were able to attract outside funding and add 135,000 new consumers, making a three-year total of 735,000. Tariff increases recommended and justified by USAID assistance reduced local government subsidies by more than $2,000,000 - despite rising electricity costs.

FY 2003 highlighted the sustainability of processes and approaches developed under USAID's capacity building programs. Part of this success was the ability to embody them into legal instruments. At the national level, the Ministry of Home Affairs issued guidelines to all local governments endorsing a participatory planning approach. At the local level, 12 districts, including 4 municipalities, issued local regulations or decrees on participatory planning. Several regulations also covered participatory implementation and transparency.

US Financing in Thousands of Dollars

Indonesia

497-010 Strengthening Local Government	DA	ESF
Through September 30, 2002		
Obligations	65,911	8,500
Expenditures	56,268	1,560
Unliquidated	9,643	6,940
Fiscal Year 2003		
Obligations	8,050	5,950
Expenditures	8,437	5,965
Through September 30, 2003		
Obligations	73,961	14,450
Expenditures	64,705	7,525
Unliquidated	9,256	6,925
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	5,050	8,600
Total Planned Fiscal Year 2004		
Obligations	5,050	8,600
Proposed Fiscal Year 2005 NOA		
Obligations	0	15,000
Future Obligations	0	0
Est. Total Cost	79,011	38,050

Data Sheet

USAID Mission:	Indonesia
Program Title:	Promoting Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-011
Proposed FY 2004 Obligation:	$5,100,000 DA; $6,800,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$13,800,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2005

Summary: USAID's economic growth program is helping Indonesia meet broad-based medium-term growth as outlined in the Government of Indonesia's (GOI) post-IMF Economic Policy Package. Priority is placed on strengthening key GOI economic governance institutions in partnership with the private sector and civil society. USAID targets investment in technical assistance, training, information communications technology and commodities. Emphasis is placed on capacity building of key economic institutions and financial safety nets (deposit insurance) to encourage a demand driven policy environment led by the private sector and supported by civil society organizations.

Inputs, Outputs, Activities:

FY 2004 Program:
Economic governance ($335,000 DA; $5,070,000 ESF). USAID will provide assistance for selected independent regulatory commissions (competition, energy, and telecommunications) and the Financial Transaction and Report Analysis Center. This assistance will enable Indonesia to begin putting in place a legal and regulatory framework that is transparent, effective and enforceable. Assistance aimed at counter terrorism-finance will help the GOI draft, implement and enforce its laws addressing money laundering, cyber-crime and terrorism on a jurisdiction-wide basis. USAID will fund technical assistance and training to strengthen national and local legal institutions in partnership with other U.S. agencies including the U.S. State Department, Department of Justice and the U.S. Federal Trade Commission.

Economic policy ($1,730,000 ESF). New activities will build on past capacity building and public outreach efforts with the Secretariat of the National Parliament including its Trade and Industry and Finance sections. USAID assistance will work with private sector associations and civil society organizations to increase their active participation in economic discussions and decision-making. Innovative programs using video-conferencing and e-learning mechanisms will continue at regional universities and may be incorporated by other education initiatives. Principal contractors and grantees include Nathan Associates (prime) with the Boston Institute for Development Economics (sub), and Georgia State University.

Trade and investment ($4,765,000 DA). USAID technical advisors will provide direct technical assistance and training to key economic ministries such as Industry and Trade, Finance, Agriculture, and National Development. Private sector and civil society organizations will be brought into demand driven policy reform dialogues on improving the trade and the investment climate, competition policy, and labor and tax policies. Policy-related activities will improve the regulatory environment for micro, small and medium enterprises. Technical assistance will increase the capacity of business development services in selected non-farm industries, and expand access to Development Credit Authority-partner financial institutions that use international best practices. Principal contractors and grantees include The Asia Foundation (prime); Nathan Associates (prime) with the Boston Institute for Development Economics (sub); Development Alternatives, Inc. (prime); Bearing Point (prime); CARE; Opportunity International; and Financial Services Volunteer Corps.

FY 2005 Program:
Economic governance ($5,100,000 ESF). USAID will continue programs to improve Indonesia's economic laws, regulations, and institutions, particularly those related to counterterrorism-finance on a jurisdiction wide basis.

Economic policy ($3,100,000 ESF). Assistance may be used to increase the ability of the private sector and civil society to monitor the effect of existing policies, identify weaknesses, develop positions on needed reforms, and advocate for those positions. Work in each policy area may include a mix of business and consumer associations, "think tanks," universities, and civic groups to advocate for positive reforms. Work with the private sector may also include selected interventions and partnerships that can provide "ground-truthing" for policy reforms underway.

Trade and investment ($5,600,000 ESF). USAID technical advisors will continue to provide direct technical assistance and training to key economic ministries such as Industry and Trade, Finance, Agriculture, and National Development. Private sector and civil society organizations will be brought into demand driven policy reform dialogues on improving the trade and the investment climate, competition policy, and labor and tax policies. USAID plans to expand financial services efforts to promote non-farm economic development in partnership with the private sector by leveraging an existing Public-Private Alliance activity in Sulawesi. USAID may expand activities to stimulate private sector development through agricultural policy and technology and trade and investment assistance linked to the GOI's post-IMF program.

Performance and Results: USAID key results in 2003 helped Indonesia to do the following:
-- Meet 2003 targets for asset recovery and corporate debt restructuring;
-- Put into place critical amendments to laws, policies, and decrees on anti-money laundering, asset freezing, counter-terrorism, and mutual legal assistance;
-- Take the important step towards getting Indonesia off the Financial Action Task Force blacklist by assisting the Financial Transaction Report and Analysis Center to enforce the law on a jurisdiction wide basis;
-- Establish the Indonesian Deposit Insurance Agency;
-- Assist the private sector in engaging "Team Tariff," an inter-ministerial coordinating body critical to preventing resurgent protectionism;
-- Reinvigorate the Business Service Center with the Ministry of Industry and Trade for the benefit of small and medium enterprises; and
-- Facilitate the legislative process that supported economic development through the Parliament's specialized commissions.

US Financing in Thousands of Dollars

Indonesia

497-011 Promoting Economic Growth	DA	ESF
Through September 30, 2002		
Obligations	66,142	34,125
Expenditures	58,450	19,307
Unliquidated	7,692	14,818
Fiscal Year 2003		
Obligations	7,000	7,968
Expenditures	8,706	12,964
Through September 30, 2003		
Obligations	73,142	42,093
Expenditures	67,156	32,271
Unliquidated	5,986	9,822
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	5,100	6,800
Total Planned Fiscal Year 2004		
Obligations	5,100	6,800
Proposed Fiscal Year 2005 NOA		
Obligations	0	13,800
Future Obligations	0	0
Est. Total Cost	78,242	62,693

Data Sheet

USAID Mission:	Indonesia
Program Title:	Natural Resource Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-012
Proposed FY 2004 Obligation:	$6,350,000 CSH; $7,481,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,000,000 CSH; $13,682,000 DA
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2005

Summary: Lack of environmental regulation enforcement and rapid degradation of watershed areas has led to mounting problems in water supply, and water quality, and stressed water distribution systems. USAID's integrated Basic Human Services Delivery program will respond to President's Bush's "Water for the Poor" initiative. USAID's assistance will target the local management of Indonesia's forests, protected areas, coastal zones, and mineral resources, which have a direct impact on sustainable watershed management and municipal water supplies. Activities are linked with food and health initiatives to increase access and utilization of key health and environmental services for those who remain unserved or underserved.

Inputs, Outputs, Activities:

FY 2004 Program:
Integrated watershed management ($5,981,000 DA). Technical experts will work with local communities throughout Indonesia to introduce sound watershed management methodologies that incorporate vital environmental services. Particular emphasis will be placed on conserving forests and biodiversity, especially in National Parks and protected areas. Technical training and assistance to local governments will strengthen their ability to implement and manage watershed policies. Examples include reforestation programs; development of financial incentives for upland watershed communities; promotion of agroforestry in areas where watershed functions are badly degraded; regulation of the impact of mines on water supply and water quality; and resolution of community land tenure and access conflicts. Principal contactors include International Resources Group, local NGO Kemala, and the U.S. Department of the Interior.

Municipal water supply and sanitation ($6,350,000 CSH). USAID is launching a comprehensive program that will improve access to safe drinking water and sanitation services at the district and city levels. Program activities will include strengthening the capacity of municipal water utilities to operate, maintain, and expand access to safe drinking water to unserved populations. USAID will expand access to sanitation services in the same urban and peri-urban areas. These activities will be linked to financing mechanisms for municipal service delivery by improving local governments' access to domestic private capital. Linkages with the Development Credit Authority and other international donors, including the World Bank, the Japan Bank for International Cooperation, and the Asian Development Bank will be established. In addition, service delivery will be expanded through the introduction of the safe water system (point-of-use treatment of household drinking water) to Indonesia.

Orangutan habitat conservation ($1,500,000 DA). USAID will support on-going NGO efforts to conserve orangutan habitat in Borneo and Sumatra. Recognizing that most activities to date have targeted orangutan habitat areas in Borneo, particular emphasis will be placed on identifying new areas in Sumatra where conservation efforts could positively impact the survival of viable populations of wild Sumatran orangutans. Principal contractors and grantees are World Education Inc., The Nature Conservancy, and Conservation International.

FY 2005 Program:
Integrated watershed management ($8,305,000 DA). Technical experts will work with local communities throughout Indonesia to introduce sound watershed management methodologies that incorporate vital environmental services. Particular emphasis will be placed on conserving forests and biodiversity, especially in national parks and protected areas. Technical training and assistance to local governments will strengthen their ability to implement and manage watershed policies. Examples include reforestation programs; development of financial incentives for upland watershed communities; promotion of agroforestry in areas where watershed functions are badly degraded; regulating the impact of mines on water supply and water quality; and resolving community land tenure and access conflicts.

Municipal water supply and sanitation ($5,377,000 DA; $2,000,000 CSH). Over 100 local water enterprises have expressed interest in USAID assistance to improve the management and business operations of their water enterprise. As a result, increased emphasis may be placed on bolstering their capabilities to increase cost recovery, improve customer service orientation, foster the development of demand-driven service solutions, and put in place sustainable, innovative financing mechanisms.

Performance and Results: USAID assistance supported the implementation of 73 site-specific co-management plans, which placed nearly six million hectares of coastline and forest under better management and protection.

In West Kutai (Mahakam River Delta watershed), the USAID-supported District Forest Management Plan, covering 1.6 million hectares, is being implemented by the new Advisory Board, which represents government, NGOs, and the private sector. As part of the new Management Plan, the West Kutai district government stopped the issuance of small-scale logging licenses, saving tens of thousands of hectares of primary forest. USAID assisted the West Kutai government's successful application for reforestation funds from the National government. Nearly 4,000 hectares have been replanted this year.

In East Kalimantan, management of the Sungai Wain and Manggar watersheds that together provide over 90% of the freshwater supply for Balikpapan City (population: 500,000) continues to improve. The Balikpapan City Government is now taking an integrated approach to the management of these watersheds, strengthening protection of the Sungai Wain forest and reforesting through USAID-supported agroforestry projects in over 2,000 hectares surrounding the Manggar reservoir. Balikpapan has formed a public-private alliance with Pertamina, the national petroleum company, whose refinery in Balikpapan is dependent upon Sungai Wain for its processing water. Pertamina now transfers funding to the city government for 24-hour patrols of the Sungai Wain forest. Illegal logging and encroachment activities were eradicated and a provincial road that was planned to run along the edge of Sungai Wain was stopped.

US Financing in Thousands of Dollars

Indonesia

497-012 Natural Resource Management	CSH	DA	ESF
Through September 30, 2002			
Obligations	0	77,057	3,000
Expenditures	0	64,980	933
Unliquidated	0	12,077	2,067
Fiscal Year 2003			
Obligations	0	11,966	0
Expenditures	0	11,914	941
Through September 30, 2003			
Obligations	0	89,023	3,000
Expenditures	0	76,894	1,874
Unliquidated	0	12,129	1,126
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	6,350	7,481	0
Total Planned Fiscal Year 2004			
Obligations	6,350	7,481	0
Proposed Fiscal Year 2005 NOA			
Obligations	2,000	13,682	0
Future Obligations	0	0	0
Est. Total Cost	8,350	110,186	3,000

Data Sheet

USAID Mission:	Indonesia
Program Title:	Energy Sector Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-013
Proposed FY 2004 Obligation:	$1,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$1,000,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2005

Summary: The energy sector is a major component of the Indonesian economy, generating nearly 30% of total Government of Indonesia (GOI) revenues. However, the sector is plagued by corruption, weak policies, monopolistic and inefficient production and distribution, and wasteful consumption. As part of an integrated economic growth program, USAID's assistance will improve the efficiency and transparency of the energy sector through technical assistance and training which accelerates implementation of legal and regulatory reforms governing the oil and gas and electricity sectors; strengthen GOI capacity to analyze and set energy policy; broaden public participation in energy sector reforms; eliminate subsidies to rationalized energy prices; and increase investment in environmentally friendly energy production and use.

Inputs, Outputs, Activities:

FY 2004 Program:
Accelerate implementation of key energy sector policy and legal reforms ($600,000 ESF). USAID will fund technical assistance and training for the implementation of new oil and gas, electricity and geothermal energy laws. These laws were drafted with USAID assistance. USAID will assist with the establishment and initial operation of the independent Regulatory Board for downstream oil and gas operations and Electricity Market Supervisory Board. Technical assistance will build the capacity of national, regional and local governments to implement new energy laws and regulations, and implement decentralization policies in the energy sector. USAID advisors will work with government and non-governmental institutions to help Indonesia achieve its planned elimination of all energy subsidies (except for electricity and kerosene) in 2004, including efforts to help the public understand why prices will rise. As part of the President's Digital Freedom Initiative, USAID may fund technical assistance, training and equipment to support the Ministry of Energy and Mineral Resources in developing IT systems to support the energy sector reform. Partners include Advanced Engineering Associates International (prime), and Institute for International Education (prime).

Increase investment in environmentally friendly energy production and use ($400,000 ESF). USAID will expand its assistance to improve the capacity of regional universities and local governments in six additional provinces. This will be accomplished through training which helps them better understand their role in managing the energy sector under regional autonomy. USAID will continue to provide targeted assistance in renewable energy development, the efficiency and performance of existing electricity generating facilities, demand side efficiency and greenhouse gases reduction. Partners include Albany Research Center, U.S. Department of Energy (prime), Winrock International (prime), International Council for Local Environmental Initiative (sub) and the Indonesian Foundation of Environment Management (sub).

A public-private alliance initiated with funding from the USAID Asia and Near East Bureau will focus on reducing air pollution through efficiency improvements within the public bus system, reduced reliance on private cars, and the introduction of cleaner public buses. Partners include the Institute of Transportation and Development Policy, Pelangi Indonesia (Indonesia Rainbow), the Transportation Research and Injury

Prevention Program, the Jakarta City Government, the Infrastructure Development Finance Company, and the Clean Air Initiative for Asian cities.

FY 2005 Program:
Accelerate implementation of key energy sector policy and legal reforms ($600,000 ESF). USAID plans to fund technical assistance and training activities that build the capacity of national, regional and local governments to implement new energy laws and regulations. Continued assistance will manage market transitions and foster a favorable investment climate in the energy sector. Assistance will continue working with the government on further reductions of energy subsidies, implementation of targeted mitigation programs and development of alternative fuels for kerosene.

Increase investment in environmentally friendly energy production and use ($400,000 ESF). USAID may expand the promotion of renewable energy development to improve and coordinate both supply and demand side management, and reduce greenhouse gasses and air pollution from transportation.

Performance and Results: USAID helped Indonesia take another major step in 2003 towards the reduction of energy subsidies. A price increase of 11% for refined petroleum products and 26% in electricity tariffs saved the state budget approximately $780 million. USAID technical assistance resulted in the GOI drafting a Geothermal Law. Parliament completed its deliberation in September 2003, and the law is expected to be enacted in late 2003. USAID assistance resulted in the GOI developing numerous government regulations related to the Electricity Law passed in 2002. In collaboration with the State Electricity Company and regional universities, USAID assistance expanded regional energy forums in the provinces of Riau and East Kalimantan, South Sumatra and South Kalimantan and trained more than 200 local government officials and regional university lecturers on regional energy planning, electricity business and tariff setting.

US Financing in Thousands of Dollars

Indonesia

497-013 Energy Sector Reform	DA	ESF
Through September 30, 2002		
Obligations	7,323	0
Expenditures	1,477	0
Unliquidated	5,846	0
Fiscal Year 2003		
Obligations	1,000	0
Expenditures	3,014	0
Through September 30, 2003		
Obligations	8,323	0
Expenditures	4,491	0
Unliquidated	3,832	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	1,000
Total Planned Fiscal Year 2004		
Obligations	0	1,000
Proposed Fiscal Year 2005 NOA		
Obligations	0	1,000
Future Obligations	0	0
Est. Total Cost	8,323	2,000

Data Sheet

USAID Mission:	Indonesia
Program Title:	Basic Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-ZZZ
Proposed FY 2004 Obligation:	$10,000,000 DA; $10,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$17,000,000 DA; $10,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: Based on the President's October 22, 2003 announcement in Bali of an Indonesian education initiative, USAID is developing a program that will improve the quality of basic education in Indonesia. The initiative will increase the number of children completing Indonesia's basic education requirements, improve student performance and provide students with an education that is more relevant to work and life. It will accomplish this through better local government capacity to plan and budget for education; greater community and private sector participation in school management; and enhanced teacher support and training that emphasizes active learning.

Inputs, Outputs, Activities:

FY 2004 Program:
Education management and governance ($4,800,000 DA). The majority of work in this area will be technical assistance to local governments, communities and schools. Assistance will emphasize accountable and transparent budgeting and teacher-student-school performance that incorporates community participation and parental involvement. The technical assistance and training to local parliaments, local education offices, district education boards, and school management committees will define the roles, authorities, and capacities of education management units. Examples of assistance include education planning and management skills building such as teacher deployment; information management systems; materials supply; and school maintenance. To a lesser extent, the program will work at central policy levels to develop mechanisms for channeling increased levels of education funding to local governments.

Improving the quality of teaching and learning ($5,000,000 DA; $3,000,000 ESF). To build a supply of qualified teachers and strong links between training institutions and schools, assistance will be provided to schools and teacher training institutes. An emphasis will be placed on locally-supported, demand-driven in-service teacher training, improved teaching, and other training materials. Technical and training assistance will increase the quality and quantity of in-service teacher training. Activities will improve teachers' abilities to teach the new competency-based national curriculum, to increase the use of active learning methodologies and to improve student performance and school management.

Junior secondary and non-formal education for work and life skills ($200,000 DA; $3,000,000 ESF). USAID will provide formal and non-formal education opportunities that target junior high-aged youth who are out of school or at risk of dropping out. USAID will seek to mobilize public and especially private resources, through public-private alliances, to provide formal and non-formal education opportunities that enable youth to compete better for jobs and develop the skills needed to contribute to Indonesia's development.

U.S. State Department Programs ($4,000,000 ESF). Funds will be transferred to the State Department for the Public Affairs Education Program.

All implementing partners are to be determined.

FY 2005 Program:
Education management and governance ($6,900,000 DA). Building upon activity implementation in the first year, activities such as assistance education planning and management skills building, information management systems, materials supply, and school maintenance will expand in both scope and coverage.

Improving the quality of teaching and learning ($8,500,000 DA; $3,000,000 ESF). Building upon activity implementation in the first year, activities to build a supply of qualified teachers and strong links between training institutions and schools will expand in both scope and coverage.

Junior secondary and non-formal education for work and life skills ($1,600,000 DA; $3,000,000 ESF). Building upon activities implemented in the first year, activities to provide formal and non-formal education opportunities that enable youth to compete better for jobs and develop the skills needed to contribute to Indonesia's development will expand in both scope and coverage.

U.S. State Department Programs ($4,000,000 ESF). Funds will be transferred to the State Department for the Public Affairs Education Program.

Performance and Results: This is the first year of implementation. No results available.

US Financing in Thousands of Dollars

Indonesia

497-ZZZ Basic Education	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	10,000	10,000
Total Planned Fiscal Year 2004		
Obligations	10,000	10,000
Proposed Fiscal Year 2005 NOA		
Obligations	17,000	10,000
Future Obligations	0	0
Est. Total Cost	27,000	20,000

Laos

The Development Challenge: Laos is one of the poorest and least developed countries in East Asia. A recent World Bank economic report in 2003 estimated that Laos' 5.5 million people had a per capita income of just $310 in 2002. Agriculture remains the economic mainstay, contributing 51% of the Gross Domestic Product. Social indicators in Laos, among the worst in the world, are comparable to those of sub-Saharan Africa; e.g. infant mortality in Laos is 87 per 1000 births in the latest report in 2001, compared with an average of 92 in Sub-Saharan Africa and life expectancy in Laos is 54.5 years according to 2002 reports. Available data indicates that Laos currently has a low level of HIV/AIDS. However, systematic and nationwide surveillance for HIV is not yet in place, so the future course of the epidemic is uncertain. With Laos surrounded by countries such as China, Thailand, and Vietnam that have significant numbers of HIV infections and with the current levels of international migration, it is very likely that the epidemic will continue to spread in Laos in the absence of appropriate interventions. A significant HIV epidemic would have a serious impact on development efforts in Laos.

Laos is one of the few remaining official communist states. The country's economy remains hampered by inadequate infrastructure and health and education services to support its workforce and population. While the government's stated intention is to decentralize control and encourage private enterprise, the transition from a centrally-planned and controlled economy to a more market-driven one is moving very slowly. The government recognizes that it needs considerable technical assistance, training, and donor and private sector investment if it is to modernize its economy and address critical health, education, and employment generation issues. Reforms underway in Vietnam may encourage Laos to undertake changes, including improving its human rights record, to attract outside support. The continuation of reforms in Vietnam and the increasing availability of Thai broadcasting may create greater incentives for the regime to undertake necessary reforms.

U.S. national interests in Laos remain unchanged, focusing on five main issues:
-- Reducing the cultivation of opium through law enforcement, crop substitution and infrastructure development;
-- Finding the remains of U.S. citizens missing in action and assisting in the removal of unexploded ordinance from the Indochina conflict;
-- Promoting respect for human rights, including religious freedom;
-- Encouraging movement towards a market-oriented economy; and
-- Countering global terrorism.

All of these issues continue to be important, with increased support for clearing unexploded ordinances (UXO) an Embassy priority for the years ahead. The long-term U.S. interest is to encourage a transition to representative government with a significantly improved human rights record and a viable, market-based economy. The United States also has a humanitarian interest in addressing the effects of the country's extreme poverty by providing assistance to improve health and generate income in rural areas. The aim is to help the impoverished people of Laos without helping or lending credence to the one-party Communist regime. Crop substitution programs, particularly those involving sericulture, serve the dual purpose of poverty reduction and alleviating opium poppy. Supporting UXO clearance not only reduces the human toll of deaths and injuries from explosions, but also contributes to poverty reduction by making more land available for farming and new infrastructure.

The USAID Program: The Laos Economic Acceleration Program for the Silk Sector (LEAPSS) aims to develop a viable economic alternative to opium production. Crop substitution programs like this one contribute to the eradication of opium poppies and also help reduce poverty. The program provides technical assistance and training to improve the quality, quantity, and yield of cocoons and silk yarn production in Xieng Khouang and Huaphan provinces. Key interventions focus on strengthening the capacity of local, provincial, and national institutions to support development of the private silk sector. The program will also expand access to silk and handicraft markets, both nationally and internationally, and will strengthen coordination among silk production groups. An integral part of the program is to enhance the participation of women at all levels of decision-making within villages and in management or coordination of production groups.

enhance the participation of women at all levels of decision-making within villages and in management or coordination of production groups.

No funding is requested either for FY 2004 or FY 2005 for this program. Activities will be carried out with prior year unobligated funding.

Other Program Elements: In addition to the LEAPSS program, USAID supports five programs in Laos:

-- The War Victims Assistance Project with funding of $2.6 million, started in 1995, to reduce the impact of UXO accidents in northern and central Laos. USAID plans to add $500,000 CSH in FY 2004 resources to the existing grant with World Education, Inc/World Learning Consortium to allow it to continue activities into FY 2005. USAID will then issue a Request for Applications for a follow-on grant that would begin in FY 2005. In addition to reducing the human toll of deaths and injuries from explosions, UXO clearance helps reduce poverty by making more land available for farming and new infrastructure;

-- The Vulnerable Groups Inclusive Education Program, started in September 2003 with close to $1 million, to strengthen inclusive education in Laos at both the policy and classroom levels to ensure that all children with disabilities in Laos are able to attend and achieve in school;
-- Anti-trafficking activities with funding of approximately $750,000 started in FY 2002. This program is assisting in the drafting of anti-trafficking legislation, raising community awareness, and providing vocational and leadership training for women, children, and youth groups in Vientiane Municipality and southern Laos;

-- Regional HIV/AIDS activities implemented since 1998 seek to strengthen local capacity to monitor the spread of the HIV/AIDS epidemic. Increased funding has enabled USAID to expand activities to include improving market research and strategies for condom sales, developing sexually-transmitted disease prevention and treatment programs, and expanding surveillance and interventions with high-risk populations; and

-- The East Asia and Pacific Environmental Initiative supports a small community-based wildlife management program in Laos.

Other Donors: Donor coordination is uneven. Main bilateral donors include Japan, Germany, Sweden, France, Australia, and Norway. Bilateral donor efforts focus primarily on education, health, rural development and environment. The World Bank and the Asian Development Bank work on poverty reduction, agriculture, natural resources management, rural energy, environment, transportation, communications, and social infrastructure. They also provide assistance to the financial sector and state-owned enterprise reforms needed to create an enabling environment for private sector development.

Laos
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	1,000	1,000	0	0
Development Assistance	1,000	1,000	0	0
PL 480 Title II	513	405	0	0
Total Program Funds	**2,513**	**2,405**	**0**	**0**

STRATEGIC OBJECTIVE SUMMARY				
439-004 Economic Development				
DA	1,000	1,000	0	0
439-005 HIV/AIDS				
CSH	1,000	0	0	0
439-XXX ANE Regional HIV/AIDS Program				
CSH	0	1,000	0	0

Acting Mission Director,
Leon Waskin

Data Sheet

USAID Mission:	Laos
Program Title:	Economic Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	439-004
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$994,000 DA
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2006

Summary: The Laos Economic Acceleration Program for the Silk Sector (LEAPSS) program provides assistance to expand the production of raw and processed silk as a viable economic alternative to opium production in Xieng Khouang and Huaphan provinces. The program builds on and expands activities initially developed under the Lao-American Crop Control Program.

Inputs, Outputs, Activities:

FY 2004 Program:
LEAPPS ($994,000 DA Prior Year Unobligated). Current LEAPSS activities are expected to continue in FY 2004 using existing resources. The program will provide technical assistance to improve the volume and quality of silkworm eggs, maintain mulberry plantations, and introduce training in hand-powered reeling to increase the production of silk threads and the consistency and quality of the silk thread and de-gumming. The program will continue work on expanding access to silk and handicraft markets, both nationally and internationally, and strengthening coordination among silk production groups. Given a recent much higher leaf yield in the districts of Kham, Sop Bao, and Xam Tai which resulted in greater than anticipated progress in achieving LEAPSS objectives, the Consortium is now in a position to begin handing over some project activities to the Lao government, the private sector, and the beneficiaries. This transition will take longer in the areas where the yield is lower due to less than optimal climate and soil conditions. Principal Contractors, Grantees, or Agencies include World Education, Inc./World Learning Consortium.

FY 2005 Program:
No new activities are planned at this time.

Performance and Results: The mid-term evaluation in March 2002 concluded that the program has met targets and has provided significant benefits to participating households. To date, the LEAPSS Program has helped over 355 families initiate silk production micro-enterprises. This comes in addition to the 156 families who have received additional assistance from the project to improve their existing silk production activities. Project beneficiaries have realized a 30% increase in income from the sale of silk and silk products. The Consortium attributes this rise to a general increase in activity and interest in the silk sector by the beneficiaries themselves. In the next two years, silk producers presently participating in the LEAPSS Program can expect to see more direct benefits and as much as a 100 percent increase in income arising from silk sector activities. In addition to the directly target beneficiaries above, LEAPSS has also strengthened the technical and managerial capacity of government program coordinators at the local and national levels to support private silk sector activities. The program has established local nurseries for mulberry saplings and, through a micro-credit program, made fencing available to project families to protect mulberry fields. Construction of media centers in villages facilitates information dissemination to expand and improve silk production and income. The training and program activities are aimed at enhancing the role of women in all components of the silk sector. By the end of this objective, this program will have helped to develop a viable economic alternative to opium production in two provinces by improving the quality, quantity, and yield of cocoons and silk yarn production.

US Financing in Thousands of Dollars

Laos

439-004 Economic Development	DA
Through September 30, 2002	
Obligations	2,491
Expenditures	1,356
Unliquidated	1,135
Fiscal Year 2003	
Obligations	0
Expenditures	349
Through September 30, 2003	
Obligations	2,491
Expenditures	1,705
Unliquidated	786
Prior Year Unobligated Funds	
Obligations	994
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	994
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	1,000
Est. Total Cost	4,485

Mongolia

The Development Challenge: Mongolia, a remote and sparsely populated country, provides an important example to other countries in East Asia, Central Asia and elsewhere on how to manage a challenging economic transition within a democratic political framework. It shares long land borders with China to the south and the resource-rich Siberian region of Russia to the north. Mongolia's progress in recent years offers an important beacon of hope for other countries attempting to make a similar transition.

Politically, Mongolia's transition to democracy is a remarkable achievement with ramifications that go well beyond its frontiers. Nine elections have been held over the past decade, three each at the local, parliamentary and presidential level. Governments have been elected to power in free and fair elections and then peacefully relinquished that power following the outcome of subsequent elections. Upcoming parliamentary elections, scheduled for June 2004, will provide an important test of the extent to which democracy is truly taking root in Mongolia.

Economically, Mongolia's harsh climate, small market and lack of infrastructure present formidable challenges. However, here too the direction and pace of change have been encouraging. Approximately 80% of the Mongolian economy is now in private hands, up from virtually nothing at the beginning of the 1990s. Total GDP is estimated at $1 billion and per capita income is estimated at $450. Mining, tourism, construction and light industry offer significant economic potential. Over the past year, international investor interest in mining increased significantly.

After several years of economic stagnation and decline, economic growth rates approached 4% in 2002 and are expected to exceed 5% in 2003. This encouraging development suggests that Mongolia's hard-won economic stability is beginning to have positive impact. A vibrant "underground" economy and informal remittances from the estimated 70,000 Mongolians working overseas in South Korea, Taiwan, Japan, Germany, the United States and elsewhere perhaps make the actual figures even higher. At the same time, the growing international debt burden--now approaching $1 billion, or the equivalent of the country's annual GDP--is cause for concern.

U.S. interests in Mongolia stem largely from geo-political considerations: its important role in contributing to stability in a potentially volatile part of the world; the positive example it sets in promoting economic reform and democracy; and its visible support for the United States in the continued war on terrorism. Most notably, during the past year a Mongolian peacekeeping contingent consisting of approximately 200 soldiers arrived to assume duties in southern Iraq. At the same time, smaller numbers of Mongolian advisors have helped train members of the new national army in Afghanistan.

A successful Mongolia has important and positive implications for a number of other countries in East and Central Asia, ranging from Vietnam to Afghanistan. Mongolia's strategic location between Russia and China, two traditional rivals that are also nuclear powers and important players on the global stage, adds to its significance. Finally, the links that Mongolia maintains with North and South Korea position Mongolia to make a positive and constructive contribution as a potential "role model" for North Korea when that country eventually emerges from the isolation that it has maintained over the past many decades.

The USAID Program: A new five-year USAID strategy for Mongolia was approved in Washington in May 2003 and took effect on October 1, 2003. This document sets the stage for a tightly focused program that directly addresses two of Mongolia's most pressing concerns: sustainable private sector led economic growth and more effective and accountable governance. Every USAID activity, whether funded bilaterally or through various Washington-managed mechanisms, helps advance at least one of these two objectives.

Judicial reform is the single largest program within USAID/Mongolia's "good governance" portfolio. Following the introduction of new civil and criminal codes in September 2002, USAID assisted in a series of training and outreach programs involving every judge in the country. Simultaneously, USAID/Mongolia

improved case management and court administration, introduced new approaches to continuing legal education and helped address corruption in the legal sector. As a result, courtrooms responsible for 80% of Mongolia's caseload now have been fully automated. At the same time, USAID/Mongolia provides political party training as well as assistance to the Mongolian parliament.

Activities aimed at promoting sustainable private sector-led growth operate at a policy level, a company level and a "grassroots" level. As a result of USAID/Mongolia assistance, two of Mongolia's three largest banks--the Trade and Development Bank and the Agricultural Bank--were privatized during FY 2003. Together, the sale of these two banks provided nearly $20 million to the government while holding out the promise of another $40 million in private investment. Significant work is also underway aimed at commercializing and ultimately privatizing Mongolia's energy sector.

USAID/Mongolia's newest program--the Economic Policy Reform and Competitiveness project-- provides training and advisory services to both government institutions and private firms. At the same time, business training provided through the GER Initiative (aimed at rural migrants displaced to urban areas) and Gobi Initiative (aimed at rural Mongolians, especially those living in the Gobi region) help extend knowledge and familiarity about the market economy to a much larger segment of the population.

Other Program Elements: The USAID/Mongolia program is a vital part of the Mission Performance Plan (MPP) developed by the Embassy country team. In addition, several USAID/Washington-funded programs have been launched, all of which contribute to the new USAID country strategy for Mongolia. The growing list of such activities include a grasslands management program in eastern Mongolia; a support grant to XacBank, a pioneering microfinance institution; an energy partnership between the Delaware public utilities commission and its Mongolian counterpart; non-governmental organization (NGO) strengthening related to human rights and rural development; and a variety of information technology (IT) initiatives. Finally, monetization of the U.S. Department of Agriculture wheat program is providing significant additional development resources, especially to NGOs working in rural areas.

Other Donors: The "alphabet soup" of foreign donors working in Mongolia partly reflects the relative success that the country has enjoyed in recent years, especially in terms of its ability to effect both economic and political reforms simultaneously. In recent years, a number of "non traditional" donors have provided assistance to Mongolia. In fact, six of the sixteen bilateral donors represented at the most recent Consultative Group donor meeting in Tokyo on Mongolia included countries in which USAID either has had or still has development assistance programs-Hungary, Russia, South Korea, Turkey, India and Egypt.

Japan is Mongolia's largest bilateral source of both loan and grant assistance. Programs have included a variety of infrastructure and education programs. The United States ranks a distant second in terms of development assistance, followed by a German aid effort of roughly comparable size that includes programs in legal reform, energy, conservation and regional economic development. Many other donors offer limited support to Mongolia, including India (education and IT development), Australia (scholarships), Canada (NGO development), Russia (scholarships), Luxembourg (banker training) and Korea (training for civil servants).

The Asian Development Bank (ADB) is the single largest multilateral donor, followed by the World Bank. Other multilateral donors include the European Union and various United Nations agencies. Finally, NGOs such as World Vision and the Soros Foundation make a variety of useful contributions. In fact, with annual funding levels now approaching $10 million, World Vision has recently emerged as one of the largest providers of foreign assistance to Mongolia.

Mongolia
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	12,000	10,000	9,941	10,000
Total Program Funds	**12,000**	**10,000**	**9,941**	**10,000**

STRATEGIC OBJECTIVE SUMMARY				
438-001 Private Sector-Led Economic Growth				
ESF	8,000	7,300	7,241	7,500
438-002 More Effective and Accountable Governance				
ESF	4,000	2,700	2,700	2,500

Mission Director,
Jonathan Addleton

Data Sheet

USAID Mission:	Mongolia
Program Title:	Private Sector-Led Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	438-001
Proposed FY 2004 Obligation:	$7,241,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$7,500,000 ESF
Year of Initial Obligation:	FY 1994
Year of Final Obligation:	FY 2009

Summary: A new USAID country strategy was approved in Washington in May 2003 and took effect starting October 1, 2003. The document provides the framework for the USAID program in Mongolia over the next five years. Based on that strategy, the main focus of USAID activity will be to (a) make it easier for private businesses to operate; (b) improve the competitiveness of private Mongolian firms and industries; and (c) expand the range of business opportunities that are available for poorer Mongolians living in both rural and urban areas of the country.

Inputs, Outputs, Activities:

FY 2004 Program:
USAID will pursue opportunities and address constraints at three main levels. First, policy advice and training will improve macro economic management as well as the business environment in which private companies operate. Second, partnerships with individual firms and industries will make Mongolian businesses more competitive. Third, less advantaged Mongolians will participate in a broader range of business development initiatives.

Improved enabling environment for private sector growth ($2,600,000 ESF). The new USAID-funded Economic Policy Reform and Competitiveness (EPRC) project is the main mechanism for addressing macro economic issues and improving Mongolia's investment climate. Working closely with the Prime Minister's office, the program will build on Mongolia's credible macro economic performance over the last two years. Specific advice and training will focus on the financial sector (including banking, insurance and mortgages); trade and investment (including opportunities in Europe and East Asia); energy (including commercialization of the energy sector); and the overall business climate (including steps to improve the regulatory environment and make it more efficient). The EPRC project is implemented by Chemonics in partnership with The Asia Foundation, The Services Group (TSG) and PA Consulting.

More competitive industries and sectors ($1,400,000 ESF). Uniquely, EPRC works with the government on policy issues while also helping individual Mongolian firms and sectors to become more competitive. This approach strengthens private-public sector partnerships. It also develops links between the abstract policy decisions made by government and the real world of private entrepreneurs. Initial efforts focus on cashmere and tourism. Other areas such as light industry, meat and information technology will be considered. The central organizing theme will be to make Mongolia more competitive. The EPRC project is implemented by Chemonics in partnership with The Asia Foundation, The Services Group and PA Consultants.

Expanded opportunities for marginalized Mongolians ($3,241,000 ESF). Phase II of USAID/Mongolia's long-standing Gobi Initiative will be launched in early 2004. As with Gobi I, that program will focus on business development in the Gobi region. Dozens of herder groups will benefit, along with current and potential entrepreneurs living in Mongolia's small provincial towns. Communications and outreach will continue, further expanding an audience of readers, listeners and viewers that now measures in the hundreds of thousands. At the same time, the Ger Initiative focused on the "peri-urban" fringes of

Ulaanbaatar, Darkhan and Erdenet will continue. Here too, the emphasis is on practical approaches that expand businesses, links them to financial services and helps generate new jobs. The Gobi Initiative is implemented by Mercy Corps International, with PACT taking a lead role on all media services. The Ger Initiative is implemented by CHF.

FY 2005 Program:
Programs undertaken in FY 2004 will be strengthened and expanded. They include:

Improved enabling environment for private sector growth ($2,800,000 ESF). Following parliamentary elections in June 2004, USAID will work closely with the new government to strengthen Mongolia's economic performance and expand trade and investment. Mongolia's rapidly growing minerals sector will almost certainly continue to change the country's development terrain. USAID will assist by promoting policies that build on the strengths of Mongolia's emerging private sector while also promoting broad-based economic growth.

More competitive industries and sectors ($1,600,000 ESF). Partnerships with private sector firms, companies and sectors will be further expanded, in part by deepening support for groups that can speak for business as a whole. USAID also expects to support establishment of an innovative new Mongolian Business Trust that provides business services, advocates policy reform, promotes competitiveness and receives private sector support.

Expanded opportunities for marginalized Mongolians ($3,100,000 ESF). Business services will reach more Mongolians living in urban as well as rural areas. In particular, USAID will identify current and potential entrepreneurs, provide training, develop business plans, expand marketing and help access financing. Outreach programs will also expand, covering not only the print media but also radio and television. This will help ensure that Mongolians everywhere can access the kind of information needed to make a market economy work efficiently.

Performance and Results: USAID programs had substantial impact in FY 2003. Results in early FY 2004 have also been encouraging. For example, USAID advisors helped privatize two of Mongolia's three largest banks--Trade and Development Bank (TDB) and the Agricultural Bank. Together, the sales provided the government with nearly $20 million while holding out the promise of additional $40 million in private investment in coming years. TDB was bought by a US/Swiss consortium, while Agricultural Bank was purchased by a Japanese company. Also, by December 2003 the government-owned insurance company, Mongol Datgal, was in the process of being sold to a Russian group for $5.8 million, five times the minimum asking price. With each successive privatization, the process becomes more competitive and attracts more investor interest.

Other achievements during FY 2003 included the registration of a collective mark for Mongolian cashmere that is now being introduced in international markets; a strengthened Energy Regulatory Authority as a catalyst for commercialization within Mongolia's energy sector; and improvements in the Prime Minister's open government web site (www.open-government-mn), an increasingly useful tool for both dialogue and transparency.

Finally, the GER Initiative and Gobi Initiative report considerable impact at a grassroots level. FY 2003 marked the start of the new GER Initiative, focused on "ger communities" surrounding Mongolia's three largest urban centers--Ulaanbaatar, Darkhan and Erdenet. Already, the program has helped create five new businesses, expand 37 existing businesses, facilitate 100 jobs and provide $100,000 in new investment. Staff also successfully promoted a 25% reduction in interest rates to first time clients at several banks. Meanwhile, the Gobi Initiative is pioneering important changes in attitudes and approaches to business in rural Mongolia. During FY 2003, an additional 33 cooperatives were formed, bringing the total to 57. Innovative media programs also continued, including Rural Business News (the largest circulation periodical in Mongolia) and several radio programs such as MarketWatch, WeatherWatch, PolicyWatch and Herder from the Future.

US Financing in Thousands of Dollars

Mongolia

438-001 Private Sector-Led Economic Growth	DA	ESF	FSA
Through September 30, 2002			
Obligations	5,569	26,863	14,289
Expenditures	5,569	17,387	13,782
Unliquidated	0	9,476	507
Fiscal Year 2003			
Obligations	0	7,300	0
Expenditures	0	5,625	506
Through September 30, 2003			
Obligations	5,569	34,163	14,289
Expenditures	5,569	23,012	14,288
Unliquidated	0	11,151	1
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	7,241	0
Total Planned Fiscal Year 2004			
Obligations	0	7,241	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	7,500	0
Future Obligations	0	0	0
Est. Total Cost	5,569	48,904	14,289

Data Sheet

USAID Mission:	Mongolia
Program Title:	More Effective and Accountable Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	438-002
Proposed FY 2004 Obligation:	$2,700,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,500,000 ESF
Year of Initial Obligation:	FY 1996
Year of Final Obligation:	FY 2009

Summary: A new USAID country strategy was approved in Washington in May 2003 and took effect starting October 1, 2003. The document provides a framework for the USAID program in Mongolia over the next five years. Based on that strategy, the main focus of USAID activity related to "good governance" will be to effectively implement a comprehensive set of legal reforms and to work to ensure that the political process in Mongolia is more competitive, effective, and transparent.

Inputs, Outputs, Activities:

FY 2004 Program:
During FY 2004, USAID will address concerns related to good governance at two main levels. First, the lion's share of our funding will focus on the all-important area of judicial reform, a sector in which USAID already plays a leadership role. Second, USAID will promote political processes that are more competitive, effective and transparent.

Comprehensive legal reform ($2,000,000 ESF). The USAID-funded Judicial Reform Program (JRP) is a comprehensive, far-reaching initiative that touches on nearly every facet of the legal system in Mongolia. Working closely with the General Council of Courts, the program will provide hands-on policy advice and training aimed at strengthening court management, introducing new approaches to legal education, curbing judicial corruption, improving legal ethics and informing a wider public about Mongolia's changing legal environment. By the end of the year, virtually every courtroom in Mongolia will have been automated. JRP is implemented by the National Center for State Courts in partnership with PACT, which plays a lead role in implementing outreach and public information programs.

More competitive, effective and transparent political processes ($700,000 ESF). In the lead-up to the June 2004 parliamentary elections, USAID programs will maintain the party development focus that was established two years ago. The ruling Mongolian People's Revolutionary Party (MPRP) controls 72 out of 76 parliamentary seats. It also exerts overwhelming political dominance at both a national and local level. Given this situation, much effort has centered on making the democratic coalition more effective and the MPRP more open and transparent. The upcoming elections will provide an important "test" of the extent to which opposition political parties can compete more successfully. It will also reflect the extent to which democracy is rooted in Mongolia. At the same time, USAID will maintain links to parliament, promote open hearings and prepare the new parliament to govern more effectively. Stand-alone programs related to transparency, women's issues, corruption and capacity building related to good governance might also be considered. At this point, both the political and parliamentary strengthening elements of the USAID portfolio are implemented by the International Republican Institute (IRI).

FY 2005 Program:
FY 2005 will mark a significant "transition" year for USAID activity related to democracy and governance in Mongolia. First, it will signal the end of the initial phase of the ongoing judicial reform program. Second, it will mark the conclusion of the current IRI grant focused on strengthening political parties and making parliament more effective.

Comprehensive legal reform ($2,100,000 ESF). A follow-on legal reform program will almost certainly be introduced, even as the current effort winds down. The JRP program will have made significant advances in establishing an appropriate legal framework, introducing new approaches to legal education and improving courtroom management and administration. However, considerable work will still be needed to effectively implement that framework and further "embed" it into the Mongolian system of governance. Depending on progress in private sector-led economic growth, the USAID judicial reform program may be reshaped to more directly address issues related to commercial law and the legal aspects of a market economy. There may also be a need to develop broader program initiatives related to transparency and corruption.

More competitive, effective and transparent political processes ($400,000 ESF). What happens in the June 2004 parliamentary elections (as well as the presidential elections that follow) will to a large extent determine USAID programs in this area in FY 2005 and beyond. In the immediate aftermath of the elections, USAID will likely concentrate on helping the new parliament become more open and effective. Depending on the outcome of the elections, USAID may reduce the level of training and technical advice provided to political parties, while at the same time considering support in potential new areas such as media, women's education, civic education, corruption and NGO development.

Performance and Results: The mid-term evaluation of JRP issued in November 2003 provides a detailed account of program implementation so far. Among other things, it notes that JRP is a "highly respected partner in judicial reform among both Mongolian and international stakeholders" and "has made a significant contribution to the progress of reform." As the project passes its mid point, one especially notable achievement is the fact that nearly three quarters of the Mongolian caseload has now been automated. Each automated courtroom includes a public access computer, further reflecting JRP's strong interest in promoting access as well as transparency.

Training has also improved considerably, due in large part to innovative donor coordination as well as the introduction of new training concepts. At this point, virtually every judge in Mongolia has participated in at least one JRP-provided training program. More than 600 other legal professionals have also been involved. A new national legal training facility, funded by the World Bank, will open in 2004. Continuing legal education provided by that institution will draw significantly on concepts and approaches developed under JRP

Other JRP-led results include the development of a new judicial ethics code, the formation of a special prosecutor's office focused on judicial corruption and the launch of a variety of public outreach and information programs. Among other things, the latter initiative developed a popular bi-weekly television program that presents changes in the criminal code to a wider audience. Recent surveys suggest that this program has become the third most popular television drama in Mongolia.

As noted, the June 2004 parliamentary elections will provide an important test of the extent to which political processes in Mongolia have become more competitive, effective and transparent. Local (provincial and below) elections scheduled for approximately three months later will provide a second important test. Recent survey research and anecdotal evidence suggests that the June 2004 elections will result in a parliament that is more politically diverse and better reflects a wider range of viewpoints. The new parliament will also inherit some useful precedents. For example, the current parliament has experimented on a few occasions with open hearings, setting an important example that needs to be further expanded by the new parliament.

US Financing in Thousands of Dollars

Mongolia

438-002 More Effective and Accountable Governance	DA	ESF	FSA
Through September 30, 2002			
Obligations	1,442	9,281	1,728
Expenditures	1,442	5,486	1,728
Unliquidated	0	3,795	0
Fiscal Year 2003			
Obligations	0	2,700	0
Expenditures	0	2,851	0
Through September 30, 2003			
Obligations	1,442	11,981	1,728
Expenditures	1,442	8,337	1,728
Unliquidated	0	3,644	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	2,700	0
Total Planned Fiscal Year 2004			
Obligations	0	2,700	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	2,500	0
Future Obligations	0	0	0
Est. Total Cost	1,442	17,181	1,728

Philippines

The Development Challenge: Corruption and conflict continue to limit the Philippines' economic and social development, impeding badly needed investment and growth. Forty-six percent of the population lives on $2 per day or less, and the country continues to fall further behind its neighbors on key economic and social indicators. This is aggravated by an alarming rate of population increase (2.4%), continued resistance by some vested interests to badly needed reforms, and steady degradation of the country's natural resource base. While the Philippines is one of the United States' most important allies in Southeast Asia in the global war on terror, it is also a fragile state. Nevertheless, it has maintained its vibrantly participatory democratic institutions and its market-based economic system, as well as its historic ties with the United States. The country made some important strides forward in the past two years, and President Arroyo's strong and consistent support for President Bush's efforts in the global war on terrorism was complemented by reciprocal state visits and the Philippines being declared a major non-NATO U.S. ally in 2003.

The USAID Program: USAID/Philippines' assistance is organized around five strategic areas: the Muslim separatist conflict in Mindanao; corruption and poor economic governance; damaging mismanagement of the Philippines' unique natural resources; serious deterioration in quality and access to education; and the impacts on health and economic growth of the high number of unwanted pregnancies, the recent resurgence of tuberculosis, and potential vulnerability to HIV/AIDS. Reducing corruption and mismanagement through decentralization, private-sector involvement, and administrative reform are cross-cutting implementation approaches for all areas. Assistance in all five areas has focused on the conflict-affected areas of Mindanao since the resurgence of fighting in early 2000 and the events of September 11.

USAID has an exceptionally close working relationship with both local and national figures working to manage the long-running Muslim separatist conflict in Mindanao and the Sulu Archipelago. USAID's program will, by 2005, have assisted every one of the 25,000 former combatants of the Moro National Liberation Front who need assistance to reintegrate themselves into the economy. The U.S. Department of State distributed a video presentation of this program worldwide as a model for U.S. relations with the Islamic community. USAID is fully prepared to implement a similar assistance package for the Moro Islamic Liberation Front should a peace agreement be signed.

Economic and social conditions are fundamental factors underlying extremism and conflict in the Philippines. Therefore, in addition to providing assistance to re-integrate former combatants into the economy, USAID is addressing economic growth and job creation in Mindanao in other ways. Microfinance field programs are achieving dramatic successes by helping rural banks lend to micro enterprises profitably by using local resources to implement lending programs based on international best practices. Working through private producers' associations, commodity development programs have increased farmer incomes by successfully moving farmers into new higher value-added crops. Programs to strengthen economic governance are helping communities increase forest and coastal zone productivity to enhance basic food security. USAID has continued and expanded community infrastructure construction. As conflict-affected communities benefit from these interventions, USAID's new education program is the stepping stone to the future for the next generation. The United States is already providing books, teacher training in English, and computers and computer literacy training to elementary/high schools in conflict-affected communities in Mindanao. These and other education activities underway will help counter inadequate, extremist teaching taking place in some of the hundreds of private "madaris" that have sprung up in the southern Philippines. They will also help build a truly pluralistic democracy by preparing the poor in the conflict-affected areas to take advantage of growing economic opportunities. USAID is also giving increasing priority to the conflict-affected areas of Mindanao in its health, environmental, and energy programs.

Nationally, the continued failure of the Philippine economy to attain the success achieved elsewhere in the region has turned the spotlight onto governance factors and corruption, especially after former President Estrada's downfall in 2001. USAID is developing transparency and accountability improvement

programs in government agencies to address areas of their operation that are vulnerable to corruption, such as revenue administration, government procurement, and judicial strengthening.

USAID supports both governmental and non-governmental stakeholders in reform efforts in regulation of public utilities, including electricity, telecommunications, ports, and airlines, where governance is especially weak. USAID provides critical technical assistance for an energy-sector reform program that may be a make-or-break initiative for an economy confronted with high electricity prices, looming power shortages, and investor skepticism. USAID also provides technical assistance for reforms that are vital to the transition to less-polluting and renewable sources of energy and improved air quality, including promotion of natural gas vehicles for the transportation sector. USAID approaches environmental management, in Mindanao and nationally, as a governance issue. Assistance, therefore, emphasizes strengthening transparency and accountability in local governance to more effectively manage natural resource use rights (often vested in communities), especially for threatened resources.

USAID's assistance for health recognizes the Government of the Republic of the Philippines' (GRP) devolution of responsibility to local levels of government for family planning, maternal and child health care, TB and HIV/AIDS management, and food fortification and thus works to strengthen the capacity of local government to provide health services. USAID is also breaking new ground in finding innovative ways to stimulate the private commercial sector to play a greater part in improving access to quality health services for those who can afford to pay, even in non-traditional areas such as family planning and tuberculosis management, thus relieving the burden on the public sector to provide these services. USAID is also seeking ways of financing health care through internal mechanisms in the country to reduce the country's long-term donor dependency.

Other Program Elements: USDA's PL 480 Title-I program provided local currency for budget support to the government, part of which has been directed to agricultural development. Co-financing with USAID Washington of microfinance assistance continues, and new initiatives under the Making Cities Work program and the Monsanto Corn Alliance were funded. USAID has tapped the Development Credit Authority (DCA) Program for an innovative loan guarantee program for participants in the Well-Family Midwife Clinic program, a first such application of DCA funds. USAID's environment program was highly successful in utilizing both USAID's Global Development Alliance funds for the Marine Aquarium Council, as well as the ANE Mission Incentive Fund for Public Private Alliances, specifically for the SUCCESS Cacao Project expansion and activities under the Energy and Environment Incentive Fund. The U.S. Department of State, Treasury, Justice and Energy Departments provide training and technical assistance in important areas like tax administration, privatization of the energy sector, and control of money laundering.

Other Donors: The major donors to the Philippines are the Japan Bank for International Cooperation, the Asian Development Bank (ADB), and the World Bank, which support infrastructure or sector policy programs. USAID collaborates closely with the ADB and the World Bank on sectoral policy in energy, basic grains, bank and non-bank financial regulation, and expenditure management. USAID and the U.S. Embassy maintain an active dialogue with the IMF, which has a small but influential technical-assistance program that includes tax administration assistance to the Philippines Bureau of Internal Revenue. The United Nations Development Program has been active in coordinating assistance of other donors who complement USAID's programs in Mindanao, and the Japanese continue to coordinate their Mindanao planning with USAID. Bilateral assistance from Australia and Canada includes an emphasis on Mindanao, corruption and governance that complements USAID's. A number of donors have education initiatives for which coordination has been initiated. Other bilateral donors with substantial programs, including Germany and other Economic Union members, emphasize direct assistance to small enterprises and small farmers.

Philippines
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	25,599	22,920	29,350	28,000
Development Assistance	24,459	28,209	22,068	26,076
Economic Support Fund	21,000	15,000	17,645	35,000
ESF - FY 02 Supplemental	12,000	0	0	0
ESF - Wartime Supplemental	0	30,000	0	0
Total Program Funds	**83,058**	**96,129**	**69,063**	**89,076**

STRATEGIC OBJECTIVE SUMMARY				
492-002 Economic Governance				
DA	5,592	7,792	8,708	8,500
ESF	10,000	2,500	2,725	5,000
492-003 Family Planning and Health				
CSH	13,685	22,920	29,350	28,000
ESF	4,000	0	0	0
492-004 Environment and Energy				
DA	13,667	13,667	7,860	8,076
ESF	0	0	1,140	5,320
492-010 Conflict Resolution in Mindanao				
DA	5,200	6,750	2,500	6,500
ESF	7,000	12,500	12,780	20,000
ESF - FY 02 Supplemental	12,000	0	0	0
ESF - Wartime Supplemental	0	30,000	0	0
492-011 Education				
DA	0	0	3,000	3,000
ESF	0	0	1,000	4,680

TRANSFER				
CSH	11,914	0	0	0

Mission Director,
Michael Yates

Data Sheet

USAID Mission:	Philippines
Program Title:	Economic Governance
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-002
Proposed FY 2004 Obligation:	$8,708,000 DA; $2,725,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$8,500,000 DA; $5,000,000 ESF
Year of Initial Obligation:	FY 1995
Year of Final Obligation:	FY 2007

Summary: USAID's economic governance program addresses issues that are most fundamental to ending the Philippines' pattern of badly stunted economic growth: conflict and corruption. The major focus will be development of transparency and accountability programs in government agencies to address areas of operation which are vulnerable to corruption. A variety of methods will support better governance, at every level of government. The program also contributes to fostering the investment (both internal with improved tax collection, and external with better policies to attract foreign investment) and job growth needed to reduce poverty and create an economic environment conducive to conflict reduction. It furthers U.S. interests in combating terrorism and promoting stability in the Asia region, and enhances trade and investment opportunities by expanding the Philippine market, making commercial and financial transactions with the Philippines more transparent, and protecting intellectual property rights.

Inputs, Outputs, Activities:

FY 2004 Program:
Make institutions, policies, and practices more transparent and accountable ($5,851,000 DA, $2,225,000 ESF). This program will implement a well-integrated economic growth and democratic governance program of technical assistance, training, civil-society support, legislative support, and institutional development. Outputs will include information collection, analysis, and dissemination; assistance with development of policies, and legislative and regulatory drafts; legislative briefings; new civil-society organizations with sectoral expertise; strengthened governmental institutions responsible for implementing or enforcing reforms; and strengthened legal-judicial systems. The most important areas of focus will be money laundering/terrorist financing, tax administration, government procurement reform, and banking and securities regulation.

Increasingly, the program will put more emphasis on corruption mitigation. USAID will provide technical assistance to government agencies in the development of transparency and accountability improvement programs that address areas vulnerable to corruption. USAID will fund training, research, and study visits to the Inter-Agency Anti-Graft Coordinating Council composed of anti-corruption agencies such as the Office of the Ombudsman, the Commission on Audit, the Civil Service Commission, and the Presidential Commission against Graft and Corruption. New initiatives include strengthening of judicial ethics, emphasizing ethics in legal education and the bar exam, and community policing. USAID will continue to provide technical assistance and training to in-court and out-of-court judicial systems, including mediation. More broadly, the program will support innovative approaches to conflict resolution at the grass roots and higher levels, particularly in Mindanao where marginalized groups have limited access to the judicial system. Additional activities will focus on the strengthening of local government management.

Remove competitive barriers to development of infrastructure and trade ($2,857,000 DA, $500,000 ESF). The integrated economic governance program will support open and equal access to markets and inputs and public participation in regulated, decentralized, competitive service delivery by local governments and the private sector. USAID will assist with competitive procurement for infrastructure such as roads, ports,

shipping, aviation, power, telecommunications, and information technology and will provide technical assistance and training in monitoring performance, regulation and rate setting, privatization and out-sourcing, and training workers in critical skills. USAID will expand technical assistance for institutional reform in the Bureau of Customs.

These programs are implemented in an integrated framework by Development Alternatives, Inc., with IBM and Transnational Public Policy Advisors as sub-contractors. Implementing grantees include The Asia Foundation, the American Bar Association, the Financial Sector Volunteer Corps and several Philippine non-governmental organizations. ESF funds concentrate on combating corruption in governance, particularly at the local level and in Mindanao, and in addressing national level policy, institutional and regulatory issues relating to corruption in governance, finance, and commerce. DA funds primarily address competitiveness and openness of the economy.

FY 2005 Program:
Multi-year reform efforts to make institutions, policies, and practices transparent and accountable ($5,500,000 DA, $3,000,000 ESF). This program will continue to increase emphasis on corruption mitigation. New counterparts may include the Philippine anti-graft court. USAID will continue to provide technical assistance and training to in-court and out-of-court judicial systems, including mediation, and in implementing institutional reforms in tax administration and government procurement. USAID will also expand assistance to rationalize and control public expenditure management. USAID may provide technical assistance and training to bring additional openness to the government financial sector. These activities will use the same implementers as for FY 2004, plus new ones as determined by competitive procurements.

Remove competitive barriers to development of infrastructure and trade ($3,000,000 DA, $2,000,000 ESF). USAID will continue assistance to the Department of Finance, which contains both the Bureau of Internal Revenue and Bureau of Customs. USAID will provide technical assistance and training in areas related to infrastructure: contracting and procurement, monitoring of performance, regulation and rate setting, and privatization and out-sourcing. A special effort will be made to address issues that arise with infrastructure projects in conflict-affected areas of Mindanao. The program will continue to use the same implementers as for FY 2004 activities, plus new ones through competitive procurements.

Performance and Results: USAID provided technical support to the initiatives of the Central Bank (Bangko Sentral ng Pilipinas, BSP) and the Anti-Money Laundering Council (AMLC) to amend the Anti-Money Laundering Law (AMLA) to meet the concerns of the Financial Action Task Force. The initiatives were aimed at strengthening the capacity of the AMLC to detect and combat "dirty money" within the financial system. The Philippine Congress passed the amendments to the AMLA in February 2003. USAID provided technical assistance in drafting Executive Order 170 which formally launched the Roll-on Roll-off sea-land transportation technology as an alternative and viable transportation facility. Potential gains from this policy are reduced transportation costs, faster movement of goods, and lower prices for basic commodities. Other downstream benefits should include increased agricultural production in key areas, including the conflict-affected areas of Mindanao.

USAID provided technical assistance to the Department of Budget and Management to develop the Implementing Rules and Regulations (IRRs) for the Government Procurement law passed in 2002; these were recently approved by the President. USAID supported a series of IRR workshops, and publicized the new rules so that they could be widely and quickly implemented. In addition, USAID has funded local NGOs for continuing monitoring of procurement operations to ensure that they achieve their desired result. In the financial sector, USAID helped the GRP pass the Special Purpose Asset Vehicle Act, a key piece of legislation that will help banks reduce their nonperforming loans. Passage is hopefully near on another piece of legislation, the documentary stamp tax, crafted with USAID assistance. Its passage would help create a functioning bond market.

US Financing in Thousands of Dollars

Philippines

492-002 Economic Governance	DA	DCA	ESF	MAI
Through September 30, 2002				
Obligations	31,690	1,001	13,991	60,244
Expenditures	23,629	600	3,543	60,244
Unliquidated	8,061	401	10,448	0
Fiscal Year 2003				
Obligations	8,246	0	2,250	0
Expenditures	6,219	-100	6,231	0
Through September 30, 2003				
Obligations	39,936	1,001	16,241	60,244
Expenditures	29,848	500	9,774	60,244
Unliquidated	10,088	501	6,467	0
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2004 NOA				
Obligations	8,708	0	2,725	0
Total Planned Fiscal Year 2004				
Obligations	8,708	0	2,725	0
Proposed Fiscal Year 2005 NOA				
Obligations	8,500	0	5,000	0
Future Obligations	8,500	0	5,000	0
Est. Total Cost	65,644	1,001	28,966	60,244

Data Sheet

USAID Mission:	Philippines
Program Title:	Family Planning and Health
Pillar:	Global Health
Strategic Objective:	492-003
Proposed FY 2004 Obligation:	$29,350,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$28,000,000 CSH
Year of Initial Obligation:	FY 1994
Year of Final Obligation:	FY 2007

Summary: USAID's activities focus on two major factors contributing to poverty and instability in the Philippines - continued high population growth and the tuberculosis (TB) burden. Local governments are now responsible for providing key primary health services. Thus USAID focuses on improving local government capacity to deliver family planning services, expand TB diagnosis and treatment, and improve other vital health services focused particularly on the poor. However, with limited resources the public sector must focus on providing health services to the lowest income groups. At the same time, the private and commercial sector must be given the confidence to enter the market and provide these services to those who have the ability to pay. Creating national self-reliance for the supply of contraceptives is central to the development of the Philippines. USAID is concurrently strengthening the private sector's ability to provide more and better quality family planning and TB services to reduce the demands on the overstretched government systems and make these services more sustainable. USAID also has specialized activities to improve the dramatically poor health indicators in the conflict-affected areas of Mindanao and other marginalized areas of the country.

Inputs, Outputs, Activities:

FY 2004 Program:
Family planning and health services by local government units ($19,350,000 CSH). USAID will strengthen the capacity of local governments to effectively deliver family planning and health services. The focus will be on improving counseling for family planning and increasing the availability of TB diagnosis and treatment. Technical assistance and training will be provided to local government health practitioners and service providers in as many as 130 cities and municipalities, most of which are in the conflict-affected areas of Mindanao. Because of local governments' limited resources, USAID will also provide technical assistance to assist them in segmenting clients in public clinics to focus their efforts on those who truly cannot afford to pay. USAID will also provide limited funding for the creation of voluntary sterilization training centers and provider sites. USAID will implement Vitamin A supplementation activities and immunization campaigns in the conflict-affected areas of Mindanao. USAID will also enhance behavior change efforts focused on the groups most at risk for HIV/AIDS, and continue to provide technical assistance to maintain the world class surveillance system established under the program. To improve the policy environment, USAID will provide technical assistance to implement the National Health Insurance Program's new and improved benefits package developed in FY 2003. This includes family planning and TB treatment; revision of national policies and guidelines to allow greater access to family planning, particularly for the poor; and educating insurance plan holders on new and underutilized benefits related to family planning. USAID will also assist local groups to advocate for changes in government policies to promote self-reliance in contraceptives. Principal contractors and grantees include Management Sciences for Health and the National Tropical Medicine Foundation, Inc.

Family planning and health services by the private sector ($7,538,000 CSH). USAID will assist the GRP to achieve contraceptive self-reliance by expanding the role played by the private sector in providing family planning and TB services. USAID will provide information and technical assistance to private providers and the general public on the correct treatment of TB. USAID will assist nationally recognized

businesses and private sector organizations to advocate for improved policies for private sector provision of family planning. USAID will also work with private providers and pharmaceutical organizations to increase the availability of affordable commercial family planning commodities in the market. USAID will continue to use the Development Credit Authority credit guarantee mechanism to improve and/or expand existing midwife clinics and facilitate the generation of commercial financing for the establishment of new midwife clinics. In collaboration with the Global Alliance for Improved Nutrition initiative, USAID will provide technical assistance to increase the number of micronutrient-fortified foods and their consumption. USAID will explore other options to increase the number of private sector service providers in TB and family planning and enhance the quality of service they provide. Principal contractors and grantees include John Snow, Inc., FriendlyCare Foundation, Inc. (FCFI), DKT Philippines, Chemonics International and the Commercial Markets Strategies (CMS) Project in the Philippines.

Social acceptance of family planning ($2,462,000 CSH). To increase the social acceptance of modern family planning methods, USAID will conduct a multi-media communication campaign that promotes the use of modern contraceptives as part of a normal, healthy lifestyle; provide technical assistance to Muslim religious leaders for the development and proclamation of a national fatwa (religious edict) in support of family planning and reproductive health; work with medical, nursing, midwifery, and pharmacy school associations for the enhancement of family planning concepts in the school curriculum and with the various board examiners for inclusion of family planning questions in the licensure examinations; and develop and train family planning champions and sectoral networks for family planning advocacy. The principal contractor is the Academy for Educational Development.

In all of the above activities, USAID will work with the Department of Health, Commission on Population, Philippine Health Insurance Corporation, and local governments. All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

FY 2005 Program:
Family planning and health services by local government units ($10,900,000 CSH). USAID will expand program activities to include an additional 220 local governments nationwide. USAID will continue to improve the policy environment for the provision of family planning and health services. These activities will be implemented using the same partners as in 2004.

Family planning and health services by the private sector ($12,400,000 CSH). USAID will increase marketing efforts and technical assistance to help the private sector increase its sales of contraceptives; expand TB activities to 25 cities; and support the nationwide expansion of an accreditation service for private health care providers for TB and family planning that will build consumer confidence to use these services and keep them competitive. Principal contractors and grantees include Chemonics International and FCFI.

Social acceptance of family planning ($4,700,000 CSH). USAID will continue communications and advocacy activities such as conducting national and local communications campaigns and identifying and promoting additional popular champions. These activities will use the same implementers as in 2004.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Performance and Results: Preliminary data from the 2003 National Demographic and Health Survey (NDHS) suggest no significant change in the national contraceptive prevalence rate (CPR) for modern methods at 34.7% as compared to the 2002 level of 35.1%. The reported CPR for 2003 indicates a 10 percentage point increase in the past 10 years (CPR in 1993 and 1998 were estimated at 24.9% and 28.2% respectively) with the rate of increase accelerating in the past five years. The share of the private sector in the provision of family planning supplies and services increased to 29.1% in 2003 from 28.5% in 2002. The increase in the private sector contribution occurred primarily in the number of pill users. Complete childhood immunization levels increased to 69% nationally from 63% in 2002. HIV/AIDS prevalence remained below three percent among the most at risk groups.

US Financing in Thousands of Dollars

Philippines

492-003 Family Planning and Health	CSH	DA	DCA	ESF	MAI
Through September 30, 2002					
Obligations	31,739	153,227	0	2,000	1,800
Expenditures	12,395	138,290	0	4	1,581
Unliquidated	19,344	14,937	0	1,996	219
Fiscal Year 2003					
Obligations	20,542	2,375	7,050	2,000	0
Expenditures	7,528	12,639	0	1,183	0
Through September 30, 2003					
Obligations	52,281	155,602	7,050	4,000	1,800
Expenditures	19,923	150,929	0	1,187	1,581
Unliquidated	32,358	4,673	7,050	2,813	219
Prior Year Unobligated Funds					
Obligations	0	0	0	0	0
Planned Fiscal Year 2004 NOA					
Obligations	29,350	0	0	0	0
Total Planned Fiscal Year 2004					
Obligations	29,350	0	0	0	0
Proposed Fiscal Year 2005 NOA					
Obligations	28,000	0	0	0	0
Future Obligations	80,400	0	0	0	0
Est. Total Cost	190,031	155,602	7,050	4,000	1,800

Data Sheet

USAID Mission:	Philippines
Program Title:	Environment and Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-004
Proposed FY 2004 Obligation:	$7,860,000 DA; $1,140,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$8,076,000 DA; $5,320,000 ESF
Year of Initial Obligation:	FY 1995
Year of Final Obligation:	2007

Summary: The USAID Environment and Energy Program assists the Government of the Republic of the Philippines (GRP) to address conflict, declining natural resource productivity, and environmental health of the Filipino people, due to over-exploitation and poor governance of the dwindling supply of fish, forests, water, and clean air. With particular focus on the conflict-affected areas of Mindanao, the program brings renewable energy to unelectrified communities of former rebel combatants, raising both quality of life and prospects for peace. Energy and air quality activities promote an adequate, clean, and affordable supply of electricity to increase economic competitiveness and avert impending power crises; provide electricity to the thousands of communities; and reduce vehicle emissions to improve public health. Environmental governance activities help strengthen the ability of national and local governments to manage the use of forests, fisheries, and water, particularly in Mindanao, and manage solid waste, all with an emphasis on transparency, accountability, and stakeholder participation.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve performance in energy and air quality sectors ($3,380,000 DA, $800,000 ESF). USAID will electrify 1,680 households in 56 remote rural communities of former rebel combatants with sustainable renewable energy systems (such as solar and micro-hydro) through the existing partnership with Mirant Philippines. Mirant procures and installs the equipment while USAID supports training and organization of communities to successfully manage, finance the operation of, maintain, and protect these systems. USAID will provide the GRP Department of Energy (DOE) and its affiliates with more technical analysis, training, and study tours to increase competition and efficiency in the generation and retail supply of electricity. In addition, advisors will continue to strengthen the new, independent Energy Regulatory Commission (ERC) in deciding over 100 rate cases through unbundling transmission and distribution cost components. Advisors will continue to assist the DOE and legislators to develop implementing rules and policies to encourage the development of the natural gas and renewable energy sectors in order to increase private sector investment and avert power crises. USAID will promote greater public awareness of the health impacts of excessive vehicle emissions and support the effective operation of private sector emission testing centers (thereby increasing the use of preventive maintenance of transportation fleets). USAID will also partner with the private sector to promote cleaner-burning fuels in the transport sector, such as Compressed Natural Gas-powered buses. Principal cooperators include the Academy for Educational Development, Winrock, US Department of Energy, and US Energy Association.

Improve environmental governance ($4,480,000 DA, $340,000 ESF). USAID will promote greater transparency and accountability in the enforcement of environmental laws by assisting local governments to develop and implement forest land use plans to reduce illegal logging and deforestation that threatens watersheds and provides a locus of conflict. USAID will provide legal assistance to at least 30 communities to mitigate conflicts in the management of natural resources, particularly in the Autonomous Region of Muslim Mindanao. USAID will sponsor multi-stakeholder consultations and provide training to identify solutions to over fishing in four target eco-regions. USAID will continue sponsoring cross-site visits and training to local governments for the design and implementation of solid waste management

projects (such as recycling, composting, and proper waste disposal). USAID will improve water quality management by assisting the Department of Environment and Natural Resources (DENR) to implement the pending Clean Water Act and advising local governments on the design and implementation of low-cost wastewater systems. USAID will assist selected local governments to audit energy use in water supply systems to conserve water and electricity. USAID will also assist DENR and the private sector to implement a voluntary environmental compliance program to improve corporate governance and reduce industrial pollution. Training will be provided to the judicial system to strengthen capacity to handle environmental cases. Principal contractors and grantees include Development Alternatives, Inc.; Tetra Tech EM; Center for International Environmental Law; ACDI/VOCA; PADCO, Inc.; Marine Aquarium Council; Alliance to Save Energy; and the Peace Corps.

FY 2005 Program:
Improve performance in energy and air quality sectors ($3,376,000 DA, $4,320,000 ESF). USAID plans to electrify an additional 3,300 households in 110 communities of former rebel soldiers in conflict-affected areas of Mindanao and other parts of the country with renewable energy systems. The USAID program will supply solar-powered potable water to at least 2,050 homes, provide 6,140 students with access to renewable energy-powered distance learning facilities, support microfinance activities and establish solar-powered satellite telecommunications facilities in at least 35 isolated communities. USAID will expand partnerships with private sector firms. USAID will strengthen the ERC's ability to regulate over 140 utilities and cooperatives and intensify efforts to reduce vehicle emissions through constituency building, increased enforcement and private sector partnerships. Principal cooperators include Winrock, US Department of Energy, and US Energy Association.

Improve environmental governance ($4,700,000 DA, $1,000,000 ESF). USAID will provide technical assistance to establish downstream user fees for upland environmental services (e.g., water supply), continue legal assistance to at least 40 communities to reduce conflicts over forest and coastal resources, and devolve authority for managing forests to local governments. Assistance in expanding community-based management of forests will directly support efforts to promote peace in conflict-affected areas, though at a level reflecting limited program funding. USAID will assist key stakeholders to address over fishing through participatory consultations and policy reform. USAID will expand assistance to selected local governments to build their capacity to invest in low-cost waste water treatment and sanitation systems, and implement integrated solid waste management. Implementers will be the same as in FY 2004.

Performance and Results: USAID provided renewable energy-powered electricity to 2,520 households and public facilities in 84 communities of former rebel soldiers in conflict-affected areas of Mindanao. Households now have cleaner and brighter lights for activities such as childcare, school work and income generation. Due to USAID assistance on rate making, the ERC issued 36 decisions to separate generation and transmission rates of the most critical electric utilities, covering 70% of all consumers and providing the foundation for introducing competition in generation, transmission and retail sale of electricity. USAID training and communications assistance helped establish 300 private vehicle emissions testing centers nationwide, enabling vehicle owners to comply with Clean Air Act requirements. USAID assistance in policy reform helped DOE generate over 40 investors' interest in natural gas exploration and pipelines.

Seventy-five local governments committed $764,000 to reduce illegal logging and destructive fishing and improve solid waste management. Fifteen municipalities placed an additional 3,421 hectares of coastlines under improved management in 2003, for a total area of 35,291 hectares placed under improved management by 121 municipalities. One hundred and ten communities improved their ability to monitor and protect 4,048 hectares of marine sanctuaries, thereby increasing coral cover and giving severely depleted fish stocks a chance to recover. Fifty-three farmer leaders representing over 32 cooperatives were trained in cacao production with at least 4,000 cacao seedlings distributed to 11 community nurseries in Western Mindanao. USAID published a technical design of solid waste management used by at least 17 local governments in establishing materials recovery facilities. Through USAID assistance, one corporation improved the environmental performance of over 100 suppliers through the "Greening the Supply Chain" program.

US Financing in Thousands of Dollars

Philippines

492-004 Environment and Energy	DA	ESF	MAI
Through September 30, 2002			
Obligations	51,554	0	117,757
Expenditures	34,586	0	117,757
Unliquidated	16,968	0	0
Fiscal Year 2003			
Obligations	13,667	0	0
Expenditures	10,018	0	0
Through September 30, 2003			
Obligations	65,221	0	117,757
Expenditures	44,604	0	117,757
Unliquidated	20,617	0	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	7,860	1,140	0
Total Planned Fiscal Year 2004			
Obligations	7,860	1,140	0
Proposed Fiscal Year 2005 NOA			
Obligations	8,076	5,320	0
Future Obligations	13,300	3,000	0
Est. Total Cost	94,457	9,460	117,757

Data Sheet

USAID Mission:	Philippines
Program Title:	Conflict Resolution in Mindanao
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-010
Proposed FY 2004 Obligation:	$2,500,000 DA; $12,780,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$6,500,000 DA; $20,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2007

Summary: This program is the principal means through which USAID is assisting the Government of the Philippines (GRP) to consolidate the still fragile peace with the Moro National Liberation Front (MNLF) in Mindanao and to reduce the potential for Mindanao to become a source of recruits for terrorist organizations. USAID addresses threats to U.S. and global interests posed by the separatist conflict in Mindanao through targeted assistance in conflict-affected areas and by fostering a broad and equitable expansion of economic opportunity for the people of Mindanao. USAID activities aim to integrate former combatants and their communities into the mainstream economy; improve economic infrastructure in conflict-affected areas; accelerate economic and business development; increase access to microenterprise services; and improve governance and expand availability of social services, specifically education, in conflict-affected areas.

Inputs, Outputs, Activities:

FY 2004 Program:
Integration of former combatants and their communities ($1,860,000 ESF). USAID will continue to provide assistance to the communities of former combatants to enable them to participate in the mainstream economy through the commercial production of corn, rice, or seaweed. Assistance will be in the form of production inputs, as well as training, technical support, and marketing assistance. USAID will also provide post-harvest facilities (e.g., grain storage sheds and corn dryers) to former combatants' communities to increase the productivity and profitability of their farming/aquaculture activities through improved post-harvest handling.

Improving economic infrastructure in conflict-affected areas ($8,920,000 ESF). USAID will finance construction of 100 community infrastructure projects (such as water systems, jetty improvements, bridges, culverts, and farm-to-market roads) with an average cost of $20,000 each. Approximately seven mid-size projects (mostly road, port or bridge rehabilitation) costing between $500,000 to $1 million will also be undertaken. These projects, all located in the Autonomous Region in Muslim Mindanao (ARMM) and conflict-affected areas of Mindanao, are designed to facilitate the movement of goods and services in order to spur economic development in the area.

Accelerating economic and business development of Mindanao ($500,000 DA, $500,000 ESF). USAID will provide technical assistance to expand the production and marketing of high-value crops and products (such as finfish and certain vegetables), and assist in the formation and/or strengthening of business support organizations such as the Mindanao Business Council. This activity provides small farmers with better access to new technology, expands their markets, and helps reduce rural poverty. A special effort will be made to shift an estimated 3,000 former-MNLF combatants, who graduated from USAID's livelihood assistance program, to the production and marketing of higher value commodities to raise their incomes.

Increasing access to microfinance services ($2,000,000 DA). USAID will provide technical assistance to an additional 50 rural bank units to enable them to profitably provide loan and deposit services to

microenterprises on a continuing basis. Continuing attention will be paid to rural banks located in conflict-affected areas, or which provide services to members of cultural minorities. It is anticipated that approximately 40,000 new microfinance borrowers and 20,000 new cooperative members will benefit.

Improving governance and delivery of social services in the ARMM ($1,500,000 ESF). Based on assessments of the educational needs in the ARMM, USAID will provide assistance for improving school administration in the ARMM; expanding linkages between schools and the business community and parents' groups; reducing inappropriate practices in procurement, and teacher hiring and promotion; and improving internet access for ARMM students.

Principal contractors for the above activities include Louis Berger Group and Chemonics.

FY 2005 Program:
Livelihood assistance to former Moro Islamic Liberation Front (MILF) fighters ($4,000,000 ESF). USAID will provide livelihood assistance to an additional 4,000 former combatants and their communities.

Improving economic infrastructure in conflict-affected areas ($11,000,000 ESF). USAID will fund the construction of 11 high visibility infrastructure projects in the conflict-affected areas of Mindanao to help spur economic development.

Accelerating economic and business development of Mindanao ($3,500,000 DA, $1,000,000 ESF). USAID will provide technical assistance for business development, including support for eight business support organizations, to enable them to achieve targets set in their business development plans, thus achieving the goal of viability and sustainability by the end of the program. USAID will also shift an estimated 4,000 beneficiaries of livelihood assistance to production and marketing of higher value fruits, vegetables, and aquaculture products. Exports of fish, fruit and vegetables to growing Asian markets from Mindanao are expected to grow by as much as 15% per year.

Increasing access to microfinance services ($3,000,000 DA). USAID will continue to assist rural banks and credit cooperatives to ensure profitability in their microfinance lending operations. Approximately 60 new rural banks, benefiting some 50,000 new microfinance borrowers and 30,000 additional cooperative members, will receive access to microfinance services in FY 2005.

Increasing governance and delivery of social services in the ARMM ($4,000,000 ESF). USAID expects to support education initiatives and expand governance efforts begun in FY 2003. Governance efforts will focus on improving efficiency, transparency, and accountability of the ARMM Regional Government. Education efforts will continue to focus on promoting greater awareness of education issues, school administration, and improving internet access.

Performance and Results: USAID provided production inputs and training, including 150 post-harvest facilities to MNLF communities, to over 5,000 former MNLF combatants, bringing the total number of program graduates to 21,000. This provided the former combatants a steady source of income which they are now using for buying production inputs, sending their children to school, building houses or acquiring farm implements. Some 18 rural bank units received training and technical assistance to develop their capability to profitably service the microenterprise market, bringing the total number of beneficiary bank units to 115. These banks have provided Pesos 2.9 billion in loans to 107,000 microenterprises (36,000 of the loans were made in 2003). In addition, 44,000 micro-depositors opened accounts in 2003, increasing the total to 175,000 now regularly saving at the participating banks. Some 1,300 of the 3,000 USAID-trained Livelihood Enhancement and Peace (LEAP) Project graduates shifted production to higher value commodities and 535 are now marketing products that command significantly higher prices than their traditional products. USAID facilitated an initial shipment to China of agricultural products valued at Pesos 6.45 million.

US Financing in Thousands of Dollars

Philippines

492-010 Conflict Resolution in Mindanao	DA	ESF
Through September 30, 2002		
Obligations	6,900	12,211
Expenditures	1,310	0
Unliquidated	5,590	12,211
Fiscal Year 2003		
Obligations	6,750	27,500
Expenditures	4,595	9,135
Through September 30, 2003		
Obligations	13,650	39,711
Expenditures	5,905	9,135
Unliquidated	7,745	30,576
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,500	12,780
Total Planned Fiscal Year 2004		
Obligations	2,500	12,780
Proposed Fiscal Year 2005 NOA		
Obligations	6,500	20,000
Future Obligations	9,000	30,000
Est. Total Cost	31,650	102,491

Data Sheet

USAID Mission:	Philippines
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-011
Proposed FY 2004 Obligation:	$3,000,000 DA; $1,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,000,000 DA; $4,680,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: USAID's new program, "Increased Access to Quality Education and Livelihood Skills in Selected Areas," was launched in October 2003 to address the political, economic, and social marginalization of Muslims and other impoverished and conflict-affected communities in order to build peace and economic security. This program seeks to address some of the most critical education issues in conflict-affected areas. USAID has education activities already underway in Mindanao under the Growth with Equity in Mindanao (GEM)-2 program, managed under the "Improved Prospects for Peace in Mindanao" (492-010). Initiated in FY 2003, GEM-2's areas of focus include improving English language instruction, expanding internet connections in schools, improving teacher management, and promoting community involvement in schools. The new education program's focus is on four key areas:

-- Increasing community-based learning opportunities (especially in school-less conflict-affected areas);
-- Promoting the reintegration of out-of-school youth into the productive economy;
-- Improving teaching capacity in math, science, and English; and
-- Reforming education policy (e.g., fighting corruption, especially in hiring and procurement, and assisting the GRP in developing an accreditation process for private schools such as madaris (religious schools)).

Inputs, Outputs, Activities:

FY 2004 Program:
Community-based learning ($1,000,000 DA, $1,000,000 ESF). USAILD will increase local-level learning opportunities in school-less communities and selected other disadvantaged communities, particularly conflict-affected areas, by establishing alternative learning options and strengthening formal schooling at the community level. The program will strengthen the capacity of local school boards, PTAs, local NGOs, and communities to improve formal and non-formal educational opportunities, including livelihood skills training. Since December 2003, USAID's GEM program has sponsored a Matching Grants Program enabling schools in the Autonomous Region in Muslim Mindanao (ARMM) and their respective Parent Teacher Community Associations to receive awards of $500 to $2,500 for projects that enhance the quality of education. Four matching grants are ongoing or completed. USAID will identify other approaches and implementers for this component's activities.

Improving teaching capacity in math, science, and English ($1,254,000 DA). The focus is on the following areas:
-- Building the capacity of selected teacher education institutions (TEIs) to provide training for NGO service providers, division and district personnel, teachers, and non-formal facilitators;
-- Developing distance learning tools, including radio, for classroom instruction, especially for English;
-- Strengthening local capacity to provide teacher training; and
-- Working with madaris to encourage them to improve teaching in secular subjects, including math, science, and English. Through a USAID/Peace Corps interagency agreement, and tapping the English language expertise found in the Embassy's Public Affairs Section, the Peace Corps is teaching English to teachers in conflict-affected communities of Mindanao. USAID will identify other implementing contractors and grantees over the course of the year.

Reintegration of out-of-school youth ($196,000 DA). The three aspects of this component are information referral and counseling services for out-of-school youth; skills training and business development; and a private sector-led provincial training and employment fund to channel resources to employment generating activities for out-of-school youth. USAID is seeking private sector partnerships in each of these focus areas.

Education Policy Reform ($550,000 DA). USAID will focus on the following areas:
-- Establishing performance-based selection and promotion for teachers;
-- Anti-corruption and policy reform in hiring, management, and procurement practices;
-- Strengthening the capacity of both the central and ARMM Departments of Education, including in non-formal education;
-- Improving standards for school accreditation, including for madaris; and
-- Promoting the adoption by madaris of instruction in secular subjects.

The USG has engaged the GRP's Director General of the National Economic Development Authority to review activities and consult with ARMM authorities and other Mindanao stakeholders regarding education policy reform. USAID will implement the Education Policy Reform Program following the Director General's feedback.

FY 2005 Program:
Community-based learning ($770,000 DA, $1,822,000 ESF). USAID plans to continue to work to increase local-level learning opportunities in disadvantaged, conflict-affected communities, especially in the ARMM.

Teaching capacity in math, science, and English ($1,180,000 DA; $1,422,000 ESF). USAID plans to continue strengthening TEIs, as well as local-level teacher training programs.

Youth reintegration ($1,036,000 ESF). USAID plans to continue to support referral and counseling services, skills training, and employment generation for out-of-school youth.

Education policy ($1,050,000 DA, $400,000 ESF). USAID intends to continue efforts to strengthen the institutional capacity of the central and ARMM Departments of Education, improve the supervision of non-formal education, and improve the quality and deployment of teachers.

Performance and Results: Collaboration with the Peace Corps and the Public Affairs Section of the Embassy resulted in Peace Corps volunteers teaching English to 20 teachers from conflict-affected areas in Mindanao in October 2003. The Peace Corps will lead additional teacher-training events in English, math and science for Mindanao teachers in early 2004 under a USAID/Peace Corps interagency agreement.

Education achievements under other programs that serve as the building blocks for this new program include:
-- Providing public elementary and high schools in the ARMM with up to five computers each, as well as with, software, printer, local area network and Internet connection;
-- Completion of the first Congressional Internship Program for Young Muslim Leaders (CIPYML) that provided the first group of ten college graduates and graduate students with practical knowledge and skills in policy analysis and program management, and gives them an understanding of institutional dynamics related to the legislative branch;
-- Through The Asia Foundation (TAF), USAID monitors the Department of Education's procurement of text books to ensure their actual delivery in Philippine schools;
-- In partnership with TAF, USAID distributes books donated by U.S. book publishers to schools and libraries in conflict-affected areas of Mindanao.

USAID is also soliciting public-private sector alliances with a variety of private sector counterparts, including corporations and business groups.

US Financing in Thousands of Dollars

Philippines

492-011 Education	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,000	1,000
Total Planned Fiscal Year 2004		
Obligations	3,000	1,000
Proposed Fiscal Year 2005 NOA		
Obligations	3,000	4,680
Future Obligations	4,330	10,156
Est. Total Cost	10,330	15,836

Vietnam

The Development Challenge: Vietnam is undergoing a transition from a centrally planned to a market-oriented economy. Since 1986, Vietnam has succeeded in achieving rapid economic growth, doubling the size of its economy and reducing poverty by half. However, with a GDP of $34.1 billion and GDP per capita of $441 in 2002, Vietnam still ranks among the poorest 25 countries in the world. Foreign debts accounted for 42% of GDP by the end of 2002. Although Vietnam's social and political environment is rated as more stable than that of neighboring countries, foreign direct investment has decreased in recent years due to a lack of transparency, uncertainty and inconsistency in the legal and taxation system, and high costs of doing business.

Vietnam is pursuing its goal of acceding to the World Trade Organization (WTO) by the end of 2005. To achieve this goal, the Government of Vietnam (GVN) must undertake fundamental reforms in the economic, financial, and administrative spheres. Despite criticism of its slow implementation of administrative and regulatory reforms, the GVN continues to manifest uneven political will to undertake rapid reforms due to concerns that these would lead to social unrest, economic instability, and political upheaval. Hundreds of existing laws and regulations will need to be amended, new ones put in place, and law enforcement strengthened as the GVN pursues its roadmap to global integration. Legal and regulatory reform is possibly the greatest challenge and it is precisely the area in which USAID can best assist.

The passage of the Enterprise Law in early 2000 has spurred the establishment of more than 72,000 new businesses. Private small and medium-sized enterprises now account for almost 50% of GDP and create most of the 1.4 million new jobs needed each year by a young and growing workforce. However, private businesses are handicapped by limited access to bank credit and management skills, a restrictive regulatory environment, and an absence of incentives in land rental and taxes. Vagueness, unexpected changes and divergent interpretation of laws and regulations lead to serious problems in consistent implementation and enforcement for businesses. Improving private sector competitiveness is a main challenge if Vietnam and the United States are to benefit from new opportunities that arise as the country reforms. USAID activities focus on these areas.

Vietnam has continued to improve key human development indicators over the last few years. The UNDP's 2003 Human Development Index Report ranks Vietnam 104th in the world, citing Vietnam as a model for many areas of social development. Adult literacy is estimated at 94% and life expectancy is 68 years. The country, however, still faces many social challenges. The disparity of living standards between regions and social groups is on the rise. One-third of children under five are underweight and the child mortality rate is 42 per 1000. Economic growth is associated with deteriorating air and water quality and environmental hazards, threatening health status and economic sustainability. The HIV/AIDS epidemic is now generalized in border provinces, posing one of the greatest human development challenges for Vietnam. HIV incidence is increasing throughout Vietnam. By mid 2003, the number of HIV/AIDS infected people was estimated at 71,500.

U.S national interests in Vietnam include maintaining Vietnamese cooperation on POW/MIA accounting, furthering normalization of ties; fighting terrorism, HIV/AIDS and transnational crimes; encouraging compliance with international standards of human rights and the rule of law; and supporting economic reforms that create opportunities for U.S businesses. For the United States, Vietnam's integration into the world economic and trading system is critical for regional security, prosperity, and peace.

The USAID Program: USAID's program focuses on the following:
-- Accelerating Vietnam's transition to an open and market-based economy;
-- Improving access to services for selected vulnerable groups; and
-- Improving sustainable urban and industrial environmental management.

To meet the first objective, USAID provides advisory assistance to help the GVN implement required reforms consistent with WTO requirements and its commitments under the U.S. Bilateral Trade

Agreement, which was ratified on December 11, 2001. New activities launched in FY 2003 have begun to help the private sector compete successfully in global markets. These programs ensure that Vietnam will continue to liberalize and follow a strict roadmap toward global economic integration. Regarding better access to services for vulnerable groups, USAID - through the Displaced Children and Orphans Fund and other regional funds - helps Vietnam provide war victims, displaced and orphaned children, people with disabilities, victims of trafficking, and HIV/AIDS infected people with increased access to services. Economic Support Funds (ESF) support USAID's work in the rehabilitation of trafficked women and children from the Mekong Delta provinces, as well as research and development of effective interventions to prevent trafficking in persons. The third objective, improvement of sustainable environmental management, is being met through the United States-Asia Environmental Partnership Program (US-AEP). This program provides short-term technical assistance, training, exchanges, and small grants to help Vietnam improve environmental policies and governance systems; improve the quality of and access to potable water and sanitation services; improve air quality management; and improve the efficiency of resource use.

Other Program Elements: The Office of Foreign Disaster Assistance supports improving Vietnam's disaster preparedness capacity and disaster mitigation. As part of the Regional Cocoa Alliance, USAID supports a Cocoa Development Project in the Mekong Delta and Central Highlands. Through the Association Liaison Office, USAID has provided a grant to Purdue University to support a Higher Education Partnership with the Vietnamese University of Agriculture and Forestry (UAF) to develop a training curriculum for improved environmental management. UAF also is carrying out research on coffee and cocoa that is supported by a grant under the USAID/Sustainable Agriculture and Natural Resource Management Collaborative Research Program. The Regional Information and Communication Technology (ICT) Initiative, managed by USAID's Economic Growth, Agriculture, and Trade Bureau, implements a number of ICT activities to support e-commerce, internet development, and strengthening the capacity of software cluster in Vietnam.

Other Donors: In the Donor Consultative Meeting in December 2003, donors pledged $2.8 billion of Official Development Assistance to Vietnam in 2004. Japan remains the largest donor in Vietnam, focusing on infrastructure projects in the transport and energy sectors as well as economic growth and poverty reduction programs. Second, the World Bank concentrates on the transport and energy sectors, modernization of the banking system, poverty reduction, and rural development. As the third largest donor, the Asian Development Bank focuses its disbursements on encouraging private sector development, state-owned enterprises (SOE) reform, and social development. The International Monetary Fund provides loans to support policy reforms in banking, SOE reform, public expenditure management, private sector development, and a fiscal and monetary program. Other important bilateral donors include Australia, Canada, France, Denmark, the Republic of Korea, Sweden, and the United Kingdom, which direct their assistance mainly toward social and human resource development, health, rural development, and natural resource management. United Nations agencies, including UNDP, UNICEF, WHO, UNFPA, and UNAIDS, continue to provide assistance in agriculture, health, and social development. Given this donor portfolio and USAID's comparative advantages, USAID expects to collaborate with the World Bank, the UNDP, the IMF, and other bilateral donors in the areas of HIV/AIDS protection and prevention, trade liberalization and legal reform, and private sector development.

Vietnam
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	4,106	5,300	6,600	5,700
Development Assistance	6,950	7,671	3,000	4,500
Total Program Funds	**11,056**	**12,971**	**9,600**	**10,200**

STRATEGIC OBJECTIVE SUMMARY				
440-006 Accelerated Transition to a Market-Based Economy				
DA	5,450	6,371	3,000	4,500
440-007 Assistance to Selected Vulnerable Groups				
CSH	4,106	5,300	6,600	5,700
DA	1,500	1,300	0	0

Acting Mission Director,
Leon Waskin

Data Sheet

USAID Mission:	Vietnam
Program Title:	Accelerated Transition to a Market-Based Economy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	440-006
Proposed FY 2004 Obligation:	$3,000,000 DA
Prior Year Unobligated:	$249,000 DA
Proposed FY 2005 Obligation:	$4,500,000 DA
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: This economic growth strategic objective seeks to deepen liberalization of trade and investment regimes required for the implementation of the Government of Vietnam (GVN)'s commitments in the Bilateral Trade Agreement (BTA) with the United States; and to support the development of the Vietnamese private sector by enhancing its competitiveness in the market economy.

Inputs, Outputs, Activities:

FY 2004 Program:
Support for Trade Acceleration Program (STAR-Vietnam) ($3,000,000 DA). USAID will continue to move forward with a range of technical assistance to support the GVN's efforts to deepen trade and investment reforms and to finalize legal and policy reforms in a number of areas for the sound implementation of its BTA obligations. The focus will be placed on analytical support in amending laws and regulations that aim at meeting the commitments phased in over the first 36 months of the BTA. Funds will be used to provide support for overall BTA implementation efforts covering legal analysis of BTA requirements, economic assessment of the BTA's economic impacts, and comments on laws and regulations that need to be revised to comply with BTA requirements. This activity is undertaken by IBM Business Consulting Group (formally Price Waterhouse Coopers).

Trade and law exchange and partnership program. Under this program, USAID will use resources previously appropriated to continue to support study missions that link key GVN policy makers and lawmakers with appropriate U.S Government counterparts to discuss key issues in BTA relevant to WTO membership. The discussions will cover the main themes of the BTA chapters in financial services, transparency, investment relations, and dispute solving mechanisms. These policy dialogues and exchanges aim at promoting vibrant public-private partnerships and provide the GVN's officials with insights into the BTA commitments, and key tools and expertise needed to make sound policy decisions crucial to BTA implementation. The Educational Forum of the U.S-Vietnam Trade Council is managing this program.

Vietnam competitiveness initiative. Through the provision of technical assistance and training, USAID will help the Vietnamese private sector overcome impediments that constrain its development and growth, specifically in the areas of government regulation, access to business development services and information, and credit. Addressing these constraints will help promote further development of the private sector, create a more robust job market, and spur Vietnam's successful integration into the global economy. USAID will utilize Development Credit Authority facilities to mobilize private capital to finance the growth of small- and medium-sized enterprises and business and management skill training. Funding for these activities was obligated in FY 2003. Development Alternatives Inc. is conducting this activity in partnership with The Asia Foundation.

Program administration ($249,000 DA Prior Year Unobligated). USAID will use prior year unobligated funds for program administration and management under this program.

FY 2005 Program:
BTA implementation support ($2,500,000 DA). Given that Vietnam has pledged to implement by December 2005 - i.e., within four years after entry into force - virtually all commitments under the BTA, USAID may extend the current BTA support program to continue on-going technical assistance activities and expand the program to include other activities that respond to the emerging needs of various GVN counterpart agencies as they follow through on BTA commitments. The IBM Business Consulting Group will be involved in implementation of this activity.

Competitiveness ($2,000,000 DA). USAID plans to continue support to strengthen and expand the domestic private sector; improve the regulatory environment to make it more conducive to private sector development; build the capacities of business associations; enhance the competitiveness of industry clusters and business incubators; and improve private sector access to information, training and credit. Development Alternatives Inc. will continue to implement this project.

Performance and Results: Over the last year, STAR-Vietnam has helped strengthen the legal framework crucial for BTA implementation. With its assistance, the GVN has changed numerous laws and developed key implementing regulations in compliance with BTA standards in many realms of commercial relations, legal transparency, IPR protection, dispute settlement, market access for trade in services, foreign investment, customs procedures, and business facilitation. Since the STAR-Vietnam Program began, approximately 6,000 GVN officials, lawyers, and business representatives have been involved in BTA training, legal education, and policy consultations and study missions to the United States. Since the ratification of the BTA in December 2001, there has been a robust upsurge in the two-way trade flow between the United States and Vietnam. In 2002, Vietnamese exports to the United States more than doubled, and U.S. exports to Vietnam were up almost one third. The trend remained strong in the first nine months of 2003. Through the Vietnam Competitiveness Initiative, USAID has helped related business associations build long-term partnerships for the pilot industry clusters of software, fine art ceramics, and fruits. More than 100 businesses in these industries benefited from public-private partnerships and collaboration, and continue some level of competitiveness work on their own.

Progress toward this objective by FY 2007 will be demonstrated by:
-- Facilitating a broader set of changes in the legal framework to bring it into full compliance with BTA requirements and in support of private sector development;
-- Building institutional and skill capacities of the GVN bodies charged with implementing and enforcing the new and revised laws and policies effectively;
-- Creating links between the public and private sectors to facilitate policy dialogue on directions for further reforms; and
-- Enhancing the capacity of the private sector to take advantage of trade and investment liberalization.

US Financing in Thousands of Dollars

Vietnam

440-006 Accelerated Transition to a Market-Based Economy	DA	ESF
Through September 30, 2002		
Obligations	12,147	1,239
Expenditures	2,791	1,239
Unliquidated	9,356	0
Fiscal Year 2003		
Obligations	5,617	0
Expenditures	4,713	0
Through September 30, 2003		
Obligations	17,764	1,239
Expenditures	7,504	1,239
Unliquidated	10,260	0
Prior Year Unobligated Funds		
Obligations	249	0
Planned Fiscal Year 2004 NOA		
Obligations	3,000	0
Total Planned Fiscal Year 2004		
Obligations	3,249	0
Proposed Fiscal Year 2005 NOA		
Obligations	4,500	0
Future Obligations	5,000	2,000
Est. Total Cost	30,513	3,239

Data Sheet

USAID Mission:	Vietnam
Program Title:	Assistance to Selected Vulnerable Groups
Pillar:	Global Health
Strategic Objective:	440-007
Proposed FY 2004 Obligation:	$6,600,000 CSH
Prior Year Unobligated:	$1,003,000 CSH; $229,000 DA
Proposed FY 2005 Obligation:	$5,700,000 CSH
Year of Initial Obligation:	FY 1991
Year of Final Obligation:	FY 2008

Summary: The overall goals of health and humanitarian program assistance in Vietnam are to prevent the spread of HIV/AIDS and mitigate its effects on those infected and affected by HIV; assist in the development of opportunities for displaced children and orphans and people with disabilities; reduce infant, under five, and maternal mortality; mitigate the effects of disasters; and prevent trafficking in persons.

Inputs, Outputs, Activities:

FY 2004 Program:
Prevent the spread of HIV/AIDS ($4,500,000 CSH). USAID will help prevent and mitigate the effects of the explosive HIV/AIDS epidemic in Vietnam. The funds will be used to develop the capacity of Vietnamese institutions to develop policies and implementation plans for HIV/AIDS; to improve the national second generation HIV surveillance system; and to continue to expand prevention activities within selected provinces for at-risk populations. USAID efforts will promote training, education, policy advocacy, and condom social marketing for the prevention of HIV/AIDS and related sexually transmitted diseases. Funds will support the dissemination of stigma and discrimination research findings and the development of HIV/AIDS anti-stigma materials. New activities will include the development of effective harm reduction and HIV/AIDS prevention for the nation's rapidly-growing intravenous drug using population, the development of new and effective models for care and support, capacity building, and networking for people living with HIV/AIDS, technical assistance in rolling out the national strategy for HIV/AIDS at the provincial level, and the development of a national-level institutionalized training curriculum for policy makers to implement a multisectoral response to the epidemic. The program implementers are Family Health International, the POLICY Project, and the International Center for Research on Women. In FY 2004, USAID will also select one new partner with which to work.

Displaced children and orphans (DCOF) ($1,300,000 CSH, $1,003,000 CSH Prior Year Unobligated). USAID DCOF programs will continue to support children with disabilities (CWDs) through advocacy, national and local-level awareness raising the needs of CWDs, inclusive education for primary school children, and vocational training and job creation for adolescents with disabilities. The program implementers are Catholic Relief Services, World Concern Development Organization, Pearl S. Buck International, Save the Children US, and the Hesperian Foundation.

Other vulnerable children (OVC) ($800,000 CSH). Funds programmed for "Other Vulnerable Children" will be used to finance activities assisting blind children, including prevention and treatment activities; assisting orphans; supporting NGOs that work with children and adolescents with cognitive and/or physical disabilities; and working to prevent abusive child labor and trafficking in children.

Leahy War Victims Fund (LWVF) ($229,000 DA Prior Year Unobligated). USAID is also helping vulnerable groups gain access to services through use of the Leahy War Victims Fund (LWVF). LWVF funds will be used to promote rights and opportunities for people with disabilities (PWDs) by reinforcing the implementation of a legal framework to protect the rights of PWDs, enforcing barrier-free access

nationally for PWDs, improving the capacity of government institutions to provide quality assistive devices for PWDs, and supporting the establishment and development of self-help groups for PWDs.

Trafficking (fully-funded). USAID will use funds previously appropriated to continue to support the rehabilitation and reintegration of trafficked women and children who have returned to Vietnam. This project will also help raise the capacity of the Vietnamese Women's Union in managing and coordinating activities against trafficking in persons. The program is being implemented through the International Organization for Migration (IOM).

FY 2005 Program:
Prevent the spread of HIV/AIDS ($3,400,000 CSH). With increased HIV/AIDS resources, USAID anticipates expanding effective programs within selected provinces, developing provincial level implementation plans and institutional capacity, promoting an effective policy environment, improving surveillance; and expanding model interventions for care and support. Program implementers will be the same as in FY 2004.

Displaced children and orphans ($1,200,000 CSH). DCOF funding will be used to support a comprehensive approach to disability-related programs including education, advocacy and employment in focused provinces. Program implementers will likely be Catholic Relief Services, World Concern Development Organization, Pearl S. Buck International, and Save the Children US.

Performance and Results: USAID Vietnam's programs in the disabilities and HIV/AIDS sectors seek to build capacity at both the national and local levels and to contribute to the development and implementation of advocacy, policies, and strategies in these sectors. This year's USAID-funded research on the socio-economic impact of HIV/AIDS has contributed to the development of the first National Strategy on HIV/AIDS in Vietnam. FHI's prevention program effectively reached 3,733 injecting drug users, about 7,188 prostitutes, and more than 115,746 high-risk men with messages about safe behaviors and harm reduction through innovative one-to-one peer education outreach in the workplace. Millions were reached with HIV/AIDS prevention, care, and support messages through USAID-supported mass media behavior change campaigns in focal provinces. With USAID assistance, PWDs in Vietnam have enjoyed greater opportunities, legal support and better services. Children with disabilities have been identified and helped to join normal school programs as well as to participate in vocational training. The National Coordinating Council on Disabilities has expanded its membership to include key Ministries and, with the active participation of PWDs, has begun efforts to undertake comprehensive strategic planning to assure a coordinated multisectoral response to meeting the needs of PWDs.

US Financing in Thousands of Dollars

Vietnam

440-007 Assistance to Selected Vulnerable Groups	CSH	DA
Through September 30, 2002		
Obligations	10,456	21,217
Expenditures	4,558	19,707
Unliquidated	5,898	1,510
Fiscal Year 2003		
Obligations	4,500	1,507
Expenditures	4,912	1,694
Through September 30, 2003		
Obligations	14,956	22,724
Expenditures	9,470	21,401
Unliquidated	5,486	1,323
Prior Year Unobligated Funds		
Obligations	1,003	229
Planned Fiscal Year 2004 NOA		
Obligations	6,600	0
Total Planned Fiscal Year 2004		
Obligations	7,603	229
Proposed Fiscal Year 2005 NOA		
Obligations	5,700	0
Future Obligations	9,200	0
Est. Total Cost	37,459	22,953

Regional Development Mission-Asia (RDM-Asia)

The Development Challenge: The East Asia region faces major development challenges including widespread corruption, poor or oppressive governance, the spread of HIV/AIDS and other infectious diseases, and persistent environmental degradation. These challenges hinder the prospects for equitable economic growth and human well being. A lack of transparency in economic and legal institutions and severe restrictions on human freedoms in some countries demonstrate the region's democratic weaknesses. For instance, extrajudicial killings, torture, forced labor, and other abuses occur throughout Burma and have contributed to growing numbers of Burmese refugees in neighboring countries. Parts of the region harbor terrorists often linked to radical Islam who poses significant risks to the United States.

In the Asia and Pacific region, each day approximately 1,192 people die of AIDS and about 2,685 people become infected with HIV. Population increases, rapid industrialization, and unsustainable energy policies are straining the region's natural resources and environmental systems. Urban air pollution levels are among the highest in the world: it is estimated that China loses as much as 10 percent of its national income to pollution, while the nations of South East Asia lose 5% to 6%. Rapid social and economic changes occurring in the region fuel mobile migrant populations and the growth of both the sex and drug trades.

United States foreign policy priorities in East Asia include supporting the war on terrorism, promoting transparency and democracy, expanding trade and investment, stopping the spread of HIV/AIDS, and halting environmental degradation

The USAID Program: USAID's Regional Development Mission/Asia (RDM/A) opened in Bangkok, Thailand in June 2003. The new mission manages regional and country-specific programs in mainland South East Asia (Burma, China, Laos, Thailand, and Vietnam) as well as HIV/AIDS and environmental programs that extend east into the Pacific and west into South Asia. RDM/A also acts as the regional hub for services including contracting, administration, and disaster response.

RDM/A will manage four programs. Two of these programs, "Cleaner Cities and Industries in Asia" and "Effective Responses to HIV/AIDS and Other Infectious Diseases", were previously managed in Washington. RDM/A is redesigning these two objectives to streamline activities and improve performance. In addition, RDM/A is proposing two new programs, "Improved Governance in South East Asia" and "Special Foreign Policy Interests Addressed in South East Asia." These programs will incorporate some ongoing activities as well as allow for new projects to address the development challenges in the region.

USAID programs managed through the RDM/A support five Presidential Initiatives: Clean Energy; Emergency Plan for AIDS Relief; Global Climate Change; Global Fund to Fight AIDS, TB, and Malaria; and Mother and Child HIV Prevention.

Other Program Elements: USAID's RDM/A manages the regional programs summarized above in close coordination with bilateral programs in China, Burma, Laos, and Vietnam. USAID's Burma program promotes democracy and addresses humanitarian needs among Burmese populations living outside Burma, and works to prevent the spread of HIV/AIDS inside Burma. USAID's activities in China attempt to strengthen the rule of law, aid Tibetan communities, and prevent the spread of HIV/AIDS in targeted provinces. USAID's work in Laos attempts to develop a viable economic alternative to opium production, hinder the spread of HIV/AIDS, and improve the well-being of vulnerable populations. USAID's program in Vietnam focuses on accelerating Vietnam's transition to an open and market-based economy, improving access to services for selected vulnerable groups, and (through US-AEP) on improving urban and industrial environmental management.

Other Donors: USAID also coordinates closely with other donors in the region when implementing regional activities. The HIV/AIDS and environment activities have especially benefited from regional partnerships with multilateral and bilateral donors that have helped to bolster the results achieved by USAID initiatives. Major donors in the region include the World Bank, the Asian Development Bank, the

European Union, the Japan International Cooperation Agency, and the United Nations. USAID coordinates with these donors at both the country and regional levels.

Regional Development Mission-Asia (RDM-Asia)
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	7,777	9,602	16,620	15,500
Development Assistance	10,100	1,969	9,800	12,500
Economic Support Fund	9,000	3,720	2,982	3,500
Total Program Funds	**26,877**	**15,291**	**29,402**	**31,500**

STRATEGIC OBJECTIVE SUMMARY				
486-XXX Improved Governance in South East Asia				
DA	0	0	0	2,000
486-YYY Special Foreign Policy Interests Addressed				
ESF	0	0	2,982	3,500
498-009 U.S. Asia Environmental Partnership				
DA	10,000	969	9,800	10,500
498-022 Regional HIV/AIDS and Infectious Diseases				
CSH	7,777	9,602	16,620	15,500
498-036 East Asia Regional Democracy Fund				
DA	100	1,000	0	0
ESF	9,000	3,720	0	0

Acting Mission Director,
Leon Waskins

Data Sheet

USAID Mission:	Regional Development Mission-Asia (RDM-Asia)
Program Title:	Improved Governance in South East Asia
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	486-XXX
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,000,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: In FY 2004, USAID will develop a new program to build upon the successful interventions funded under the Accelerated Economic Recovery in Asia (AERA) and South East Asia Competitiveness Initiative (SEACI) programs. Implementation of this new program will begin in FY 2005. In the meantime, USAID and its partners will bring ongoing efforts under the AERA and SEACI programs to an orderly completion. The new program will help to address the challenges of re-establishing financial and political stability in the region by improving financial transparency, respect for the rule of law, and more open political processes. It will also complement and support the USG-ASEAN Cooperation Plan by building upon ongoing donor and bilateral efforts in South East Asia that address weaknesses in economic and governance systems.

Inputs, Outputs, Activities:

FY 2004 Program:
Program Design (no FY 2004 funding requested). USAID will design the new components of this program. In preparation for the new program, USAID will assess governance issues and current program activities in the target countries. The lessons learned and accomplishments from the AERA and SEACI programs will inform the new design. In the meantime, activities under the SEACI and AERA Programs will continue using funds already in their pipelines.

SEACI (no FY 2004 funding requested). The SEACI Program, implemented via a contract with Nathan Associates, began in FY 2000. It aims to improve the competitiveness of Asian economies by building economic clusters and encouraging those clusters to work for the overall benefits of all members of the entire cluster. The Vietnam component of the SEACI Program ended in early FY 2004; ongoing activities were folded into a new economic growth initiative in Vietnam. The Thailand and Cambodia components of SEACI will end in FY 2004. At least six economic clusters will be developed and operating by the end of FY 2004 in Thailand. Another cluster in Cambodia will also be functioning. This year the SEACI Program will complete capacity building for the staff of a local NGO, Kenan Institute Asia, that will allow that NGO to continue the competitiveness activities on its own. SEACI will also continue to support development and implementation of national strategies that will help the governments of Cambodia and Thailand, and their private sectors, become more competitive in the global marketplace. SEACI will be completed by September 2004. Principal implementers include Nathan Associates with sub-grant to JE Austin Associates.

AERA (no FY 2004 funding requested). Bank training activities under the AERA Program, which is implemented via a Cooperative Agreement with Kenan Institute Asia, will be completed in FY 2004. The Business Advisory Center (SME development) component of AERA is being phased down; efforts in FY 2004 will focus on assuring that this component becomes sustainable by the end of the year. The Business Support Organizations component, which develops partnerships between U.S. and Asian organizations and governmental departments, will increase activities and start to build a stronger base for long term relationships and networks between countries in the region and between the U.S. and the

region. These partnerships provide support for legal, judicial, and economic reform and governance issues. Principal Implementer: Kenan Institute Asia.

FY 2005 Program:
SEACI (no FY 2005 funding requested). The SEACI Program will be closed by FY 2005. Most of the cluster competitiveness projects will continue to develop under Kenan Institute Asia's leadership.

AERA (no FY 2005 funding requested). The AERA Program will close out in late FY 2005. The main activities will be under the Business Support Organizations partnerships program.

Improved Governance in South East Asia ($2,000,000 DA). Early in FY 2005, USAID expects to award a Cooperative Agreement for implementation of the new components of this Strategic Objective. USAID will select the partner(s) through a competitive Request for Applications. Major inputs under this Cooperative Agreement are expected to include technical assistance and training. Expected results of the new program will include: improved public and private sector governance, greater transparency and accountability, public policy reforms consistent with civil society advocacy, judicial reforms, the advancement of democratic processes and counter terrorism measures such as anti-money laundering practices, progress toward implementation of free trade agreements, and the promotion of open political and economic systems. Principal Implementers: To be determined.

Performance and Results: The efforts of the SEACI Program, which were funded under the Encourage Economic Growth SO 498-023, have been well received by the private sectors and the governments of Thailand, Vietnam, and Cambodia. The Thailand Competitiveness Initiative team has helped the agricultural cluster members identify the need to develop safety standards for "healthy" and "high-value" products. Representatives of the Thai government and the private sector are revising Thai government policies on food safety. In the gemstones and jewelry cluster in Chantaburi, Thailand, there is now a Memorandum of Understanding between the local provincial government and the private sector to provide a smoother business environment and opportunities to market and brand their products together. The Cambodia Competitiveness Initiative team has helped establish a fisheries cluster. In Vietnam, a fruit cluster was formed and members are planning a national conference to deal with cross-border trading issues with China.

The AERA Program, which was also funded under Encourage Economic Growth SO 498-023, achieved several positive results in FY 2003. Thai commercial banks received several levels of risk management training and as a result the Bank of Ayudhaya set up a new risk management unit. Several banks developed new policies based on the training. 100 mediators and financial advisors were trained through partnerships with similar U.S.-based organizations. These mediators have since saved a large amount of court time and costs by using mediation to resolve issues. Details regarding the results to be achieved under the new program will be determined in FY 2004.

US Financing in Thousands of Dollars

Regional Development Mission-Asia (RDM-Asia)

486-XXX Improved Governance in South East Asia	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	2,000
Future Obligations	2,000
Est. Total Cost	4,000

Data Sheet

USAID Mission:	Regional Development Mission-Asia (RDM-Asia)
Program Title:	Special Foreign Policy Interests Addressed
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	486-YYY
Proposed FY 2004 Obligation:	$2,982,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,500,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: This program will help the United States pursue special foreign policy interests in mainland South East Asia. Activities will support:

1) Efforts to combat trafficking in persons and assist its victims;
2) The US-ASEAN cooperation plan; and
3) Improvement in the quality of secondary education in the Muslim-majority areas of southern Thailand and northern Malaysia.

USAID is working with other U.S. Government agencies to design a coordinated approach to trafficking in persons in mainland and South East Asia and South Asia. This strategy will focus on prevention, protection, and prosecution. USAID also uses regional funds to assist victims of war and other disadvantaged populations. In concert with other USG agencies, RDM/A plans to design a project to improve secondary education in southern Thailand and northern Malaysia, a region with a predominantly Muslim population. Funding for the education effort will come largely from non-USG sources; i.e., from the host governments, other donors, and the private sector.

The RDM/A expects to deliver assistance under this program through both regional and bilateral mechanisms. This program incorporates 498-023, Improve East Asia Regional Stability through Democracy and Human Rights. Planned activities for FY 2004 and FY 2005 as well as results achieved in FY 2003 under 498-023 are discussed below.

Inputs, Outputs, Activities:

FY 2004 Program:
Trafficking in persons ($1,988,000 ESF). The Regional Women's Activity includes the Trafficking in Persons (TIP) Program which will continue to be implemented in Thailand, Laos, and Vietnam through grants to The Asia Foundation (TAF), World Vision, World Education/World Learning Consortium, the International Organization for Migration. A large number of community-based NGOs also receive funding via sub-grants from the larger grantees.

Activities for the prevention of trafficking in persons and the promotion of women's rights in Thailand, Vietnam, and Laos started in 2002 and will end in 2005. In FY 2004, advocacy and leadership capacity at all levels will be strengthened to foster grassroots support essential to combating trafficking in persons and violence against women. Integration of various country-specific anti-trafficking programs will be pursued by helping draft and encourage implementation of legal structures and regional Memoranda of Understandings. The program will continue to provide income-generating activities together with community awareness education for Burmese migrants and populations along the Thai-Burmese border.

In FY 2004, USAID also expects to support several other trafficking initiatives in South East Asia similar to those now underway in the region. Current programs include community awareness raising and income generation activities (through vocational training) in Laos; and an anti-trafficking project implemented in

Vietnam that provides rehabilitation services (including skills training) to women and children from the Mekong Delta provinces once they return to their homes after having been trafficked to Cambodia. In these and all other anti-trafficking activities in the region, USAID will continue to work closely with the State Department and other USG agencies active in the sector to select and monitor the work of grantee partners.

ASEAN ($994,000 ESF). Announced by the Secretary of State in August 2002, the ASEAN Cooperation Plan will support projects in three areas: bolstering the administrative and project implementation capacity of the ASEAN Secretariat; building regional cooperation on transnational challenges, including terrorism, human trafficking, narcotics, and HIV/AIDS and other infectious diseases; fostering ASEAN economic integration and development, including investment, customs reform, standards and the ASEAN Free Trade Area .

Secondary education for Muslim youth (no FY 2004 funding requested). In FY 2004, USAID staff will work in house and with a gamut of partners to design a project to improve the quality of secondary education in the Muslim-majority areas of southern Thailand and northern Malaysia, principally by enhancing the quality of the curriculum and teacher skills in Islamic schools. By so doing, USAID and its partners will seek to provide better post-graduate options to students and allow them to compete more effectively with graduates from the public school systems for jobs in the region's increasingly globalized economy. In FY 2004, USAID will finalize the project design and begin to choose implementing partners.

FY 2005 Program:
Trafficking in persons ($1,000,000 ESF). The emphasis of these programs will be to develop stronger ties among countries in the region on issues related to trafficking and to direct more resources to cross border initiatives. USAID programs will continue to assist countries in the use of an integrated teams approach and in developing a core policy and legal structure to respond to trafficking needs. The "Chiang Mai" model of integrated responses to trafficking will be expanded to more provinces in Thailand while also introducing this concept to other countries in the region. The program will strengthen local NGO capacities so they can play stronger roles in all aspects of trafficking activities.

ASEAN ($2,500,000 ESF). These programs will complement the President's Enterprise for ASEAN initiative. These senior-level U.S. policy initiatives provide for an essential U.S. government regional presence in Southeast Asia and complement the work of other countries like China, Japan, Korea, India and the European Union which have similar programs with ASEAN.

Secondary education for Muslim youth project (no FY 2005 funding requested). Implementation of this project will begin in FY 2005. Funding for this project is expected to come largely from non-USG sources; i.e., from the host governments, other donors, and the private sector. In addition, USAID plans to provide, via a competitive grants program or through a global development alliance, technical assistance and training that will serve to galvanize the efforts of USAID's partners.

Performance and Results: During FY 2003, the program successfully established linkages among diverse parties and organizations to help them join together and become a potent force for policy reform in TIP issues in the region. In Thailand, advocacy efforts led to the establishment of a special police unit to counter trafficking and violence against women and children and a draft national policy and action plan to prevent, suppress, and combat trafficking in children and women. The program also helped establish Thailand's 'Chiang Mai' model of integrated government, NGO, and police teams to prevent trafficking abuses, protect victims, and prosecute traffickers. Services for shelter clients have improved. To date, 482 survivors of trafficking and violence have been referred to legal aid and judicial support services for the first time. More than 2,500 women and children have received comprehensive skills training and health and welfare assistance. Additionally, 12 missing persons were found and returned to their families as a result of the establishment of the website for missing persons and effective data collection. A multi-disciplinary and interagency network was also successful in the prosecution of Thai traffickers colluding with Japanese Mafia (yakuza) to send girls from Thailand to Japan. The program provided education and awareness training for 2000 potential trafficking victims on the Thai-Burma border. Programs in Vietnam began in FY 2003.

US Financing in Thousands of Dollars

Regional Development Mission-Asia (RDM-Asia)

486-YYY Special Foreign Policy Interests Addressed	**ESF**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	2,982
Total Planned Fiscal Year 2004	
Obligations	2,982
Proposed Fiscal Year 2005 NOA	
Obligations	3,500
Future Obligations	0
Est. Total Cost	6,482

Data Sheet

USAID Mission:	Regional Development Mission-Asia (RDM-Asia)
Program Title:	U.S. Asia Environmental Partnership
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	498-009
Proposed FY 2004 Obligation:	$9,800,000 DA
Prior Year Unobligated:	$403,000 DA
Proposed FY 2005 Obligation:	$10,500,000 DA
Year of Initial Obligation:	FY 1992
Year of Final Obligation:	FY 2008

Summary: The United States - Asia Environmental Partnership (US-AEP) is a regional program that promotes environmentally sustainable growth and improved quality of life in six Asian countries - India, Indonesia, the Philippines, Sri Lanka, Thailand, and Vietnam. The goal of the program is to foster cleaner cities and industries in Asia. Activities concentrate on public policy and environmental regulation, urban and industrial environmental management, and the clean production of efficient use of energy. US-AEP seeks to achieve this objective by facilitating partnerships between governments, NGOs, academia, and the private sector in the U.S. and Asia, as well as regional partnerships within Asia. US-AEP collaborates with and mobilizes resources from other donors and partners, such as the World Bank, the Asian Development Bank, the United Nations, bilateral organizations, U.S. states, other U.S. Government agencies (such as the Environmental Protection Agency) and the private sector.

Inputs, Outputs, Activities:

FY 2004 Program:
Improved environmental governance through strengthened regulatory framework and institutional reform ($3,300,000 DA). To encourage more efficient and transparent regulatory institutions, USAID will provide technical assistance and training to strengthen the capacity of Asian public and private sector entities to develop, implement, and enforce sound environmental policies. Planned activities include: an environmental services management project for cities in Thailand that emphasizes financial management, cost recovery, and community development; the development of a roadmap in Sri Lanka to improve service delivery, financial management, and planning skills of local entities; and continued support to the Mekong River Commission and its member states (which include Thailand and Vietnam) to develop regional policies to improve water quality in the Mekong basin. To further promote transparency and good governance, USAID will support increased involvement of civil society in environmental decision making through education programs, exchanges, training, and grants to NGOs. Such activities will include: a community-based environmental management program that links stakeholders from the Thachin River Basin in Thailand, the Laguna de Bay in the Philippines, and the Chesapeake Bay in the United States; a community initiative to reduce pollution in canals in Ho Chi Minh City; and training programs and public forums to support the introduction of lead-free fuel in major urban centers in Indonesia. Principal contractors/grantees include Institute for International Education, Louis Berger Group, PADCO, and The Asia Foundation.

Improved urban environmental performance through promotion of best practices in environmental management, technology, and resource efficiency ($4,200,000 DA, $403,000 DA Prior Year Unobligated). USAID will fund initiatives at both the country and regional levels to improve air and water quality and waste management through technical assistance, exchanges, and the sharing of information. Activities will include: diesel pollution reduction in Bangkok; air quality monitoring in Ho Chi Minh City; mobile emission controls in Sri Lanka; solid waste management training in India; and training for cities and industries in India, the Philippines, and Vietnam on the management of hazardous wastes. USAID will facilitate the sharing of best practices to support fuel and emissions standards in the Philippines, Vietnam, and Indonesia. Given the scarcity of water in Asia, USAID will continue to fund activities to promote best

practices in water use, including a certification and training program for water supply and wastewater operators in Vietnam; programs in India to improve access to and the quality of water; and assistance to key Indonesian institutions in moving towards efficient water management, thus increasing access to clean piped water, especially for the urban poor. USAID will partner with the Southeast Asia Water Utilities Network, a regional body that it helped to create, to accelerate regional cooperation for certification of water and wastewater treatment operators in Indonesia, the Philippines, Thailand, and Vietnam. Principal contractors/grantees include Institute for International Education, Louis Berger Group, PADCO, ICMA, and The Asia Foundation.

Improved industrial environmental performance through promotion of best practices in environmental management, technology, and resource efficiency ($2,300,000 DA). USAID will promote environmental management practices such as cleaner production, renewable and efficient energy, waste minimization, and environmental management systems. Planned activities include: supporting cooperation between government and industry through the Philippines Environment Partnership Program; increasing industry participation in cleaner production in Sri Lanka; introducing environmental technologies to reduce industrial pollution in India; strengthening environmental management planning for industry in Vietnam, particularly in the textile and chemical sectors; and promoting energy savings improvements in the hotel sectors in India, Indonesia, and Sri Lanka. These activities will lead to more efficient and less polluting manufacturing, as well as more efficient use of energy and a reduction of greenhouse gas emissions. Principal contractors/grantees include Alliance to Save Energy, Institute for International Education, Louis Berger Group, and The Asia Foundation.

FY 2005 Program:
USAID plans to continue and build on the program's focus areas.

Improved environmental governance through strengthened regulatory framework and institutional reform ($4,500,000 DA). This program will continue to be a key element of USAID's work. Principal contractors/grantees will be the same as in FY 2004.

Improved urban environmental performance through promotion of best practices in environmental management, technology, and resource efficiency ($4,000,000 DA). Depending on the success of the air, water and waste management initiatives in the urban sector, USAID may extend its technical assistance and training activities to other cities and regions. Principal contractors/grantees are to include Institute for International Education, Louis Berger Group, PADCO, and The Asia Foundation.

New initiatives ($2,000,000 DA). New opportunities in industrial environmental management, energy efficiency, and renewable energy will be pursued. Principal contractors/grantees are to include Alliance to Save Energy, Institute for International Education, and Louis Berger Group.

Performance and Results: Through a network of regional partnerships and programs, the US-AEP Program is making cities cleaner and more efficient, industries less polluting and more competitive, and regulatory institutions more effective in protecting the environment. Throughout the past year, US-AEP successfully partnered with Asian counterparts in the development and implementation of improved environmental policies, better management of urban environmental services, adoption of less polluting industrial practices, and implementation of energy efficiency measures - all leading to cleaner cities and industries throughout the region. During FY 2003, the US-AEP program supported the development and continuation of 113 US-Asian partnerships and mobilized over $2.6 million in donor, private sector, and host country funds.

US Financing in Thousands of Dollars

Regional Development Mission-Asia (RDM-Asia)

498-009 U.S. Asia Environmental Partnership	DA	ESF
Through September 30, 2002		
Obligations	110,058	2,500
Expenditures	93,087	0
Unliquidated	16,971	2,500
Fiscal Year 2003		
Obligations	12,032	0
Expenditures	12,011	1,061
Through September 30, 2003		
Obligations	122,090	2,500
Expenditures	105,098	1,061
Unliquidated	16,992	1,439
Prior Year Unobligated Funds		
Obligations	403	0
Planned Fiscal Year 2004 NOA		
Obligations	9,800	0
Total Planned Fiscal Year 2004		
Obligations	10,203	0
Proposed Fiscal Year 2005 NOA		
Obligations	10,500	0
Future Obligations	16,000	0
Est. Total Cost	158,793	2,500

Data Sheet

USAID Mission:	Regional Development Mission-Asia (RDM-Asia)
Program Title:	Regional HIV/AIDS and Infectious Diseases
Pillar:	Global Health
Strategic Objective:	498-022
Proposed FY 2004 Obligation:	$16,620,000 CSH
Prior Year Unobligated:	$34,000 CSH
Proposed FY 2005 Obligation:	$15,500,000 CSH
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2006

Summary: This regional HIV/AIDS program strengthens capacity to conduct disease surveillance, behavior change and communications, training and research, and to provide community-based care and support. It supports efforts to combat HIV/AIDS in countries where USAID does not have a mission; in selected countries where USAID has a mission but where lessons can be learned that will inform other country programs; by multilateral organizations implementing HIV/AIDS activities where objectives are compatible, but USAID capacity is limited; and across borders where no mission has primary responsibility. The regional program strengthens the capacity to address other infectious diseases such as tuberculosis and malaria. In addition to funding country specific activities, the program also funds experts to investigate significant issues in infectious diseases that will inform missions as they develop strategies and design, conduct, and monitor activities.

Inputs, Outputs, Activities:

FY 2004 Program:
HIV/AIDS activities ($10,380,000 CSH). HIV/AIDS FY 2004 funding breakdown includes $6,000,000 CSH for programs to be managed by RDM/Asia ($1,000,000 CSH for Burma, $1,000,000 CSH for Laos, $1,500,000 CSH for Thailand, $2,500,000 CSH for regional programs such as China and Papua New Guinea), and $4,380,000 CSH for programs to be managed by the ANE bureau in Washington, D.C. Activities in non-presence countries will include completion and initiation of a three-year strategic framework of HIV activities in China; support for social marketing of HIV/AIDS prevention messages and condoms to high-risk groups/areas; provision of outpatient and home based care for people living with HIV/AIDS; implementation of community-wide behavior change communication and sexually transmitted infection interventions; establishment of an HIV program among hill tribes in Chiang Rai Province, Thailand, including support to the Mae Tao Clinic to increase provision of voluntary counseling and testing services, prevention of mother-to-child transmission, and care and support for Burmese migrants; support to the Armed Forces Research Institute to implement HIV/AIDS prevention and behavior change interventions among the military in Kanchanaburi, Thailand; establishment of a model Voluntary Counseling and Testing clinic in Vietnam; and HIV stigma research, analysis, and reporting in Vietnam.

Multi-country and cross-border HIV/AIDS activities will continue support to pilot interventions among cross-border mobile and migrant populations including a "twin-city" border area model in the Greater Mekong sub-region; a "source-destination community linkage" model to address prevention, care and support interventions among Cambodian migrant seafarers at the "destination community" in Thailand, as well as among the migrants' families back in Cambodia (both models have been duplicated within the Asia region); and analysis of the USG-supported Greater Involvement of People Living with HIV/AIDS principle by USAID and implementers in Cambodia, India, Philippines, Vietnam, and Nepal. Other regional/cross-country initiatives will include regional leadership initiatives to help policymakers better understand the dynamics of the epidemic and develop more effective responses; state-of-the-art capacity development in technical and program areas; innovation of new technologies, methodologies, research, and models for HIV/AIDS interventions; and an assessment of regional faith-based advocacy. Principal

implementers include Family Health International, the Futures Group International, the International HIV/AIDS Alliance, and Population Services International.

Tuberculosis and malaria ($5,890,000 CSH). Infectious disease funding breakdown for FY 2004 include $1,250,000 CSH to be managed by RDM/Asia ($1,000,000 CSH for Burma, $250,000 for regional programs), and $4,640,000 CSH to be managed by ANE/Washington. USAID will build on achievements made in fighting non-infectious diseases such as tuberculosis and malaria. For example, technical assistance will continue to be provided to improve TB-control efforts in countries such as Cambodia, Laos, the Philippines, and Vietnam by developing innovative efforts in specific countries (e.g., improving coordination between tuberculosis and HIV programs in Cambodia; expanding and improving private-sector involvement in treating TB in the Philippines) that have application for other countries; developing country proposals to the Global Fund for AIDS, TB, and Malaria; and planning and conducting more precise studies to determine TB incidence and drug-resistance levels.

USAID partners will initiate standardized surveillance for drug-resistant malaria in Cambodia, Laos, and Thailand and complete initial assessments of anti-malarial-drug use in Cambodia and anti-malarial drug quality in Cambodia, Laos, Thailand, and Vietnam. This information is being used for changing national drug policy to improve the treatment of multi drug-resistant malaria; and identification of specific factors related to poor use and quality of anti-malarial drugs that contribute to the emergence of drug resistance and which are key for designing and focusing interventions on the most-affected populations and geographic areas. Efforts to improve the involvement of communities in malaria control have been initiated in Thailand, and access to insecticide-treated bednets and rapid tests for detecting malaria has been expanded in Cambodia. Principal implementers are the Kenan Institute Asia, Management Sciences for Health, the U.S. Pharmacopoeia, and the WHO.

Child survival activities ($350,000 CSH). RDM/Asia will manage a small child survival activity in Laos through this program.

FY 2005 Program:
HIV/AIDS activities ($9,200,000 CSH). HIV/AIDS FY 2005 funding breakdown includes $1,000,000 CSH for Burma, $1,000,000 CSH for Laos, $1,500,000 CSH for Thailand, $5,700,000 CSH for regional programs such as China and Papua New Guinea. The program will continue to support activities in non-presence countries; multi-country and cross-border activities in South and South East Asia; international and multilateral health organizations; and short-term HIV/AIDS and infectious disease experts assisting missions and the ANE Bureau. USAID will also develop and apply new interventions to address populations most at risk for HIV/AIDS and other priority infectious diseases. Principal implementers are Family Health International, the Futures Group International, the International HIV/AIDS Alliance, the Kenan Institute Asia, Management Sciences for Health, the U.S. Pharmacopoeia, and the WHO.

Tuberculosis, malaria and other infectious diseases ($5,800,000 CSH). Infectious disease funding breakdown for FY 2005 include $1,000,000 CSH for Burma, $500,000 CSH for Laos, and $4,300,000 CSH for regional activities.

Child survival activities ($500,000 CSH). RDM/Asia will also manage a small polio activity for the region through this program.

Performance and Results: USAID has helped improve monitoring of priority diseases and access to key services across the region. USAID provided essential support to socially market HIV/AIDS prevention messages and condoms to high-risk groups in Burma, Laos, and Thailand. In Phakant, Kachin, Burma, USAID provided outpatient and home based care for people living with HIV/AIDS and helped to construct a hospice. USAID has also made significant progress on tuberculosis and malaria. For example, USAID implementers provided technical assistance to improve TB-control efforts in countries such as Cambodia, Laos, Philippines, and Vietnam and initiated standardized surveillance for drug-resistant malaria in Cambodia, Laos, and Thailand. Overall, USAID support is enabling national and regional partners to better understand these diseases, strengthen monitoring capabilities, and expand prevention and treatment services.

US Financing in Thousands of Dollars

Regional Development Mission-Asia (RDM-Asia)

498-022 Regional HIV/AIDS and Infectious Diseases	CSH	ESF
Through September 30, 2002		
Obligations	32,045	1,783
Expenditures	11,828	751
Unliquidated	20,217	1,032
Fiscal Year 2003		
Obligations	8,568	0
Expenditures	12,036	1,032
Through September 30, 2003		
Obligations	40,613	1,783
Expenditures	23,864	1,783
Unliquidated	16,749	0
Prior Year Unobligated Funds		
Obligations	34	0
Planned Fiscal Year 2004 NOA		
Obligations	16,620	0
Total Planned Fiscal Year 2004		
Obligations	16,654	0
Proposed Fiscal Year 2005 NOA		
Obligations	15,500	0
Future Obligations	27,150	0
Est. Total Cost	99,917	1,783

Afghanistan

The Development Challenge: Afghanistan remains at or near the bottom of every socio-economic indicator used to measure human and economic progress. The country's overall human misery index is among the highest in the world. As just one grim reminder of the harshness of this long-suffering land, one of four Afghan children dies before the age of five. Reasons for poor health status include an infrastructure damaged by 23 years of conflict, no preventive care, the unavailability of treatment facilities and drugs, and the lack of appropriately trained health care personnel. Civil war and drought destroyed productive agricultural assets; crops were uprooted, livestock lost, and farmers heavily indebted. Eighty percent of schools were either severely damaged or destroyed at the end of Taliban rule, and girls were denied an education. In addition to the infrastructure damage caused by the long conflict, Afghanistan is recovering from the institutional devastation. When the USAID team arrived in Kabul in January 2002, the nation was without a viable security apparatus, courts, or functioning ministries. Compounding these challenges, Afghanistan has some of the harshest climatic conditions and most difficult terrain on earth, some of it laced with millions of unmarked landmines. The security situation in the country also poses a challenge as the Taliban and their allies do all they can to disrupt the paving of highways, rebuilding of schools (burning several of the schools as a signal to the people not to cooperate with the international community), and the establishment of free and fair elections.

The USAID Program: When the USAID office re-opened in January 2002, the first objective was to prevent a major humanitarian crisis. Programs were put in place immediately to ensure sufficient supplies of food and shelter, especially for returning refugees and displaced persons, and to prevent the outbreak of hunger and epidemic diseases.

The USAID/Afghanistan mission is now working on the building blocks of a reconstructed Afghanistan. The new phase of reconstruction builds on achievements in the past year: the building of schools and clinics; the immunization of children; the development of infrastructure; and the introduction of a new, stable currency. The six building blocks of the current program are:

1. Infrastructure. Highways and roads are the commercial lifelines in Afghanistan. USAID is rebuilding key road links, including the Kabul-Kandahar-Herat highway, contributes to the revitalization of the economy and reunification of the country's people. These roads also provide access from the vast rural areas to markets, health services and schools.

2. Agriculture and Rural Development. USAID has emphasizes agricultural recovery and rural reconstruction to assist the 85% of Afghans who participate in the agricultural sector. Revitalizing Afghanistan's Agricultural Markets (RAMP) is a three-year program aimed at increasing food security and incomes of Afghanistan's rural population through increased agricultural productivity and output and effective linkages between producers, processors and markets.

3. Education. Working with communities that demonstrate a commitment to education, USAID is rebuilding schools and providing textbooks, teacher training and accelerated learning for over-aged students, to ensure that schools are functional centers of learning. A main focus is on women and girls long denied an education.

4. Economic Governance. USAID is strengthening Afghanistan's economy by creating jobs in a variety of sectors, enabling Afghans to support their families and help rebuild their country. USAID programs also focus on currency and banking reform, investment law reform, sound budgeting procedures by the Afghan government and related "economic governance" initiatives.

5. Health Care. The objective of USAID's health care program in Afghanistan is to reduce the mortality and morbidity of women and children. USAID has built and renovated health centers in needy areas to increase women and children's access to basic health care. Grants are provided to NGOs to operate clinics and train new community health workers, midwives, and clinic staff. USAID is helping build Ministry of Health (MOH) capacity at the national and provincial levels.

6. Reconstituting the Basic Organs of Governance. USAID is working to support the Bonn process, including the Constitutional, Human Rights, Legislative and Judicial Commissions, the June 2004 presidential elections, and a free and independent media. USAID is also working to build the capacity of the ministries to carry out legitimate government functions and support reconstruction of the judicial infrastructure.

Other Program Elements: In addition to USAID/Afghanistan's health program, the Bureau for Global Health's programs include purchase of contraceptives ($2.5 million), and buy-ins to UNICEF's polio eradication program ($1.5 million), the universal salt iodization to combat iodine deficiency ($250,000), and the World Health Organization's malaria prevention program ($500,000). In addition, $2 million from the Global Displaced Children and Orphans Fund (DCOF) is being used for the care and protection of war-affected children and $1 million from the Victims of War Fund is being used in a pilot program to train orthopedic technicians and provide support to fledgling Afghan disability councils. The Office of Foreign Disaster Assistance continued its humanitarian support for refugees, internally displaced persons and other disenfranchised segments of the Afghan population and to cover some of Afghanistan's emergency winter needs. Another $17 million was obligated to continue the implementation of quick impact projects by the Office of Transition Initiatives. Bureau for Economic Growth, Agriculture and Trade (EGAT) used both an Indefinite Quantity Contract (IQC) task order and a buy-in to the Consortium for Elections and Political Process Strengthening (CEPPS) to support the Support of Democracy Initiative (SDI)). Lastly, $40 million in P.L. 480 was granted to the World Food Program.

Other Donors: The challenges of Afghanistan's reconstruction call for an unprecedented response by the international community. The multilateral Afghanistan Reconstruction Trust Fund (ARTF) was set up in May 2002 to provide support to Afghanistan in three main areas: recurrent costs of the government, investments, and financing the return of expatriate Afghans.

Along with the United States, 21 donors pledged $430 million to the ARTF. Other donors are Bahrain, Canada, Denmark, European Commission, Finland, Germany, India, Ireland, Italy, Japan, Kuwait, Luxembourg, Netherlands, Norway, Portugal, Saudi Arabia, South Korea, Sweden, Switzerland, Turkey, and United Kingdom. About $276 million has been received to date. The Transitional Islamic State of Afghanistan (TISA) maintains an inventory of donor-funded activities through the Afghan Assistance Coordination Unit, a subordinate office of the Ministry of Finance. TISA has published a National Development Framework to guide the country's rehabilitation.

The ARTF is jointly managed by the Asian Development Bank, Islamic Development Bank, United Nations Development Program, and the World Bank, which also administers the fund.

In addition to the ARTF, there are over 80 other bilateral, multilateral, non-governmental, and private donors to the political and economic reconstruction of Afghanistan. The largest of which, after the United States, are the World Bank, the European Commission, the Asian Development Bank, Japan, the United Kingdom, and Germany. The Bonn Conference in 2001 determined leadership roles for each of the major G-7 donors. The US has taken the lead in establishing the Afghan National Army. USAID has taken a leadership role in major infrastructure projects, such as the Kabul to Kandahar road, and in supporting a democratic political transition. The World Bank coordinates other large infrastructure projects, and has taken the lead on developing local governance. The EC has a leadership role in governance, health and education, the ADB has contributed funds towards education, Japan is coordinating the demobilization, disarmament and reintegration (DDR) of soldiers, and Germany is the lead on developing a national police force. Other donors are providing technical assistance for the institutional strengthening of the Afghan government, to increase its ability to govern transparently and effectively and to deliver social services.

Afghanistan
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	4,000	48,475	21,000	22,000
Development Assistance	10,701	43,817	150,000	150,000
Economic Support Fund	17,250	49,675	74,558	225,000
ESF - FY 02 Supplemental	88,000	0	0	0
ESF - Emergency Response Fund	0	167,000	153,000	0
ESF - FY 04 Supplemental	0	0	672,000	0
International Disaster Assistance	0	60,235	0	0
PL 480 Title II	159,472	47,356	0	0
Total Program Funds	**279,423**	**416,558**	**1,070,558**	**397,000**

STRATEGIC OBJECTIVE SUMMARY				
306-001 Agriculture				
DA	9,985	0	48,000	45,190
ESF	0	0	0	11,000
IDA	0	14,285	0	0
306-002 Basic Education and Health				
CSH	4,000	48,475	21,000	22,000
DA	0	0	2,599	23,926
ESF	0	0	0	0
ESF - FY 04 Supplemental	0	0	144,000	0
IDA	0	10,000	0	0
306-003 Infrastructure, Economic Governance & Democracy				
DA	716	43,817	94,401	75,884
ESF	17,250	49,675	72,051	207,000
ESF - FY 02 Supplemental	88,000	0	0	0
ESF - Emergency Response Fund	0	167,000	148,000	0
ESF - FY 04 Supplemental	0	0	520,000	0
IDA	0	35,350	0	0
306-004 Program Support				
DA	0	0	5,000	5,000
ESF	0	0	2,507	7,000
ESF - Emergency Response Fund	0	0	5,000	0
ESF - FY 04 Supplemental	0	0	8,000	0
IDA	0	600	0	0

Mission Director,
James Bever

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Agriculture
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	306-001
Proposed FY 2004 Obligation:	$48,000,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$45,190,000 DA; $11,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2006

Summary: Restoring food security is USAID's highest priority. USAID Afghanistan's objective is to provide farmers access to higher yielding technologies and market outlets for their production, so as to improve food availability and purchasing power. Afghanistan's rural sector employs some 80% of the country's citizens, and traditionally produced more than half of Afghanistan's GDP. The agriculture sector is now de-capitalized and many productive assets have been destroyed. Crops have been uprooted, livestock has been lost, farmers are heavily indebted, and years of drought have compounded rural sector poverty.

Inputs, Outputs, Activities:

FY 2004 Program:
To ensure that Afghans have food security without distorting the development of the local economy, USAID plans to continue the Food for Peace contribution to the World Food Program (WFP), which is largely implemented by NGOs, on a highly targeted basis. A new element of the P.L. 480 program is the proposed $5 million monetization, with the proceeds used to fund development activities.

Rebuilding Afghanistan's Agriculture Markets Program (RAMP) ($48,000,000 DA). The primary objective of the RAMP program is to increase the marketable output of the agriculture sector in Afghanistan by more than $250 million over three years. This will be accomplished through a series of intermediate results including increased agricultural productivity, increased access to inputs and input sales, increased processing and marketing efficiency, and access to operating capital through the provision of credit. Other results include improved roads and irrigation systems, increased number of financial intermediaries and trained loan officers, and the development of processing, marketing and storage facilities for agricultural products. The RAMP program will identify activities in target areas in conjunction with collaborating Ministries, including Agriculture, Irrigation, Finance, and Reconstruction and Rural Development, as well as local NGOs and other donors and members of the development community in Afghanistan.

Roads and irrigation structures in Afghanistan are in dire need of repair due to prolonged conflict and neglect. RAMP will rehabilitate secondary and tertiary roads in order to increase market access and improve efficiency in transport for agricultural producers. Quality assurance measures are being taken through the provision of a "Road Construction Training" for implementing partners, conducted in collaboration with UNOPS. Rehabilitating damaged and silted irrigation structures will increase the agriculture production capacity in the country by increasing land area under cultivation and increasing the production capacity of existing cultivated lands. The program initiated by USAID late in FY 2003 will include an intensive effort to identify, demonstrate and disseminate new and improved agricultural and production technologies in rural areas. The demonstrations will focus on new seed varieties, fertilizer applications, the use of crop protection technologies, water management techniques, and equipment and machinery credit. To ensure adequate supplies of new seed varieties, the program will support an extensive network of village-based seed production enterprises. Extension staff and mass media will be used to introduce information on new technologies and markets to farmers and local processors.

RAMP will also develop the business skills of input dealers, market intermediaries, and agro-processors to expand the value and volume of traded inputs, equipment, machinery, and processed products. Assistance will be provided to enterprises for specific product processing and market identification aimed at meeting the cost and quality requirements of local, regional, and international markets. The Microfinance Investment and Support Facility Afghansitan (MIFSA) will provide credit services to small and medium scale enterprises. This will be tied in with business development services. MIFSA is also supported by the World Bank, the ARTF, and the Japanese Social Development Fund.

RAMP implementing partners are Chemonics (prime), Louis Berger, and other subcontractors TBD.

FY 2005 Program:
Rebuilding Afghanistan's Agriculture Markets Program (RAMP) ($45,190,000 DA, $11,000,000 ESF). USAID's flagship program for the agricultural sector and rural economic development will be established in several regions across the country and will implement a range of interventions. The program will mount up to 400 demonstrations, including new and improved seed and fertilizer varieties, protected agriculture technologies, improved irrigation and water management techniques, farm mechanization, and crop management. These demonstrations will expose over 150,000 farmers to affordable new technologies and enhance farm productivity throughout the target areas. The program will also build the capacity of private sector input dealers to meet demand, both through exposure to these demonstrations and with business and marketing skill development. The program will actively strengthen farm output and enterprise capacity by identifying and exploring regional and international markets for value-added products. The program will focus intensively on a few (3-5) agricultural sub-sectors, with the objective of assisting those sub-sectors to achieve greater productivity, improve quality, and increase comparative advantages for Afghan products for better competition with neighboring countries. Production and processing activities will be supported by credit programs that meet critical needs for operating and investment capital. The RAMP program will collaborate directly with Ministries -- including Agriculture, Irrigation, and Reconstruction and Rural Development -- as well as local NGOs, donors, and other members of the development community in Afghanistan. Identified projects in rural infrastructure, including dams, roads, and bridges, will be carried out by implementing partners selected through a competitive bidding process. These projects will be funded through a variety of mechanisms, including the Rehabilitation of Economic Facilities and Service Program (REFS) and new contracts. Implementing partners are Chemonics (prime) with subcontractors TBD.

Performance and Results: USAID contributions in seeds and fertilizer last spring contributed to an 82% increase in crop production from the previous year. This increase in production is expected to reduce the number of Afghans dependent on food aid by 4 million -- from approximately 10 million last winter to 6 million currently. Seed and fertilizer were distributed to 113,000 farmers in 12 provinces. The estimated increase in wheat crop production from this contribution is 42,000 metric tons (MT), which translates into an additional $69 net income per farmer where the average income is $180 a year. In addition, the USAID Afghanistan programs provided 11.2 million work days, drawing labor away from poppy production. Through these programs, Afghans rehabilitated over 7,400 wells, irrigation canals, karezes, dams, reservoirs, and water systems. USAID programs also promoted high value crop diversification (i.e., grapes, olives, peanuts) in poppy-growing areas for approximately 18,000 farmers. Since the alternative crops program started, cotton production in the program area increased from 6,000 MT to 20,000 MT and a crushing facility in Helmand was opened to produce and market peanut and high value crops produced with USAID assistance. Income generation programs that benefit women, such as food processing (100 widow women, processing raisins in Kandahar); poultry production (200 women receiving breeding chickens); and widows' bakeries in Kabul, Mazar-I-Sharif, Kandahar, and Herat (employing 1,100 widows) were launched.

US Financing in Thousands of Dollars

Afghanistan

306-001 Agriculture	DA	ESF
Through September 30, 2002		
Obligations	6,920	0
Expenditures	1,317	0
Unliquidated	5,603	0
Fiscal Year 2003		
Obligations	4,781	4,000
Expenditures	8,018	1,364
Through September 30, 2003		
Obligations	11,701	4,000
Expenditures	9,335	1,364
Unliquidated	2,366	2,636
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	48,000	0
Total Planned Fiscal Year 2004		
Obligations	48,000	0
Proposed Fiscal Year 2005 NOA		
Obligations	45,190	11,000
Future Obligations	0	0
Est. Total Cost	104,891	15,000

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Basic Education and Health
Pillar:	Global Health
Strategic Objective:	306-002
Proposed FY 2004 Obligation:	$21,000,000 CSH; $2,599,000 DA; $144,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$22,000,000 CSH; $23,926,000 DA
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2006

Summary: Although no current or reliable statistics are available, it is generally agreed that the health and nutritional status of approximately 22 million Afghans is the worst in Asia and among the worst in the world. Life expectancy is 44 years for women and 43 years for men. One in four infants die before their first birthday, compared to one in 45 in neighboring Tajikistan. The average maternal mortality ratio (MMR) is 1,600 maternal deaths per 100,000 live births, one of the highest in the world. Afghanistan's educational system has been devastated by over two decades of war and a succession of governments who have used education as a political and religious tool. An estimated 80% of all school buildings have been severely damaged or destroyed, including primary and secondary schools, teacher training colleges, vocational training institutes, and universities. Of all students in Afghan schools today, nearly 50% are in the first grade. Of those (students in the first grade), approximately one third (or about 440,000 students) is overage many of them 10-14 years old. Many of these overage children will likely drop out before completing the primary cycle. The problem is most severe for girls who were denied education during the Taliban regime. Dropping out or "wastage" is a significant loss to both the individual and the broader society.

Inputs, Outputs, Activities:

FY 2004 Program:
Rural Expansion of Afghanistan's Community-Based Health Care program (REACH) ($21,000,000 CSH, $49,000,000 ESF). REACH is focused on rural primary health care for vulnerable populations, especially women and children. Work is being implemented at the central and provincial levels, in partnership with the Ministry of Health (MOH), to develop a sustainable foundation for a nationwide health care system including cost recovery and privatization. The goal is to improve the health of women of reproductive age and children less than 5 years of age. A key component is performance-based grants to nongovernmental organizations (NGOs) to deliver basic health services including maternal and newborn care, child health care and immunization, public nutrition, control of communicable diseases, supply of essential drugs, and as a second tier MoH priority, mental health care and disability care. The program includes hospital and clinic construction and rehabilitation expanding into urban and peri-urban areas to repair and replace up to 200 damaged or rented health facilities. To improve health services delivered from the newly built or rehabilitated health facilities, the program is supporting the training of community-based health workers and facility-based health care providers as well as providing equipment, supplies and drugs. USAID is developing a standard hospital management training and an infection prevention program to be delivered nationally. To increase the number and quality of available nurses and midwives, the REACH program is assisting four of the Institutes of Health Services, where instructors are taught to provide competency-based training. In addition, USAID is supporting an accelerated health-focused literacy program for rural women, many of whom may subsequently qualify to be trained as healthcare providers under the REACH grants program. Implemented by Management Sciences for Health, subcontractors TBD.

Afghanistan Primary Education Program (APEP) ($2,599,000 DA, $95,000,000 ESF). APEP includes construction and rehabilitation of school facilities, printing and distribution of textbooks, accelerated

learning classes for overage, out-of-school students, and radio-based teacher training. A main component of APEP is to improve the quality of and access to primary education for overage learners. APEP will expand its current work from three to twelve provinces and increase the number of students enrolled from 40,000 to 120,000. 45% of these overage students are girls, which APEP intends to increase to 70%. An additional goal for students who complete accelerated learning programs is to transition into an age appropriate level in the formal school system. APEP intends to increase the percentage of functioning school facilities from 34% to 45%. In addition, increased numbers of teachers will receive pre-service and in-service teacher training in order to improve the quality of classroom instruction. The goal is that at least 20,000 teachers will receive training to promote student-centered learning. All aspects of APEP are focused on increasing opportunities for girls and women. Implemented by a consortium led by Chemonics and including other U.S. and Afghan organizations.

FY 2005 Program:
The Rural Extension of Afghanistan's Community-Based Health Care program (REACH) ($22,000,000 CSH). The REACH program intends to have its greatest impact in FY 2005 through implementation of performance-based grants. The program is structured to improve the performance of NGOs in delivery of health services. Access to health care will continue to improve with the construction and equipping of an additional 100 health centers. USAID will also support social marketing of safe water systems, contraceptives, and insecticide treated bed nets, conduct a national demographic household survey in coordination with other donors and partners, and will help the MOH establish a foundation for the accreditation of health facilities to ensure quality health care delivery. Implemented by Management Sciences for Health, subcontractors TBD.

Afghanistan Primary Education Program (APEP) (23,926,000 DA). USAID will continue to improve the quality of and access to primary education for overage learners. To enable schools to be functional centers of learning in rural communities, USAID proposes to continue its support to the four components of APEP: community-based school construction, textbook production, learner-centered teacher training, and accelerated learning. The program will expand to an additional 500 schools. The accelerated learning and radio-based teacher training will be expanded into additional provinces and deeper into currently targeted provinces. Textbook printing and distribution will include building capacity in the Ministry of Education (MOE) to manage printing requirements in future years and build capacity in the private sector to print the millions of textbooks needed annually. USAID will also build management and technical capacity in the MOE in other educational disciplines. A nationwide systemic program to assure a pipeline of quality teachers will be designed in connection with both ministries and other donors. Pilot projects, particularly in vocational education, will be implemented for overage students who complete accelerated learning programs, but do not enter the formal system. USAID will continue to increase the number of girls who participate in all educational programs. Implemented by a consortium led by Chemonics, including U.S. and Afghan organizations.

Performance and Results: In FY 2003, to address the major problems of child and maternal mortality and morbidity, USAID began the construction of 78 rural health clinics, assisted the MOH to establish construction protocols, established a grant review process with the MOH, and reviewed 33 NGO grant proposals, of which 15 were selected for funding. USAID also extended the grants awarded in FY 2002 to avoid any interruption in service delivery, developed a standardized equipment list, and piloted community mapping as a community-based information management tool. Great strides were made in drug management with the approval of key policy and legislation being adopted which will guide pharmacy policy and availability of essential drugs for the next 10 to 20 years.

USAID also distributed over 11 million textbooks to children nationwide, provided teacher training kits to 30,000 teachers, and trained over 1,300 teachers, including over 900 women. USAID reconstructed 85 schools and provided food, valued at 26% of monthly income, as a salary supplement to 50,000 teachers. USAID also provided food rations as incentive for families to send their daughters to school, and hosted curriculum development workshops for the Ministry of Education.

US Financing in Thousands of Dollars

Afghanistan

306-002 Basic Education and Health	CSH	DA	ESF	IDA
Through September 30, 2002				
Obligations	2,000	0	0	7,110
Expenditures	450	0	0	6,240
Unliquidated	1,550	0	0	870
Fiscal Year 2003				
Obligations	4,569	630	0	8,610
Expenditures	427	58	0	8,982
Through September 30, 2003				
Obligations	6,569	630	0	15,720
Expenditures	877	58	0	15,222
Unliquidated	5,692	572	0	498
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2004 NOA				
Obligations	21,000	2,599	144,000	0
Total Planned Fiscal Year 2004				
Obligations	21,000	2,599	144,000	0
Proposed Fiscal Year 2005 NOA				
Obligations	22,000	23,926	0	0
Future Obligations	0	0	0	0
Est. Total Cost	49,569	27,155	144,000	15,720

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Infrastructure, Economic Governance & Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	306-003
Proposed FY 2004 Obligation:	$94,401,000 DA; $740,051,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$75,884,000 DA; $207,000,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2006

Summary: Significant amounts of infrastructure have been damaged in fighting or have deteriorated due to lack of maintenance over the past 22 years. Rehabilitation is urgently needed, both for economic reasons and to demonstrate the benefits of cooperating with the international community. A functioning economic system is critical to mobilizing domestic and foreign investment to finance Afghanistan's growth and ensure political stability.

Inputs, Outputs, Activities:

FY 2004 Program:
Rehabilitation of Economic Facilities and Services (REFS) ($28,649,000 DA, $365,400,000 ESF). The REFS program promotes economic recovery and political stability by repairing infrastructure. This helps lower transportation costs, increase the availability of water and sanitation services, and increase access to education, health and local governmental services. The program will restore electrical transmission systems and repair/reconstruct irrigation systems, dams/diversions and canals critical to the reactivation of the agricultural sector. The projects will maximize the use of local labor, and contractors are expected to use local staff to the greatest extent possible, giving them progressively greater skills and responsibility over the life of the program. Projects include rehabilitation of between 600 and 1000 kilometers of primary/secondary road and associated bridges, construction or renovation of up to 250 schools and 250 clinics, rehabilitation of up to 30 MW of hydropower generation facilities, and repair of up to 500 kms of irrigation canals. Because of increased population migration into urban areas, USAID will also fund urban water and sanitation programs. Implemented by Louis Berger, other contractors TBD.

Sustainable Economic Policy and Institutional Reform Support (SEPIRS) ($36,629,000 DA, $123,000,000 ESF). The SEPIRS program will build the capacity of economic management institutions to implement economic reform measures essential for the recovery and growth of the economy. USAID will support revenue enhancements, budgeting and expenditure controls, enhanced central bank operations, the development of a viable payment system, trade and investment promotion, the development of a legal framework for investment, and improvements in organizational and operational efficiencies of public utilities. USAID will also support an effective property registry and titling program, revitalization of industrial parks, credit, financing, and business capacity training programs for small and medium enterprises, and development of a national strategy on enterprise competitiveness. USAID also contributes to the Afghan Reconstruction Trust Fund (ARTF), providing budgetary support to Afghanistan.

Support to Democratic Initiatives ($29,123,000 DA, $92,000,000 ESF). Technical assistance and training will be provided to the Constitutional, Judicial, and Human Rights Commissions, as well as the Secretariat of Administrative Affairs in the Office of the President and other institutions. USAID will provide technical assistance to the national electoral body to help establish the foundation for a fair and competitive electoral system leading to 2004 elections. USAID will train political parties and civic leaders in domestic election monitoring, and conducting a civic education campaign to promote a politically active citizenry. New activities will be implemented in the areas of local government, conflict prevention, and civil service reform. Implemented by the Asia Foundation, NDI, MSH, IFES, IRI, IOM and Internews.

Disarmament, Demobilization, and Reintegration (DDR) of Afghan militias ($30,000,000 ESF), will be implemented by UNDP. Provincial Reconstruction Teams ($42,000,000 ESF) projects will extend reconstruction into difficult areas, implemented by UNOPS and IOM.

Other Activities ($87,651,000 ESF). USAID and State Department are coordinating the allocation of the remaining ESF funds for FY 2004 among projects within this program.

FY 2005 Program:
Rehabilitation of Economic Facilities and Services ($27,699,000 DA). The REFS program will continue to repair existing facilities that have a significant impact on reactivating the economy. The project includes an institutional development component, which will develop the capacity of private sector firms, public utilities, and ministries. USAID/Afghanistan will continue to rehabilitate primary/secondary roads and associated bridges begun in FY 2004, renovate or construct up to 300 additional schools and health clinics, and repair up to four water systems.

Sustainable Economic Policy and Institutional Reform Support ($25,535,000 DA). Under the SEPIRS program, USAID support will modernize tax administration and the implementation of a consumption tax and a simple income tax. Support to the banking sector will improve and modernize bank operations. Bank supervision and licensing activities will be fully functional, several new banks will be licensed, and several existing banks will be liquidated or restructured. Trade policy reform and investment promotion area will benefit bilateral and regional trade cooperation agreements, preparing Afghanistan to apply for WTO accession, increasing competitiveness of selected Afghan products and services, attracting investment in revitalized industrial parks, and increasing skills of women entrepreneurs. In the legal and regulatory area, transfer of Afghan Telecom assets will be completed, a market-oriented legal and regulatory framework established in telecom, oil and gas and power sectors, and the property registry and titling program will provide the public with efficient and secure proof of ownership of property.

Support to Democratic Initiatives program ($22,650,000 DA). This program will continue to bolster targeted Afghan governmental and non-governmental institutions. Physical infrastructure rehabilitation projects will continue in the justice sector. USAID will work toward successful parliamentary elections in 2005 by providing technical assistance to an Afghan electoral commission in the areas of voter education, capacity building, and comparative study tours to similar developing Muslim democracies. Following the parliamentary elections, training for newly-elected parliamentarians will be provided to strengthen the legislative institution and promote a politically active citizenry. A local government initiative will focus on improving service delivery, administrative reform, and public participation at the sub-national level. Conflict prevention initiatives will expand to include all regions of Afghanistan, and will include components on peaceful, positive-sum competition as a lead up to the 2005 parliamentary elections.

Other Activities ($207,000,000 ESF). USAID and State Department will coordinate the allocation of remaining FY 2005 funds to projects within this program.

Performance and Results: USAID developed and managed the operational planning and logistics support for the Constitutional Loya Jirga on behalf of the UN and the Constitutional Commission Secretariat. USAID provided critical technical assistance to the Constitutional drafting process, resulting in a draft Constitution. USAID refurbished or built new judicial facilities in four provinces, as well as managing the currency conversion process on behalf of the Central Bank, providing staffing and distribution to exchange 13 trillion Afghanis. USAID built and furnished the Kabul Women's Resource Center, on behalf of the Ministry of Women's Affairs. One hundred and forty two schools, daycare centers, and vocational schools, and 72 health clinics, birth centers, and hospitals were reconstructed or rehabilitated. Over 11,000 water projects were completed, including the rehabilitation of irrigation canals, springs, wells, dams, reservoirs, and urban water systems. USAID financing supported the first layer of pavement on 389 kilometers of the Kabul-Kandahar road.

US Financing in Thousands of Dollars

Afghanistan

306-003 Infrastructure, Economic Governance & Democracy	DA	ESF	IDA
Through September 30, 2002			
Obligations	0	23,205	8,372
Expenditures	0	2,243	2,837
Unliquidated	0	20,962	5,535
Fiscal Year 2003			
Obligations	5,214	259,244	35,355
Expenditures	20	117,916	28,627
Through September 30, 2003			
Obligations	5,214	282,449	43,727
Expenditures	20	120,159	31,464
Unliquidated	5,194	162,290	12,263
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	94,401	740,051	0
Total Planned Fiscal Year 2004			
Obligations	94,401	740,051	0
Proposed Fiscal Year 2005 NOA			
Obligations	75,884	207,000	0
Future Obligations	0	0	0
Est. Total Cost	175,499	1,229,500	43,727

Data Sheet

USAID Mission:	Afghanistan
Program Title:	Program Support
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	306-004
Proposed FY 2004 Obligation:	$5,000,000 DA; $15,507,000 ESF
Prior Year Unobligated:	$2,500,000 ESF; $654,000 IDA
Proposed FY 2005 Obligation:	$5,000,000 DA; $7,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: The Program Support objective (PSO) funds activities being implemented exclusively to support the achievement of other programs in Afghanistan. The targets and results of this objective are visible through and attributed to USAID/Afghanistan's three other strategic objectives: Reestablish food Security; Create Conditions for Stability; Rehabilitate Afghanistan as a Nation-State. PSO support to these programs includes training, evaluation, administrative support, and technical support.

Inputs, Outputs, Activities:

FY 2004 Program:
Cross-sectoral staffing needs ($1,743,000 DA, $7,000 ESF, $328,000 IDA). USAID has only recently acquired the space to expand the staff necessary for approximately $2 billion of USAID-managed assistance in Afghanistan. Funds will go to cross-sectoral staffing needs, such as financial management and contracting.

Army Corps of Engineers ($5,000,000 ESF). The Army Corps of Engineers will provide support and capacity building to the Ministry of Public Works as well as technical assistance to USAID on infrastructure projects.

Staffing, equipment, and support for the Provisional Reconstruction Teams (PRTs) ($1,507,000 DA, $10,500,000 ESF, $1,901,554 ESF Prior Year Unobligated, $326,000 IDA). Of this amount, $8,000,000 in ESF is a congressional earmark from the FY 2004 supplemental for airlift and other support needs for the civilians in the PRTs. USAID is contracting this money for the Department of State personnel as well.

Evaluations ($750,000 DA). Funds will be used for mid-term evaluations for those programs that are approaching the midway point in their contracts.

UN Humanitarian Air Service (UNHAS) ($500,000 DA, $598,446 ESF Prior Year Unobligated). Funds will support the UNHAS, which is a critical link for aid workers to travel to and within Afghanistan.

Program design, implementation, and monitoring ($500,000 DA). Funds will be used for technical support in the design, implementation and monitoring of programs, and for technical support temporary duty personnel supporting ongoing programs.

FY 2005 Program:
Training, evaluation, administrative support, and technical support to USAID/Afghanistan programs ($5,000,000 DA, $7,000,000 ESF). Like FY 2004, USAID will use these funds to support cross-program activities to achieve the sectoral goals listed in other program data sheets.

Performance and Results: This result is being reported through other program data sheets of USAID/Afghanistan.

US Financing in Thousands of Dollars

Afghanistan

306-004 Program Support	DA	ESF	IDA
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	0	0	595
Expenditures	0	0	469
Through September 30, 2003			
Obligations	0	0	595
Expenditures	0	0	469
Unliquidated	0	0	126
Prior Year Unobligated Funds			
Obligations	0	2,500	654
Planned Fiscal Year 2004 NOA			
Obligations	5,000	15,507	0
Total Planned Fiscal Year 2004			
Obligations	5,000	18,007	654
Proposed Fiscal Year 2005 NOA			
Obligations	5,000	7,000	0
Future Obligations	0	0	0
Est. Total Cost	10,000	25,007	1,249

Bangladesh

The Development Challenge: Bangladesh has progressed significantly in the past decade. It has achieved self-sufficiency in rice production, lowered infant and child mortality rates, virtually eradicated polio, increased girls' enrollment in schools; and annual GDP growth has averaged about 5% for ten years. With progress in many areas, Bangladesh is no longer the hopeless case that it seemed to be 30 years ago. Yet Bangladesh, one of the world's most densely populated and underdeveloped countries, is still considered highly corrupt, and its people remain among the most malnourished and impoverished in the world.

Nearly half of Bangladesh's 133 million people live below the national poverty level of $1 per day. The Government of Bangladesh (GOB) has increased its investments in education, health, food security, and other social services, thus helping reduce poverty by 1% per year, and plans to reduce the incidence of poverty by 50% by 2015. However, poverty reduction on this scale will require achieving annual growth rates of at least 7%. Whereas economic reforms introduced by the GOB have been promising, further progress will require bolder structural reforms that are certain to disrupt the uneasy status quo of cronyism and patronage politics that determines social benefits and power relations. Without a firm commitment to improve governance and rule of law, the growth of the private sector and foreign investment will continue to be seriously constrained, and there will be little hope of achieving these poverty reduction goals. Bangladesh has a window of opportunity on several fronts--to keep HIV/AIDS prevalence at low levels; to continue to make needed investments in health and education; to safeguard press freedom and a vital, non-politicized civil society; to strengthen its democracy in ways that will make government more accountable and transparent; to protect its remaining natural resources; and to diversify and improve the quality of exports, including the potential export of natural gas. USAID is poised to assist Bangladesh to take advantage of this opportunity to improve the country's future prospects and raise the living standards of its people.

U.S. national interests in Bangladesh are threefold: democracy and human rights, economic prosperity, and national security. Bangladesh is one of the world's few moderate, democratic Islamic nations. If its fragile democratic institutions or growing market economy do not advance, the consequences for its neighbors and for U.S. interests could be quite serious. USAID's program of assistance in Bangladesh is particularly attuned to the priorities expressed in the joint USAID-State Department Strategic Plan 2004-09. In particular, the program for Bangladesh supports the joint objective of promoting democracy and economic freedom in the Muslim world, reducing the threat of famine, and advancing sustainable development goals. U.S. strategic interests include improving health, education, economic development, and the environment for the Bangladeshi population, and minimizing the costs of natural disasters.

The USAID Program: The USAID program consists of seven objectives which concentrate on reducing fertility and improving family health, increasing the growth of agribusiness and small business, improving management of open water and tropical forest resources, improving the performance of key institutions in the energy sector, improving food security for vulnerable groups, promoting democracy and governance, and improving the quality of Bangladesh's basic education system.

Other Program Elements: In addition to resources requested in the Program Data Sheets, USAID's food security and disaster preparedness program relies on several activities not managed in-country. University Linkages promote collaboration between U.S. universities (Virginia Tech, University of Houston) and the Bangladesh University of Engineering and Technology (BUET) to strengthen BUET's capacity to address Bangladesh's vulnerability to seismic hazards and local capabilities in energy economics and related policy issues. The Agricultural Biotechnology Support Project (ABSP II) activity focuses on the safe and effective development and commercialization of selected biotechnology crops in Bangladesh. The Program for Bio-Safety helps Bangladesh create the infrastructure, policies and capacity needed to use biotechnology safely. Climate Forecast Applications in Bangladesh (CFAB) involves a consortium of partners generating flood forecast information. The Program for Enhancement of Emergency Response (PEER) Phase-2 (2003-2008) aims at improved earthquake response readiness through emergency response training, institutional strengthening, networking and coordination. Bangladesh also participates in the Food and Nutrition Technical Assistance Project to test concepts and

measures of hunger and food security in order to develop a protocol for use in impact evaluations. The Child Survival Program (CSP) contributes to the reduction of maternal and child mortality and morbidity, and improves the health status of women and children through the development of sustainable municipal health services in two targeted areas. CSP develops the management capacity of municipality managers, improves the skills of municipal health service providers, and strengthens the municipality's community based health promotion approach. The Center for Rehabilitation of Torture Survivors provides medical and psychiatric support to more than 100 former prisoners, who were victims of torture and underwent physical and mental trauma.

Over the past two years, USAID has been actively engaging new audiences, cultivating key relationships, and developing creative ways to expose Bangladeshis to the benefits of USAID's development activities. Our approach to outreach has been to deliberately seek out contacts with people who have the ability to influence a broad spectrum of society. We have exposed local imams (religious clerics) to the values of social and economic development, and they are now discussing such issues as human trafficking with their followers. We have taken journalists to see our development projects, which has helped to get USAID activities featured more consistently and accurately in the local press. We helped provide university law students with information about their rights under the Bangladeshi constitution, and they are now voluntarily visiting high schools to share this information. USAID has joined efforts led by the U.S. Embassy to Bangladesh to put on an annual event, "America Week," aimed at taking the message of U.S. contributions to Bangladesh to the populace in secondary cities around the country. These efforts have relied upon the creative use of existing resources, but with increased emphasis on Muslim outreach, we expect to attract additional resources to support our various outreach activities.

Other Donors: Donor coordination is excellent in Bangladesh, and USAID plays a leading role in several sectors, including health, private sector development, energy and democracy. The largest donors to Bangladesh are the World Bank, the Asian Development Bank, the European Union, the United Kingdom, Japan, the United States and Canada. USAID coordinates with multilateral banks in agriculture, water resources, and energy. Other multilateral cooperation includes the United Nations Children's Fund and the United Nations Population Fund for health, population, education and children's rights; the International Labor Organization for child labor issues; the World Food Programme for food security; United Nations Development Programme on environment, poverty reduction, human capacity, democracy, and disaster; and the World Health Organization on health issues.

USAID coordinates with the following bilateral donors: Japan (rural development, agriculture, health, disaster assistance); the European Commission (rural development, forestry, governance, democracy, human rights, health, food security, poverty reduction); United Kingdom (agriculture, fisheries, natural resources, rural development, disaster management, water and sanitation, energy, enterprise development, education, democracy, health); Germany (health, energy, economic reform, private sector development, education); Switzerland (education, agriculture, forestry, enterprise development, water and sanitation, rural development, transportation, humanitarian assistance); the Netherlands (health, education, energy); Australia (food security, education, environment, enterprise development, microfinance, health); Norway (education, enterprise development, energy, democracy, human rights); Canada (health, education, microfinance, governance); Denmark (water and sanitation, agriculture, transportation, poverty reduction, private sector support); and Sweden (education, health, democracy, governance, enterprise development, human rights). The United Kingdom, Canada and the Netherlands recently declared Bangladesh a priority country and have accordingly increased future commitments.

Bangladesh
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	39,950	33,100	36,000	36,300
Development Assistance	21,670	21,391	18,850	19,187
Economic Support Fund	3,000	4,000	4,971	5,000
PL 480 Title II	23,974	38,577	18,238	46,000
Total Program Funds	**88,594**	**97,068**	**78,059**	**106,487**

STRATEGIC OBJECTIVE SUMMARY				
388-001 Integrated Family Planning and Health				
CSH	39,950	33,100	35,000	35,700
388-005 Private Enterprise Development				
DA	4,800	6,000	4,500	4,687
ESF	0	1,000	1,000	1,000
388-006 Environment				
DA	2,900	2,700	2,500	2,500
388-007 Bilateral Energy				
DA	4,770	4,741	3,500	3,000
ESF	1,500	1,000	1,000	1,000
388-008 Food Security and Disaster Management				
DA	3,700	2,600	2,100	2,500
ESF	500	1,000	971	1,000
PL 480	23,974	38,577	18,238	46,000
388-009 Democracy and Governance				
CSH	0	0	250	300
DA	5,500	4,000	3,750	4,300
ESF	0	0	500	500
388-010 Education				
CSH	0	0	750	300
DA	0	1,350	2,500	2,200
ESF	0	1,000	1,500	1,500

TRANSFER				
ESF	1,000	0	0	0

Mission Director,
Gene George

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Integrated Family Planning and Health
Pillar:	Global Health
Strategic Objective:	388-001
Proposed FY 2004 Obligation:	$35,000,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$35,700,000 CSH
Year of Initial Obligation:	FY 1997
Year of Final Obligation:	FY 2007

Summary: USAID's National Integrated Population and Health Program is aimed at reducing fertility and improving family health. Efforts include the following:
-- Technical assistance to expand, improve and sustain a package of basic health and family planning services available from NGOs, especially to the poor;
-- Technical assistance and commodity support to the Government of Bangladesh (GOB) and private sector to increase national contraceptive prevalence and contraceptive security;
-- Behavior change communication for high-priority health problems, including HIV/AIDS, family planning, immunization, childhood diseases, antenatal and postnatal care, and adolescent reproductive health;
-- Technical assistance for polio eradication; and
-- Research, monitoring and evaluation.

Inputs, Outputs, Activities:

FY 2004 Program:
NGO health services ($7,500,000 CSH). USAID will continue to support its NGO service-delivery program. Assistance will expand the range and quality of clinical services; increase use, especially by the poor; and influence government policy to expand the role of NGOs in health service provision. USAID has been working to strengthen NGOs' capacity to cover their own operating costs and decrease support from USAID. A new activity is planned to independently evaluate the quality of services provided. Principal grantees: Pathfinder International; others TBD.

Family planning and reproductive health ($15,800,000 CSH). In addition to expanding family planning services at NGO clinics, USAID will fund contraceptives to a non-profit Bangladeshi company (Social Marketing Company - SMC); technical assistance to the GOB to improve family planning, health logistics and promote contraceptive security; assistance to the GOB to plan and implement expanded clinical contraceptive services, including voluntary surgical contraception; and behavior change communication activities addressing adolescent reproductive health needs. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy. Principal prime grantees: SMC; John Snow, Inc.; EngenderHealth; Johns Hopkins University.

HIV/AIDS ($3,700,000 CSH). Although HIV prevalence remains low, the widespread practice of high-risk behavior, high sexually transmitted infection (STI) rates, and severe epidemics in neighboring countries are a serious threat. USAID now has an approved HIV Strategy with the following objectives: 1) work with vulnerable groups to promote behavior change, improve STI services, promote condom use, and provide voluntary counseling, testing and care for those infected with HIV; 2) enhance NGO technical capacity in prevention; 3) strengthen behavioral and sero-surveillance; 4) conduct research on new prevention approaches and strategies; and 5) address policy issues and removing obstacles to expanded prevention efforts. Principal prime grantees: Family Health International; Johns Hopkins University.

Polio eradication ($1,000,000 CSH). USAID will help keep urban areas polio-free by funding World Health Organization (WHO) assistance to the GOB in polio surveillance. USAID will continue to fund national

immunization days and provide limited support to improve routine immunization coverage. Principal grantee: WHO.

Research, monitoring and evaluation ($7,000,000 CSH). USAID will continue an operations research program to improve the GOB's Essential Services Package, through which USAID-supported NGOs offer child survival, maternal health, and family planning services. USAID will also fund the Demographic and Health Survey and an NGO Impact Survey. Program funded personnel are also supported from this category. Principal prime grantees: International Centre for Diarrheal Disease Research, Bangladesh; Centre for Development and Population Activities; Johns Hopkins University; and The University of North Carolina at Chapel Hill.

FY 2005 Program:
NGO health services ($10,550,000 CSH). USAID plans to continue funding local NGOs that provide quality essential services to more than 20 million Bangladeshis and help the NGOs move toward sustainability. USAID's NGO Service Delivery Program is a model for expanding the role of the NGO sector in providing quality healthcare, and other donors are keenly interested. Two new activities will provide targeted support to NGOs. Principal grantees: Pathfinder International; others TBD.

Family planning and reproductive health ($15,000,000 CSH). USAID intends to continue support for the social marketing of contraceptives, technical support to GOB contraceptive procurement and for the expansion of long-term, voluntary clinical contraception. Same implementers as above.

HIV/AIDS ($3,700,000 CSH). USAID will continue limited assistance for HIV/AIDS prevention. Support will be provided for behavior change and harm reduction among high-risk groups through peer education, STI treatment, and condom promotion, along with surveillance and research and include additional vulnerable groups. Principal grantees: TBD.

Polio eradication ($1,000,000 CSH). USAID will continue limited support for polio activities in urban areas through WHO's assistance to the GOB. Principal grantees: WHO.

Research monitoring and evaluation ($5,450,000 CSH). USAID will continue an operations research program to improve the content and implementation of the GOB's Essential Service Package. Program funded personnel will also continue to be supported from this category.

Performance and Results: USAID-supported NGOs continue to make strides on the path to sustainability. The GOB and donors look to NGOs as viable service providers to the poor. USAID-supported NGO clinics increased customer contacts by 7% this year, serving 22.9 million customers. The combined efforts of SMC and NGO clinics increased their contribution to non-surgical contraception by 16% in 2003. Efforts to promote institutional and financial sustainability led to SMC increasing total cost recovery from 43% in FY 2002 to 51% in FY 2003. USAID strengthened the GOB's clinical and surgical contraception program, tripling performance of voluntary sterilizations in 24 districts. Working against government inefficiencies and bureaucratic hurdles, USAID technical assistance in contraceptive procurement helped ensure that the national contraceptive supply will meet the country's need for the next three years. Routine immunization coverage in urban areas increased from 66% in FY 2002 to 71% in 2003, largely due to USAID efforts. USAID's investment in the development of education materials for Adolescent Reproductive Health is leveraging enthusiastic support from other donors; UNICEF support will double the size of USAID's project by funding additional media components including a T.V. series. HIV prevention activities have doubled the number of sites from last year and have begun working with additional high-risk groups. The first-ever condom campaign for HIV prevention was successfully launched with GOB approval. By program completion, a network of strong NGOs will provide an essential-services package in health and family planning. USAID support will move from service provision to technical assistance; the National Family Planning program will provide a wider range of contraceptive options, helping to restart a decline in the fertility rate; Bangladesh will remain polio free; and HIV/AIDS prevalence will continue to be under 1% in the general population.

US Financing in Thousands of Dollars

Bangladesh

388-001 Integrated Family Planning and Health	CSH	DA
Through September 30, 2002		
Obligations	94,210	78,137
Expenditures	57,737	72,028
Unliquidated	36,473	6,109
Fiscal Year 2003		
Obligations	24,022	0
Expenditures	22,862	3,098
Through September 30, 2003		
Obligations	118,232	78,137
Expenditures	80,599	75,126
Unliquidated	37,633	3,011
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	35,000	0
Total Planned Fiscal Year 2004		
Obligations	35,000	0
Proposed Fiscal Year 2005 NOA		
Obligations	35,700	0
Future Obligations	35,000	0
Est. Total Cost	223,932	78,137

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Private Enterprise Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-005
Proposed FY 2004 Obligation:	$4,500,000 DA; $1,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,687,000 DA; $1,000,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: USAID's program for enterprise development includes technical assistance and training to promote and develop more market-oriented policies, laws and regulations; to strengthen key business support organizations; and to improve productivity and competitiveness of enterprises in targeted sectors. Direct beneficiaries include rural households, micro, small and medium-sized private firms, agribusiness, and private providers of business support services.

Inputs, Outputs, Activities:

FY 2004 Program:
Agribusiness ($2,060,000 DA). USAID will continue its agribusiness development project, which promotes competitiveness of private agribusiness in four targeted sub-sectors--fisheries, horticulture, poultry, and grains--by improving productivity, market access, and product quality. Assistance will also target key policy and institutional issues that constrain growth in the agribusiness sector. The project will continue to develop a high-impact, industry-managed Seal of Quality program. The program is designed to improve the competitiveness of the shrimp industry, Bangladesh's second largest import, in world markets by assuring buyers that products marked with the seal meet the highest sanitary, environmental and labor standards. USAID will also support efforts to increase the supply of properly trained professionals who are critically needed to manage private agribusiness, thus strengthening agribusiness management capacity. USAID will also fund the development of a market information system that will help agribusiness clients make more informed business decisions. Principal contractors: Louis Berger Group (Prime); Cargill Technical Services (Sub); Land O' Lakes (Sub).

Small business and microenterprise ($2,440,000 DA, $1,000,000 ESF). USAID will continue to extend proven low-cost technologies to help rural households improve their productivity, income, and nutrition through pond aquaculture. Under a new competitive export development project, USAID will develop promising market linkages and needed policy and institutional support initiatives to stimulate business growth and employment within targeted sectors. USAID will further refine and develop its activities in support of the information and communications technology (ICT) sector, with a focus on ICT-related human capacity development, e-governance and policy reform. USAID will continue to support bank supervision assistance to the Central Bank provided by the U.S. Department of the Treasury. Through the Global Trade and Technology Network, USAID will continue to encourage local firms to establish business relationships with potential trade and investment partners in the United States and other countries. Principal prime contractors and grantees: University of Maryland's Center for Institutional Reform and the Informal Sector; WorldFish Center.

FY 2005 Program:
Agribusiness ($2,747,000 DA). USAID plans to continue support for its ongoing agribusiness project focusing on four targeted sub-sectors. During the final year of this project, USAID will assess the lessons learned and evaluate future needs to develop Bangladesh's agribusiness sector. A new agribusiness project will be developed on the basis of this assessment.

Small business and microenterprise ($1,940,000 DA, $1,000,000 ESF). USAID plans to continue support for competitive export development. The effort will be concentrated on facilitating the provision of business development services to enterprises within targeted sectors, with accompanying policy and institutional support as appropriate. USAID also plans to extend existing loan portfolio guarantee programs and possibly develop new initiatives with private commercial banks in response to promising opportunities. With ESF funding, USAID will continue and possibly expand human resources development and other initiatives in the ICT sector, and will continue support for the U.S. Treasury's assistance to reform the Central Bank. USAID also plans to create a workforce development program to help meet projected demands for skilled workers in emerging export sectors.

Performance and Results: The focus on small business and agribusiness development within targeted subsectors remains central to Bangladesh's efforts to stimulate and diversify economic growth. Total annual sales for enterprises supported by USAID programs reached an estimated $65.35 million in 2003, exceeding the target value of $55 million. Domestic sales accounted for $50.27 million of the year's total, with exports at $15.08 million. USAID has a strong reputation as a leading donor providing assistance to agribusiness enterprises resulting in notable successes in domestic sales of poultry and grains. The Seal of Quality program for the shrimp industry received the Prime Minister's endorsement and formed partnerships with important international and regional aquaculture institutions. USAID support helped to launch an Agribusiness MBA program that will develop necessary skills and leadership in the agribusiness sector. USAID's small business development project expanded sales in targeted sectors, including several promising new sectors, by identifying potential export markets for non-traditional items. The pond aquaculture project continued to extend economic benefits to tens of thousands of farm households and to demonstrate simple technologies that are already proving to be sustainable through spontaneous replication in rural Bangladesh.

USAID continued to promote economic growth by addressing key policy and institutional issues, and significant progress was made in two policy initiatives. Secured Transactions and Information Technology laws are now under active consideration by the relevant government ministries. In the ICT sector, one USAID project expanded a program that develops quality human resources in computer networking now provides trainees with opportunities for international certification. Initiatives were also undertaken to help local IT firms develop their marketing skills, to enhance the capacity of Bangladeshi IT associations, and to promote the products and services of IT companies in international marketplaces.

By program completion, Bangladesh agribusinesses and small businesses will have significantly increased opportunities to expand their enterprises and their penetration of both domestic and international markets with a diversified range of products. A suitable enabling environment for the development and expansion of the ICT sector will have been created, and opportunities will be made available to meet the growing demands for ICT-related products and services.

US Financing in Thousands of Dollars

Bangladesh

388-005 Private Enterprise Development	CSH	DA	ESF
Through September 30, 2002			
Obligations	525	38,489	0
Expenditures	525	31,572	0
Unliquidated	0	6,917	0
Fiscal Year 2003			
Obligations	0	4,143	2,135
Expenditures	0	5,882	0
Through September 30, 2003			
Obligations	525	42,632	2,135
Expenditures	525	37,454	0
Unliquidated	0	5,178	2,135
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	4,500	1,000
Total Planned Fiscal Year 2004			
Obligations	0	4,500	1,000
Proposed Fiscal Year 2005 NOA			
Obligations	0	4,687	1,000
Future Obligations	0	7,037	2,500
Est. Total Cost	525	58,856	6,635

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-006
Proposed FY 2004 Obligation:	$2,500,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,500,000 DA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2007

Summary: USAID's program to improve the management of open water and tropical forest resources includes technical assistance and training to do the following:

-- Establish community-based resource management systems;
-- Restore selected aquatic and tropical forest habitats and ecosystems;
-- Heighten awareness among stakeholders, local governments and national level policy-makers regarding the need to manage natural resources sustainably; and
-- Improve public sector and NGO natural resource management capacity.

Direct beneficiaries include target communities of poor fisher-people and forest resource users whose lives depend upon open water and forest resources. Indirect beneficiaries include surrounding communities where up to 80% of the families are partially dependent on these resources.

Inputs, Outputs, Activities:

FY 2004 Program:
Open water resources ($1,000,000 DA). USAID will fund a second phase of an initiative to manage aquatic ecosystems through community husbandry. Building on the success of the first phase, USAID will fully develop community-based resource management organizations and related institutions and will work to ensure their sustainability. Wetlands rehabilitation will intensify, so the impact of a healthy ecosystem on biodiversity and productivity can be fully assessed. The second phase of the aquatic ecosystems initiative will expand outreach and public education efforts. Prime grantee: Winrock International; three subgrantees.

Tropical forest resources ($1,000,000 DA). USAID will support a newly initiated project to improve the management of Bangladesh's tropical forest resources and protect the country's remaining natural tropical forest areas. USAID will use a co-management approach that it successfully piloted with open water resources. The new project will help establish links between the terrestrial and aquatic ecosystems while building local capacity in tropical forest resources management. It will complement USAID's other environmental activities, consolidating lessons learned in community-based resource management, and stimulating the development of a protected area management system in Bangladesh. Prime contractor: International Resources Group; four subgrantees; seven resource organizations.

Natural resources policy ($500,000 DA). To help institutionalize the community-based co-management approach, USAID is planning to initiate a natural resources policy project. The groundwork to commission an assessment of the implementation of the Government of Bangladesh's (GOB) natural resources-related policies has been completed. The assessment will help USAID define the best probable niche for future policy work in the natural resources management arena. Principal grantee: TBD.

FY 2005 Program:
Open water resources ($700,000 DA). USAID intends to continue funding for the aquatic ecosystems project to support community-based resource management organizations, related institutions and beneficiary groups. USAID will work to ensure their sustainability as well as expand wetlands rehabilitation. Support for expanded outreach and public education will further develop the constituency for co-management of natural resources. USAID plans to expand support for the use of the co-management approach by the GOB and by others involved in environmental protection activities.

Tropical forest resources ($1,100,000 DA). The project will develop a co-management planning and implementation model for selected protected areas (national park, wildlife sanctuary and game reserve), improve ecosystems management, encourage the development of a constructive policy environment for co-management, and create a conservation constituency in Bangladesh.

Natural resources policy ($700,000 DA). USAID will continue addressing natural resources policy issues in order to institutionalize the co-management approach.

Performance and Results: USAID's aquatic ecosystem activities preserve biodiversity and open water ecosystems that benefit a population of more than 500,000 through increased fish production and improved nutrition and incomes. 18,866 of floodplain area are now being sustainably managed - a dramatic improvement from four years ago, when no floodplain areas were managed sustainably. 66 community-managed fish sanctuaries have been established, including 8 in important waterbodies that the GOB has now designated as permanent sanctuaries. In addition, 333,000 native trees have been planted at three project sites to help restore wetland and riparian ecosystems. 225 community credit groups with 4,598 members (about one-third of them women-led) have been created to help make up for lost income due to restricted fishing and other resource-use practices through alternate income generation program. Through these groups, more than four thousand individuals have received credit and technical assistance. To stimulate policy support for natural resource conservation, USAID cooperated with a multi-donor review of the fisheries sector and helped pioneer the development of the National Wetlands Network, an influential association of activists and organizations that helps inform policymakers about wetland conservation issues. In a major breakthrough, for the first time in Bangladesh, public wetlands normally leased and exploited by elites have been turned over to the community in perpetuity to be managed through community efforts as permanent fish sanctuaries. This precedent-setting action is the first step in the establishment of a national sanctuary system and will contribute to USAID's overall goal of co-management of common pool natural resources for the conservation and sustainable management of biodiversity and natural resources. The newly initiated Tropical Forestry program has developed a realistic work-plan and conducted important socioeconomic, biological and physical appraisals in four protected areas. The project team is working with government officials to assess issues and opportunities that would improve management of the country's Protected Areas System. In addition, the idea of creating a "Protected Area Management Program" within the Forest Department has met with a positive response. The Arannayk Foundation was successfully established as a not-for-profit company as a result of USAID's efforts.

By the time the environment program is completed, USAID anticipates that wetland and tropical forestry co-management systems will be incorporated into local planning processes throughout Bangladesh; a large constituency for wetlands and tropical forest conservation will be established; and there will be widespread support for both the wetland and tropical forestry conservation and the co-management approach among influential policy makers in Bangladesh.

US Financing in Thousands of Dollars

Bangladesh

388-006 Environment	CSH	DA
Through September 30, 2002		
Obligations	2,275	4,773
Expenditures	2,275	2,487
Unliquidated	0	2,286
Fiscal Year 2003		
Obligations	0	2,370
Expenditures	0	1,577
Through September 30, 2003		
Obligations	2,275	7,143
Expenditures	2,275	4,064
Unliquidated	0	3,079
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	2,500
Total Planned Fiscal Year 2004		
Obligations	0	2,500
Proposed Fiscal Year 2005 NOA		
Obligations	0	2,500
Future Obligations	0	2,700
Est. Total Cost	2,275	14,843

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Bilateral Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-007
Proposed FY 2004 Obligation:	$3,500,000 DA; $1,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,000,000 DA; $1,000,000 ESF
Year of Initial Obligation:	FY 1996
Year of Final Obligation:	FY 2007

Summary: USAID's program to improve the performance of key institutions in the energy sector includes technical support, training and other assistance to do the following:

-- Increase institutional capacity through reforms in the gas and power sector;
-- Create an improved enabling environment to help attract foreign investment; and
-- Improve rural power sector performance to help alleviate poverty in rural areas.

Assistance to reform the energy sector addresses both power and gas and emphasizes policy change and regulatory reform.

Inputs, Outputs, Activities:

FY 2004 Program:
Policy ($500,000 DA, $750,000 ESF). USAID will continue to provide technical assistance and training to restructure and reform the state-dominated power and natural gas sector. USAID assistance also will:

-- Encourage continued "unbundling" and separation of policy, regulatory and commercial functions;
-- Promote improved performance of distribution companies; and
-- Assist the Government in anticipating and addressing the social impacts of market reforms.

Assistance to build financial, management and operational capabilities will be extended to promote other energy sector reforms instituted by the Government of Bangladesh (GOB), for example, power sector distribution and power and gas transmission. Support for a partnership between the Power Grid Company of Bangladesh (PGCB) and the Bonneville Power Administration (BPA) to improve the institutional capacity of PGCB will continue. New partnerships for other key energy institutions--including the new Bangladesh Energy Regulatory Commission--will be developed based upon opportunities and prospects for success. The program will place particular emphasis on supporting and making fully operational an effective and independent regulatory body through tailored training and technical assistance. A recently established academic partnership between the Bangladesh University of Engineering and Technology (BUET) and the University of Houston (UH) through USAID's "Institutional Partnerships Program" will strengthen local capabilities in energy economics and related policy issues. Principal contractors and grantees: National Association of Regulatory Utility Commissioners; UH; BPA; others TBD.

Energy ($1,000,000 DA, $250,000 ESF). USAID will help introduce the new regulatory development model, develop a tariff methodology to reflect the cost of supply, and provide other focused assistance to the energy sector, both gas and power. If the GOB decides to allow gas exports, USAID will provide technical assistance and training to the Bangladesh energy sector to address the many financial, technical and policy issues that are likely to accompany the large-scale export of gas. Principal contractors and grantees: TBD.

Rural power ($2,000,000 DA). USAID's Rural Power for Poverty Reduction Program (RPPR-II) will provide training and technical assistance to consolidate the successes of the earlier programs that brought electricity to remote areas through rural power distribution cooperatives. The program also will further strengthen the management and technical capabilities of the Rural Electrification Board (REB) and its constituent rural electric cooperatives. The program focuses on ensuring the sustainability of USAID's long-standing effort in this sector while cultivating promising opportunities for other donor support to allow for a more coordinated overall technical assistance effort. Principal contractors and grantees: National Rural Electric Cooperative Association.

FY 2005 Program:
Policy ($500,000 DA, $500,000 ESF). USAID plans to continue its assistance for gas and power sector reform, strengthening the regulatory regime and other capacity building efforts. USAID also will provide assistance to GOB and energy sector entities to improve the enabling environment for attracting greater private investment in the energy sector. Principal grantees and contractors: TBD.

Energy ($500,000 DA, $500,000 ESF). USAID will provide assistance to create new human and institutional capacity within the most reform-oriented energy sector entities, such as Gas Transmission Co. Ltd., PGCB, Dhaka Electric Supply Company, etc., which are key institutions in implementing true sector "unbundling" and regulatory reform. Existing partnerships for technical assistance and training in the energy sector will continue to facilitate and further encourage the reform and restructuring process. The academic partnership established under the "University Linkages" program is expected to continue. Principal grantees and contractors: U.S. Energy Association and others TBD.

Rural power ($2,000,000 DA). The RPPR-II project will continue to focus on strengthening institutional management and promoting efficient systems operation to ensure the sustainability of this long-standing effort. Principal contractor: National Rural Electric Cooperative Association (NRECA).

Performance and Results: In FY 2003, power sector unbundling exceeded expectations, with 3,337 kilometers of transmission lines transferred to the newly established PGCB against a target of 3,000 kilometers. Assistance in rural electrification has further strengthened the capacity of the REB and the rural power co-operatives. The number of electric connections in rural areas continues to increase significantly. The total number of legal power connections grew from 6.31 million in FY 2002 to 7.20 million in FY 2003. A crucial move towards sector reform took place in March 2003, with passage by Parliament of the Bangladesh Energy Regulatory Commission Act. USAID has assumed the lead role among donors in assisting the GOB to establish and make operational the regulatory commission, with assistance aimed at making it a truly independent entity to curb corruption in the sector.

By the time the energy program is completed, USAID anticipates that an independent regulatory body for the gas and power sectors will be established and functioning effectively, the private sector will play a significant role in power generation with at least sector transmission and distribution "corporatized," and the rural electrification program will be effective and largely self-sustaining.

US Financing in Thousands of Dollars

Bangladesh

388-007 Bilateral Energy	DA	ESF
Through September 30, 2002		
Obligations	34,150	1,599
Expenditures	27,441	99
Unliquidated	6,709	1,500
Fiscal Year 2003		
Obligations	4,250	0
Expenditures	4,001	356
Through September 30, 2003		
Obligations	38,400	1,599
Expenditures	31,442	455
Unliquidated	6,958	1,144
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,500	1,000
Total Planned Fiscal Year 2004		
Obligations	3,500	1,000
Proposed Fiscal Year 2005 NOA		
Obligations	3,000	1,000
Future Obligations	4,200	2,500
Est. Total Cost	49,100	6,099

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Food Security and Disaster Management
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	388-008
Proposed FY 2004 Obligation:	$2,100,000 DA; $971,000 ESF; $18,238,000 PL 480
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,500,000 DA; $1,000,000 ESF; $46,000,000 PL 480
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: USAID's program to improve food security for vulnerable groups and to mitigate effects of disaster, funded by DA, ESF and P.L. 480 Title II resources, includes the following:
-- Technical assistance and capacity-building to improve food security policy;
-- Technical assistance, training and construction of environmentally-sound infrastructure, primarily in rural areas;
-- Training and technical assistance to improve disaster preparedness and mitigation measures at the community level; and
-- Technical assistance and outreach to diversify agricultural production.
Beneficiaries include the rural and urban poor, with emphasis on the rural poor, especially vulnerable children and women.

Inputs, Outputs, Activities:

FY 2004 Program:
Environmentally-sound community infrastructure ($160,000 DA). DA funds complemented by Title II resources will support community infrastructure improvements, including low cost, hard surface, farm-to-market roads; earthen village roads; safe drinking water and sanitation facilities; school rehabilitation; flood proofing activities (raising homesteads, building multi-purpose community flood shelters, and developing social/community places and marketplaces); local government building construction; and urban slum rehabilitation (improvement of drainage, footpaths, community latrines and bathing facilities). Grantees: CARE; World Vision.

Disaster management ($240,000 DA). DA funds complemented by Title II resources will support disaster management activities to strengthen community-level disaster preparedness and response/mitigation mechanisms. This activity also includes USAID/OFDA-supported climate forecasting, urban disaster mitigation, and enhancement of emergency response efforts. Grantees: CARE; World Vision.

Agriculture diversification ($900,000 DA). Agricultural diversification will help reduce vulnerability to major crop failure and contribute to more sustainable use of land and water resources. Agricultural diversification efforts will emphasize outreach efforts in wheat and maize production, as well as papaya research focusing on biotechnological approaches to disease problems. Activities will include training farm families in improved technologies and promoting appropriate mechanization. USAID's agricultural diversification strategy is also supported by P.L. 480 Title II resources, and monetization proceeds will be used to help small and marginal farm families increase their food production (fish, poultry, and home gardening) and cash incomes through training and technology transfer. Grantees: International Maize and Wheat Improvement Center (prime), World Vision (Title II prime) and Cornell University (sub).

Food security ($800,000 DA, $971,000 ESF). USAID will provide technical assistance to support the GOB's efforts to identify and implement more appropriate access-to-food and nutrition-focused policies and programs. The program will include research and analysis for improving access to food and the nutrition status of the poor and vulnerable, combined with institutional capacity building. The technical

assistance will, among other things, encourage the GOB to adopt measures to assist the neediest. In addition, USAID will fund activities to monitor and manage food security program performance. USAID will continue to support impact studies of arsenic contamination, including plant health and agricultural sustainability, food chain uptake and food safety issues with both ESF and DA resources. ESF resources will fund work by the U.S. Geological Survey on the feasibility of tapping deep aquifers underlying most of Bangladesh for arsenic free water and the International Centre for Diarrheal Disease Research, Bangladesh (ICDDR,B) for work on the epidemiology of arsenic. ESF will also support biotechnology research through the Agricultural Biotechnology Support Project, and the Program for Bio-safety Systems. Grantees: Food and Agriculture Organization (prime), The Asia Foundation (prime), the International Maize and Wheat Improvement Center (prime), Cornell University (prime), Texas A&M University (sub), USGS, International Service for National Agricultural Research (ISNAR), and ICDDR,B.

FY 2005 Program:
Environmentally-sound community infrastructure ($400,000 DA). DA funds, complemented by Title II resources, are expected to support community infrastructure improvements, including earthen village roads, water and sanitation, school rehabilitation, homestead raising, building of multi-purpose community flood shelters, social/community places development, and other activities to improve the social and physical environment in vulnerable communities.

Disaster management ($300,000 DA). With DA and Title II resources, USAID plans to continue building local capacity, systems and infrastructure to mitigate and respond to natural disasters. Emphasis will be placed upon the sustainability of the disaster contingency plans and seismic hazard awareness in urban areas.

Agricultural diversification ($900,000 DA). USAID plans to continue support for research and community extension activities to promote agricultural diversification.

Food Security ($900,000 DA). Technical assistance to improve access-to-food and nutrition-focused food security policies is expected to continue as well as support for food security program performance monitoring and management.

Food Security ($1,000,000 ESF). These funds would be used to provide support to the ongoing centrally-funded Agricultural Biotechnology Support Project and Program for Biosafety activities and, prospectively, new support to arsenic and seismic hazard and/or flood mitigation activities.

Performance and Results: In 2003, USAID infrastructure projects constructed 327 kilometers of low-cost hard surface farm-to-market roads and rehabilitated 220 kilometers of earthen village roads, generating 3.7 million person-days of seasonal employment and stimulating new job creation and improved access to markets and services. In addition 267,216 people gained access to hygienic sanitation facilities, and 94,294 people gained access to safe drinking water as a result. Contingency plans now ensure that over 25 million vulnerable people in the 277 most disaster prone areas have access to emergency relief supplies within 72 hours of a disaster. With only moderate floods during FY 2003, no external assistance was sought due to the increased flood-management capacity of the local communities, which is largely attributable to USAID assistance. The flood-proofing program benefited 221,800 people in 596 villages, thereby reducing property damage and helping them improve food security. In 2003, USAID assistance helped to increase wheat production by 44%, and maize production by 47% in target areas.

USAID expects to consolidate the improvements made in rural community infrastructure and the promotion of agricultural diversification. By the end of this objective, local villagers and poor women will continue to benefit from participation in humanitarian and development activities at the community level, while USAID's NGO partners will ensure local capacity in disaster mitigation and relief management, so suffering and loss are minimized.

US Financing in Thousands of Dollars

Bangladesh

388-008 Food Security and Disaster Management	CSH	DA	ESF
Through September 30, 2002			
Obligations	1,200	19,850	1,500
Expenditures	1,200	14,958	0
Unliquidated	0	4,892	1,500
Fiscal Year 2003			
Obligations	0	2,600	350
Expenditures	-129	2,331	324
Through September 30, 2003			
Obligations	1,200	22,450	1,850
Expenditures	1,071	17,289	324
Unliquidated	129	5,161	1,526
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	2,100	971
Total Planned Fiscal Year 2004			
Obligations	0	2,100	971
Proposed Fiscal Year 2005 NOA			
Obligations	0	2,500	1,000
Future Obligations	0	3,500	0
Est. Total Cost	1,200	30,550	3,821

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	388-009
Proposed FY 2004 Obligation:	$250,000 CSH; $3,750,000 DA; $500,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$300,000 CSH; $4,300,000 DA; $500,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: USAID's democracy and governance program promotes awareness, responsibility and advocacy for transparent local governance, anti-corruption, political party responsiveness to citizen priorities, and protection of human rights. Grants under this program to local non-governmental organizations (NGOs) support the development of a network of elected local bodies, and help to reduce child labor, violence against women and trafficking in persons. Additional funding supports research, technical assistance and training to build local council and municipal associations, protect workers rights, reform political processes, develop an anti-corruption strategy with the government, and improve investigative reporting.

Inputs, Outputs, Activities:

FY 2004 Program:
Create an active constituency for strong elected local government ($1,550,000 DA). USAID technical assistance and training, as well as subgrants to 14 local NGOs, will provide the knowledge and resources necessary to build awareness of the value of elected local governments at all levels, provide models, and increase citizen participation. It will support the establishment and strengthening of associations and networks of elected local councils and municipalities, and provide training and grants to local NGOs for public opinion polling, research and advocacy. The program will also train elected officials to work with communities to increase tax collection efficiency to raise the resources necessary to improve local services. Principal contractor and grantee: Associates in Rural Development (prime), RUPANTAR (prime) and 14 Bangladeshi NGOs (subs).

Foster greater responsiveness of political parties to citizens' priorities ($1,000,000 DA, $500,000 ESF). USAID will provide technical assistance to political parties and the Parliament to reduce destructive conflict and improve the parties' ability to negotiate, improve the committee system and increase the responsiveness of political parties, the Parliament and politicians to citizens' input and concerns. A democracy assessment, informed by a recent survey on knowledge, attitudes and practices of democracy, will be conducted as a basis for further program refinement in preparation for the 2006 general elections. Principal grantees: the International Republican Institute and the National Democratic Institute.

Increase recognition of women's and children's rights as human rights ($1,200,000 DA, $250,000 CSH). Training, technical assistance, and subgrants to ten local NGOs will increase human rights awareness, document abuses by law enforcement agencies, continue alternative dispute resolution programs in 120 villages and promote effective advocacy for change. Anticorruption work will continue, though reoriented to help the government to develop an anticorruption strategy, timetable and short-term measures to achieve results and build public confidence. Training in investigative reporting will complement this work, as well as improve basic reporting skills. Anti-trafficking initiatives will include technical assistance, training and grants for awareness campaigns, support for the rescue and recovery of victims, including child victims with resulting physical disabilities and psychological trauma, and legal assistance to promote the prosecution and conviction of traffickers. Schools for former child laborers and the children of

garment workers will receive continued support, as will the highly successful Working Women's Education Center. Principal grantees and agencies: Academy for Educational Development (prime), the American Center for International Labor Solidarity (prime), International Organization for Migration (IOM) (prime), International Labor Organization (prime), and eight Bangladeshi NGOs (subs).

FY 2005 Program:
Create an active constituency for strong elected local government ($1,400,000 DA). USAID plans to provide technical assistance and training to continue national debate on decentralization and to initiate national and regional events to create and strengthen a broader network of local council and municipal associations to move decentralization forward. Same implementers as above.

Foster greater responsiveness of political parties to citizens' priorities ($800,000 DA, $500,000 ESF). Efforts to reform and strengthen political parties will continue, with an added focus on leveling the playing field for the 2006 elections. Same implementers as above, with a new implementer to be determined.

Increase recognition of women's and children's rights as human rights ($2,100,000 DA, 300,000 CSH). Activities to combat domestic violence; internal and external human trafficking, including child victims with resulting physical disabilities and psychological trauma; child labor and other human rights abuses and to support labor development will continue. Anti-corruption initiatives and investigative journalism training are planned. Same implementers as above, with a new subgrantee to be determined.

Performance and Results: In 2003, USAID's democracy activities achieved significant results in three program areas: anti-trafficking, anticorruption and local governance. In anti-trafficking, one USAID-supported NGO helped to return 52 women, children and men from internal (24) and external trafficking (28). This NGO also helped the police to arrest 76 suspected traffickers and convict 15. Over the past four years, the total number of convictions achieved with USAID support is 49, starting from zero in 2000. The USAID-funded anti-trafficking network expanded its nationwide communications campaign and held the first-ever anti-trafficking film festival, while the Ministry of Women and Children's Affairs, IOM and USAID launched a month-long road march across 18 districts, which brought the anti-trafficking campaign directly to an estimated 50,000 people. This successful technique was later adopted for a nationwide HIV/AIDS campaign. USAID's anti-trafficking program also provided orientations for 250 imams, many of whom are now speaking out against this crime following Friday prayers. In anticorruption, USAID completed and handed off its highly successful project with Transparency International to a consortium of donors for a $6 million expanded effort. USAID assistance has been reoriented to build government support for development of an anticorruption strategy and other short-term measures to build confidence and achieve tangible results. In local governance, USAID's partners involved 1,000 local elected officials and 107 civil society organizations in debates on decentralization, created five district networks of local councils, representing 300 councils and five million people, and established the Municipal Association of Bangladesh, which achieved membership in the Netherlands-based International Union of Local Authorities. Citizens' Forums to represent constituencies' interests to local governments were established in 23 localities in Khulna and Bagerhat and tax collection there increased by 10% over one year as a direct result.

By program completion, Bangladeshis will be more aware and active in support of human rights, especially women's and children's rights, with reduced trafficking in persons and child labor as a result. Citizens' demand for and the government's ability to deliver transparent governance will be enhanced, and corruption will be reduced. Civil society will advocate more effectively for reforms to local and national governance to accommodate decentralization. Elected leaders and political parties will be more efficient and responsive to citizens.

US Financing in Thousands of Dollars

Bangladesh

388-009 Democracy and Governance	CSH	DA	ESF
Through September 30, 2002			
Obligations	1,500	9,360	2,580
Expenditures	1,118	3,528	2,347
Unliquidated	382	5,832	233
Fiscal Year 2003			
Obligations	0	5,500	0
Expenditures	325	1,965	0
Through September 30, 2003			
Obligations	1,500	14,860	2,580
Expenditures	1,443	5,493	2,347
Unliquidated	57	9,367	233
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	250	3,750	500
Total Planned Fiscal Year 2004			
Obligations	250	3,750	500
Proposed Fiscal Year 2005 NOA			
Obligations	300	4,300	500
Future Obligations	0	7,000	2,000
Est. Total Cost	2,050	29,910	5,580

Data Sheet

USAID Mission:	Bangladesh
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	388-010
Proposed FY 2004 Obligation:	$750,000 CSH; $2,500,000 DA; $1,500,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$300,000 CSH; $2,200,000 DA; $1,500,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: The USAID basic education objective in Bangladesh seeks to improve performance at the early childhood and primary education levels by increasing early learning opportunities, primarily through a new Sesame Street Bangladesh co-production focused on literacy, numeracy and critical thinking skills; by developing and disseminating innovative materials that make learning fun and productive; and by fostering system change through the strengthening of champions and reformers within and outside the educational system.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase early learning opportunities ($250,000 CSH, $900,000 ESF). USAID support to three grantees and their partners will continue for the second and final year, based on funding provided in the previous year. The activity will increase school readiness, improve reading and math skills and expand primary school access in targeted areas of Chittagong Hill Tracts, Sylhet and Dhaka. By working with school management committees and establishing parent teacher associations, the program will also mobilize parent and community support for quality learning, as well as reduce corrupt and unethical practices at the schools. An evaluation of the three projects will be conducted upon their completion. USAID's major new initiative, Sesame Street Bangladesh, will complete the design phase and begin development of a national half-hour television program in Bangla. This new program will target an audience of six to nine million preschoolers, including disabled children, and will improve literacy, numeracy and critical thinking skills and prepare children for success in school. Principal grantees: Sesame Workshop, CARE, SAVE the Children, and Plan International.

Develop and promote use of innovative learning tools by children and teachers ($1,800,000 DA, $500,000 CSH, $600,000 ESF). Training, technical assistance, and subgrants to NGOs will promote innovation in the formal and non-formal education system. USAID will fund activities that inspire and prepare children and teachers to improve skills and performance in the classroom and other settings through development of new learning tools and technical assistance in their use. A major outreach initiative will be launched under the Sesame Street Bangladesh program, in cooperation with the Government of Bangladesh. This initiative will target Bangladeshi children under the age of six with disabilities. Principal grantees: Sesame Workshop, CARE, SAVE, and Plan International. An additional principal contractor/grantee under a new project called SUCCEED is TBD.

Increase capacity to foster education system change ($700,000 DA). Limited activities to promote leadership capacity will bring together and strengthen champions and leaders of educational reform in Bangladesh and expose them to best practices and lessons learned elsewhere. USAID will also initiate an Education Data Program, tied to its Demographic Health Survey, to ensure that trends and achievements under the education program can be measured in an objective, systematic manner. Principal contractor/grantee: TBD.

FY 2005 Program:
Increase early learning opportunities ($1,000,000 DA, $750,000 ESF). Under SUCCEED, USAID plans to initiate follow-on projects to those completed in 2004, and to finance the production, launch and broadcast of the Sesame Street Bangladesh educational program nationwide on the government television channel, with 52 half-hour segments focusing on literacy, numeracy and critical thinking. Principal contractor/grantee: Sesame Street Workshop and others TBD.

Develop and ensure use of innovative learning tools by children and teachers ($1,200,000 DA, $300,000 CSH, $500,000 ESF). Activities to strengthen learning through innovative tools and methodologies are expected to continue, in conjunction and coordination with the Sesame Street Bangladesh outreach program, including disabled children. Principal contractor/grantee: Sesame Street Workshop and others TBD.

Increase capacity to foster education system change ($250,000 ESF). USAID intends to continue funding for limited activities that promote leadership and motivate change in primary education at the local and national levels. Principal contractor/grantee: TBD.

Performance and Results: Approved on December 12, 2002, USAID's new education objective got a jumpstart by awarding three grants in August 2002 for pilot programs under the Mission's democracy program. Based on their proven success with past initiatives in basic education in three regions, the project implementers quickly ramped up and refined their efforts, reaching 40,715 students, in 337 formal and non-formal primary schools as well as 72 home-based preschools by the end of 2003. In the post-conflict region of Chittagong Hill Tracts, children and teachers have benefited from technical assistance and training in a simplified methodology of teaching Bangla, the tribal children's second language. In addition, 56 mothers' groups were also established to monitor their children's and teachers' performance. The groups have kept a close watch on absenteeism, false enrollment and performance deficiencies and send regular written reports to local and national education authorities, documenting abuses and problems. In rural areas of Sylhet, 72 home-based preschools were established, along with kindergartens in 28 government schools. A recent innovation was the creation of a "reading buddy" program, in which fourth and fifth graders mentor first and second graders in reading and math. The total number of "reading buddy" pairs is 3,191. Preschools were also established in rural areas outside Dhaka, serving 14,248 children. The program also established after-hours "learning camps," using unemployed teenagers to tutor under-performing students in core subjects and exam-taking skills. Finally, in June 2003, USAID signed a three-year cooperative agreement with Sesame Workshop to replicate its world-renowned educational television program with a co-production in Bangladesh, using Bangla-speaking characters and local themes to teach literacy, numeracy, and critical thinking. The design phase will end in March 2004, with production beginning shortly afterwards.

By program completion in 2007, USAID anticipates that the following will have been accomplished:

-- Early childhood development programs that enhance school readiness will be available nationwide through mass media and in targeted rural communities;
-- Improved learning tools and methodologies will be employed in all types of schools to improve performance; and
-- Parents, communities and local leaders will be more active advocates of quality education, contributing to the education reform agenda.

US Financing in Thousands of Dollars

Bangladesh

388-010 Education	CSH	DA	ESF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	0	1,350	1,500
Expenditures	0	479	0
Through September 30, 2003			
Obligations	0	1,350	1,500
Expenditures	0	479	0
Unliquidated	0	871	1,500
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	750	2,500	1,500
Total Planned Fiscal Year 2004			
Obligations	750	2,500	1,500
Proposed Fiscal Year 2005 NOA			
Obligations	300	2,200	1,500
Future Obligations	0	3,000	2,000
Est. Total Cost	1,050	9,050	6,500

India

The Development Challenge: India, the world's largest democracy, is home to over one billion people, roughly one-sixth of the world's population; 17 million people are added each year. Approximately 82 percent of India's people are Hindu, but it is also the home of one of the world's largest Muslim populations (over 120 million).

Over 300 million Indians live in abject poverty -- more than all the poor in Africa and Latin America combined -- resulting in India being the country with the world's largest concentration of desperately poor people. India will overtake China as the world's most populous country by 2050 and, if current population growth rates are not reduced, will reach two billion people by 2070. India has about 4.5 million people infected by HIV. The U.S. National Intelligence Council projects that India could have as many as 25 million people infected by 2010 if more aggressive steps to combat the disease are not taken. More than half of the country's children are malnourished. India has thirty percent of the world's births, 20 percent of the world's maternal deaths, and 20 percent of the world's child deaths. Forty-two of every 1,000 female children (compared to 29 male children), die before reaching the age of five. More than two million Indian children die every year from preventable or curable diseases. India accounts for one-third of the global burden of tuberculosis, and is one of the world's last countries where significant concentrations of polio infections remain.

Fewer than half of Indian women are literate. Despite extensive constitutional and statutory safeguards, large sections of the Indian polity remain disadvantaged in their quest for equitable treatment under the judicial system. Human rights abuses are often generated by intense social tensions that disproportionately affect women, the poor, religious minorities, and other disadvantaged groups. Discrimination against women remains entrenched in India. Deep-rooted cultural beliefs and traditional practices deprive women of education, health care and nutrition. Violence against women is widespread, and includes feticide/infanticide, child abuse and rape.

Compounding the serious problems in health and education is India's inadequate infrastructure which slows economic growth. The lack of financial viability in the power sector is having an adverse affect on economic growth. Significant power shortages plague the economy due to unsustainable subsidization policies, a lack of cost-recovery by utilities, and the subsequent inability of utilities to provide reliable, high quality power. The result is widespread financial insolvency of both the utilities and state governments that are forced to bail them out, significantly contributing to increasing levels of state fiscal deficits. The World Bank estimates that current losses in the Indian power sector amount to more than $5 billion per year and are growing rapidly.

The United States and India, the two largest democracies in the world, share many values. Both nations want to dramatically and positively transform their relationship. India is intensifying its economic and social policy reforms to decrease poverty and increase social equity. It is committed to halving poverty rates by the year 2020. India is both a key U.S. partner in the war on terrorism and an anchor for security and economic growth in South Asia. Since independence, and particularly in the last decade, India has dramatically reduced its levels of poverty. While there remain threats to further gains, with the right policies, peace and continued perseverance, India's development agenda can be completed by the middle of this century or earlier. Moreover, a strong, stable and economically advancing India can be a linchpin for peace and prosperity in the region. India's is the world's 11th largest economy. Its per capita gross domestic product in 2002-2003 was approximately $500. India can achieve a rate of growth of at least eight percent, provided it launches a second generation of economic reforms.

The USAID program addresses many of the challenges, and in so doing advances four U.S. national interests: (1) economic prosperity achieved through opening markets; (2) global issues of population growth, infectious diseases, and climate change; (3) development and democracy concerns of alleviating poverty, reducing malnutrition, and improving the status of women; and (4) humanitarian response by saving lives and reducing suffering associated with disasters.

The USAID Program: USAID is requesting FY 2004 and FY 2005 funds for the following programs:
-- Economic Growth - targeting increased transparency and efficiency in the mobilization and allocation of resources;
-- Health - targeting improved overall health with a greater integration of food assistance, and reduced fertility;
-- Disaster Management Support - targeting reduced vulnerability to disasters for marginalized people;
-- Environmental Protection - targeting improved access to clean energy and water; the reduction of public subsidies through improved cost recovery; promoting more efficient technology and management; and
-- Education/Equity - targeting improved access to elementary education, justice and other social and economic services for vulnerable groups, especially women and children.

Other Program Elements: In addition to the bilateral program, the Asia and Near East Bureau's (ANE) South Asia Regional Initiative/Energy (SARI/Energy) program encourages regional cooperation in energy development and the eventual trade in clean energy resources among South Asian countries. ANE's SARI/Equity program seeks to address inequity as it affects women and children and funds efforts to combat cross-border human trafficking, end abusive child labor practices and improve women's microfinance services. The United States-Asia Environmental Partnership promotes the adoption of clean and efficient technologies, and policies and practices that support the positive relationship between economic growth and environmental protection in India. The Bureau for Global Health has an activity in India to reduce fertility through voluntary practices. USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance has activities in India to promote child survival, reduce the spread of HIV, treat victims of torture and violence, help electric cooperatives meet growing service needs, increase food quality and quantity, and demonstrate U.S. educational and medical technologies and practices.

Other Donors: The United States is the fifth largest bilateral donor to India, after Japan, the United Kingdom, Germany and the European Union. USAID collaborates with other donors on economic growth, reproductive health, HIV/AIDS and other infectious diseases, disaster preparedness and management, air pollution control, urban environmental infrastructure, children's basic education and women's empowerment.

India
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	41,678	39,438	48,300	43,400
Development Assistance	29,200	34,495	25,739	25,400
Development Credit Authority	0	779	0	0
Economic Support Fund	7,000	10,500	14,912	15,000
PL 480 Title II	93,679	44,849	20,218	44,849
Total Program Funds	**171,557**	**130,061**	**109,169**	**128,649**

STRATEGIC OBJECTIVE SUMMARY				
386-002 Reproductive Health in North India				
CSH	11,900	0	0	0
386-003 Improved Child Survival				
CSH	8,000	0	0	0
PL 480	93,679	0	0	0
386-004 Environmental Protection				
DA	13,348	0	0	0
ESF	2,994	0	0	0
386-007 Reduce Infectious Diseases				
CSH	21,778	0	0	0
386-009 Women and Girls Service Networks				
DA	2,958	0	0	0
386-011 Governance				
DA	11,522	0	0	0
ESF	2,506	0	0	0
386-012 Vulnerable Groups				
DA	1,372	0	0	0
ESF	1,500	0	0	0
386-013 Economic Growth				
DA	0	17,492	9,039	9,900
DCA	0	779	0	0
ESF	0	2,500	2,700	2,500
386-014 Improved Health and Reduced Fertility				
CSH	0	39,438	48,300	43,400
PL 480	0	44,849	20,218	44,849
386-015 Disaster Management Support				
DA	0	2,165	2,000	2,500
ESF	0	2,500	2,300	2,000
386-016 Environmental Protection				
DA	0	10,495	10,000	8,800
ESF	0	3,000	2,500	5,000
386-017 Education/Equity				
DA	0	4,343	4,700	4,200
ESF	0	2,500	7,412	5,500

Mission Director,
Walter North

Data Sheet

USAID Mission:	India
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	386-013
Proposed FY 2004 Obligation:	$9,039,000 DA; $2,700,000 ESF
Prior Year Unobligated:	$1,985,000 DA
Proposed FY 2005 Obligation:	$9,900,000 DA; $2,500,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's program to increase transparency and efficiency in the allocation and mobilization of resources includes the following components:
-- Increase capacity of financial markets to mobilize resources;
-- Reform of selected state fiscal management systems;
-- Increase capacity of local governments to implement urban environment infrastructure projects that improve access to basic services by the poor;
-- Increase capacity of policy, technology and trade to improve farm and national level resource allocation; and
-- Promote Indo-US development collaboration through creation of a partnership fund.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase Capacity of Financial Markets to Mobilize Resources ($4,100,000 DA, $1,485,000 Prior Year Unobligated DA, $700,000 ESF). USAID's Financial Institutions Reform and Expansion-Regulatory component (FIRE-R) Project will provide technical assistance and training to: (a) build investor confidence in financial institutions by increasing capacity of the securities market and insurance supervisors in the formulation and implementation of sound regulations, market surveillance, disclosure standards, compliance and enforcement; (b) assist in the development of key market support institutions such as the Actuarial Society of India, trade associations and self-regulatory organizations; and (c) support the Government of India's initiative to implement a private pension system for the approximately 90 percent of workers currently not covered. USAID's micro and small enterprise support program will increase capital access for job-creating small scale enterprises. Principal contractors/grantees include U.S. Securities and Exchange Commission (prime), IBM Business Consulting Services (prime) and Bearing Point (prime).

Reform of State Fiscal Management Systems ($700,000 DA, $2,000,000 ESF). To promote fiscal discipline through increased technical competence of selected state governments, USAID's State Fiscal Management Reform (REFORM) Project will help to: (a) establish fiscal analysis units within finance departments in three target states and enhance their analytic and monitoring technical competence; and (b) strengthen state government treasury operations in selected states and support experience sharing by linking them via networks. Principal contractor is Bearing Point (prime).

Increase Capacity of Local Governments to Implement Urban Environmental Infrastructure Projects that Improve Access to Basic Services for the Poor ($1,439,000 DA). To promote urban fiscal reform and sustain a predictable flow of resources from local, state and private sources to fund urban infrastructure on a long term basis, USAID's Financial Institutions Reform and Expansion-Debt component (FIRE-D) Project, complemented by the US-Asia Environmental Partnership, will help to: (a) create state level infrastructure funds and pooled financing mechanisms for development and financing of urban infrastructure using appropriate and up-to-date technologies; and (b) strengthen municipal financial management, accounting, and asset and property management systems. Principal contractors/grantees

include The Communities Group International (prime), and the Indian National Institute of Urban Affairs (prime).

Increase Capacity of Policy, Technology and Trade to Improve Farm and National Level Resource Allocation ($2,300,000 DA). To remove the restrictive practices that have limited private sector purchase, storage, processing, and transport of agricultural products (including food grain) in India, USAID will encourage India to draw down its extraordinary food grain stocks in ways that benefit its most vulnerable households by taking the following steps: (a) promote collaborative ventures that generate, adapt and diffuse cutting edge technologies in agriculture, telecommunications, and other key development sectors; (b) help independent business groups, consumer advocacy and pro-reform NGOs, professional associations, and think-tanks to conduct research and analysis and participate in public debate on economic reforms; and (c) test and demonstrate financially viable models in the application of information and communication technologies to enhance India's development agenda.

Promote Indo-US Development Collaboration through Creation of a Partnership Fund ($500,000 DA, $500,000 Prior Year Unobligated DA). USAID's long-term vision is to help India complete the "last mile" in its development agenda by 2017 by creating an enduring entity to follow USAID's departure from India and to address remaining developmental concerns. A Partnership Fund will be established to test concepts and operating principles for this entity.

FY 2005 Program:
-- Increase Capacity of Financial Markets to Mobilize Resources ($4,500,000 DA, $1,500,000 ESF). The FIRE-R Project will continue to strengthen the institutional and regulatory capacity of the financial system.
-- Reform of State Fiscal Management Systems ($1,000,000 DA, $1,000,000 ESF). USAID may expand the REFORM Project by also providing training to officials in key elected bodies and civil society to increase public awareness and support for reform.
-- Increase Capacity of Local Governments to Implement Urban Environmental Infrastructure Projects that Improve Access to Basic Services by the Poor ($900,000 DA). USAID assistance will help increase resources raised by local governments on a market-basis.
-- Increase Capacity of Policy, Technology and Trade to Improve Farm and National Level Resource Allocation ($2,000,000 DA). Agriculture activities are expected to increase the private sector's share in food grain marketing and ultimately decrease selected agricultural subsidies.
-- Promote Indo-US Development Collaboration through Creation of a Partnership Fund ($1,500,000 DA). The partnership fund will test concepts and operating principles that highlight the growing linkage between entities in the U.S. and India.

Performance and Results: During FY 2003 the Securities and Exchange Board of India (SEBI), with assistance from USAID's FIRE-R, continued to expand its capacity and effectiveness as a regulatory body. It restructured organizationally, created a comprehensive framework for testing, certification and licensing for all types of securities market intermediaries and established a market database of certified intermediaries. The national insurance regulator, with FIRE-R support, developed and trained personnel in the use of a comprehensive manual for financial examination of insurance companies. A network of microfinance institutions, strengthened by USAID support, influenced government policy taxation, interest rate caps, and capital access for microenterprises. FIRE-D strengthened a number of municipal systems and procedures for management and delivery of urban infrastructure, leading to: (a) bonds worth $6.4 million being issued by Tamil Nadu Water Sanitation Pooled Fund under a Development Credit Authority (DCA) Guarantee, financing water and sanitation needs for 14 small and medium municipalities; (b) a pooled financing for the State of Karnataka to raise $21 million from domestic capital markets to fund water and sanitation projects serving 240,000 households in eight municipalities; and (c) the identification of U.S. and Indian agriculture research partnerships which, put into motion priority research projects based on marketability.

Over its life, activities under this SO are expected to increase the mobilization of capital and access of private sector companies to long-term financing for investment in infrastructure, increase percentage of state budgets allocated to social infrastructure investments, and increase the amount of resources raised by urban governments through market-based mechanisms.

US Financing in Thousands of Dollars

India

386-013 Economic Growth	DA	DCA	ESF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	14,538	779	2,500
Expenditures	27	0	0
Through September 30, 2003			
Obligations	14,538	779	2,500
Expenditures	27	0	0
Unliquidated	14,511	779	2,500
Prior Year Unobligated Funds			
Obligations	1,985	0	0
Planned Fiscal Year 2004 NOA			
Obligations	9,039	0	2,700
Total Planned Fiscal Year 2004			
Obligations	11,024	0	2,700
Proposed Fiscal Year 2005 NOA			
Obligations	9,900	0	2,500
Future Obligations	25,068	0	6,800
Est. Total Cost	60,530	779	14,500

Data Sheet

USAID Mission:	India
Program Title:	Improved Health and Reduced Fertility
Pillar:	Global Health
Strategic Objective:	386-014
Proposed FY 2004 Obligation:	$48,300,000 CSH; $20,218,000 PL 480
Prior Year Unobligated:	$1,276,000 CSH
Proposed FY 2005 Obligation:	$43,400,000 CSH; $44,849,000 PL 480
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: USAID's program to improve health and reduce fertility in targeted areas of India aims to:
-- increase use of reproductive health and family planning services;
-- promote safe behavior for HIV prevention;
-- increase use of key child survival interventions; and
-- increase use of key infectious disease interventions.
P.L. 480 Title II resources are used strategically to improve child survival and maternal health. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase Use of Reproductive Health and Family Planning Services ($14,500,000 CSH, $750,000 Prior Year Unobligated CSH). Through the Innovations in Family Planning Services (IFPS) Project, USAID will work with central and state governments to improve family planning and reproductive health services, targeting specific areas of three states (Uttar Pradesh, Uttaranchal, and Jharkhand) as sites for demonstrating program innovations. Key interventions will include improving access to and quality of family planning and maternal/child health services and increasing efforts to broaden correct knowledge of reproductive and child health services through communications campaigns. The principal implementing agency is the State Innovations in Family Planning Services Agency (prime). The Program for the Advancement of Commercial Technology/Child and Reproductive Health (PACT/CRH) Project complements IFPS, stimulating private sector participation and commercial partnerships for the development, promotion, and availability of child health, reproductive health and HIV/AIDS products and services. The principal implementing agency is ICICI Bank Limited (prime). Principal contractors and grantees include CARE (prime), Center for Development and Population Activities (prime), EngenderHealth (prime), Johns Hopkins University (prime), The Futures Group International (prime), and PATH (prime).

Promote Safe Behavior for HIV Prevention ($13,500,000 CSH, $100,000 Prior Year Unobligated CSH). USAID will work with NGOs, private sector businesses, the Government of India (GOI), and state governments to implement HIV prevention and control programs in three targeted states. USAID's AIDS Prevention and Control and Avert Projects will work to improve safe behavior in high risk populations such as truckers, sex workers and their clients, through targeted intervention programs in Maharashtra, Tamil Nadu and Pondicherry. Also, USAID will fund an effort to increase safe behavior in India's ports and their environs. In FY 2004, USAID will consider expanding activities to promote safe behavior for HIV prevention to additional states. Principal contractors and grantees include Family Health International (prime), Population Services International (prime), Voluntary Health Services (prime), Avert Society (prime), and Hindustan Latex Family Planning Promotion Trust (sub).

Increase Use of Key Child Survival Interventions ($12,600,000 CSH, $426,000 Prior Year Unobligated CSH). USAID will continue to integrate child survival interventions into the P.L. 480 Title II food aid

platform to improve the survival and nutrition of about seven million of India's poorest mothers and children in 100,000 villages of India. Key child survival interventions will include immunization, breastfeeding, supplementary feeding, antenatal care, vitamin A and iron-folate supplementation, newborn care, and timely complementary feeding. CSH resources will be used to promote urban child health interventions and applied research on neonatal health at the community level. USAID will continue to work to eradicate polio and to strengthen routine service delivery systems. Agencies, contractors and grantees include CARE (prime), Catholic Relief Services (prime), the World Health Organization (prime), the United Nations Children's Fund (prime), and Rotary International (sub).

Increase Use of Key Infectious Disease Interventions ($7,700,000 CSH). USAID activities under this component will address tuberculosis (TB), antimicrobial resistance, vaccine preventable diseases, and improved surveillance of infectious diseases. TB efforts will focus on improving public and private sector delivery of services, and monitoring the effectiveness of diagnosis and treatment. Principal contractors and grantees include the World Health Organization (prime), International Clinical Epidemiology Network (INCLEN) (prime), and John Hopkins University (prime).

FY 2005 Program:
Increase Use of Reproductive Health and Family Planning Services ($13,600,000 CSH). USAID plans to continue implementation of activities to improve reproductive and child health services with an emphasis on developing models of appropriate engagement between the public and private sectors. PACT/CRH activities are expected to continue as above.

Promote Safe Behavior for HIV Prevention ($13,500,000 CSH). USAID plans to expand its HIV prevention program by adding new activities to address special needs such as: children affected by AIDS, improved HIV surveillance through laboratory strengthening and training, and models for voluntary testing and counseling and care and support.

Increase Use of Key Child Survival Interventions ($11,800,000 CSH). FY 2004 activities are expected to continue. Expanded efforts are planned in urban environs where poor, migrant, slum-dwelling populations exhibit high rates of mortality and morbidity due to childhood diseases, HIV and TB.

Increase Use of Key Infectious Disease Interventions ($4,500,000 CSH). USAID plans to expand its current support for model TB delivery and research in Tamil Nadu and for Directly Observed Therapy Short course (DOTS) delivery in Haryana. Innovative links to the private sector medical community and testing of a new TB diagnostic will be explored. Investments in surveillance system strengthening in Maharashtra will be continued.

Performance and Results: Over its life the activities under this strategic objective are expected to increase: (1) the contraceptive prevalence rate in the states of Uttar Pradesh, Uttaranchal and Jharkhand; (2) condom use at last sexual encounter among high-risk groups in Tamil Nadu and Maharashtra; (3) the percentage of high-risk group populations in Tamil Nadu and Maharashtra who seek care from qualified providers for sexually transmitted infections; (4) the immunization and exclusive breastfeeding rates in target areas; and (5) the number of clients receiving DOTS in Haryana.

From 2002 to 2003, the IFPS project experienced its largest increase ever in contraceptive prevalence, up 1.0 percentage point to 27.3%. The contraceptive prevalence rate (CPR) in project areas has increased more than twice as fast as in non-project areas in Uttar Pradesh since 1998/99. The IFPS coverage area currently includes 94 million of Uttar Pradesh's 166 million inhabitants. Also in the IFPS project area, coverage among pregnant women with at least two doses of tetanus toxoid vaccine remained relatively high, and a substantial increase was recorded in births attended by a trained provider. Despite numerous challenges, the Title II program enrolled 86% of children aged 6-36 months for take-home rations, one of the key strategies of the program that targets and reaches the most vulnerable women and children with supplementary food and health services. Condom use among truckers remained high, with 83% of truckers reporting condom use during their most recent non-regular sexual encounter. In TB, steady progress has been made towards implementing the DOTS in the entire state of Haryana, home to 21 million people - slightly more than the population of Ghana.

US Financing in Thousands of Dollars

India

386-014 Improved Health and Reduced Fertility	CSH
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	38,662
Expenditures	131
Through September 30, 2003	
Obligations	38,662
Expenditures	131
Unliquidated	38,531
Prior Year Unobligated Funds	
Obligations	1,276
Planned Fiscal Year 2004 NOA	
Obligations	48,300
Total Planned Fiscal Year 2004	
Obligations	49,576
Proposed Fiscal Year 2005 NOA	
Obligations	43,400
Future Obligations	101,762
Est. Total Cost	233,400

Data Sheet

USAID Mission:	India
Program Title:	Disaster Management Support
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	386-015
Proposed FY 2004 Obligation:	$2,000,000 DA; $2,300,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,500,000 DA; $2,000,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: USAID's program to reduce vulnerability to disasters in high-risk areas aims to:

-- increase community preparedness to mitigate and manage disasters; and
-- improve the capacity of public and private partners to meet critical needs of vulnerable groups in disaster situations.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase Community Preparedness to Mitigate and Manage Disasters ($1,200,000 DA, $1,800,000 ESF).

-- USAID will provide financial support to the United Nations Development Program's (prime) Natural Disaster Risk Management activity which seeks to mainstream disaster risk management at all levels by focusing on strengthening governmental and institutional capacities to provide multi-hazard risk management and sustainable recovery plans at the community and district levels in hazard-prone states.

-- USAID's Indian Earthquake Safety Initiative will strengthen local capacities to prepare for and respond to future earthquake disasters by assisting cities that are likely to suffer future catastrophic earthquakes. Risk assessments, public earthquake hazard awareness campaigns, and the identification of risk reduction activities will be done in 20 of India's most earthquake-prone urban areas. This program is being implemented by Geohazards International (prime) in partnership with the Indian National Center for Disaster Management (sub) and the Sustainable Environment and Ecological Development Society (sub).

-- Under a Small Grants Program at the state and local level, USAID will provide sub-grants to NGOs and institutions that will target enhanced planning capabilities related to disaster management and the actual implementation of disaster mitigation activities. Activities will include water harvesting and watershed management, capacity building for NGOs, and curriculum development/enhancement for engineering and architectural schools.

-- The use of enhanced climate forecast applications has the potential to enhance India's capacity to mitigate the negative impacts of hydro-meteorological disasters resulting from extreme climate events. This component will seek to increase awareness and understanding of the potential of these applications and to promote the exchange of information and collaboration in the use of climate forecasts for risk reduction and disaster preparedness. Collaborating agencies include the U.S. National Oceanic and Atmospheric Administration (prime), the U.S. Geological Service (prime), the Indian Meteorological Department (sub) and various state-level agencies as well as organizations in the U.S. that have developed expertise in climate forecasting.

Improve Capacity of Partners to Meet the Critical Needs of Vulnerable Groups ($800,000 DA, $500,000 ESF).

-- USAID will provide funding to the U.S. Forest Service (prime) to work with the Government of India, Ministry of Home Affairs (MHA) to incorporate elements of the Incident Command System (ICS) into the disaster response system at central, state, and local levels. Officials involved in disaster response will be trained in ICS and participate in disaster simulation exercises.

-- USAID will provide technical assistance to the MHA for the physical setup of Emergency Operations Centers (EOCs) at the federal level and in each target state. Activities will include study tours to the U.S. to train the staff who will maintain and operate these EOCs. The principal implementing partner is the U.S. Federal Emergency Management Agency (prime).

-- USAID will work with the Government of India to select appropriate entities or units, e.g., fire brigades, to serve as regional hubs for search and rescue (SAR) and emergency first response. Activities will provide technical assistance, training and equipment for each unit. These units will serve as models for further expansion of SAR capabilities throughout India.

FY 2005 Program:
Increase Community Preparedness to Mitigate and Manage Disasters ($1,800,000 DA; $1,500,000 ESF). USAID plans to continue implementation of activities under this component as described above.

Improve Capacity of Partners to Meet Critical Needs of Vulnerable Groups ($700,000 DA; $500,000 ESF). USAID plans to expand activities under this component to improve the strategic use of relief resources from all USG sources to link relief to rehabilitation.

Performance and Results: Activities under this Strategic Objective are expected to: (1) help provide more responsive and coordinated disaster-management systems at the national and state levels of government and; (2) increase the number of private and public partner agencies that have field-tested mitigation and response activities.

Under the Gujarat Earthquake Relief Initiative, USAID grants to CARE, Catholic Relief Services and World Vision/Habitat for Humanity International have rebuilt 2,289 houses in 17 affected villages as of September 2003. Another 517 houses are under construction. A technology that uses stabilized, compressed earthen blocks in the construction of homes has been introduced in some villages. A total of 940 local craftspeople were trained in production techniques using this technology and also in masonry and earthquake resistant building technology. During FY 2003 an additional 286 families were provided support for the retrofitting of damaged houses. Critical health services through mobile clinics were provided to the affected people as the health services were severely affected by the earthquake and were not reestablished for a long time. In FY 2003 about 17,013 women received antenatal check ups including tetanus toxoid immunization and 20,131 children were immunized. For the purpose of facilitating the availability of information regarding rehabilitation programs and provision of assistance to vulnerable groups, 18 village information collection and dissemination centers have been set up. A central data provision, processing and storage facility was set up at Bhuj, the district headquarters of Kutch. A newsletter published by women addressing rehabilitation issues has a circulation of 2000. Episodes in local Kutchi language have been broadcast on the local radio regarding rehabilitation issues.

US Financing in Thousands of Dollars

India

386-015 Disaster Management Support	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	2,490	3,850
Expenditures	60	0
Through September 30, 2003		
Obligations	2,490	3,850
Expenditures	60	0
Unliquidated	2,430	3,850
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,000	2,300
Total Planned Fiscal Year 2004		
Obligations	2,000	2,300
Proposed Fiscal Year 2005 NOA		
Obligations	2,500	2,000
Future Obligations	5,510	4,350
Est. Total Cost	12,500	12,500

Data Sheet

USAID Mission:	India
Program Title:	Environmental Protection
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	386-016
Proposed FY 2004 Obligation:	$10,000,000 DA; $2,500,000 ESF
Prior Year Unobligated:	$1,280,000 DA
Proposed FY 2005 Obligation:	$8,800,000 DA; $5,000,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's program to increase environmental protection includes the following components:

-- Improve Power Distribution;
-- Improve Groundwater Management; and
-- Improve Urban Water Availability and Sanitation.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve Power Distribution ($8,000,000 DA, $1,280,000 Prior Year Unobligated DA, $1,500,000 ESF).

-- USAID's new Distribution Reform Upgrades and Management (DRUM) Project will demonstrate best commercial and technological practices to improve the quality and reliability of power distribution in selected states. DRUM is based on the hypothesis that a power distribution utility- the only direct link to consumers - can continue to provide power on a sustainable basis only if it is commercially viable and is accountable to satisfied customers. DRUM will build replicable models of commercially viable distribution utilities along with supporting institutional structures at the state and central levels. By reducing government subsidy requirements for the power sector, the activity will help conserve state resources for more productive allocations in health care, education and other social sector programs.

-- The Energy Conservation and Commercialization (ECO) Project will reduce greenhouse gas (GHG) emissions through widespread commercialization of end-use energy efficiency technologies and services in India, and through technical assistance, training, and financial interventions in energy-efficiency policy and markets. The principal contractors include Nexant, Inc. (prime) and the International Institute of Energy Conservation (prime); and the principal implementing agency is ICICI Bank Limited (prime).

-- The Greenhouse Gas Pollution Prevention (GEP) Project will help reduce India's greenhouse gas emissions. This Project will improve the efficiency of energy production, including promotion of decentralized energy generation and distribution models. The project will promote year-round generation of power from renewable sources, such as biomass, by providing technical and financial support to selected sugar mills. The principal implementing agency is ICICI Bank Limited (prime). Principal contractors and grantees include the Louis Berger Group (prime), Nexant, Inc. (prime); Ohio State University (prime), Stanford University (sub), and Indian Institute of Management, Ahmedabad (sub).

-- The Trade in Environmental Services and Technologies (TEST) Project will assist Indian industries to adopt environmentally sound practices, strengthen incentives for the adoption of clean technologies, and broaden environmentally sound partnerships between U.S. and Indian institutions. The principal implementing agency is ICICI Bank Limited (prime). Principal contractors and grantees include the Louis Berger Group (prime), the Environmental Protection Training and Research Institute (sub), and Winrock International India (sub).

Improve Ground Water Management ($1,500,000 DA). The ECO Project will implement interventions to improve ground water management, whereby farm families are encouraged to increase on-farm water use efficiency through education, extension, and the development of incentives. The principal contractor is PA Consulting (prime) and the principal grantee is the International Institute for Energy Conservation (prime).

Improve Urban Water Availability and Sanitation ($500,000 DA, $1,000,000 ESF). Through technical assistance and training, the Financial Institutions Reform and Expansion-Debt component (FIRE-D) Project will work with local and state governments to develop, package, and implement urban environmental infrastructure interventions that improve access to basic services by the urban poor. Principal contractors and grantees include The Communities Group International (prime), and the Indian National Institute of Urban Affairs (prime).

FY 2005 Program:
Improve Power Distribution ($7,300,000 DA, $4,000,000 ESF). USAID plans to continue implementation of the activities under this component as described above.

Improve Ground Water Management ($1,000,000 DA). USAID plans to expand the ECO Project to foster utility partnerships and increase awareness of the water-energy nexus at the state and national level.

Improve urban water availability and sanitation ($500,000 DA, $1,000,000 ESF). USAID plans to expand the FIRE-D Project to provide technical assistance and training to the managers of urban water and sanitation services to improve the operation and maintenance of existing service networks, including improving energy efficiency in municipal water pumping, storage, and distribution.

Performance and Results: The SO activities are expected to: (1) improve cost-recovery for electric power by assisting with better metering, billing, and collection for services; (2) demonstrate and encourage wider use of efficient and lower-polluting power distribution technologies; (3) foster private and cooperative approaches to providing services to rural and urban customers; (4) assist farmers, communities, and utilities with water conservation methods; (5) facilitate state policy reforms that enhance the quality of municipal water services and generate local resources to sustain improvements; and (6) introduce innovative and energy efficient approaches for the planning and management of urban water and sanitation systems.

For global climate change, addressed through reducing greenhouse gases in power generation facilities, to-date 11.3 million tons of carbon dioxide emissions have been avoided with USAID assistance under the GEP Project. This results in significant financial savings in coal costs and tremendous benefits to the environment and human health. USAID's TEST project works with industry, the municipality, and the transport sector to identify strategies to reduce air pollution that is harming the Taj Mahal, negatively impacting human health, and adversely affecting economic development. The TEST Project launched Environmental Management Systems (EMS) programs for Agra foundry industry and Firozabad glass and bangle industries. Twelve industries have already signed on for EMS program support. USAID's support for power sector reform was achieved through work with Lal Bahadur Shastri National Academy of Administration to develop a training curriculum to enhance the decision-making skills of Indian Administrative Service officials in the areas of clean and sustainable energy development, including sector reforms. With USAID assistance under the ECO project, load research and planning exercises were completed in Jaipur. Demonstration projects were then implemented in agriculture, industry, residential and street lighting resulting in energy savings of 28 percent, 7-8 percent, 10 percent, and 26 percent respectively. The energy savings from the demonstration projects prompted development of a pilot project for 150 street lighting switching points in Jaipur. ECO loan fund support has improved power supply for consumers in Noida, near New Delhi.

US Financing in Thousands of Dollars

India

386-016 Environmental Protection	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	10,977	6,000
Expenditures	1,203	0
Through September 30, 2003		
Obligations	10,977	6,000
Expenditures	1,203	0
Unliquidated	9,774	6,000
Prior Year Unobligated Funds		
Obligations	1,280	0
Planned Fiscal Year 2004 NOA		
Obligations	10,000	2,500
Total Planned Fiscal Year 2004		
Obligations	11,280	2,500
Proposed Fiscal Year 2005 NOA		
Obligations	8,800	5,000
Future Obligations	20,543	36,500
Est. Total Cost	51,600	50,000

Data Sheet

USAID Mission:	India
Program Title:	Education/Equity
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	386-017
Proposed FY 2004 Obligation:	$4,700,000 DA; $7,412,000 ESF
Prior Year Unobligated:	$43,000 DA
Proposed FY 2005 Obligation:	$4,200,000 DA; $5,500,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: USAID's program to enhance social and economic opportunities for vulnerable people includes the following components:

-- Improved Access to Quality Education for Vulnerable Children;
-- Better Access to Justice for Women; and
-- New and Expanded Social and Economic Opportunities for Vulnerable People.

Inputs, Outputs, Activities:

FY 2004 Program:
Improved Access to Quality Education for Vulnerable Children ($2,500,000 DA, $6,412,000 ESF). Three activities, Reaching and Educating At-Risk Children (REACH), Sanitation and Water at Schools towards Hygiene and Health - Putting the Lessons Learned to Use (SWASTHH PLUS) and Technology Tools for Teaching and Training (T4) contribute to this component. In selected geographic areas, all three activities support the Government of India's (GOI's) Sarva Shiksha Abhiyan (Education for All) goals of ensuring access to quality schooling and promoting completion of at least five years of primary education for all children. The REACH Project, managed by the American Institutes for Research (prime), will support efforts of Indian non-governmental organizations (NGOs) and foundations to mount programs that will attract and retain children from the lowest socio-economic areas of Indian society into formal schools or alternative educational programs that will lead to entry into formal schools. SWASTHH PLUS will support and build on UNICEF's (prime) ongoing school water and sanitation program with the GOI, and the Rajiv Gandhi National Drinking Water Mission. The activity will demonstrate on a wide scale the gains to access and learning to be achieved, especially for girls, by making the physical school environment safer and healthier, ensuring that health and hygiene education efforts are more effective and that the community more engaged in improving school conditions. USAID funding will support components of the program such as life skills education related to hygiene, health and sanitation, active community involvement, innovative local approaches, measurement and monitoring of results, and some basic school infrastructure improvements, e.g., separate toilets for girls. The T4 activity, implemented by The Education Development Center, Inc. (prime), employs education technologies such as interactive radio/video, educational television, computers and other digitalized media to enhance students learning and teachers' subject knowledge. It emphasizes collaboration with state governments and NGOs in the use of technologies to improve the quality of education.

Better Access to Justice for Women ($1,200,000 DA, $43,000 Prior Year Unobligated DA). To increase levels of legal awareness, the ability to pursue legal rights, and awareness of the availability of legal aid, particularly among women and vulnerable groups (members of India's lowest social classes), USAID, under its Women's Legal Rights Initiative (WLRI) will: (a) expand legal literacy training and strengthen provision of legal services for community-based and other intermediary support organizations that work with vulnerable groups; (b) support research on efficiency and the strengthening of alternative systems for delivery of justice, such as the mediation of disputes; and (c) conduct research and analysis to develop

reform agendas and enforcement of key existing laws aimed at protecting women and children. The WLRI is implemented by the International Foundation for Election Systems (prime).

New and Expanded Social and Economic Opportunities ($1,000,000 DA, $1,000,000 ESF). This activity currently being designed, will focus on promoting social and economic opportunities for young people, particularly young girls, from vulnerable groups of society, including adolescents, victims of trafficking and marginalized social communities. USAID will support a variety of activities including: (a) livelihood opportunities for vulnerable youth, such as life skills training, leadership skills building, self-development among young people; b) efforts to uphold the dignity of the girl child with a particular emphasis on elimination of feticide/infanticide; c) synergistic activities within the Mission such as coordinated efforts in HIV/AIDS and enterprise development to develop joint projects for vulnerable people, especially young people.

FY 2005 Program:
Improved Access to Education for Vulnerable Children ($2,200,000 DA, $5,500,000 ESF). USAID plans to continue implementation of the activities under this component as described above.

Better Access to Justice for Women ($2,000,000 DA). USAID plans to expand the WLRI by initiating new activities that: (a) conduct research and analysis on topics of relevance to women's rights and disseminate the results via seminars and other media; (b) document enforcement of key existing laws aimed at protecting women and other vulnerable groups; and (c) upgrade the knowledge and skills of judges, justice system personnel, and advocates in key areas, e.g., anti-trafficking and child prostitution laws, violence against women, divorce maintenance settlement, and women's property rights. USAID is examining options for helping the Government of India to reform its criminal justice system.

Performance and Results: All activities under this SO, except the T4 education activity are new. The new activities under this Strategic Objective will: (1) provide educational opportunities to vulnerable children, especially out-of-school youth and girls, through both alternative education and the reintroduction of children to formal schools; (2) strengthen formal and alternative school capacity for enrollment and retention of vulnerable children, especially girls; (3) increase civil society and public awareness address legal needs of targeted vulnerable groups, and possible institutional responses; (4) strengthen advocacy for the expansion and protection of women's rights; (5) increase the availability of legal services for women; (6) contribute to upholding the dignity of the girl child, improve life skills and livelihood development support services for high-risk groups and the victims of trafficking and domestic violence.

The T4 activity has made significant progress during the past year. A country office has been set up in two of the planned three states, collaboration has been formalized with the state ministries of education (Karnataka and Chattisgarh). In each state, efforts have been initiated to develop a digital audio studio. The state governments will cover the civil works and USAID through EDC, will contribute equipment and technical expertise. Interactive radio instruction and interactive video instruction workshops have been conducted and audience research that will serve as the information base to construct the educational materials and approach has been completed in the two states.

As of September 2003, USAID's microfinance activity through Friends of Women's World Banking (FWWB) had developed 16 institutional development partners and provided training for 1,189 person days. FWWB has consolidated its presence in Gujarat, Rajasthan and Maharshtra states, where microfinance is not well established. In 2003, USAID's education activities through UNDP supported Indian NGOs working to prevent and eliminate child labor through increased participation in quality education. The NGOs supported by USAID assistance have emerged as leaders in their respective areas and have been catalysts for mobilizing community and state government efforts to get children out of work and into schools.

US Financing in Thousands of Dollars

India

386-017 Education/Equity	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	6,810	2,500
Expenditures	42	0
Through September 30, 2003		
Obligations	6,810	2,500
Expenditures	42	0
Unliquidated	6,768	2,500
Prior Year Unobligated Funds		
Obligations	43	0
Planned Fiscal Year 2004 NOA		
Obligations	4,700	7,412
Total Planned Fiscal Year 2004		
Obligations	4,743	7,412
Proposed Fiscal Year 2005 NOA		
Obligations	4,200	5,500
Future Obligations	1,447	27,500
Est. Total Cost	17,200	42,912

Nepal

The Development Challenge: In the last 53 years, Nepal has made a transition from an isolated kingdom to a constitutional monarchy. Progress has been notable - substantial road infrastructure, large decreases in child mortality and fertility rates, functioning ministries such as education, finance, and health, gains in literacy and increased access to basic services. Nonetheless, Nepal remains one of the poorest countries in the world, with an annual per capita income of $250 and 42% of the population living below the national poverty line. Although 80% of the population depends on agriculture for their livelihood, population growth has fragmented land holdings and depleted forest products. Life expectancy at birth has increased, but at 59 years, it is still lower than neighboring South Asian countries. Maternal mortality is amongst the highest in the region. One of eleven children dies before they reach their fifth birthday - the vast majority during their first year. Moreover, Nepal is in the midst of a concentrated HIV epidemic, the World Health Organization/United Nations Joint Programme on HIV/AIDS (UNAIDS) estimates that 14 Nepalese adults become infected with HIV in Nepal every day.

While Nepal's human development indicators are low by any standard, they are particularly low for the very poor, and include wide disparities by region, gender and ethnic group. Economic growth has been almost exclusively in urban areas, while the rural economy has been virtually stagnant, particularly in the hill and mountainous regions. Life expectancy in Kathmandu is over 70 years, while it is under 42 years in the far western mountains. The literacy rate is 54% nationwide, but only 26% for women.

The most pressing problem facing the country today is the profound impact of a Maoist insurgency on political and economic development and security. The Maoist insurgency, which began in 1996, found fertile ground due to Nepal's poor governance, poverty and exclusion. The initial pro-people approach, which won the Maoists converts among the disenfranchised of Nepal, has degraded into a campaign of violence, lawlessness, intimidation, and destruction. More than 8,000 people have been killed by the Maoists and security forces, with almost 6,000 deaths occurring since 2001. In addition to the human toll, the conflict has severely disrupted the fragile national economy. The U.S. Embassy estimates losses to national property and the economy at $1.5 billion.

Since a breakdown of peace talks in late August 2003, the Maoists have expanded their activities in eastern Nepal and the Terai (the fertile flatlands on the Nepal-India border), robbed banks, increased the extortion of food and money from both locals and tourists, and continued to destroy infrastructure. During the cease-fire, the Government of Nepal (GON) and Royal Nepalese Army (RNA) fortified their positions, effectively prohibiting the Maoists from launching any major scale assault on the security forces. However, by focusing their strength in a few places, the RNA has reduced its presence in much of the countryside where the Maoists have significant influence. Human rights abuses committed by both parties to the conflict are rampant.

The U.S. has an interest in an economically and politically stable multi-party democracy in Nepal. Nepal serves as a geographic buffer between the world's two most populous nations in a volatile region. By supporting efforts to resolve the Maoist insurgency and addressing the underlying causes of poverty, inequality, and poor governance in Nepal, the U.S. is making an important contribution to fighting terrorism, promoting regional stability, and diminishing the likelihood of a humanitarian crisis.

The USAID Program: The principal aims of USAID programs are to promote peace through good governance and increased incomes, improve primary health care, curb population growth, improve democracy and governance, expand economic development, and promote the expansion of environmentally-friendly hydropower. All components of the USAID program support improved governance and mitigation of the root causes and major effects of the Maoist insurgency. Although GON capacity at the central and local level is generally weak, it works cooperatively with USAID to implement programs through numerous partners, primarily international non-governmental organizations that work both directly and through local non-governmental organizations. The USAID program engages the private sector significantly, for example in the hydropower sector, the delivery of health and family planning services, and through three public-private alliances.

Other Program Elements: In addition to the efforts described in the Program Data Sheets, other USAID regional and central programs provide assistance to Nepal. USAID's South Asian Regional Initiative for Energy Cooperation and Development is actively involved in regional energy cooperation, and its South Asia Regional Initiative for Women's and Children's Equity strives to eliminate trafficking of women, violence against women, and child labor. USAID's Regional Program of the Office of Economic Growth/USAID/India has granted the Kathmandu Metropolitan City Office $25,000 to improve household and medical waste management in selected areas of the capital city through community mobilization and training of policy makers. USAID supports the Bangladesh, Bhutan, India and Nepal Network through its Environmental Health Project to coordinate inter-country cross-border issues on malaria, kala-azar, Japanese encephalitis and other vector-borne diseases in all four countries. The Asia Regional Office of USAID's Office of Foreign Disaster Assistance (OFDA) enhances medical first response, collapsed structure search and rescue, and hospital preparedness capacities of emergency responder agencies, thereby reducing the potential for earthquake damage and injury in Kathmandu Valley. OFDA also enhances regional cooperation between countries in the Hindu Kush Himalayan region for the exchange of flood information and data and develops adaptive strategies for flood and drought mitigation to enable basic and tangible reduction in vulnerability, as well as providing training in emergency management to non-governmental organizations.

Other Donors: Donor coordination in Nepal is good. The GON budget report shows that donors provided roughly $106 million in grants and $113 million in loans directly to the GON from June 2002 to June 2003 (the Nepali fiscal year). In addition, donors contribute approximately $230 - $280 million to Nepal's development outside of the GON budget. The United States is the second largest bilateral donor, after Japan, in terms of funds disbursed. Other major bilateral donors and their principal areas of focus include Denmark (education, decentralization, governance, and environment), the United Kingdom (governance, rural development, health, and HIV/AIDS), Germany (rural and urban development and health), Switzerland (roads and rural infrastructure and technical training), Norway (hydropower, water, governance, and human rights), Netherlands (community development), Finland (environment and rural water), and Canada (civil society, environment, and gender). The major multilateral donors include the United Nations Development Program (local planning and governance, urban infrastructure, rural energy and HIV/AIDS), the Asian Development Bank (governance, education, water, power, agriculture and roads), the World Bank (education, roads, water, power, telecommunications, financial sector reform and health sector reform), the European Union (urban development and education), and the United Nations World Food Program (food for work programs). Other multilateral agencies such as United Nations International Children's Emergency Fund (UNICEF), United Nation Fund for Population Activities (UNFPA), United Nations Joint Programme on HIV/AIDS (UNAIDS) and United Nations International Labor Organization (ILO) are also active in Nepal.

Coordination between USAID and the British Department for International Development (DFID) has been exceptional, such that Britain contributed $774,000 to USAID's Special Objective program to promote peace through improved incomes and governance. DFID and USAID also work closely in the health sector to address the immediate health needs of Nepalese families in conflict affected areas. USAID and the Japan International Cooperation Agency (JICA) have a Memorandum of Understanding (MOU) to collaborate closely on Maternal and Child Health and HIV/AIDS activities. USAID also funds a rural roads program initiated in collaboration with the European Union.

Nepal
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	20,000	19,899	24,840	23,350
Development Assistance	7,597	10,247	11,274	11,000
Economic Support Fund	3,000	4,000	4,971	5,000
PL 480 Title II	2,352	0	0	0
Total Program Funds	**32,949**	**34,146**	**41,085**	**39,350**

STRATEGIC OBJECTIVE SUMMARY				
367-001 Sustainable Forest and Agricultural Products				
DA	0	1,500	1,900	2,637
367-002 Health and Family Planning				
CSH	20,000	19,899	23,840	23,350
367-006 Hydropower Development				
DA	2,200	2,227	2,100	2,000
367-007 Governance				
CSH	0	0	200	0
DA	3,647	3,761	5,811	4,324
ESF	750	203	700	1,200
367-008 Ending Conflict and Expanding Democracy				
CSH	0	0	800	0
DA	1,750	2,759	1,463	2,039
ESF	2,250	3,797	4,271	3,800

Mission Director,
Donald Clark

Data Sheet

USAID Mission:	Nepal
Program Title:	Sustainable Forest and Agricultural Products
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	367-001
Proposed FY 2004 Obligation:	$1,900,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,637,000 DA
Year of Initial Obligation:	FY 1995
Year of Final Obligation:	FY 2006

Summary: USAID plans to increase household income and food security by increasing production of high-value crops, expanding market participation, improving management of productive resources, and enhancing the level and content of policy dialogue with the government. Program activities include support for improved management of community forests and farmer-managed irrigation systems, small-scale farm and forest enterprise development, technical assistance in production and marketing of high-value forest and farm crops, conducting research and studies on policy impediments to agricultural growth and trade, and support for private-public partnerships to access new technologies and new markets.

Inputs, Outputs, Activities:

FY 2004 Program:
Increase Incomes of Small Farmers through High-Value Crop Production and Increased Market Access ($1,000,000 DA). USAID will increase the production of high-value commodities (e.g., non-timber forest products, horticulture and livestock), promote marketing channels, increase use of appropriate technologies and assist in the development of enterprises in order to respond to proven demand. This will be achieved through:

--increasing the use of micro-irrigation technology to access off-season markets in the hill areas;
--information sharing;
--supporting small-scale enterprise and business development services; and
--accessing export markets.

Prime grantees include Winrock International, Asia Network for Sustainable Agriculture and Bioresources, and Planning and Development Collaborative International.

Expand Access to Business Services and Markets ($700,000 DA). To help promote development, sales and marketing of high-value agricultural commodities and non-timber forest products, technical and financial assistance will be provided to facilitate local business development services. Assistance to business service providers ranging from inputs suppliers to marketing organizations will enable small rural enterprises to grow, produce and market agricultural and forest products more effectively. The program also will help increase incomes of participating landless community forest users, smallholders and small and micro enterprises. International Development Enterprise is the prime grantee for this activity.

Policy Analysis and Reform on Agriculture Trade-Related Issues ($200,000 DA). To enable Nepalese farmers to access regional markets, technical assistance and training will be provided to the Government of Nepal and the Federation of Nepalese Chambers of Commerce and Industry to analyze and disseminate agriculture trade-related issues, especially World Trade Organization accession, trade treaties, and quarantine and customs-related bottlenecks. The Agro Enterprise Center is the prime grantee.

Global Development Alliances (GDA). USAID funded three GDAs in FY 2002: 1) the Certification and Sustainable Marketing of Non-Timber Forest Products Alliance; 2) the Kathmandu Electric Vehicle Alliance; and 3) the Nepal Tree Crop Alliance. In FY 2003, an additional $300,000 of GDA/Mission Incentive Funds was added to the Kathmandu Electric Vehicle Alliance. No new funding is planned for these GDAs in FY 2004 but activities continue.

FY 2005 Program:
Increase Incomes of Small Farmers through High-Value Crop Production and Increased Market Access ($1,500,000 DA). USAID will continue to fund introduction of micro irrigation technologies in the hill regions to promote off-season horticulture production, increase access to market information, and promote business development services. The program may be expanded to additional districts, depending on the conflict situation and its impact on market access and mobility. Other efforts may include promoting crop diversification, sustainable agro-forestry technologies, and expanding market linkages.

Expanded Access to Business Services and Markets ($637,000 DA). USAID will continue to promote grassroots-level small and micro enterprises, build capacity of business development service providers, link enterprises to sustainable marketing networks and business development services, introduce new innovative technologies, and develop market information services.

Policy Analysis and Reform on Agricultural Trade-Related Issues ($500,000 DA). Activities will continue to develop Nepalese technical and analytical expertise on agricultural trade-related issues and to support advocacy to remove policy constraints and implement international trade treaties. This program also may include technical assistance for Nepal's World Trade Organization commitments.

Performance and Results: All activities under this program were phased out per the original activity completion plan in 2002. However, since the program was extended in August 2002 through 2006, new projects were incorporated for which the planning began in FY 2003 and implementation in FY 2004. Despite the security situation in Nepal, most program activities are expected to progress largely unfettered since they have garnered local community support by being implemented primarily through pre-existing non-governmental organizations and local organizations and are improving the lives and livelihoods of rural families. By helping farmers and small community-based organizations produce high value crops such as coffee and non-timber forest products, this program will increase incomes of the rural poor by at least 50% and bring the target population of 40,000 households above the poverty line by program completion.

GDA activities have continued to operate in 2003. Under the Tree Crops Alliance, a U.S. specialty coffee exporter has agreed to provide training to trainers, and then buy all coffee processed under the agreed upon specifications. The Kathmandu Electric Vehicle Alliance commissioned a study on the harmful effects of airborne pollution that received wide coverage and GON acknowledgement. The Certification and Sustainable Marketing of Non-Timber Forest Products Alliance has organized communities, established a certification model, and identified two non-timber forest products for export promotion, i.e., lokta (a bark used in local paper making with a strong international market demand) and wintergreen oil (used for aromatic purposes).

US Financing in Thousands of Dollars

Nepal

367-001 Sustainable Forest and Agricultural Products	CSH	DA
Through September 30, 2002		
Obligations	200	22,557
Expenditures	140	21,875
Unliquidated	60	682
Fiscal Year 2003		
Obligations	0	1,500
Expenditures	60	509
Through September 30, 2003		
Obligations	200	24,057
Expenditures	200	22,384
Unliquidated	0	1,673
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	1,900
Total Planned Fiscal Year 2004		
Obligations	0	1,900
Proposed Fiscal Year 2005 NOA		
Obligations	0	2,637
Future Obligations	0	0
Est. Total Cost	200	28,594

Data Sheet

USAID Mission:	Nepal
Program Title:	Health and Family Planning
Pillar:	Global Health
Strategic Objective:	367-002
Proposed FY 2004 Obligation:	$23,840,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$23,350,000 CSH
Year of Initial Obligation:	FY 1996
Year of Final Obligation:	FY 2006

Summary: This program aims to reduce fertility and protect the health of Nepalese families by:

--increasing access to and use of quality voluntary family planning services
--increasing access to and use of quality maternal and child health services
--preventing (reducing and combating) HIV/AIDS transmission among high-risk groups
--controlling infectious diseases.

The ultimate beneficiaries are 11 million men and women of reproductive age and 3.5 million children under the age of five years.

Inputs, Outputs, Activities:

FY 2004 Program:
Reduce Fertility and Child Mortality ($12,940,000 CSH). USAID will continue to expand public and private sector family planning services, increase the number of skilled family planning providers, expand the delivery of community-based treatment of diarrheal disease and pneumonia, continue vitamin A supplementation for children, and strengthen nationwide availability of health commodities. USAID also will continue to strengthen national-level advocacy for improved maternal and neonatal health outcomes through competency-based training curricula and scale up the community-level childbirth preparedness program. Principal grantees include John Snow, Inc., Johns Hopkins University, EngenderHealth, Save the Children, CARE, and Population Services International. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

HIV/AIDS Prevention ($8,700,000 CSH). USAID will expand and improve behavior change interventions along all major highway routes in Nepal among the most-at-risk groups. A cross-border "Safe Migration" strategy will be developed in regions where there are high rates of migration to India. Services will be expanded and strengthened to address sexually transmitted infections (STIs) including the addition of pre-packaged therapy based on STI care-seeking behavior. Voluntary counseling and testing sites will be established and training in HIV rapid test application and counseling will be provided. Ongoing technical assistance will strengthen the Government of Nepal's capacity to implement and manage its National HIV/AIDS Strategy and National Operational Plan, assist with the development of national clinical guidelines and training curricula, and improve surveillance systems. Principal grantees include Family Health International, Population Services International, and The Futures Group International.

Infectious Disease ($2,200,000 CSH). USAID will continue to pilot community-based surveillance, prevention and control interventions for malaria and kala-azar, and scale them up if successful. National level support for integrated malaria control activities and for Japanese Encephalitis surveillance will be expanded, as will work to promote hand washing with soap (public-private partnership) and the national lymphatic filariasis control program. Principal grantees include: John Snow, Inc., Johns Hopkins University, CARE, and the United State's Armed Forces Research Institute of Medical Sciences.

USAID will continue to implement the "Other Vulnerable Children" program that provides social, health and economic assistance to children and their families most severely affected by the conflict. It includes income generation activities and scholarships for children who have lost a parent due to the conflict. Principal grantees include Save the Children and World Education, Inc.

FY 2005 Program:
Reduce Fertility and Child Mortality ($13,650,000 CSH). USAID will continue to strengthen integrated maternal and child health programs, and public and private sector family planning services at the community level. Principal grantees include John Snow, Inc., Johns Hopkins University, EngenderHealth, Save the Children, CARE, and Population Services International. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

HIV/AIDS prevention ($8,700,000 CSH). USAID will continue to expand and strengthen behavior change interventions. Six voluntary counseling and testing sites, and associated care and support activities, will be expanded and linked to ongoing behavior change interventions to establish a continuum of prevention-to-care services in target areas. Ongoing technical assistance and policy support will be provided to strengthen the Government of Nepal (GON) capacity to implement and manage its National HIV/AIDS Strategy and improve surveillance systems. Principal grantees include Family Health International, Population Services International, and The Futures Group International.

Infectious disease ($1,000,000 CSH). USAID will continue to build the capacity of the GON to respond to infectious disease outbreaks and expand prevention and control interventions at the community level. Principal grantees include John Snow, Inc., Johns Hopkins University, CARE, and the United State's Armed Forces Research Institute of Medical Sciences.

Overall, USAID will continue to strengthen health care services and systems at local levels to mitigate the impact of the conflict.

Performance and Results: The number of children born to the average Nepalese family has decreased 20% in the last 10 years from five children in 1991 to 4.1 in 2001. During this time, child mortality also declined by 40%. Between 2001 to 2006, USAID aims to reduce population growth further by meeting the demand for family planning services and decreasing the average family size from 4.1 children in 2001 to 3.6 by 2006, decrease the number of children under five years dying from 91 deaths per 1,000 live births in 2001 to 70 in 2006, and reduce HIV/AIDS transmission by increasing condom use to 90%.

Despite the conflict and political instability, the program met all FY 2003 annual performance targets. Couple Years of Protection (CYP) increased by 7% in target areas. The vitamin A supplementation program was implemented in all of Nepal's 75 districts reaching 98% of all eligible children, and the community-based treatment of child pneumonia program was expanded from 16 districts to 22 districts. These two life-saving community level interventions avert 45,000 [15,000 + 30,000] child deaths every year.

The HIV sero-prevalence rate among female sex workers, a target high-risk group, has been reduced from 3.9% in 1999 to 3% in 2003 and the active syphilis rate, a significant correlate of the risk for HIV transmission, was reduced from 18.8% in 1999 to 9.5% in 2003.

US Financing in Thousands of Dollars

Nepal

367-002 Health and Family Planning	CSH	DA
Through September 30, 2002		
Obligations	62,347	52,515
Expenditures	38,549	50,367
Unliquidated	23,798	2,148
Fiscal Year 2003		
Obligations	19,899	0
Expenditures	15,871	2,148
Through September 30, 2003		
Obligations	82,246	52,515
Expenditures	54,420	52,515
Unliquidated	27,826	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	23,840	0
Total Planned Fiscal Year 2004		
Obligations	23,840	0
Proposed Fiscal Year 2005 NOA		
Obligations	23,350	0
Future Obligations	0	0
Est. Total Cost	129,436	52,515

Data Sheet

USAID Mission:	Nepal
Program Title:	Hydropower Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	367-006
Proposed FY 2004 Obligation:	$2,100,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,000,000 DA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2006

Summary: This program addresses the energy and economic development needs of Nepal, as well as the clean energy needs of the region. It increases private sector participation in environmentally and socially sustainable hydropower development through technical assistance and training to:

--improve the enabling conditions for private investment in hydropower by setting up a streamlined legal and regulatory framework and simpler licensing procedures;
--strengthen institutional capacity to address environmental and social impacts;
--assist the Government of Nepal (GON) to implement a new hydropower policy that promotes investment in both domestic and export markets; and
--establish a Power Development Fund, with World Bank support, as a catalyst for energy investment.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve the Enabling Environment for Sustainable Hydropower Development ($1,800,000 DA). Nepal needs to implement policy and energy sector reforms to increase private participation and investment in hydropower. It also must establish sound guidelines and increase the GON's capacity to review and approve stringent environmental and social impact assessments. USAID will provide technical assistance and training to the GON's Department of Electricity Development and other key GON entities such as the Nepal Electricity Authority, to develop strategies for regulatory and utility reforms in the energy sector. This includes amending the Electricity Act of 1993 to reflect the new hydropower policy that, for the first time, mandates establishment of an independent regulator and a timetable for the state-owned utility to reform and restructure. USAID also will provide continued support to establish a Power Development Fund with World Bank funding, designed to catalyze investment. USAID will fund training and study tours for key GON officials and policy makers. International Resources Group is the principal contractor.

Promote Effective Public-Private Energy Entity Partnerships ($200,000 DA). USAID will promote executive exchanges and energy partnerships between the GON and U.S. regulatory bodies and utilities, and provide opportunities for GON decision makers and energy professionals to meet with their peers in the U.S. or other countries. It also will expose U.S. private businesses to energy sector opportunities in Nepal and the region. This will yield a better understanding of the reform process and an action plan to improve energy efficiency. The United States Energy Association is the principal grantee.

Support to Local Hydropower Developers and Financial Institutions to Participate and Invest in Small (1-10 megawatts) Projects ($100,000 DA). USAID will fund technical assistance and training to local enterprises to develop bankable projects, acquire local financing for these small projects, and build the capacity of local cooperatives engaged in rural electrification. USAID also will promote the development of a clean energy and infrastructure development bank aimed at promoting investments in small-scale projects that support rural electrification. Winrock International is the principal grantee.

FY 2005 Program:
Improve the Enabling Environment for Sustainable Hydropower Development ($1,700,000 DA). USAID will continue activities aimed at promoting policy and regulatory reforms. In addition to the technical assistance and training activities, USAID will fund feasibility studies for five small hydropower projects to assist the GON develop a roster of projects for private sector development. Assistance also will be provided to launch the first Build Own Operate and Transfer hydropower project through international competitive bidding procedures. USAID will continue training and capacity building study tours for key GON officials and policy makers. International Resources Group is the principal contractor.

Promote Effective Public-Private Energy Entity Partnerships ($200,000 DA). Executive exchanges and energy partnerships will be consolidated, exposing U.S. private businesses to energy sector opportunities in Nepal and the region. Important outputs in the energy efficiency and private business arena are expected to result as the partnerships consolidate. The United States Energy Association is the principal grantee.

Support to Local Hydropower Developers and Financial Institutions to Participate and Invest in Small (1-10 megawatts) Projects ($100,000 DA). USAID will continue to furnish technical assistance and training to local enterprises to develop bankable projects and acquire financing from local banks. Technical support and training will be provided to the clean energy and infrastructure development bank as it will be closer to being established. As more private power comes on line, more support will be provided to local cooperatives to distribute power to rural areas. Winrock International is the principal grantee.

Performance and Results: This program is now in its second year of operation and continues to attract private sector participation in hydropower development. Three new investments were made in FY 2003 totaling $12 million, thereby increasing the cumulative total private sector investments from $348 million reported in FY 2002 to $360 million in FY 2003. This is very significant given the current situation when other sectors of the economy have contracted. Significant progress was made in the power sector reform process. The state-owned utility commenced distribution reforms this year, creating autonomous "profit centers" that reduced losses significantly within only six months of operation. Similar progress was made in establishing a Power Development Fund that will be funded by the World Bank. With USAID assistance, the GON selected a Fund Administrator and completed final loan negotiations with the World Bank.

This program will benefit Nepal's poor living mostly in the rural areas, 83% of whom lack access to electricity. USAID's $2.2 million investment in FY 2003 successfully leveraged private sector investments in hydropower amounting to $12 million, a significant return. Each MW of hydropower that comes on line electrifies at least 2,000 households, and each MW of exported hydropower sequesters 6,000 tons of greenhouse gases. This program reduces Nepal's dependence on fuel wood for its energy needs, thereby reducing deforestation and soil erosion. In addition, harnessing Nepal's hydropower is paving the way for developing modern sector employment opportunities for millions of Nepalese citizens, helping to remove one of the major root causes of the Maoist insurgency.

By program completion, at least 450,000 more Nepalese will have access to electricity and private sector investment in the power sector is expected to increase by at least 10% per year, creating thousands of low skilled and hundreds of high skilled employment opportunities in rural areas.

US Financing in Thousands of Dollars

Nepal

367-006 Hydropower Development	DA
Through September 30, 2002	
Obligations	4,510
Expenditures	1,268
Unliquidated	3,242
Fiscal Year 2003	
Obligations	2,227
Expenditures	1,638
Through September 30, 2003	
Obligations	6,737
Expenditures	2,906
Unliquidated	3,831
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	2,100
Total Planned Fiscal Year 2004	
Obligations	2,100
Proposed Fiscal Year 2005 NOA	
Obligations	2,000
Future Obligations	0
Est. Total Cost	10,837

Data Sheet

USAID Mission:	Nepal
Program Title:	Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	367-007
Proposed FY 2004 Obligation:	$200,000 CSH; $5,811,000 DA; $700,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,324,000 DA; $1,200,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2006

Summary: This program addresses critical problems of poor governance, weak rule of law, and inconsistent democratic practices that slow economic development, fuel the ongoing Maoist insurgency and erode public confidence in democratic institutions; citizen participation in governance and performance of institutions to enhance access to justice, combat corruption, improve the management of natural resources, and address human rights abuses. It provides training and technical assistance to:
--improve the democratic functioning and management capacity of community-based natural resource management groups;
--strengthen participation, advocacy, and oversight by civil society groups to hold government more accountable to the needs of the poor and marginalized;
--enhance leadership skills of elected women, community leaders, and under-represented (lower caste and ethnic/regional minority) groups; and
--build the capacity of, and cooperation between, government and non-governmental organizations that safeguard and advance democracy and rule of law.

Inputs, Outputs, Activities:

FY 2004 Program:
Increased Management Capacities of Natural Resource Management User Groups ($1,400,000 DA). USAID will continue to fund natural resources governance strengthening activities in 16 of Nepal's 75 districts and improve management capacity of approximately 500 community forestry and buffer zone groups, 1,100 irrigation water user groups, and community groups affected by hydropower projects. Training, technical assistance and grant activities to enhance democratic decision making processes, improve institutional and technical management skills and support more transparent and equitable distribution of benefits from natural resources are being implemented. The grantees are CARE/Nepal (principal), the World Wildlife Fund, Resource Identification and Management Society and the Research Institution and Training in Irrigation (sub-grantees).

Increased Advocacy Capacity of Selected Civil Society Groups at Community and Federation Levels ($1,011,000 DA). USAID provides training and technical assistance to user groups, women's groups (including groups working against trafficking of girls and women), federations and coalitions in order to enhance capacity of participating groups to advocate for members interests, strengthen partnerships, and monitor government performance. Principal grantees are the Asia Foundation and CARE/Nepal.

Increased Women's Participation ($200,000 CSH, $200,000 DA, $400,000 ESF). USAID will continue to provide training, technical assistance and support to party dialogue efforts to increase women's participation in politics and their effectiveness in local and national leadership positions. Also, CSH funds will be used in vocational training and education for women and vulnerable children. Approximately 3000 politically-active community women will receive training on election campaigning and leadership skills for positions in locally-elected government institutions. The principal grantee is the National Democratic Institute.

Improved performance of selected institutions ($3,200,000 DA, $300,000 ESF). USAID will provide training and technical assistance, grant support and modest logistics support to enhance the quantity and quality of state and civil society justice sector reform and anti-corruption initiatives, including the design and implementation of new electoral and political process-strengthening programs. In addition, USAID will provide small grants to non-governmental organizations and local government federation organizations for activities that enhance transparency and accountability of national and local governments. Principal implementing partners will include a new Rule-of-Law institutional contractor (to be selected) as well as current program partners, National Democratic Institute, Transparency International and Pro-Public, and new non-partisan civil society non-governmental organization partners to be selected.

FY 2005 Program:
Increased Management Capacity of Natural Resource Management Groups ($1,000,000 DA). USAID will continue to fund natural resources governance initiatives to enhance democratic decision making processes, improve the technical and managerial skills of the groups, and improve transparency and equitable distribution of benefits derived from natural resources.

Increased Advocacy Capacity of Selected Civil Society Groups at Community and Federation Levels ($500,000 DA, $200,000 ESF). USAID will expand its support for community-based civil society strengthening and coalition building activities. Through technical assistance, training and grant support, USAID will connect local interest groups to broader and more effective regional and national networks, enabling them to better influence national policy and implement programs in national resources management, combating human trafficking, and empowering women and disenfranchised groups in democratic and governance processes. Principal grantees are the Asia Foundation and CARE/Nepal.

Increased Women's Participation ($324,000 DA, $550,000 ESF). USAID will continue to provide grants, training and technical assistance to national programs increasing women's participation in politics and expanding the pool of women qualified for and occupying positions of national and local community leadership. The principal grantee is the National Democratic Institute.

Improved performance of selected institutions ($2,500,000 DA, $450,000 ESF). Programs that will strengthen the still fragile Nepal democracy and promote good governance will be expanded in core areas such as rule of law, respect for human rights, government accountability and combating public sector corruption. Electoral support and political reform initiatives will be expanded; the scope of the latter depending in part on critical issues of Government of Nepal (GON) adherence to constitutional democratic norms and related, dynamic and sometimes volatile, electoral plans and political developments. Principal implementing partners will be the same as under the FY04 program.

Performance and Results: In a difficult environment with multi-dimensional crises, the program continues to progress slowly but steadily toward achieving targeted results in areas critical to consolidating democracy. It has exceeded targets for the "community and government improved capacity to manage natural resources and irrigation system" program. To combat human trafficking, a new policy to protect economic migrants was promulgated and the number of interceptions in areas increased significantly where awareness programs on trafficking were conducted among youth groups and adolescents. Revitalization of GON-constructed task forces in seven districts prevented trafficking by raising awareness and allocating funds for preventive initiatives. Further, training of approximately 7,000 community women on election campaigning and effective leadership skills resulted in many of them occupying key positions within their parties. A USAID electoral system assessment, completed in November 2003, identified fundamental requirements for political party reform and will serve as a tool for design of future electoral and political process reform programs. Key partnerships with and preliminary support to the judiciary, anti-corruption and civil society entities is already resulting in more visible and positive combat of corruption. USAID programs are expected to strengthen national capacity (civil society, local and national government) in natural resources governance, increase women's participation in key leadership positions in targeted districts by 25%, and defend against democratic reversals by sustaining and advancing democracy in Nepal.

US Financing in Thousands of Dollars

Nepal

367-007 Governance	CSH	DA	ESF
Through September 30, 2002			
Obligations	0	6,447	400
Expenditures	0	373	262
Unliquidated	0	6,074	138
Fiscal Year 2003			
Obligations	0	4,161	203
Expenditures	0	2,484	200
Through September 30, 2003			
Obligations	0	10,608	603
Expenditures	0	2,857	462
Unliquidated	0	7,751	141
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	200	5,811	700
Total Planned Fiscal Year 2004			
Obligations	200	5,811	700
Proposed Fiscal Year 2005 NOA			
Obligations	0	4,324	1,200
Future Obligations	0	0	0
Est. Total Cost	200	20,743	2,503

Data Sheet

USAID Mission:	Nepal
Program Title:	Ending Conflict and Expanding Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	367-008
Proposed FY 2004 Obligation:	$800,000 CSH; $1,463,000 DA; $4,271,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,039,000 DA; $3,800,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2006

Summary: USAID's conflict mitigation program focuses on ameliorating the suffering of conflict-affected individuals and communities, strengthening capacity for conflict resolution and peace building, and increasing income opportunities through:
--employment generating infrastructure projects
--providing support services to victims of the conflict
--supporting Government of Nepal (GON) and civil society efforts to address the conflict, and
--enhancing community capacity to resolve disputes and participate in local governance.

Inputs, Outputs, Activities:

FY 2004 Program:
Improving Infrastructure and Expanding Economic Opportunities in Conflict-Affected Areas ($705,000 DA and $2,541,000 ESF). USAID provides technical assistance, equipment and materials to construct and/or rehabilitate small, labor-intensive infrastructure projects, thus creating short-term paid employment in rural conflict affected areas. These include rural roads, schools, clinics, trails, footbridges, and small drinking water and irrigation schemes. Through these projects, approximately 650,000 days of paid employment will be generated during FY 2004, injecting nearly $700,000 into impoverished, conflict-affected, rural areas.

With technical assistance from USAID, rural communities and local governments will plan and implement projects that they consider to be of highest priority. Activities providing longer-term income generation opportunities - such as skills training, establishing savings and credit groups, improving agricultural production, and providing business services - will be implemented alongside the infrastructure projects so that once these projects have ended, community members have an alternative means of earning income. The prime contractor is the Louis Berger Group.

Supporting Services for Victims of Conflict (100,000 DA; 400,000 CSH and 400,000 ESF). To alleviate conflict-induced suffering, USAID provides comprehensive medical and psycho-social rehabilitation services, as well as legal counseling to 2,260 torture victims and their families as well as children affected by conflict. Psychosocial support for torture centers will serve 80 victims in 10 conflict-affected districts. A center for female trauma victims will provide rehabilitation services to 80 women. Activities to improve community coping mechanisms will include training to village-level service providers to help rural villages withstand the stress of prolonged conflict. Orphans and other disadvantaged youths will receive scholarships, while other forms of economic support will be identified for war widows. The prime grantee is the Center for Victims of Torture - Nepal.

Building the Capacity of the GON and Civil Society to Respond to the Conflict ($354,000 DA, $700,000 ESF). To assist the GON in addressing the conflict and its root causes, USAID will support technical assistance and training in conflict analysis and resolution, developing and implementing a coherent communications strategy, and creating post conflict plans, including plans for future demobilization and disarmament. USAID has offered the GON institutional strategic planning and strengthening assistance

for a government office that can perform these functions effectively. USAID also will fund study tours for GON and civil society leaders to expose them to successful conflict-mitigation experiences in other countries, national polls to collect information on citizen views related to the conflict and political crisis, and fora for national and local level dialogues on peace-building strategies between the GON, civil society and other key actors in Nepal.

Strengthening Community Peace Building Capacity ($304,000 DA; $400,000 CSH and $630,000 ESF). To increase civic participation and peace building at the community level, USAID will support training for community members in tolerance, dispute resolution, negotiation and advocacy. Small-scale community development projects will be implemented to galvanize communities around a common interest or goal. Projects will include building potable water, wastewater and irrigation systems, as well as schools, health centers, community centers or other infrastructure needs identified by the communities. In addition, funds will link educational, vocational-technical training for vulnerable children and their families to community development projects.

FY 2005 Program:
Improving Infrastructure and Expanding Economic Opportunities in Conflict-Affected Areas ($1,450,000 DA, $2,850,000 ESF). USAID will expand the program to additional districts, increase the number of labor-intensive small rural infrastructure projects that provide short-term employment for rural communities, and increase the number and scope of long-term income generating activities along corridors where infrastructure projects are implemented. Same implementing partner as above.

Supporting Services for Victims of Conflict ($59,000 DA, $300,000 ESF). USAID will continue to implement the activities under this component as described above. If Nepal moves into a post-conflict phase, activities may shift to increase support services for demobilized ex-combatants. Same implementing partner as above. Other partners will be sought to implement community-level activities to support torture survivors.

Building the Capacity of the GON and Civil Society to Respond to the Conflict ($280,000 DA, $400,000 ESF). USAID will continue to provide technical assistance and training to the GON and civil society organizations to improve their capacity to plan, monitor and formulate appropriate policies depending on evolving security and political scenarios.

Strengthening Community Peace Building Capacity ($250,000 DA, $250,000 ESF). USAID will expand the training programs and community development projects discussed above to additional districts. Implementing partners to be determined.

Performance and Results: Approximately 600 people were employed daily on an environmentally-sound road construction project, providing each household with an average monthly income of $46 in an area where non-farm income is extremely scarce. Over 2,300 victims of torture benefited from medical, psychosocial, and legal support, and 1,300 community mediators were trained in local dispute resolution skills in order to bring accessible, affordable justice to communities. USAID assisted the GON to conduct a rigorous Integrated Peace and Development strategic assessment and planning exercise with 11 GON entities that has led to self-critique and identification of significant shortfalls in GON management structures to address the conflict and peace process opportunities.

US Financing in Thousands of Dollars

Nepal

367-008 Ending Conflict and Expanding Democracy	CSH	DA	ESF
Through September 30, 2002			
Obligations	0	2,855	2,250
Expenditures	0	153	0
Unliquidated	0	2,702	2,250
Fiscal Year 2003			
Obligations	0	4,773	4,147
Expenditures	0	1,064	708
Through September 30, 2003			
Obligations	0	7,628	6,397
Expenditures	0	1,217	708
Unliquidated	0	6,411	5,689
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	800	1,463	4,271
Total Planned Fiscal Year 2004			
Obligations	800	1,463	4,271
Proposed Fiscal Year 2005 NOA			
Obligations	0	2,039	3,800
Future Obligations	0	0	0
Est. Total Cost	800	11,130	14,468

Pakistan

The Development Challenge: Pakistan poses one of the Agency's most daunting development challenges. A country beset since independence with widespread poverty and weak governance structures; it now faces additional burdens related to the war on terrorism in Afghanistan.

Pakistan's macroeconomic picture has stabilized and grown measurably stronger since the early 1990s. Since 1999, President Musharraf has mobilized strong support from the World Bank, the Asian Development Bank, and the Paris Group and succeeded in significantly redressing much of the economic management picture, particularly its debt burden. The Prime Minister has publicly pledged to continue economic, social, and political reforms. Challenges remain however, despite strong macro-economic performance; poverty has risen during the last five years. Approximately 33% of Pakistan's 148 million people live in poverty in urban and rural areas and in all four provinces. Social sector spending in education and health, though increased slightly in 2002, still lags far behind appropriate levels, largely due to military expenditures.

The United States has a compelling national interest in Pakistan's success as a nation. U.S. Government (USG) efforts will focus on maintaining political stability throughout the country and region, assisting the Government of Pakistan (GOP) in the international campaign against terrorism, strengthening Pakistan as a development partner, addressing fundamental economic and social weaknesses, and launching the country on a stable developmental course. The government is making efforts to address Pakistan's social inequities, devolve political and economic authority to the provinces, and raise basic health and education standards.

The USAID Program: USAID returned to Pakistan in July 2002 after a seven-year hiatus, as part of the USG's commitment to help Pakistan in the fight against global terrorism. USAID operations are severely constrained by the security situation in Pakistan. Staff is very limited and office space is very tight. USAID has adapted to this situation in several ways. It is staying focused on four sectors, outsourcing some USAID functions to private firms, using Pakistani organizations as much as possible to implement its programs and partnering with NGOs and other donors wherever possible.

The program is focused on four sectors, namely, education, health, democracy/governance and economic growth. It concentrates on institutional building and human development to improve the quality of and access to basic education programs; delivery of health services (including reproductive health, HIV/AIDS, tuberculosis and polio) to women, children, and vulnerable groups; availability of credit to boost rural incomes; and elected official and civil society collaboration on resolve social and economic issues. The cross-cutting theme, which cannot be addressed in isolation, is developing human resources. This includes promoting the participation of communities and citizens, encouraging women and development, improving NGO capacity, and increasing private sector involvement in all aspects at social and economic development. USAID has signed four grant agreements with the Government of Pakistan that total more than $300 million. These include education ($100 million); health ($115 million); democracy/governance ($38 million); and economic growth ($53 million). All USAID funds are grant assistance.

Other Program Elements: In addition to its programs in basic education, democracy, economic growth, and health, USAID provided a cash transfer of $600,000,000 in FY 2002 to the GOP from funds made available under the Emergency Supplemental Appropriations Act (P.L. 107-38). USAID also provided $188,000,000 to the GOP in FY 2003 to buy down $1 billion of Pakistan's international debt. In FY 2004, USAID plans to provide another $200,000,000 for debt relief.

Other Donors: Foreign assistance to Pakistan, from multilateral and bilateral bodies and international financial institutions (IFIs) shows an upward trend. Multilateral aid comes from United Nations and the European Union. The UN aid covers sectors ranging from governance and gender development to health, education and environment. The EU concentrates on the health and education sectors. The top three IFIs supporting Pakistan are the World Bank, Asian Development Bank and International Finance Corporation. Their areas of focus are the governance, infrastructure and energy sectors. The top three

bilateral donors are Japan, U.K., and Germany. The focus areas of the top ten bilateral donors are the financial sector, energy and governance.

In the social sector, donor coordination is strong, and donors work together to develop joint sector concept papers in certain areas. Each donor subsequently selects a portion of the portfolio for funding. Key partners are the U.K.'s Department for International Development for health and legislative strengthening; the Asian Development Bank for microfinance and access to justice; and the Canadian International Development Agency for education.

Pakistan
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	5,000	15,645	25,600	21,050
Development Assistance	10,000	34,500	42,350	29,000
Economic Support Fund	9,500	188,000	0	300,000
ESF - FY 02 Supplemental	15,000	0	0	0
ESF - Emergency Response Fund	600,000	0	0	0
ESF - FY 04 Supplemental	0	0	200,000	0
PL 480 Title II	5,134	6,792	5,849	0
Total Program Funds	**644,634**	**244,937**	**273,799**	**350,050**

STRATEGIC OBJECTIVE SUMMARY				
391-003 Primary Education and Literacy				
DA	10,000	21,500	24,000	19,403
ESF	5,000	0	0	47,300
391-004 Democracy and Governance				
DA	0	8,000	11,350	3,597
ESF	2,000	0	0	12,000
391-005 Emergency Economic Assistance				
ESF	2,500	188,000	0	200,000
ESF - FY 02 Supplemental	15,000	0	0	0
ESF - Emergency Response Fund	600,000	0	0	0
ESF - FY 04 Supplemental	0	0	200,000	0
391-006 Economic Growth				
DA	0	5,000	7,000	6,000
ESF	0	0	0	11,000
391-007 Basic Health				
CSH	5,000	15,645	25,600	21,050
ESF	0	0	0	29,700

Acting Mission Director,
Lawrence Hardy

Data Sheet

USAID Mission:	Pakistan
Program Title:	Primary Education and Literacy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	391-003
Proposed FY 2004 Obligation:	$24,000,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$19,403,000 DA; $47,300,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's program to improve primary and secondary education includes technical assistance and training to help education officials and citizens develop, deliver and maintain high quality education programs for girls and boys throughout Pakistan. This program will improve the quality of classroom instruction, especially in Balochistan and Sindh, by training teachers and school administrators, improving adult and youth literacy, and increasing private sector investment in education.

Inputs, Outputs, Activities:

FY 2004 Program:

--Improving the quality of education for primary and secondary school students in Balochistan and Sindh provinces ($4,000,000 DA). FY 2004 resources will improve classroom instruction for Pakistani children by improving the quality of teacher instruction, school administration, and teaching materials. USAID will focus on eight districts to demonstrate implementation of GOP education reforms and how quickly the quality of primary and secondary education can be improved. More than 1,200 provincial and district management staff responsible for educational planning will be trained to implement and monitor this model throughout Pakistan.

--Providing high quality teaching aids and equipment ($4,000,000 DA). More than 1,000 schools will receive textbooks, teaching aids, and recreational equipment.

--Small grants program for innovative approaches to education ($3,000,000 DA). A national small grants program will reward communities and local governments that develop novel approaches to improving education or the classroom environment in primary and secondary schools.

--School rehabilitation ($2,500,000 DA). In collaboration with the Japanese Embassy, USAID will rehabilitate and refurbish 130 shelterless schools in the Federally Administered Tribal Areas (FATA) that border Afghanistan. This program will increase school enrollment and retention.

--Establishing a national examination board ($1,500,000 DA). FY 2004 resources will help establish a national examination board that will develop a national standard exam to objectively evaluate student achievement when completing secondary school. The examination board will develop exam books, train proctors, and establish affiliation requirements for interested schools and universities. Principal grantees are the Research Triangle Institute (RTI) and Aga Khan University (AKU). The Mission is in the process of selecting a contractor for FATA schools.

--Improving the teaching of math, science and English as a second language (ESL) ($4,000,000). FY 2004 resources will help improve and broaden Pakistan's ability to teach math, science and ESL. More than 100 teacher trainers and school administrators will study at leading U.S. teaching universities for four to six months. When they return, they will train 12,000 teachers who teach more than 1.5 million children. The first cohort of 50 teacher trainers and administrators from government teacher training institutes and colleges will finish their training and return to their respective organizations. Post-study follow-up will ensure that the teachers are applying the new teaching methodologies and subjects in their classrooms.

--Building teacher capacity and mobilizing communities for early childhood education programs (ECE). USAID will continue its two ECE programs. One program will build teacher capacity in 100 schools. ($1,500,000 DA). The second will mobilize 100 communities to generate community resources to introduce ECE classes in their schools ($1,000,000 DA). Data collected from this program and best

practices will be shared with Pakistan's education community including the Ministry of Education, which wishes to replicate this program nationally. Principal grantees for the above activities are RTI, Academy for Educational Development, Pact-Children's Resources International, Inc. (PACT-CRI), and AKF. An adult literacy program will also be developed and program partners selected. This program will be designed to increase adult and youth literacy. By the end of FY 2004, 80% of literacy teachers in selected districts will be prepared to offer the new curriculum and programs. Family literacy programs will expand to include 400 new parents, while follow-up activities will continue with the previous group of 400 parents. Principal grantees are RTI and Pact-CRI.
--Encouraging community involvement in school management ($2,500,000 DA). USAID will continue to promote community involvement in school management and programs. 80% of schools in target districts will have functional management committees comprised of parents, teachers, school administrators and local government representatives, which will decrease teacher absenteeism, make school administration more accountable and improve the quality of education. Principal grantee: RTI.

FY 2005 Program:
--Building teacher and school administration capacity at the local level ($6,003,000 DA; $13,000,000 ESF). USAID will continue to train teachers and school administrators to improve the quality of instruction and educational planning in primary and secondary schools. A new school improvement program with policies on teacher salary supplements, performance evaluation, and promotions is expected to be operational within all eight districts.
--Small grants program for innovative approaches to education ($5,000,000 DA). USAID will continue a national small grants program to reward communities and local governments that develop novel approaches to improve classroom environments.
--Providing training for out-of-work youth ($17,300,000 ESF). To improve the employment prospects of out-of-work youth, USAID will provide vocational training relevant to Pakistan's job market.
--Rehabilitating schools on the Afghan border ($1,500,000 DA; $5,000,000 ESF). In collaboration with the Japanese Embassy, USAID will continue the rehabilitation program for 225 shelterless schools in the FATA border region with Afghanistan.
--Establishing standardized national exams ($1,000,000 DA). USAID will continue to assist the National Examination Board to develop a national standard exam to evaluate student achievements upon completion of secondary school.
--Improving the quality of education for primary and secondary school students ($2,900,000 DA). USAID will train a second group of 1,200 provincial and district management staff responsible for educational planning to implement and monitor model district units. The model will be expanded to Balochistan and Sindh provinces.
--Teachers' scholarship program ($12,000,000 ESF). To improve the quality of teaching in Pakistan's schools, USAID will implement a scholarship program for teachers.
--Building teacher capacity and community mobilization for early childhood education. USAID will continue its ECE program to enhance teacher capacity in 70 schools ($1,000,000 DA), and its program to mobilize 100 communities to generate resources to introduce ECE classes into schools ($1,000,000 DA). Principal contractors and grantees are RTI, AKU, AED, and PACT-CRI.

Performance and Results: The program is helping the Government of Pakistan make substantial and much needed reforms in the education sector. A major accomplishment during 2003 was the development of detailed District Education Plans (DEP), which the Ministry of Education is currently reviewing. In 2004, the districts will review and implement the DEPs. The funds for the first cycle of small grants have been disbursed to 12 organizations, and activities have begun in the target areas. bA comprehensive literacy baseline survey was completed, and a study on corporate philanthropy was conducted to assess government incentives and industry views on contributions to education. This will pave the way to develop a program for literacy and public private partnerships in FY 2004. Presently 13,000 children are benefiting from the two early childhood education initiatives.

US Financing in Thousands of Dollars

Pakistan

391-003 Primary Education and Literacy	DA	ESF
Through September 30, 2002		
Obligations	10,000	5,000
Expenditures	0	0
Unliquidated	10,000	5,000
Fiscal Year 2003		
Obligations	21,500	0
Expenditures	3,395	0
Through September 30, 2003		
Obligations	31,500	5,000
Expenditures	3,395	0
Unliquidated	28,105	5,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	24,000	0
Total Planned Fiscal Year 2004		
Obligations	24,000	0
Proposed Fiscal Year 2005 NOA		
Obligations	19,403	47,300
Future Obligations	0	0
Est. Total Cost	74,903	52,300

Data Sheet

USAID Mission:	Pakistan
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	391-004
Proposed FY 2004 Obligation:	$11,350,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$3,597,000 DA; $12,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's democracy and governance program will work with civil society organizations, political institutions, and the media to promote and strengthen democratic principles of good governance in Pakistan. Civil society will help create more effective and responsive local and national governance. Legislators will be better prepared and have the necessary tools and factual information with which to formulate and implement legislative agendas and be more accountable to their constituents. The media will be more independent and fact-based in its reporting on important social, political and economic issues and will be an effective voice in monitoring governance at the national, provincial, and local levels.

Inputs, Outputs, Activities:

FY 2004 Program:
Improving the capacity of national and provincial legislators and legislatures ($4,450,000 DA). USAID will provide technical assistance and training in basic legislative procedures and processes, drafting of laws, developing issue-based legislative agendas, and other topics of interest to the legislators and their secretariats. USAID will also provide technical assistance to develop legislative interest groups around common themes and agendas, such as women's caucuses, poverty, and education. Principal grantees are Consortium of World Vision with International Foundation for Election Systems (IFES), Transparency International-Pakistan (TI-P), Pakistan Institute of Legislative Development and Transparency (PILDAT), The Researchers (TR), All Women Advancement and Resource Development (AWARD), Citizen Commission for Human Development (CCHD) and Integrated Rural Development Organization (IRDO).

Increasing NGO organizational and advocacy capacity ($500,000 DA). USAID will provide technical assistance and training to increase the capacity of civil society organizations to prioritize, articulate and communicate citizen concerns to government officials at all levels. The program will also assist Pakistani NGOs in meeting the financial, procurement and general business management standards required for USAID awards. Principal grantees are The Asia Foundation (TAF) and the Aga Khan Foundation (AKF).

Improving the quality of media reporting ($1,000,000 DA). USAID will train journalists to improve the quality of electronic media reporting and promote dialogue between political representatives, government officials and civil society. USAID will help newly created private radio stations improve programming content and station management. To improve the Government of Pakistan's electronic media regulatory framework, USAID will provide technical assistance. Principal grantee: Internews.

Increasing local government partnerships with communities and the private sector ($1,400,000 DA). USAID will award grants to local governments that work with communities or the private sector to improve social or economic conditions. This program will teach local government and communities on how to engage one another on important issues affecting quality of life throughout Pakistan. Principal grantees are Rural Support Program Network (RSPN) and Anjum Asim Shahid Associates.

Increasing transparency and accountability in governance ($4,000,000 DA). USAID will continue to support initiatives that encourage greater interaction and collaboration between local government and

citizens to address communities' social and economic concerns, thereby increasing transparency and accountability in governance. Expanding on-going programs that achieve these objectives is a priority.

FY 2005 Program:
Enabling local governments meet the needs of their communities ($5,500,000 ESF). USAID will provide local governments with additional funds to work with communities in addressing their needs.

Improving the capacity of national and provincial legislators and legislatures ($3,597,000 DA). USAID will train more legislators through exchanges with other parliaments in the region and legislatures in the United States; establishing Membership Associations to increase legislative discussions on issues concerning citizens; expanding public broadcasting of parliamentary proceedings to reach more households.

Improving the quality of media reporting ($1,000,000 ESF). USAID will support independent electronic media in Pakistan to include new radio channels.

Increasing local government partnerships with communities and the private sector ($5,500,000 ESF). USAID will expand the local government partnership with communities and the private sector. This program will award grants to local governments that work with communities or the private sector to improve social or economic conditions. USAID will also begin a new program to train newly elected women councilors at the local level.

Principal grantees for the above mentioned programs are Consortium of World Vision with IFES, TI-PPILDAT, TRAWARD, CCHDIRDO, TAF, AKF, Internews, RSPN, and Anjum Asim Shahid Associates.

Performance and Results: USAID's Democracy and Governance strategy was approved in May 2003. The Grant Agreement was signed in August 2003 with the Government of Pakistan. In September 2003, the Mission awarded three grants to improve representation and responsiveness of national and provincial legislatures, increase civil society, media and political party engagement in policy dialogue, and improve accountability and responsive of local governance. Since implementation will start in FY 2004, the Mission will start reporting on performance in FY 2005.

However, under its on-going program, USAID provided technical assistance and training to advocacy NGOs and community-based organizations to increase participation in parliamentary elections, monitor results and assess lessons learned. Thousands of Pakistanis were involved in public debates that identified national priorities in education, health, human rights, and the need for greater women's participation in political processes. A broad range of activities helped increase voter participation in the elections and political debates, including a "get-out-the-vote" media campaign in which a series of ten TV commercials and radio spots were aired; nine radio programs were produced and broadcast; and 70 billboards and 45,000 posters were prepared. Other activities included public forums, roundtables, interactive theatre performances and carnivals in 32 districts involving more than 30,000 citizens, of which about 30% were women. Also election-day monitoring activities covered 72 districts out of 100 districts.

Responding to new opportunities that opened in the electronic media, USAID trained radio broadcast journalists and producers. A broadcast studio and training complex was established at Peshawar University and began training teachers and students. USAID organized a seminar that brought together radio station managers to explore opportunities to form an association of broadcasters. USAID also supported the Uks Foundation, a local NGO, in establishing a state-of-the-art radio production facility (the first female-run production studio) for high quality radio programming dedicated to covering women issues. Female journalists were also trained in radio reporting and technical production.

US Financing in Thousands of Dollars

Pakistan

391-004 Democracy and Governance	DA	ESF
Through September 30, 2002		
Obligations	0	2,000
Expenditures	0	0
Unliquidated	0	2,000
Fiscal Year 2003		
Obligations	8,926	0
Expenditures	897	0
Through September 30, 2003		
Obligations	8,926	2,000
Expenditures	897	0
Unliquidated	8,029	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	11,350	0
Total Planned Fiscal Year 2004		
Obligations	11,350	0
Proposed Fiscal Year 2005 NOA		
Obligations	3,597	12,000
Future Obligations	0	0
Est. Total Cost	23,873	14,000

Data Sheet

USAID Mission:	Pakistan
Program Title:	Emergency Economic Assistance
Pillar:	Global Development Alliance
Strategic Objective:	391-005
Proposed FY 2004 Obligation:	$200,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$200,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2005

Summary: The overall goal of U.S. assistance to Pakistan is to support peace in South Asia and fight terrorism. The Government of Pakistan's political and economic stability continues to be important to U.S. foreign policy objectives in South Asia.

Inputs, Outputs, Activities:

FY 2004 Program:
Debt relief ($200,000,000 ESF). USG funds will provide a grant to the Government of Pakistan for debt relief under P.L. 108-106.

The overall goal of U.S. assistance is to support the Government of Pakistan during this time of economic hardship that has resulted from its support to the international war on terrorism. The budget support will be provided through a cash transfer agreement and will help the Government of Pakistan sustain robust social spending for education, health, and employment-creation programs.

The aftermath of the September 11, 2001 events in the United States and the Government of Pakistan's overt support to the United States in its efforts to destroy the Al Qaeda international terrorist network have had a tremendous economic impact on Pakistan. The drop in revenue due to the war has severely affected the Government of Pakistan's budget, particularly its ability to sustain spending in key social development areas like health, education, and the construction of critical local infrastructure (rural farm-to-market roads, small-scale irrigation, and potable water systems).

FY 2005 Program:
Debt relief and budget support ($200,000,000 ESF). USG funds will provide continued assistance to the Government of Pakistan in FY 2005 for debt relief and budget support.

Performance and Results: The FY 2003 funds were provided as a cash transfer. These funds were used by the Government of Pakistan to meet critical foreign exchange needs for to repay debts to multilateral institutions. The availability of U.S. dollars to meet these costs enabled the Government of Pakistan to reallocate domestic resources within its budget to specific poverty reduction and social development activities.

Principal Contractors, Grantees, or Agencies: None.

US Financing in Thousands of Dollars

Pakistan

391-005 Emergency Economic Assistance	**ESF**
Through September 30, 2002	
Obligations	600,000
Expenditures	600,000
Unliquidated	0
Fiscal Year 2003	
Obligations	200,000
Expenditures	200,000
Through September 30, 2003	
Obligations	800,000
Expenditures	800,000
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	200,000
Total Planned Fiscal Year 2004	
Obligations	200,000
Proposed Fiscal Year 2005 NOA	
Obligations	200,000
Future Obligations	0
Est. Total Cost	1,200,000

Data Sheet

USAID Mission:	Pakistan
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	391-006
Proposed FY 2004 Obligation:	$7,000,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$6,000,000 DA; $11,000,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: USAID will help reduce poverty and increase income and employment opportunities for poor Pakistanis, especially women and young adults. The program will help micro-entrepreneurs start or expand businesses and bring microenterprise credit to some of the poorest and most isolated parts of Pakistan. USAID support will also increase incomes of poor farmers in Balochistan, by improving crop yields and access to local markets. Finally, USAID will help poor Pakistanis attend leading local universities to earn undergraduate and graduate degrees in business and agriculture through merit- and need-based scholarships.

Inputs, Outputs, Activities:

FY 2004 Program:
Increasing access to micro-credit and micro-finance services in the rural economy ($5,000,000 DA). USAID will provide credit to about 58,000 borrowers, through established micro-finance institutions.

The program will also offer larger loans to successful micro-entrepreneurs to expand their businesses. USAID will provide technical assistance and training to local micro-finance institutions to increase services for these borrowers throughout Pakistan. Principal grantee: The Pakistan Poverty Alleviation Fund (PPAF).

USAID will support a leading micro-finance bank to expand micro-credit and microfinance services to Sindh and Balochistan. This program will establish four new branches, which will bring micro-credit and micro-finance services to poor Pakistanis for the first time. This assistance will also improve services at 10 existing branches, including mobile branches to reach remote areas. In addition, the program will provide technical assistance and training to improve client services. Principal grantee: Khushhalibank.

Agriculture and business studies scholarship program ($1,000,000 DA). USAID will help establish and fund a national merit- and need-based scholarship program for students in agriculture and business studies. The program will enable poor Pakistanis to study at leading local universities that would not otherwise be affordable. Principal grantee: The Higher Education Commission (HEC).

Increasing rural incomes and employment opportunities ($1,000,000 DA). USAID is designing a technical assistance and training program to help small farmers in arid Balochistan. The program will increase farmer access to local markets and increase household incomes by promoting the selection of appropriate crops and use of modern agriculture production practices that save water and vary crops. Principal grantee: The United Nations Food and Agriculture Organization (FAO).

FY 2005 Program:
Increasing access to micro-credit and micro-finance services in the rural economy ($6,000,000 DA). USAID will continue to provide micro-credit loans and financial services.

Agriculture and business studies scholarship program ($6,000,000 ESF). USAID will expand its merit- and need-based scholarship program to help poor Pakistanis attend leading local universities.

Increasing rural incomes and employment opportunities ($5,000,000 ESF). USAID will expand its programs to improve small farmer earning potential in Balochistan.

Principal grantees for the above mentioned programs are PPAF, Khushhalibank, HEC, and FAO.

Performance and Results: USAID launched the Economic Growth program in October 2003.

US Financing in Thousands of Dollars

Pakistan

391-006 Economic Growth	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	5,000	0
Expenditures	0	0
Through September 30, 2003		
Obligations	5,000	0
Expenditures	0	0
Unliquidated	5,000	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	7,000	0
Total Planned Fiscal Year 2004		
Obligations	7,000	0
Proposed Fiscal Year 2005 NOA		
Obligations	6,000	11,000
Future Obligations	0	0
Est. Total Cost	18,000	11,000

Data Sheet

USAID Mission:	Pakistan
Program Title:	Basic Health
Pillar:	Global Health
Strategic Objective:	391-007
Proposed FY 2004 Obligation:	$25,600,000 CSH
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$21,050,000 CSH; $29,700,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2008

Summary: USAID's program will improve the health of women, infants, children, and adolescents by improving access to and the quality of health and reproductive health services. The program will bring reproductive health services to rural areas throughout Pakistan; improve the quality of maternal and child healthcare services available at the district level; improve the Government of Pakistan's ability to plan, budget for and expend health resources; and increase awareness and prevention of HIV/AIDS among adolescents.

Inputs, Outputs, Activities:

FY 2004 Program:
Expanding access to reproductive health services ($10,100,000 CSH). Through technical assistance and training, USAID will expand reproductive health services and products to areas in close proximity of major cities and towns and rural areas. The program will offer women a wider range of choices, better information and closer services. Overall, 500 new franchisees will be added in FY 2004, of which 100 will be in rural and 400 in urban areas. All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

USAID will utilize two well established approaches. The first focuses on rural areas and prices of reproductive health products and services to ensure the poor can afford the care they need. The second focuses on urban areas and encourages the entry of commercial manufacturers into the market place. The latter is a more sustainable way of ensuring continued access to reproductive health products. It also helps local manufacturers improve the quality of their products and market them more effectively. Principal grantees are Greenstar Social Marketing Pakistan and the Future's Group International (TFGI).

Improving the delivery of health services at the provincial, district and local levels ($2,000,000 CSH). USAID is collaborating with U.K.'s Department for International Development (DFID) and the Government of Pakistan (GOP) to provide technical assistance, training and other related assistance to provinces and districts to strengthen their capacity to deliver improved health services. USAID will also provide technical assistance to support the decentralization processes underway in the provinces. USAID will assist in formulating policies for better planning, implementation and monitoring of health programs at the local level and help to establish policies and procedures under the changed administrative and political environment. Principal grantee: Options.

Preventing the spread of HIV/AIDS ($900,000 CSH). USAID will support the National AIDS Control Program to maintain Pakistan's low HIV prevalence rate and promote awareness and healthy behaviors in vulnerable groups, through information, education and communication programs regarding the risk factors of HIV/AIDS. During FY 2004, USAID's grantee will establish a fully functional country office and start activities in three cities. Principal grantee: Family Health International (FHI).

Eradicating polio and treating tuberculosis ($600,000 CSH). USAID is also supporting the Government of Pakistan's Enhanced Polio Eradication Strategy in its final effort to eradicate the polio virus from Pakistan

and expand the Directly Observed Treatment Strategy (DOTS) for treating tuberculosis. Principal grantee: World Health Organization.

Reducing maternal and neonatal mortality ($12,100,000 CSH). USAID will work on improving emergency obstetric care at two District/County hospitals, initially in two provinces. The program will improve services by providing better incentives to retain doctors in the targeted areas and by providing doctors with the necessary supplies, equipment and human resources. Principal Contractor, Grantee: To be determined.

FY 2005 Program:
Expanding access to reproductive health services ($12,400,000 CSH). USAID plans to continue its program to improve the quality and expand delivery of reproductive health services for vulnerable populations in the currently underserved areas.

Improving the delivery of health services and preventing the spread of HIV/AIDS ($900,000 CSH). USAID will strengthen health resources management and decision-making at the district and provincial levels, support local NGOs in developing awareness raising programs for adolescents/youth in three major cities of Pakistan, and help sustain Pakistan's low HIV prevalence rate.

Eradicating polio ($2,750,000 CSH). USAID will continue support for Pakistan's Polio Eradication Strategy.

Reducing maternal and neonatal mortality ($5,000,000 CSH; $5,000,000 ESF). USAID will improve maternal and child health services to avert maternal and child deaths and continue to provide technical and administration support to the selected health facilities at the local level..

Emergency care for burn victims ($5,000,000 ESF). USAID will also provide emergency care for burn victims at district/county hospitals.

Improving water and sanitation ($15,000,000 ESF). USAID will encourage community and private sector participation to improve water and sanitation.

Establishing a liver specialization unit ($4,700,000 ESF). The unit will be established at a leading Pakistani hospital. This is a political priority to help facilitate USG relations with the Pakistani government.

Principal grantees for the above-mentioned activities are Greenstar Social Marketing Pakistan, TFGI Options, and FHI.

Performance and Results: 2003 was the start-up year for the health program. Consequently, major activities were focused on processes and consultations with a broad range of stakeholders to identify issues, challenges and the best ways forward in designing health programs in Pakistan. The Strategic Objective Grant Agreement was signed in August 2003. Implementation will start in 2004.

US Financing in Thousands of Dollars

Pakistan

391-007 Basic Health	CSH	DA	ESF
Through September 30, 2002			
Obligations	4,390	0	0
Expenditures	166	0	0
Unliquidated	4,224	0	0
Fiscal Year 2003			
Obligations	0	15,700	0
Expenditures	0	70	0
Through September 30, 2003			
Obligations	4,390	15,700	0
Expenditures	166	70	0
Unliquidated	4,224	15,630	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	25,600	0	0
Total Planned Fiscal Year 2004			
Obligations	25,600	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	21,050	0	29,700
Future Obligations	0	0	0
Est. Total Cost	51,040	15,700	29,700

Sri Lanka

The Development Challenge: Sri Lanka is grappling with not only one peace process but two. Until recently, peace negotiations between the Government of Sri Lanka (GSL) and the separatist Liberation Tigers of Tamil Eelam (LTTE), parties to a 20-year war waged mostly in the North and East, were at center stage. In November 2003, however, the GSL-LTTE talks were eclipsed by the President's move to reassert control over three key ministries, including defense, leading the Norwegian government to put a hold on its mediation role in the peace process. The move precipitated high-stakes discussions between the President and Prime Minister, rivals from the two major political parties, to establish a more unified approach to key peace-related issues. Historically, the political opposition from either party has been unwilling to compromise with the ruling party on peace proposals and related constitutional revisions, while the ruling party has not always felt compelled to put forward broadly acceptable proposals. In the uneasy cohabitation government that resulted from elections in 2001, the task of generating and maintaining political support for the peace process has been difficult and delicate. Complicating the situation is the President's power to force elections at any time by exercising her power to dissolve the government. This cohabitation crisis postponed serious dialogue and debate on the LTTE's counterproposal to the Government's suggested plan for an interim administration in the North and East, the basis for resumption of formal peace talks. Negotiations have been on hold since the LTTE announced its temporary withdrawal from talks in April 2003. This standoff between the two most powerful figures in the Sri Lankan state highlighted the urgent necessity of building a more transparent and inclusive peace process in which a broad range of stakeholders not only have the opportunity to participate but recognize the importance of doing so constructively. That the 2002 ceasefire agreement between the GSL and LTTE has remained intact bodes well, and neither side seems eager to pursue a military solution to the conflict.

During 2003, the international community pledged $4.5 billion to support the GSL's efforts to address the immediate and longer-term needs of the war-affected North and East. Disbursement of these funds was made contingent upon the resumption of negotiations, along with satisfactory progress against benchmarks related to human rights, security, and democracy. While humanitarian assistance programs continue, implementation of development projects for the North and East remains at a standstill pending resumption of the talks. Meanwhile, there is urgent need to identify and fund durable solutions for more than 500,000 internally displaced persons (IDPs) and an estimated 85,000 refugees from India. Reintegrating IDPs into their communities of origin and resettlement villages will require significant human and material resources, as well as resolution of thorny issues such as expropriation, compensation, and displacement. Other priority tasks include eliminating the danger of landmines, rebuilding homes, schools, hospitals, and water sanitation facilities, and providing sustainable livelihoods.

Long-term priorities focus on development to help sustain and consolidate the ongoing reconciliation process. Recognizing the links between unemployment, political exclusion, and social unrest, the government seeks to develop a workforce that will meet the demands of a modernizing and increasingly outward-looking employment market, while envisioning a future in which decision making is decentralized and shared with citizens and other stakeholders. Greater capacity to meet the physical, social, psychosocial and economic needs of the burgeoning population of conflict-affected and vulnerable Sri Lankans is required. The services must include improved, appropriate technology devices and employment training for the mobility disabled, interventions that improve function for torture affected individuals and communities, programs addressing threats to children's security and well being, and targeted interventions to assist Sri Lanka's response to the HIV/AIDS epidemic.

Sri Lanka is endowed with generous human and natural resources, and is well placed as a regional hub for trade and investment. Provided the political-security situation remains stable, the economy is well-positioned to take advantage of international economic opportunities. Energized by a year of peace, the trade-based economy grew by 4.4 % in 2002 after the 1.4 % contraction in 2001. GDP is expected to grow by 5.5 % in 2003. However, spending is required to renovate and construct essential infrastructure, create two million jobs, and provide social services to address poverty. The GSL's ability to respond is severely constrained by the continued high cost of maintaining its security forces and the burden of

servicing its debt through interest payments that account for more than 30 percent of government expenditures. Key economic reforms will address the debt burden, privatization of key industries, revenue enhancing fiscal measures, downsizing of the central government, e-governance, the reduction of trade barriers, and job creation.

The USAID Program: USAID/Sri Lanka's portfolio consists of four programs that concentrate on: 1) laying the foundations for economic growth; 2) promoting inclusive and peaceful approaches to politics and governance; 3) improving the social and economic status of disadvantaged groups; and 4) supporting the peace process. These programs were developed and approved in 2003 in response to new opportunities to support the peace process while laying the foundations for long-term development. In addition, Congressionally earmarked funds support activities implemented under the humanitarian assistance program (383-007) through Leahy War Victims, Displaced Children and Orphans, and Victims of Torture funding.

Other Program Elements: USAID's Bureau for Asia and the Near East manages three regional programs with activities that benefit Sri Lankans. The U.S Asia Environmental Partnership Program focuses on policy and technology transfer related to urban air and water quality and solid waste management. The South Asia Regional Initiative for Energy Cooperation and Development is helping the Government of Sri Lanka to broaden participation and improve management of the energy sector, providing a cleaner, less expensive, and higher quality energy supply to business and industry. The South Asia Regional Initiative for Women and Children's Equity promotes the rights of women and children. USAID's Office of Transition Initiatives (OTI) bolsters public support for a negotiated peace settlement through fast, flexible, small-grants support for community-based activities that: deliver visible peace dividends, including infrastructure improvement and livelihoods development; reduction of violence in targeted communities; and enhancement of the quality and exchange of peace-related information to increase public ownership of the peace process.

Other Donors: Overall donor assistance to Sri Lanka was $330 million in 2001. Japan is Sri Lanka's largest donor, followed by the Asian Development Bank, the World Bank, Germany and the United States. Donor coordination in Sri Lanka has improved although there is need for better information sharing in this dynamic, high-stakes environment. Almost all donors provide assistance related to peace building and humanitarian assistance, though the level of resources and focus varies. The World Bank and the International Monetary Fund provide multi-year loans to support the Government of Sri Lanka's poverty reduction strategy and macroeconomic reforms. Japan and the Asian Development Bank provide loans and grants in the areas of infrastructure, reconstruction and rehabilitation, industrial development, agriculture, health, human resources, transportation, and power sector reform. In the area of democracy and good governance, the World Bank has a project supporting legal reform, while the United Kingdom, Germany, Sweden and Norway have programs related to conflict, human rights, civil society and media development. USAID has a comparative advantage in a number of areas, including private sector development, trade capacity building, participatory governance, and providing a quick and flexible response for immediate reconstruction and rehabilitation needs. In humanitarian assistance, USAID will continue the lead role it has occupied since the early 1990s in support for the civilian disabled.

Sri Lanka
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	300	300	300	300
Development Assistance	5,150	6,150	4,750	6,624
Economic Support Fund	3,000	3,950	11,929	12,000
PL 480 Title II	1,325	596	2,578	0
Total Program Funds	**9,775**	**10,996**	**19,557**	**18,924**

STRATEGIC OBJECTIVE SUMMARY				
383-003 Humanitarian Assistance				
CSH	300	300	0	0
DA	1,900	400	0	0
ESF	200	0	0	0
383-004 Competitiveness				
DA	3,250	4,000	0	0
ESF	0	2,000	0	0
383-005 Democracy and Governance				
DA	0	1,500	0	0
ESF	2,800	0	0	0
383-006 Supporting the Benefits of Peace				
ESF	0	0	5,429	2,750
383-007 Humanitarian Assistance				
CSH	0	0	300	300
DA	0	0	500	350
ESF	0	0	1,000	750
383-008 Economic Growth				
DA	0	0	4,250	5,500
ESF	0	0	1,500	4,250
383-009 Democracy and Governance				
DA	0	0	0	774
ESF	0	0	4,000	4,250
383-XXX ANE Regional US-AEP				
DA	0	250	0	0
383-YYY Transition Initiatives				
ESF	0	1,950	0	0

Mission Director,
Carol Becker

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Supporting the Benefits of Peace
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-006
Proposed FY 2004 Obligation:	$5,429,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,750,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2007

Summary: Under this Special Objective, USAID's Office of Transition Initiatives (OTI) program bolsters public support for a negotiated peace settlement through fast, flexible, small-grants support for community-based activities that: deliver visible peace dividends, including small-scale infrastructure improvement and livelihoods development; decrease the level of violent incidents in targeted communities; and enhance quality and exchange of peace-related information to increase public ownership of the peace building process. The Special Objective leverages regular USAID program funds with OTI Transition Initiative (TI) funds to maximize impact at a critical juncture in the peace process.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve Livelihoods and Skills Training ($1,815,000 ESF). Cognizant of the strong correlation between un- and underemployment among youth and outbreaks of social unrest in Sri Lanka, USAID will seek to support short-term initiatives that provide targeted groups with demand-driven skills and training or the facilities through which these skills can be obtained. Such a peace dividend has obvious relevance to war-affected areas in the North and East, where the economy has been severely depressed for two decades. This area of assistance resonates equally well in the South, however, particularly in areas where poverty has pushed large numbers into military service and where apprehension about a negotiated settlement is high. Training and livelihood development will target families engaged in farming and fishing, female-headed households, and youth. USAID will seek to identify opportunities to bring together disparate or conflicting groups through such support.

Construct and Repair Small-Scale Infrastructure ($1,814,000 ESF). Throughout the island, feeder roads, small bridges, minor irrigation works, schools, clinics, and private housing have been destroyed, damaged or neglected due to the war. Investment not made in new projects is the opportunity cost of war that affects all communities, often to the detriment of youth. USAID will assist activities through which participatory planning mobilizes multi-ethnic community support and cooperation to restore small-scale infrastructure that represents shared benefits. OTI will coordinate with other donors to jump start larger initiatives in communities where expectations of a peace dividend have not been met, possibly threatening to result in social unrest and impatience with the peace process.

Build Constituencies and Strengthen Institutions for Peace ($1,800,000 ESF). USAID assistance will increase the availability and exchange of information and diverse viewpoints on peace-related issues. Small-grant support to a wide range of community-based groups, local NGOs and media institutions will prepare the public for a settlement and create the sense of ownership required for a durable peace, while at the same time filling a critical information gap at the policymaking level. Illustrative activities will include media and advocacy campaigns, cross-border exchanges, grassroots dialogues and information dissemination, field-based conflict-sensitive journalism training for reporters, and use of IT as a peace building tool. Technical assistance for strengthening advocacy skills, through a centrally funded program, could generate spin-off activities eligible for support under this area.

Development Alternatives, Inc. (DAI), based in Bethesda, MD, is the primary contractor for the entire OTI program. Sub-grantees are numerous and vary over time.

FY 2005 Program:
Improve Livelihoods and Skills Training ($1,000,000 ESF). Informed by results from earlier activities, USAID plans to use funds to continue supporting groups through demand-driven skills training and livelihoods development, or by establishing or restoring the facilities through which these can be obtained. Assistance may target an increasingly narrow range of beneficiaries in an effort to deepen the impact of the OTI program in high-priority regions and sectors.

Construct and Repair Small-Scale Infrastructure ($750,000 ESF). Funds may continue to be used to support "peace-dividend" projects through which participatory planning mobilizes multi-ethnic communities in particular to restore small-scale infrastructure representing shared benefits. Donor coordination to target this assistance, particularly in the North and East, will remain a priority.

Build Constituencies and Strengthen Institutions for Peace ($1,000,000 ESF). USAID will continue to identify critical information gaps in the peace process and support activities to address these. Illustrative activities may include media and advocacy campaigns, information dissemination through alternative means, inter-ethnic and -regional exchanges, and use of IT as a tool for peace building and reconciliation.

Development Alternatives, Inc. (DAI), based in Bethesda, MD, is the primary contractor for the entire OTI program. Sub-grantees are numerous and vary over time.

Performance and Results: This Special Objective has helped establish USAID as one of the most operational donors in efforts to create a blueprint for sustainable peace with widespread support and broad ownership. The OTI program's geographic reach has facilitated better targeting of support and provided greater insight for the USG into the fluid political, social, economic and security environment outside Colombo. The speed and flexibility of the SWIFT small-grants mechanism, implemented by Development Alternatives, Inc., has enabled USAID to resume a prominent role after years of downsizing. The first six months of the OTI program, during the latter half of FY 2003 and funded exclusively with FY2003 Transition Initiative money, were focused on hiring staff, obtaining and equipping field offices, and demonstrating its utility by implementing 66 grants totaling more than $1.63 million in the three focus areas listed above. The OTI program's activities continue to complement and inform other strategic objectives - in particular the peace support component of the Democracy and Governance program - in the Mission's newly revised country development strategy.

Activities under this Special Objective will be managed by OTI through 2005, and thereafter through a small-grants mechanism managed by the Mission. By the end of FY 2006, this Special Objective will have helped maintain (at a critical juncture) the political space for dialogue and debate required to achieve a durable, negotiated solution to the conflict. It will also have jump-started innovative initiatives and established new partnerships for a Mission that is itself in a transition phase.

US Financing in Thousands of Dollars

Sri Lanka

383-006 Supporting the Benefits of Peace	**ESF**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	5,429
Total Planned Fiscal Year 2004	
Obligations	5,429
Proposed Fiscal Year 2005 NOA	
Obligations	2,750
Future Obligations	11,000
Est. Total Cost	19,179

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Humanitarian Assistance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-007
Proposed FY 2004 Obligation:	$300,000 CSH; $500,000 DA; $1,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$300,000 CSH; $350,000 DA; $750,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2007

Summary: This program focuses on the human costs of two decades of armed conflict in Sri Lanka - disabled civilians, children and young people affected by conflict, victims of torture and systematic violence, as well as populations that are made vulnerable by phenomena associated with conflict and the transition to sustainable peace. These disadvantaged groups require services and support to facilitate their return and integration into social, civic, economic and community life. Though essentially humanitarian in nature, this program strengthens the abilities of Sri Lankan institutions to meet the social service needs of those vulnerable and disadvantaged populations.

Inputs, Outputs, Activities:

FY 2004 Program:
Disability Support ($500,000 DA, $300,000 ESF). Five Sri Lankan nationals will continue to train as internationally certified prosthetists/orthotists at the Cambodia School for Prosthetics and Orthotics (CSPO) in Cambodia. Four additional Sri Lankans will receive USAID-funded training as internationally certified prosthetists/orthotists at VietCot, the Vietnamese Training Center for Orthopedic Technologists in Hanoi. The program will also provide training in India for three Sri Lankan nationals in rehabilitative therapy and physiotherapy. The program will also finance the production of improved technology, polypropylene prosthetics, and orthotics in four assisted rehabilitation centers. USAID will also fund the nation-wide distribution of appropriate technology wheelchairs that have been field tested in Sri Lanka and produced by local manufacturers to international standards of quality.

The Disability Support Program will train physical therapy assistants how to assess, prescribe, and fit civilians with mobility disabilities with an appropriate technology wheelchair that corresponds to the nature of their injury and ability. The training program will enable the participating distribution centers to provide the most appropriate wheeled mobility device to civilians who require them.

This program will maintain a continued focus on advocacy and employment activities, and most importantly, on providing training and technical assistance to establish and maintain quality standards for production of prosthetics, orthotics, and wheeled mobility devices. USAID will also continue to emphasize the assessment, prescription, fit, and post fit care needed by users in order to achieve comprehensive rehabilitation.

Activities will be implemented by Motivation Charitable Trust in collaboration with local partner organizations in Galle, Kandy, Tangalle, Jaffna and Colombo.

Support for Displaced Children and Orphans ($300,000 CSH, $250,000 ESF). USAID will award a 3-year grant to fund psychosocial services to young children traumatized by war, conflict, and other threats to children and young people including sexual abuse and recruitment. The grant will build and expand upon activities currently being funded through CARE. USAID will sponsor child-centered play activities, preschools, and weekend camps that will help children come to terms with the pressures and traumas associated with the conflict. USAID and its partner will also implement advocacy and awareness

measures related to child recruitment and sexual abuse, and train children in skills that encourage school participation and vocational opportunities.

Support for Victims of Torture (no FY 2004 funding requested from ANE Bureau). USAID/Sri Lanka will award and manage a DCHA-funded grant to a qualified international non-governmental organization to fund community-based services to improve the functioning of individuals and groups affected by systematic violence. USAID funding will enable three Sri Lankan nationals to complete a distance learning/training course for psychosocial practitioners in post-conflict settings offered by the School for International Training in Vermont.

HIV/AIDS ($450,000 ESF). During the first quarter of FY 2004, USAID conducted an assessment of the HIV/AIDS situation in Sri Lanka, and identified appropriate areas for targeting the program. USAID anticipates providing technical assistance and training in those areas and funding a consortium of non-governmental organizations to address critical HIV/AIDS issues, including educational awareness, and reduction of stigma and discrimination towards those affected by HIV/AIDS.

FY 2005 Program:
Disability Support ($350,000 DA, $250,000 ESF). USAID will continue in-country training and mentorship for newly-trained Sri Lankan professionals in prosthetics, orthotics, rehabilitative therapy, and physiotherapy, and develop a comprehensive rehabilitation services program. USAID will also provide training and technical assistance to maintain and improve quality of care standards in assisted rehabilitation centers. The program will place increased emphasis on employment training and job placements, working with the private sector to develop initiatives and partnerships to create better opportunities for people with disabilities. These activities will be implemented by Motivation Charitable Trust in collaboration with local partner organizations in Galle, Kandy, Tangalle, and Jaffna.

Support for Displaced Children and Orphans ($300,000 CSH, $250,000 ESF). This program will continue to fund activities that help children come to terms with the pressures and traumas associated with the conflict. USAID and its partner will also implement advocacy and awareness measures related to child recruitment, sexual abuse, and trafficking, and train children in skills to encourage school participation and vocational opportunities.

Support for Victims of Torture (no FY 2005 funding requested from ANE Bureau). Community-based services to improve the functioning of individuals and groups affected by systematic violence will be continued with DCHA funding and USAID/Sri Lanka management.

HIV/AIDS ($250,000 ESF). Technical assistance to build the HIV/AIDS non-governmental organization network and to conduct surveillance to monitor the epidemic will be continued.

Performance and Results: This is a new program. USAID anticipates that at the end of the program, USAID will have improved the quality and increased access to critical services for targeted disadvantaged groups in Sri Lanka, including those disabled or affected by conflict and violence, and HIV/AIDS.

US Financing in Thousands of Dollars

Sri Lanka

383-007 Humanitarian Assistance	CSH	DA	ESF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	0	0	0
Expenditures	0	0	0
Through September 30, 2003			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	300	500	1,000
Total Planned Fiscal Year 2004			
Obligations	300	500	1,000
Proposed Fiscal Year 2005 NOA			
Obligations	300	350	750
Future Obligations	1,200	3,800	600
Est. Total Cost	1,800	4,650	2,350

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	383-008
Proposed FY 2004 Obligation:	$4,250,000 DA; $1,500,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$5,500,000 DA; $4,250,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY2007

Summary: Under its revised Strategy (FY 2003-2007), USAID will 1) assist the Government of Sri Lanka with the implementation of sound economic policies 2) improve Sri Lanka's competitiveness in world markets and enhance its capacity to address trade related issues, 3) enhance private sector workforce skills, and 4) foster public-private partnerships that protect the environment.

Inputs, Outputs, Activities:

FY 2004 Program:
Policy Reform ($750,000 DA, $250,000 ESF). Consistent with the Government of Sri Lanka's roadmap for economic reform and recovery, this program will fund technical assistance and training to implement targeted policy and institutional reforms. USAID will promote policy dialogue aimed at eliminating the export tax and taking advantage of increased trade opportunities. The program will also fund technical assistance and training to bolster the technical and management skills of energy regulators and attract foreign investment in the energy sector. Activities will be implemented by Nathan Associates (prime) and J.E. Austin Associates (sub) for an interim period. USAID will issue a new contract for a continuation of these activities in mid-FY 2004. USAID will also fund a resident advisor to the Ministry of Finance to help rationalize the Government of Sri Lanka's debt portfolio. The US Treasury will implement this activity.

Competitiveness ($1,650,000 DA). USAID will consolidate its technical assistance programs to the eight export clusters and the Government of Sri Lanka under The Competitiveness Initiative (TCI). The program will fund five key activities:(1) legal and organizational advice to the newly formed apex bodies and other successor organizations; (2) assistance to cluster member firms with selected joint venture proposals and other promising initiatives; (3) elimination of policy obstacles to improving competitiveness and productivity; (4) development of a strategy to address the problem of workforce skill deficiencies; (5) and expansion of awareness of globalization and the role of competitiveness. These activities will be implemented by Nathan Associates (prime) and J.E. Austin Associates (sub) for an interim period. USAID will issue a new contract for a continuation of these activities in mid-FY 2004.

Trade Capacity Building ($850,000 DA, $500,000 ESF). USAID will fund technical assistance to advance the Sri Lankan trade agenda, including policy analysis, advice on drafting legislation and implementing trade standards in such areas as customs, intellectual property rights, sanitary and phytosanitary standards, and government procurement. These activities will be implemented by Nathan Associates (prime) and J.E. Austin Associates (sub) for an interim period. USAID will issue a new contract for a continuation of these activities in mid-FY 2004.

Workforce Development ($750,000 DA, $500,000 ESF). Under this program, the Junior Achievement program will continue to be expanded in rural areas and government held areas in the North and East. USAID will initiate short term skills training pilots to increase the employability of recent graduates who pass the entrance exams but are unable to pursue university education. Training will focus on skills demanded by the private sector such as English and information technology. The program will also promote public-private partnerships to create industry-led demand for employment, and training to job-

seekers in sectors relevant to USAID's industry partners. This will begin to address the gap between the skills of current job-seekers and the demands of the private sector. USAID will also fund technical assistance to engage in a policy dialogue with the Government of Sri Lanka and the private sector on reform of the vocational education system. USAID will issue a new contract for these activities in mid-FY 2004.

Environmental Partnerships ($250,000 DA, $250,000 ESF). USAID will fund partnerships under the US-Asia Environmental Partnership program to ensure the environmental sustainability of selected cluster initiatives. Initial efforts will be to promote the adoption of environmental best practices in the eco-tourism sector. USAID will utilize incentive fund resources, in partnership with the U.S.-Asia Environmental Partnership, to complete development of the proposed Ecolodge public-private partnership in ecotourism. Other possible partnerships will be in improving environmental sustainability in cluster activities through promotion of pollution abatement measures, environmental mitigation and management best practices, and product labeling and standards. The U.S.-Asia Environmental Partnership implements these activities.

FY 2005 Program:
Policy Reform ($750,000 DA, $750,000 ESF). Technical assistance will continue to be provided to the Government of Sri Lanka to reform financial and energy sectors, labor codes, regulations on mining and extraction, and possibly agriculture. USAID will also conduct outreach and awareness of policy reform issues and sponsor public participation in policy reform dialogue. USAID will issue a new contract for the implementation of these activities in mid-FY 2004.

Trade Capacity Building ($1,250,000 DA, $1,100,000 ESF). Under this program there will be continued technical assistance to advance the Sri Lankan trade agenda, including conducting policy analysis, drafting legislation, and implementing trade standards in such areas as customs, intellectual property rights, sanitary and phytosanitary standards, and government procurement. USAID will issue a new contract for the implementation of these activities in mid-FY 2004. Under the SARI/Energy regional program, USAID will continue to fund technical assistance, training, and partnerships to promote cross-border trade and foreign investment in energy.

Competitiveness ($1,500,000 DA, $1,000,000 ESF). USAID will provide technical assistance to increase value-added and productivity in eight industrial sectors, to strengthen quality and labeling standards, and to strengthen the private sector's ability to advocate for good policies, laws, and regulations that affect them. USAID will issue a new contract for the implementation of these activities in mid-FY 2004.

Workforce Development ($1,750,000 DA, $1,400,000 ESF). The program will build its support to the Junior Achievement Program and expand partnerships between the public and private sectors in selected industries to implement innovative and promising workforce training and employment program models. Pilot skills and training activities in English and information technology-enabled learning to improve youth employability will be expanded and assessed for scale-up and additional donor funding. These activities will complement and be supported by USAID's efforts to revise and improve the labor codes.

Environmental Partnerships ($250,000 DA). USAID will continue to fund partnerships under the US-Asia Environmental Partnership program to ensure the environmental sustainability of selected cluster initiatives. Possible partnerships will address improving environmental sustainability in cluster activities through promotion of pollution abatement measures, environmental mitigation and management best practices, and product labeling and standards. The U.S.-Asia Environmental Partnership implements these activities.

Performance and Results: This is a new program. USAID anticipates that by its conclusion, it will have helped Sri Lanka improve its international competitiveness, created a better policy environment for private sector growth, and reduced youth unemployment.

US Financing in Thousands of Dollars

Sri Lanka

383-008 Economic Growth	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	4,250	1,500
Total Planned Fiscal Year 2004		
Obligations	4,250	1,500
Proposed Fiscal Year 2005 NOA		
Obligations	5,500	4,250
Future Obligations	10,600	11,600
Est. Total Cost	20,350	17,350

Data Sheet

USAID Mission:	Sri Lanka
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	383-009
Proposed FY 2004 Obligation:	$4,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$774,000 DA; $4,250,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2007

Summary: The ceasefire agreement between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelan (LTTE), and discussions about an interim administration have provided the opportunity for USAID to design a broader, longer-term Democracy and Governance program that will strengthen the foundations for lasting peace, make key political institutions more democratic, and protect and advance the rights of vulnerable groups. The program, which currently supports the peace process with technical assistance to civil society organizations, the media, and political stakeholders, will broaden its scope and reach to address root causes of the conflict related to participation and inclusion. New activities will include targeted support for constitutional commissions, political party strengthening, civic education, local governance, and the rule of law.

Inputs, Outputs, Activities:

FY 2004 Program:

Peace Support ($1,000,000 ESF). USAID will continue to provide grants, technical assistance, and training activities which build support for peace and group cooperation on peace issues. This will include supporting the Government of Sri Lanka and non-governmental organizations' peace-building efforts, networks, and dialogues. The program will fund national and regional media training and collaboration efforts, sponsor activities that broaden and deepen representation in Track One and Track Two peace processes, and continue to create opportunities and mechanisms for multi-stakeholder participation and dialogue. The program will use the recently completed, USAID-funded national survey on attitudes on peace as a mechanism for developing the abilities of indigenous organizations to monitor, report on, and analyze public sentiment on peace issues. USAID will implement this survey every six months to obtain current information that can inform the peace process. The Peace Support Program will fund informal civic education programs. The programs will be tailored to address the needs of youth groups in strategic areas where they are vulnerable to exploitation by extremist groups. Targeted areas will be identified through the Knowledge Attitude and Practices Survey implemented in FY 2003. These activities will be implemented by the Academy for Educational Development.

Responsive Political Institutions ($2,250,000 ESF). Constitutional political reform at the national level will be consolidated through technical assistance, research, surveys, and mechanisms to broadly disseminate facts on key governance issues and to contribute to public debate. USAID will encourage the smooth transition to more decentralized governance by implementing activities that provide more transparent, participatory, and professional resource allocation and public service delivery in selected localities. USAID will also help national and provincial legislatures improve the effectiveness of their administrative functions through multi-party training. The program will provide technical assistance to key constitutional commissions by strengthening their capacity to support reforms that result from the peace process. USAID will fund civic education activities that promote citizen participation in local government. USAID will award a contract/grant to implement these activities in early FY 2004.

Protection and Empowerment for Vulnerable Groups ($750,000 ESF). USAID will provide technical assistance, training, and resources to develop a legal aid program for vulnerable groups, including

Internally Displaced Persons, ethnic minorities, and disadvantaged women workers. USAID will also provide technical assistance and training in order to develop mediation boards to promote non-violent dispute resolution. USAID will award a contract/grant to implement these activities in early FY 2004.

FY 2005 Program:
Peace Support ($774,000 DA, $1,250,000 ESF). The program will continue to provide technical assistance to the Track One and Track Two elements of the peace process. The program will link support for civil society peace advocacy initiatives as well as CSO networks. Media training activities at the national and regional level will continue. As part of the civil society initiatives, further national surveys will be implemented to inform the design of activities and to ensure the beneficiaries will be targeted through civic education programs.

Responsive Political Institutions ($2,000,000 ESF). The FY 2005 program will continue to implement activities that provide more transparent, participatory, and professional resource allocation and public service delivery in selected localities. USAID will also further help national and provincial legislatures improve the effectiveness of their administrative functions through multi-party training. The program will provide technical assistance to key constitutional commissions by strengthening their capacity to support reforms that result from the peace process.

Protection and Empowerment for Vulnerable Groups ($1,000,000 ESF). USAID will continue technical assistance, training, and resources to develop a legal aid program for vulnerable groups, including Internally Displaced Persons, ethnic minorities, and disadvantaged women workers. USAID will also provide additional technical assistance and training in order to develop mediation boards to promote non-violent dispute resolution. The program will begin the design and implementation of activities to strengthen the Judicial Training Institute, the Legal Aid Commission, and the Judicial Services Commission.

Performance and Results: This is a new program. Results of activities implemented under the predecessor program are reported under 383-005.

By the end of the program, USAID will have: (1) built a nation-wide network of organizations that are active in coalitions supportive of the peace process; (2) improved the responsiveness of local governments in selected areas to citizen needs; and (3) strengthened the functioning of the network of mediation boards that provide non-violent solutions to disputes, and expanded coverage into underserved areas in the North and East

US Financing in Thousands of Dollars

Sri Lanka

383-009 Democracy and Governance	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	4,000
Total Planned Fiscal Year 2004		
Obligations	0	4,000
Proposed Fiscal Year 2005 NOA		
Obligations	774	4,250
Future Obligations	9,100	7,800
Est. Total Cost	9,874	16,050

Egypt

The Development Challenge: Egypt, a strong moderating force in the Middle East, has long been an important U.S. ally. Egypt and the United States share strategic interests that include the achievement of stability and peace in the region. This continuing bilateral relationship serves the national security interests of both countries. It promotes prosperity in Egypt by assisting the country's ongoing, but incomplete, transition from an economy controlled by the state to a free market-oriented one. A key U.S. goal is for Egypt to become a fully integrated and competitive participant in the global economy.

The greatest threat to domestic stability is popular frustration with recent weak economic performance and a persistent lack of economic opportunity. About one-third of Egypt's 69 million people live below the poverty line, despite a per capita GDP of about $1,470. Officially, the unemployment rate was said to be 9% in 2003; various independent estimates, however, place the real rate somewhere between 12% and 25%.

The government recognizes the need for increased investment, both foreign and domestic, in order to stimulate growth and create jobs for an estimated 750,000 new entrants annually. It took steps during the 1990s to improve the investment climate and raise the private sector's share in the economy. More recently, reform has lagged as the economy has slowed and suffered external shocks. Notable problems include cumbersome customs and business registration processes, a growing fiscal deficit, a foreign exchange regime that impedes business, lagging privatization (particularly in the financial sector), lack of transparency, and an educational system that does not meet Egypt's needs. Last January, the Egyptian pound was de-linked from the dollar, but the hoped-for shift to a market-determined exchange rate has been somewhat frustrated by on-and-off restrictions governing the availability of foreign exchange.

On the other hand, in 2003, the Government of Egypt (GOE) built on key legal reforms undertaken in 2002 regarding intellectual property rights, money laundering, and export promotion. New legislation promoting business competition went to Parliament this year, and that body also ratified the Patent Cooperation Treaty. Egypt acceded to the Basic Telecommunications Agreement and the Information Technology Agreement (both within the World Trade Organization) and ratified the International Labor Organization's Convention on Agricultural Occupational Health and Safety. Additionally, Egypt will shortly be included in the IMF's Special Data Dissemination Standards grouping of countries, which means that it is making available to the public timely and accurate economic and financial data. In all of these areas, USAID worked closely with the GOE to reach these goals, each of which plays an important role in improving the country's investment environment and export prospects.

The economy continued to experience slow real growth in FY 2002/03 -- about 3.2%, slightly higher than in the previous year. Nonetheless, there have been some positive signs in recent months. Tourism rebounded sharply after the war in Iraq, and this vital sector then enjoyed successive record-breaking months during the summer. Another important foreign currency earner, the Suez Canal, actually realized increased receipts in 2003 - from higher war-related shipping traffic. The deficit in the balance of trade narrowed, largely as a result of the pound's sharp depreciation since January. Through July, exports were up by 27%, and the trade deficit shrank by 42%. Nonetheless, the economic mood remains cautious because of the uncertain policy environment and regional tensions.

U.S. national interests in Egypt hinge upon a strong bilateral relationship with Egypt to form an effective partnership to combat terrorism, resolve regional conflicts, advance regional peace, ensure domestic and regional security, and accelerate economic growth.

The USAID Program: USAID/Egypt's program covers six objectives. The strategy's primary focus is on accelerating economic growth - essential to strengthening Egypt as a stable and prosperous U.S. ally. Two objectives emphasize the creation of private sector jobs: strengthening the trade and investment environment; and increasing access to sustainable utility services. Four objectives target the enhancement of the human and natural resource base: improving basic education, strengthening governance and participation, providing health services and upgrading natural resource management.

In response to Egypt's development needs and to the Administration's Middle East Partnership Initiative, the program will place greater emphasis on creating jobs through trade and investment, improving basic education, democracy and governance and on healthier, planned families compared with other areas of the program. In support of the Administration's initiative, special programs in three areas that had their beginnings in FY 2003 are continuing in FY 2004 and beyond. First, the education program will expand significantly to spread the benefits of community-based education reform to selected areas both in southern Egypt and in poorer parts of Cairo. Second, the governance and participation program will significantly expand to provide for programs to: improve election administration; increase transparency and participation in government, and train journalists and judges. Third, an enterprise fund activity may be established to provide primarily equity financing to medium-sized Egyptian firms.

Other Program Elements: Supplementary USAID-funded programs contribute to the achievement of the overall development goal pursued in USAID's Egypt strategy. ACDI/VOCA, using funding from the central Economic Growth and Agricultural Development office, is implementing a three-year, $1.39 million activity under the Dairy Directive Program, which increases the availability of safe, hygienic processed dairy products to decrease the rate of malnutrition and infant/child mortality in Egypt.

Other Donors: Two key areas of common interest for bilateral and multilateral donors are a comprehensive poverty action program, with emphasis on women and children; and further reform of the macroeconomic and investment-enabling environment. Donors emphasized these areas at the 2002 Consultative Group meeting, and they have been stressed during 2003 in donors' dealings with the GOE. The United States and European Union are the largest providers of assistance, and other major donors include Japan, Germany, the Arab Fund, the Islamic Development Bank, and the African Development Bank. USAID collaborates with other donors in all technical areas under its strategic program through regular plenary and sectoral subgroup meetings and other venues. Recently, the UNDP, which acts as the secretariat for donor coordination, compiled an extensive database showing the sectors, types, sizes, and locations of donor programs; this is now available in CD-ROM form.

Egypt
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	655,000	611,002	571,608	535,000
ESF - Wartime Supplemental	0	300,000	0	0
PL 480 Title II	3,839	2,347	0	0
Total Program Funds	**658,839**	**913,349**	**571,608**	**535,000**

STRATEGIC OBJECTIVE SUMMARY				
263-016 Creating Jobs through Trade and Investment				
ESF	498,800	498,873	483,708	446,800
ESF - Wartime Supplemental	0	300,000	0	0
263-017 Workforce Development				
ESF	19,010	0	0	0
263-018 Infrastructure				
ESF	0	5,000	7,400	0
263-019 Environment and Natural Resources Management				
ESF	48,480	13,050	9,940	0
263-020 Healthier, Planned Families				
ESF	46,490	42,029	29,750	26,900
263-021 Democracy and Governance				
ESF	9,420	13,300	37,050	30,100
263-022 Improved Basic Education				
ESF	32,800	38,750	3,760	31,200

Mission Director,
Kenneth Ellis

Data Sheet

USAID Mission:	Egypt
Program Title:	Creating Jobs through Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-016
Proposed FY 2004 Obligation:	$483,708,000 ESF
Prior Year Unobligated:	$578,489,000 ESF
Proposed FY 2005 Obligation:	$446,800,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: Strengthening the environment for trade and investment includes the following components: trade and investment financing; budget support and related technical assistance (TA); trade, business support and agribusiness development; financial sector reform and privatization; science and technology evaluation and training. In support of Middle East Partnership Initiative (MEPI) objective, USAID will expand the small and medium enterprise program and may create an enterprise fund; focus Development Support Program (DSP) II (cash transfer) funds on financial sector reform; and provide funding for trade and customs reform TA programs only after committing to achieving specific outcomes within agreed timeframes with the Government of Egypt (GOE). USAID has restructured the Information and Communications Technology program in light of the State-AID program review conducted in 2002-2003.

Inputs, Outputs, Activities:

FY 2004 Program:
Improve Economic Policies ($2,000,000 ESF, $197,788,000 ESF Cash Transfer, $200,000,000 ESF Prior Year Unobligated Cash Transfer). USAID will continue to support the GOE policy reform program through the DSP II and with related technical assistance. DSP II will focus on financial sector reform, while TA will cover several economic reform areas. Specific reforms include: privatization of public banks; continued implementation of trade policy reforms; customs reform and trade facilitation (The latter programs will receive funding only after the GOE has committed to achieving specific outcomes within agreed timeframes. If reforms are not met in a timely manner, USAID will look into other programming options for the funds.); commercial law reform to stimulate investment and business creation; implementation of trade-related intellectual property rights; and the satisfaction of additional World Trade Organization (WTO) measures. Contractors and grantees: Chemonics, Barents, Nathan Associates, IBM, and Booz Allen Hamilton.

Expand Competitiveness and Agricultural Trade ($10,000,000 ESF). USAID will provide TA, training, and other support to Egyptian businesses and business associations to increase exports in high-potential sectors such as fresh produce, processed foods, livestock, furniture, textiles, leather, and software. TA and training will promote increased competitiveness in agriculture and identify strategic investments in agricultural trade to increase income and jobs in rural areas. USAID will design and fund a small business set aside program to build the capacity of forward and backward linkage firms in Upper Egypt to improve services to horticulture and livestock producers. This program was recently modified to place more emphasis on assistance to small farmers and raisers of livestock (mostly women). Contractors and grantees: Midwest University Consortium for International Activities, CARE, ACDI-VOCA and Abt Associates.

Support to the Financial Sector ($22,000,000 ESF, $30,000,000 ESF Enterprise Fund, $46,750,000 ESF Prior Year Unobligated). USAID will continue TA and training to support the GOE financial sector reform program. This activity will provide assistance in planning and implementation to state-owned banks and insurance companies. USAID funds will help develop new financial instruments such as securitized mortgages, and strengthen human resource and organizational capabilities of partner institutions to issue,

trade, and regulate these instruments in both debt and equity markets. Funds will also be used to assist the Central Bank of Egypt in its transition to an inflation targeting policy and to strengthen its regulatory responsibilities. Support for small and micro enterprise development will continue. Contractors include Chemonics, and the National Cooperative Business Association.

Science and Technology ($1,500,000 ESF, $1,500,000 ESF Prior Year Unobligated). USAID will continue to fund the U.S.-Egypt Science and Technology Agreement which seeks to promote cooperative scientific research, with private sector applications, in mutually agreed upon priority areas of research, such as biotechnology, energy, environment, information, manufacturing technologies, standards and metrology and other fields.

Commodity Import Program ($198,820,000 ESF). USAID will continue financing trade and investment transactions through this program with no substantive program changes.

Wartime Supplemental ($300,000,000 ESF Prior Year Cash Transfer). New grant funds will be released to the GOE upon completion of benchmarks related to banking, foreign exchange, custom tariffs and public release of macroeconomic data.

Development of Information Technology ($11,600,000 ESF). USAID's activities will facilitate changes in the legal and regulatory framework, human capacity development, and technology transfer. Contractor: General Dynamics.

FY 2005 Program:
Improve Economic Policies ($200,000,000 ESF). The policy reform/cash transfer program will continue with a focus on continuing financial sector reform.

Expand Competitiveness and Agricultural Trade ($5,000,000 ESF). USAID will continue to support the adoption of better technology for agricultural production and trade and better market information and will strengthen Egyptian firms' capacity to market high value goods abroad.

Support to the Financial Sector ($16,300,000 ESF; $20,000,000 ESF Enterprise Fund). These funds will be used to continue financial regulatory reform and capacity building in banking, insurance and non-banking financial institutions. The small and micro enterprise development program will continue expanding services through increased use of banks as intermediaries.

Commodity Import Program ($200,000,000 ESF). This program will continue to support U.S. exports, Egyptian investment, greater productivity for Egyptian firms, and more jobs in the economy.

Science and Technology ($5,500,000 ESF). Finally, USAID will continue to support the U.S.-Egypt Science and Technology Agreement and other activities supporting broader USAID objectives.

Performance and Results: Over the past three years, Egypt's economy, while not vibrant, has withstood the full brunt of the decline in economic growth. One of the key GOE defenses against this downturn is its agenda to further open trade and investment opportunities. USAID's Economic Growth strategy strongly supports that agenda. Although the government's revenue position and balance of payments are under considerable pressure, USAID programs, such as the Commodity Import Program and the cash transfer program, provide invaluable support, helping both the GOE and the private sector cope with difficult economic conditions. USAID provided the expertise and tools needed to continue economic reforms and to compete in the global economy. For example, in helping to build private sector competitiveness, USAID-assisted producers and exporters were better able to compete in world markets, helping Egypt to achieve a 25% increase in the value of processed agricultural exports over last year. USAID support and leverage of WTO compliant laws and regulations on intellectual property, telecommunications, and information technology not only create a level playing field for international businesses, but also provide Egypt new opportunities for increased investment. The USAID economic growth program is consistent with MEPI goals, including credible conditionality for cash transfer funding, financial sector reform, WTO compliance and an improved climate for trade and investment.

US Financing in Thousands of Dollars

Egypt

263-016 Creating Jobs through Trade and Investment	ESF
Through September 30, 2002	
Obligations	3,816,277
Expenditures	3,030,355
Unliquidated	785,922
Fiscal Year 2003	
Obligations	259,069
Expenditures	405,703
Through September 30, 2003	
Obligations	4,075,346
Expenditures	3,436,058
Unliquidated	639,288
Prior Year Unobligated Funds	
Obligations	578,489
Planned Fiscal Year 2004 NOA	
Obligations	483,708
Total Planned Fiscal Year 2004	
Obligations	1,062,197
Proposed Fiscal Year 2005 NOA	
Obligations	446,800
Future Obligations	1,465,650
Est. Total Cost	7,049,993

Data Sheet

USAID Mission:	Egypt
Program Title:	Infrastructure
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-018
Proposed FY 2004 Obligation:	$7,400,000 ESF
Prior Year Unobligated:	$8,000 ESF
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2006

Summary: Improved power, telecommunications and water/waste water services are essential to Egypt's overall economic growth and quality of life. USAID's programs in these sectors fall into three categories:

-- Construction to expand utility services and coverage;
-- Technical and managerial assistance to help utilities operate efficiently, improve services, and recover costs; and
-- Institutional and regulatory capacity building to promote private sector participation in financing and management of utilities, enhance service delivery, and improve the overall sustainability of Egypt's infrastructure services.

Most support for infrastructure will end by September 30, 2005, although a few activities will continue until September 30, 2006. During these final years of the program, USAID activities will implement the last construction activities and provide assistance to enhance the sustainability of past investments. New funds will focus on small-scale projects providing services in rural areas currently un-served by modern utility services.

Inputs, Outputs, Activities:

FY 2004 Program:
Egypt utilities management ($4,400,000 ESF). This funding is intended for construction of sewage collection systems, benefiting about 93,000 low-income residents in four areas of the Minya Governorate. Principal Contractors and grantees include ABBA Susa, Harza, UNICEF, and Planning Development Collaborative (PADCO).

Secondary Cities ($3,000,000 ESF). This funding will be used for emergency repairs on a pump station in Luxor that threatens to flood the city with raw sewage. This activity is expected to last approximately 20 months. Principal contractors include Chemonics, Washington Int'l. Inc., Contrack Int'l Inc., and Morganti Group Int'l.

Development Credit Authority ($8,000 ESF Prior Year Unobligated). This activity will provide a guarantee for a portfolio of loans to be made to enhance private sector participation in the water and wastewater sector.

FY 2005 Program:
No obligations are planned for FY 2005.

Performance and Results: Approximately 20 million people benefited from USAID investments in water and sanitation during the last 25 years, including major renovation of the sewage and wastewater systems in Cairo and Alexandria. In fact, once construction activity under Alexandria Wastewater II ends in January 2004, USAID will have financed virtually all of that city's sewage treatment. The result is

improved health for the people, as indicated by teh decline in childhood diseases. Major improvements in operations and management (O&M) cost recovery were achieved in the water and wastewater utilities, including increased billings and collections, reduced water losses, improved customer service, and the establishment of management information systems. Among the utilities where USAID has worked, O&M cost recovery improved from 61% in 1999 to 86% by 2002. Despite these improvements, however, full economic sustainability of these investments requires significant increases in water and waste water tariffs.

A number of construction and other activities were completed and other achievements realized during FY 2003. These include the expansion of wastewater maximum treatment capacity by about 780,000 cubic meters in Alexandria, and rehabilitation of the water network to benefit about 60,000 low-income residents through improved water pressure, 24-hour service, and better water quality. Two slow sand water filters were completed in Middle Egypt, serving 60,000 people in rural areas. On-going actions will double their capacity. A new Minya raw water intake will benefit about 350,000 people living in Minya City by providing a greater volume of Nile water to be treated at two of its three water treatment plants. Two agreements were signed for the construction of sewage lines in Minya, benefiting about 31,000 people. The final hand-over was completed for a new water treatment plant in Mansoura with a capacity of 1,200 liters per second, serving 900,000 residents. The final hand-over was completed for two wastewater treatment plants in Nuweiba with capacities of 2,600 and 4,100 cubic meters per day plus an extensive, affiliated network, including wastewater pump stations, gravity sewers, force mains, water line improvements, and house connections, all serving 30,000 residents, at a cost of almost $14 million. The final hand-over was also completed for two wastewater treatment plants and rehabilitation of two water treatment plants in the Aswan Governorate cities of Nasser City, Ballana, and Kom Ombo, including construction of gravity sewers, force mains, and four wastewater pump stations, serving 175,000 residents. In telecommunications, expansion of the digital switching capacity was completed for 310,000 telephone lines. In power, FY 2003 saw the completion of the Cairo Regional Control Center, which manages the power grid for Cairo's 18 million people. Power plant controls upgrades at Abu Sultan and the Aswan High Dam were completed; and, improvements were also made in the Reactive Power Compensation system of the Egyptian high voltage transmission grid.

The sustainability of USAID and Egyptian Government investments in the infrastructure sector is jeopardized by reluctance to charge higher user tariffs in the water and wastewater sector, and to a lesser extent, in the power sector. For this reason, the program implements its activities with special focus on legal, regulatory, and institutional reform issues to facilitate more rational tariff setting, better cost recovery, and to encourage greater private sector participation (PSP).

USAID's engagement of the GOE in a continuing policy dialogue led to the development of enabling legislation for the creation of a water regulatory agency and reform of the governorate-based water and wastewater utilities into a nationally-based holding company. USAID also promotes specific private sector participation (PSP) activities through the sponsorship of a feasibility study and transaction design for a concession of Alexandria's water and wastewater services, and the creation of a partial loan guarantee targeting PSP deals through USAID's Development Credit Authority and Commercial International Bank, Egypt's leading private sector bank.

US Financing in Thousands of Dollars

Egypt

263-018 Infrastructure	ESF
Through September 30, 2002	
Obligations	3,342,795
Expenditures	2,809,252
Unliquidated	533,543
Fiscal Year 2003	
Obligations	25,370
Expenditures	133,687
Through September 30, 2003	
Obligations	3,368,165
Expenditures	2,942,939
Unliquidated	425,226
Prior Year Unobligated Funds	
Obligations	8
Planned Fiscal Year 2004 NOA	
Obligations	7,400
Total Planned Fiscal Year 2004	
Obligations	7,408
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	3,375,573

Data Sheet

USAID Mission:	Egypt
Program Title:	Environment and Natural Resources Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-019
Proposed FY 2004 Obligation:	$9,940,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: USAID/Egypt's environment program provides assistance to economically depressed urban and rural communities, in targeted areas, to realize more employment, greater economic development, and better living conditions through improved environmental services. The program provides technical assistance and training in the areas of lead pollution cleanup in Greater Cairo, sustainable economic growth in the Red Sea Governorate, and integrated water resources management.

Inputs, Outputs, Activities:

FY 2004 Program:
Livelihood and Income from the Environment Program (LIFE) ($8,000,000 ESF). This program includes the following activities:

Lead pollution clean up involves the remediation of five contaminated closed lead smelter sites in the highly populated area of Shoubra El Kheima. The activity's initiation is based upon receipt of a Government of Egypt (GOE) commitment to exert greater effort to enforce environment laws and regulations. It will reduce health risks in the area, create jobs for community residents and other stakeholders and be the first remediation of this type in Egypt. It will build basic GOE and private sector capacity to enforce environmental laws and regulations and undertake similar cleanups nationwide. The activity will institute public participation processes by holding public hearings and reviews of environmental impact assessments involving local residents, NGOs and media representatives. It will also involve significant co-payments from land-owner beneficiaries whose land is being remediated. Contractor to be determined.

Sustainable economic growth in the Red Sea Governorate provides technical assistance and training to protect and manage the natural and cultural assets that are essential for the growth of the tourism industry on the Red Sea. To ensure equitable distribution of the economic and social benefits of tourism, the activity will provide training to local communities, introduce professional marketing approaches, assist in starting small-scale businesses and provide loans through the Development Credit Authority (DCA). The activity will provide technical assistance to the GOE to expand the area zoned for ecologically sensitive land use, implement a conservation management plan for the southern sector, undertake environmental cleanups of targeted areas, and promote environmental education and awareness. Principal contractors, grantees and agencies include: Governorate of the Red Sea; Ministry of Tourism, Tourism Development Authority; Ministry of State for Environmental Affairs, Egyptian Environmental Affairs Agency; planned Inter-Agency Agreement with the U.S. National Park Service.

Integrated water resources management promotes local development and governance by consolidating authority and decision-making at the district level and fostering links to stakeholder associations and civil institutions to gain their input into water resource management decisions. These two actions will lead to more efficient use of water resources and higher economic returns per cubic meter of water used. Ministerial decrees continue to be used to accelerate transfer of the management of district-level water resources to Water User Associations (WUAs) in advance of GOE approval of changes to Law 12/1984.

The Ministry of Water Resources and Irrigation is strongly supporting the submission to Parliament of amendments to Law 12/1984, together with implementing regulations granting WUAs full legal status under this new law. The program will provide technical assistance and training to the local entities of Zifta and Luxor within the governorates of Aswan, Gharbia Sharkiya and Qena to manage water resource distribution and maintain delivery system infrastructure. The activity will provide technical assistance and training to the private sector to maintain the physical integrity of irrigation canals and create rural jobs. To ensure equitable allocation of water resources and improve water quality management, this activity will train staff to collect and monitor water quality and quantity information. Training will be provided to technical schools and the private sector in the repair and maintenance of agricultural tools and equipment. Contractor to be determined.

Development Credit Authority ($500,000 ESF). This obligation will support a loan portfolio guarantee with Egyptian private commercial banks for activities that are complementary to the program.

Integrated management program for radioactive sealed sources ($1,440,000 ESF). This activity helps the GOE increase institutional capacity for enforcement and monitoring of sealed sources of medical waste to prevent any potential air and water pollution that may lead to environmental and health degradation.

FY 2005 Program:
No obligations are planned for FY 2005.

Performance and Results: USAID/Egypt's environmental assistance program works to improve management and preservation of Egypt's natural resources. During FY 2003, USAID-funded programs achieved the following results:

-- The Governorates of Giza and Qalyoubia successfully introduced mandatory vehicle emissions testing, with Cairo Governorate to follow by the end of 2003;
-- A Red Sea mooring buoy strategy was developed and implemented to support maintenance and expansion of the system, now the largest environmental mooring system in the world;
-- Solid waste contract management units have been established in the Governorates of Cairo and Alexandria and soon in Qalyoubia to provide public sector oversight and monitoring for private sector solid waste privatization;
-- A loan guarantee agreement with the National Société Générale Bank was signed to promote clean energy and ecotourism projects;
--(5) An Energy Efficiency Learning Supplement was produced and approved by the Ministry of Education; and preparatory and primary level teachers were trained to introduce students to the different forms and usage in the schools covering the governorates of Cairo, Red Sea, Alexandria, Minya and Sharkeya;
-- A strategic plan to accelerate natural gas use in the industrial and commercial sectors in Egypt was completed and approved by the Egyptian Holding Company for Natural Gas. Economic and environmental benefits associated with the full implementation of the plan are significant leading to annual reductions in particulate matter emissions and improving environmental conditions for the overall population; and
-- Wadi Gamal-Hemata, an 80-km coastal stretch in the Southern Zone of the Red Sea, was declared a protected area.

US Financing in Thousands of Dollars

Egypt

263-019 Environment and Natural Resources Management	ESF
Through September 30, 2002	
Obligations	298,236
Expenditures	198,181
Unliquidated	100,055
Fiscal Year 2003	
Obligations	12,732
Expenditures	19,949
Through September 30, 2003	
Obligations	310,968
Expenditures	218,130
Unliquidated	92,838
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	9,940
Total Planned Fiscal Year 2004	
Obligations	9,940
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	320,908

Data Sheet

USAID Mission:	Egypt
Program Title:	Healthier, Planned Families
Pillar:	Global Health
Strategic Objective:	263-020
Proposed FY 2004 Obligation:	$29,750,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$26,900,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: The population and health program ensures that effective primary health care is available to all, emphasizing maternal, childcare and family planning services. USAID finances technical assistance, training, and NGO grant programs to improve health services and grassroots outreach ensuring access for rural women and the poor. USAID also contributes needed medical equipment, contraceptives and support to renovate and upgrade health clinics. Women and children are a priority target group.

Inputs, Outputs, Activities:

FY 2004 Program:
Healthy mother and health child ($5,075,250 ESF). USAID will extend the successful safe birthing and newborn survival interventions to cover an additional one million women and their children under age five in Upper Egypt. The program includes health facility renovation, improved health planning, community education and outreach through NGO grants, health provider training and oversight, provision of equipment, and adoption of quality control standards for maternal/child health services. In addition, USAID provides technical assistance and support for national polio eradication efforts, community-level education about the harmful effects of female genital cutting, and extension in 15 new districts of a World Health Organization-mandated approach to caring for ill children. Principal contractor and grantees: John Snow International and UNICEF.

Family planning and reproductive health ($11,134,980 ESF). USAID supports universal availability of quality family planning information and services for the 16.4 million women of reproductive age, with special activities aimed at reaching priority groups, including two million young families, 1.9 million poor rural women and 1.4 million poor women in urban slums. The program funds renovations and upgrades of equipment in 30 health and family planning clinics in rural or urban slum areas; provides technical assistance to improve services and sustainability of Egypt's largest NGO clinic network of 88 family planning and women's health clinics; and provides contraceptives to ensure their nationwide availability at affordable prices. USAID will work to help this network become fully sustainable before support for the program is phased out in 2008. Principal contactors: CATALYST Consortium (Pathfinder, Future Group International).

Infectious disease surveillance and response ($3,500,000 ESF). USAID technical assistance, information systems, and training enhance Egypt's monitoring and control of key infectious diseases. New epidemiological surveillance units will be established in the remaining eight of Egypt's 27 governorates. USAID will extend the information campaign and provide education on infection control; fund two HIV/AIDS voluntary counseling and testing centers, fund a sentinel behavior surveillance site for HIV/AIDS and sexually transmitted infections, and advise the Ministry of Health and Population on tuberculosis control. USAID will also refine the targets and indicators for measuring this program's success. Principal contractors: U.S. Naval Medical Research Unit 3 in Cairo, U.S. Center for Disease Control and Family Health International.

Focus on family health ($3,670,000 ESF). Formerly health policy and information, this activity was revised during FY 2003 to reflect new U.S. priorities. It will increase the number of family health clinics that offer quality-assured health care in the Suez and Minya governorates. USAID will also fund clinic renovations and upgrades of equipment. U.S. health experts will assist GOE officials in organizing effective interventions for health priorities. Principal contactors: Abt Associates, Dept. of Health and Human Services.

Communication for healthy living ($3,732,980 ESF). Health communication messages provided through television, radio, printed materials and health workers promote the use of basic health services and inform people about important ways of preventing illness and disease. USAID will provide technical assistance and funding to public and private organizations for health communication activities. Principal contractor: Johns Hopkins University.

Health work force development ($2,636,790 ESF). Five Egyptian medical and nursing schools will participate in the revised education programs for training physicians and nurses this year. U.S. experts will assist Egyptian instructors in introducing new teaching methodologies, curricula and student assessment methods, and make more U.S. based knowledge resources available to Egyptian medical and nursing faculty/students. USAID will work with the GOE to encourage the assignment of greater numbers of nurses and physicians trained by this program to poor urban and rural areas. Principle contractor: Johns Hopkins University.

FY 2005 Program:
Healthy mother and healthy child ($4,000,000 ESF). USAID plans to continue polio eradication efforts and extend safe motherhood and childbirth activities in five new districts.

Family planning and reproductive health ($11,209,990 ESF). USAID plans to continue to improve the quality of family planning services nationwide, increase availability to priority groups, and increase spacing between births to improve the health and survival of mothers, infants and young children.

Surveillance and response to infectious diseases ($3,050,000 ESF). USAID will ensure the efficiency of the nationwide epidemiology and surveillance units, expand the infection control program to all of Egypt, and continue to bolster quality control of public laboratories.

Focus on family health ($4,220,000 ESF). USAID will continue to develop integrated family health care delivery in Suez and Minya, extend these efforts into a governorate in the Delta region, and convert 20 facilities into integrated family health clinics.

Communication for healthy living ($2,983,130 ESF). USAID will continue TA and funding for implementing partners to plan, develop, and disseminate health education messages. Local communities will benefit from NGO grants to mobilize resources and community action to address local health problems.

Health work force development ($1,436,880 ESF). USAID will expand activities to improve primary health care delivery to an additional ten medical and nursing schools. Practical training sites will be opened to ensure that all new primary health clinic providers have the necessary skills and experience to handle routine cases and deliver preventive services.

Performance and Results: The 2003 Egypt Demographic and Health Survey (EDHS) showed notable progress in several maternal and child health indicators in comparison to the 2000 EDHS. For example, the infant mortality rate declined from 44 to 38 infant deaths per 1000 live births, the percentage of women receiving regular antenatal care coverage (4 visits+) increased from 37% to 56%, and the percentage of births attended by medically qualified staff increased from 61% to 69%. The EDHS revealed that between 2000 and 2003 the contraceptive prevalence rate increased from 56% to 60%; the total unmet family planning need declined from 11.2% to 9.5%; the national total fertility rate declined from 3.5 births per woman to 3.2 with significant improvement in both urban and rural Upper Egypt; and total desired fertility declined nationwide from 2.9 children to 2.5.

US Financing in Thousands of Dollars

Egypt

263-020 Healthier, Planned Families	ESF
Through September 30, 2002	
Obligations	498,872
Expenditures	413,749
Unliquidated	85,123
Fiscal Year 2003	
Obligations	41,690
Expenditures	40,887
Through September 30, 2003	
Obligations	540,562
Expenditures	454,636
Unliquidated	85,926
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	29,750
Total Planned Fiscal Year 2004	
Obligations	29,750
Proposed Fiscal Year 2005 NOA	
Obligations	26,900
Future Obligations	41,000
Est. Total Cost	638,212

Data Sheet

USAID Mission:	Egypt
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	263-021
Proposed FY 2004 Obligation:	$37,050,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$30,100,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: USAID governance programs respond to Egyptian efforts by civil society organizations and reform-minded leaders in the Government of Egypt (GOE) to support a stronger role for civil society, foster improvements in the administration of justice and introduce the application of participatory models of service delivery. As new programs are designed, in concert with the Middle East Partnership Initiative (MEPI) goals, USAID will explore new areas of assistance, such as media reform, human rights, legal education, women's legal services, criminal justice reform, and political participation. To date, the USG's longstanding approach to democracy assistance has been to implement activities that have full GOE concurrence.

Inputs, Outputs, Activities:

FY 2004 Program:
Enhance democratic, accountable governance and citizen participation ($20,000,000 ESF). Prospective activities will address a variety of issues central to the development of a democratic society. Based on an expansion of USG policy, high-level inter-governmental dialogue and pending concurrence from the GOE, USAID could begin to collaborate through multi-donor efforts to encourage freer and fairer elections and to promote political party development. USAID will propose to the GOE assistance for independent human rights organizations, legal aid services for women and assistance for university education with a focus on comparative law curricula and activities to promote knowledge of democratic practices. Support for public accountability efforts through NGOs will also be proposed to the GOE in order to assist "watchdog" groups in monitoring public sector budgets and expenditures and to assess and report on the quality of public service delivery. USAID plans to significantly expand support for journalist training and media reform programs conducted in Arabic in Egypt, based on the results of a comprehensive assessment of the mass media environment and opportunities for intervention.

Participation in local development program ($10,950,000 ESF). USAID will launch this new program to enhance civil society capacity, promote citizen participation in local affairs and improve government responsiveness. This is a new activity, which was not notified last year. The effort will build on and expand past democracy investments to help increase public awareness about the relationship between citizen participation, accountable governance and the effective provision of public services. It will also capitalize on the work of USAID/Egypt's other programs, including those that focus on education, small- and medium-sized enterprises, and community-level infrastructure investments, targeting reform-minded leaders in those governorates where USAID already works. The program will aim to broaden the USG's democracy programs, focusing on citizen empowerment and participation as a means of defining community needs and priorities and advocate for government responsiveness and accountability to those issues.

Improve administration of justice and rule of law ($6,100,000 ESF). Building on the achievements of the Administration of Justice Support (AOJS I) project, to end in March 2004, USAID will provide assistance in court administration, training of judges and court personnel, and automation of court systems. The follow-on AOJS II project will assist the Ministry of Justice in replicating the modernized systems, first in

two additional courts and then throughout Egypt, to improve court performance, reduce backlogs and delays, and decrease opportunities for corruption. USAID will conduct an assessment of the criminal justice system, which will address the creation of a public defense entity, criminal procedure reforms, and reorganization of the criminal justice system to alleviate the heavy docket.

FY 2005 Program:
Enhance democratic, accountable governance and citizen participation ($20,000,000 ESF). With GOE concurrence, USAID will help improve the administration of elections, improve political party registration procedures, finance human rights monitoring groups, support greater government accountability and improve citizen awareness, media reform and journalist training. USAID is also considering support for university-based programs to promote knowledge of liberal democratic practices through model parliament activities, leadership training, and partnerships between American and Egyptian universities in support of democracy studies.

Participation in local development ($5,200,000 ESF). USAID will continue to support planned activities that promote community participation in establishing local development priorities in selected Egyptian governorates. Once such priorities are identified, the program will assist local communities to communicate those priorities to government officials at the local and governorate levels. The project will draw on its own resources, as well as other elements of the USAID/Egypt program, e.g., education, health, infrastructure, small business promotion, etc. to help the government respond to the agreed upon priorities. Finally, the project will work to expand the use of community participation within other elements of the mission's program.

Improve administration of justice and rule of law ($4,900,000 ESF). Under AOJS II, USAID will continue to support court administration, training of judges and court personnel, and the automation of court systems in civil/commercial courts, responding to the reform priorities of the Ministry of Justice. The project will assist the Ministry in devising cost estimates and a strategic plan to replicate the automated systems in civil courts nationwide. USAID may also begin to implement activities in the criminal courts, such as support for public defense, criminal procedure reform and institutional modernization, based on the results of its assessment of the criminal justice system.

Performance and Results: USAID has helped improve the capacity of civil society organizations to advocate for change and represent the interests of their constituencies in the public sphere. USAID has also improved lawyers' confidence in the justice system; reduced civil/commercial court backlogs in two pilot courts; and modernized the filing and tracking of cases, creating a model that can be replicated nationwide, beginning in late FY 2004. Finally, USAID has helped support citizens in organizing locally to address priority issues in their communities, laying the foundation for future efforts to promote citizen involvement in improving local service delivery and government responsiveness. For example, The Sohag Children with Special Needs Association and its partner NGOs advocated for the political and legal rights of women. It launched an awareness campaign on women's legal, political, and civil rights that received wide press and broadcast coverage, and held two conferences, attended by senior decision-makers. The network also assisted women in Sohag to obtain 182 civil documents (birth certificates, ID cards, election cards), trained 200 women activists advocating for women's legal rights; and increased women's representation in the network's general assembly and board by 10%.

As a result of these and other achievements, USAID remains well-positioned to respond to political openings and opportunities for reform. By working through knowledgeable and reform-minded individuals in academia, civil society, think tanks, and governmental institutions, USAID is helping to create a network of Egyptians at all levels of society who can advocate for democratic reform.

US Financing in Thousands of Dollars

Egypt

263-021 Democracy and Governance	ESF
Through September 30, 2002	
Obligations	89,602
Expenditures	66,129
Unliquidated	23,473
Fiscal Year 2003	
Obligations	14,270
Expenditures	10,925
Through September 30, 2003	
Obligations	103,872
Expenditures	77,054
Unliquidated	26,818
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	37,050
Total Planned Fiscal Year 2004	
Obligations	37,050
Proposed Fiscal Year 2005 NOA	
Obligations	30,100
Future Obligations	50,500
Est. Total Cost	221,522

Data Sheet

USAID Mission:	Egypt
Program Title:	Improved Basic Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-022
Proposed FY 2004 Obligation:	$3,760,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$31,200,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2009

Summary: USAID/Egypt's Improved Basic Education program supports technical assistance (TA), training, and school construction -to promote decentralization in targeted governorates; teaching and education management reforms (including English language skills); and NGO, scholarship, literacy, life-skills; school readiness, and community mobilization programs.

USAID supports Government of Egypt (GOE) efforts to promote decentralization and the integration of proven models of teaching, management, community and private sector support. Programs also promote school readiness, improved teaching and management practices, and the mobilization of parents and communities for greater local school management. USAID supports formal and non-formal basic education efforts that improve the quality of education and expand girls' access in areas with the greatest poverty and gender gaps. Several activities will be launched in 2004 to support reform, expand girls' scholarships, and increase English language skills. Strong emphasis on gender equity will continue.

Inputs, Outputs, Activities:

FY 2004 Program:
Education Reform ($3,760,000 ESF). USAID TA and training will help establish decentralized decision-making and improve teaching and school management in select districts of seven governorates. An expanded education reform program will begin January 2004 to assist the GOE in decentralizing the management of pre-university education institutions. Program activities will target communities, educators and school officials at local and national levels, from parents, private sector leaders, and teachers, to school administrators, governors and ministers. Outstanding teaching awards will be introduced, and school inspector services to monitor teacher performance will be strengthened. The program will emphasize primary education and women's literacy. A network of governors will be created as a forum to exchange ideas and experiences with education reform. USAID will work with the Ministry of Education and the Ministry of Higher Education. Principal contractors and grantees include Academy for Educational Development (subs: Michigan State University, Research Triangle Institute, University of Pittsburgh, MACRO); American Institutes for Research (subs: CARE, Education Development Center, World Education); and the International Institute for Education.

FY 2005 Program:
Education reform ($20,700,000 ESF). This activity will include programs and school construction in seven governorates: Alexandria, Cairo, Minya, Qena, Fayoum, Aswan, and Beni Suef.

Faculty of education reform, English language skills development and participant training ($5,000,000 ESF). These funds will be used for reform of teachers' colleges, English language and other training.

Scholarships and NGO sustainability ($5,500,000 ESF). This activity will fund NGO programs in literacy, life-skills, parental education, scholarships, school readiness, women's literacy skills, and program management. USAID will look into methods to expand the girls' scholarship program.

Performance and Results: USAID's basic education activities achieved very important results in FY2003. Key developments include: 1) national and governorate level policy dialogue that increased delegations of authority from the MOE to 15 out of 27 governorates; 2) expansion of USAID support for the GOE reform effort beyond Alexandria to six new governorates; 3) creation of an independent education reform fund in Alexandria to support school improvements and increase teachers' compensation; 4) literacy and life-skills training for over 32,000 women in seventeen governorates; 5) 28 new schools built with community assistance to enroll girls who did not previously have access to education, 6) over 6,000 girls' scholarships awarded; 7) 172 NGOs and private associations mobilized to support education in their communities; and 8) attainment of 90% pass rate for children studying in USAID program supported primary schools, compared to a national average pass-rate of less than 70%.

More than 81,000 girls and young women benefited in FY 2003, well above the USAID target. Almost universal coverage was achieved with the Egyptian "Sesame Street" series, viewed by an estimated eight million children and 54% of their mothers. Working with other donors, the English language program solidified new sector policy reforms with the start-up phase of a major initiative to develop national education standards for pre- and in-service teachers, teacher trainers, and educational leaders. Over 500 teachers, supervisors, faculty members and other educators began to incorporate these new standards into school management systems in FY 2003.

US Financing in Thousands of Dollars

Egypt

263-022 Improved Basic Education	ESF
Through September 30, 2002	
Obligations	82,300
Expenditures	32,113
Unliquidated	50,187
Fiscal Year 2003	
Obligations	49,010
Expenditures	11,731
Through September 30, 2003	
Obligations	131,310
Expenditures	43,844
Unliquidated	87,466
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	3,760
Total Planned Fiscal Year 2004	
Obligations	3,760
Proposed Fiscal Year 2005 NOA	
Obligations	31,200
Future Obligations	28,400
Est. Total Cost	194,670

Iraq

The Development Challenge: USAID began contingency planning for possible humanitarian and reconstruction efforts in post-conflict Iraq in late 2002. USAID was prepared to mobilize development resources and technical expertise to support any humanitarian relief and reconstruction requirements. Prior to the conflict, the U.S. Government had provided nearly $794 million in humanitarian assistance to internally displaced persons (IDPs) in northern Iraq between 1991 and 1996.

On March 20, 2003, coalition forces began military operations in Iraq. On May 1, 2003, 42 days after the conflict began, U.S. President Bush announced the cessation of major combat operations. The U.S. Government deployed a multi-agency disaster assistance response team (DART) to the region to assess and respond to humanitarian needs and to help coordinate the emergency relief effort. At the same time, USAID deployed a number of technical staff to prepare for immediate reconstruction requirements. USAID established offices in Arbil, Baghdad, Al Hillah, and Al Basrah, with USAID personnel located in Kuwait, Qatar, Jordan, and Cyprus providing regional support. USAID's program in Iraq supports the objectives of the Coalition Provisional Authority (CPA) and involves working closely with United Nations Agencies, non-governmental organizations (NGOs), and coordinating with U.S. Military Civil Affairs personnel.

The USAID Program: On July 27, 2003, USAID officially announced the formation of its Mission to Iraq at the USAID office in Baghdad. Currently, the USAID Mission is working closely with the people of Iraq, the CPA, NGOs, private sector partners, and United Nations involved with relief and reconstruction efforts. USAID implements assistance programs in education, food security, infrastructure, telecommunications, seaports and airports, transportation, local governance, health, electricity, water, and sanitation.

The process for allocating USAID operating and administrative expenses under the Iraq Reconstruction and Rehabilitation Fund (IRRF) II is yet to be agreed upon and discussions are on-going on this subject.

Other Program Elements: Other program elements include other U.S. Government offices such as USAID's Asia and Near-East Bureau, Office for Transition Initiatives (OTI), Office of Foreign Disaster Assistance (OFDA), Food for Peace (FFP), the U.S. Department of Defense, and the U.S. Department of State.

Other Donors: International support for humanitarian assistance and reconstruction in Iraq is being provided either bilaterally, as grants, loans, export credits and guarantees or assistance-in-kind, or multilaterally through international organizations, including the World Bank and United Nations International Reconstruction Fund Facility for Iraq. Other major donors of humanitarian are providing support through UN agencies as well as directly to the Iraqi people as assistance-in-kind. These donors include Japan, United Kingdom, European Commission, Australia, Saudi Arabia, Canada, Spain, Kuwait, Germany, Netherlands, Norway, and Italy. In October 2003, the International Donors Conference for Iraq Reconstruction held in Madrid, Spain drew representatives from 73 countries and 20 international organizations. Major pledges were received from Japan, Saudi Arabia, Kuwait, United Kingdom, Italy, Spain, United Arab Emirates, Korea, Canada, and Qatar. Donors other than the United States pledged loans and grants totaling a minimum of $13 billion. That figure is based on the low end of the range of assistance offered by the World Bank, which pledged $2.5 - $4.5 billion, and the International Monetary Fund, which pledged $1.7 - $3.4 billion. With the U.S. contribution, the total amount of grants and loans that the international community pledged toward Iraq reconstruction is at least $32 billion.

Iraq
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	0	0	0	0
CSH - Wartime Supplemental	0	40,000	0	0
Economic Support Fund	0	140,000	0	0
International Disaster Assistance	0	42,000	0	0
Iraq relief and Reconstruction Fund	0	0	0	0
IRRF - Emergency Response Fund	0	1,438,229	2,436,501	0
PL 480 Title II	0	137,424	0	0
Total Program Funds	**0**	**1,797,653**	**2,436,501**	**0**

STRATEGIC OBJECTIVE SUMMARY				
267-001 Restore Economically Critical Infrastructure				
CSH	0	0	0	0
CSH - Wartime Supplemental	0	9,000	0	0
ESF	0	17,500	0	0
IDA	0	25,065	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	1,117,000	1,800,000	0
267-002 Education, Health, and Other Social Services				
CSH	0	0	0	0
CSH - Wartime Supplemental	0	31,000	0	0
IDA	0	3,935	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	95,898	165,000	0
267-003 Expand Economic Opportunity				
ESF	0	1,000	0	0
IDA	0	3,013	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	46,000	46,000	0
267-004 Efficiency and Accountability of Government				
ESF	0	6,000	0	0
IDA	0	2,900	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	165,711	388,000	0
267-006 Program Support and Development				
ESF	0	3,500	0	0
IDA	0	7,087	0	0
IRRF	0	0	0	0
IRRF - Emergency Response Fund	0	13,620	37,501	0
267-XXX				
ESF	0	112,000	0	0

Mission Director,
James Stephenson

Data Sheet

USAID Mission:	Iraq
Program Title:	Restore Economically Critical Infrastructure
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	267-001
Proposed FY 2004 Obligation:	$1,800,000,000 IRRF
Prior Year Unobligated:	$276,000 ESF; $956,000 IDA; $16,667,000 IRRF
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	TBD

Summary: USAID's program supports the objectives of the Coalition Provisional Authority (CPA) which include the restoration of economically critical infrastructure including airports; roads, bridges and railroads; buildings; electric power; water and sanitation; telecommunications; and seaport.

Inputs, Outputs, Activities:

FY 2004 Program:
USAID's activities are planned and developed in close coordination with the CPA and relevant Iraqi ministries. In the electricity sector, the planned activities will result in the improvement of electricity generation, transmission, distribution and systems control functions. Improvements in the water and sanitation sectors will increase access to safe water for approximately eight million persons and increase sewerage service in cities from 5% to 11% of the population, benefiting approximately 900,000 people.

FY 2004 resources will be used for the repair, replacement and upgrading of navigational infrastructure, air traffic control towers, approach control systems, and the area control centers at the international gateways of Baghdad, Basra and Mosul Airports. Funds will also be used to increase the cargo handling capability and throughput of the Umm Qasr seaport to facilitate receipt and onward shipment of goods and well as provide needed safety and operational equipment. USAID will work to modernize the Iraqi Telephone and Postal Commission into a functional, customer-oriented, and profitable organization and increase its ability to provide voice telephone services and deliver profitable data management services.

All projects to be implemented by USAID will be done under the auspices of the CPA through delegated task orders.

FY 2005 Program:
FY 2005 will see a continuation of initiatives and programs begun in FY 2003 and FY 2004.

Performance and Results: Airports. Rehabilitation activities are substantially complete at the Baghdad and Basra International Airports to enable commercial airport operations pending resolution of security concerns. These activities have included: communications systems; portable and grid-based electricity supplies; potable water sewage treatment facilities; and ground based security support.

Roads, Bridges and Railroads. Design and engineering studies have been completed and reconstruction activities are underway at three priority bridges. A 1.5 kilometer bypass bridge was constructed at Al-Mat and repairs to a floating bridge in Al Kut were completed. Work is underway on the rehabilitation of 72 kilometer of railroad track between Umm Qasr and Shuiaba Junction.

Buildings. Building reconstruction activities were completed as planned including 1,239 public schools, 10 fire stations and 52 public health clinics.

Electric Power. The peak capacity exceeded the pre-conflict level of 4,400 megawatts on October 6, 2003 by supplying 4,518 megawatts. The Ministry of Electricity instituted a power sharing policy to ensure that power supply was fairly allocated throughout the country. The USAID partner provided emergency repairs of power stations and restored water and wastewater systems at major thermal power stations. Projects underway include: major rehabilitation of Doura Thermal Units 5 and 6; major rehabilitation of Bayji Thermal Units 1,2,3,4 and 6; provision of crude oil treatment units at Qudas and Bayji power plants; completed commissioning of Bayji Gas Turbine Units 1 & 1; work underway on commissioning of Bayji Gas Turbine Units 3 & 4; and construction of new generating capacity in Kirkuk and South Baghdad.

Water and Sanitation. Repairs to critical breaks in Iraq's water network were undertaken immediately after the conflict significantly reducing losses and increasing water flows. Water supply to 40,000 residents of Safwan has been provided with complete refurbishment of the water system. USAID is undertaking the expansion of the Sharkh Dijlah water treatment plant (formerly Saba Nissan) in Baghdad to add 225,000 cubic meters a day to the water supply and is undertaking the rehabilitation of the Sweet Water Canal in southern Iraq which supplies most of the fresh water to Basrah. Rehabilitation work has begun on the following sewage treatment plants: Rustimiyah 1&2, Rustimiyah 3, An Najaf and Al Hillah.

Telecommunications. The satellite gateway is fully operational and is open for incoming calls to Iraq. Installation of telephone switches at 12 locations is complete and the Iraq Telecommunication and Postal Commission (ITPC) is making progress on the splicing and jumpering work to connect subscribers. Work has begun on repairs of the fiber optic network.

Seaport. Umm Qasr Seaport opened to commercial traffic on June 17, 2003 and the first passenger traffic began on July 16. Major dredging and sunken vessel removal is complete and the port is able to handle deep-draft ships. Security fencing is complete and work on restoration of the port administration building, area lighting, new port wet utilities, fire systems, interim customs facility is substantially completed. The grain silos and unloading facilities have been completed and turned over to the Iraq Grain Board.

US Financing in Thousands of Dollars

Iraq

267-001 Restore Economically Critical Infrastructure	CSH	ESF	IDA	IRRF
Through September 30, 2002				
Obligations	0	0	0	0
Expenditures	0	0	0	0
Unliquidated	0	0	0	0
Fiscal Year 2003				
Obligations	9,000	17,500	25,058	1,111,653
Expenditures	5,000	16,796	18,531	8,715
Through September 30, 2003				
Obligations	9,000	17,500	25,058	1,111,653
Expenditures	5,000	16,796	18,531	8,715
Unliquidated	4,000	704	6,527	1,102,938
Prior Year Unobligated Funds				
Obligations	0	276	956	16,667
Planned Fiscal Year 2004 NOA				
Obligations	0	0	0	1,800,000
Total Planned Fiscal Year 2004				
Obligations	0	276	956	1,816,667
Proposed Fiscal Year 2005 NOA				
Obligations	0	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	9,000	17,776	26,014	2,928,320

Data Sheet

USAID Mission:	Iraq
Program Title:	Education, Health, and Other Social Services
Pillar:	Global Health
Strategic Objective:	267-002
Proposed FY 2004 Obligation:	$165,000,000 IRRF
Prior Year Unobligated:	$4,320,000 IRRF
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	TBD

Summary: In the health sector, USAID assistance will support a reformed, decentralized Iraqi Ministry of Health; enable delivery of essential services with a focus on prevention and primary health care; establish a functioning procurement and logistics system for medicines, micronutrients and commodities; establish a rapid referral and response system for the most serious cases; provide medical equipment and supplies; train and recruit health staff; provide health education and information; determine the specific needs of the health sector and of vulnerable populations (such as women and children); and reduce the high levels of child deaths. USAID's activities are developed in close coordination with the CPA and relevant Iraqi ministries.

USAID's objectives for education for Iraq support the objectives of the CPA, which include increasing enrollment and improving the quality of primary and secondary education, ensuring that classrooms have sufficient materials for the start of the new school year, facilitating community involvement, training teachers, implementing accelerated learning programs, and establishing partnerships between U.S. and Iraqi colleges and universities. High quality education will contribute to a more tolerant, open-minded and democratic society. It will enhance economic growth thereby contributing to stability.

Inputs, Outputs, Activities:

FY 2004 Program:
The USAID health program has two parts. The first is aimed at expanding the capacity of the Ministry of Health (MOH) including: 1) technical and operational support to improve MOH maternal and child health promotional and service delivery programs and strengthen health policy and systems to operationalize health sector reforms; 2) strengthening the nursing training in Iraq through support to the MOH and Ministry of Higher Education to meet the priority health needs of Iraq; and 3) a small grants program to augment MOH activities to reach vulnerable populations.

The second component focuses on improving the limited tertiary care addressing children's needs in Iraq. USAID will construct and equip a children's pediatric facility in Basra. This facility will also train Iraqi health professionals, addressing the critical shortages of qualified health personnel.

A public-private partnership will be developed to both establish the facility and offer specialized training and services. Through the partnership, donations such as equipment, training management systems, medicines and disposable materials and other aspects of hospital development and maintenance will extend the impact of the limited U.S. Government resources.

FY 2004 resources for the Education II contract will function under the direction of the Ministry of Education in support of long-term strategic planning objectives designed to improve the quality of education throughout Iraq and support parent and community organizations. Support for capacity building will be provided, including repair of pre-, primary and secondary schools across Iraq and the non-construction requirements of the Ministry of Education, such as restoring water and sanitation services to schools; forming or reactivating Parent Teacher Associations (PTAs); reducing the number of schools

holding multiple shifts; establishing 162 model schools, and Centers of Excellence; developing television programs for pre-school children; and ensuring the delivery of school supplies.

FY 2005 Program:
FY 2005 will see a continuation of initiatives and programs begun in FY 2003 and FY 2004.

Performance and Results: Major accomplishments in education include the rehabilitation of more than 2,241 schools and the delivery of 156,068 student desks; 26,347 teacher desks; 56,466 teacher chairs; 24,802 metal cabinets; and 61,500 chalkboards to schools throughout Iraq. A Master teachers' training program was conducted in Baghdad, exposing 899 secondary school teachers to modern child centered teaching methods and ideas through in-service training courses. Training of a further 21,000 secondary school teachers and administration staff will continue during the mid-term break in February. Under a USAID grant, the United Nations Educational, Scientific and Cultural Organization (UNESCO) completed the review of 48 math and science textbooks and printed 5.6 million math and science textbooks which have been distributed to schools countrywide. School kits for 1.5 million secondary students, which provide learning and teaching materials, have been distributed.

The accelerated learning program in Baghdad, Nasiriyah, Ad Diwaniyah, and Karbala' began and of the 616 who are attending the program, 52% are boys and 48% are girls. USAID assisted the Ministry of Education (MOE) to plan for and schedule the end-of-the-year national exam process, including security requirements. Five grants have been awarded worth an estimated $15 million to date to five American university consortiums for U.S.-Iraqi university partnerships that will focus on archeology and environmental research; strengthening academic, research, and extension programs; legal education reform; public health and sanitation; and higher education initiatives.

Major accomplishments in the health sector include the procurement and distribution of over 30 million doses of vaccines by the Ministry of Health since July 2003, supported by USAID and the United Nations Children's Fund (UNICEF). An estimated 3 million Iraqi children under the age of 5 have been vaccinated. By May 2004, USAID will have ensured the delivery into cold storage of vaccines that will ultimately benefit 4.2 million children under five and 700,000 pregnant women. In Basrah, 20 delivery rooms in hospitals and primary health care centers serving 300,000 residents were rehabilitated. More than 100,000 pregnant, nursing mothers and malnourished children under 5 years have received 2.5 kilograms of high protein biscuit supplementary food rations.

USAID supported the renovation of more than 60 primary health clinics and re-equipped over 600 to provide essential primary health care services. An equipment needs evaluation for 18 national and regional public health laboratories was done while the rehabilitation of the National Polio Laboratory was completed. More than 8,000 health workers are being trained to support screening and management of acutely malnourished children. Master trainers have been trained and are currently training over 1,100 clinic health care providers in the provision of essential primary health care services. Iraqi medical and nursing associations are being strengthened to increase the professional abilities of health providers in Iraq. Finally, USAID is working with the CPA and the Iraqi Ministry of Health to develop a health strategy for Iraq, which is expected to be completed in the spring of 2004.

US Financing in Thousands of Dollars

Iraq

267-002 Education, Health, and Other Social Services	CSH	IDA	IRRF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	31,000	3,000	91,578
Expenditures	3,007	1,122	13,576
Through September 30, 2003			
Obligations	31,000	3,000	91,578
Expenditures	3,007	1,122	13,576
Unliquidated	27,993	1,878	78,002
Prior Year Unobligated Funds			
Obligations	0	0	4,320
Planned Fiscal Year 2004 NOA			
Obligations	0	0	165,000
Total Planned Fiscal Year 2004			
Obligations	0	0	169,320
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	31,000	3,000	260,898

Data Sheet

USAID Mission:	Iraq
Program Title:	Expand Economic Opportunity
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	267-003
Proposed FY 2004 Obligation:	$46,000,000 IRRF
Prior Year Unobligated:	$7,000,000 IRRF
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	TBD

Summary: USAID's objectives for economic governance support the objectives of the Coalition Provisional Authority (CPA). Objectives address Oil for Food (OFF) and currency conversion, fiscal, financial, private sector development, utilities, and the regulatory environment.

To address rural employment and overall economic development, USAID will work in conjunction with Iraqi ministries, the private sector, and higher education institutions to support Iraqi initiatives that stimulate short and long-term economic growth.

In the 1990s, Iraq's marshlands - one of the world's largest wetland ecosystems - were almost completely destroyed. Marshes were drained, biodiversity was compromised, and the local population was displaced. USAID is working with local residents to revitalize the marshlands as part of the Marshlands Initiative. USAID's activities are developed in close coordination with the CPA and relevant Iraqi ministries.

Inputs, Outputs, Activities:

FY 2004 Program:
All projects to be implemented by USAID will be done under the auspices of the CPA. As a support role to various directorates within the CPA and in coordination with other executing agencies, USAID intends to work with the Ministry of Labor and Social Affairs (MOLSA) to establish 28 Employment Centers to match the needs of the vast labor pool with those of the public and private sectors and facilitate reconstruction efforts. Using these centers, MOLSA will provide employment services, counseling, and other services to 1.1 million Iraqis, including 300,000 demobilized soldiers. USAID will also contribute to the establishment of 16 MOLSA Vocational and Technical Training Centers in order to meet the demand for trained workers and to retrain unemployed and displaced workers.

Decades of economic mismanagement, state control, and isolation from sanctions has left the Iraqi banking sector and Iraq's micro and small and medium enterprises without the proper skills needed to run businesses in a liberal and open economy. To overcome these issues USAID, in coordination with CPA, will provide support to ensure that Iraqi banks and firms are able to function effectively during reconstruction and afterwards. These funds will support both bank and business skills training that will ensure that subcontracts are not lost due to a lack of business management skills. Rehabilitation of the banking system in FY 2004 will focus on the beginning steps of the process, in particular on the Central Bank of Iraq (CBI) and on the national information technology networks that will bind Iraqi private and public financial institutions into a truly national banking system. USAID will issue grants to one or more non-governmental organizations (NGOs) or similar entities whose purpose is to implement a loan program to support Iraqi micro, small, and medium enterprises. Particular emphasis will be given to Iraqi companies competing for Supplemental-funded reconstruction sub-contracts.

FY 2005 Program:
FY 2005 will see a continuation of initiatives and programs begun in FY 2003 and FY 2004.

Performance and Results: There are at least 25 tasks in key areas that have been approved by the CPA and are in various stages of initial implementation. These tasks are related to currency conversion, currency auction and monetary data, state-owned enterprises, credit for small businesses, commercial legislation, coordination of a national employment program, bank-to-bank payment system, financial management information system, tax policy, tax administration, budget planning, capital budget planning, state-owned insurance companies, electricity reform, and electricity regulatory reform, telecommunications, economic governance, OFF transition management, and economic government oversight for the oil industry.

USAID is assisting the CPA in managing a microcredit program that helps banks to strengthen their credit underwriting capacity and increase lending to small and medium-sized enterprises. Two state-owned banks and seven private sector banks have been recommended for the program. A consultant was provided to the CPA to assist them in efforts to expand Iraqi employment. More than 75,000 short-term jobs have been created through the CPA-funded National Employment Program, a pilot public works program that intends eventually to generate at least 100,000 temporary Iraqi jobs. USAID is also reforming and updating commercial laws that will encourage private sector participation, including foreign investment.

USAID and the Ministry of Agriculture are working together to identify high-priority interventions, including vaccinating animals to prevent foot-and-mouth disease, rebuilding the capacity to export dates, and supporting the seed industry. Three recent grants will renovate the Kirkuk Veterinary Hospital, rehabilitate Taza and Rashad Veterinary Clinics, and rehabilitate a Student Union at the University of Baghdad School of Agriculture in Abu Ghraib.

The Marshland Restoration and Management Program will provide social and economic assistance to marsh dwellers. Initiatives include creating a hydraulic model of the marshes to improve water management through the Ministry of Water Resources; equipping a soil and water quality lab at the new Center for Iraq Marshlands Restoration; implementing pilot projects in reconstructed wetlands that focus on improved treatment of waste and drinking water, providing social economic assistance through job- and income-generating activities in fisheries, aquaculture, livestock production, and date-palm reproduction; monitoring water quality in reflooded sites; extending healthcare services to marsh dwellers; arranging study tours for Iraqi specialists to visit wetlands in the United States and Europe in early 2004; and building local capacity by partnering with Iraqi institutions.

US Financing in Thousands of Dollars

Iraq

267-003 Expand Economic Opportunity	ESF	IDA	IRRF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	1,000	3,000	39,000
Expenditures	0	0	0
Through September 30, 2003			
Obligations	1,000	3,000	39,000
Expenditures	0	0	0
Unliquidated	1,000	3,000	39,000
Prior Year Unobligated Funds			
Obligations	0	0	7,000
Planned Fiscal Year 2004 NOA			
Obligations	0	0	46,000
Total Planned Fiscal Year 2004			
Obligations	0	0	53,000
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	1,000	3,000	92,000

Data Sheet

USAID Mission:	Iraq
Program Title:	Efficiency and Accountability of Government
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	267-004
Proposed FY 2004 Obligation:	$388,000,000 IRRF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	TBD

Summary: USAID is supporting the objectives of the Coalition Provisional Authority (CPA) in providing rapid, tangible improvements to Iraqi lines at the grassroots level through the Community Action Program, in which diverse and representative citizen participation in and among communities throughout Iraq is promoted to assist in the identification, prioritization, and delivery of critical reconstruction and development needs. In addition, the process utilized is laying the foundation for Iraqis to engage in the rights and responsibilities of individuals and groups in a democratic system of governance.

With respect to local governance, activities focus on strengthening the management skills and capacity of local administrations, local interim representative bodies, and civic institutions to improve the delivery of essential municipal services such as water, health, public sanitation, and economic development, as well as conducting training programs in transparent budget formulation and execution, communications, conflict resolution, and leadership skills. USAID's activities are developed in close coordination with the CPA and relevant Iraqi ministries.

Inputs, Outputs, Activities:

FY 2004 Program:
Among other activities, USAID will work with the CPA to assist Iraqi civilians who have suffered losses as a result of military operations. Several other projects will bring a measure of justice to those who suffered under the former regime by funding investigations of crimes against humanity. One of the most important activities in this sector is the promotion of democracy-building activities with a focus on the transition to full sovereignty. These activities include technical assistance to build the capacity of Iraqi governing bodies to draft and execute laws, conduct free and fair elections, and engage in transparent administrative procedures. Activities also include technical assistance to initiate civic education programs and promote the development of responsible political parties. USAID and the Department of State will help to create an Iraqi Commission on Public Integrity, promote voter education, provide leadership training to women, and help non-governmental organizations (NGOs) and local government bodies sponsor discussion groups, debates and town hall meetings on democratic values and processes.

FY 2005 Program:
FY 2005 will see a continuation of initiatives and programs begun in FY 2003 and FY 2004.

Performance and Results: After three and a half months of implementation, the five Community Action Program (CAP) U.S. NGO partners have identified 1,317 community activities, which are being implemented at a total cost of $70 million. A total of 547 projects have already been completed and Iraqi communities have contributed more than $12 million in labor, land, buildings, and other in-kind assistance. Projects include: a) rehabilitating a youth center in Al Riyadh in mid-August, benefiting 10,000; b) repairing trash vehicles in Kirkuk, as part of a larger cleaning campaign for the city; c) construction is underway for a community marketplace, with an estimated 250,000 residents benefiting; d) clean up of medical waste disposal sites has begun and medical personnel are being educated on proper

disposal methods; e) programs focus primarily on immediate community needs such as sewage clean up, water treatment and distribution, health, and girls' access to education.

USAID, at the request of CPA, has established its Local Governance Program in all 18 governorates. More than 19 million people are now actively engaged in local policy discourse through local government entities and civil society organizations to enhance transparency and participation in local decision-making processes; restore basic services; improve the effectiveness and efficiency of local service delivery; and establish, develop, and expand the number of civil society organizations that can interact with local government entities. USAID has assisted in the establishment and/or strengthening of 13 provincial councils, including Baghdad, insuring representation of minority and previously under or non-represented groups, especially women. Additional local entities that the program has supported include 25 city councils, 33 district councils, 36 subdistrict councils, and 224 neighborhood councils. Ninety percent of all districts in Iraq are now represented by local government institutions.

The Local Governance Program has awarded 148 grants to local government agencies totaling $11.5 million to restore basic services and has established the Iraqi Women in Local Governance Group in response to the challenge of women's gross under-representation in political processes across Iraq. The group will develop and guide program activities in order to expand women's participation at all levels. In order to address the human rights abuses of Saddam Hussein's regime, USAID has awarded two grants worth $475,000 to the Ministry of Human Rights for the rehabilitation of buildings to house the National Evidence Storage Facility (NESF). The facility will serve as a venue to analyze recovered documents and store forensic evidence of mass graves and human rights abuses of the Ba'ath government. The facility is part of a larger effort to help build Iraq's capacity to investigate complex crimes and implement international law enforcement best practices.

USAID is working with local governance service departments to plan, budget, and manage their resources, and provide training on transparency and accountability in the use of those resources. The team's work with officials in Dhi Qar resulted in more efficient delivery of public services to over 390,000 residents. A civic education task force is planning a nationwide campaign to educate Iraqis on democracy. The Civic Education Campaign will implement a range of activities including convening focus groups in town hall meetings in all provinces and assisting in distribution of hand bills and posters.

US Financing in Thousands of Dollars

Iraq

267-004 Efficiency and Accountability of Government	ESF	IDA	IRRF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	6,000	2,900	165,711
Expenditures	0	2,274	703
Through September 30, 2003			
Obligations	6,000	2,900	165,711
Expenditures	0	2,274	703
Unliquidated	6,000	626	165,008
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	0	388,000
Total Planned Fiscal Year 2004			
Obligations	0	0	388,000
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	6,000	2,900	553,711

Data Sheet

USAID Mission:	Iraq
Program Title:	Program Support and Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	267-006
Proposed FY 2004 Obligation:	$37,501,000 IRRF
Prior Year Unobligated:	$276,000 ESF
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	TBD

Summary: The Program Support objective (PSO) funds activities being implemented exclusively to support the achievement of other programs in Iraq. The targets and results of this objective are visible through and attributed to USAID/Iraq's four other strategic objectives: 1) Restore Economically Critical Infrastructure; 2) Education, Health, and other Social Services; 3) Expand Economic Opportunities; and 4) Efficiency and Accountability of Government. PSO support to these programs includes training, evaluation, administrative support, and technical support, such as institutional contractors, personal services contractors (PSCs).

Inputs, Outputs, Activities:

FY 2004 Program:
Training, evaluation, administrative support, and technical support ($276,000 ESF). USAID will use these funds to support cross-program activities to achieve the sectoral goals listed in other program data sheets and conduct programmatic oversight activities such as monitoring and evaluation.

FY 2005 Program:
To be determined.

Performance and Results: This result is being reported through other program data sheets of USAID/Iraq.

US Financing in Thousands of Dollars

Iraq

267-006 Program Support and Development	ESF	IDA	IRRF
Through September 30, 2002			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2003			
Obligations	3,224	7,086	13,500
Expenditures	1,664	6,796	0
Through September 30, 2003			
Obligations	3,224	7,086	13,500
Expenditures	1,664	6,796	0
Unliquidated	1,560	290	13,500
Prior Year Unobligated Funds			
Obligations	276	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	0	37,501
Total Planned Fiscal Year 2004			
Obligations	276	0	37,501
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	3,500	7,086	51,001

Israel

The Development Challenge: Israel has long been a strong ally of the United States. Israel strongly condemned the September 11 attacks on the United States, and the close bilateral relationship that the United States has with Israel serves the national security interests of both countries. The Government of Israel's (GOI) political and economic stability continues to be a cornerstone of U.S. foreign policy in the Middle East.

The fundamental objective of the U.S. cash transfer to Israel is to reduce Israel's balance-of-payment pressures as it continues to pursue the economic reforms required for financial stability and structural adjustments needed for sustainable growth. The U.S. assistance provides Israel the funds it needs both to promote economic reforms and to carry out a domestic agenda that reinforces the government's peace process policy. Though the U.S. cash transfer is not conditioned on economic policy reform, the U.S. continues to encourage Israeli efforts to reduce government spending and deficits.

Since 1990, Israel's economy has become increasingly sophisticated and technologically advanced. In FY 1999, Congress began a reduction of the economic assistance earmark in recognition of this progress.

Israel's economic boom in the 1990s was based on a thriving high-tech sector, sharply increased investment by venture capital firms, the opening of new markets to Israeli exports, and record levels of tourism. With the downturn in the global economy, problems in the high tech sector and the worsening security situation, Israel now faces growing unemployment and declining tax revenues. In addition to the obvious effect on tourism, the violence has had a strong impact on foreign investment and overall economic confidence. Israel has now endured nearly three years of economic recession. GDP contracted by 0.5 % in 2001 and 0.9 % in 2002. Although the economy is on track to grow by approximately one percent in 2003, this still represents a decrease in per capita income.

The USAID Program: The United States, acting through USAID, will provide $360,000,000 ESF in FY 2005 to Israel as a cash transfer. These funds will be used by Israel to repay debt to the U.S., including re-financed Foreign Military Sales debt, and to purchase goods and services from the United States. The U.S. will continue to encourage Israel to reduce government spending and deficits, improve tax and public wage structures, increase privatization, reform labor markets, and continue to liberalize its trade regime.

Other Program Elements: In addition to the cash transfer to Israel, there are a number of programs managed by USAID's Bureau for Economic Growth, Agriculture and Trade that involve Israel. The Cooperative Development Research (CDR) Program is a peer-reviewed, competitive grants program. It funds the collaborative research of scientists from Israel and the U.S. working with their counterparts in developing countries throughout the world on topics relevant to the needs of the developing countries. The Middle East Regional Cooperation (MERC) Program is a competitive grants program that supports joint research projects between Arab and Israeli scientists on topics relevant to the development of the Middle East region. Both MERC and CDR are directly managed by USAID and open to a wide variety of technical topics and institutions. CDR and MERC are presently funding nearly 100 separate grants, including projects on water resource management for agricultural and other uses, development of new crops, protection against agricultural pests, protection of the environment, development of aquatic resources, and the study of diseases and other health threats common to many developing countries.

Other Donors: The United States is the largest bilateral donor to Israel.

Israel
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	720,000	596,100	477,168	360,000
Total Program Funds	**720,000**	**596,100**	**477,168**	**360,000**

STRATEGIC OBJECTIVE SUMMARY				
271-001 Israel Cash Transfer				
ESF	720,000	596,100	477,168	360,000

Office Director,
Larry Brady

Data Sheet

USAID Mission:	Israel
Program Title:	Israel Cash Transfer
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	271-001
Proposed FY 2004 Obligation:	$477,168,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$360,000,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2008

Summary: The overall goal of U.S. assistance to Israel is to support peace in the Middle East. The Government of Israel's political and economic stability continues to be important to U.S. foreign policy objectives in the Middle East.

Inputs, Outputs, Activities:

FY 2004 Program:
Cash Transfer ($477,168,000 ESF). The Israel Cash Transfer is accomplished by a direct grant to the Government of Israel (GOI). The U.S. Government (USG), acting through USAID, will provide a cash transfer to Israel that will be used mainly for debt repayment to the United States, including re-financed Foreign Military Sales debt, and purchases of U.S. goods and services.

FY 2005 Program:
Cash Transfer ($360,000,000 ESF). The FY 2005 Appropriation Bill is expected to provide $360 million in ESF as a cash transfer to the GOI. It will be used to repay debt owed to the USG, including re-financed Foreign Military Sales debt, and to purchase U.S. goods and services.

Performance and Results: The Israel Cash Payment Program is aimed at strengthening Israel's civilian economy to enable the GOI to more easily balance requirements to pay foreign debts while financing other annual governmental expenditures. Though the U.S. cash transfer is not conditioned on economic policy reform, the U.S. continues to encourage Israeli efforts to reduce government spending and deficits, improve tax and public wage structure, increase privatization, reform labor markets and continue to liberalize its trade regime. The economic and political stability of Israel is essential to the achievement of U.S. foreign policy goals in the region. USG programs, economic and military, are aimed at enhancing the GOI's confidence so that it will take the risks necessary to reach agreements with its neighbors on a host of peace related issues.

US Financing in Thousands of Dollars

Israel

271-001 Israel Cash Transfer	ESF
Through September 30, 2002	
Obligations	4,787,208
Expenditures	4,787,208
Unliquidated	0
Fiscal Year 2003	
Obligations	596,100
Expenditures	596,100
Through September 30, 2003	
Obligations	5,383,308
Expenditures	5,383,308
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	477,168
Total Planned Fiscal Year 2004	
Obligations	477,168
Proposed Fiscal Year 2005 NOA	
Obligations	360,000
Future Obligations	0
Est. Total Cost	6,220,476

Jordan

The Development Challenge: Jordan currently faces several critical long-term challenges with the potential to slow reform and growth. Prominent among these challenges is Jordan's high population growth rate that will double the population by 2027. This challenge is compounded by a strained public health care system with inadequate primary health care services. Jordan also suffers from severe water shortages. As one of the ten most water deprived countries in the world, Jordan must ensure that lack of water combined with environmental degradation due to population pressures does not have a negative impact on its citizens' well-being.

Two other key challenges exist. First, Jordan has high levels of poverty and unemployment. At least 15%, and possibly up to 30% of Jordanians live below a poverty line set at a meager $439 per capita annual income level. Second, there is a relatively low level of participation in civil society, and a perceived lack of personal freedom, especially in terms of public discourse.

To help address the challenges above, USAID promotes Jordanian-led development. This development is spearheaded by King Abdullah, who is strongly supported by the Jordanian Government. The Mission's program is jointly designed and implemented with the Government and other Jordanian entities. In line with U.S. interests, this program promotes a stable, reform-driven Jordan. In so doing, the program not only strengthens a strong strategic ally in the Middle East but also serves as a model to less reform-oriented Middle Eastern nations.

The USAID Program: The goal of the USAID/Jordan program is to help Jordan become a model for growth and prosperity in the region. To do so, the USAID program addresses the development challenges enumerated above while accelerating the pace of reform in sectors closely linked to social and economic transformation. Specifically, USAID works in three areas: economic growth, social sector development and governance, and water resource development. Social sector development and governance encompasses heath, education, and democracy. A fourth area, funded by the cash transfer, strengthens all other areas through policy reforms and enables the Jordanian Government to service debt. In all cases, USAID partners with the Government of Jordan (GOJ), local non-governmental organizations (NGOs), and the private sector to achieve its objectives. The Government is very closely involved in the Mission program, producing a true partnership based on both the GOJ's reform program and USG interests. Local NGOs also cooperate closely with the Mission in designing and implementing programs. The private sector, too, is key to Mission successes, particularly in economic growth. In this regard, private companies in several fields are eager to become bigger players on the regional and world stage.

The Mission's new strategy is effective starting October 2003 through September 2009. The old strategy was closed out in September 2003 and subsequently, ongoing Mission activities were moved under the new programs. This Congressional Budget Justification describes activities and anticipated results to be funded in FY 2004 and FY 2005 under the new programs.

Other Program Elements: Other USG programs also support Jordanian reform efforts. Assistance in preparation for Jordan's parliamentary elections was provided this year through U.S. experts under the Middle Eastern Partnership Initiative (MEPI). Other MEPI activities, both regional and bi-lateral, are managed by the Department of State and USAID/Washington. USAID Global Development Alliance activities are also managed by or cooperatively with USAID/Washington. Through food aid programs, including P.L. 480 Title I in 2003 and section 416 (b) in previous years, USDA also supports several development and agricultural productivity enhancement projects. Additionally, the International Arid Lands Consortium focuses on use of reclaimed water in agriculture, which complements ongoing Mission activities. Several projects funded under the Middle East Regional Cooperation program continue to provide technical assistance and promote regional cooperation, mainly in the areas of environmental protection, health, water and agriculture.

Other Donors: Although USAID is the largest donor in Jordan, Jordan receives important technical assistance from a wide variety of other donors. In broad terms, it is expected that the total commitments

of foreign assistance in 2003 will amount to approximately $1.5 billion, representing a 170% increase over 2002. Approximately $1.18 billion of this amount is in the form of grants. The remaining $390 million is loans.

The United States is by far the largest grantor, providing 78% of the total, followed by Japan at 8%, Saudi Arabia, Kuwait and Abu Dhabi at 8%, and the European Union at 2.8%. Canada, Germany, Spain, Italy, United Kingdom, Norway, Sweden and the World Bank each provided less than 0.4%.

The World Bank is the Kingdom's largest creditor, providing $120 million in loans followed by The Arab Fund at $100 million, Spain at $50 million, the Abu Dhabi Development Fund at $50 million, the Islamic Bank for Development at $35 million, the United States at $20 million and Germany, Italy, Norway, Belgium, the International Fund for Agricultural Development and OPEC together at $34 million.

USAID coordinates closely with other donors in our technical assistance efforts. USAID is an active participant in the regular monthly Donors/Lenders Committee meetings chaired by the United Nations Development Programme. These meetings are used to ensure continuous coordination of efforts. For example, USAID, as a major donor in water in Jordan, heads the sub-group on water in the Donors/Lenders Committee to coordinate all activities in the water sector. Within this framework, USAID specifically manages private sector participation, cost recovery and institutional capacity building. The Japanese manage environmental issues and unaccounted-for-water, and the Germans are responsible for information management.

Similarly, USAID is quickly becoming a key player in education. A Development Coordination Unit has been established within the Ministry of Education to manage implementation of the GOJ's Education Reform for Knowledge Economy (ERfKE) program. Through this Unit's coordination efforts and additional coordination meetings with donors, USAID committed to working on early childhood education and youth education focused on the school-to-work transition. The Canadians will manage curriculum development, the British will handle policy and administration reform, the Japanese will develop information and communication technologies, and the Germans will handle school infrastructure. The World Bank provided the bulk of the loan to the Government for ERfKE. MEPI also is making a multi-million dollar investment with FY 2003 funding in the Jordanian Education Initiative.

USAID coordinates in other sectors as well. As the largest donor and recognized leader in the health sector, USAID is looked to by other donors, such as the World Health Organization, for analysis of their proposed strategies and plans for the health sector. USAID is also actively involved in donor meetings on microfinance, regularly carrying out tasks agreed upon at these meetings to improve microfinance delivery in Jordan. Additionally, USAID participates in and organizes donor workshops on specific topics such as governance in Aqaba and information technology.

Jordan
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	150,000	248,000	248,525	250,000
ESF - FY 02 Supplemental	100,000	0	0	0
ESF - Wartime Supplemental	0	700,000	0	0
ESF - FY 04 Supplemental	0	0	100,000	0
Total Program Funds	**250,000**	**948,000**	**348,525**	**250,000**

STRATEGIC OBJECTIVE SUMMARY				
278-002 Water Resources Management				
ESF	45,000	41,500	0	0
278-003 Reproductive and Primary Health Care				
ESF	9,000	31,700	0	0
ESF - FY 02 Supplemental	9,000	0	0	0
278-005 Broad-based Economic Growth				
ESF	96,000	174,800	0	0
ESF - FY 02 Supplemental	91,000	0	0	0
278-007 Emergency Assistance to Jordan				
ESF	0	0	0	0
ESF - Wartime Supplemental	0	700,000	0	0
278-008 Water Resources Management				
ESF	0	0	39,600	70,000
278-009 Social Sector Development and Governance				
ESF	0	0	32,850	40,000
278-010 Economic Opportunities for Jordanians				
ESF	0	0	37,550	40,000
278-011 Cash Transfer				
ESF	0	0	138,525	100,000
ESF - FY 04 Supplemental	0	0	100,000	0

Mission Director,
Anne Aarnes

Data Sheet

USAID Mission:	Jordan
Program Title:	Water Resources Management
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	278-008
Proposed FY 2004 Obligation:	$39,600,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$70,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: USAID/Jordan's water sector program will provide technical assistance, engineering services, training physical improvement and new construction to the water sector for the following: institutional strengthening, capacity building, private sector participation, training, information technology implementation, reuse of effluent, irrigation efficiency, groundwater sustainability, environmental protection, watershed protection, conservation and demand management, appropriate technology in the water sector, cost recovery and sustainability, water supply facilities, resources utilization/allocation, appropriate agriculture and wastewater treatment facilities.

All Jordanians benefit from improvements in the water sector, both through increased access to water and more transparent governance in water institutions leading to better decision-making in the water sector.

Inputs, Outputs, Activities:

FY 2004 Program:
Zara-Ma'in water supply ($27,300,000 ESF). This is part of an earlier U.S. commitment of $104 million to design, build, and operate desalination and conveyance facilities to augment water supply to Amman and tourist/commercial development areas along the Dead Sea. The contract was awarded in September 2003 and the contractor mobilized completely in November. Principal contractors: Black and Veatch Int'l and consortium (M&E, Morganti, ONDEO).

Groundwater unit strengthening ($2,500,000 ESF). Under a USG Interagency Agreement, technical assistance will be provided to establish a monitoring and enforcement unit for groundwater resources. The assistance will include training and strengthening of the Government of Jordan's (GOJ) groundwater unit, which is responsible for data collection, analysis, and policy-setting for Jordan's groundwater resources. Implementer: USGS.

Institutional strengthening ($3,000,000 ESF). This activity will implement recommendations related to management, performance standards, human resources, training and a comprehensive IT network under a five-year plan for staff at the Ministry of Water and Irrigation and at the Water Authority. Principal contractors: TBD

Support to Jordan Valley Authority (JVA) ($2,000,000 ESF). USAID will finance the procurement of water meters and technical assistance related to management and operational improvements. This activity will improve water delivery in the JVA irrigation system. Principal contractors: TBD.

Aqaba Public Company ($1,000,000 ESF). USAID will provide technical assistance to support the development of Jordan's first autonomous public company that will be responsible for all water utility functions in Aqaba. Principal contractor: Chemonics International.

Technical assistance/engineering services ($3,800,000 ESF). Activities include modifications to existing scopes of work, engineering studies for operation/maintenance, master plan updates and contracting activities. Principal contractors: TBD.

FY 2005 Program:
Small community wastewater treatment plants ($10,000,000 ESF). Two low cost/low technology wastewater treatment plants will be constructed. The local communities will be responsible for their administration, operation and maintenance, and beneficial reuse of effluent. These facilities will be the first autonomous, community managed treatment systems in Jordan. Principal contractors: TBD.

Northern governorates water network ($20,000,000 ESF). Main water transmission networks for the Mafraq, Jerash, Irbid, and Ajloun governorates will be constructed. The rehabilitation of the system will ensure reliable, adequate water supplies to approximately two million inhabitants. Principal contractors: TBD.

Tafila wastewater treatment plant expansion ($10,000,000 ESF). The existing Tafila wastewater treatment facility will be rehabilitated and expanded. The existing plant is at capacity, and the current equipment and structures need to be rehabilitated. Principal contractors: TBD.

Infrastructure construction ($15,000,000 ESF). Feasibility studies on various proposed infrastructure projects will be conducted in 2004. Projects currently under consideration range between water and wastewater activities. Projects will be selected after completion of the feasibility studies and discussions with the GOJ. Principal contractor: TBD.

Water sector IT implementation ($7,000,000 ESF). An IT network will be established to support data needs of all entities involved in the water sector - Ministry of Water and Irrigation, Water Authority of Jordan, JVA, the private sector and small communities. This activity will also fund the procurement of hardware and software, installation, training and technical support services. Principal contractors: TBD.

Engineering services/technical assistance ($8,000,000 ESF). These funds will be used for policy reform, institutional strengthening, capacity building, and other engineering studies and design work. Principal contractors: TBD.

Performance and Results: This is a new program that starts in FY 2004 but builds on the achievements of the earlier water program. USAID/Jordan will continue efforts in areas that are most critical to establishing adequate water resources for Jordan in the future: policy reform, cost recovery throughout the water sector, repair of water distribution systems, reuse of effluent, wastewater treatment facilities, public education, water-use efficiency and demand management. New activities that will be incorporated into the portfolio include groundwater management, irrigation efficiency, and economic use of water and private sector interventions, including possible Development Credit/Global Development Alliance funding mechanisms. Overall, this two-track approach to the sector not only will generate new water supplies to meet the growing demand, but also will encourage more cost-effective water use in all sectors.

US Financing in Thousands of Dollars

Jordan

278-008 Water Resources Management	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	39,600
Total Planned Fiscal Year 2004	
Obligations	39,600
Proposed Fiscal Year 2005 NOA	
Obligations	70,000
Future Obligations	250,000
Est. Total Cost	359,600

Data Sheet

USAID Mission:	Jordan
Program Title:	Social Sector Development and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	278-009
Proposed FY 2004 Obligation:	$32,850,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$40,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: This program addresses three areas:

-- Improved health status for all Jordanians through improved quality of and access to health care services and information, health policies and the health system, and through healthy lifestyles;
-- Improved education and life-skills by creating greater opportunities for youth through expanded work and life skills and through improved and expanded early childhood and secondary education; and
-- Improved governance and expanded civic participation resulting from a more effective legislature and improved transparency.

A wide range of Jordanians will be reached by USAID's activities in the social and governance sectors.

Inputs, Outputs, Activities:

FY 2004 Program:
Primary Health/Reproductive Health (RH)/Family Planning (FP) Services ($7,400,000 ESF). Quality health care services and systems will be institutionalized in the public sector. Information through training will be provided, and selected Ministry of Health (MOH) clinics and hospitals will be renovated. Principal contractor: TBD.

Private Sector FP/RH Services ($1,500,000 ESF). Technical skills and networks of private sector providers will be expanded and sustained. Increased demand for family planning and reproductive health will be generated through local NGO outreach. Principal contractor: TBD.

Primary Health Care Initiatives ($2,000,000 ESF). Quality improvements, training, management information systems will be sustained, and 200 targeted clinics will be completed and furnished. Principal contractor: Abt Associates, Inc.

Cost Recovery and Sustainability of the Jordan Association for Family Planning and Protection (JAFPP) ($2,500,000 ESF). Support will be provided to assist JAFPP achieve organizational, programmatic and financial sustainability. Reproductive and sexual health services will be improved through training and quality improvement. Principal grantee: John Snow, Inc.

Partnerships for Health Reform ($2,000,000 ESF). Funds will assist the MOH in improving health policies, strategies and systems, such as health insurance, contracting, public sector hospital decentralization, continuous medical education, and incentive systems. Principal contractor: Abt Associates, Inc.

Disease Surveillance System ($1,000,000 ESF). The disease surveillance system for infectious (including HIV/AIDS) and chronic diseases within the MOH will be expanded and institutionalized. Data systems will be strengthened to improve decision-making capabilities. Mechanism: Interagency Agreement with the Center for Disease Control (CDC).

Health Behavior Change Communication ($2,300,000 ESF). A national health communication strategy to encourage healthy lifestyles utilizing the life stages approach will be developed. National capacity building will be done. Principal cooperating agency: Johns Hopkins University.

Field Support Activities ($2,500,000 ESF). Field support mechanisms such as contraceptive supplies and security, monitoring surveys, HIV/AIDS surveillance and prevention will be used. Principal USAID/W projects: Various.

Youth and Early Childhood Education ($4,000,000 ESF). Access to quality and relevant education for youth and children will be improved. Principal contractor: TBD.

Work and Life Skills for Youth ($1,000,000 ESF). Funds will be used to enhance leadership, information technology and life skills for youth. Principal contractor: TBD.

Legislative Strengthening ($3,325,000 ESF). Parliament capacity in legislation, oversight and representation will be strengthened. The capacities of NGOs to participate in the policy making process and the reporting capacities of the press will be enhanced. Principal contractor: TBD.

Promoting Transparency ($3,325,000 ESF). Funds will be used to raise public awareness on the costs of corruption and the need for transparent processes in resource allocation and usage. Activity will engage civil society, the media, and the GOJ. Principal contractor: TBD.

FY 2005 Program:
Activities described in FY2004 will be continued and/or expanded. The funding for these activities will be as follows:

-- Primary Health/RH/FP Services ($10,500,000 ESF). Principal contractor: TBD;
-- Private Sector FP/RH Services ($2,000,000 ESF). Principal Contractor: TBD;
-- Cost Recovery and Sustainability of the JAFPP ($2,000,000 ESF). Principal grantee: John Snow, Inc.;
-- Partnerships for Health Reform ($2,500,000 ESF). Principal contractor: Abt Associates, Inc.;
-- Jordan Surveillance System ($1,500,000 ESF), Mechanism: Interagency Agreement with the Center for Disease Control (CDC);
-- Health Behavior Change Communication ($3,000,000 ESF). Principal cooperating agency: Johns Hopkins University;
-- Field Support Activities ($2,500,000 ESF). Principal contractor/grantee: TBD;
-- Youth and Early Childhood Education ($10,000,000 ESF). Principal contractor: TBD;
-- Work and Life Skills for Youth ($3,000,000 ESF). Principal contractor: TBD;
-- Legislative Strengthening ($1,500,000 ESF). Principal contractor: TBD; and
-- Promoting Transparency ($1,500,000 ESF). Principal contractor: TBD.

Performance and Results: By the end of the program in FY 2009, USAID expects to contribute significantly to a planned 20% decrease in Jordan's fertility rate (from the current 3.7 to a projected 2.9 children per family). In tandem with activities that strengthen the delivery of maternal and child health services, USAID will work to improve important health indicators, such as life expectancy, infant mortality, and morbidity - especially at the local level where health care workers interact the most with citizens. In the education sector, anticipated results include an improved curriculum, better trained teachers, and a standards and accreditation system that ensures high quality, consistent, and competitive educational opportunities for Jordan's children. In the governance sector, anticipated results include better trained Members of Parliament and key legislative staff, stronger institutional capacity of the Parliament, enhanced ability of key non-governmental organizations to engage in the policy-making process, and strengthened capacity of the press to responsibly report on issues of parliamentary process and technical issues. In the area of transparency, anticipated results include the creation of a network of anti-corruption reformists, and enhanced GOJ capability to identify and reduce corruption through technical assistance to key GOJ ministries and the Higher Media Council.

US Financing in Thousands of Dollars

Jordan

278-009 Social Sector Development and Governance	**ESF**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	32,850
Total Planned Fiscal Year 2004	
Obligations	32,850
Proposed Fiscal Year 2005 NOA	
Obligations	40,000
Future Obligations	175,000
Est. Total Cost	247,850

Data Sheet

USAID Mission:	Jordan
Program Title:	Economic Opportunities for Jordanians
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	278-010
Proposed FY 2004 Obligation:	$37,550,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$40,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2009

Summary: This program will support the following objectives: more transparent, efficient, and responsive public sector, more effective legal and regulatory reform, and increased depth of private sector growth.

All Jordanians, including the poorest of the poor, will benefit from USAID's activities in the economic growth sector.

Inputs, Outputs, Activities:

FY 2004 Program:
Jordan Achievement of Market-Friendly Initiatives and Results (AMIR 2.0) ($18,500,000 ESF). The AMIR Program is an integrated set of activities dedicated to supporting private sector-led and broad-based growth through competitiveness, productive trade and investment, and employment generation. AMIR is client-centered and demand-driven, with a total commitment to results. The principal contractors are Chemonics International as a prime contractor with a group of sub-contractors and program partners.

Aqaba Technical Assistance Support Project (ATASP) ($2,130,000 ESF). ATASP supports the creation and development of the Aqaba Special Economic Zone. The support is geared primarily toward the relevant new government authority, the Aqaba Special Economic Zone Authority. ATASP is designed to create a modern, efficient, transparent model of good governance reflecting the new legal and economic environment. The principal contractor is IBM Services Group and the contract expires January 2004.

Aqaba Zone Economic Mobilization (AZEM) ($4,000,000 ESF). The new AZEM program will build on the success of the ATASP program in Aqaba over the next two years. The development of Aqaba continues to be seen as the model for nation-wide changes by the national government and as a key to the development of Jordan's international trade capacity. Thus, this new program will help ensure that the USAID investment and subsequent success in Aqaba will yield fruit nationwide. The principal contractor is to be determined.

World Bank grant ($5,000,000 ESF). The aim of this grant is to implement the Economic Reform and Development Program. The program is executed by the Government of Jordan (GOJ) and funds consultants, goods, and operating expenditures supportive of the GOJ's privatization program.

Jordan-United States Business Partnership (JUSBP) ($5,000,000 ESF). JUSBP concentrates directly on expanding Jordanian exports to the US via the Free Trade Agreement (FTA). The activity seeks export "success stories" to illustrate the tangible benefits of the FTA. The principal contractor is the International Executive Services Corps (IESC).

Other institutional and technical support activities ($2,920,000 ESF). The major objective of these activities is to increase citizen participation and expand the benefits of economic growth among a wider range of Jordanians. These activities include the Jordan National Competitiveness Team, Emerging Markets Development Program, Economic Opportunities for Jordanians Youth Program, Royal Society for

the Conservation of Nature, an endowment for the American Center for Oriental Research, and the Jordan Poverty Alleviation Program. Principal contractors and grantees include the Ministry of Planning, Chemonics International, Save the Children, and Nathan Associates.

FY 2005 Program:
Activities described in FY2004 will be continued and/or expanded. The funding for these activities will be as follows:

-- Jordan Achievement of Market-Friendly Initiatives and Results Program (AMIR 2.0) ($17,000,000 ESF). Principal Contractor: Chemonics International as a prime contractor with a group of sub-contractors and program partners;
-- Aqaba Zone Economic Mobilization (AZEM) ($6,000,000 ESF). Contractor: To be determined;
-- World Bank grant ($5,750,000 ESF). Principal contractor: The World Bank;
-- Jordan-United States Business Partnership ($3,500,000 ESF). Principal contractor: IESC;
-- Institutional and Technical Support Activities ($2,050,000 ESF). This effort encompasses the Jordan National Competitiveness Team, the Emerging Markets Development Program, Economic Opportunities for Jordanian Youth Program. Principal contractors and grantees: Ministry of Planning, Chemonics International, Save the Children, and Nathan Associates; and
-- Competitiveness and Trade ($5,700,000 ESF). Funds will be used to provide a comprehensive approach to private sector-led growth in Jordan. Principal contractor: TBD

Performance and Results: Anticipated results in the public sector include a more responsive and customer-oriented public sector, an updated commercial legal framework, stronger enforcement of commercial regulations, and increased advocacy ability of business associations and non-governmental organizations. In the area of more effective legal and regulatory reform, anticipated results include improved and sustained policy reform, increased financial modernization, more integrated framework promoting trade competitiveness, restructured foreign and domestic investment regulatory system. Finally, anticipated results in the private sector arena include enhanced capabilities of the Jordanian workforce, more competitive productive sectors, increased capacity of firms to capitalize from the trade agreements, modernized financial and capital markets, stronger entrepreneurial culture in Jordan, privatized state-owned enterprises, and greater rural participation in economic growth.

US Financing in Thousands of Dollars

Jordan

278-010 Economic Opportunities for Jordanians	**ESF**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	37,550
Total Planned Fiscal Year 2004	
Obligations	37,550
Proposed Fiscal Year 2005 NOA	
Obligations	40,000
Future Obligations	175,000
Est. Total Cost	252,550

Data Sheet

USAID Mission:	Jordan
Program Title:	Cash Transfer
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	278-011
Proposed FY 2004 Obligation:	$238,525,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$100,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: ESF resources are funding a cross cutting program that includes:

-- Balance of payments support;
-- Reduction of Jordan's external debt burden; and
-- Improved economic, health, water, social and democratic laws, regulations and initiatives that advance Jordan's reform agenda.

Inputs, Outputs, Activities:

FY 2004 Program:
Cash transfer program ($238,525,000 ESF). This program is a policy-based balance of payments activity. Disbursement is conditioned on economic, water, health and population policy reforms.

FY 2005 Program:
Cash transfer program ($100,000,000 ESF). This program will continue and expand the policy-based balance of payments activity. As in previous years, disbursement will be conditioned on economic, water, health and population policy reforms.

Performance and Results: The cash transfer local currency will help achieve the objectives of the Government of Jordan's Program for Social and Economic Transformation and support other development priorities mutually programmed with USAID.

US Financing in Thousands of Dollars

Jordan

278-011 Cash Transfer	**ESF**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	238,525
Total Planned Fiscal Year 2004	
Obligations	238,525
Proposed Fiscal Year 2005 NOA	
Obligations	100,000
Future Obligations	100,000
Est. Total Cost	438,525

Lebanon

The Development Challenge: This year witnessed significant events taking place in the region that have had a tremendous impact on Lebanon. The Iraqi war and increased violence in West Bank/Gaza as well as worldwide terrorist actions have created an atmosphere of tension. The Iraqi market was an important market for Lebanese industrialists. Losing this avenue has added to the economic stagnation felt here. Internally, the security situation near the southern borders with Israel remained guardedly quiet, with only scattered clashes and disruptions. Politically, tensions continue to mount in the run up to the 2004 presidential elections. The divisiveness that is inherent in Lebanon's confessional system of government contributes to neighboring Syria's continued ability to intervene in the political affairs of the country. As a result, the economic situation in Lebanon continues to be unfavorable, leading to widening disparities between the rich and the poor, increased rates of unemployment (around 20%), and weak marketing of industrial and agricultural products. The countries external debt has reached $32.6 billion and has forced the government to dedicate approximately 70% of its public revenues to service the public debt instead of financing public services. The environment in Lebanon is in a deteriorating state due to years of neglect. Perspectives on environmental protection and preservation have not progressed. This has resulted in polluted air, soil, rivers, and beaches, open dumping, and lack of control on industrial emissions. This is coupled with a lack of government investment in remedies. As a response to the challenges facing the country, the USAID program is helping the people of Lebanon improve their standard of living, protect their environment and health, and address their legal rights as citizens. It is also promoting humanitarian assistance.

USAID's key strengths are its flexibility and technical know how. Over the years, USAID has built a reputation as one of the most active donors in Lebanon and is viewed by many as having one of the more responsive and targeted programs, though far from the largest. The Mission attributes this to following:

-- Promotion of equitable and sustainable development in Lebanon over the long-term;
-- Programs that are demand driven and focus on the average citizen;
-- Highly skilled and experienced group of partners (NGOs, foundations, universities, and business associations) capable of operating effectively at high government levels as well as at the community level; and
-- Procedures that demonstrate efficiency by channeling funding directly to implementing partners in contrast with other donors.

USAID is contributing to the USG policy priorities of promoting democratic principles and free economies through investing in people. The program is increasing the capacity of the Lebanese people by strengthening their local institutions, providing them with economic opportunities, and improving their environment.

The USAID Program: The USAID/Lebanon programs address the economic, political and environmental challenges the country is facing. They concentrate on improving living standards by revitalizing and expanding economic opportunities for small entrepreneurs and disadvantaged, mine-affected people, encouraging trade and investment with WTO accession, strengthening American educational institutions, and building the capacities of indigenous groups. Also they aim to improve environmental policies and practices by developing appropriate waste management practices, creating environmental awareness, and promoting water sector restructuring and efficient water management. Finally, USAID continues to encourage good governance and transparent practices by strengthening municipalities all over Lebanon and providing assistance to civil society groups' advocacy programs. As a cross-cutting theme, USAID will continue to increase awareness of landmine-affected areas and prevention practices.

In the coming year, the Middle East Partnership Initiative (MEPI), managed by the Department of State, is proposing to conduct a review of the entire USAID program to ensure that the planned programs in the area of economic, political and education reform are aligned with the policy objectives of MEPI. To date MEPI has included Lebanon in regional MEPI programs but does not have any specific bilateral programs in the country.

Other Program Elements: Lebanon has been included in regional MEPI programs. It also benefits from the Leahy War Victims Fund for a number of mine action activities, chief of which is a "resource cooperative" aimed at creating economic opportunities for mine-injured survivors and their families in the southern district of Jizzine, Lebanon's most heavily-mined and casualty afflicted area.

Other Donors: Donor coordination in Lebanon is active, with bi-monthly meetings devoted to addressing common issues and providing an opportunity for each donor to present its program. The most recent UNDP reports list Arab countries as the main source of Lebanon's external funding, led by the Kuwait Fund for Arab Economic Development (transport infrastructure); the Arab Fund for Economic and Social Development (human resource development, energy); the United Arab Emirates (demining); Saudi Arabia (infrastructure, social services); and the Islamic Development Bank (infrastructure). Also active are the World Bank (broad-based development); the EU (training and capacity building, administrative development, rural development, trade); France (technical cooperation, water and waste water, training); UN organizations (broad-based development); Italy (agriculture, infrastructure, water and waste water), Canada (development administration, economic management), and Norway (technical cooperation, social services, mine awareness). Most of the funding comes in the form of loans or soft loans that are channeled to the Council of Development and Reconstruction and approved by the Council of Ministers in contrast to the USAID assistance, which is totally channeled to the NGO community and the private sector in the form of grants. USAID assistance, ranking approximately 10th in resources, is among the top three donors in aggregate spending. USAID's main donor partners are the World Bank, the EU, Italy and UNDP for rural development, agriculture and environment; the EU, Italy and UNDP for administrative reform and municipal development; the EU for trade (Euro-Med and WTO agreements); and the French Development Agency for water resources management.

Lebanon
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Development Assistance	600	0	400	0
Economic Support Fund	35,000	34,772	34,794	32,000
Total Program Funds	**35,600**	**34,772**	**35,194**	**32,000**

STRATEGIC OBJECTIVE SUMMARY				
268-001 Economic Development				
DA	0	0	400	0
ESF	23,000	26,272	18,794	20,000
268-002 Promoting Democracy and Good Governance				
ESF	7,000	5,000	4,000	7,000
268-005 Improved Environmental Policies and Practices				
DA	600	0	0	0
ESF	5,000	3,500	12,000	5,000

Mission Director,
Raouf Youssef

Data Sheet

USAID Mission:	Lebanon
Program Title:	Economic Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	268-001
Proposed FY 2004 Obligation:	$400,000 DA; $18,794,000 ESF
Prior Year Unobligated:	$1,372,000 ESF
Proposed FY 2005 Obligation:	$20,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2005

Summary: This program focuses on revitalizing Lebanon's economy and society which suffer from social disruption, and economic stagnation caused by a complex, dynamic and divisive web of political, confessional, cultural and regional interests. The program aims to rebuild the lives of rural Lebanese by targeting three key growth-oriented sectors that comprise 35% of Lebanon's GDP, namely agro-industry, information and communication technology (ICT) and tourism. The goal is to create jobs, increase full time employment, increase agricultural exports, improve the incomes and productivity of small business entrepreneurs and farmers, and increase the number of tourists and internet users. USAID is also helping Lebanon accede to the World Trade Organization (WTO) in order to encourage greater trade and investment and broad-based reform. USAID's program is helping landmine survivors have access to job opportunities as well as strengthening the American educational institutions by supporting their scholarship programs. Finally, it is providing humanitarian and economic assistance to indigenous groups by providing them with small grants to upgrade their administrative capacities and capabilities to continue serving the deprived and the needy in Lebanon.

Inputs, Outputs, Activities:

FY 2004 Program:
USAID/Lebanon plans to carry out the following activities:

-- Production and Marketing in Agriculture and Agri-business ($9,000,000 ESF). Activities will focus on introducing new techniques in forage plantations (harvesting and packaging); supporting the flower industry (constructing a cooling facility), banana production (procuring packing unit for marketing), dairy industry (providing laboratory equipment), organic production (training and technical assistance to farmers), the cottage industries (rehabilitating women's food processing cooperative centers), the olive oil industry (marketing); and introducing the new herbs and spices industry. The prime implementing partners are the Cooperative Housing Foundation (CHF), Young Men's Christian Association (YMCA), World Vision, SRI International and Mercy Corps International (MCI). In addition, sub-contractors and sub-grantees include the Rene Moawad Foundation (RMF), the Hariri Foundation, Association d'Aide au Development Rural (ADR), the Lebanese Agriculture Research Institute (LARI), and the School of Agriculture at the American University of Beirut (AUB).
-- Tourism ($3,000,000 ESF). USAID will fund construction and rehabilitation of tourist attractions in South Lebanon, including an agro-tourism park, a recreational center, World War II Interactive Museum, Dardara Lake tourist attraction, trekking on Mount Hermon, and an historic market. USAID funds will continue to be used to produce promotional materials, further develop an established tourism website, and produce road signs and markers, and other promotional activities to attract tourists. The target is to increase the number of tourists from 700,000 in FY 2003 to 900,000 in FY 2004. The implementing partners are CHF, YMCA, World Vision, SRI International and MCI.
-- ICT ($2,000,000 ESF). These funds will be used to establish an additional nine Professional Computer Association Points of Presence centers and to promote local ICT industry exports to achieve 10% growth in the sector. The implementing partners are CHF, YMCA, World Vision, SRI International and MCI.

-- Scholarships for American Educational Institutions ($4,000,000 ESF). The scholarships will go to five institutions: the American University of Beirut (AUB), the Lebanese American University (LAU), the International College (IC), and the American Community School (ACS). Prior Year Funds will be distributed to AUB, LAU IC and ACS only.
-- Indigenous NGOs ($794,000 ESF, $272,000 Prior Year Unobligated ESF). These funds will be used to support indigenous NGOs' humanitarian and income generating activities.
-- Mine Action Program ($400,000 DA). These funds will be used for ongoing activities, including mine awareness, landmines victims' impact survey, and victims' assistance. This program has become a model for demonstrating an effective and viable approach to addressing the needs of landmines survivors and disadvantaged people.

Other Activities ($1,100,000 ESF Prior Year Unobligated). Section 1224 of the Foreign Relations Authorization Act of FY 2003 restricts the use of $10 million in FY 2003 ESF for Lebanon. Should the FY 2003 funds become available before the end of FY 2004, their effective date of expiration, a portion of these funds ($1.1 million) would be allocated to the American Education Institutions (AEI's) in Lebanon, consistent with the spirit of the language on AEIs in Lebanon contained in the Conference Report on Foreign Operations, Export Financing, and Related Programs Appropriations Act Fiscal Year 2003.

FY 2005 Program:
-- Production and Marketing in Agriculture and Agri-business ($11,00,000 ESF). USAID plans to continue support to the agro-business sector.
-- Tourism ($2,500,000 ESF). USAID will continue to fund tourism activities to boost visitors and economic growth.
-- ICT ($1,500,000 ESF). USAID will continue support for this important sector of the economy.
-- Scholarships for American Educational Institutions ($4,000,000 ESF). USAID plans to continue its support of the American educational institutions.
-- Indigenous NGOs ($500,000 ESF). These funds will be used to continue assisting local humanitarian organizations.
-- Mine Action Program ($500,000 ESF). Even though the Mine Action Program agreement ends in FY 2004, USAID plans to continue supporting mine action in Lebanon, as the USAID-funded mine action program is the only continuous, stable and efficient program currently in existence. The activity will continue its focus on prevention from landmine injury and support to landmine victims; however, no concrete program activities have been developed as yet.

Performance and Results: The initiation of the activities under the agribusiness, tourism and ICT sectors during FY 2003 has created a positive impact on the economy. Target beneficiaries have included farmers, restaurant owners, hotels, food and dairy processors as well as information technology companies, both locally and internationally. Linkages were established between farmers and processors, thus providing better open market opportunities for all. European governments and private U.S. foundations (e.g. Microsoft and Cisco Systems) have been keen on partnering with USAID and its partner NGOs, to such an extent that they have injected funds in support of USAID activities in order to expand the program to new geographical areas throughout Lebanon.

The victims' assistance activity under the Mine Action Program succeeded in initiating, sustaining, and expanding income generating programs and activities targeting more than 625 primary beneficiaries, cooperative members and their dependents. By the end of 2004, it is expected that landmine victims will each be generating additional income worth $210 from the different trade and income generating activities they are involved in. The mine awareness program and data gathering campaign have resulted in a decrease in the frequency of landmine injuries from 90 in 2001 to 27 in 2003.

US Financing in Thousands of Dollars

Lebanon

268-001 Economic Development	DA	ESF
Through September 30, 2002		
Obligations	800	59,897
Expenditures	500	55,426
Unliquidated	300	4,471
Fiscal Year 2003		
Obligations	50	39,000
Expenditures	50	14,704
Through September 30, 2003		
Obligations	850	98,897
Expenditures	550	70,130
Unliquidated	300	28,767
Prior Year Unobligated Funds		
Obligations	0	1,372
Planned Fiscal Year 2004 NOA		
Obligations	400	18,794
Total Planned Fiscal Year 2004		
Obligations	400	20,166
Proposed Fiscal Year 2005 NOA		
Obligations	0	20,000
Future Obligations	0	30,000
Est. Total Cost	1,250	169,063

Data Sheet

USAID Mission:	Lebanon
Program Title:	Promoting Democracy and Good Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	268-002
Proposed FY 2004 Obligation:	$4,000,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$7,000,000 ESF
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2005

Summary: Strengthening foundations for good governance is a program that empowers and strengthens the Lebanese local government (municipalities), the parliament, the oversight agencies, and civil society. It improves the delivery of local governmental services to citizens and municipalities, thereby enhancing the democratic nature of Lebanon's overall political system. The assistance focuses on improving administrative and financial capabilities, expanding social services, encouraging public participation, and increasing accountability, transparency, and effectiveness.

Inputs, Outputs, Activities:

FY 2004 Program:
Transparent and Accountable Government Institutions ($3,000,000 ESF). The cumulative $17 million in investments since 2001 have built on the achievements gained from previous activities by targeting all 750 municipalities in Lebanon as well as parliament and the three oversight agencies: the Court of Audit, the Civil Service Board, and the Central Inspection Board. The program is carried out with the Ministry of Interior and Municipal Affairs. Its goal is to bring "excellence in government" to all of Lebanon's municipalities, as opposed to the initial assistance targeting rural small-sized municipalities and one urban medium-sized municipality. This dynamic partnership has yielded powerful innovations that highlight good governance, progressive administrative reform, responsive e-government, genuine citizen participation, and a new awareness of what municipalities are all about.

Funds will provide technical assistance to the remaining 175 municipalities in Lebanon. This assistance will focus on strengthening municipal administrative and financial capacity, curbing the spread of corruption, and enhancing citizen participation in decision-making processes. Thus, the assistance will eventually result in the elimination of tax evasion and thorough implementation of administrative responsibilities to bring previously un-enforced tax laws to light and add millions of dollars in recovered revenue. Assistance to the parliament and oversight agencies should continue to yield updated decentralization laws and enhanced cooperation between the various governmental institutions, thereby, encouraging democratic policies and practices. The implementing partner is the State University of New York Center for Legislative Development (SUNY-CLD).

Transparency and Accountability Grants (TAG) ($900,000 ESF). This activity strengthens anti-corruption efforts in sectors all over the country. Grants up to $25,000 are awarded for projects that plan short-term, impact-oriented activities that increase transparency, accountability and good governance. TAG results show that local Lebanese civic organizations and leaders are willing to work hard and creatively to address corruption throughout Lebanese society and in diverse sectors. In FY 2003, $300,000 in Middle East Partnership Initiative (MEPI) funds were added to the project to support an additional $200,000 in local grants in Lebanon as well as $100,000 in initial programming in the Middle East and North Africa region. The implementing partner is America-Mideast Education and Training Services (AMIDEAST).

Professional Training Program (PTP) ($100,000 ESF). The PTP complements USAID's three strategic objectives in Lebanon and is a useful and targeted vehicle to deliver appropriate professional training to relevant public and private sector participants.

FY 2005 Program:
Transparent and Accountable Government Institutions ($6,000,000 ESF). The current agreement to strengthen municipal administrative and financial capacities, curb the spread of corruption, and enhance citizen participation in decision-making processes, expires in May 2004. However, USAID will continue to play a role in reducing the rampant corruption that reached a zenith during the postwar construction phase. Future projects in 2005, might focus on directing the investment of municipal revenues into cultural/social/economic activities, qualifying municipal federations to implement fiscal and administrative planning, implementing e-government, training new municipal council members to meet their responsibilities as assigned by the new municipal law when passed, and twining cities with the U.S. to exchange expertise. Implementing partner: TBD.

Transparency and Accountability Grants (TAG) ($900,000 ESF). TAG has helped to create an informal network of civic organizations willing and able to address transparency and accountability within their own spheres of influence and experience. It is important to build upon this resource, which provides a wealth of experience and facilitates development of a longer-term strategy and more efficient implementation. The implementing partner is AMIDEAST.

Professional Training Program ($100,000 ESF). These funds will enable the Mission to achieve its human resource development and training objectives for public and private sector officials in Lebanon.

Performance and Results: Results from these programs over the past year were significant. The technical assistance provided municipalities with simplified municipal administrative procedures, standardized municipal budget revenue and expenditures. It also utilized information technology, allowing municipalities to provide services to their citizens in a transparent, efficient, and accountable manner. As a result of the assistance, municipal revenues have increased dramatically, furnishing local government with much-needed funds to provide services and infrastructure to the community. For example, collections of rental value taxes in Beirut Municipality increased from $21.6 million in 2001 to $29.0 million in 2003 and in Zahle from $2.2 million in 2001 to $3.4 million in 2003, marking an increase of 60% in assessed revenues. A major milestone for implementing local fiscal policy, the Ministry of Interior and Municipalities issued two orders mandating all municipalities to use the standardized procedures and processes developed by SUNY/CLD. To date, approximately 70% of the more than 575 assisted municipalities are generating non-modifiable electronic taxpayer lists, and at least 50% of expected revenue is being collected.

USAID's TAG activity was the first of its kind in Lebanon. The program's unique focus and ability to mobilize civil society organizations (CSOs) to launch activities that enhance transparency and accountability in Lebanon was innovative. Highlights of the project's outputs include the development of a board game called "Corruption;" an art contest for youth on "Transparency and Accountability;" development of a training manual on legal and auditing requirements for NGOs; raising awareness about women's rights; the creation of an electronic magazine; an integrated information system for citizen use at the Ministry of the Environment; improving the process for export certificates of origin; creation of manuals on student rights and responsibilities and distribution to 70 schools in south Lebanon covering 33,000 students; and a web site and conference examining current government privatization efforts. All of these projects have helped to enhance democratic practices and citizen rights and responsibilities.

The PTP program has been a useful and targeted vehicle to deliver training to participants from all sectors of Lebanese society. In FY 2003, 62 trainees attended eight training programs in the United States, Lebanon and Dubai. It is clear that a demand for training still exists, and the PTP program will continue to be an important tool in achieving USAID Mission objectives in the training sector.

US Financing in Thousands of Dollars

Lebanon

268-002 Promoting Democracy and Good Governance	**ESF**
Through September 30, 2002	
Obligations	8,665
Expenditures	7,832
Unliquidated	833
Fiscal Year 2003	
Obligations	12,300
Expenditures	5,323
Through September 30, 2003	
Obligations	20,965
Expenditures	13,155
Unliquidated	7,810
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	4,000
Total Planned Fiscal Year 2004	
Obligations	4,000
Proposed Fiscal Year 2005 NOA	
Obligations	7,000
Future Obligations	10,000
Est. Total Cost	41,965

Data Sheet

USAID Mission:	Lebanon
Program Title:	Improved Environmental Policies and Practices
Pillar:	Global Health
Strategic Objective:	268-005
Proposed FY 2004 Obligation:	$12,000,000 ESF
Prior Year Unobligated:	$9,050,000 ESF
Proposed FY 2005 Obligation:	$5,000,000 ESF
Year of Initial Obligation:	FY 2003
Year of Final Obligation:	FY 2005

Summary: This program aims to change the behavior and thinking of the Lebanese towards the environment by advocating policy reform and demonstrating environmentally sound and appropriate solutions to environmental problems at national and local levels. Activities will capitalize on the initial success of and heightened demand for environmental conservation and health activities and will build upon the nascent water policy program involving activities in collaborative water management and water pricing policies. Focusing on these areas, USAID is filling critical gaps that neither the Government of Lebanon (GOL) nor other donors are addressing. Specifically, this program is helping rural communities create healthier, environmentally friendly living conditions, and aiding the private sector and the GOL in assessing and managing water resources more efficiently.

Inputs, Outputs, Activities:

FY 2004 Program:
Waste Management Program ($3,500,000 ESF in south Lebanon, $2,000,000 ESF Nationally). These funds will be used to continue and expand the waste management program that adopts appropriate and affordable waste disposal technologies in 188 communities. In many rural municipalities, these activities have emerged as the most viable alternative to large-scale and costly infrastructure schemes. USAID activities continue to provide cost effective, environmentally sound and appropriate solutions to solid waste and wastewater disposal problems facing rural communities. Technologies adopted rely on solid waste composting and recycling or aerobic and/or anaerobic treatment of wastewater and olive waste. Construction of waste management facilities will be accompanied with activities to strengthen the management capabilities of the beneficiary municipalities and raise general awareness on sorting of waste at the source. This would improve quality of the end product and ensure the commitment of the community and municipalities towards the sustainable operation of the facilities. As the program started late in FY 2003, the first year results will begin to materialize in FY 2004. Consequently, results of FY 2004 funds will materialize in FY 2005 when 16 municipalities will have treatment facilities that are operating effectively and preventing the pollution of more than 800 hectares of cultivable land. Four U.S. NGOs implement this activity: Young Men's Christian Association, Cooperative Housing Foundation, Mercy Corps International, and the Catholic Near East Welfare Association/Pontifical Mission.

Water Projects Program ($5,000,000 ESF in south Lebanon). In the short term, activties will include wastewater treatment facilities. USAID also plans to support activities that will target the reduction of waste disposal in the Litani River. Additional activities will be proposed once the Water Quality Assessment of the Upper Litani River and Lake Qaraoun is completed.

Water Policy Program ($1,500,000 ESF). This program will continue to build a knowledge base and promote a common vision for policy makers on private sector participation (PSP) in the water sector and in strengthening the South Lebanon Water Establishment. Planned activities include three study tours; two seminars; and 200 professional meetings and consultations on PSP issues. The program will also develop training materials and workshops on collaborative planning in water management and negotiation skills among stakeholders. It is estimated that around 50 people (40 males and 10 females) will be

trained. In addition, the program will examine national water pricing policies using the tools that were developed for the South Lebanon Water Establishment (SLWE), and will continue working on developing a national tariff strategy. At the regional level, the program will conduct data validation of the South Lebanon hydraulic analysis conducted in FY 2003. This will help the SLWE identify investment requirements and develop an action plan for improving the water systems. Also the business plan and the organizational chart developed for the SLWE in FY 2003 will be refined to help determine the pricing policies of water services by evaluating different tariff options and assessing and proposing scenarios for restructuring tariffs. The pilot activities conducted for the SLWE have started drawing the interest of other water establishments. In FY 2004, the program will be able to provide options for public/private participation in the SLWE and develop a water services pricing model for the South. The implementing partner is Development Alternatives, Inc.

Tariff Pricing Contract ($150,000 ESF Prior Year Unobligated). DAI will develop a tariff pricing structure for the Water Authority for the city of Saida located in southern Lebanon.

Other Activities ($8,900,000 ESF Prior Year Unobligated). Section 1224 of the Foreign Relations Authorization Act of FY2003 restricts the use of $10 million in FY 2003 ESF for Lebanon. Should the FY 2003 funds become available before the end of FY 2004, their effective date of expiration, $8.9 million of these funds would be allocated for water projects in southern Lebanon.

FY 2005 Program:
Waste management program ($5,000,000 ESF). Around 34 facilities are targeted to be completed and operating by the end of FY 2005, leading to a 56% improvement in citizens' behavior and understanding of the environment. Also more than 16,000 cubic meters of water will be treated, thereby preventing the further pollution of more than 1,700 hectares of previously polluted land. It is estimated that by the end of 2005 or early 2006, municipalities will be able to generate an income of around $34,000 per year from reuse sales of solid waste facilities.

The contract ends in September 2004. The program's performance in FY 2004 will directly impact the future direction of the Lebanon Water Policy Program. However, USAID plans to continue working in the sector of water resources management.

Performance and Results: The waste management program is still in its preparation stage, whereby environmental impact assessments and community mobilization and community awareness activities are underway. This program is filling a gap that neither the private sector nor the government is filling. In addition to the geographic areas selected, USAID is still receiving huge demands for treatment facilities in other areas. It is expected that by the end of this program, 37 facilities will be operating, benefiting 188 villages and creating training-linked jobs for 109 people. In addition, an increase of 69% in people's understanding and behavior towards their environment is expected. It is estimated that by the end of 2004, 16 facilities will be completed and ready for operation.

During its first year of operations, the Water Policy Program made significant changes at the national and regional levels. Nationally, the issue of water sector privatization was still largely unknown until the program was launched, drawing the interest of major stakeholders and decision makers on the subject of water tariff strategy and private sector participation in the water sector. Regionally, the South Lebanon Water Establishment (using USAID assistance) has developed into the only water management entity in Lebanon with a clear vision and strategy and is in a position to identify the requirements needed for running an efficient operation. After the first two years, the water policy program anticipates that Lebanon will have developed a consensus on the direction of water sector reform and public private participation. Consensus also should be reached on the general tariff strategy encouraging equitable and efficient use of water enabling broader participation by private operators. The South Lebanon Water Establishment will have adopted the business plan and gotten official approval for the new organizational chart that will enable it to operate more efficiently. It is expected that by the end of FY 2005, the level of unaccounted for water will decrease from 56% to 44%.

US Financing in Thousands of Dollars

Lebanon

268-005 Improved Environmental Policies and Practices	DA	ESF
Through September 30, 2002		
Obligations	2,703	10,154
Expenditures	1,173	8,121
Unliquidated	1,530	2,033
Fiscal Year 2003		
Obligations	0	8,350
Expenditures	702	2,451
Through September 30, 2003		
Obligations	2,703	18,504
Expenditures	1,875	10,572
Unliquidated	828	7,932
Prior Year Unobligated Funds		
Obligations	0	9,050
Planned Fiscal Year 2004 NOA		
Obligations	0	12,000
Total Planned Fiscal Year 2004		
Obligations	0	21,050
Proposed Fiscal Year 2005 NOA		
Obligations	0	5,000
Future Obligations	0	10,000
Est. Total Cost	2,703	54,554

Morocco

The Development Challenge: Morocco is a middle-income country with the human and social development levels of a low-income country. Per capita income is nearly $1,200, while social indicators rank among the lowest in the region. Approximately 48% of adults aged 15 and above were illiterate in 2000, placing Morocco 20th among the 22 Arab League countries (surpassing only Mauritania and Yemen). Women are particularly affected, with a female illiteracy rate of 62%, and higher in rural areas.

Despite macroeconomic stability, the hopes of large segments of the population striving for better living conditions remain unmet. Job creation has not kept pace with rapid growth in the labor force. While there have been some improvements since 2001, nearly 20% of the urban labor force was unemployed in 2002. Progress made in the early 1990s in poverty alleviation has been lost, and approximately 19% of the total population remains below the absolute poverty line (about one dollar per day). Two-thirds of the poor live in rural areas (3.5 million, or more than 10% of the population). Moreover, about 55% of the rural population and 33% of the urban population were considered "economically vulnerable" in 2003.

Rural poverty is the result of adverse climatic conditions, primarily an increase in the frequency of droughts over the past 35 years. Rural poverty is further aggravated by government policies that prevent rapid modernization of the rural economy, diversification out of cereal production, and efficient use of scarce water resources. Migration from rural to urban areas further exacerbates urban problems.

In 2003, with the appointment of a new government headed by a business-oriented, non-partisan prime minister, the economic reform agenda began to move. Under the new government, adoption of long-needed reforms, such as the labor code and the insurance code, has begun.

Politically, Morocco is being transformed from a highly centralized government to a system that promotes stability through democratization, local participation and decentralization. King Mohammed VI and his advisors recognize the clear message that came out of the most recent elections: political reforms must be accelerated and deepened. Morocco requires a more flexible, competitive, and transparent political order that creates tangible improvements in people's lives, and yet at the same time does not provide an opportunity for extremists to destabilize the country. The September 2003 municipal elections, coming one year after the first fair and transparent elections of parliamentary representatives, confirmed the engagement of the government in the democratization process. Moreover, Morocco is on the eve of a major change in gender relations with the coming declaration of a new family code (moudawana), which will put Morocco in the vanguard of Arab countries in terms of women's legal rights.

The U.S. Government's highest economic priority in Morocco is the negotiation, conclusion, and implementation of the U.S.-Morocco Free Trade Agreement (FTA). The FTA offers an opportunity to accelerate the major economic reforms and restructuring that will attract investment, open global markets, and create jobs. Besides promoting broader economic development in the context of the FTA, the United States will also support programs in basic education and democratization. President Bush's specific references to Morocco in his May 9, 2003 speech underscore the importance and visibility of these initiatives for Morocco.

The USAID Program: The goal of USAID's strategy for Morocco is to support the overarching U.S. foreign policy interests in Morocco: promoting regional stability, economic development, and democratic values and combating international terrorism.

USAID activities support the Government of Morocco's goal of providing jobs, opportunities, and political stability through the promotion of free trade, education and workforce development and a government that responds to the needs of the people.

Other Program Elements: USAID manages a number of activities funded by the Middle East Partnership Initiative (MEPI), including:
-- a girls' scholarship program that provides safe housing for rural girls to attend middle school;
-- training for local political parties and newly elected parliamentary members;

-- technical assistance to improve women's legal rights;
-- a women's literacy program;
-- work with civil society;
-- microcredit programs for small businesses; and
-- activities to help Morocco negotiate and implement a free trade agreement with the U.S.

Other Donors: General trends in official development assistance (ODA) show a decrease in assistance levels since the early 1990s. After a peak at about $1.2 billion in 1992, net ODA disbursements decreased progressively to approximately $336 million in 2002. With disbursements of about $302 million over the 2000-2002 period, France maintained a leading position, far ahead of Germany ($65 million), Spain ($38 million) and the United States ($33 million).

Bilateral donor assistance focuses on infrastructure development, distribution and management of water resources, and workforce training. Loans provided by the European Union (largest multilateral donor over the 2000-2002 period) and the World Bank are dominated by large policy reform programs in multiple sectors, including public administration, housing, water and sanitation, transportation, health, education, financial and legal sectors. The multilateral donors also provide resources for developing the private sector and strengthening the workforce.

USAID's activities will focus on critical areas, consistent with the Government of Morocco's priorities, which either complement or are not addressed by other donors and in which USAID has an established comparative advantage.

Morocco
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	4,600	0	0	0
Development Assistance	5,766	6,644	5,400	6,000
Economic Support Fund	0	0	0	20,000
Total Program Funds	**10,366**	**6,644**	**5,400**	**26,000**

STRATEGIC OBJECTIVE SUMMARY				
608-005 Expanded Business Opportunities				
DA	2,038	2,891	0	0
608-006 Environment for Sustainable Development				
DA	2,300	2,225	0	0
608-007				
CSH	4,600	0	0	0
608-008 Keeping Girls in School				
DA	1,428	1,528	0	0
608-011 Free Trade Agreement Support				
DA	0	0	3,400	4,000
ESF	0	0	0	4,000
608-012 Education for a better future				
DA	0	0	2,000	2,000
ESF	0	0	0	12,000
608-013 Improved Government Responsiveness to Citizens				
ESF	0	0	0	4,000

Mission Director,
James Bednar

Data Sheet

USAID Mission:	Morocco
Program Title:	Free Trade Agreement Support
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-011
Proposed FY 2004 Obligation:	$3,400,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,000,000 DA; $4,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: These programs will help Morocco respond to the challenges and opportunities of the Free Trade Agreement (FTA) with the United States by creating jobs and investment opportunities in high value-added products, agribusiness, rural tourism and other sectors to help offset anticipated losses from reduced protection for domestic cereal grains and meat production. The program will create jobs and investment opportunities by increasing agricultural diversity and agribusiness potential, fostering the development of non-farm alternatives, and improving the general environment for business and investment through improved governance.

Inputs, Outputs, Activities:

FY 2004 Program:
Increased productivity in irrigated agriculture and agribusiness ($1,000,000 DA). USAID will increase rural incomes by providing technical assistance to the public and private sectors to move the agriculture sector towards the cultivation of higher value-added crops. Activities include:

-- Training private sector agribusinesses and associations in identifying new market prospects and product development opportunities;
-- Assisting Moroccan exporters in meeting sanitary and phytosanitary standards and conforming to organic labeling norms under the FTA;
-- Working with the Ministry of Agriculture to make water allocation policy decisions based on the economic demand of water and its opportunity cost;
-- Helping improve water delivery when and where it is needed by farmers by developing better and more timely systems for providing information on water supply within irrigation systems. This assistance will be targeted primarily at the national level, but its application will be targeted to selected irrigated perimeters where cereal grains are grown; and
-- Encouraging investment in more efficient on-farm irrigation, such as drip irrigation, by assisting members of water user associations who own small farms.

New business opportunities, especially in rural areas and regional market centers ($1,000,000 DA). USAID will help Moroccans develop new, non-farm business opportunities to offset potential losses in the agriculture sector resulting from the FTA. USAID will work through business associations and related clusters to assure maximum impact. Activities include:

-- Conducting market research and launching promotional activities in collaboration with local business services providers, including associations and private consulting firms; and
-- Expanding labor-intensive manufacturing and service sectors, including tourism, to provide more jobs.

Improved business environment ($1,400,000 DA). USAID will help improve governance to meet the opportunities and challenges of free trade. The program will foster an improved business environment by promoting simpler and more transparent investment procedures, enhancing the transparency of economic

and corporate governance, and improving access to financing options by small businesses. Activities will include:

-- Assisting national and regional authorities in marketing the country and specific regions as primary investment locations and creating public-private partnerships that address regional constraints to investment and growth;
-- Enhancing transparency for investors by assisting national level authorities to update existing laws and procedures and by improving legal and judicial practice in key commercial law areas;
-- Improving legal enforcement of FTA-related requirements, including intellectual property rights, by providing expertise to national authorities;
-- Reducing the systemic risk of small business lending by helping to update laws, regulations, and business lending practices; and
-- Helping the rural population respond to agricultural restructuring by developing new business and financial opportunities and services.

FY 2005 Program:
USAID will continue to fund activities in the three major areas for which initial funding is being requested in FY 2004.

Increased productivity in irrigated agriculture and agribusiness ($1,200,000 DA, $1,200,000 ESF). USAID funds will provide expertise to the public and private sectors to help them shift cultivation to higher value-added crops.

New business opportunities, especially in rural areas and regional market centers ($1,200,000 DA, $1,200,000 ESF). Expertise is needed by the Moroccans to develop new, non-farm business opportunities to offset potential losses in the agriculture sector resulting from free trade. USAID will work through business associations and related clusters to assure maximum impact.

Improved business environment ($1,600,000 DA, $1,600,000 ESF). Expertise is required to improve governance related to the requirements of the free trade agreement. The program will promote simpler and more transparent investment procedures, enhancing the transparency of economic and corporate governance, and improving access by small businesses to financing.

Performance and Results: This is a new program, so there are no results to date. The program is expected to help the Government of Morocco develop and implement public policies that maximize the country's comparative advantage and provide the tools needed by private sector enterprises to expand investment, income, and jobs.

US Financing in Thousands of Dollars

Morocco

608-011 Free Trade Agreement Support	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,400	0
Total Planned Fiscal Year 2004		
Obligations	3,400	0
Proposed Fiscal Year 2005 NOA		
Obligations	4,000	4,000
Future Obligations	19,500	11,000
Est. Total Cost	26,900	15,000

Data Sheet

USAID Mission:	Morocco
Program Title:	Education for a better future
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-012
Proposed FY 2004 Obligation:	$2,000,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,000,000 DA; $12,000,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: USAID's objective is to improve training opportunities for Moroccan youth and increase access to quality and relevant basic education (grades 1 through 9). This will be achieved through two components: the "school-to-work" component which aims at creating close connections between training and employment at various post middle school levels; and, the "Model School" component aiming to improve basic education. The school-to-work component will focus on providing students, in partnership with the private sector, with computer and other portable skills that are linked to the job market or higher level education. Also through partnership assistance, Model Schools will be well-maintained, with highly trained teachers, computers in classrooms, effective leadership and active community involvement. The measurement of success will be job placement and school graduation.

Inputs, Outputs, Activities:

FY 2004 Program:
School-to-Work and Model Schools ($2,000,000 DA). This is a new program. USAID will implement some modest high visibility start-up activities in partnership with the private sector and the Government of Morocco. For the school-to-work component, USAID will work through existing vocational training institutions to implement computer training activities in collaboration with private sector partners, such as Microsoft or Cisco systems. In the Model Schools, USAID will build upon its existing successful experience in rural primary schools in order to extend relevant experience to other schools, including urban primary schools and middle schools. Scholarships based on need and literacy training for adults (women and out-of-school youth) will also be included as community activities around schools. USAID benefited from FY 2003 Middle East Partnership Initiative carry-over funds in support of women's literacy, which will be applied to the FY 2004 procurement.

FY 2005 Program:
School-to-work and Model Schools ($2,000,000 DA, $12,000,000 ESF). The program will be launched in FY 2004 and will rapidly expand in FY 2005. The school-to-work component will extend its assistance to additional training institutions, secondary schools and universities to provide computer training and other skills in demand by the private sector. USAID will also seek to establish a roster of private sector partners for student internships and eventual job placements. The organization of initial job fairs is also envisioned in FY 2005. The Model Schools will be extended to a greater number of primary and middle schools in collaboration with USAID's private sector partners. This will include interventions such as physical upgrading of the school buildings, teacher training and development of supporting materials, management training for school leadership, student counseling, computer equipment and training, and community outreach.

Performance and Results: This is a new program and therefore there are no results to date. The school-to-work activity is expected to improve the placement of program participants in jobs, internships or in higher institutions of learning. For the Model Schools component, anticipated results include higher school retention and completion.

US Financing in Thousands of Dollars

Morocco

608-012 Education for a better future	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,000	0
Total Planned Fiscal Year 2004		
Obligations	2,000	0
Proposed Fiscal Year 2005 NOA		
Obligations	2,000	12,000
Future Obligations	0	62,000
Est. Total Cost	4,000	74,000

Data Sheet

USAID Mission:	Morocco
Program Title:	Improved Government Responsiveness to Citizens
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	608-013
Proposed FY 2004 Obligation:	$0
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$4,000,000 ESF
Year of Initial Obligation:	FY 2005
Year of Final Obligation:	FY 2008

Summary: In December 2003, USAID and the State Department approved the new USAID/Morocco Democracy and Governance (DG) program "Improved Government Responsiveness to Citizens." The DG program will be financed by ESF and will begin in FY 2005. In order to avoid a gap in democracy programs in Morocco for FY 2004, the regional Middle East Partnership Initiative (MEPI) will provide bridge funding for this program. The program is intended to address the urgent requirement for the Government of Morocco (GOM) to better respond to its citizens' needs. Governance must be transparent, accountable, and equitable. This program strives to support a system that encourages debates and works on improving leadership for the long term. At the same time, the program will work on building a partnership between citizens and government to immediately deliver tangible results at the local level. The USAID democracy program is directly related to the MEPI goal of promoting the rule of law and accountable, effective government institutions. In addition, good governance is a prerequisite for the creation of an enabling environment for investment and job creation.

Inputs, Outputs, Activities:

FY 2004 Program:
No funding is requested in FY 2004.

FY 2005 Program:
National enabling environment supported ($750,000 ESF). USAID plans to help the Government of Morocco shape policies and put into motion laws, norms, and standards that will set the environment over time for a deep rooting of democracy and good governance on a national scale. A Parliamentary program will be designed to strengthen Parliament's oversight and policy assessment capacity, as well as its ability to upgrade legislation regarding transparency, accountability and equity issues. Civil society will be represented at the national level through support for the National Municipal Association, which will advocate national standards in ethics and professionalism among member municipalities. Illustrative activities include developing policy research; fostering analysis and debate at the national level; strengthening the skills of Parliamentary members directly involved in oversight committees; improving practices and systems for transparency, accountability and gender in pilot ministries; and increasing information exchange between government and civil society through the strengthening of the National Municipal Association.

Transparency in governance encouraged ($750,000 ESF). In spite of competitive elections and a freer press, a lack of transparency and accountability is eroding the legitimacy of the government in the eyes of the citizens. The consequences of not addressing the current situation are enormous. Lack of transparency and accountability poses a serious threat to the consolidation of a fragile democracy and to economic growth. USAID/Morocco will focus on strengthening public sector management and auditing capabilities as well as civil society's efforts to advocate for transparent and accountable government.

Local government performance improved ($2,500,000 ESF). Complimenting its support at the national level, USAID will also work at the regional and local government level to ensure a full devolution of power.

Effective devolution will occur when an elected local government has the necessary level of qualified personnel and financial resources to formulate, implement, and enforce policy decisions and to provide services transparently and efficiently. USAID will work at the local level bringing government entities, civil society, and the private sector together to identify problems, prioritize needs and implement solutions. In line with the GOM's priority of working in the urban slums, the civil society component will support the development of civil society organizations within the slums and assist municipal governments in responding to the priorities of the community. The local governance component will support a selected number of cities and work with them to help improve their overall management with special emphasis on improved fiscal performance and responsiveness to the needs of the poor. USAID will also train newly elected and appointed officials in community outreach, strategic planning, management and monitoring. Other areas of proposed activities include support for budget transparency and accountability initiatives; encouraging public debate to increase citizen participation in local government; assisting in building partnerships within target communities to implement local development projects; facilitating investment, jobs and services for the community; building equitable government systems for contracting; and issuing small grants to finance community initiatives.

Performance and Results: This is a new program, so there are no results to date. The anticipated results under this program include strengthened transparency, accountability, equity and local governance through the development and promulgation of appropriate Parliament policies; lower levels of corruption in government both at the local and the national level in the eyes of Moroccan citizens, more fiscally responsible Ministries and Local Development Units, improved citizen participation in civil society and local governments, and improved service delivery to constituents.

US Financing in Thousands of Dollars

Morocco

608-013 Improved Government Responsiveness to Citizens	**ESF**
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	0
Total Planned Fiscal Year 2004	
Obligations	0
Proposed Fiscal Year 2005 NOA	
Obligations	4,000
Future Obligations	17,000
Est. Total Cost	21,000

West Bank and Gaza

The Development Challenge: This past year held moments of anticipation and despair for the Palestinian people. Hopeful signs included the establishment of the post of Palestinian Authority (PA) Prime Minister, the implementation of significant PA financial management reforms and the agreement by the Israelis and Palestinians to accept the Road Map. These developments provided a sense of optimism that President Bush's June 24, 2002 vision of a democratic Palestinian state living side-by-side, in peace and security with Israel might soon be realized. Indeed, following the June 4 Aqaba Summit, the U.S. Government (USG) dispatched a senior diplomat to establish the U.S. Coordination and Monitoring Mission to coordinate with the parties on the ground as they fulfilled their Road Map obligations. For a time, both sides undertook limited actions consistent with the Road Map: Israel removed several illegal outposts and withdrew from Northern Gaza; and the PA took measures to exert security control over areas of the West Bank and Gaza (WBG), including negotiating a "hudna", or temporary ceasefire, with Palestinian militants.

The hudna was broken in mid-August and through the end of the reporting period the situation spiraled downhill, with a resumption of suicide bombings, the collapse of Prime Minister Abbas' government, and the stagnation of the PA reform process and consequent impediments to roadmap implementation. The realities of the past 12 months reflect a continued low-intensity conflict, which include a cycle of suicide bombings and Israeli incursions into populated Palestinian areas, followed by periods of perceived calm. The consequences of this on-going conflict are loss of life, severe damage to the economy, restrictions on the movement of Palestinians, and a difficult environment for USAID project implementation.

After several years of steep decline, the gross domestic product (GDP) is estimated to have risen between 3-5 percent in CY 2003. Unemployment remains at close to 30 percent of the workforce. More than 60 percent of Palestinians are living at or below the poverty line of two dollars a day. Some 40 percent of WBG inhabitants are food insecure and an additional 30 percent are on the verge of becoming so.

The Mission faces competing challenges. On the one hand, the immediate needs of the population are quite enormous, with the large amounts of donor emergency assistance viewed as a major reason that a humanitarian catastrophe has been averted in the West Bank and Gaza. On the other hand, the U.S. and others have emphasized the importance of PA political and economic reform that will contribute to the formation of a democratic, market-oriented, independent Palestinian state in the near future. Consequently, during the past three years, the Mission has reallocated more than $200 million to emergency response programs, while maintaining longer-term programs that promote the development of institution building, infrastructure and human capital.

The political uncertainty and accompanying instability increase the planning and implementation challenges facing the Mission. Within this context, the Mission has developed innovative approaches to ensure that adequate oversight is provided and that U.S. taxpayer dollars are serving the intended purposes and not being provided to terrorist organizations or their affiliates. Per a congressional mandate, the Inspector General is now supervising audits of all on-going projects. USAID engineering staff based in the West Bank and Gaza regularly visit project sites to review progress and identify problems. All local organizations that receive USAID funds, and their key officials, are vetted for terrorist affiliations. The Mission conducts regular project evaluations and funds research analysis to ensure that effective programming tools are utilized and that critical development needs are addressed.

The USAID Program: The goal of the USAID program is to promote stability in the West Bank and Gaza and in the region and to support the development of moderate Palestinian groups. To do this, the Mission implements six programs: Expanded Private Sector Economic Opportunities; Greater Access to and More Effective Use of Scarce Water Resources; Maintaining and Strengthening Key Institutions of a Modern, Inclusive Palestinian Democracy; Increased Access to Higher Education and Training; Improved and Sustained Performance in the Health Sector; and Improved Community Services.

Within the framework of these programs, USAID will use FY 2004 and FY 2005 resources to fund projects within four thematic areas, which respond both to emergency and longer term development needs. First, the Mission will continue to address the basic needs of the Palestinian population through activities that improve and sustain performance in the health care system, create jobs and long term employment on an emergency basis, and provide assistance to rebuild damaged infrastructure and roads. Second, the Mission will fund political and economic policy reforms, including the strengthening of key PA ministries and regulatory agencies, the legislature and the judiciary, and support for Palestinian NGOs that promote democratic values and moderation. The third thematic area is directed at revitalizing the private sector, which includes the repair of damaged small and medium businesses, work with small and medium enterprises on improved management processes, financial restructuring, and the development of appropriate private sector and investment laws and regulations. The fourth area is building essential water infrastructure, including the much-needed Gaza water carrier and desalination plant, and improving human capital through scholarships for study in the United States and the region, and short term training.

Other Program Elements: Other Program Elements: None.

Other Donors: Following a drastic decline in revenue collections (from $973 million in 2000 to around $280 million in 2001 and 2002), the PA has become heavily reliant on the donors for budgetary support. Approximately $1.2 billion ($532 million in 2001, $467 million in 2002 and $216 million in 2003) has been received in budgetary support during the past three years. USAID's principal donor partners are the European Union (EU), the United Nations family (UNRWA, UNDP, WFP, UNICEF, etc.), the World Bank, Germany, Japan, Italy, Norway, and the United Kingdom (UK). For 2004, the PA is seeking $1.2 billion in total donor contributions, of which $650 million is requested for budget support.

Donor coordination is highly developed, with several layers of mechanisms. The Ad Hoc Liaison Committee (AHLC) brings together capital level decision makers from key donor organizations. A Local Aid Coordinating Committee (LACC) includes all donors active in the Palestinian Territories. Several Task Forces operate under LACC auspices, including: a) Task Force on Project Implementation, which includes representatives from USAID, the EU, the United Nations and the World Bank and which works closely with Israeli Government officials to facilitate project implementation and field access for the delivery of all forms of assistance; and b) the Humanitarian and Emergency Policy Group (HEPG), which monitors the humanitarian crisis in the WBG and proposes policy approaches to the LACC. A host of sectoral working groups and emergency operation centers share information and facilitate the coordination of assistance on the ground. In 2002 principal donors established the Task Force on Palestinian Reform (TFPR) to monitor and promote progress on Palestinian institutional reform efforts and identify obstacles to reform. Operating in parallel with the AHLC and LACC, the TFPR has both capital-level and local level bodies, with the local level TFPR operating through seven Reform Support Groups.

West Bank and Gaza
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Economic Support Fund	72,000	74,500	74,558	75,000
ESF - Wartime Supplemental	0	50,000	0	0
PL 480 Title II	0	9,984	0	0
Total Program Funds	**72,000**	**134,484**	**74,558**	**75,000**

STRATEGIC OBJECTIVE SUMMARY				
294-001 Private Sector Development				
ESF	13,601	10,000	13,950	12,500
ESF - Wartime Supplemental	0	4,400	0	0
294-002 Water Resources Development				
ESF	27,725	34,511	22,808	39,500
ESF - Wartime Supplemental	0	3,500	0	0
294-003 Democracy and Governance				
ESF	11,375	10,150	13,350	7,500
294-005 Higher Education and Training				
ESF	205	2,812	2,250	2,500
294-007 Family Health				
ESF	1,369	17,027	6,200	7,000
294-008 Community Services Program				
ESF	17,725	0	16,000	6,000
ESF - Wartime Supplemental	0	42,100	0	0

Mission Director,
Lawrence Garber

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Private Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-001
Proposed FY 2004 Obligation:	$13,950,000 ESF
Prior Year Unobligated:	$3,557,000 ESF
Proposed FY 2005 Obligation:	$12,500,000 ESF
Year of Initial Obligation:	FY 1994
Year of Final Obligation:	FY 2006

Summary: USAID is recognized as the lead donor to the Palestinian private sector, an important voice of moderation in the region. The program aims to promote trade and industrial development, revitalize the private sector and support the overall reform effort in the West Bank and Gaza. USAID assistance provides: 1) access to finance through micro enterprise lending, the delivery of non-bank financial services and an emergency loan program which innovatively leverages resources; 2) support for private-public partnerships and representative trade and business associations, leading to increased access to domestic and export markets and increased employment; 3) the promotion of enabling commercial legislation, including a capital markets authority law, and support for selected regulatory institutions such as the Palestinian Monetary Authority (PMA); 4) support for key Palestinian reforms in the areas of financial and commercial accountability through assistance to the Ministries of Finance and National Economy; and 5) 'rapid response' activities to repair and replace damaged private sector equipment, create and preserve private sector jobs, and provide flexible and discrete support for implementation of the Quartet Road Map.

Inputs, Outputs, Activities:

FY 2004 Program:
Increased Access to Finance ($2,150,000 ESF, $483,000 ESF Prior Year Unobligated). The Mission will implement a Development Credit Authority (DCA) program to ensure that USAID funds are leveraged to ensure increased access to credit for the private sector. To encourage banks to enter non-traditional lending areas, the Mission is proposing a portfolio guarantee with selected banks to share the risk in lending to targeted small and medium enterprises which are viable but lack access to capital. USAID's contribution is expected to leverage an overall portfolio of around $20 million in loans from participating banks' capital.

Increased Access to Markets ($8,050,000 ESF, $1,947,000 ESF Prior Year Unobligated). USAID will continue to promote economic growth and job creation by improving the performance of 120 small and medium scale businesses. A new activity and two follow-on activities will be implemented. One activity will assist private sector business and industry associations to better represent and serve their members in accordance with their newly adopted strategies. A second activity will help the national trade promotion organization (Paltrade) host the National Trade Dialogue program, which is coalescing as the driving force of private/public policy discussions. Apart from helping to guide and establish industrial strategy in the West Bank and Gaza, Paltrade will continue to arrange trade exhibitions, and champion private sector demands for supportive legal and regulatory reforms. USAID will also build on its existing support for the Palestinian Information and Communications Technology Incubator (PICTI) by providing effective marketing, financial, and technical services, both to management and to tenants of the incubator. The principal implementing partners are: Development Alternatives Inc. (DAI) and Nathan Associates.

Effective Operation of Selected Economic Regulatory Institutions ($3,750,000 ESF, $1,127,000 ESF Prior Year Unobligated). Financial transparency and accountability reforms and broader financial and economic policy reforms will continue to be implemented in the Ministry of Finance (MOF), the Ministry of

National Economy (MONE), and the PMA. One important activity, the internal audit capacity building activity within the MOF, will ensure that continuing advances are made in the adequacy and transparency of the West Bank and Gaza's expenditure and public finance systems. A second activity will continue to focus on the introduction of commercial regulations and legislation, which are required to sustain the operations of an effective capital market, mortgage finance, and leasing system. A third activity will assist the PMA's banking supervision department with the implementation of the appropriate capacities, tools, and authorities, which are necessary to maintain the credibility and viability of the Palestinian banking sector. The principal implementing partners are: Deloitte Touche Tohmatsu (DTT), Financial Markets International (FMI), and others to be determined (TBD).

FY 2005 Program:
Increased Access to Markets ($7,900,000 ESF). USAID intends to continue its support for: 1) creating jobs and improving the performance of an additional 200 micro, small, and medium enterprises; 2) assisting Paltrade to become the national trade promotion organization; 3) assisting PICTI by providing management and marketing tools for existing management and tenants of the incubator; and 4) helping business associations to better serve the commercial interests of their members. The principal implementing partners are: DAI, Nathan Associates, and others TBD.

Effective Operation of Selected Economic Regulatory Institutions ($4,600,000 ESF). USAID will incrementally fund the ongoing project to reform the Palestinian financial market and the strengthening of the banking supervision capacity of the PMA. The principal implementing partners are FMI, and others TBD. While maintaining its broad strategic thrust, the program also intends to preserve its ability to take advantage of opportunities as they arise and respond to specific U.S. foreign policy priorities.

Performance and Results: To sustain private sector economic opportunities, USAID's efforts have been focused up to now in three main areas. The first is 'increased access to financial resources' where more than $3.5 million has already been leveraged from the Palestinian banking sector in home improvement loans, thus creating over 150,000 person days of employment. In addition, around $2 million in private sector funding was secured to prevent the collapse of 22 medium-sized private sector firms. The second focal area is 'increased access to markets' where USAID has supported 15 private sector business organizations, each of which is now widely recognized as being of pivotal importance to the growth and proper functioning of the Palestinian private sector. A recent evaluation confirmed the effectiveness of this program, which has substantially improved the capacity of the supported sector associations to promote the commercial interests of their members and to engage in an effective policy dialogue with the public sector. Furthermore, the value of exports of assisted associations increased by $24 million during 2003. USAID has also implemented a business revitalization program which is funding private sector infrastructure repair and replacement, and funding for emergency loans. As a result, a substantial number of jobs are being created or preserved at a very low cost to USAID (less than $10 per person day). The third area of emphasis is 'effective operations of selected economic regulatory institutions'. Through its support to the PMA's banking supervision operations, USAID is contributing to a more stable and transparent Palestinian banking system. USAID's audit capacity building project within the MOF successfully contributed to USG efforts to secure the release of about $700 million in revenue transfers due to the Palestinian Authority in 2003 from Israel. This played a major role in stabilizing the Palestinian economy, revitalizing the private sector, and staving off a humanitarian disaster in 2003.

US Financing in Thousands of Dollars

West Bank and Gaza

294-001 Private Sector Development	DA	ESF
Through September 30, 2002		
Obligations	0	76,558
Expenditures	0	57,117
Unliquidated	0	19,441
Fiscal Year 2003		
Obligations	1,200	28,044
Expenditures	0	16,427
Through September 30, 2003		
Obligations	1,200	104,602
Expenditures	0	73,544
Unliquidated	1,200	31,058
Prior Year Unobligated Funds		
Obligations	0	3,557
Planned Fiscal Year 2004 NOA		
Obligations	0	13,950
Total Planned Fiscal Year 2004		
Obligations	0	17,507
Proposed Fiscal Year 2005 NOA		
Obligations	0	12,500
Future Obligations	0	12,500
Est. Total Cost	1,200	147,109

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Water Resources Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-002
Proposed FY 2004 Obligation:	$22,808,000 ESF
Prior Year Unobligated:	$28,505,000 ESF
Proposed FY 2005 Obligation:	$39,500,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2007

Summary: USAID's program to improve water resources in the West Bank and Gaza (WBG) includes the construction of wells, pipelines, reservoirs, and water distribution systems in the West Bank; the construction of a desalination plant and a regional water pipeline in Gaza; the construction of a wastewater primary treatment facility in Hebron in the West Bank; training and technical assistance in water system management, including operation and maintenance services and the management of water as a resource; and increased awareness at both the regional and the village level on how to plan, manage, operate and maintain water supply and water distribution systems. The beneficiaries of this program include more than 1,000,000 residents of Gaza and over 500,000 residents of the West Bank.

Inputs, Outputs, Activities:

FY 2004 Program:
Water Supply Increases - Conventional and Non-Conventional Sources ($20,608,000 ESF; $28,505,000 ESF Prior Year Unobligated). USAID will use funds for the construction of a well and a water supply system for the northern West Bank. This will mean that potable water is available for the first time in many target villages. Under a 632(b) interagency agreement with the State Department, $127,000,000 of Wye River Accord funds will be used to support the construction of a regional water carrier and desalination plant in the Gaza Strip. USAID's water projects are fully vetted with the Palestinians and the Israelis before implementation. Support from the Government of Israel (GOI) is critical to project success since GOI assistance is needed to make sure that equipment and material can get to project sites. In addition, prior to construction, USAID ensures that projects will be sustainable and costs can be recovered through implementation of workable user fees and tariff structures. Given the current economic downturn in the WBG, however, some outside assistance will be necessary in the near-to-medium term. The village water project continues USAID's innovative approach begun in Jenin. It will involve village councils in making decisions on how to pay for and maintain the water distribution system. The Mission will also incrementally fund implementation of the bulk water effort to bring more water to the southern part of the West Bank and will fund the construction of a primary wastewater treatment facility for the West Bank city of Hebron. Finally, USAID will also incrementally fund the construction management company that is overseeing these major infrastructure projects.

Integrated Management of Water Resources ($2,200,000 ESF). USAID has developed an integrated water resources management planning tool to help address the gap between water supply and demand. USAID will strengthen the capability of the Palestinian Water Authority (PWA) to better manage resources and existing infrastructure, as well as the new interventions provided by USAID and other donors. USAID funds will also support program-funded staff, audits, evaluations, and assessments.

FY 2005 Program:
Water Supply Increases - Conventional and Non-Conventional Sources ($36,695,000 ESF). USAID plans to use FY 2005 resources requested in this Congressional Budget Justification to incrementally fund construction management services for the desalination and water carrier projects in Gaza. Incremental funding will also be available for the construction of water transmission lines and networks in the West

Hebron and Nablus area, through the Village Water program. Construction will begin on the Hebron Wastewater Treatment plant, to reclaim water for agricultural use.

Integrated Management of Water Resources ($2,805,000 ESF). USAID will use FY 2005 funds to strengthen the capability of the PWA to better manage resources and existing infrastructure, as well as the new interventions provided by USAID and other donors. USAID will also support program funded staffing costs through September 2006 and audits.

Performance and Results: Access to safe water represents one of the most important basic human needs of the Palestinian people and is vital to a growing economy and a healthy population. Better management of available water resources also continues to be critical to promoting stability in the Region. Phase I of the West Bank Water Resources program put into service four major production wells yielding approximately eight million cubic meters of water per year. A USAID-funded village water system in the Jericho area of the Northern West Bank serves another 4,500 Palestinians.

The Phase II program constructed approximately 17,500 meters of water transmission lines in the Hebron/Bethlehem region, with four large booster pump stations. USAID's FY 2003 and FY 2004 program will result in a comprehensive water supply system and utilization of new production wells that will bring water to over 500,000 people in the West Bank.

Since September 2000, border closings have created logistics problems for the water resources portfolio. While USAID continues to achieve results, it has been difficult at times to move personnel and equipment from Israel to the West Bank and Gaza. However, the Mission has regular meetings with the Israeli military which has provided written support for the USAID water program, and special efforts continue to be made to ensure minimal disruption to water infrastructure construction. For example, through the village water program, rural villages will be connected to water networks for the first time and local residents will take responsibility for management of this resource. USAID will also provide assistance to construct a regional water carrier system for Gaza. This will result in potable water for all of the residents of the Gaza Strip -- over one million people -- and free up marginal water sources for agricultural uses. Near Hebron, wastewater reuse will be introduced. Because of water supply damages caused by incursions, the Emergency Water Operations Center provided essential water supplies to communities with over two million people.

Principal Contractors, Grantees, or Agencies: USAID anticipates the continued involvement of key partners in the water sector, including U.S. firms CH2MHILL, Metcalf and Eddy, and Camp, Dresser, and McKee. The Mission will use full and open competition procurement procedures for its upcoming large infrastructure projects, providing opportunities for qualified U.S. contractors.

US Financing in Thousands of Dollars

West Bank and Gaza

294-002 Water Resources Development	**ESF**
Through September 30, 2002	
Obligations	268,525
Expenditures	228,455
Unliquidated	40,070
Fiscal Year 2003	
Obligations	34,670
Expenditures	26,688
Through September 30, 2003	
Obligations	303,195
Expenditures	255,143
Unliquidated	48,052
Prior Year Unobligated Funds	
Obligations	28,505
Planned Fiscal Year 2004 NOA	
Obligations	22,808
Total Planned Fiscal Year 2004	
Obligations	51,313
Proposed Fiscal Year 2005 NOA	
Obligations	39,500
Future Obligations	39,500
Est. Total Cost	433,508

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	294-003
Proposed FY 2004 Obligation:	$13,350,000 ESF
Prior Year Unobligated:	$3,183,000 ESF
Proposed FY 2005 Obligation:	$7,500,000 ESF
Year of Initial Obligation:	FY 1996
Year of Final Obligation:	FY 2006

Summary: USAID West Bank and Gaza (WBG) supports a program of broad-based democratic development through: financial and technical assistance for Palestinian civil society organizations to promote public discourse and improve oversight of public institutions; technical and limited material assistance to the Palestinian Council to improve the capacity and responsiveness of key legislative staff, offices, and committees; and activities that strengthen the rule of law including enhancing prosecutorial capacity, improving the efficiency of Palestinian courts, increasing the use of alternative dispute resolution, and modernizing curriculum and teaching practices of Palestinian law schools. USAID/WBG also provides modest technical assistance to support the eventuality of free and fair Palestinian elections.

Inputs, Outputs, Activities:

FY 2004 Program:
Strengthen local civil society organizations ($6,850,000 ESF, $800,000 ESF Prior Year Unobligated) USAID will assist civil society organizations (CSOs) to promote public discourse in the decision-making process and ensure proper oversight of public institutions. USAID will also stimulate and improve local CSO work in the areas of policy analysis, communication, leadership skills, strategic planning, financial management, and conflict resolution. Interventions support reform, promote discourse, and CSO oversight functions. The principal implementing partners are: Chemonics Inc., Academy for Educational Development (AED), Search for Common Ground, International Republican Institute (IRI), and the Palestinian Academic Society for the Study of International Affairs (PASSIA).

Improve the capacity of the Palestinian Council ($4,200,000 ESF, $250,000 ESF Prior Year Unobligated). USAID will strengthen the Council's capacity to draft, review and approve legislation, provide oversight of the Executive Branch, improve constituent relations, and strengthen internal administration. The technical assistance to the Palestinian Council will end in July 2004. The Mission will evaluate the activity and design a follow-on activity that focuses on the other entities involved in the legislative process. Future activities may include strengthening the executive branch's capacity to propose legislation and formulate policy, help CSOs monitor the legislative process and oversee the legislative branch. The principal implementing partners are: Associates in Rural Development (ARD) and others TBD.

Strengthen the rule of law ($2,000,000 ESF, $2,133,000 ESF Prior Year Unobligated). USAID efforts in the rule of law sector will promote Palestinian reform, an independent judiciary, and broad-based economic growth. USAID assistance will help increase the professionalism of the legal community, build the legal profession, improve the curriculum and teaching capacity in law schools, support constituencies for legal reform, and support alternative dispute resolution centers. The principal implementing partners are: DPK Consulting and others TBD.

Support for free and fair Palestinian elections ($300,000 ESF). USAID will continue to provide modest technical assistance to strengthen the Central Elections Commission, polling and surveying capacity, and campaign message and management skills. Support for the development of political diversity may also

be programmed. The principal implementing partners are: National Democratic Institute (NDI), IRI, and International Foundation for Electoral Systems (IFES).

FY 2005 Program:
Strengthen local civil society organizations to ensure proper oversight of public institutions ($4,200,000 ESF). The fully-funded CSO project will continue to provide grants to local CSOs through September 2005. The Mission plans to design, award, and fund a follow-on project.

Legislative Strengthening/the Legislative Process ($2,200,000 ESF). USAID will design and launch a legislative strengthening project in FY 2004 that will be incrementally funded in FY 2005.

Strengthen the rule of law to promote Palestinian reform, institutional transparency, and broad-based economic growth ($1,100,000 ESF). USAID will provide incremental funding to its on-going rule of law program.

Performance and Results: USAID is a leader in providing assistance to Palestinian CSOs to strengthen their role in public discourse and in the decision-making process and to increase the capacity of CSOs to provide oversight of public institutions. Over the past twelve months, USAID has provided 97 grants to local CSOs. Specific results include CSO advocacy and support efforts resulting in mainstreaming of disabled youth into families, integration of women into the economy, reinforcing of non-violent solutions to typical problems through popular CSO-designed radio soap and strengthened planning and revenue generating skills for CSOs. USAID is also supporting a variety of channels, including television, radio, town hall meetings, theater, film, and art to facilitate citizen/decision maker dialogue and consultation. USAID has also provided significant support to the Palestinian Council to promote key elements of the reform process. USAID assistance and training has established a comprehensive legislative structure, improved outreach to constituents, and systematized internal processes, procedures, management, and record-keeping. Over the past twelve months, USAID assistance has supported efforts to draft legislation across a wide range of important political, social, and economic issues, including elections, pension reform, independence of the judiciary, and market development. Assistance to Palestinian judiciary has resulted in the development of an automated case-tracking system in twelve Palestinian courts. USAID's efforts make the justice system more effective and efficient by reducing case processing and investigation times and caseload. USAID has provided over 80 Palestinian judges and 70 prosecutors with specialized training across a range of critical areas. Two alternative dispute resolution centers created with USAID support are handling commercial cases, offering non-litigious arbitration and mediation services to the public.

US Financing in Thousands of Dollars

West Bank and Gaza

294-003 Democracy and Governance	**ESF**
Through September 30, 2002	
Obligations	82,236
Expenditures	59,694
Unliquidated	22,542
Fiscal Year 2003	
Obligations	18,737
Expenditures	11,890
Through September 30, 2003	
Obligations	100,973
Expenditures	71,584
Unliquidated	29,389
Prior Year Unobligated Funds	
Obligations	3,183
Planned Fiscal Year 2004 NOA	
Obligations	13,350
Total Planned Fiscal Year 2004	
Obligations	16,533
Proposed Fiscal Year 2005 NOA	
Obligations	7,500
Future Obligations	7,500
Est. Total Cost	132,506

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Higher Education and Training
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-005
Proposed FY 2004 Obligation:	$2,250,000 ESF
Prior Year Unobligated:	$716,000 ESF
Proposed FY 2005 Obligation:	$2,500,000 ESF
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: USAID's education program is working to increase higher education and training opportunities for Palestinians in the West Bank and Gaza. This initiative responds to the need for a cadre of professional managers and trained leaders to support the economic and political development of the future State of Palestine. Over 90% of the 51 scholars that have completed their Masters degree have honored their commitment to return. A second program, the Presidential Scholarship Program (PSP), will continue the effort. The U.S. and Palestinian University Linkage activity (UPLINK), and the independent Utah State-Arab American University in Jenin Linkage, assisted local higher education institutions in developing capacity through partnerships that were completed this year.

Inputs, Outputs, Activities:

FY 2004 Program:
Higher Education Support Initiative (HESI) ($1,500,000 ESF, $226,000 Prior Year Unobligated). USAID has a contract with the Academy for Educational Development (AED) to manage this multi-faceted activity from 2002 to 2005. The goal is to increase Palestinian access to higher education and training. HESI supports 89 Masters' degree candidates (70% male/ 30% female) studying in the U.S. The project funds in-depth reentry follow on, mentoring, and job placement support for scholars returning to the West Bank and Gaza. The HESI program provides local undergraduate scholarships to talented and needy students in fields that support economic, social and political demands on the developing state. Based on the strong demand for training in Information Technology (IT) and other sectors critical to the economic development of the WBG, HESI provides IT and training opportunities based on short term needs. This training takes place in the WBG and in third countries. HESI conducted an in depth needs assessment survey from January to August 2003 to assess long-term local higher education and training needs and help formulate planning for future training activities. This document is being used as a basis to develop a forward strategic plan for the mission's higher education activities and for distribution as a planning tool to Palestinian institutions, other donors, local NGOs and international organizations. The principal implementing partner is: AED.

Program Development and Support (PD&S) ($750,000 ESF, $490,000 ESF Prior Year Unobligated). The Program Support Office provides a variety of liaison services for USAID contractors and grantees, including travel permits, customs and visas, and support in immediate emergencies. Funds also cover the work of the public relations staff in the Mission, who provides a vital liaison between the mission and outside interested parties, and links to local and international media. USAID will also fund Program Office staff, other technical staff, evaluations, audits, and other studies and analyses.

FY 2005 Program:
Higher Education Support Initiative ($731,000 ESF). USAID will provide funding to continue to maintain approximately 30 Masters degree candidates in 2004, who are currently in the U.S., through May 2005 and will select 50 additional candidates for studies beginning in 2005. All participants returning to the WBG during FY 2004 are provided re-entry assistance, mentoring, and job placement support. USAID will continue to strengthen local institutions of higher education by providing undergraduate and

community college tuition scholarships to talented and needy Palestinian students. USAID will also support approximately 150 local information technology (IT) and ten primarily local short-term training opportunities.

Program Development and Support (PD&S) ($1,769,000 ESF). PD&S is used to fund the Program Support Office, which, given the extenuating circumstances of working in the West Bank and Gaza, provides a variety of liaison services to USAID contractors and grantees, including permits, customs and visas, as well as support in immediate emergencies. Funds also support the Mission's Public Relations Office, which provides a vital liaison between the Mission and outside interested parties, as well as links to local and international media. Funds also support program staff, project evaluations, and technical analyses. Salaries for the Project Support Unit and Public Outreach Office will be funded from PD&S funds. The principal implementing partners are TBD.

Performance and Results: Under the ongoing Master's scholarships program, USAID has provided scholarships to 89 Palestinians as of the end of 2003 for graduate scholars study in the U.S. in areas such as business administration, law, urban planning, information technology, public health, and water resources management. Thirty percent of these scholars were women. Most scholars have adapted well and excelled in their programs, maintaining high grades. Many have received honors, awards, participated in community outreach, internships, and are establishing professional linkages. A major challenge is that scholars returning to the West Bank and Gaza have experienced difficulties in securing employment due to the devastation of the Palestinian economy as a result of the Al Aqsa Intifada. Despite the setbacks, the vast majority (over 90%) honor their commitments to return and seek leadership roles in the development of an economically viable and democratic Palestinian State.

In September 2003, USAID awarded a new contract under the Presidential Scholarship Program to provide U.S.-based scholarships for Palestinian masters level graduate students. The selection of the first batch of scholars is proceeding and is expected to be evenly divided between male and female. Most students will be placed in programs of a one year duration, when possible, and in universities that have demonstrated the ability to insure timely completion and adequate preparation of participants. Those who succeed in receiving these awards demonstrate not only high academic credentials but exceptional leadership qualities.

The seven U.S.-Palestinian university partnership linkages completed their work, with some modifications in approaches and timelines to accommodate on-the-ground challenges including closures, curfews and the continued threat of violence. Nonetheless, despite modifications, few achieved their intended outcomes because of the threats on the ground and faculty unwillingness to travel to West Bank and Gaza. Positive results were achieved in some instances such as the provision of training to key employees of Al Quds School of Public Health, preliminary runs of a hydrological modeling software program at Bethlehem University, and changes to the curriculum at Al Najah University of its Masters Program in Economic Policy Management.

US Financing in Thousands of Dollars

West Bank and Gaza

294-005 Higher Education and Training	**ESF**
Through September 30, 2002	
Obligations	117,637
Expenditures	103,348
Unliquidated	14,289
Fiscal Year 2003	
Obligations	12,032
Expenditures	0
Through September 30, 2003	
Obligations	129,669
Expenditures	103,348
Unliquidated	26,321
Prior Year Unobligated Funds	
Obligations	716
Planned Fiscal Year 2004 NOA	
Obligations	2,250
Total Planned Fiscal Year 2004	
Obligations	2,966
Proposed Fiscal Year 2005 NOA	
Obligations	2,500
Future Obligations	2,500
Est. Total Cost	137,635

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Family Health
Pillar:	Global Health
Strategic Objective:	294-007
Proposed FY 2004 Obligation:	$6,200,000 ESF
Prior Year Unobligated:	$5,689,000 ESF
Proposed FY 2005 Obligation:	$7,000,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2006

Summary: USAID's health program in the West Bank and Gaza (WBG) is working to improve and sustain the overall performance within the primary health care system, focusing on overall quality of maternal and child health (MCH) and nutrition services. A second component trains social workers, teachers, and parents to help children and youth cope emotionally with the violent environment. Health programs provide performance improvement in MCH services, emergency medical equipment, supplies, pharmaceuticals, and training in emergency medical and trauma case management. Key beneficiaries are women, children, and youth.

Inputs, Outputs, Activities:

FY 2004 Program:
Maternal and Child Health and Nutrition ($5,975,000 of ESF, $1,799,000 ESF Prior Year Unobligated). This flagship primary health care contract seeks to improve the availability of quality MCH and nutrition services including procurement of medical equipment, supplies, vitamins and minerals, the award of sub-grants/contracts to Palestinian NGOs and institutions. Due to ongoing management issues, the Mission is conducting an evaluation to determine whether the existing contract can be modified to perform successfully or whether a new contract will need to be awarded early in FY 2005. The principal implementing partner is: IBM Consulting.

Emergency Medical Assistance ($590,000 ESF Prior Year Unobligated). USAID will continue its support to improve the Palestinians' capacity to meet emergency health and nutrition needs arising from the crisis. Activities include training, nutrition monitoring and research to ensure the availability of reliable information for decision makers to set policies and priorities, the procurement of medical equipment, supplies, and pharmaceuticals and sub-grants that maintain the operational capacity of local rehabilitation and emergency organizations. The principal implementing partner is: CARE.

Community Psychosocial Support ($2,500,000 ESF Prior Year Unobligated). USAID will continue its support for improving technical skills of teachers, parents, and social workers in psychosocial support training, counseling and coping behaviors among children and parents who must live in a violent environment. Sub-grants to implement psychosocial support activities will also continue. Pending the results of a mid-term assessment, USAID may provide additional funds for a Phase II community psychosocial support program. The principal implementing partners are: Save the Children and others TBD.

Nutrition ($225,000 ESF, $800,000 ESF Prior Year Unobligated). USAID will seek new partnerships to support Palestinian institutions strengthen policies and programs on micronutrient deficiencies which may include supplementation and food-based strategies; national awareness raising campaigns; improving capacity of Palestinian organizations to provide leadership, ensure early detection and appropriate management and case referrals. Given the positive impact of existing food security programs, USAID will continue its support for the distribution of basic food parcels to the most vulnerable non-refugees and food insecure families. USAID's contributions cover operational expenses and local procurement of wheat

flour and olive oil. USAID will continue to support the procurement and distribution of essential vaccines and supplies covering a twelve month period for total coverage requirements estimated by the Ministry of Health. The principal implementing partners are: World Health Organization (WHO), World Food Program (WFP), UNICEF and others TBD.

FY 2005 Program:
Maternal and Child Health and Nutrition ($6,200,000 ESF). This program will continue under the existing or newly selected contractor. Since this is one of the most important programs supporting provision of health services to mothers and children, it will be continued with modifications suggested by the evaluation being conducted in the second quarter of 2004.

Emergency Medical Assistance ($800,000 ESF). USAID will continue support to improve the Palestinians' capacity to meet emergency health and nutrition needs. Health and nutrition monitoring and research will continue with an additional focus of integrating monitoring systems into a Palestinian Authority institution -- such as the Ministry of Health -- to ensure sustainability. Based on need, the procurement of medical equipment, supplies, and pharmaceuticals and sub-grants to Palestinian organizations will continue.

Performance and Results: USAID's health programs continue to improve and sustain performance in the health system. Through the end of FY 2003, USAID procured and distributed medical equipment, supplies, and pharmaceuticals worth about $7 million to approximately 200 non-governmental clinics, hospitals and public health facilities, serving approximately 570,000 women and children. Local pharmaceutical procurement resulted in an economic injection of $2.5 million to private Palestinian firms. Seventy-six training workshops targeting 657 health workers were conducted to strengthen their counseling skills in educating women on the birth cycle and care for the mother and newborn. In addition, over 60,000 women and children have benefited from health education materials that focus on priority health concerns. Approximately 540,000 of the poorest and most vulnerable persons have directly benefited from food distribution programs that are supported by USAID. A food security assessment found that 70% of Palestinians have difficulty obtaining sufficient food. A repeat nutritional assessment one year later showed that moderate and severe acute malnutrition rates among children ages 6-59 had improved from 7.8% to 3.4%. Data are still being analyzed to guide Mission programs. A psychosocial assessment revealed that 93% of sampled children reported not feeling safe and exposed to attack. More than 22,000 children were beneficiaries of play and art therapy that help children deal with trauma while 40,000 children have benefited from a series of innovative classroom-based sessions in 370 schools and 270 community centers. Over 10,000 parents, teachers, and other caregivers have directly benefited from group sessions and training on how to meet children's basic support needs. An estimated 41,700 children benefited from 200 USAID-sponsored summer camps.

US Financing in Thousands of Dollars

West Bank and Gaza

294-007 Family Health	**ESF**
Through September 30, 2002	
Obligations	35,237
Expenditures	8,330
Unliquidated	26,907
Fiscal Year 2003	
Obligations	12,880
Expenditures	18,534
Through September 30, 2003	
Obligations	48,117
Expenditures	26,864
Unliquidated	21,253
Prior Year Unobligated Funds	
Obligations	5,689
Planned Fiscal Year 2004 NOA	
Obligations	6,200
Total Planned Fiscal Year 2004	
Obligations	11,889
Proposed Fiscal Year 2005 NOA	
Obligations	7,000
Future Obligations	7,000
Est. Total Cost	74,006

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Community Services Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-008
Proposed FY 2004 Obligation:	$16,000,000 ESF
Prior Year Unobligated:	$1,233,000 ESF
Proposed FY 2005 Obligation:	$6,000,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2005

Summary: The goal of USAID's Community Services Program (CSP) is to improve the quality of life of Palestinians in under-served communities in the West Bank and Gaza (WBG). The program responds to the growing gap in the provision of community services through a wide range of interventions. While generating employment opportunities, the program upgrades basic infrastructure, improves the capacity of local entities to provide sustainable community services, and provides humanitarian assistance to disadvantaged groups. Community involvement is the cornerstone of the program. Communities participate in identification, design and implementation of projects, and, in most instances, make substantial contributions in kind or in cash. Municipal/village councils, village development committees and community-based organizations also receive training and technical assistance to maintain and sustain the projects within their communities.

Inputs, Outputs, Activities:

FY 2004 Program:
Upgrade infrastructure for selected needy rural areas and urban neighborhoods in the West Bank and Gaza ($6,000,000 ESF, $893,000 ESF Prior Year Unobligated). USAID will fund small community activities focused on the education, health, youth, agriculture and small municipal infrastructure fields to improve the quality of life and provide much needed services while creating employment opportunities. Interventions in the education and health sectors will focus on rehabilitation and construction of schools and clinics resulting in greater access to these needed facilities. Poor areas often suffer from inadequacy or absolute absence of schools and clinics. Typical interventions in this area include construction or expansion of educational and health facilities and training of service providers. Small municipal infrastructure activities will include water projects aimed at the provision of quality water for drinking purposes. Construction of household water cisterns and rehabilitation, and extension of piped water networks will be carried out in water-scarce areas. Support to youth facilities and agricultural land reclamation will continue if resources are available and suitable activities exist. The program and number of partners is expected to decrease as the last of the Wye Accord funds are disbursed. The principal implementing partners are: Save the Children Federation (SCF), Catholic Relief Services (CRS), CARE International, YMCA, American Near East Refugee Aid (ANERA), World Vision International (WVI), Mercy Corps (MC), Cooperative Housing Foundation (CHF), International Orthodox Christian Charities (IOCC), United Palestinian Appeal (UPA), International Youth Foundation (IYF), and the United Nations Development Program (UNDP).

Road rehabilitation ($8,500,000 ESF, $340,000 ESF Prior Year Unobligated). USAID will also fund a second phase of highly successful road rehabilitation project, providing much needed jobs and cash into the local economy. The principal implementing partners are CH2MHill and numerous local contractors (TBD).

Providing humanitarian assistance for disadvantaged groups ($1,500,000 ESF). The aim of humanitarian assistance is to reach out to groups that have fallen on the margins of mainstream donor assistance. These groups include the elderly, physically and mentally challenged youth, needy school children,

internally displaced persons, families with inadequate shelter and other similar groups with urgent needs. Typical interventions in this area will include the distribution of commodities, such as food packages and school supply bags. The principal implementing partner is Associates in Rural Development, Inc. (ARD).

FY 2005 Program:
Upgrade of infrastructure in needy communities in the West Bank and Gaza ($5,500,000 ESF). Depending on the success of the assistance model for FY 2004 described above, and if additional resources become available, USAID may expand the program into new locations of demonstrable need. Technical assistance could be provided to community councils to enable them to carry out their own needs assessment planning in order to leverage further assistance from local and international organizations more effectively. Such partnerships will be crucial since Palestinian local governments do not have adequate resources to finance desperately needed community infrastructure and services.

Humanitarian assistance ($500,000 ESF). Humanitarian assistance will be continued where needed.

Performance and Results: USAID's CSP achieved its targets for 2003, which will contribute towards enhancement of services to rural communities in the absence of functioning government structures and the depletion of local economic resources. In 2003, CSP generated over 500,000 person days of employment and extended benefits to more than 2.3 million beneficiaries. By providing new facilities, or expanding existing ones in important sectors like education and health, CSP has provided direct employment and supported the local economy and social sectors. Examples of the CSP's contributions to Palestinian society abound. Since program inception, the CSP has supported projects in about 300 villages, which is almost half of all Palestinian communities. It has been active in every Palestinian governorate creating more than 1.3 million person days of employment. It has financed construction of over 1,300 educational rooms, representing about 30% of total Palestinian needs for increased classroom space and benefiting about 30,000 students. It has also built or renovated 550 youth facilities, constructed or developed nearly 900 water cisterns, increased arable land available to Palestinian farmers by over 750 acres, and constructed interior agricultural access and connecting roads that allow farmers to reach their land and get their products to market. To summarize, the CSP external evaluation stated as its main finding that: "The CSP is an outstanding program that has effectively targeted the poorest Palestinian communities, has utilized creative concepts, and has had a tangible, positive impact on the lives of thousands of Palestinians."

One of the most highly acclaimed activities this year was the Roads Rehabilitation project, funded from monies made available through the FY 2003 Emergency Wartime Supplemental Appropriations Act. The project deserves mention in terms of innovative contracting and implementation, high visibility, and significant impact on the local economy in terms of job generation and local material utilization. In a record five months from contract execution until project completion, 45 kilometers of roads were built in 11 communities throughout the West Bank and Gaza. The program utilized the skills of 11 local contractors overseen by a U.S. architectural design and engineering firm. As a result of this activity, 500 construction and professional jobs have been created in Palestinian communities, $14 million has been injected into the economy, and tremendous positive media support and good will toward the United States were engendered.

US Financing in Thousands of Dollars

West Bank and Gaza

294-008 Community Services Program	**ESF**
Through September 30, 2002	
Obligations	196,327
Expenditures	66,420
Unliquidated	129,907
Fiscal Year 2003	
Obligations	63,344
Expenditures	57,626
Through September 30, 2003	
Obligations	259,671
Expenditures	124,046
Unliquidated	135,625
Prior Year Unobligated Funds	
Obligations	1,233
Planned Fiscal Year 2004 NOA	
Obligations	16,000
Total Planned Fiscal Year 2004	
Obligations	17,233
Proposed Fiscal Year 2005 NOA	
Obligations	6,000
Future Obligations	6,000
Est. Total Cost	288,904

Yemen

The Development Challenge: Following unification of Marxist South Yemen and North Yemen in 1990, the new Republic of Yemen Government (ROYG) made impressive progress with the establishment of a constitutional government, a parliamentary system with multiparty elections, and laws to strengthen non-governmental organizations. The new government has also begun to decentralize resource allocation decisions and local management of social services, and define development goals. The ROYG has demonstrated a strong commitment to stabilization and reform through price and market liberalization, fiscal prudence, liberalization of foreign exchange and trade, and striving to cut foreign debt and increase foreign exchange reserves. However, increasing democracy and development have been threatened by the emergence of international terrorism in Yemen, such as the al-Qa'eda bombing of the USS Cole in October 2000; the attack on the M/V Limburg in October 2002; and the murder of three American NGO health workers in Jibla Hospital in December 2002. As a result, the USG's foreign policy interests in Yemen are to expand the USG and ROYG partnership against terrorism, to neutralize al-Qa'eda's ability to threaten US interests both inside and from Yemen, and to enhance regional security by building a close partnership between the US and Yemeni military.

To achieve these goals, USG development assistance will reinforce diplomatic, military, law enforcement, counter terrorism and intelligence cooperation. USG resources are especially needed in remote governorates where terrorists have received support and safe-haven from local tribal leaders who often do not recognize the authority of the ROYG. These remote areas are very poor and their populations suffer from some of the worst health and education indicators in the Middle East. Among the many challenges that Yemen faces are a low per capita GDP of $465, a high population growth rate of 3.5%, an unemployment rate of 18%, a high infant and child mortality rate, a high maternal mortality rate of 1,400 per 100,000 births, and dwindling oil and water reserves. Furthermore, the country's land base suffers from overgrazing, deforestation, erosion, desertification, and soil salinization.

The USAID Program: USAID's overall goal in Yemen is to support USG foreign policy objectives in the war on terrorism by helping to develop a healthy and educated population with access to diverse economic opportunities. To gain support from tribal leaders for the ROYG decentralization, development, democracy and counter terrorism objectives, the USAID program will quickly create jobs, increase income, and improve health, education, and community empowerment. The program will focus on the five target governorates of Amran, Sa'ada, Al-Jawf, Marib and Shabwa, long known to be the main sources of, and havens for, domestic and international terrorists in Yemen.

USAID/Yemen programs will improve the delivery of tangible, practical support in basic sectors (health, education, agriculture) that touch the lives of the average Yemeni living in the target governorates. FY 2004 and FY 2005 ESF funds will be used to expand programs in basic education, health and agriculture previously described in the FY 2004 Congressional Budget Justification and in the September 2003 Congressional Notification for the FY 2003 ESF carry-over funds. Limited amounts of USAID funds will also be used to assist the ROYG to build the context for sustainable development through policy initiatives in the program sectors. USAID plans to amend the Yemen Interim Strategy 2003-2006 to include a new Special Objective in Democracy and Governance. USAID will notify Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: In addition to the resources requested in the Yemen data sheets, USAID's Office of Democracy and Governance manages programs to improve the electoral process, increase the capacity and the role of the parliament, local councils and political parties, strengthen the rule of law and bolster women's legal and political rights. These activities will be transferred to USAID/Yemen in FY 2004 after the USAID Strategy has been amended as mentioned above. The core of these activities has been funded by the Middle East Partnership Initiative (MEPI). MEPI also funds the USAID-managed Yemen Adult Life-skills Literacy Education (YALLE) Program, implemented by Care International in the target governorate of Amran and the Yemen Internet in the Schools Project.

Other Donors: USAID coordinates very closely with the donor community to assure that the impact of relatively scarce donor resources is maximized in response to the nearly overwhelming needs in Yemen.

In terms of health, following the United States, the three largest bi-lateral donors in health for 2004 are Germany ($3.74 million), the United Kingdom ($3.74 million), and the Netherlands ($2.24 million). The Netherlands, Germany and the World Bank have taken a strong lead in donor coordination, especially relating to donor support of Yemen's Health Sector Reform proposal. The Japanese continue to have a modest hardware orientated program. Four multilateral donors also have significant health programs in Yemen in 2004: World Bank ($10 million); UNFPA ($2.4 million); WHO ($2 million); the European Union ($6.23 million in 2004); and UNICEF ($2.1 million). However, almost none of these donors work in the five remote governorates targeted by USAID.

In education, the two largest bi-lateral donors in education are the Netherlands ($18.6 million) and Germany ($9.2 million) in planned levels for 2004. The Japanese and the United Kingdom will begin modest programs in basic education in 2004. There are also three multilateral donors with significant basic education programs in Yemen in 2004: the World Bank ($24.7 million), the World Food Program ($6.3 million), and UNICEF ($2.6 million). A range of donors (World Bank, Germany, IFAD, UNDP, FAO, Netherlands, Abu-Dhabi Fund, Islamic Bank) are providing approximately $20 million per year in agriculture projects, but, none of this assistance reaches poor farmers (especially women) in the USAID five target governorates.

Yemen
PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Development Assistance	0	2,000	0	0
Economic Support Fund	5,000	9,898	11,432	20,000
ESF - FY 02 Supplemental	3,000	0	0	0
PL 480 Title II	395	1,893	0	0
Total Program Funds	**8,395**	**13,791**	**11,432**	**20,000**

STRATEGIC OBJECTIVE SUMMARY				
279-004 Graduate Studies and Program Support				
ESF	5,000	0	700	700
ESF - FY 02 Supplemental	3,000	0	0	0
279-005 Reproductive, Maternal and Child Health Services				
ESF	0	4,000	5,140	7,380
279-006 Basic Education, Especially for Women and Girls				
DA	0	2,000	0	0
ESF	0	3,000	3,270	6,330
279-007 Income Opportunities and Food Security				
ESF	0	2,498	1,642	3,410
279-ZZZ Strengthening of Democratic Political Institutions				
ESF	0	400	680	2,180

Acting Mission Director,
Douglas Heisler

Data Sheet

USAID Mission:	Yemen
Program Title:	Graduate Studies and Program Support
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	279-004
Proposed FY 2004 Obligation:	$700,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$700,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2006

Summary: Prior to the approval of the Yemen Interim Strategy for FY 2003-FY2006, the Yemen Basic Health and Education (YBHE) Program was the sole USAID non-presence program in Yemen. The program was implemented by the Adventist Relief and Development Agency (ADRA) International and funded with approximately $5 million in FY 2001 and FY 2002 ESF. However, with the advent of the new Yemen Interim Strategy and its focus on health and education, this program has been re-oriented to fund a new Graduate Studies Program and program staff to support all USAID/Yemen's programs.

Inputs, Outputs, Activities:

FY 2004 Program:
Graduate Studies Program ($500,000 ESF). This program will support qualified Yemenis to undertake graduate study in fields related to the USAID core program in health, basic education, and agriculture in institutions in either the United States or in accredited university programs in the Middle East region. USAID will try to identify qualified women and candidates from the USAID target governorates.

Program Management ($200,000 ESF). USAID will allocate $200,000 to cover program management costs for the entire Yemen portfolio.

FY 2005 Program:
Graduate Studies Program ($500,000 ESF). This program will continue to support qualified Yemenis to undertake graduate study in fields related to the USAID core programs in either the United States or in accredited university programs in the Middle East region.

Program Management ($200,000 ESF). USAID will continue to fund the contracts of staff hired in FY 2004 under this program.

Performance and Results: Since the activities under the Graduate Studies Program have not been funded yet, no results can be reported at this time. Under the YBHE Program, USAID supported the secure establishment of 68 local community groups and organizations in the governorate of Sa'ada and trained 65 women teachers and 50 midwives. Enrollment rates of girls in the target areas have increased up to 100% and health facility coverage for women has increased an average of 51.1%.

US Financing in Thousands of Dollars

Yemen

279-004 Graduate Studies and Program Support	ESF
Through September 30, 2002	
Obligations	1,995
Expenditures	0
Unliquidated	1,995
Fiscal Year 2003	
Obligations	5,990
Expenditures	995
Through September 30, 2003	
Obligations	7,985
Expenditures	995
Unliquidated	6,990
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	700
Total Planned Fiscal Year 2004	
Obligations	700
Proposed Fiscal Year 2005 NOA	
Obligations	700
Future Obligations	0
Est. Total Cost	9,385

Data Sheet

USAID Mission:	Yemen
Program Title:	Reproductive, Maternal and Child Health Services
Pillar:	Global Health
Strategic Objective:	279-005
Proposed FY 2004 Obligation:	$5,140,000 ESF
Prior Year Unobligated:	$4,000,000 ESF
Proposed FY 2005 Obligation:	$7,380,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: The capacity of Yemen to fulfill its role as an ally in the war on terrorism is dependent upon its ability to deliver essential services. This is especially important in health care because Yemenis suffer from the worst health indicators in the region and in several cases, in the world. Life expectancy is 59.8 years; fertility is among the highest in the world at 7.6 births per woman; contraceptive prevalence rate for modern methods is 10 percent; infant and child mortality are very high at 76 and 107 per 1,000 respectively; one-third of all under-five deaths occur from vaccine-preventable diseases; and maternal mortality is virtually the highest in the world at 1,400 per 100,000 births. Unfortunately, primary health care reaches only 24 percent of the population in rural areas where most Yemenis live. Yemen has one of the highest population growth rates in the world (3.5%) and the population is projected to increase from 19 million in 2004 to 49 million by 2031. With nearly half of the population under 15 years of age, this population explosion will continue to have a negative impact on economic development for years to come.

The USAID program in the health sector is focused on increasing access to and use of reproductive, maternal and child health services in the five remote and underserved governorates that have produced and harbored terrorists- Amran, Shabwa, Al-Jawf, Saada, and Marib. The program has three categories: (1) increased access to quality health services; (2) increased knowledge and healthy behaviors at the community level; and, (3) improved physical and policy environment for health.

Inputs, Outputs, Activities:

FY 2004 Program:
Health services ($5,140,000 ESF, $4,000,000 ESF Prior Year Unobligated). To address Yemen's health care needs, funds will be used to improve the health system and increase the capacity of the Government of Yemen to plan for and deliver health services in rural areas. Illustrative activities will include strengthening health planning, management and financing at national and sub-national levels through training, National Health Accounts, health services assessment and health information systems; strengthening reproductive, maternal and child health (MCH) service delivery by renovating MCH centers and furnishing basic equipment, medicines and supplies, providing mobile clinics in underserved areas, providing quality in-service trainings at all levels of the health service delivery system including managers, community midwives, health service delivery personnel and supervisors; promoting healthy behaviors through community-based health education including materials for illiterate females; and environmental health activities such as improving access to potable water and hygiene practices. The principal contractors and grantees currently setting forth specific plans in this sector include the CATALYST Consortium and ABT Associates, Inc.

FY 2005 Program:
Health services ($7,380,000 ESF). USAID/Yemen will continue to support health activities that began in FY 2004.

Performance and Results: Activities in Yemen have just begun in FY 2004, and targets are now being developed.

US Financing in Thousands of Dollars

Yemen

279-005 Reproductive, Maternal and Child Health Services	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	4,000
Planned Fiscal Year 2004 NOA	
Obligations	5,140
Total Planned Fiscal Year 2004	
Obligations	9,140
Proposed Fiscal Year 2005 NOA	
Obligations	7,380
Future Obligations	0
Est. Total Cost	16,520

Data Sheet

USAID Mission:	Yemen
Program Title:	Basic Education, Especially for Women and Girls
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	279-006
Proposed FY 2004 Obligation:	$3,270,000 ESF
Prior Year Unobligated:	$2,000,000 DA; $3,000,000 ESF
Proposed FY 2005 Obligation:	$6,330,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: The capacity of Yemen to fulfill its role as an ally in the war on terrorism is dependent upon its ability to decrease poverty and improve its overall economic performance. A key to that goal is improving education in Yemen, especially in the rural areas. Education attainment in Yemen is among the lowest in the world. About half of the primary-school age children are not in school. Only 45% of all rural primary age children are currently enrolled in formal schooling and only 30% of rural girls are in school. To some extent, the poor quality of primary education reflects the low qualification of teachers, especially in rural areas. Most of the teachers (60%) have only completed basic education, with one or perhaps two years of additional training. Primary education faces serious difficulties, including inadequate school buildings, shortage of teaching and learning materials, and weak community involvement and regional shortages of teachers, especially in rural areas.

The USAID program in the education sector is focused on improving basic education, especially for women and girls in the five remote and underserved governorates targeted by USAID. The program has three categories: (1) enhanced access to quality primary education in the public sector; (2) increased literacy and numeracy opportunities at the community level; and, (3) improved public sector environment for education.

Inputs, Outputs, Activities:

FY 2004 Program:
Education services ($3,270,000 ESF, $3,000,000 ESF and $2,000,000 DA Prior Year Unobligated). In response to Yemen's education needs, FY 2004 ESF and prior year carry-over funds will focus on much needed improvements in education in schools and outreach to out-of-school children and illiterate adults. Specific programs are now being developed and will include increased capacity of the Ministry of Education to plan and meet the education needs at the local level, outreach to children and adults that have not had access to education, training for teachers and administrators, reconstructing and equipping schools, and increased community participation in education. Contractors and grantees working in this sector include Creative Associates and CARE International.

FY 2005 Program:
Education services ($6,330,000 ESF). USAID will continue to support education activities that began in FY 2004.

Performance and Results: Activities in Yemen have just begun in FY 2004, and targets are now being developed.

US Financing in Thousands of Dollars

Yemen

279-006 Basic Education, Especially for Women and Girls	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	2,000	3,000
Planned Fiscal Year 2004 NOA		
Obligations	0	3,270
Total Planned Fiscal Year 2004		
Obligations	2,000	6,270
Proposed Fiscal Year 2005 NOA		
Obligations	0	6,330
Future Obligations	0	0
Est. Total Cost	2,000	12,600

Data Sheet

USAID Mission:	Yemen
Program Title:	Income Opportunities and Food Security
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	279-007
Proposed FY 2004 Obligation:	$1,642,000 ESF
Prior Year Unobligated:	$2,500,000 ESF
Proposed FY 2005 Obligation:	$3,410,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: The capacity of Yemen to fulfill its role as an ally in the war on terrorism is dependent upon its ability to decrease poverty and improve its overall economic performance. According to a 1998 World Bank study, 18% of the Yemeni population lives in absolute poverty, and 42% of the population are incapable of meeting their food and non-food requirements. Most of Yemen's poor live in the countryside and rely to a large degree on imported food at subsidized prices, although the majority of the population is engaged in the agricultural sector.

The Yemen economy is heavily dependent upon oil exports and remittances from Yemenis working abroad, neither of which have great potential for growth. Over 90% of export revenue is derived from oil and oil products, which is likely to decline significantly over the next decade. Approximately 18% of the labor force is unemployed and productivity is low due to lack of appropriate skills.

The USAID program in this sector is focused on increasing income opportunities and food security in the five remote and underserved governorates of Amran, Shebwa, Al-Jawf, Saada, and Marib. The programs fall into three categories: (1) expanded sustainable production of rural economic products for the market and home consumption; (2) expanded markets for rural economic products; and, (3) improved framework for economic growth.

Inputs, Outputs, Activities:

FY 2004 Program:
Agriculture activities ($1,012,000 ESF and $1,439,000 ESF Prior Year Unobligated). USAID's agriculture activities will focus on much needed improvements in agricultural production income from the sale of agricultural products, and improved household nutrition. ESF funds will be complemented by USDA 416(b) and PL480 funds. The primary focus of the program will be to assist small farmers in remote areas to improve their ability to grow crops and raise animals to earn income and feed their families. A special effort will be made to assist women farmers. USAID will also assist Yemeni agricultural colleges to provide agricultural extension services to farmers and private sector businesses engaged in agriculture. Limited technical assistance will be provided to the Ministry of Agriculture at the national and local levels to increase their capacity to assist poor farmers. The principal contractors currently include Associates in Rural Development (ARD) and New Mexico State University.

Economic growth activities ($630,000 ESF and $1,061,000 ESF Prior Year Unobligated). USAID's economic growth activities will assist Yemen in its ability to identify new products and markets and expand access to regional and international trade. The principal contractor currently is Nathan Associates.

FY 2005 Program:
Agriculture activities ($2,480,000 ESF). USAID/Yemen will continue to support agriculture activities described above.

Economic growth activities ($930,000 ESF). USAID/Yemen will continue to support economic growth activities begun in FY 2004.

Performance and Results: Activities in Yemen have just begun in FY 2004, and targets are now being developed.

US Financing in Thousands of Dollars

Yemen

279-007 Income Opportunities and Food Security	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	2,500
Planned Fiscal Year 2004 NOA	
Obligations	1,642
Total Planned Fiscal Year 2004	
Obligations	4,142
Proposed Fiscal Year 2005 NOA	
Obligations	3,410
Future Obligations	0
Est. Total Cost	7,552

Data Sheet

USAID Mission:	Yemen
Program Title:	Strengthening of Democratic Political Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	279-ZZZ
Proposed FY 2004 Obligation:	$680,000 ESF
Prior Year Unobligated:	$398,000 ESF
Proposed FY 2005 Obligation:	$2,180,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: Yemen's political ability to play its role as an ally in the war on terrorism is dependent on the integrity and public credibility of its democratization process. Yemen has made significant strides in the democracy and governance (DG) sectors, including the implementation of a democratic local governance structure starting in 2000; the emergence of an increasingly autonomous parliament and nascent multiparty system; and the holding of improved local and parliamentary elections in 2001 and 2003. However, in recent years there has been backsliding in Yemen's democratization that risks increasing existing cynicism within the political elite and among the broader public about the democratization process itself, and tarnishing governmental and even regime legitimacy, which is staked on claims of genuine democratization. However, the ROYG remains generally committed to continuing and even deepening DG reforms. Other governmental and non-governmental entities and groups have also played by the rules of the existing democratic game despite the executive and ruling party's continued dominance.

USAID's overall goal in Yemen is to support USG foreign policy objectives in the war on terrorism and socioeconomic development by strengthening Yemen's democratization process. A USAID Democracy and Governance assessment, with State/NEA/PI participation, was conducted in September-October 2003 in order to analyze, inform and prioritize areas for effective USAID and broader USG DG assistance in Yemen. As other USAID programs target five remote and underserved governorates that have harbored and/or produced terrorists, one component of the overall DG program will focus on activities strengthening local governments. These activities will also be directly tied to and positively impact local community development. Other key likely components will include national level programs to support parliament and political parties, as well as the electoral process and other efforts. Future DG programming will build directly on past, and in some cases ongoing, smaller-scale activities in Yemen.

USAID plans to fund these new activities in FY 2004 with (1) FY 2003 ESF carry-over funds; (2) FY 2004 NOA; and (3) FY 2004 Middle East Partnership (MEPI) funds. The new activities that will begin in FY 2004 will be continued with FY 2005 ESF and possibly with FY 2005 MEPI funds.

Inputs, Outputs, Activities:

FY 2004 Program:
Democracy and governance activities ($680,000 ESF and $398,000 ESF Prior Year Unobligated). USAID funds will be used to strengthen Yemeni political institutions to help them realize their representative, policy-making and legislative roles, as well as to support fairer democratic electoral processes. This approach will not only strengthen Yemen's reform process but also contribute to the state's legitimacy, political stability and ultimately make Yemen an even stronger USG partner. Illustrative activities in these areas include (1) continued and expanded training for local council members in their knowledge and execution of their roles under the Law on Local Administration of 2000; (2) strengthening parliamentarians in their deliberative, consultative and legislative roles vis-à-vis the executive in key policy-making areas of public concern for Yemenis (e.g. health, agriculture, education, water/environment); (3) enhancing the representative and outreach functions of political parties; and (4)

providing targeted technical assistance to contribute to freer and fairer elections. Women's empowerment, civil society, and media are envisioned as being integral, cross-cutting issues in these institutional arenas.

FY 2005 Program:
In FY 2005, USAID will allocate ESF $ 2,180,000 to continue and develop the activities that begin in FY 2004.

Performance and Results: Smaller-scale, often discrete DG activities have been ongoing in Yemen since the 1990s under central mechanisms managed by USAID's DG Office of the Bureau for Democracy, Conflict and Humanitarian Assistance. These past activities have achieved results such as the enhanced organization and administration of democratic electoral processes. Specifically, training for political parties and their candidates, technical assistance to the Supreme Council for Elections and Referendum, and funding of election monitors contributed to improved conduct of all stakeholders in the parliamentary elections of April 2003. In more general terms, previous activities have also allowed current U.S. NGO implementers to forge strong and rather unique relationships and trust with the ROYG, many parliamentarians, political parties and key civil society NGOs. Previous results and implementer ties thus provide a strong foundation on which to construct future programming. The larger, more comprehensive and strategic DG program envisioned in Yemen is currently being developed, and will build on and incorporate recent/ongoing DG activities. Targets and activities will begin in FY 2004.

US Financing in Thousands of Dollars

Yemen

279-ZZZ Strengthening of Democratic Political Institutions	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	398
Planned Fiscal Year 2004 NOA	
Obligations	680
Total Planned Fiscal Year 2004	
Obligations	1,078
Proposed Fiscal Year 2005 NOA	
Obligations	2,180
Future Obligations	0
Est. Total Cost	3,258

ANE Regional

The Development Challenge: Political instability, the continuing threat of terrorism, and significant development challenges (high population growth rates, weak governance systems, human rights violations, the growing threats of HIV/AIDS, tuberculosis and malaria, environmental degradation, and increasing water scarcity) plague the development of much of Asia and the Near East.

The USAID Program: USAID has four regional programs reported under this section. They are a vital component of the Agency's efforts to address transnational issues and opportunities, promote public/private partnerships, and facilitate the exchange of information and ideas between countries. These programs are in addition to those managed by the Regional Development Mission/Asia (RDM/Asia) in Bangkok. The four regional programs managed by USAID/Washington are:

Program Development and Learning (PD&L). Funds will support the development and refinement of new strategies for country and regional programs, and forward-looking analyses that identify emerging development problems and opportunities in the region. The program also supports planning, analysis, program assessments and evaluations, as well as Agency compliance with reporting and public information needs. The program also funds the Bureau's efforts to mobilize additional resources for education funding in the region using the public/private partnership approach.

South Asia Regional Initiative for Energy. This program supports regional energy cooperation and the eventual trade in clean energy resources in South Asia.

East Asia and Pacific Environmental Initiative. This program addresses critical environmental challenges and opportunities in East Asia and the Pacific in the areas of forest resources management and coastal and marine resources management.

South Asia Regional Democracy Program. Funds support activities to reduce the trafficking of women and children, and improve governance and human rights in South Asia.

Other Program Elements: None

Other Donors: These programs are coordinated with other donors operating in the region. The HIV/AIDS, economic growth, and environment activities have especially benefited from partnerships with the World Bank, the Asian Development Bank, and several UN Agencies that has bolstered overall results for USAID objectives in the region.

ANE Regional
PROGRAM SUMMARY

(In thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	8,450	1,495	2,280	2,900
Development Assistance	36,669	37,013	24,818	18,571
Economic Support Fund	63,250	44,900	123,019	177,250
ESF - FY 02 Supplemental	20,000	0	0	0
ESF - Wartime Supplemental	0	100,000	0	0
Total Program Funds	**128,369**	**183,408**	**150,117**	**198,721**

STRATEGIC OBJECTIVE SUMMARY				
498-007 Program Development and Learning				
CSH	8,450	1,495	2,280	2,900
DA	25,797	27,063	13,748	11,071
498-012 Middle East Regional Democracy Fund				
ESF	6,525	4,000	0	0
498-023 South Asia Regional Initiative for Energy				
DA	9,600	8,000	7,500	5,000
ESF	4,000	3,000	0	0
498-024 East Asia and Pacific Environmental Initiative				
ESF	3,500	0	1,740	0
498-037 South Asia Regional Democracy				
DA	1,272	1,950	3,570	2,500
ESF	3,500	1,900	1,988	2,000
498-xxx -- Department of State Programs				
ESF	45,725	36,000	119,291	175,250
ESF - FY 02 Supplemental	20,000	0	0	0
ESF - Wartime Supplemental	0	100,000	0	0

Office Director,
Larry Brady

Data Sheet

USAID Mission:	ANE Regional
Program Title:	Program Development and Learning
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	498-007
Proposed FY 2004 Obligation:	$2,280,000 CSH; $13,748,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,900,000 CSH; $11,071,000 DA
Year of Initial Obligation:	FY 1995
Year of Final Obligation:	Continuing

Summary: The Program Development and Learning (PD&L) strategic objective is funded with DA and CSH funds, from both Asia and Near East (ANE) regional and bilateral missions. DA funds will be used to develop and refine new strategies for country and regional programs, develop forward looking analyses that identify emerging development problems and opportunities in the region, and carry out assessments of ongoing programs. The Bureau has included funding under this objective to support new public-private partnerships that will expand school to work education programs in key countries in the region. CSH funds will be used for technical analyses, data collection and dissemination to guide and refine future population, health, and nutrition (PHN) programming in the ANE region.

Inputs, Outputs, Activities:

FY 2004 Program:
Program Development and Learning (PD&L) activities ($13,748,000 DA, $2,270,000 CSH). PD&L funds will support the following types of activities:

-- Technical advisors that support USAID missions and the Bureau to develop new programs, assess and evaluate ongoing development efforts, and carry out analyses that will inform future programming decisions;
-- Technical assistance for new programs that strengthen international trade and cooperation, and assist and facilitate entry into WTO or trade related agreements with the U.S and Asia growth and jobs;
-- Technical assistance in information and communication technologies, specifically focused on the enforcement of intellectual property rights and liberalizing telecommunications and ICT policy reform;
-- New pilot programs to test approaches for managing conflict in Asian forest communities;
-- Training for USAID program managers and host country counterparts in implementation of environmental regulations and policies;
-- Development of new regional and bilateral education strategies and projects through analyses of country education profiles, development of a gender database, and analyses of education policies and expenditures;
-- The Bureau has allocated $5.0 million within the DA budget to support a new public-private partnership effort in education, specifically focused on expanding investment in school-to-work training programs. Within this budget, $2.0 million is being allocated for a program in Pakistan. The remaining funds will support new programs in Indonesia, Philippines, and Morocco; and
-- Development of anti-corruption strategies and conduct analyses of factors that contribute to moderate political Islam.

CSH funds will finance technical advisors in health policy, infectious diseases, maternal and child health, HIV/AIDS and other sexually transmitted diseases. Supported activities will focus on reproductive health, the growing threat of the HIV/AIDS epidemic, policy analysis and professional development training and technology, and advocacy efforts for maternal and neonatal health, adolescent reproductive health, and urban child health.

Finally, PD&L funds will support on-demand research, goal area reviews, analyses that respond to new priorities, web site development for enhanced program management and outreach, and communications and outreach services to the ANE Bureau and missions. PD&L funds will also finance a portion of management and oversight costs, including travel, for non-presence country programs.

FY 2005 Program:
Program Development & Learning (PD&L) activities ($10,971,000 DA, $2,900,000 CSH). PD&L funds will continue to support program development in the areas identified above.

Performance and Results: USAID supported a regional effort to convene cross-sectoral specialists to identify effective strategies for working in conflict situations. Conflict is affecting the socio-economic and governance environment in the Asia and Near East region, including Iraq, Afghanistan, Pakistan, Nepal, Sri Lanka, East Timor, and Mindanao, Philippines. Through the regional Information and Communications Technologies (ICT) program, USAID provided telecommunications regulatory assistance to promote competition, increase enforcement and transparency of intellectual property rights, and liberalize telecommunications to enhance economic growth and the use of innovative technology. To assess the impact of reconstruction on the lives of rural Afghans, ANE provided recommendations for enhancing human security and options for livelihood interventions. Topics included land, water, markets, income streams, violations and injustice, and formal and informal systems of justice and conflict management.

USAID provided program and policy leadership in advancing key U.S. foreign environment policy objectives and initiatives. Program supported the implementation of a wastewater reuse program, and the assessment of environmental damages caused by deforestation to agriculture and water supplies and fisheries. The program also supported analyses of policies and laws that underpin grievances and conflicts in Indonesia, Cambodia, Sri Lanka and the Philippines. Program provided technical assistance for the design and initial implementation of the Iraq Marshlands Restoration Program, including technical analyses and training of Iraqi engineers in hydrologic modeling. The program also made important contributions to design a three-track groundwater policy program on monitoring and enforcement in Jordan; and, in Lebanon, carried out a water quality assessment of Lake Qaraoun addressing transboundary conflicts over rights to water flowing south. The program also provided training and technical assistance in environmental reviews and assessments to the USAID missions to ensure that new program designs complied with the requirements of Title 22 of the Code of Federal Regulations, Part 216.

Health programs provided technical assistance to address key policy issues, support new strategy development, and identify and help fill gaps in programming in order to assist populations most at risk for neonatal health, infectious diseases, maternal and child health, HIV/AIDS and STD. Health programs also provided support for reducing maternal mortality (which has 46% of the world's maternal deaths) to develop materials to scale up a pilot postpartum hemorrhage (PPH) reduction initiative. The program developed a regional neonatal health framework and a draft situational analysis of neonatal health in the region (2.5 million neonatal deaths, or 60% of the world's neonatal deaths, occurs in the ANE region). ANE developed a pilot urban slum project in Cairo in collaboration with the Egypt Mission and will convene a regional workshop on urban health to exchange information and strategies for implementing urban child health programs.

The ANE Bureau launched its public-private partnership initiative, signing twenty new public-private sector partnership programs in FY 2003. These programs operate in the Philippines, Indonesia, India, Morocco, Nepal, and Sri Lanka, and support a diverse set of activities. Examples include: the certification of timber from sustainably managed forests in Indonesia destined for markets in the US (Home Depot) and Europe (Ikea); expanding the cultivation of tree crops (especially cacao) in Indonesia, Philippines, and Nepal, and linking the products with markets in the US (Mars Corporation); and improving energy efficiency (Johnson and Johnson) and expanding the potential for using solar energy (Mirant Corp.).

US Financing in Thousands of Dollars

ANE Regional

498-007 Program Development and Learning	CSH	DA	ESF
Through September 30, 2002			
Obligations	11,876	26,136	2,891
Expenditures	8,514	13,252	2,706
Unliquidated	3,362	12,884	185
Fiscal Year 2003			
Obligations	3,376	15,795	1,987
Expenditures	2,302	7,533	146
Through September 30, 2003			
Obligations	15,252	41,931	4,878
Expenditures	10,816	20,785	2,852
Unliquidated	4,436	21,146	2,026
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	2,280	13,748	0
Total Planned Fiscal Year 2004			
Obligations	2,280	13,748	0
Proposed Fiscal Year 2005 NOA			
Obligations	2,900	11,071	0
Future Obligations	0	0	0
Est. Total Cost	20,432	66,750	4,878

Data Sheet

USAID Mission:	ANE Regional
Program Title:	South Asia Regional Initiative for Energy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	498-023
Proposed FY 2004 Obligation:	$7,500,000 DA
Prior Year Unobligated:	$1,350,000 DA
Proposed FY 2005 Obligation:	$5,000,000 DA
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2008

Summary: The South Asia Regional Initiative for Energy (SARI/Energy) program encourages regional energy development, cooperation, and expanded trade in clean energy resources among the South Asian countries of Bangladesh, Bhutan, India, the Maldives, Nepal and Sri Lanka. SARI/Energy's technical support activities focus on: strengthening the institutional capacity to make decisions on sustainable energy development; creating and strengthening regional forums and networks to share best practices; facilitating dialogue among key energy players; and fostering private investment in clean and commercial energy supplies.

Inputs, Outputs, Activities:

FY 2004 Program:
A mid-term evaluation of the SARI/Energy program was completed in FY 2003 which reaffirmed relevance of the program and recommended expansion of the stakeholder group to include change agents such as the media and political leaders. In August 2003, the program was extended and modified to authorize the participation of Pakistan and Afghanistan in its activities.

Improved regional energy security through regional cooperation ($2,250,000 DA). SARI/Energy technical assistance, provided through Nexant Inc., will improve understanding of energy security risks in South Asia and the role of regional energy cooperation and trade in improving energy security. The private sector advocacy effort led by the U.S. Chamber of Commerce's South Asia Regional Energy Coalition will create public and private support for regional energy cooperation. A small grants program, launched at the end of FY 2003 and managed by Winrock International, will both test and foster the ability of non-government organizations and academic institutions to form linkages for research, training and advocacy on regional energy cooperation.

Strengthened capacity of newly legislated or under consideration energy regulatory entities to create an effective private sector oriented energy sector ($2,000,000 DA, $1,350,000 DA Prior Year Unobligated). The U.S. Energy Association's regional energy partnership program will help regulators from the newly constituted bodies share experience with each other and their counterparts in the U.S. on regulatory practices that support market forces which protect consumers' rights to quality energy services. Specific training courses to strengthen regional regulators and technical assistance to develop documentation necessary for independent regulatory functions will be supported.

Strengthened electric power distribution with continuing attention to access for underserved or not yet covered rural population segments ($2,250,000 DA). A feasibility study will determine the organizational and business structure for the Bangladesh Rural Electrification Board to function as a regional center for excellence on rural energy access. Technical assistance will be provided to enhance the capacity of local institutions to train rural energy professionals.

Increased harmonization of energy efficiency standards to create a South Asian market for energy efficient appliances ($1,000,000 DA). Technical assistance will support Governments of South Asia as they develop a road map for harmonization of energy efficiency standards for select energy appliances.

FY 2005 Program:
Regional centers of excellence ($1,000,000 DA). USAID plans to continue its support to those regional centers of excellence which have become program partners in prior years, enabling them to provide an increasing share of the training required to build professional competencies in key subjects related to energy cooperation.

Professional networks ($2,000,000 DA). Active professional networks of energy sector institutions and officials established through SARI/Energy partnerships, technical assistance, training, and the small grants program will receive continuing support through carefully selected and targeted technical assistance interventions, as will a broader number of stakeholder categories, including academia and legislators, and public opinion leadership.

Peer exchange program ($750,000 DA). The SARI/Energy peer exchange program, which transfers programmatic expertise between and among regional energy entities, will remain as a successful program component in high demand.

Regional trade ($750,000 DA). Investment projects with potential for broader regional trade, such as Nepal's West Seti hydroelectricity export project, and the multi-purpose India-Sri Lanka bridge, will be nurtured.

Rural energy supply ($500,000 DA). SARI/Energy will support the spread and institutionalization of policies, regulations, and financing mechanisms, based on regional examples of successful innovations and practices.

Performance and Results: By the end of FY 2003, the SARI/Energy program had engaged over 2,100 energy sector professionals in decision-making and policy-influencing positions in South Asia. Parliaments of India, Bangladesh and Sri Lanka all passed watershed energy sector reform legislation which set the framework for significantly increased private sector participation and trade. SARI/Energy participants took part in drafting these legislative acts and were influential members of internal policy reviews which attended their passage and promulgation. The program's technical assistance and capacity building activities have helped identify and elevate the successes of Bangladesh's rural energy program different elements of which are being adopted now by India and Nepal. Multiple peer exchanges, supported by SARI/Energy between leading private utilities in the region and U.S. have helped spread the adoption of good practices in utility management and administration among the different power utilities in the region.

US Financing in Thousands of Dollars

ANE Regional

498-023 South Asia Regional Initiative for Energy	CSH	DA	ESF
Through September 30, 2002			
Obligations	75	11,350	28,156
Expenditures	75	3,659	21,800
Unliquidated	0	7,691	6,356
Fiscal Year 2003			
Obligations	0	7,461	0
Expenditures	0	3,546	1,136
Through September 30, 2003			
Obligations	75	18,811	28,156
Expenditures	75	7,205	22,936
Unliquidated	0	11,606	5,220
Prior Year Unobligated Funds			
Obligations	0	1,350	0
Planned Fiscal Year 2004 NOA			
Obligations	0	7,500	0
Total Planned Fiscal Year 2004			
Obligations	0	8,850	0
Proposed Fiscal Year 2005 NOA			
Obligations	0	5,000	0
Future Obligations	0	5,000	0
Est. Total Cost	75	37,661	28,156

Data Sheet

USAID Mission:	ANE Regional
Program Title:	East Asia and Pacific Environmental Initiative
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	498-024
Proposed FY 2004 Obligation:	$1,740,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$0
Year of Initial Obligation:	FY 1998
Year of Final Obligation:	FY 2004

Summary: The residual element contributing to this Strategic Objective is the East Asia and Pacific Environmental Initiative (EAPEI). Two other components 1) the South Asia Regional Environmental Program (SAREP); and 2) Fostering Resolution of Water Resources Disputes (FORWARD) are now completed. The East Asia and Pacific Environmental Initiative (EAPEI) addresses critical environmental challenges and opportunities in East Asia and the Pacific in the areas of forest resources management and coastal and marine resources management. The EAPEI works to complement other US government investment in the region by supporting transboundary, cross-border and regional activities and institutions and by supporting activities in USAID non-presence countries.

Inputs, Outputs, Activities:

FY 2004 Program:
East Asia and Pacific Environmental Initiative (EAPEI) ($1,740,000 ESF). Public-private alliances will be formed to improve the management of terrestrial and marine natural resources in the East Asia and Pacific region. The Request for Application will encourage applications from a wide range of organizations such as foundations, U.S. and non-U.S. nongovernmental organizations (NGOs), U.S. and non-U.S. private businesses, business and trade associations, international organizations, U.S. and non-U.S. colleges and universities, other U.S. Government agencies, civic groups, other donor governments, host country governments, regional organizations, host country parastatals, and individual and group philanthropies/ funds.

Operating since 1998, the EAPEI has provided grants to promote community-based management of forest, wildlife and coastal resources with partners such as Community Forestry International, World Wildlife Fund, The Nature Conservancy, and Wildlife Conservation Society. Policy initiatives to improve national and regional legal structures and the capacity of institutions to implement improved natural resources management has included work with the World Resources Institute, the U.S. Department of Interior and the National Oceanic and Atmospheric Administration.

FY 2005 Program:
No funds are requested for the East Asia and Pacific Environmental Initiative.

Performance and Results: The East Asia and Pacific Environmental Initiative has established early and strategic pilot investments that have enabled non-governmental institutions and local government agencies to test and demonstrate innovative approaches to improved natural resources management in the region. The Marine Aquarium Council, with EAPEI support, developed standards and best practices for the collection and commerce of marine ornamentals that in 2003 were adopted in Indonesia and the Philippines. Conservation International-Cambodia and its partners used information gathered with EAPEI support to attempt to convince the government to cancel logging concessions and convert them to protected areas, connect existing protected areas and create a four million-acre conservation corridor. The World Wildlife Fund, with EAPEI support, assisted the Con Dao National Park in Viet Nam to research, monitor, and accurately gauge conservation priorities resulting in 2003 in the approval of a

Global Environment Facility (GEF) project to reserve and sustainably use resources in Con Dao national park.

US Financing in Thousands of Dollars

ANE Regional

498-024 East Asia and Pacific Environmental Initiative	CSH	DA	ESF
Through September 30, 2002			
Obligations	1,671	9,443	10,615
Expenditures	1,671	8,678	4,097
Unliquidated	0	765	6,518
Fiscal Year 2003			
Obligations	0	0	319
Expenditures	0	474	3,487
Through September 30, 2003			
Obligations	1,671	9,443	10,934
Expenditures	1,671	9,152	7,584
Unliquidated	0	291	3,350
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	0	0	1,740
Total Planned Fiscal Year 2004			
Obligations	0	0	1,740
Proposed Fiscal Year 2005 NOA			
Obligations	0	0	0
Future Obligations	0	0	0
Est. Total Cost	1,671	9,443	12,674

Data Sheet

USAID Mission:	ANE Regional
Program Title:	South Asia Regional Democracy
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	498-037
Proposed FY 2004 Obligation:	$3,570,000 DA; $1,988,000 ESF
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$2,500,000 DA; $2,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2005

Summary: The South Asia Regional Democracy program includes the USAID-managed South Asia Regional Initiative for Equity (SARI/Q), and potentially, other democracy and human rights initiatives of the Department of State. These programs help South Asian governments and non-governmental organizations develop innovative and responsive programs to address human rights concerns that arise from women's and children's unequal status and to promote opportunities for disadvantaged groups, especially women and children, to participate equitably in society. Working closely with bilateral USAID missions, the South Asia Regional Initiative for Equity (SARI/Q) program:

-- Strengthens the organizational abilities of South Asian NGOS;
-- Improves local organizations' abilities to collect, analyze, and disseminate information on equity concerns;
-- Strengthens regional networks to share information;
-- Improves the advocacy skills of local organizations;
-- Promotes the replication and adaptation best practices; and
-- Enhances regional communication and coordination.

Inputs, Outputs, Activities:

FY 2004 Program:
Technical assistance, training and grants to key South Asian stakeholders ($3,570,000 DA, $1,988,000 ESF). USAID will fund activities to:

-- Identify deficiencies and implementing legal protections for women and children;
-- Develop strategies to ensure safe migration for women seeking better economic opportunities and/or fleeing violent situations;
-- Create better systems for custody, counseling, and reintegration of victims of violence, including trafficking and child soldiers;
-- Generate greater public awareness of domestic violence and more effective strategies to reduce the incidence; and
-- Develop and implement programs for out-of-school children, who are especially vulnerable to exploitation.

These activities will be implemented by the Academy Educational Development (AED) and the United Nations Development Fund for Women (UNIFEM).

FY 2005 Program:
Technical assistance, training, and grants to key South Asian stakeholders ($2,500,000 DA, $2,000,000 ESF). USAID will continue to support activities in the areas identified above.

Performance and Results: The SARI/Q regional anti-trafficking program, with UNIFEM as the implementing partner, has been ongoing since 2000 and will continue through 2005. The key objective of

this program has been to promote well-defined, multi-pronged preventive strategies in the South Asia region to combat trafficking in women and children. These strategies complement and add value to the national level activities underway or planned, while defining and stressing the benefits that can be derived when regional collaboration is added to the equation. By the end of the program, USAID expects to have increased the commitment of governments and key stakeholders groups in South Asia to address selected violations of human rights and to enhance opportunities available to women and children. Progress towards this objective will be demonstrated by the adoption of model programs by South Asian organizations as well as by people actually benefiting from these programs.

During 2003, the SARI/Equity program achieved important results. First, the program developed 33 recommendations on how to base the South Asian Association for Regional Cooperation's (SAARC) Convention on Trafficking more on human rights. Twenty-two of those recommendations were accepted by the SAARC Secretariat and forwarded to member countries for approval.

The program financed training for 103 community-based workers, survivors, and clinical counselors from Nepal, India and Bangladesh in psycho-social counseling. The program also created and disseminated 350 copies of a trauma counseling module titled 'Sounds of Silence' throughout the South Asian countries.

The program funded eleven NGOs across the region to carry out innovative programs that will prevent trafficking in identified high risk areas. These programs provided more than 13,000 people with information on safe migration & HIV/AIDS. In India, the program supported eighteen schools and non-formal education centers for children at risk, ultimately benefiting more than 3,400 children.

The program also supported efforts by regional organizations in advocacy and awareness campaigns on equity issues. These efforts included the development of a music cassette and two music videos on trafficking and child sexual abuse. In Sri Lanka, the program supported the creation of one episode of a docudrama on trafficking and child sexual abuse that aired three times on local TV channels. With USAID support, partner NGOs in India completed production of three documentary films on trafficking, and translated two Calcutta television spots to Hindi and English for broader distribution. The program also sponsored three awareness-raising news articles in newspapers and magazines with national and regional readership, and distributed 8,000 posters on different aspects of trafficking throughout the region.

US Financing in Thousands of Dollars

ANE Regional

498-037 South Asia Regional Democracy	DA	ESF
Through September 30, 2002		
Obligations	0	5,586
Expenditures	0	984
Unliquidated	0	4,602
Fiscal Year 2003		
Obligations	0	1,550
Expenditures	0	3,231
Through September 30, 2003		
Obligations	0	7,136
Expenditures	0	4,215
Unliquidated	0	2,921
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	3,570	1,988
Total Planned Fiscal Year 2004		
Obligations	3,570	1,988
Proposed Fiscal Year 2005 NOA		
Obligations	2,500	2,000
Future Obligations	0	0
Est. Total Cost	6,070	11,124

ABBREVIATIONS AND ACRONYMS

AAFLI	Asian-American Free Labor Institute
AAUJ	Arab American University in Jenin
ABEL	Advancing Basic Education and Literacy
ACDI	Agriculture Cooperation Development International
ACILS	American Center for International Labor Solidarity
ACLEDA	Association of Cambodian Local Economic Development
ADB	Asian Development Bank
ADR	Alternative Dispute Resolution
ADRA	Adventist Development and Relief Agency
AED	Academy for Educational Development
AERA	Accelerating Economic Recovery in Asia
AGILE	Accelerated Growth, Investment, and Liberalization with Equity
ALGAS	Asia Least Cost Greenhouse Gas Abatement Strategy
ALO	Association Liaison Office
AMC	Ahmedabad Municipal Corporation
AMIR	Access to Micro-Finance and Implementation of Policy Reform
ANE	Asia and Near East
ANERA	American Near East Refugee Aid
AOJS	Administration of Justice Support
APAC	AIDS Prevention and Control
APEC	Asia-Pacific Economic Cooperation
APEDA	Agricultural Products Export Development Authority
APR	Agricultural Policy Reform
AREP	Accelerated Reform for Enterprise Promotion
APRP	Agricultural Policy Reform Program
ASEAN	Association of Southeast Asian Nations
ATFL	American Task Force in Lebanon
AUB	American University of Beirut
AUSAID	Australia Agency for International Development
AVRDC	Asian Vegetable Research & Development Center
AVSC	Access for Voluntary Surgical Contraceptive
BAPPENAS	Indonesia National Planning Agency
BARC	Bangladesh Agricultural Research Council
BBSA	Basic Business Skill Acquisition
BHR	Bureau for Humanitarian Relief
BIGUF	Bangladesh Independent Garment Workers Union Federation
BOD	Biochemical Oxygen Demand
BOOT	Build-Own-Operate Transfer
BOT	Build-Operate-Transfer
BRAC	Bangladesh Rural Advancement Committee
CAC	Community Access Center
CAI	Creative Associate Incorporated
CAIP	Cairo Air Improvement Project
CAMP	Coastal Aquifer Management Program
CARE	Cooperative for Assistance & Relief Everywhere
CBFRM	Community-based Forest Resource Management
CBSL	Central Bank of Sri Lanka
CCP	Second Prime Minister Hun Sen
CCT	Cooperative Coffee Timor

CDC	Centers for Disease Control and Prevention
CDP	Cambodian Defenders Project
CECI	Canadian Center for International Studies & Cooperation
CEDPA	Center for Development and Population Activities
CEP	Community Empowerment Program
CEPPS	Consortium for Elections and Political Process
CFET	Consolidated Fund for East Timor
CG	Consultative Group
CIMMY	International Maize & Wheat Improvement Center
CITES	Convention of International Trade in Endangered Species
CIP	Commodity Import Program
CLDP	Commercial Law Development Program
CLD/SUNY	Center for Legislative Development at the State University of New York/Albany
CMS	Commercial Markets Strategy
CNG	Compressed Natural Gas
CO2	Carbon Dioxide
CPP	Comprehensive Post Partum Center
CPR	Contraceptive Prevalence Rate
CRM	Coastal Resources Management
CRS	Catholic Relief Services
CRSP	Cornell Universities - Collaboration Research Support
CSD	Child Survival and Disease
CSD	Commission on Sustainable Development
CSE	Colombo Stock Exchange
CSG	Council of State Governments
CSH	Child Survival and Health
CSO	Civil Society Organization
CSW	Commercial Sex Workers
CT	Cash Transfer
CWS	Church World Services
CY	Calendar Year
CYP	Couple-Years' Protection
DA	Development Assistance
DAI	Development Alternatives Incorporated
DAVIS	Universities of Florida and California
DBO	Design-Build-Operate
DCA	Development Credit Authority
DEVTA	Deworming and Enhanced Vitamin A
DFID	British Department for International Development
DG	Democracy and Governance
DIET	District Institute of Education and Training
DOE	Department of Energy
DOH	Department of Health
DOP	Declaration of Principles on Interim Self-Governing Arrangement
DP	Democracy Partnership
DPEP	District Primary Education Program
DSP	Development Support Program
EAPEI	East Asia and Pacific Environmental Initiative
EBRD	European Bank for Regional Development
ECEP	Energy Conservation and Environment Project
EEAA	Egyptian Environmental Affairs Agency
EEHC	Electricity Holding Company

EEPP	Egypt Environmental Policy Program
EIA	Environmental Impact Assessment
EMPS	Environment Managed for Prosperity and Sustainability
ENR	Environment and Natural Resources
EPA	Environmental Protection Agency
EPSP	Economic Policy Support Project
ERF	Emergency Response Fund
ESEG	Energy Security for Economic Growth
ESF	Economic Support Fund
ETU	Egyptian Technology University
EU	European Union
FIAS	Foreign Investment Advisory Service
FICCI	Federation of Indian Chambers of Commerce and Industry
FORWARD	Fostering Resolution of Water Resources Disputes
FP	Family Planning
FP/MCH	Family Planning/Maternal and Child Health
FRM	Forest Resources Management
FTA	Federal Trade Agreement
FTF	Farmer to Farmer
FWWB	Friends of Women's World Banking
FY	Fiscal Year
GATT	General Agreement on Tariffs and Trade
GCC	Global Climate Change
GDA	Global Development Alliance
GDP	Gross Domestic Product
GEF	Global Environment Facility
GESAMP	Group of Experts on the Scientific Aspects of Marine Environmental Protection
GESI	Global Environmental Sanitation Initiative
GHG	Greenhouse Gas
GIE	Gaza Industrial Estate
GIN	Greening of Industry Network
GNP	Gross National Produce
GOA	Government of Afghanistan
GOB	Government of Bangladesh
GOE	Government of Egypt
GOI	Government of India
GOI	Government of Indonesia
GOI	Government of Israel
GOJ	Government of Jordan
GOL	Government of Lebanon
GOM	Government of Mongolia
GOM	Government of Morocco
GON	Government of Nepal
GOP	Government of Pakistan
GOP	Government of the Philippines
GOY	Government of Yemen
GPA	Global Programme of Action for the Protection of the Marine Environment from Landing-based Activities
GREGI	Gobi Regional Growth Initiative
GSL	Government of Sri Lanka
GTN	Global Technology Network
GTZ	German Technical Aid

HBCUs	Historically Black Colleges and Universities
HIV/AIDS	Human Immuno Virus/Acquired Immunodeficiency Syndrome
HKI	Helen Keller International
HMHC	Health Maintenance and Health Care
HPSP	Health Policy Support Program
HRC	Human Rights Commission
IACCC	Inter-Agency Climate Change Committee
IBRA	Indonesian Bank Restructuring Agency
IBRD	International Bank for Reconstruction and Development (World Bank)
ICDDR	International Center for Diarrheal Disease Research
ICDS	Integrated Child Development Services
ICICI	Industrial Credit and Investment Corporation of India
ICLARM	International Center for Living Aquatic Resources Mgmt
ICRC	International Committee of the Red Cross
ICZM	Integrated Coastal Zone Management
ID	Infectious Diseases
IDA	International Disaster Assistance
IDE	International Development Enterprises
IEC	Information, Education and Communication
IESC	International Executive Service Corps
IFAD	International Fund for Agricultural Development
IFC	International Finance Corp
IFDC	International Fertilizer Development Center
IFES	International Foundation for Election Systems
IFI	International Financial Institution
IFPRI	International Food Policy Research Institute
IFPS	Innovations in Family Planning Services
IHE-Delft	International Institute for Infrastructural, Hydraulic, and Environmental Engineering
IHRIG	International Human Rights Law Group
ILO	International Labor Organization
IMET	International Military Education and Training
IMF	International Monetary Fund
IMR	Infant Mortality Rate
IMT	Irrigation Management Transfer
INAS	Morocco's School of Public Health
INCLEN	International Clinical Epidemiology Network
INDRA	Indonesia Debt Restructuring Agency
IOM	International Organization for Migration
IPEC	International Program on the Elimination of Child Labor
IPR	Intellectual Property Rights
IRI	International Republican Institute
IRIS	Institutional Reform & The Informal Sector
ISBO	Institutional Strengthening for Business Opportunities
ISO	International Export Standard
IT	Information Technology
IUD	Inter-uterine Device
IVCHS	Improved Village and Community Health Service Program
IVS	International Voluntary Services
JAFPP	Jordan Association of Family Planning

JICA	Japanese International Cooperation Agency
JSI	John Snow Incorporation
JUSBP	Jordan U.S. Business Partnership
JVA	Jordan Valley Authority
JWC	Joint Water Committee
KHANA	Khmer HIV/AIDS Alliance
LAF	Lebanese Armed Forces
LAU	Lebanese American University
LC	Local Currency
LE	Egyptian Pound
LEB	Locally Elected Body
LGU	Local Government Unit
LMI	Lower-Middle-Income
LTTE	Liberation Tigers of Tamil Elam
MAFF	Ministry of Agriculture Forestry and Fisheries
MAI	Multilateral Assistance Initiative
MAP	Market Access Program
MAP	Morocco Agribusiness Promotion
MBA	Masters of Business Administration
MBIT	Masters of Business in Information Technology
MCEI	Municipal Coastal Environmental Initiative
MCH/FP	Maternal and child health/family planning
MCH	Maternal and Child Health
MCM	Million Cubic Meters
ME&A	Mendez-England and Associates
MEA	Middle East and North Africa
MEG	Morocco Education for Girls
MEPI	Middle East Partnership initiative
MERC	Middle East Regional Cooperation
MES	Mongolian Energy Sector Project
MFA	Microenterprise Finance
MFI	Microfinance Institutions
MNE	Ministry of National Education
MNLF	Moro National Liberation Front
MOE	Ministry of Environment
MOEYS	Ministry of Education, Youth and Sports
MOH	Ministry of Health
MOHHC	Ministry of Health and Health Care
MOHP	Ministry of Health and Population
MOJ	Ministry of Justice
MOLG	Ministry of Local Government
MOMRA	Municipal and Rural Affairs
MOPH	Ministry of Public health
MOST	Micronutrient Operational Strategies and Technologies
MPF	Multiproject Financing Facility
MPP	Mission Performance Plan
MP	Members of Parliament
MPRP	Mongolian People's Revolutionary Party
MSI	Management Education for Girls
MT	Metric Tons

MVCS	Most Valuable Companies
MW	Megawatts
MWI	Ministry of Water and Irrigation
NA	Not applicable or not available
NACP	National AIDS Control Program
NAMRU-3	Naval Medical Research Unit
NASDA	National Association of State Development Agencies
NCBA	National Cooperative Business Association
NCJS	National Center for Judicial Studies
NDI	National Democratic Institute
NEAP	National Environmental Action Plan
NED	New Enterprise Development
NFALP	Non-Formal & Adult Literacy Program
NGO	Non-Governmental Organization
NORAD	Norwegian Aid
NRECA	National Rural Electric Cooperative Administration
NRM	Natural Resources Management
NWI	Ministry of Water and Irrigation
ODA	Official Development Assistance
OE	Operation Expenses
OECD	Organization for Economic Cooperation and Development
OFDA	Office of Foreign Disaster Assistance
OPEC	Organization of Petroleum Exporting Countries
OPIC	Overseas Private Investment Corporation
ORS	Oral Rehydration Salts
OTI	Office of Transition Initiatives
PA	Palestinian Authority
Pact	Private Agencies Collaborating Together
PACT/CRH	Program for the Advancement of Commercial Technology/ Child and Reproductive Health
PATH	Program for Appropriate Technologies in Health
PC	Palestinian Council
PDF	Power Development Fund
PEDS	Provincial Environment Departments
PERPP	Public Enterprise Reform & Privatization Program
PHCI	Primary Health Care Initiative
PIEFZA	Palestinian Industrial and Free Zone Authority
PIL	Public Interest Litigation
PIPA	Palestinian Investment and Promotion Agency
PK-3	Third generation Labor Intensive Works
PKSF	Palli Karma Sahayak Foundation
P.L.	Public Law
PLC	Palestinian Legislative Council
PLO	Palestinian Liberation Organization
PLN	Perusahaan Listrik Negara (Indonesian National Electric Company)
PMA	Palestinian Monetary Authority
PMC	Pune Municipal Corporation
PNFPP	Philippine National Family Planning Program
POP	Persistent Organic Pollutant
PRIME	Primary Providers' Training & Education in Reproductive
PVO	Private Voluntary Organization

PVC	Private Voluntary Cooperation
PWA	Palestinian Water Authority
PWC	Price Waterhouse Coopers
QCHT	Quality Control of Health Technologies
QIZ	Qualifying Industrial Zones
RACHA	Reproductive and Child Health Alliance
RCSP	Rural Civil Society Program
RDS	Regional Development and Support
RGC	Royal Government of Cambodia
RH/PHC	Reproductive and Primary Health Care
ROT	Rehabilitate-Operate-Transfer
RRB	Regional Rural Banks
RTI	Research Triangle Institute
RTII	Regional Trade and Investment Initiative
SAARC	South Asian Association for Regional Cooperation
SARI	South Asia Regional Initiative
SCA	Supreme Council for Antiquities
SEBI	Securities and Exchange Board of India
SEI	State Environmental Initiative
SEP	Senior Executive Program
SIWM	Souss-Massa Integrated Water Resources
SME	Small and Medium-sized Enterprises
SME	Small-and Micro-enterprises
SO	Strategic Objective
SOE	State-owned Enterprises
SPO	Special Objective
SPR	Sector Policy Reform
STD	Sexually Transmitted Disease
STI	Sexually Transmitted Infections
STII	Standard Research Institute International
TAACS	Technical Advisors for AIDS and Child Survival
TAF	The Asia Foundation
TB	Tuberculosis
TDA	Tourism Development Authority
TFCA	Tropical Forest Conservation Act
TFET	Trust Fund for East Timor
TFR	Total Fertility Rate
TIFA	Trade and Investment Framework
TISS	Tata Institute of Social Sciences
TN	Tamil Nadu
TRA	Telecommunications Regulatory Agency
TRM	Tadla Resources Management
TSG	The Services Group
UC	Union Council
UECP	Urban Environmental Credit Program
UES	Urban Environmental Services
ULP	University Linkages Project
UN	United Nations
UNAIDS	United Nations Joint Programme on HIV/AIDS

UNCHS	United Nations Centre for Human Settlements (Habitat)
UNDB	United Nations Development Bank
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNGA	United Nations General Assembly
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Refuge Works Agency
UNRWA	United Nations Relief and Works Agency
UNTAET	United Nations Transitional Authority for East Timor
UP	Uttar Pradesh
U.S.	United States
USAEP	U.S.-Asia Environmental Partnership
USAID	United States Agency for International Development
USDA	United States Department of the Agriculture
USEA	United States Energy Association
USF	University of San Francisco
USIA	United States Information Agency
USIS	United States Information Services
USG	United States Government
USTR	United States Department of Treasury
UTC	United Technologies Corporation
UZP	Upazila Parishad
VHS	Voluntary Health Services
VITA	Volunteers in Technical Assistance
VOCA	Volunteers in Overseas Cooperative Assistance
VSC	Voluntary Surgical Contraceptive
WAJ	Water Authority of Jordan
WB	World Bank
WCC	World Coast Conference
WFP	World Food Program
WHO	World Health Organization
WMO	World Meteorological Organization
WRS	Water Resource Sustainability
WSSCC	Water Supply and Sanitation Collaborative Council
WTO	World Trade Organization
YMCA	Young Men's Christian Association